

First Quarterly Report
September 2016



THATTA CEMENT
COMPANY LIMITED

**The Dimensions
of Progress!**

CONTENTS

| | |
|---|----|
| Vision & Mission | 2 |
| Company Information | 3 |
| Director's Review | 4 |
| Condensed Interim Unconsolidated Financial Statements | 13 |
| Condensed Interim Consolidated Financial Statements | 31 |



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 shareholder's value.

COMPANY INFORMATION

BOARD OF DIRECTORS

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

Chairman
Chief Executive
Director
Director
Director
Director

AUDIT COMMITTEE

Mr. Khawaja Muhammad Salman Younis
Mr. Shahid Aziz Siddiqui
Mr. Attaullah A. Rasheed

Member
Member
Member

HR & REMUNERATION COMMITTEE

Mr. Saleem Zamindar
Mr. Shahid Aziz Siddiqui
Mr. Agha Sher Shah
Mr. Muhammad Fazlullah Shariff

Chairman
Member
Member
Member

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Muhammad Taha Hamdani

STATUTORY AUDITOR

M/s Grant Thornton Anjum Rahman, Chartered Accountants

COST AUDITOR

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

CORPORATE ADVISOR

M/s Shekha & Mufti, Chartered Accountants

LEGAL ADVISOR

M/s Usmani & Iqbal

BANKERS - Conventional

Sindh Bank Limited
National Bank of Pakistan
Summit 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, 2016.

INDUSTRY OVERVIEW

During the first quarter of the current fiscal year, which began on July 1, 2016, the cement industry posted a growth of 9.50% in local sales as compared to that of the first quarter of previous fiscal year. Cement exports turned positive and recorded an increase of 3.00% as compared with the exports during the same period of previous year. Overall growth remained higher by 8.33% on year-on-year basis for the quarter. Domestic cement demand in the south of the country was higher than that of the northern region.

BUSINESS PERFORMANCE

a. Production and Sales Volume Performance

The clinker production of the Company during the period under review was 103,652 tons implying utilization of 81.29% of its rated capacity as compared to 77.23% capacity utilization in the corresponding period of previous year. Cement production excluding Class G cement was higher by 13.92% than that of the corresponding period. The growth in cement production was recorded despite lower off take during Eid-ul-Fitr and Eid-ul-Azha which fell in the quarter ended September 30, 2016. The Company achieved an increase of 13.15% in local cement dispatches during the quarter due to better strategies, focused sales and marketing activities.

The overall sales of the Company during the quarter including clinker and GBFS registered a healthy growth of 45.18% as compared to the corresponding period of previous year.

Following is the comparative data of production and dispatches made during the current quarter vs same quarter last year:

| | September 2016 | September 2015 | Variance | |
|---------------------------------|-------------------------|-------------------|---------------|--------------|
| | ----- Metric Tons ----- | | | % |
| Plant capacity – Clinker | 127,500 | 127,500 | - | - |
| Production | | | | |
| - Clinker | 103,652 | 98,469 | 5,183 | 5.26 |
| - Cement | 78,056 | 68,516 | 9,540 | 13.92 |
| - GGBFS | - | 520 | (520) | (100) |
| - Class G Cement | - | 800 | (800) | (100) |
| Dispatches | | | | |
| Cement | | | | |
| - Local | 77,205 | 68,232 | 8,973 | 13.15 |
| - Class G Cement | 512 | 200 | 312 | 156 |
| - Exports | 490 | 365 | 125 | 34.24 |
| | <u>78,207</u> | <u>68,797</u> | <u>9,410</u> | <u>13.67</u> |
| Clinker | 19,758 | - | 19,758 | 100 |
| GBFS & GGBFS – Local | 2,670 | 520 | 2,150 | 413.46 |
| | <u>100,635</u> | <u>69,317</u> | <u>31,318</u> | <u>45.18</u> |

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

| | September 2016 | September 2015 | Variance | |
|--------------------------------------|---------------------------------|-------------------|---------------|---------------|
| | ----- Million Metric Tons ----- | | % | |
| Cement Industry | | | | |
| Local sales | 7.431 | 6.786 | 0.645 | 9.50 |
| Exports | <u>1.545</u> | <u>1.500</u> | <u>0.045</u> | <u>3.00</u> |
| | <u>8.976</u> | <u>8.286</u> | <u>0.690</u> | <u>8.33</u> |
| | ----- Metric Tons ----- | | % | |
| Thatta Cement Company Limited | | | | |
| Local sales - Cement | 77,205 | 68,232 | 8,973 | 13.15 |
| Local sales – Clinker | 19,758 | - | 19,758 | 100 |
| Class G Cement | 512 | 200 | 312 | 156 |
| Exports | 490 | 365 | 125 | 34.24 |
| GBFS & GGBFS | <u>2,670</u> | <u>520</u> | <u>2,150</u> | <u>413.46</u> |
| | <u>100,635</u> | <u>69,317</u> | <u>31,318</u> | <u>45.18</u> |

b. Financial Performance

A comparison of the financial results of the Company's performance for the quarter ended September 30, 2016 with the same period last year is as under:

| | September 2016 | September 2015 |
|-----------------------------|---------------------------------|-------------------|
| | ----- Rupees in thousands ----- | |
| Sales – net | 638,538 | 494,429 |
| Gross profit | 226,096 | 151,739 |
| Profit before taxation | 152,527 | 156,201 |
| Profit after taxation | 106,342 | 116,305 |
| Earnings per share (Rupees) | 1.07 | 1.17 |

The cost of sales during the quarter ended September 30, 2016 was 4.72% lower as compared to the corresponding quarter, due to efficiencies in fuel & energy. Moreover, price of coal consumed was lower in the current quarter compared to the previous quarter. Therefore your Company earned a profit before tax of Rs. 152.527 million after providing depreciation of Rs. 29.303 million.

(i) Sales Performance

Sales of the Company during the quarter ended September 30, 2016 increased significantly by 29.14% in value terms mainly due to enhanced cement sales by 13.67% and sale of GBFS and clinker. The local cement sales of the Company in terms of volume rose by 13.15% whereas the industry growth was 9.50%.

(ii) Cost of Sales

The cost of sales ratio has declined to 64.59% during the quarter as compared to 69.31% in the corresponding period. This is mainly due to decline in cost of coal and plant efficiencies achieved after BMR.

(iii) Distribution Cost

Distribution cost has increased by 114.12% during the quarter as compared to the corresponding period of last year mainly on account of commission expense and hiring of new staff in sales and marketing team as well as annual increment in salaries, wages and other benefits.

(iv) Finance Cost

Finance cost has marginally decreased by 0.56% during the quarter as compared to the corresponding quarter of last year.

FUTURE OUTLOOK

China Pakistan Economic Corridor and other mega infrastructure projects including energy projects will continue to remain the key stimulus for increase in demand of cement apart from boost in housing sector of the country. Growth in cement demand is expected to remain stable in the remaining quarters of the year 2016-2017. However, excessive capacity being added through Brown and Greenfield projects in South Region will be a serious concern giving rise to pricing pressures in the Region. Most cement manufacturers have rushed into expansions and the possibility of new players entering the field cannot be ruled out which may worsen the demand/supply situation.

Selling price is expected to remain stable at the current level in the short to medium term. Escalation in coal prices on account of higher consumption in India and production roll backs in China may affect the margins of cement manufacturers.

Waste Heat Recovery Project

The arrangement of financing for the project is at final stage and the Subsidiary Company is in liaison with the syndicate of Banks to meet the conditions precedents for availability of financing facility.

PERFORMANCE OF THE GROUP

A brief of the financial position and performance of the Group for the quarter ended September 30, 2016 is provided below:-

Balance Sheet

| | September 2016 | June 2016 |
|--------------------------------|-------------------|--------------|
| Property, plant and equipments | 3,377,707 | 3,405,340 |
| Stock-in-trade | 301,993 | 238,407 |
| Trade debts | 459,767 | 464,681 |
| Share Capital | 997,181 | 997,181 |
| Total equity | 2,525,748 | 2,554,137 |
| Trade and other payables | 510,239 | 424,449 |
| Short Term Borrowings | 121,670 | 19,168 |

September
2016

June
2016

-- Rupees in thousands --

Profit and loss

| | September 2016 | September 2015 |
|-----------------------------|-------------------|-------------------|
| Sales – net | 640,756 | 498,917 |
| Gross profit | 247,766 | 179,457 |
| Profit before taxation | 159,394 | 167,056 |
| Profit after taxation | 112,915 | 126,136 |
| Earnings per share (Rupees) | 1.11 | 1.23 |

September
2016

September
2015

-- Rupees in thousands --

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, 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 challenges.

