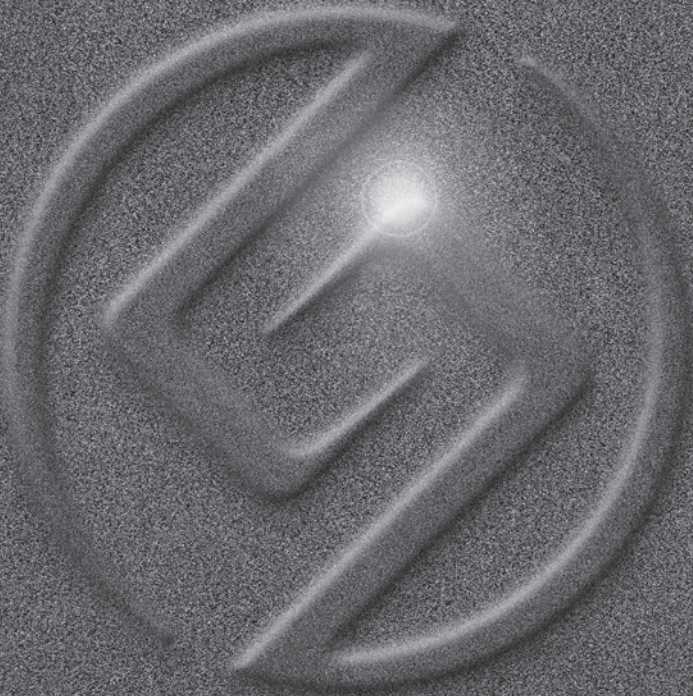


Building Foundations

First Quarterly Report: September 2014



THATTA CEMENT
COMPANY LIMITED

CONTENTS

02

Vision
Mission
Company Information

04 Directors' Review

10

Condensed Interim Unconsolidated Balance Sheet
Condensed Interim Unconsolidated Profit and Loss Account
Condensed Interim Unconsolidated Statement of Comprehensive Income
Condensed Interim Unconsolidated Cash Flow Statement
Condensed Interim Unconsolidated Statement of Changes in Equity
Notes to the Condensed Interim Unconsolidated Financial Statements

28

Condensed Interim Consolidated Balance Sheet
Condensed Interim Consolidated Profit and Loss Account
Condensed Interim Consolidated Statement of Comprehensive Income
Condensed Interim Consolidated Cash Flow Statement
Condensed Interim Consolidated Statement of Changes in Equity
Notes to the Condensed Interim Consolidated Financial Statements

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 Mohammad 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 Mohammad Salman Younis
Mr. Shahid Aziz Siddiqui

Chairman
Member
Member

HR & REMUNERATION COMMITTEE

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

Chairman
Member
Member

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Muhammad Taha Hamdani

STATUTORY AUDITOR

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

COST AUDITOR

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

CORPORATE ADVISOR

M/s Shekha & Mufti, Chartered Accountants

LEGAL ADVISOR

M/s Usmani & Iqbal

BANKERS

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

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

FACTORY

Ghulamullah Road, Makli,
District Thatta, Sindh 73160

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

DIRECTORS' REVIEW

The Board of Directors present herewith their review and the un-audited condensed interim financial statements for the quarter ended September 30, 2014.

INDUSTRY OVERVIEW

During the first quarter of the current fiscal year, which began on July 1, 2014, the cement industry posted growth of 9.9% in local sales compared with sales during the first quarter of previous fiscal year. However, exports declined by 8.1% compared with exports during the year-earlier quarter. Overall growth was 4.69% year-on-year for the quarter.

The cement industry is already facing a lot of issues due to high duty/tax structures, impractical imposition of sales taxes, increasing coal import duties, increasing power tariffs and axle load restrictions for haulage trucks that limit load capacities. Now reportedly smuggling of cheap cement from Iran is unsettling the Balochistan market. As a result domestic cement uptake in the south of the country is being seriously affected due to the influx of Iranian cement. Statistics show that, against a 10.8% increase in domestic sales in the north during the first quarter of the current fiscal year, the domestic sales in the south showed an increase of only 5.4%.

Such lopsided sales are 'puzzling' at a time when the economic activities in the south have picked up appreciably. In all probability the consumption in the south has not increased at par or higher than the northern region because of the Iranian cement smuggled without paying the duties and sales tax has penetrated the southern market, which is close to the Iranian border. The authorities need to ensure that smuggling of cement is controlled effectively to save the cement industry and loss of revenue to the exchequer.

BUSINESS PERFORMANCE

a. Production and Sales Volume Performance

The clinker production of the Company during the period under review was 64,224 tons which is 57.08% of its rated capacity as compared to 53.47% in the corresponding period. Cement production was lower by 7.29% than that of the corresponding period on account of lower off take due to Eid-ul-Fitr and Eid-ul-Azha etc. Following is the comparative data of production and dispatches made during the current quarter vs same quarter last year:

	September 2014	September 2013	Variance	
	Metric Tons		%	
Plant capacity - Clinker	112,500	112,500		
Production				
Clinker	64,224	60,153	4,071	6.77
Cement	63,459	68,449	(4,990)	(7.29)
GBFS	1,300	4,556	(3,256)	(71.46)
Class G Cement	336	816	(480)	(58.82)

Dispatches

Cement				
- Local	66,565	66,829	(264)	(0.39)
- Class G	336	816	(480)	(58.82)
- Exports	450	1,620	(1,170)	(72.22)
	<u>67,351</u>	<u>69,265</u>	<u>(1,914)</u>	<u>(2.78)</u>
- GBFS	1,300	4,556	(3,256)	(71.46)
	<u>68,651</u>	<u>73,821</u>	<u>(5,170)</u>	<u>(7.00)</u>

Clinker production had remained limited on account of sufficient stock of clinker that has been built up to meet the cement demand during the planned stoppage to carry out BMR of the production facility. The plant shutdown is expected in third quarter of the financial year under review.

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

	September 2014	September 2013	Variance	
	Million Metric Tons		%	
Cement Industry				
Local sales	6.103	5.556	0.547	9.84
Exports	2.060	2.241	(0.181)	(8.08)
	<u>8.163</u>	<u>7.797</u>	<u>0.366</u>	<u>4.69</u>
Thatta Cement Company Limited				
Local sales	68,201	72,201	(4,000)	(5.54)
Exports	450	1,620	(1,170)	(72.22)
	<u>68,651</u>	<u>73,821</u>	<u>(5,170)</u>	<u>(7.00)</u>

b. Financial Performance

A comparison of the key financial results of the Company's performance for the quarter ended September 30, 2014 with the same period last year is as under:

	September 2014	September 2013
	Rupees in thousands	
Turnover - net	500,171	472,681
Gross profit	169,458	117,781
Profit before taxation	112,176	54,413
Profit after taxation	85,916	26,121
Earnings per share (Rupee)	0.86	0.26

The cost of production during the quarter ended September 30, 2014 was 8.96% lower as compared to the cost of production during the same period of last year. Reduction in cost of production together with selling price increase has contributed to increase in gross profit margin during the quarter to 33.88% as compared to 24.92% in the corresponding period. The Company earned a profit before tax of Rs.112.176 million after providing depreciation of Rs. 11.137 million.

(i) Sales Performance

The sales of the Company during the quarter ended September 30, 2014 increased by 5.81% in value terms whereas it declined 7% in terms of volume.