On behalf of the Board



Muhammad Fazlullah Shariff
Chief Executive Officer

Karachi: October 25, 2016

گروپ کی کارکردگی

اس رپورٹ کے ساتھ ٹھٹھہ سینٹ کمپنی لمیٹڈ اور ٹھٹھہ پاور پرائیویٹ لمیٹڈ 30 ستمبر 2016 کو ختم ہونے والے مالی سال کی سہ ماہی کی مالیاتی پوزیشن اور کارکردگی مندرجہ ذیل ہے:

| September 2016 | June 2016 |
|-------------------|--------------|
|-------------------|--------------|

-- Rupees in thousands --

Balance Sheet

| | | |
|--------------------------------|-----------|-----------|
| Property, plant and equipments | 3,377,707 | 3,405,340 |
| Stock-in-trade | 301,993 | 238,407 |
| Trade debts | 459,767 | 464,681 |
| Share Capital | 997,181 | 997,181 |
| Total equity | 2,525,748 | 2,554,137 |
| Trade and other payables | 510,239 | 424,449 |
| Short Term Borrowings | 121,670 | 19,168 |

| September 2016 | September 2015 |
|-------------------|-------------------|
|-------------------|-------------------|

-- Rupees in thousands --

Profit and loss

| | | |
|-----------------------------|---------|---------|
| Sales - net | 640,756 | 498,917 |
| Gross profit | 247,766 | 179,457 |
| Profit before taxation | 159,394 | 167,056 |
| Profit after taxation | 112,915 | 126,136 |
| Earnings per share (Rupees) | 1.11 | 1.23 |

اعتراف خدمات

بورڈ آف ڈائریکٹرز، کمپنی کے حصص داروں، مالیاتی اداروں اور صارفین کے تعاون، سرپرستی اور حمایت کے لئے بے پناہ مشکور ہیں، اور کمپنی کے تمام ملازمین کی انتھک محنت، وفاداری، ٹیم ورک اور مسلسل لگن کے معترف ہیں اور اُمید کرتے ہیں کہ کمپنی کے مستقبل میں بھی یہ سب اسی لگن اور توجہ کے ساتھ کمپنی کے ہمسفر ہوں گے۔

منجانب بورڈ آف ڈائریکٹرز

کراچی 25 اکتوبر 2016

محمد فضل اللہ شریف
چیف ایگزیکٹو آفیسر

لاگت ترسیل

سال گذشتہ کی اسی سہ ماہی کے مقابلے، اس سہ ماہی میں ترسیل کی لاگت میں 114.12 فیصد اضافہ ہوا، اس کی وجہ کمیشن کے اخراجات، مارکیٹنگ اور سیلز (فروخت) کے شعبہ جات میں نئے ملازمین کی بھرتیاں، تنخواہوں میں سالانہ اضافہ وغیرہ ہیں۔

مالیاتی لاگت

گذشتہ سال کی سہ ماہی کے مقابلے اس سہ ماہی میں مالیاتی لاگت میں 0.56 فیصد کا معمولی کمی دیکھنے میں آئی۔

مستقبل کا جائزہ

سی پیک (سی۔ پی۔ ای۔ سی) اور دیگر بڑے اور بنیادی انتظامی ڈھانچے سے متعلق منصوبے بشمول توانائی کے منصوبے اور اس کے ساتھ ساتھ ملک بھر میں جاری ہاؤسنگ کے شعبے (تعمیرات) میں فروغ (تیزی) سیمنٹ کی مانگ میں اضافے کا ایک کلیدی محرک رہیں گے۔ سیمنٹ کی مانگ میں نمو (بڑھوتری) 2016-2017 کی باقی تمام سہ ماہیوں میں برقرار رہنے کی امید ہے، تاہم جنوبی حصوں میں براؤن اور گرین فیلڈ منصوبوں کے ذریعے ضرورت سے زائد پیداواری گنجائش متوقع ہے جس کی وجہ سے جنوبی حصوں میں قیمتوں پر دباؤ پڑ سکتا ہے۔ سیمنٹ کی پیداواری صنعت سے وابستہ صنعت کار سیمنٹ پلانٹ کی پیداواری صلاحیت بڑھانے کے لیے کوشاں ہیں، اور سیمنٹ کی صنعت میں نئے صنعتکاروں کی آمد کے امکان کو بھی نظر انداز نہیں کیا جاسکتا جس کی وجہ سے طلب اور رسد کے توازن میں بگاڑ کا اندیشہ ہے۔

قلیل اور وسط مدتی سطح پر قیمت فروخت میں استحکام برقرار رہنے کی امید ہے، جبکہ کونکے کی قیمتوں میں تیزی، انڈیا میں کونکے کی زیادہ کھپت اور چائے میں پیداوار کا سابقہ سطح پر چلے جانے سے سیمنٹ کے صنعت کاروں کا مارجن متاثر ہو سکتا ہے۔

ویسٹ بیٹ ریکوری منصوبہ

ٹھٹھہ پاور کے اس منصوبے کی مالی ضروریات کو پورا کرنے کے لئے سٹڈیکیٹ بنکوں سے مالیاتی معاہدے کی شرائط کی تکمیل کے مراحل سے گزر رہے ہیں۔

30 ستمبر 2016 کو ختم ہونے والی سہ ماہی کے مالیاتی نتائج کا گذشتہ سال کی سہ ماہی سے تقابلی جائزہ درج ذیل ہے۔

| | September 2016 | September 2015 |
|---------------------------------|-------------------|-------------------|
| ----- Rupees in thousands ----- | | |
| Sales – net | 638,538 | 494,429 |
| Gross profit | 226,096 | 151,739 |
| Profit before taxation | 152,527 | 156,201 |
| Profit after taxation | 106,342 | 116,305 |
| Earnings per share (Rupees) | 1.07 | 1.17 |

30 ستمبر 2016 کو ختم ہونے والی سہ ماہی میں فروخت کی لاگت گذشتہ سال کے مقابلے 4.72 فیصد کم رہی جس کی وجہ ایندھن اور توانائی کی کارکردگی میں بہتری تھی، اس کے علاوہ کونسلے کی قیمت (جو استعمال ہوا) بھی اس سہ ماہی میں گذشتہ سال کی سہ ماہی کے مقابلے میں کم رہی۔ اس سہ ماہی میں کمپنی کا قبل از ٹیکس منافع 152.527 ملین روپے ہے، جو کہ فرسودگی (ڈیپریسیشن) کی مد میں 29.303 ملین روپے کے بعد ہے۔

فروخت کی کارکردگی

30 ستمبر 2016 کو ختم ہونے والی سہ ماہی کے اختتام تک کمپنی کی فروخت کی آمدنی میں 29.14 فیصد اضافہ ہوا یہ اضافہ سینٹ کی فروخت میں 13.67 فی صد اضافے اور کلنکر اور جی بی ایف ایس کی فروخت میں اضافے کے باعث ہوا، جب کہ مقامی سطح پر سینٹ کی فروخت کے حجم میں 13.15 فیصد اضافہ ہوا جو کہ صنعت (انڈسٹری) کی نمو (جو کہ 9.50 فیصد رہی) کے مقابلے کہیں زیادہ ہے۔

لاگتِ فروخت

گذشتہ سال کی سہ ماہی کے مقابلے میں لاگتِ فروخت کے تناسب میں کمی واقع ہوئی ہے جو گذشتہ سال کی سہ ماہی کے 69.31 فیصد کے مقابلے میں کم ہو کر 64.59 فیصد ہو گئی ہے یہ کمی کونسلے کے استعمال میں ہونے والی لاگت میں کمی اور مجموعی طور پر سینٹ پلانٹ کے استعمال میں بہتر کارکردگی کی وجہ سے ممکن ہوئی۔

گذشتہ مالی سال کی اسی سہ ماہی کے مقابلے میں کمپنی کی مجموعی فروخت میں 45.18 فیصد اضافہ ہوا جس میں کلنکر اور جی بی ایف ایس بھی شامل ہے۔

رواں سال اور سال گذشتہ کی سہ ماہی کا موازنہ

| | September 2016 | September 2015 | Variance | |
|--------------------------|----------------|----------------|---------------|--------------|
| | Metric Tons | | % | |
| Plant capacity – Clinker | 127,500 | 127,500 | - | - |
| Production | | | | |
| - Clinker | 103,652 | 98,469 | 5,183 | 5.26 |
| - Cement | 78,056 | 68,516 | 9,540 | 13.92 |
| - GGBFS | - | 520 | (520) | (100) |
| - Class G Cement | - | 800 | (800) | (100) |
| Dispatches | | | | |
| Cement | | | | |
| - Local | 77,205 | 68,232 | 8,973 | 13.15 |
| - Class G Cement | 512 | 200 | 312 | 156 |
| - Exports | 490 | 365 | 125 | 34.24 |
| | <u>78,207</u> | <u>68,797</u> | <u>9,410</u> | <u>13.67</u> |
| Clinker | 19,758 | - | 19,758 | 100 |
| GBFS & GGBFS – Local | 2,670 | 520 | 2,150 | 413.46 |
| | <u>100,635</u> | <u>69,317</u> | <u>31,318</u> | <u>45.18</u> |

فروخت کا تقابلی جائزہ

| | September 2016 | September 2015 | Variance | |
|--------------------------------------|---------------------|----------------|---------------|--------------|
| | Million Metric Tons | | % | |
| Cement Industry | | | | |
| Local sales | 7.431 | 6.786 | 0.645 | 9.50 |
| Exports | 1.545 | 1.500 | 0.045 | 3.00 |
| | <u>8.976</u> | <u>8.286</u> | <u>0.690</u> | <u>8.33</u> |
| Thatta Cement Company Limited | | | | |
| Local sales - Cement | 77,205 | 68,232 | 8,973 | 13.15 |
| Local sales – Clinker | 19,758 | - | 19,758 | 100 |
| Class G Cement | 512 | 200 | 312 | 156 |
| Exports | 490 | 365 | 125 | 34.24 |
| GBFS & GGBFS | 2,670 | 520 | 2,150 | 413.46 |
| | <u>100,635</u> | <u>69,317</u> | <u>31,318</u> | <u>45.18</u> |

ڈائریکٹرز کا تجزیہ

بورڈ آف ڈائریکٹرز کی جانب سے 30 ستمبر 2016 کو ختم ہونے والی سہ ماہی کے غیر آڈٹ شدہ مالی گوشوارے اور ان کا تجزیہ پیش خدمت ہے۔

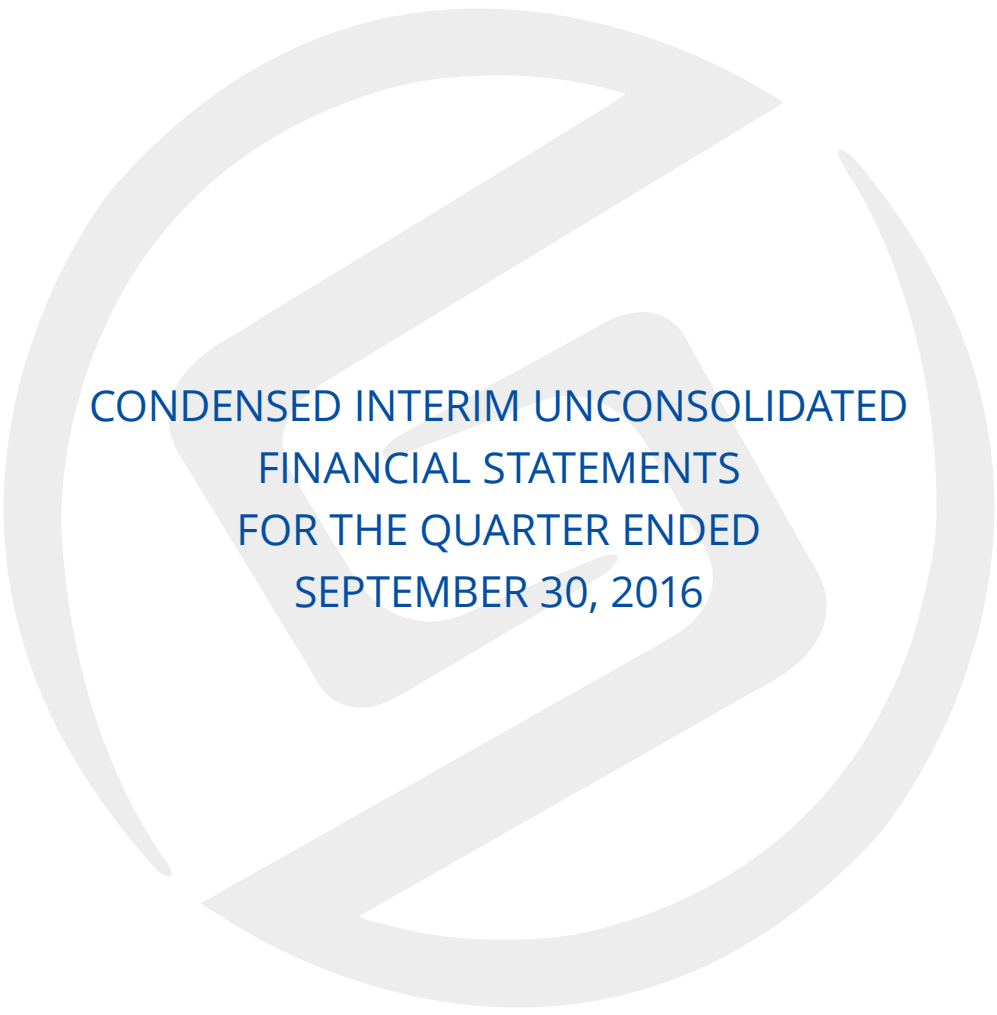
مجموعی صنعتی جائزہ

رواں مالی سال کی پہلی سہ ماہی کے دوران جو کہ یکم جولائی 2016 کو شروع ہوئی، سیمنٹ کی صنعت میں بڑھوتری دیکھنے میں آئی، یہ بڑھوتری مقامی سطح پر سیمنٹ کی فروخت میں ہوئی جو کہ گذشتہ مالی سال کی پہلی سہ ماہی کے مقابلے میں 9.50 فیصد زیادہ ہے۔ گذشتہ مالی سال کی پہلی سہ ماہی کے مقابلے میں رواں مالی سال کی پہلی سہ ماہی میں سیمنٹ کی برآمدات میں بھی مثبت رجحان دیکھنے کو ملا اور برآمدات میں 3 فیصد تک اضافہ ہوا، جبکہ مجموعی طور پر اضافے کی شرح 8.33 فیصد رہی۔ مقامی سطح پر ملک میں سیمنٹ کی مانگ شمالی خطے کے مقابلے جنوبی خطے میں زیادہ رہی۔

کاروباری کارکردگی

پیداوار اور فروخت کی کارکردگی

زیر نظر سہ ماہی میں کلن کی پیداوار 103,652 ٹن رہی، جو کہ پیداواری گنجائش کا 81.29 فیصد ہے، جبکہ گذشتہ مالی سال کی پہلی سہ ماہی میں پیداوار کلن کی پیداواری گنجائش کا 77.27 فیصد تھی۔ اس سال کی پہلی سہ ماہی میں سیمنٹ کی پیداوار میں (علاوہ جی کلاس سیمنٹ) 13.92 فیصد کی شرح سے اضافہ ہوا۔ سیمنٹ کی پیداوار میں نمو (بڑھوتری) دیکھنے میں آئی باوجود اس کے، کہ 30 ستمبر 2016 کی ختم ہونے والی سہ ماہی میں عید الفطر اور عید الاضحیٰ کی وجہ سے مانگ میں کچھ حد تک کمی واقع ہوئی تھی۔ سہ ماہی کے دوران مقامی سطح پر سیمنٹ کی ترسیل میں کمپنی نے 13.15 فیصد قابل قدر اضافہ حاصل کیا، اور یہ کامیابی بہتر حکمت عملی، فروخت پر خصوصی توجہ اور مارکیٹنگ کی بہترین سرگرمیوں کے باعث ممکن ہوئی۔



CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL STATEMENTS
FOR THE QUARTER ENDED
SEPTEMBER 30, 2016

CONDENSED INTERIM UNCONSOLIDATED BALANCE SHEET

As at September 30, 2016

| | Note | (Un-audited) September 30, 2016 | (Audited) June 30, 2016 |
|--|------|---------------------------------------|-------------------------------|
| ----- Rupees in thousands ----- | | | |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipments | 5 | 2,152,041 | 2,173,000 |
| Intangible assets | | 7,993 | 6,485 |
| Long term investment in Subsidiary | | 299,158 | 299,158 |
| Long term investment - Available for sale | 6 | 175,510 | 164,768 |
| Long term deposits | | 1,096 | 1,096 |
| | | <u>2,635,798</u> | <u>2,644,507</u> |
| CURRENT ASSETS | | | |
| Stores, spare parts and loose tools | 7 | 340,681 | 273,819 |
| Stock-in-trade | 8 | 304,278 | 241,023 |
| Trade debts | 9 | 156,309 | 163,817 |
| Loan / advance to the Subsidiary | | 184,006 | 184,006 |
| Loans and advances | 10 | 9,564 | 9,576 |
| Trade deposits and short term prepayments | | 19,961 | 13,851 |
| Other receivables and accrued interest | 11 | 40,294 | 43,674 |
| Taxation - net | | 175,360 | 132,587 |
| Cash and bank balances | | 87,271 | 237,769 |
| | | <u>1,317,724</u> | <u>1,300,122</u> |
| | | <u><u>3,953,522</u></u> | <u><u>3,944,629</u></u> |
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Share Capital | 12 | 997,181 | 997,181 |
| Share premium | | 99,718 | 99,718 |
| Revaluation of Available for sale investment | | 75,264 | 64,522 |
| Accumulated profit | | 870,313 | 913,548 |
| | | <u>2,042,476</u> | <u>2,074,969</u> |
| NON-CURRENT LIABILITIES | | | |
| Long term financing | | 843,700 | 1,026,684 |
| Long term deposits | | 2,834 | 3,834 |
| Long term employee benefit | | 16,050 | 15,640 |
| Deferred taxation | 13 | 231,180 | 184,995 |
| | | <u>1,093,764</u> | <u>1,231,153</u> |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 14 | 459,274 | 382,819 |
| Accrued mark-up | | 4,405 | 4,587 |
| Current maturity of long term financing | | 231,933 | 231,933 |
| Short term borrowings | | 121,670 | 19,168 |
| | | <u>817,282</u> | <u>638,507</u> |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 15 | | |
| | | <u><u>3,953,522</u></u> | <u><u>3,944,629</u></u> |

The annexed notes from 1 to 23 form an integral part of these condensed interim unconsolidated financial statements.