(ii) Cost of Sales

The cost of sales ratio has declined to 66.12% during the quarter as compared to 75.08% in the corresponding period. The decline is mainly on account of increase in sales price, easing of coal prices and improved plant efficiency which resulted in higher gross profit margin thereby reducing the cost of sales ratio.

(iii) Distribution Cost

Distribution cost has decreased by 42.34% during the quarter as compared to the corresponding period of last year mainly on account of reduction in commission expense and export related expenses.

(iv) Finance Cost

Finance cost has reduced by 14.75% during the quarter as compared to the corresponding period of last year mainly on account of repayment of long term financing and interest accrued on BMR financing was recorded in

Capital Work in Progress and hence not charged to profit and loss account. However, the impact of decrease was mitigated by increase in short term borrowings from Rs. 527.916 million as on September 30, 2013 to Rs. 607.536 million as on September 30, 2014.

FUTURE OUTLOOK

Local sales of cement is expected to grow in the back drop of initiation of energy projects, construction of Diamer Bhasha dam and other water reservoirs, privatization of public sector enterprises and projects related to low cost housing schemes and individual households would also generate demand for cement in different parts of the country in upcoming quarters of the current financial year.

Devastation in Punjab by recent floods has rendered people homeless and caused damage to property and infrastructure. Domestic sales is expected to further go up as the construction activity picks up pace, chiefly due to demand of cement in areas where rehabilitation process starts in Punjab and internally displaced persons will be returning to their native areas. Moreover, stable rupee dollar parity would also encourage the investment climate in the country which is anticipated to attract more investments in the industrial and construction sectors of the economy. All in all the remaining period of the financial year is expected to remain buoyant for the cement industry where volumes are expected to grow and selling price remains stable or improved.

Balancing, Modernization and Rehabilitation (BMR)

The BMR is expected to be completed during the current financial year as scheduled followed by trial run and commissioning. 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.

Cement Grinding, Storing and Bagging Plant

The project has been temporarily suspended due to non-signing of Land Lease Agreement (LLA) despite the fact that the basic engineering of the project has been completed. Moreover, Sri Lanka Port Authority (SLPA) and Central Environment Agency are being approached for the utmost and timely resolution of the matter and signing of LLA.

PERFORMANCE OF THE GROUP

A brief of the financial position and performance of the Group for the quarter ended September 30, 2014 is provided below.

Balance Sheet

	September 2014	June 2014
	Rupees in thousands	
Property, plant and equipment	2,889,448	2,699,846
Stock-in-trade	470,748	418,063
Trade debts	391,910	281,608
Paid-up Share Capital	997,181	997,181
Total equity	1,718,518	1,614,395
Trade and other payables	459,764	576,414
Short Term Borrowings	607,536	419,261

Profit and loss

	September 2014	September 2013
	Rupees in thousands	
Turnover - net	765,630	670,978
Gross profit	260,500	227,324
Profit before taxation	164,060	82,561
Profit after taxation	133,915	50,185
Earnings per share (Rupees)	1.16	0.37

ACKNOWLEDGEMENT

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

On behalf of the Board



Muhammad Fazlullah Shariff
Chief Executive Officer

Karachi: October 27, 2014

**CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL STATEMENTS
FOR THE QUARTER ENDED
SEPTEMBER 30, 2014**

CONDENSED INTERIM UNCONSOLIDATED BALANCE SHEET

As at September 30, 2014

	Note	(Un-audited) September 2014	(Audited) June 2014
--(Rupees in thousands)--			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	1,614,806	1,415,559
Intangible assets		3,991	318
Long term investment in subsidiary		299,158	299,158
Long term investment - available-for-sale	7	128,347	140,106
Long term deposits		1,106	1,006
		<u>2,047,408</u>	<u>1,856,147</u>
CURRENT ASSETS			
Stores, spare parts and loose tools	8	389,508	379,653
Stock-in-trade	9	484,311	431,626
Trade debts	10	181,679	117,390
Loans and advances	11	16,275	13,430
Trade deposits and short term prepayments		20,580	20,844
Other receivables and accrued interest	12	108,059	113,723
Taxation - net		10,223	-
Sales tax refundable		11,969	8,252
Cash and bank balances		60,214	28,448
		<u>1,282,818</u>	<u>1,113,366</u>
		<u><u>3,330,226</u></u>	<u><u>2,969,513</u></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	13	997,181	997,181
Share premium		99,718	99,718
Revaluation of available-for-sale investment		(11,759)	-
Accumulated profit		338,274	252,358
		<u>1,423,414</u>	<u>1,349,257</u>
NON-CURRENT LIABILITIES			
Long term financing		728,299	484,652
Long term deposits		3,889	5,971
Long term employee benefit		13,417	13,185
Deferred taxation	14	139,229	132,039
		<u>884,834</u>	<u>635,847</u>
CURRENT LIABILITIES			
Trade and other payables	15	363,142	522,427
Accrued mark-up		33,381	17,863
Current maturity of long term financing		17,919	24,586
Taxation - net		-	272
Short term borrowings		607,536	419,261
		<u>1,021,978</u>	<u>984,409</u>
CONTINGENCIES AND COMMITMENTS			
	16	<u>3,330,226</u>	<u>2,969,513</u>

The annexed notes from 1 to 24 form an integral part of these condensed interim unconsolidated financial statements.


CHIEF EXECUTIVE


DIRECTOR

CONDENSED INTERIM UNCONSOLIDATED PROFIT & LOSS ACCOUNT (UN-AUDITED)

For the quarter ended September 30, 2014

	Note	September 2014	September 2013
---(Rupees in thousands)---			
Sales - net	17	500,171	472,681
Cost of sales	18	(330,713)	(354,900)
Gross profit		<u>169,458</u>	<u>117,781</u>
Selling and distribution cost		(7,541)	(13,079)
Administrative expenses		(22,088)	(17,921)
		(29,629)	(31,000)
Operating profit		<u>139,829</u>	<u>86,781</u>
Other operating expenses		(18,005)	(16,606)
Finance cost		(16,592)	(19,465)
		(34,597)	(36,071)
Other income		6,944	3,703
Profit before taxation		<u>112,176</u>	<u>54,413</u>
Taxation	19	(26,260)	(28,292)
Profit after taxation		<u>85,916</u>	<u>26,121</u>
----- Rupee -----			
Earnings per share - basic and diluted	20	<u>0.86</u>	<u>0.26</u>

The annexed notes from 1 to 24 form an integral part of these condensed interim unconsolidated financial statements.


CHIEF EXECUTIVE


DIRECTOR

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

For the quarter ended September 30, 2014

	September 2014	September 2013
	---(Rupees in thousands)---	
Profit after taxation	85,916	26,121
Other comprehensive loss		
Items to be reclassified to profit and loss account in subsequent periods		
Revaluation of available-for-sale investment	(11,759)	-
Total comprehensive income for the quarter	<u>74,157</u>	<u>26,121</u>

The annexed notes from 1 to 24 form an integral part of these condensed interim unconsolidated financial statements.