CHIEF EXECUTIVE

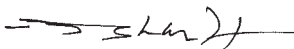

DIRECTOR

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

For the quarter ended September 30, 2016

| | Note | Quarter ended September 30, 2016 2015 | |
|---|------|--|----------------|
| -- Rupees in thousands -- | | | |
| Sales - net | 16 | 638,538 | 494,429 |
| Cost of sales | 17 | (412,442) | (342,690) |
| Gross profit | | <u>226,096</u> | <u>151,739</u> |
| Selling and distribution cost | | (17,474) | (8,161) |
| Administrative expenses | | (28,504) | (26,254) |
| | | (45,978) | (34,415) |
| Operating profit | | <u>180,118</u> | <u>117,324</u> |
| Other operating expenses | | (11,027) | (12,276) |
| Finance cost | | (27,281) | (27,434) |
| | | (38,308) | (39,710) |
| Other income | | 10,717 | 78,587 |
| Profit before taxation | | <u>152,527</u> | <u>156,201</u> |
| Taxation | 18 | (46,185) | (39,896) |
| Profit after taxation | | <u>106,342</u> | <u>116,305</u> |
| ----- Rupees ----- | | | |
| Earnings per share - basic and diluted | 19 | <u>1.07</u> | <u>1.17</u> |

The annexed notes from 1 to 23 form an integral part of these condensed interim unconsolidated financial statements.



CHIEF EXECUTIVE



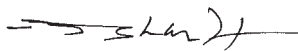
DIRECTOR

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

For the quarter ended September 30, 2016

| | Quarter ended September 30, | |
|---|--------------------------------|---------------|
| | 2016 | 2015 |
| | -- Rupees in thousands -- | |
| Profit after taxation | 106,342 | 116,305 |
| Other comprehensive income / (loss) | | |
| <i>Items to be reclassified to unconsolidated profit and loss account in subsequent periods</i> | | |
| Surplus /(Deficit) on revaluation of Available for sale investment | 10,742 | (24,560) |
| Total comprehensive income for the quarter | <u>117,084</u> | <u>91,745</u> |

The annexed notes from 1 to 23 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, 2016

Quarter ended
September 30,
2016 2015

-- Rupees in thousands --

CASH FLOWS FROM OPERATING ACTIVITIES

| | | |
|--|-----------------|-----------------|
| Profit before taxation | 152,527 | 156,201 |
| Adjustment for: | | |
| Depreciation | 29,303 | 26,549 |
| Amortization of intangible assets | 1,011 | 188 |
| Finance cost | 27,281 | 27,434 |
| Provision for gratuity | 3,050 | 2,819 |
| Provision for leave encashment | 680 | 618 |
| Impairment of property, plant and equipments | - | 1,875 |
| Gain on disposal of Available for sale investment | - | (68,186) |
| | 61,325 | (8,703) |
| Operating cash flows before working capital changes | 213,852 | 147,498 |
| (Increase) / decrease in current assets | | |
| Stores, spare parts and loose tools | (66,862) | (44,107) |
| Stock-in-trade | (63,255) | (122,812) |
| Trade debts | 7,508 | 17,485 |
| Loans and advances | 12 | (12,908) |
| Trade deposits and short term prepayments | (6,110) | 1,710 |
| Other receivable and accrued interest | 3,380 | (21,736) |
| | (125,327) | (182,368) |
| Increase / (decrease) in current liabilities | | |
| Trade and other payables excluding gratuity and dividend payable | (61,707) | 29,242 |
| Cash generated from / (used in) operations | 26,818 | (5,628) |
| Finance cost paid | (27,463) | (34,749) |
| Gratuity paid | (14,465) | (11,262) |
| Leave encashment paid | (270) | (849) |
| Income tax paid - net | (42,773) | (28,940) |
| | (84,971) | (75,800) |
| Net cash used in operating activities | (58,153) | (81,428) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Fixed capital expenditure | (8,802) | (63,934) |
| Addition in intangible assets | (2,519) | - |
| Disposal of long term investment - Available for sale | - | 125,426 |
| Proceeds from disposal of property, plant and equipments | 458 | - |
| Net cash (used in) / generated from investing activities | (10,863) | 61,492 |

CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)

For the quarter ended September 30, 2016

| Quarter ended September 30, | |
|--------------------------------|------|
| 2016 | 2015 |
| -- Rupees in thousands -- | |

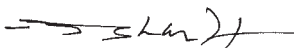
CASH FLOWS FROM FINANCING ACTIVITIES

| | | |
|---|------------------|----------------|
| Repayment of long term financing | (182,984) | (4,479) |
| Long term financing obtained | - | 122,000 |
| Long term deposits - liabilities | (1,000) | - |
| Net cash (used in) / generated from financing activities | (183,984) | 117,521 |
| Net (decrease) / increase in cash and cash equivalents | (253,000) | 97,585 |
| Cash and cash equivalents at beginning of the quarter | 218,601 | 3,145 |
| Cash and cash equivalents at end of the quarter | (34,399) | 100,730 |

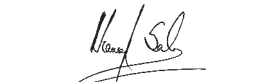
CASH AND CASH EQUIVALENTS

| | | |
|------------------------|-----------------|----------------|
| Cash and bank balances | 87,271 | 113,242 |
| Short term borrowings | (121,670) | (12,512) |
| | (34,399) | 100,730 |

The annexed notes from 1 to 23 form an integral part of these condensed interim unconsolidated financial statements.



CHIEF EXECUTIVE



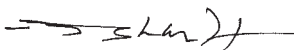
DIRECTOR

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

For the quarter ended September 30, 2016

| | Issued, subscribed and paid-up share capital | Share premium | Revaluation of available- for-sale investment | Accumulated profit | Total |
|--|---|------------------|--|-----------------------|------------------|
| ----- Rupees in thousands ----- | | | | | |
| Balance as at July 1, 2015 | 997,181 | 99,718 | 144,835 | 431,766 | 1,673,500 |
| <i>Total comprehensive income for the quarter ended September 30, 2015</i> | | | | | |
| Profit after taxation | - | - | - | 116,305 | 116,305 |
| Reclassification adjustment relating to profit realized on disposal of investment classified as 'Available for sale' | - | - | (61,636) | - | (61,636) |
| Deficit on revaluation of Available for sale investment | - | - | (24,560) | - | (24,560) |
| Balance as at September 30, 2015 | <u>997,181</u> | <u>99,718</u> | <u>58,639</u> | <u>548,071</u> | <u>1,703,609</u> |
| Balance as at July 1, 2016 | 997,181 | 99,718 | 64,522 | 913,548 | 2,074,969 |
| <i>Transactions with owners recorded directly in equity</i> | | | | | |
| Final dividend @ Rs. 1.5 per share for the year ended June 30, 2016 | - | - | - | (149,577) | (149,577) |
| <i>Total comprehensive income for the quarter ended September 30, 2016</i> | | | | | |
| Profit after taxation | - | - | - | 106,342 | 106,342 |
| Surplus on revaluation of Available for sale investment | - | - | 10,742 | - | 10,742 |
| Balance as at September 30, 2016 | <u>997,181</u> | <u>99,718</u> | <u>75,264</u> | <u>870,313</u> | <u>2,042,476</u> |

The annexed notes from 1 to 23 form an integral part of these condensed interim unconsolidated financial statements.



CHIEF EXECUTIVE



DIRECTOR

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

For the quarter ended September 30, 2016

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 Pakistan 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. The production facility of the Company is located at Ghulamullah Road, Makli, District Thatta, Sindh.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

These condensed interim unconsolidated financial statements for the quarter ended September 30, 2016 have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case the requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 shall prevail. The disclosures in these 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, 2016.

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 Pakistan Stock Exchange Regulations.

These condensed interim unconsolidated financial statements comprises of the Condensed Interim Unconsolidated Balance Sheet as at September 30, 2016 and Condensed Interim Unconsolidated Profit and Loss Account, Condensed Interim Unconsolidated Statement of Comprehensive Income, Condensed Interim Unconsolidated Cash Flow Statement and Condensed Interim Unconsolidated Statement of Changes in Equity for the quarter ended September 30, 2016.

2.2 Significant 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 the management in applying the Company's accounting policies and key sources of estimation and uncertainty were the same as those that were applied to the annual audited unconsolidated financial statements as at and for the year ended June 30, 2016.

2.3 Basis of measurement

These condensed interim unconsolidated financial statements have been prepared under the historical cost convention except for recognition of staff retirement benefits at present value based on actuarial valuation, available for sale investment which is stated at fair value on balance sheet date and foreign currency liabilities which are stated at the exchange rate on the balance sheet date.

These condensed interim unconsolidated financial statements have been prepared following accrual basis of accounting except for cash flow statement.

2.4 Functional and presentation currency

These condensed interim unconsolidated financial statements have been presented in Pakistani Rupee which is the Company's functional and presentation currency.

2.5 General

The figures have been rounded off to the nearest thousand of Rupee except as stated otherwise.

3 SIGNIFICANT 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, 2016.

4 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, 2016.

| | Note | (Un-audited) September 30, 2016 | (Audited) June 30, 2016 |
|---|------|---------------------------------------|-------------------------------|
| -- Rupees in thousands -- | | | |
| 5 PROPERTY, PLANT AND EQUIPMENTS | | | |
| Operating fixed assets | 5.1 | 2,081,785 | 2,100,608 |
| Capital work-in-progress | 5.2 | 5,319 | 1,403 |
| Major stores and spares | | 64,937 | 70,989 |
| | | <u>2,152,041</u> | <u>2,173,000</u> |

| Note | (Un-audited) September 30, 2016 | (Audited) June 30, 2016 |
|------|---------------------------------------|-------------------------------|
| | -- Rupees in thousands -- | |

5.1 Operating fixed assets

| | | |
|--|-------------------------|-------------------------|
| Opening Written Down Value (WDV) | 2,100,608 | 848,829 |
| Additions during the quarter / year - at cost | | |
| - Electrical installations | - | 2,481 |
| - Plant and machinery | 7,723 | 1,341,263 |
| - Vehicles | 2,251 | 10,418 |
| - Office & other equipments | - | 5,360 |
| - Laboratory equipments | 964 | 4,955 |
| - Computers | - | 584 |
| | <u>10,938</u> | <u>1,365,061</u> |
| WDV of deletions during the quarter / year | (458) | (152) |
| Transfer/Adjustment | - | (1,875) |
| Depreciation charge for the quarter / year | (29,303) | (111,255) |
| | <u>(29,761)</u> | <u>(113,282)</u> |
| | <u><u>2,081,785</u></u> | <u><u>2,100,608</u></u> |

5.2 Capital work-in-progress

| | | |
|--|--------------|--------------|
| Opening balance | 1,403 | 1,232,546 |
| Additions | 3,916 | 103,523 |
| Transferred to operating fixed assets and store & spares | - | (1,334,666) |
| | <u>5,319</u> | <u>1,403</u> |

6 LONG TERM INVESTMENT - AVAILABLE FOR SALE

Long term investment - Available for sale represents investment in 15.797 million shares (June 30, 2016: 15.797 million shares) of Power Cement Limited (PCL). The market value per share of PCL was Rs. 11.11 per share as on September 30, 2016 (June 30, 2016: Rs. 10.43 per share). Increase in the value of investment amounting to Rs. 10.742 million is recorded in 'Other Comprehensive Income' for the quarter ended September 30, 2016.

7 STORES, SPARE PARTS AND LOOSE TOOLS

| | | |
|---|-----------------------|-----------------------|
| Coal and other fuels | 115,704 | 56,539 |
| Stores & Spare parts | 257,372 | 249,568 |
| Loose tools | 302 | 409 |
| | 7.1 <u>373,378</u> | <u>306,516</u> |
| Provision for dead stores | (6,713) | (6,713) |
| Provision for slow moving stores and spares | (25,984) | (25,984) |
| | <u>(32,697)</u> | <u>(32,697)</u> |
| | <u><u>340,681</u></u> | <u><u>273,819</u></u> |

7.1 This includes stores in transit of Rs. 37.234 million (June 30, 2016: Rs. 13.6 million) as at the balance sheet date.

| | Note | (Un-audited) September 30, 2016 | (Audited) June 30, 2016 |
|---------------------------|---|---------------------------------------|-------------------------------|
| -- Rupees in thousands -- | | | |
| 8 | STOCK-IN-TRADE | | |
| | Raw material | 8.1 | 78,117 |
| | Packing material | | 23,131 |
| | Work-in-process | | 170,174 |
| | Finished goods | | 32,856 |
| | | | 304,278 |
| | | | 241,023 |
| 8.1 | This includes raw material in transit of Rs. Nil (June 30, 2016: Rs. 43.783 million) as at the balance sheet date. | | |
| 9 | TRADE DEBTS | | |
| | Considered good | | |
| | Local - unsecured | | 156,309 |
| | Considered doubtful | | |
| | Cement stockiest | | 60,801 |
| | Excessive rebate allowed | | 6,101 |
| | Controller Military Accounts | | 5,126 |
| | | | 72,028 |
| | Provision for doubtful debts | | (72,028) |
| | | | 156,309 |
| | | | 163,817 |
| 10 | LOANS AND ADVANCES | | |
| | Loan - considered good | | |
| | To employees | | 7 |
| | Advances - considered good | | |
| | - to vendors | | 9,315 |
| | - others | | 242 |
| | | | 9,557 |
| | | | 9,564 |
| | | | 9,208 |
| | | | 353 |
| | | | 9,561 |
| | | | 9,576 |
| 11 | OTHER RECEIVABLES AND ACCRUED INTEREST | | |
| | Interest receivable from banks | | 2,028 |
| | Interest receivable from the Subsidiary Company | | 4,010 |
| | Refund against Fuel Price Adjustment | | 9,585 |
| | Deposit with Commissioner Workmen's Compensation | | 14,915 |
| | Others | | 9,756 |
| | | | 40,294 |
| | | | 43,674 |

12 SHARE CAPITAL

| September 30, 2016 | June 30, 2016 | | (Un-audited) September 30, 2016 | (Audited) June 30, 2016 |
|---|--------------------|--|---------------------------------------|-------------------------------|
| -- Number of Shares -- | | | -- Rupees in thousands -- | |
| Authorized share capital | | | | |
| <u>200,000,000</u> | <u>200,000,000</u> | Ordinary shares of Rs. 10/- each | <u>2,000,000</u> | <u>2,000,000</u> |
| Issued, subscribed and paid-up share capital | | | | |
| 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> |

12.1 Ordinary shares of the Company held by associated undertakings as at balance sheet date are as follows:

| Number of Shares | | Percentage of holding | |
|---------------------------|------------------|-----------------------|------------------|
| September 30, 2016 | June 30, 2016 | September 30, 2016 | June 30, 2016 |
| -- Shares in thousands -- | | ---- Shares in % ---- | |

Name of Major Shareholders

| | | | | |
|--|--------|--------|-------|-------|
| M/s Sky Pak Holding (Private) Limited | 20,444 | 20,444 | 20.50 | 20.50 |
| M/s Al-Miftah Holding (Private) Limited | 9,147 | 9,147 | 9.17 | 9.17 |
| M/s Rising Star Holding (Private) Limited | 6,309 | 6,309 | 6.33 | 6.33 |
| M/s Golden Globe Holding (Private) Limited | 8,479 | 8,479 | 8.50 | 8.50 |

| (Un-audited) September 30, 2016 | (Audited) June 30, 2016 |
|---------------------------------------|-------------------------------|
| -- Rupees in thousands -- | |

13 DEFERRED TAXATION

Taxable temporary differences

| | | |
|--------------------------------|---------|---------|
| - accelerated tax depreciation | 302,523 | 298,640 |
|--------------------------------|---------|---------|

Deductible temporary differences

| | | |
|--|-----------------|------------------|
| - Provisions for doubtful debts and stores | (41,280) | (41,280) |
| - Excess of Alternate tax over corporate tax | (30,063) | (39,554) |
| - Unadjusted tax credit u/s 65B | - | (32,811) |
| | <u>(71,343)</u> | <u>(113,645)</u> |
| | <u>231,180</u> | <u>184,995</u> |

| | Note | (Un-audited) September 30, 2016 | (Audited) June 30, 2016 |
|---------------------------|---------------------------------|---------------------------------------|-------------------------------|
| -- Rupees in thousands -- | | | |
| 14 | TRADE AND OTHER PAYABLES | | |
| | | 24,219 | 32,980 |
| | | 88,271 | 163,537 |
| | 14.1 | 85,792 | 43,621 |
| | | 39,243 | 36,415 |
| | | 185 | 188 |
| | | 41,086 | 39,055 |
| | | 3,050 | 14,465 |
| | | 8,178 | 35,768 |
| | | 17,637 | 14,788 |
| | 14.2 | 149,957 | 380 |
| | | 1,656 | 1,622 |
| | | 459,274 | 382,819 |

14.1 It includes Rs. 30.833 million (June 30, 2016: Rs. 64.754 million) payable to Thatta Power (Private) Limited, the Subsidiary Company, in respect of purchase of electricity.

14.2 Shareholders of the Company have approved the final cash dividend of Rs. 1.50 per share i.e. 15% amounting to Rs. 149.577 million in the Annual General Meeting held on September 27, 2016.