CHIEF EXECUTIVE


DIRECTOR

CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)

For the quarter ended September 30, 2014


	September 2014	September 2013
CASH FLOWS FROM OPERATING ACTIVITIES		
--(Rupees in thousands)--		
Profit before taxation	112,176	54,413
Adjustment for:		
Depreciation	11,137	10,869
Amortization of intangible assets	77	27
Finance cost	16,592	19,465
Provision for gratuity	2,865	2,032
Provision for leave encashment	526	337
Gain on disposal of property, plant and equipment	(170)	(386)
	31,027	32,344
Operating cash flows before working capital changes	143,203	86,757
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(9,855)	(191,088)
Stock-in-trade	(52,685)	(27,775)
Trade debts	(64,289)	23,511
Loans and advances	(2,845)	(3,459)
Trade deposits and short term prepayments	264	(354)
Other receivable, accrued interest and sales tax refundable	1,947	(38,148)
	(127,463)	(237,313)
Increase / (decrease) in current liabilities		
Trade and other payables excluding gratuity payable and dividend payable	(147,363)	260,290
Cash (used in) / generated from operations	(131,623)	109,734
Finance cost paid	(1,074)	(22,029)
Gratuity paid	(14,749)	(5,386)
Leave encashment paid	(294)	(866)
Tax paid - net	(29,565)	(16,757)
	(45,682)	(45,038)
Net cash (used in) / generated from operating activities	(177,305)	64,696
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(210,829)	(22,669)
Addition in intangible assets	(3,750)	-
Dividend paid	(38)	-
Proceeds from disposal of property, plant and equipment	615	500
Long term deposits - assets	(100)	-
Net cash used in investing activities	(214,102)	(22,169)

CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)

For the quarter ended September 30, 2014

	September 2014	September 2013
---(Rupees in thousands)---		
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	(11,147)	(14,480)
Long term financing obtained	248,127	-
Long term deposits - liabilities	(2,082)	-
Net cash generated from / (used in) financing activities	<u>234,898</u>	<u>(14,480)</u>
Net (decrease) / increase in cash and cash equivalents	(156,509)	28,047
Cash and cash equivalents at beginning of the period	(390,813)	(549,385)
Cash and cash equivalents at end of the quarter	<u>(547,322)</u>	<u>(521,338)</u>
CASH AND CASH EQUIVALENTS		
Cash and bank balances	60,214	6,578
Short term borrowings	<u>(607,536)</u>	<u>(527,916)</u>
	<u>(547,322)</u>	<u>(521,338)</u>

The annexed notes from 1 to 24 form an integral part of these condensed interim unconsolidated financial statements.


CHIEF EXECUTIVE


DIRECTOR

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

For the quarter ended September 30, 2014

	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
Total comprehensive income for the quarter ended September 30, 2013					
Profit after taxation	-	-	-	26,121	26,121
Other comprehensive income	-	-	-	-	-
Balance as at September 30, 2013	<u>997,181</u>	<u>99,718</u>	<u>-</u>	<u>33,157</u>	<u>1,130,056</u>
Balance as at July 1, 2014	997,181	99,718	-	252,358	1,349,257
Total comprehensive income for the quarter ended September 30, 2014					
Profit after taxation	-	-	-	85,916	85,916
Deficit on revaluation of available-for-sale investment	-	-	(11,759)	-	(11,759)
Balance as at September 30, 2014	<u>997,181</u>	<u>99,718</u>	<u>(11,759)</u>	<u>338,274</u>	<u>1,423,414</u>

The annexed notes from 1 to 24 form an integral part of these condensed interim unconsolidated financial statements.


 CHIEF EXECUTIVE


 DIRECTOR

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

For the quarter ended September 30, 2014

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

These condensed interim unconsolidated financial statements for the quarter ended September 30, 2014 have been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where the requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 have been followed. The disclosures in the condensed interim unconsolidated financial statements do not include all of the information required in the annual audited unconsolidated financial statements and should be read in conjunction with the annual audited unconsolidated financial statements of the Company as at and for the year ended June 30, 2014.

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

These condensed interim unconsolidated financial statements comprise of the Unconsolidated Balance Sheet as at September 30, 2014 and Unconsolidated Profit and Loss Account, Unconsolidated Statement of Comprehensive Income, Unconsolidated Cash Flow Statement and Unconsolidated Statement of Changes in Equity for the quarter then ended.

3 ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim unconsolidated financial statements are the same as those applied in preparation of the annual audited unconsolidated financial statements as at and for the year ended June 30, 2014.

4 ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these condensed interim unconsolidated financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision. In preparing these condensed interim unconsolidated financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the annual audited unconsolidated financial statements as at and for the year ended June 30, 2014 except for the following:

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 the financial statements.

There would have been no change in the depreciation expense for the quarter ended September 30, 2014 if the said change was not made because the carrying value of items of property, plant and equipment as at June 30, 2014, have been considered as cost as on July 1, 2014 for the purpose of calculating depreciation expense for the quarter ended September 30, 2014. The effect of the change on future periods is not disclosed as it is considered impracticable.

5 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual audited unconsolidated financial statements as at and for the year ended June 30, 2014.

	Note	(Un-audited) September 2014	(Audited) June 2014
---(Rupees in thousands)---			
6	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets	6.1 813,162	817,460
	Capital work-in-progress	6.2 710,563	503,987
	Major stores and spares	91,081	94,112
		<u>1,614,806</u>	<u>1,415,559</u>
6.1	Operating fixed assets		
	Opening Written Down Value (WDV)	817,460	798,928
	Additions during the quarter / year - at cost		
	- Factory building on freehold land	991	-
	- Housing colonies	384	1,418
	- Plant and machinery	2,422	55,929
	- Quarry equipment	818	-
	- Vehicles	2,406	9,358
	- Office equipment	141	1,047
	- Laboratory equipment	122	463
	- Computers	-	1,133
		7,284	69,348
	WDV of deletions during the quarter / year	(445)	(2,455)
	Depreciation charge for the quarter / year	(11,137)	(48,361)
		(11,582)	(50,816)
		<u>813,162</u>	<u>817,460</u>
6.2	Capital work-in-progress		
	Opening balance	503,987	84,477
	Additions	207,951	455,497
	Transferred to operating fixed assets	(1,375)	(35,987)
		<u>710,563</u>	<u>503,987</u>

7 LONG TERM INVESTMENT - AVAILABLE-FOR-SALE

Long term investment - available-for-sale represents investment in 25.019 million shares (June 30, 2014: 25.019 million shares) of Power Cement Limited (PCL). The market value per share of PCL is Rs. 5.13 per share as on September 30, 2014 (June 30, 2014: Rs. 5.6 per share). Reduction in the value of investment amounting to Rs. 11.759 million is recorded in 'Other Comprehensive Income' for the quarter ended September 30, 2014.