15 CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

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

| | (Un-audited) September 30, 2016 | (Audited) June 30, 2016 |
|---------------------------|--|-------------------------------|
| -- Rupees in thousands -- | | |
| 15.2 | Commitments | |
| | Commitments in respect of capital expenditure | 1,429 |
| | Guarantees given by banks on behalf of the Company | 70,204 |
| | | 71,633 |
| | | 90,260 |

Quarter ended
September 30,
2016 2015

-- (Un-audited) --

-- Rupees in thousands --

16 SALES - NET

| | | |
|-----------------------|------------------|------------------|
| Gross sales | | |
| - Local | 872,304 | 619,837 |
| - Export | 3,368 | 2,494 |
| | <u>875,672</u> | <u>622,331</u> |
| Less | | |
| - Federal Excise Duty | (97,475) | (28,467) |
| - Sales Tax | (139,659) | (99,435) |
| | <u>(237,134)</u> | <u>(127,902)</u> |
| | <u>638,538</u> | <u>494,429</u> |

17 COST OF SALES

| | | |
|--|-----------------|------------------|
| Raw material consumed | 43,507 | 37,311 |
| Manufacturing expenses | | |
| Packing material consumed | 30,315 | 21,208 |
| Stores, spare parts and loose tools consumed | 19,192 | 11,352 |
| Fuel and power | 258,274 | 296,534 |
| Salaries, wages and other benefits | 69,324 | 66,550 |
| Insurance | 4,504 | 4,611 |
| Repairs and maintenance | 6,999 | 6,118 |
| Depreciation | 27,632 | 25,100 |
| Other production overheads | 4,728 | 6,980 |
| | <u>420,968</u> | <u>438,453</u> |
| Cost of production | <u>464,475</u> | <u>475,764</u> |
| Work-in-process | | |
| Opening balance | 116,871 | 143,626 |
| Closing balance | (170,174) | (275,450) |
| | <u>(53,303)</u> | <u>(131,824)</u> |
| Cost of goods manufactured | <u>411,172</u> | <u>343,940</u> |
| Finished goods | | |
| Opening balance | 34,126 | 32,425 |
| Closing balance | (32,856) | (33,675) |
| | <u>1,270</u> | <u>(1,250)</u> |
| | <u>412,442</u> | <u>342,690</u> |

Quarter ended
September 30,
2016 2015
-- (Un-audited) --
-- Rupees in thousands --

18 TAXATION

| | | |
|---------------------|---------------|---------------|
| Current tax | 42,302 | 14,537 |
| Deferred tax charge | 3,883 | 25,359 |
| | <u>46,185</u> | <u>39,896</u> |

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

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

Quarter ended
September 30,
2016 2015
-- (Un-audited) --

19 EARNINGS PER SHARE - BASIC AND DILUTED

| | | |
|---|-------------------|-------------------|
| Profit after taxation (Rupees in thousands) | <u>106,342</u> | <u>116,305</u> |
| Weighted average number of ordinary shares | <u>99,718,125</u> | <u>99,718,125</u> |
| Earnings per share (Rupees) | <u>1.07</u> | <u>1.17</u> |

20 RELATED PARTY TRANSACTIONS & BALANCES

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 & 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, 2016 with related parties are as follows:

20.1 Transactions with related parties

20.1.1 Subsidiary Company

Thatta Power (Private) Limited

| | | |
|---|---------|---------|
| - Common shared expenses | 950 | 871 |
| - Receipt on account of common shared expenses | 1,553 | - |
| - Payment on account of purchase of store items - net | 132 | 24 |
| - Purchase of store items (inclusive of GST) - net | 70 | 48 |
| - Purchase of electricity (inclusive of GST) | 155,849 | 150,889 |
| - Payment on account of electricity (inclusive of GST) | 189,771 | 117,216 |
| - Management fee (inclusive of SST) | 4,512 | 4,138 |
| - Management fee received (inclusive of SST) | 7,146 | - |
| - Interest accrued on loan / advance to the Subsidiary Company | 4,010 | - |
| - Receipts on account of Interest on loan / advance to Subsidiary | 4,072 | - |

20.1.2 Associated Companies

Bandhi Sugar Mills (Private) Limited

| | | |
|----------------------------------|---|-----|
| - Sale of cement | - | 288 |
| - Receipt against sale of cement | - | 288 |

Sui Southern Gas Company Limited

| | | |
|---|-------|-------|
| - Purchase of gas excluding GST | 1,544 | 8,333 |
| - Payment against purchase of gas excluding GST | 1,688 | 7,182 |

20.1.3 Key management personnel

| | | |
|-------------------------|--------|--------|
| - Salaries and benefits | 41,730 | 38,029 |
| - Sale of vehicle | 458 | - |

20.1.4 Other related parties

| | | |
|---|--------|--------|
| - Contribution to employees' Gratuity Fund | 14,465 | 11,262 |
| - Contribution to employees' Provident Fund | 2,249 | 2,035 |
| - Education expenses - Model Terbiat School | 1,554 | 1,523 |

20.2 Balances with related parties

20.2.1 Subsidiary Company

Thatta Power (Private) Limited

| | | |
|--|---------|---------|
| - Payable against purchase of electricity (inclusive of GST) | 30,833 | 64,754 |
| - Receivable against management fee (inclusive of SST) | 1,504 | 4,138 |
| - Receivable against common shared expenses | 312 | 915 |
| - Payable against sale / purchase of store items - net | - | 62 |
| - Loan / advance to the Subsidiary | 184,006 | 184,006 |
| - Accrued mark-up on loan | 4,010 | 4,072 |

20.2.2 Associated Companies

Sui Southern Gas Company Limited

| | | |
|---|-----|-----|
| - Payable against purchase of gas excluding GST | 400 | 544 |
|---|-----|-----|

Habib Bank Limited

| | | |
|---------------------------|----|----|
| - Current account balance | 37 | 37 |
|---------------------------|----|----|

20.2.3 Other related party

| | | |
|----------------------------|-------|--------|
| - Payable to Gratuity Fund | 3,050 | 14,465 |
|----------------------------|-------|--------|

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

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

21 OPERATING SEGMENTS

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

21.2 Revenue from sale of cement represents 100% (September 30, 2015: 100%) of the total revenue of the Company.

21.3 100% (September 30, 2015: 100%) sales of the Company relates to customers in Pakistan.

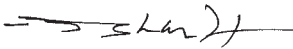
21.4 All non-current assets of the Company as at September 30, 2016 are located in Pakistan.

22 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim unconsolidated balance sheet has been compared with the balances of annual audited unconsolidated financial statements of preceding financial year, whereas, the condensed interim unconsolidated profit and loss account, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of changes in equity and condensed interim unconsolidated cash flow statement have been compared with the balances of comparable period of immediately preceding financial year.

23 DATE OF AUTHORIZATION FOR ISSUE

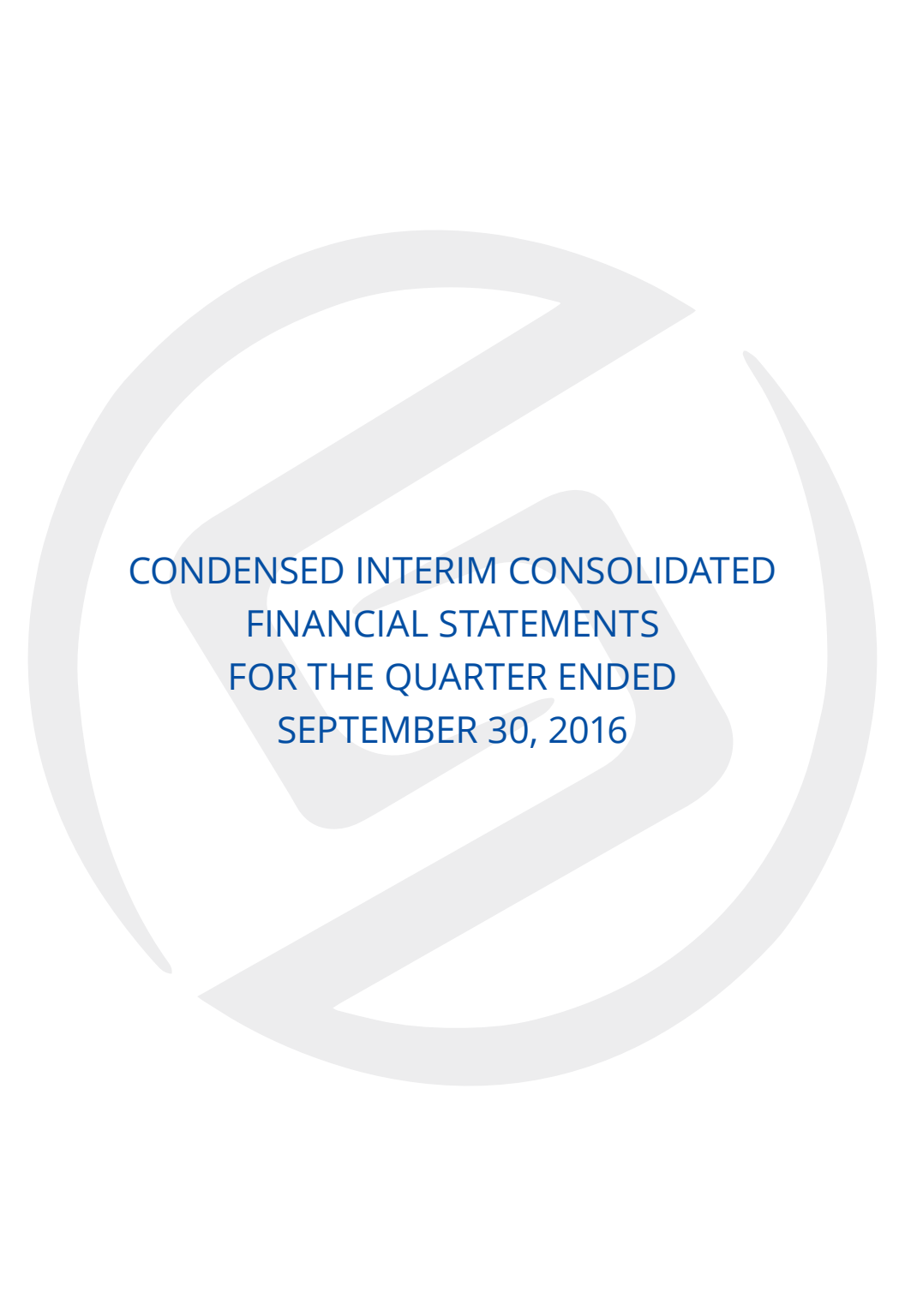
These condensed interim unconsolidated financial statements have been authorized for issue on October 25, 2016 by the Board of Directors of the Company.