	Note	(Un-audited) September 2014	(Audited) June 2014
---(Rupees in thousands)---			
8	STORES, SPARE PARTS AND LOOSE TOOLS		
Stores	8.1	310,897	306,747
Spare parts		106,434	100,743
Loose tools		196	182
		417,527	407,672
Provision for dead stores		(2,828)	(2,828)
Provision for slow moving stores and spares		(25,191)	(25,191)
		(28,019)	(28,019)
		<u>389,508</u>	<u>379,653</u>
8.1	This includes stores in transit of Rs. 101.556 million (June 30, 2014: Rs. 184.874 million) as at the balance sheet date.		
9	STOCK-IN-TRADE		
Raw material		47,446	42,258
Packing material		25,749	24,346
Work-in-process		387,517	329,667
Finished goods		23,599	35,355
		<u>484,311</u>	<u>431,626</u>
10	TRADE DEBTS		
Considered good			
Local - unsecured		181,679	117,390
Considered doubtful			
Cement stockiest		60,801	60,801
Excessive rebate allowed		6,101	6,101
Controller military accounts		5,126	5,126
Other customers		952	952
		72,980	72,980
Provision for doubtful debts		(72,980)	(72,980)
		<u>181,679</u>	<u>117,390</u>

Note	(Un-audited) September 2014	(Audited) June 2014
	---(Rupees in thousands)---	

11 LOANS AND ADVANCES

Considered good

To employees	98	111
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Advances

- guarantee margin	662	1,162
- advance to vendors	14,011	10,867
- others	1,504	1,290
	16,177	13,319
	<u>16,275</u>	<u>13,430</u>

12 OTHER RECEIVABLES AND ACCRUED INTEREST

Interest receivable from banks	12.1	803	849
Pre-incorporation and pre-commencement expenses of Thatta Cement Company (Private) Limited (TCCPL)	12.2	31,813	31,813
Deposit with Commissioner Workmen's Compensation		14,915	14,915
Refund against Fuel Price Adjustment		24,402	26,157
Others		36,126	39,989
		<u>108,059</u>	<u>113,723</u>

12.1 This includes receivable amounting to Rs. 0.781 million (June 30, 2014: Rs. 0.827 million) from National Bank of Pakistan which is a related party.

12.2 This represents amount receivable from TCCPL, a related party, established by the Company in Sri Lanka for cement grinding and packing plant. TCCPL will issue shares in future subject to all regulatory approvals. The status of the project is the same as disclosed in the last annual audited unconsolidated financial statements.

13 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

Ordinary shares of Rs. 10/- each 89,418,125 (June 30, 2014: 89,418,125) shares allotted for consideration paid in cash	894,181	894,181
10,300,000 (June 30, 2014: 10,300,000) shares allotted for consideration other than cash	103,000	103,000
	<u>997,181</u>	<u>997,181</u>

Note	(Un-audited) September 2014	(Audited) June 2014
	---(Rupees in thousands)---	

14 DEFERRED TAXATION

Deferred tax liability comprises of temporary differences as follows:

Taxable temporary differences

- accelerated tax depreciation	179,512	175,916
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Deductible temporary differences

- provision for gratuity	(923)	(4,819)
- other provisions - for doubtful debts and stores	(39,360)	(39,058)
	(40,283)	(43,877)
	<u>139,229</u>	<u>132,039</u>

15 TRADE AND OTHER PAYABLES

Trade creditors		37,479	32,406
Accrued liabilities	15.1	102,907	136,125
Bills payable		100,762	237,334
Advances from customers		59,001	52,443
Contractors retention money		1,191	175
Excise duty payable		12,309	9,590
Payable to Gratuity Fund		2,865	14,749
Payable to Provident Fund		-	2
Workers' Profit Participation Fund		31,436	25,411
Workers' Welfare Fund		13,141	10,852
Unclaimed dividend		75	113
Other liabilities		1,976	3,227
		<u>363,142</u>	<u>522,427</u>

15.1 It includes Rs. 58.62 million (June 30, 2014: Rs. 55.083 million) payable to Thatta Power (Private) Limited, the subsidiary company, in respect of purchase of electricity.

16 CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

The status of contingencies is same as disclosed in the last annual audited unconsolidated financial statements.

16.2 Commitments

Commitments in respect of irrevocable letter of credits	139,225	151,787
Guarantees given by banks on behalf of the Company	126,372	126,372
	<u>265,597</u>	<u>278,159</u>

	September 2014 -----(Un-audited)----	September 2013 -----(Un-audited)----
17 SALES - NET	---(Rupees in thousands)---	
Local	623,307	579,060
Export	2,895	14,235
	<u>626,202</u>	<u>593,295</u>
Less: - Sales tax	(97,935)	(93,556)
- Federal excise duty	(28,096)	(27,058)
	<u>(126,031)</u>	<u>(120,614)</u>
	<u>500,171</u>	<u>472,681</u>
18 COST OF SALES		
Raw material consumed	26,713	33,611
Manufacturing expenses		
Packing material consumed	21,124	24,529
Stores, spare parts and loose tools consumed	22,233	31,074
Fuel and power	229,386	214,031
Salaries, wages and other benefits	57,431	51,347
Insurance	5,015	1,006
Repairs and maintenance	294	385
Depreciation	9,344	9,054
Other production overheads	5,267	4,494
	<u>350,094</u>	<u>335,920</u>
Cost of production	<u>376,807</u>	<u>369,531</u>
Work-in-process		
Opening balance	329,667	267,547
Closing balance	(387,517)	(280,277)
	<u>(57,850)</u>	<u>(12,730)</u>
Cost of goods manufactured	<u>318,957</u>	<u>356,801</u>
Finished goods		
Opening balance	35,355	40,477
Closing balance	(23,599)	(42,378)
	11,756	(1,901)
	<u>330,713</u>	<u>354,900</u>

September 2014	September 2013
----(Un-audited)----	
---(Rupees in thousands)---	

19 TAXATION

Current tax	19,070	10,640
Deferred tax charge	7,190	17,652
	<u>26,260</u>	<u>28,292</u>

19.1 Workers' Profit Participation Fund, Workers' Welfare Fund and Taxation

Allocation to the Workers' Profit Participation Fund, Workers' Welfare Fund and charge for taxation are provisional. Final liability would be determined on the basis of annual results.

20 EARNINGS PER SHARE - BASIC AND DILUTED

Profit after taxation (Rupees in thousands)	<u>85,916</u>	<u>26,121</u>
Weighted average number of ordinary shares	<u>99,718,125</u>	<u>99,718,125</u>
Earnings per share (Rupee)	<u>0.86</u>	<u>0.26</u>

21 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise 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. 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 quarter ended / outstanding balances as at September 30, 2014 with related parties, other than those which have been specifically disclosed elsewhere in these condensed interim unconsolidated financial statements are as follows:

September 2014	September 2013
----(Un-audited)----	
---(Rupees in thousands)---	

Transactions with related parties

National Bank of Pakistan

- Mark-up on Running Finance (RF), Syndicate Term Finance Facility (STFF), Long Term Finance (LTF) and commission	13,181	8,888
- Income on bank deposit accounts	784	15
- Syndicate term finance facility obtained	86,275	-
- Repayment of long term loans	11,147	14,480

	September 2014	September 2013
	----(Un-audited)----	
	--(Rupees in thousands)--	
Thatta Power (Private) Limited		
- Common shared expenses	831	782
- Purchase of store items (inclusive of GST) - net	105	158
- Purchase of electric power	123,008	97,865
- Payment on account of electric power	119,471	121,175
- Management fee charged (inclusive of SST)	3,795	-
- Management fee received (inclusive of SST)	3,690	-
- Receipt on account of common shared expenses	848	-
- Payment on account of purchase of store items - net	57	389
Thatta Cement Company (Private) Limited		
- Expenses paid by the Company on behalf of TCCPL	-	2,987
Sui Southern Gas Company Limited		
- Purchase of gas excluding GST	2,468	7,709
- Payment against purchase of gas excluding GST	2,316	7,463
Key management personnel		
- Salaries and benefits	29,451	16,761
- Sale of vehicle	615	-
Other related parties		
- Contribution to employees' Gratuity Fund	14,749	5,386
- Contribution to employees' Provident Fund	1,859	1,190
Pak Suzuki Motor Company Limited		
- Payment against purchase of vehicle	2,293	2,028

(Un-audited) September 2014	(Audited) June 2014
---(Rupees in thousands)---	

Balances with related parties

National Bank of Pakistan

- Term deposit account	1,000	1,000
- PLS account balance	56,574	20,125
- Current account balance	2	646
- Running finance	183,902	186,012
- Long term loans	62,718	73,865
- Accrued mark-up - finance charge	24,830	8,687
- Accrued income - interest income	781	827
- Guarantees on behalf of the Company as per normal banking terms	43,532	43,532
- Share in STFF	239,225	152,950

Thatta Power (Private) Limited

- Payable against purchase of electric power (inclusive of GST)	58,620	55,083
- Receivable against management fee (inclusive of SST)	1,265	1,160
- Receivable against common shared expenses	272	289
- Payable against sale / purchase of store items - net	65	17

Thatta Cement Company (Private) Limited

- Receivable against expenses paid by the Company on behalf of TCCPL	31,813	31,813
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Sui Southern Gas Company Limited

- Payable against purchase of gas excluding GST	610	458
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Habib Bank Limited

- Current account balance	18	368
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21.1 There are no transactions with key management personnel other than under their terms of employment.

21.2 All transactions with related parties have been carried out on commercial terms and conditions.

22 OPERATING SEGMENTS

22.1 These condensed interim unconsolidated financial statements have been prepared on the basis of single reportable segment.

22.2 Revenue from sale of cement represents 100% (September 30, 2013: 100%) of the total revenue of the Company.

22.3 100% (September 30, 2013: 96.99%) sales of the Company relates to customers in Pakistan.

22.4 All non-current assets of the Company as at September 30, 2014 are located in Pakistan.

23 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE


The shareholders of the Company has approved the final cash dividend of Rs. 1.10 per share i.e. 11% of par value amounting to Rs. 109.69 million in the Annual General Meeting held on October 20, 2014.

24 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim unconsolidated financial statements have been authorized for issue on October 27, 2014 by the Board of Directors of the Company.



CHIEF EXECUTIVE



DIRECTOR


**CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE QUARTER ENDED
SEPTEMBER 30, 2014**

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET

As at September 30, 2014

	Note	(Un-audited) September 2014	(Audited) June 2014
--(Rupees in thousands)--			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	2,889,448	2,699,846
Intangible assets		4,005	349
Long term investment - available-for-sale	7	128,347	140,106
Long term deposits		1,106	1,006
		<u>3,022,906</u>	<u>2,841,307</u>
CURRENT ASSETS			
Stores, spare parts and loose tools	8	424,858	413,092
Stock-in-trade	9	470,748	418,063
Trade debts	10	391,910	281,608
Short term investments - held to maturity	11	306,000	306,000
Loans and advances	12	16,370	18,774
Trade deposits and short term prepayments		23,079	26,535
Other receivables and accrued interest	13	140,177	161,085
Taxation - net		9,374	-
Cash and bank balances		277,406	170,148
		<u>2,059,922</u>	<u>1,795,305</u>
		<u>5,082,828</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	14	997,181	997,181
Share premium		99,718	99,718
Revaluation of available-for-sale investment		(11,759)	-
Accumulated profit		633,378	517,496
		1,718,518	1,614,395
Non-controlling interest		<u>358,938</u>	<u>340,905</u>
		<u>2,077,456</u>	<u>1,955,300</u>
NON-CURRENT LIABILITIES			
Long term financing		1,364,430	1,141,222
Long term deposits		3,889	5,971
Long term employee benefit		13,417	13,185
Deferred taxation	15	139,229	132,039
		1,520,965	1,292,417
CURRENT LIABILITIES			
Trade and other payables	16	459,764	576,414
Accrued mark-up		53,926	31,997
Current maturity of long term financing		363,181	360,474
Taxation - net		-	749
Short term borrowings		607,536	419,261
		<u>1,484,407</u>	<u>1,388,895</u>
CONTINGENCIES AND COMMITMENTS			
	17	<u>5,082,828</u>	<u>4,636,612</u>

The annexed notes from 1 to 25 form an integral part of these condensed interim consolidated financial statements.


CHIEF EXECUTIVE


DIRECTOR

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

For the quarter ended September 30, 2014

	Note	September 2014	September 2013
---(Rupees in thousands)---			
Sales - net	18	765,630	670,978
Cost of sales	19	(505,130)	(443,654)
Gross profit		<u>260,500</u>	<u>227,324</u>
Selling and distribution cost		(7,541)	(13,079)
Administrative expenses		(23,406)	(19,053)
		(30,947)	(32,132)
Operating profit		<u>229,553</u>	<u>195,192</u>
Other operating expenses		(36,619)	(58,952)
Finance cost		(44,142)	(57,907)
		(80,761)	(116,859)
Share of loss from associate		-	(11,352)
Other income		15,268	15,580
Profit before taxation		<u>164,060</u>	<u>82,561</u>
Taxation	20	(30,145)	(32,376)
Profit after taxation		<u>133,915</u>	<u>50,185</u>
----- Rupees -----			
Earnings per share - basic and diluted	21	<u>1.16</u>	<u>0.37</u>

The annexed notes from 1 to 25 form an integral part of these condensed interim consolidated financial statements.


CHIEF EXECUTIVE


DIRECTOR

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

For the quarter ended September 30, 2014

	September 2014	September 2013
	---(Rupees in thousands)---	
Profit after taxation	133,915	50,185
Other comprehensive loss		
Items to be reclassified to profit and loss account in subsequent periods		
Revaluation of available-for-sale investment	(11,759)	-
Total comprehensive income for the quarter	<u>122,156</u>	<u>50,185</u>
Total comprehensive income for the quarter attributable to:		
- Equity holders of the Holding Company	104,123	36,879
- Non-controlling interest	<u>18,033</u>	<u>13,306</u>
	<u>122,156</u>	<u>50,185</u>

The annexed notes from 1 to 25 form an integral part of these condensed interim consolidated financial statements.


CHIEF EXECUTIVE


DIRECTOR

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)

For the quarter ended September 30, 2014

	September 2014	September 2013
---(Rupees in thousands)---		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	164,060	82,561
Adjustment for:		
Depreciation	22,507	22,186
Amortization of intangible assets	94	44
Finance cost	44,142	57,907
Share of loss from associate	-	11,352
Provision for gratuity	2,865	2,032
Provision for leave encashment	526	337
Revaluation loss on outstanding balance of deferred payment letter of credit	14,317	39,096
Gain on disposal of property, plant and equipment	(170)	(386)
	84,281	132,568
Operating cash flows before working capital changes	248,341	215,129
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(11,766)	(187,595)
Stock-in-trade	(52,685)	(35,238)
Trade debts	(110,302)	(94,871)
Loans and advances	2,404	(4,317)
Trade deposits and short term prepayments	3,456	3,325
Other receivable and accrued interest	20,908	(39,506)
	(147,985)	(358,202)
Increase / (decrease) in current liabilities		
Trade and other payables excluding gratuity payable and dividend payable	(104,728)	320,154
Cash (used in) / generated from operations	(4,372)	177,081
Finance cost paid	(22,213)	(26,655)
Gratuity paid	(14,749)	(5,386)
Leave encashment paid	(294)	(866)
Tax paid - net	(33,078)	(20,341)
	(70,334)	(53,248)
Net cash (used in) / generated from operating activities	(74,706)	123,833
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(212,554)	(23,146)
Addition in intangible assets	(3,750)	-
Dividend paid	(38)	-
Proceeds from disposal of property, plant and equipment	615	500
Long term deposits - assets	(100)	-
Net cash used in investing activities	(215,827)	(22,646)