CHIEF EXECUTIVE



DIRECTOR



CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE QUARTER ENDED
SEPTEMBER 30, 2016

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET

As at September 30, 2016

| | Note | (Un-audited) September 30, 2016 | (Audited) June 30, 2016 |
|--|------|---------------------------------------|-------------------------------|
| ----- Rupees in thousands ----- | | | |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipments | 5 | 3,377,707 | 3,405,340 |
| Intangible assets | | 7,993 | 6,485 |
| Long term investment - Available for sale | 6 | 175,510 | 164,768 |
| Long term deposits | | 1,096 | 1,096 |
| | | <u>3,562,306</u> | <u>3,577,689</u> |
| CURRENT ASSETS | | | |
| Stores, spare parts and loose tools | 7 | 364,014 | 298,233 |
| Stock-in-trade | 8 | 301,993 | 238,407 |
| Trade debts | 9 | 459,767 | 464,681 |
| Short term investment - Held to maturity | | 306,000 | 306,000 |
| Loans and advances | 10 | 17,276 | 22,764 |
| Trade deposits and short term prepayments | | 21,942 | 18,589 |
| Other receivables and accrued interest | 11 | 42,917 | 43,231 |
| Taxation - net | | 196,506 | 153,652 |
| Cash and bank balances | | 97,051 | 247,659 |
| | | <u>1,807,466</u> | <u>1,793,216</u> |
| | | <u>5,369,772</u> | <u>5,370,905</u> |
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Share Capital | 12 | 997,181 | 997,181 |
| Share premium | | 99,718 | 99,718 |
| Revaluation of Available for sale investment | | 75,264 | 64,522 |
| Accumulated profit | | 1,353,585 | 1,392,716 |
| | | <u>2,525,748</u> | <u>2,554,137</u> |
| Non-controlling interests | | 472,176 | 469,707 |
| | | <u>2,997,924</u> | <u>3,023,844</u> |
| NON-CURRENT LIABILITIES | | | |
| Long term financing | | 1,148,275 | 1,356,641 |
| Long term deposits | | 2,834 | 3,834 |
| Long term employee benefit | | 16,050 | 15,640 |
| Deferred taxation | 13 | 231,180 | 184,995 |
| | | <u>1,398,339</u> | <u>1,561,110</u> |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 14 | 510,239 | 424,449 |
| Accrued mark-up | | 8,142 | 8,876 |
| Current maturity of long term financing | | 333,458 | 333,458 |
| Short term borrowings | | 121,670 | 19,168 |
| | | <u>973,509</u> | <u>785,951</u> |
| CONTINGENCIES AND COMMITMENTS | 15 | <u>5,369,772</u> | <u>5,370,905</u> |

The annexed notes from 1 to 23 form an integral part of these condensed interim consolidated financial statements.


CHIEF EXECUTIVE

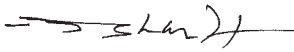

DIRECTOR

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


For the quarter ended September 30, 2016

| | Note | Quarter ended September 30, 2016 2015 | |
|---|------|--|----------------|
| -- Rupees in thousands -- | | | |
| Sales - net | 16 | 640,756 | 498,917 |
| Cost of sales | 17 | (392,990) | (319,460) |
| Gross profit | | <u>247,766</u> | <u>179,457</u> |
| Selling and distribution cost | | (17,474) | (8,161) |
| Administrative expenses | | (29,775) | (27,353) |
| | | (47,249) | (35,514) |
| Operating profit | | <u>200,517</u> | <u>143,943</u> |
| Other operating expenses | | (11,027) | (15,984) |
| Finance cost | | (37,765) | (44,577) |
| | | (48,792) | (60,561) |
| Other income | | 7,669 | 83,674 |
| Profit before taxation | | <u>159,394</u> | <u>167,056</u> |
| Taxation | 18 | (46,479) | (40,920) |
| Profit after taxation | | <u>112,915</u> | <u>126,136</u> |
| Profit after taxation for the quarter attributable to: | | | |
| - Equity holders of the Holding Company | | 110,446 | 122,442 |
| - Non-controlling interest | | 2,469 | 3,694 |
| | | <u>112,915</u> | <u>126,136</u> |
| ----- Rupees ----- | | | |
| Earnings per share - basic and diluted | 19 | <u>1.11</u> | <u>1.23</u> |

The annexed notes from 1 to 23 form an integral part of these condensed interim consolidated financial statements.



CHIEF EXECUTIVE



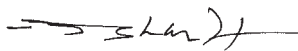
DIRECTOR

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

For the quarter ended September 30, 2016

| | Quarter ended September 30, 2016 2015 | |
|---|--|----------------|
| | -- Rupees in thousands -- | |
| Profit after taxation | 112,915 | 126,136 |
| Other comprehensive income / (loss) | | |
| <i>Items to be reclassified to consolidated profit and loss account in subsequent periods</i> | | |
| Surplus / (Deficit) on revaluation of Available for sale investment | 10,742 | (24,560) |
| Total comprehensive income for the quarter | <u>123,657</u> | <u>101,576</u> |
| Total comprehensive income for the quarter attributable to: | | |
| - Equity holders of the Holding Company | 121,188 | 97,882 |
| - Non-controlling interests | 2,469 | 3,694 |
| | <u>123,657</u> | <u>101,576</u> |

The annexed notes from 1 to 23 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, 2016

Quarter ended
September 30,
2016 2015
-- Rupees in thousands --

CASH FLOWS FROM OPERATING ACTIVITIES

| | | |
|--|-----------------|-----------------|
| Profit before taxation | 159,394 | 167,056 |
| Adjustment for: | | |
| Depreciation | 36,862 | 34,408 |
| Amortization of intangible assets | 1,011 | 188 |
| Finance cost | 37,765 | 44,577 |
| Provision for gratuity | 3,050 | 2,819 |
| Provision for leave encashment | 680 | 618 |
| Impairment of property, plant and equipments | - | 1,875 |
| Gain on disposal of Available for sale investment | - | (68,186) |
| Revaluation loss on outstanding balance of deferred payment letter of credit | - | 3,551 |
| | 79,368 | 19,850 |
| Operating cash flows before working capital changes | 238,762 | 186,906 |
| (Increase) / decrease in current assets | | |
| Stores, spare parts and loose tools | (65,781) | (38,577) |
| Stock-in-trade | (63,586) | (131,553) |
| Trade debts | 4,914 | 9,350 |
| Loans and advances | 5,488 | (13,873) |
| Trade deposits and short term prepayments | (3,353) | 5,505 |
| Other receivable and accrued interest | 314 | (14,980) |
| | (122,004) | (184,128) |
| (Decrease) / increase in current liabilities | | |
| Trade and other payables excluding gratuity and dividend payable | (52,372) | 20,155 |
| Cash generated from operations | 64,386 | 22,933 |
| Finance cost paid | (38,499) | (49,595) |
| Gratuity paid | (14,465) | (11,262) |
| Leave encashment paid | (270) | (849) |
| Income tax paid - net | (43,148) | (30,527) |
| | (96,382) | (92,233) |
| Net cash used in operating activities | (31,996) | (69,300) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Fixed capital expenditure | (9,687) | (65,961) |
| Addition in intangible assets | (2,519) | - |
| Disposal of long term investment - Available for sale | - | 125,426 |
| Proceeds from disposal of property, plant and equipments | 458 | - |
| Net cash (used in) / generated from investing activities | (11,748) | 59,465 |

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)

For the quarter ended September 30, 2016

Quarter ended
September 30,
2016 2015
-- Rupees in thousands --

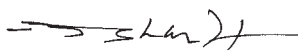
CASH FLOWS FROM FINANCING ACTIVITIES

| | | |
|---|------------------|----------------|
| Repayment of long term financing | (208,366) | (29,861) |
| Long term financing obtained | - | 122,000 |
| Long term deposits - liabilities | (1,000) | - |
| Net cash (used in) / generated from financing activities | <u>(209,366)</u> | <u>92,139</u> |
| Net (decrease) / increase in cash and cash equivalents | (253,110) | 82,304 |
| Cash and cash equivalents at beginning of the quarter | 228,491 | 37,404 |
| Cash and cash equivalents at end of the quarter | <u>(24,619)</u> | <u>119,708</u> |

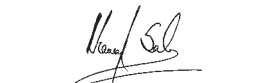
CASH AND CASH EQUIVALENTS

| | | |
|------------------------|-----------------|----------------|
| Cash and bank balances | 97,051 | 157,988 |
| Short term borrowings | (121,670) | (38,280) |
| | <u>(24,619)</u> | <u>119,708</u> |