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)

For the quarter ended September 30, 2014

	September 2014	September 2013
---(Rupees in thousands)---		
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	(36,529)	(14,480)
Long term financing obtained	248,127	-
Long term deposits - liabilities	(2,082)	-
Net cash generated from / (used in) financing activities	<u>209,516</u>	<u>(14,480)</u>
Net (decrease) / increase in cash and cash equivalents	(81,017)	86,707
Cash and cash equivalents at beginning of the period	(249,113)	(377,598)
Cash and cash equivalents at end of the quarter	<u>(330,130)</u>	<u>(290,891)</u>
CASH AND CASH EQUIVALENTS		
Cash and bank balances	277,406	237,025
Short term borrowings	(607,536)	(527,916)
	<u>(330,130)</u>	<u>(290,891)</u>

The annexed notes from 1 to 25 form an integral part of these condensed interim consolidated financial statements.


CHIEF EXECUTIVE


DIRECTOR

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

For the quarter ended September 30, 2014

	Equity attributable to owners of Holding Company				Non-controlling interest	Total equity
	Issued, subscribed and paid-up capital	Share premium	Revaluation of available-for-sale investment	Accumulated profit		
------(Rupees in thousands)-----						
Balance as at July 1, 2013	997,181	99,718	-	147,532	1,244,431	242,050 1,486,481
Total comprehensive income for the quarter ended September 30, 2013						
Profit after taxation	-	-	-	36,879	36,879	13,306 50,185
Other comprehensive income	-	-	-	-	-	- -
Balance as at September 30, 2013	<u>997,181</u>	<u>99,718</u>	<u>-</u>	<u>184,411</u>	<u>1,281,310</u>	<u>255,356 1,536,666</u>
Balance as at July 1, 2014	997,181	99,718	-	517,496	1,614,395	340,905 1,955,300
Total comprehensive income for the quarter ended September 30, 2014						
Profit after taxation	-	-	-	115,882	115,882	18,033 133,915
Deficit on revaluation of available-for-sale investment	-	-	(11,759)	-	(11,759)	- (11,759)
Balance as at September 30, 2014	<u>997,181</u>	<u>99,718</u>	<u>(11,759)</u>	<u>633,378</u>	<u>1,718,518</u>	<u>358,938 2,077,456</u>

The annexed notes from 1 to 25 form an integral part of these condensed interim consolidated financial statements.


CHIEF EXECUTIVE


DIRECTOR

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the quarter ended September 30, 2014

1 THE GROUP AND ITS OPERATIONS

- 1.1 The Group consists of Thatta Cement Company Limited, the Holding Company and Thatta Power (Private) Limited, 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 (TPPL) is a 62.43% owned subsidiary of the Company as at September 30, 2014 (June 30, 2014: 62.43%). The principal business of the subsidiary is generation, supply and transmission of electrical power. As at September 30, 2014 TPPL has authorized and issued capital of Rs. 500 million and Rs. 479.16 million divided into 5,000,000 and 4,791,583 ordinary shares respectively.

2 BASIS OF PREPARATION

These condensed interim consolidated financial statements for the quarter ended September 30, 2014 have been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where the requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 have been followed. The disclosures in the condensed interim consolidated financial statements do not include all of the information required in the annual audited consolidated financial statements and should be read in conjunction with the annual audited consolidated financial statements of the Group as at and for the year ended June 30, 2014.

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

These condensed interim consolidated financial statements comprise of the Consolidated Balance Sheet as at September 30, 2014 and Consolidated Profit and Loss Account, Consolidated Statement of Comprehensive Income, Consolidated

Cash Flow Statement and Consolidated Statement of Changes in Equity for the quarter then ended.

2.1 Basis of consolidation

These condensed interim consolidated financial statements include the condensed interim financial statements of the Holding Company and subsidiary.

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

The financial statements of the subsidiary are prepared for the same reporting period as of the Holding Company.

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

3 ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim consolidated financial statements are the same as those applied in preparation of the annual audited consolidated financial statements as at and for the year ended June 30, 2014.

4 ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these condensed interim consolidated financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision. In preparing these condensed interim consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation and uncertainty

were the same as those that were applied to the annual audited consolidated financial statements as at and for the year ended June 30, 2014 except for the following:

4.1 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 the financial statements.

There would have been no change in the depreciation expense for the quarter ended September 30, 2014 if the said change was not made because the carrying value of items of property, plant and equipment of the Holding Company as at June 30, 2014, have been considered as cost as on July 1, 2014 for the purpose of calculating depreciation expense for the quarter ended September 30, 2014. The effect of the change on future periods is not disclosed as it is considered impracticable.

5 FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the annual audited consolidated financial statements as at and for the year ended June 30, 2014.

Note	(Un-audited) September 2014	(Audited) June 2014
	---(Rupees in thousands)---	

6 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	6.1	2,086,079	2,101,747
Capital work-in-progress	6.2	710,563	503,987
Major stores and spares		92,806	94,112
		<u>2,889,448</u>	<u>2,699,846</u>

(Un-audited) September 2014	(Audited) June 2014
---(Rupees in thousands)---	

6.1 Operating fixed assets

Opening Written Down Value (WDV)	2,101,747	2,126,317
Additions during the quarter / year - at cost		
- Factory building on freehold land	991	618
- Housing colonies	384	1,418
- Plant and machinery	2,422	56,727
- Quarry equipment	818	-
- Vehicles	2,406	9,358
- Office equipment	141	1,071
- Laboratory equipment	122	463
- Computers	-	1,133
	7,284	70,788
WDV of deletions during the quarter / year	(445)	(2,455)
Depreciation charge for the quarter / year	(22,507)	(92,903)
	(22,952)	(95,358)
	<u>2,086,079</u>	<u>2,101,747</u>

6.2 Capital work-in-progress

Opening balance	503,987	86,074
Additions	207,951	456,115
Transferred to operating fixed assets	(1,375)	(38,202)
	<u>710,563</u>	<u>503,987</u>

7 LONG TERM INVESTMENT - AVAILABLE-FOR-SALE

Long term investment - available-for-sale represents investment in 25.019 million shares (June 30, 2014: 25.019 million shares) of Power Cement Limited (PCL). The market value per share of PCL is Rs. 5.13 per share as on September 30, 2014 (June 30, 2014: Rs. 5.6 per share). Reduction in the value of investment amounting to Rs. 11.759 million is recorded in 'Other Comprehensive Income' for the quarter ended September 30, 2014.

Note	(Un-audited) September 2014	(Audited) June 2014
	---(Rupees in thousands)---	

8 STORES, SPARE PARTS AND LOOSE TOOLS

Stores	8.1	318,303	310,677
Spare parts		134,346	130,233
Loose tools		228	201
		452,877	441,111
Provision for dead stores		(2,828)	(2,828)
Provision for slow moving stores and spares		(25,191)	(25,191)
		(28,019)	(28,019)
		<u>424,858</u>	<u>413,092</u>

8.1 This includes stores in transit of Rs. 101.556 million (June 30, 2014: Rs. 184.874 million) as at the balance sheet date.

9 STOCK-IN-TRADE

Raw material	47,446	42,258
Packing material	25,749	24,346
Work-in-process	374,853	317,003
Finished goods	22,700	34,456
	<u>470,748</u>	<u>418,063</u>

10 TRADE DEBTS

Considered good

Local - unsecured	391,910	281,608
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Considered doubtful

Cement stockiest	60,801	60,801
Excessive rebate allowed	6,101	6,101
Controller military accounts	5,126	5,126
Other customers	952	952
	72,980	72,980

Provision for doubtful debts	(72,980)	(72,980)
	<u>391,910</u>	<u>281,608</u>

11 SHORT TERM INVESTMENTS - HELD TO MATURITY

Term deposit with National Bank of Pakistan	<u>306,000</u>	<u>306,000</u>
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The term deposit is placed with National Bank of Pakistan, which is a related party, for a period of one year at the rate of 9.85% (June 30, 2014: 9.85%) per

annum and has been pledged by TPPL against the bank guarantee issued to Sui Southern Gas Company Limited by National Bank of Pakistan on behalf of TPPL.

(Un-audited) September 2014	(Audited) June 2014
---(Rupees in thousands)---	

12 LOANS AND ADVANCES

Considered good

To employees	98	111
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Advances

- guarantee margin	662	1,162
- advance to vendors	14,106	16,211
- others	1,504	1,290
	16,272	18,663
	<u>16,370</u>	<u>18,774</u>

13 OTHER RECEIVABLES AND ACCRUED INTEREST

Interest receivable from banks	13.1	29,990	27,657
Pre-incorporation and pre-commencement expenses of Thatta Cement Company (Private) Limited (TCCPL)	13.2	31,813	31,813
Deposit with Commissioner Workmen's Compensation		14,915	14,915
Refund against Fuel Price Adjustment		24,402	26,157
Others		39,057	60,543
		<u>140,177</u>	<u>161,085</u>

13.1 This includes receivable amounting to Rs. 29.827 million (June 30, 2014: Rs. 27.6 million) from National Bank of Pakistan which is a related party.

13.2 This represents amount receivable from TCCPL, a related party, established by the Holding Company in Sri Lanka for cement grinding and packing plant. TCCPL will issue shares in future subject to all regulatory approvals. The status of the project is the same as disclosed in the last annual audited consolidated financial statements.

14 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

Ordinary shares of Rs. 10/- each

89,418,125 (June 30, 2014: 89,418,125) shares allotted for consideration paid in cash	894,181	894,181
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10,300,000 (June 30, 2014: 10,300,000) shares allotted for consideration other than cash	103,000	103,000
	<u>997,181</u>	<u>997,181</u>

15 DEFERRED TAXATION

Deferred tax liability comprises of temporary differences as follows:

Taxable temporary differences

- accelerated tax depreciation	179,512	175,916
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Deductible temporary differences

- provision for gratuity	(923)	(4,819)
- other provisions - for doubtful debts and stores	(39,360)	(39,058)
	(40,283)	(43,877)
	<u>139,229</u>	<u>132,039</u>

16 TRADE AND OTHER PAYABLES

Trade creditors	37,682	32,820
Accrued liabilities	157,351	150,297
Bills payable	100,762	237,334
Advances from customers	59,001	52,443
Contractors retention money	1,191	175
Excise duty and sales tax payable	12,582	10,756
Payable to Gratuity Fund	2,865	14,749
Payable to Provident Fund	-	2
Workers' Profit Participation Fund	58,685	49,873
Workers' Welfare Fund	23,495	20,147
Unclaimed dividend	75	113
Other liabilities	6,075	7,705
	<u>459,764</u>	<u>576,414</u>

17 CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

The status of contingencies is same as disclosed in the last annual audited consolidated financial statements.

17.2 Commitments

Commitments in respect of irrevocable letter of credits	139,225	151,787
Guarantees given by banks on behalf of the Company	432,372	432,372
Commitment in respect of mark-up on liability against DPLC	15,524	21,446
	<u>587,121</u>	<u>605,605</u>

	September 2014 ---(Un-audited)---	September 2013 ---(Rupees in thousands)---
18 SALES - NET		
Local	933,894	827,704
Export	<u>2,895</u>	<u>14,235</u>
	<u>936,789</u>	<u>841,939</u>
Less: - Sales tax	<u>(143,063)</u>	<u>(143,903)</u>
- Federal excise duty	<u>(28,096)</u>	<u>(27,058)</u>
	<u>(171,159)</u>	<u>(170,961)</u>
	<u>765,630</u>	<u>670,978</u>
19 COST OF SALES		
Raw material consumed	26,713	33,611
Manufacturing expenses		
Packing material consumed	<u>21,124</u>	<u>24,529</u>
Stores, spare parts and loose tools consumed	<u>28,378</u>	<u>35,904</u>
Fuel and power	<u>351,271</u>	<u>278,829</u>
Salaries, wages and other benefits	<u>57,431</u>	<u>51,565</u>
Insurance	<u>8,211</u>	<u>3,336</u>
Repairs, operations and maintenance	<u>31,413</u>	<u>12,232</u>
Depreciation	<u>20,708</u>	<u>20,365</u>
Other production overheads	<u>5,975</u>	<u>5,595</u>
	<u>524,511</u>	<u>432,355</u>
Cost of production	<u>551,224</u>	<u>465,966</u>
Work-in-process		
Opening balance	<u>317,003</u>	<u>261,445</u>
Closing balance	<u>(374,853)</u>	<u>(280,277)</u>
	<u>(57,850)</u>	<u>(18,832)</u>
Cost of goods manufactured	<u>493,374</u>	<u>447,134</u>
Finished goods		
Opening balance	<u>34,456</u>	<u>38,898</u>
Closing balance	<u>(22,700)</u>	<u>(42,378)</u>
	<u>11,756</u>	<u>(3,480)</u>
	<u>505,130</u>	<u>443,654</u>

	September 2014 ---(Un-audited)---	September 2013 ---(Un-audited)---
20 TAXATION		
Current tax	22,955	14,724
Deferred tax charge	7,190	17,652
	<u>30,145</u>	<u>32,376</u>

21 EARNINGS PER SHARE - BASIC AND DILUTED

Profit after taxation (Rupees in thousands)	<u>115,882</u>	<u>36,879</u>
Weighted average number of ordinary shares	<u>99,718,125</u>	<u>99,718,125</u>
Earnings per share (Rupees)	<u>1.16</u>	<u>0.37</u>

22 TRANSACTIONS WITH RELATED PARTIES

Related parties comprises of associated undertakings and related group companies, directors of the Group, key management personnel and staff retirement funds. The Group 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) 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 quarter ended / outstanding balances as at September 30, 2014 with related parties, other than those which have been specifically disclosed elsewhere in these condensed interim consolidated financial statements are as follows:

	September 2014 ---(Un-audited)---	September 2013 ---(Un-audited)---
Transactions with related parties		
National Bank of Pakistan		
- Mark-up on Running Finance (RF), Syndicate Term Finance Facility (STFF), Long Term Finance (LTF), DPLC and commission	24,705	21,296
- Income on bank deposit accounts	12,248	11,899
- Syndicate term finance facility obtained	86,275	-
- Repayment of syndicate term finance facility	14,255	-
- Repayment of long term loans	11,147	14,480
Thatta Cement Company (Private) Limited		
- Expenses paid by the Holding Company on behalf of TCCPL	-	2,987
Sui Southern Gas Company Limited		
- Purchase of gas excluding GST	229,488	170,372
- Payment against purchase of gas excluding GST	192,897	166,058
Key management personnel		
- Salaries and benefits	29,451	16,761
- Sale of vehicle	615	-

	September 2014 ---(Un-audited)---	September 2013 ---(Rupees in thousands)---
Other related parties		
- Contribution to employees' Gratuity Fund	14,749	5,386
- Contribution to employees' Provident Fund	1,859	1,190

Pak Suzuki Motor Company Limited

- Payment against purchase of vehicle	2,293	2,028
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	(Un-audited) September 2014	(Audited) June 2014
---(Rupees in thousands)---		

Balances with related parties

National Bank of Pakistan

- Term deposit account	1,000	1,000
- PLS account balance	268,553	156,572
- Current account balance	88	732
- Running finance	183,902	186,012
- Long term loans	62,718	73,865
- Accrued mark-up - finance charge	29,788	13,959
- Accrued income - interest income	29,827	27,602
- Guarantees on behalf of the Holding Company as per normal banking terms	43,532	349,532
- Share in STFF	581,348	509,328
- Share in DPLC	183,032	175,992
- Short term investment - held to maturity	306,000	306,000

Thatta Cement Company (Private) Limited

- Receivable against expenses paid by Holding Company on behalf of TCCPL	31,813	31,813
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Sui Southern Gas Company Limited

- Payable against purchase of gas excluding GST	99,215	62,624
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Habib Bank Limited

- Current account balance	18	368
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22.1 There are no transactions with key management personnel other than under their terms of employment.

22.2 All transactions with related parties have been carried out on commercial terms and conditions.

23 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.

23.1 Revenues

	Cement		Power		Intra group adjustment		Consolidated	
	September 2014	September 2013	September 2014	September 2013	September 2014	September 2013	September 2014	September 2013
	----- (Rupees in thousands) ----- (Un-audited)							
Revenue	500,171	472,681	370,594	296,162	(105,135)	(97,865)	765,630	670,978
Cost of sales	(330,713)	(354,900)	(279,701)	(194,216)	105,284	105,462	(505,130)	(443,654)
Gross profit	169,458	117,781	90,893	101,946	149	7,597	260,500	227,324
Selling and distribution cost	(7,541)	(13,079)	-	-	-	-	(7,541)	(13,079)
Administrative expenses	(22,088)	(17,921)	(4,618)	(1,132)	3,300	-	(23,406)	(19,053)
	(29,629)	(31,000)	(4,618)	(1,132)	3,300	-	(30,947)	(32,132)
Operating profit	139,829	86,781	86,275	100,814	3,449	7,597	229,553	195,192
Other operating expenses	(18,005)	(16,606)	(18,614)	(42,346)	-	-	(36,619)	(58,952)
Finance cost	(16,592)	(19,465)	(27,550)	(38,442)	-	-	(44,142)	(57,907)
	(34,597)	(36,071)	(46,164)	(80,788)	-	-	(80,761)	(116,859)
Other income	6,944	3,703	11,773	12,012	(3,449)	(135)	15,268	15,580
Share of loss from associate	-	(11,352)	-	-	-	-	-	(11,352)
	6,944	(7,649)	11,773	12,012	(3,449)	(135)	15,268	4,228
Segment results	112,176	43,061	51,884	32,038	-	7,462	164,060	82,561
Unallocated expenditures	-	-	-	-	-	-	-	-
Profit before tax	112,176	43,061	51,884	32,038	-	7,462	164,060	82,561
Tax	(26,260)	(28,292)	(3,885)	(4,084)	-	-	(30,145)	(32,376)
Profit after tax	85,916	14,769	47,999	27,954	-	7,462	133,915	50,185

23.2 Other Information

	Cement		Power		Intra group adjustment		Consolidated	
	September 2014 (Un-audited)	June 2014 (Audited)	September 2014 (Un-audited)	June 2014 (Audited)	September 2014 (Un-audited)	June 2014 (Audited)	September 2014 (Un-audited)	June 2014 (Audited)
	----- (Rupees in thousands) -----							
Segment assets	3,330,226	2,969,513	2,138,429	2,044,775	(385,827)	(377,676)	5,082,828	4,636,612
Unallocated corporate assets	-	-	-	-	-	-	-	-
Total assets	3,330,226	2,969,513	2,138,429	2,044,775	(385,827)	(377,676)	5,082,828	4,636,612
Segment liabilities	1,906,812	1,620,256	1,170,063	1,124,408	(71,503)	(63,352)	3,005,372	2,681,312
Unallocated corporate liabilities	-	-	-	-	-	-	-	-
Total liabilities	1,906,812	1,620,256	1,170,063	1,124,408	(71,503)	(63,352)	3,005,372	2,681,312
Capital expenditure	214,579	524,756	1,725	1,443	-	-	216,304	526,199
Depreciation	11,137	48,361	11,370	44,542	-	-	22,507	92,903
Non-cash expenses other than depreciation	19,890	86,450	41,884	134,398	-	24,788	61,774	245,636

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

	Consolidated	
	September 2014	September 2013
	---(Un-audited)---	
23.3.1 Operating revenues	---(Rupees in thousands)---	
Total revenue of reportable segments	870,765	768,843
Elimination of intra group revenue	(105,135)	(97,865)
Consolidated revenue	<u>765,630</u>	<u>670,978</u>

23.3.2 Profit and loss

Total profit before tax of reportable segments	164,060	75,099
Adjustment of unrealized profit and intra group transactions	-	7,462
Consolidated profit before tax	<u>164,060</u>	<u>82,561</u>

23.3.3 Assets

	Consolidated	
	(Un-audited) September 2014	(Audited) June 2014
	---(Rupees in thousands)---	
Total assets of reportable segments	5,468,655	5,014,288
Elimination of intra group balances	(373,009)	(354,258)
Reclassifications for consolidation purposes	(12,818)	(23,418)
Consolidated assets	<u>5,082,828</u>	<u>4,636,612</u>

23.3.4 Liabilities

Total liabilities of reportable segments	3,076,875	2,744,664
Elimination of intra group balances	(58,685)	(55,100)
Reclassifications for consolidation purposes	(12,818)	(8,252)
Consolidated liabilities	<u>3,005,372</u>	<u>2,681,312</u>

23.4 Geographical segment analysis

	Revenue		Total Assets		Net Assets	
	(Un-audited) September 2014	(Un-audited) September 2013	(Un-audited) September 2014	(Audited) June 2014	(Un-audited) September 2014	(Audited) June 2014
	----- (Rupees in thousands) -----					
Pakistan	762,735	656,743	5,082,828	4,636,612	2,077,456	1,955,300
Export Processing Zone - Karachi	2,895	-	-	-	-	-
Sudan	-	14,235	-	-	-	-
	<u>765,630</u>	<u>670,978</u>	<u>5,082,828</u>	<u>4,636,612</u>	<u>2,077,456</u>	<u>1,955,300</u>

23.5 Information about major customers

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

24 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The shareholders of the Holding Company has approved the final cash dividend of Rs. 110 per share i.e. 11% of par value amounting to Rs. 109.69 million in the Annual General Meeting held on October 20, 2014.

25 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim consolidated financial statements have been authorized for issue on October 27, 2014 by the Board of Directors of the Holding Company.


CHIEF EXECUTIVE


DIRECTOR

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