The annexed notes from 1 to 23 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, 2016

| | Equity Attributable to Holding Company | | | | Non-controlling interests | Total equity | |
|--|--|---------------|--|--------------------|---------------------------|----------------|------------------|
| | Issued, subscribed and paid-up share capital | Share premium | Revaluation of available-for-sale investment | Accumulated profit | | | Total |
| | ----- Rupees in thousands ----- | | | | | | |
| Balance as at July 1, 2015 | 997,181 | 99,718 | 144,835 | 881,658 | 2,123,392 | 452,089 | 2,575,481 |
| <i>Total comprehensive income for the quarter ended September 30, 2015</i> | | | | | | | |
| Profit after taxation | - | - | - | 122,442 | 122,442 | 3,694 | 126,136 |
| Reclassification adjustment relating to profit realized on disposal of investment classified as 'Available for sale' | - | - | (61,636) | - | (61,636) | - | (61,636) |
| Deficit on revaluation of Available for sale investment | - | - | (24,560) | - | (24,560) | - | (24,560) |
| Balance as at September 30, 2015 | <u>997,181</u> | <u>99,718</u> | <u>58,639</u> | <u>1,004,100</u> | <u>2,159,638</u> | <u>455,783</u> | <u>2,615,421</u> |
| Balance as at July 1, 2016 | 997,181 | 99,718 | 64,522 | 1,392,716 | 2,554,137 | 469,707 | 3,023,844 |
| <i>Transactions with owners recorded directly in equity</i> | | | | | | | |
| Final dividend @ Rs. 1.5 per share for the year ended June 30, 2016 | - | - | - | (149,577) | (149,577) | - | (149,577) |
| <i>Total comprehensive income for the quarter ended September 30, 2016</i> | | | | | | | |
| Profit after taxation | - | - | - | 110,446 | 110,446 | 2,469 | 112,915 |
| Surplus on revaluation of Available for sale investment | - | - | 10,742 | - | 10,742 | - | 10,742 |
| Balance as at September 30, 2016 | <u>997,181</u> | <u>99,718</u> | <u>75,264</u> | <u>1,353,585</u> | <u>2,525,748</u> | <u>472,176</u> | <u>2,997,924</u> |

The annexed notes from 1 to 23 form an integral part of these condensed interim consolidated financial statements.



CHIEF EXECUTIVE



DIRECTOR

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

For the quarter ended September 30, 2016

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 Holding Company are quoted at the Pakistan Stock Exchange. The Holding Company's main business activity is manufacturing and marketing of cement. The registered office of the Holding Company is situated at Office No. 606, 607, 608 & 608A, Continental Trade Centre, Block 8, Clifton, Karachi. The production facility of the Holding 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 September 30, 2016 (June 30, 2016: 62.43%). The principal business of the Subsidiary Company is generation, supply and transmission of electrical power. As at September 30, 2016 TPPL has authorized and issued capital of Rs. 500 million and Rs. 479.16 million divided into 50,000,000 (June 30, 2016: 50,000,000) ordinary shares and 47,915,830 (June 30, 2016: 47,915,830) ordinary shares respectively.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim consolidated financial statements for the quarter ended September 30, 2016 have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case the requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 shall prevail. The disclosures in these 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, 2016.

These condensed interim consolidated financial statements are unaudited and are being submitted to the shareholders as required under section 237 and 245 of the Companies Ordinance, 1984 and the Pakistan Stock Exchange Regulations.

These condensed interim consolidated financial statements comprises of the Condensed Interim Consolidated Balance Sheet as at September 30, 2016 and Condensed Interim Consolidated Profit and Loss Account, Condensed Interim Consolidated Statement of Comprehensive Income, Condensed Interim Consolidated Cash Flow Statement and Condensed Interim Consolidated Statement of Changes in Equity for the quarter ended September 30, 2016.

2.2 Basis of consolidation

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

The condensed interim financial statements of the Subsidiary Company 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 Company, any non-controlling interests and other components of equity related to the Subsidiary Company. Any surplus or deficit arising on the loss of control is recognised in profit and loss account.

The financial statements of the Subsidiary Company are prepared for the same reporting period as of the Holding Company, using accounting policies that are generally consistent with those of the Holding Company.

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

2.3 Significant 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 the management in applying the Group's accounting policies and 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, 2016.

2.4 Basis of measurement

These condensed interim consolidated financial statements have been prepared under the historical cost convention except for recognition of staff retirement benefits at present value based on actuarial valuation, Available for sale investment which is stated at fair value on balance sheet date and foreign currency liabilities which are stated at the exchange rate on the balance sheet date.

These condensed interim consolidated financial statements have been prepared following accrual basis of accounting except for cash flow statement.

2.5 Functional and presentation currency

These condensed interim consolidated financial statements have been presented in Pakistani Rupee which is the Group's functional and presentation currency.

2.6 General

The figures have been rounded off to the nearest thousand of Rupee except as stated otherwise.

3 SIGNIFICANT 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, 2016.

4 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, 2016.

| | Note | (Un-audited) September 30, 2016 | (Audited) June 30, 2016 |
|--|------|---------------------------------------|-------------------------------|
| -- Rupees in thousands -- | | | |
| 5 | | | |
| PROPERTY, PLANT AND EQUIPMENTS | | | |
| Operating fixed assets | 5.1 | 3,287,723 | 3,313,220 |
| Capital work-in-progress | 5.2 | 22,103 | 18,187 |
| Major stores and spares | | 67,881 | 73,933 |
| | | <u>3,377,707</u> | <u>3,405,340</u> |
| 5.1 | | | |
| Operating fixed assets | | | |
| Opening Written Down Value (WDV) | | 3,313,220 | 2,091,313 |
| Additions during the quarter / year - at cost | | | |
| - Electrical installations | | - | 2,481 |
| - Plant and machinery | | 8,608 | 1,341,263 |
| - Vehicles | | 2,251 | 10,418 |
| - Office and other equipments | | - | 5,360 |
| - Laboratory equipments | | 964 | 4,955 |
| - Computers | | - | 584 |
| | | 11,823 | 1,365,061 |
| WDV of deletions during the quarter / year | | (458) | (156) |
| Transfer / Adjustment | | - | (1,875) |
| Depreciation charge for the quarter / year | | (36,862) | (141,123) |
| | | (37,320) | (143,154) |
| | | <u>3,287,723</u> | <u>3,313,220</u> |

| (Un-audited) September 30, 2016 | (Audited) June 30, 2016 |
|---------------------------------------|-------------------------------|
|---------------------------------------|-------------------------------|

-- Rupees in thousands --

5.2 Capital work-in-progress

| | | |
|---|---------------|---------------|
| Opening balance | 18,187 | 1,234,471 |
| Additions | 3,916 | 118,382 |
| Transferred to operating fixed assets and stores & spares | - | (1,334,666) |
| | <u>22,103</u> | <u>18,187</u> |

6 LONG TERM INVESTMENT - AVAILABLE FOR SALE

Long term investment - Available for sale represents investment in 15.797 million shares (June 30, 2016: 15.797 million shares) of Power Cement Limited (PCL). The market value per share of PCL was Rs. 11.11 per share as on September 30, 2016 (June 30, 2016: Rs. 10.43 per share). Increase in the value of investment amounting to Rs. 10.742 million is recorded in 'Other Comprehensive Income' for the quarter ended September 30, 2016.

| (Un-audited) September 30, 2016 | (Audited) June 30, 2016 |
|---------------------------------------|-------------------------------|
|---------------------------------------|-------------------------------|

Note

-- Rupees in thousands --

7 STORES, SPARE PARTS AND LOOSE TOOLS

| | | | |
|---|-----|----------------|----------------|
| Coal and other fuels | 7.1 | 115,704 | 56,539 |
| Stores & spare parts | | 280,691 | 273,976 |
| Loose tools | | 316 | 415 |
| | | 396,711 | 330,930 |
| Provision for dead stores | | (6,713) | (6,713) |
| Provision for slow moving stores and spares | | (25,984) | (25,984) |
| | | (32,697) | (32,697) |
| | | <u>364,014</u> | <u>298,233</u> |

7.1 This includes stores in transit of Rs. 37.234 million (June 30, 2016: Rs. 13.6 million) as at the balance sheet date.

8 STOCK-IN-TRADE

| | | | |
|------------------|-----|----------------|----------------|
| Raw material | 8.1 | 78,117 | 66,476 |
| Packing material | | 23,131 | 23,550 |
| Work-in-process | | 168,115 | 114,614 |
| Finished goods | | 32,630 | 33,767 |
| | | <u>301,993</u> | <u>238,407</u> |

8.1 This includes raw material in transit of Rs. Nil (June 30, 2016: Rs. 43.783 million) as at the balance sheet date.

| | Note | (Un-audited) September 30, 2016 | (Audited) June 30, 2016 |
|------------------------------|------|---------------------------------------|-------------------------------|
| -- Rupees in thousands -- | | | |
| 9 TRADE DEBTS | | | |
| Considered good | | | |
| Local - unsecured | 9.1 | 459,767 | 464,681 |
| Considered doubtful | | | |
| Cement stockiest | | 60,801 | 60,801 |
| Excessive rebate allowed | | 6,101 | 6,101 |
| Controller Military Accounts | | 5,126 | 5,126 |
| | | 72,028 | 72,028 |
| Provision for doubtful debts | | (72,028) | (72,028) |
| | | <u>459,767</u> | <u>464,681</u> |

9.1 Hyderabad Electric Supply Company (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 the bills for March 2015 - August 2016 are overdue amounting to Rs. 289.477 million. Further, Rs.1.121 million is outstanding against the bill of September 2016 which was not due as on September 30, 2016). As disclosed in detail in the annual audited financial statements for the year ended June 30, 2016, the Honorable High Court of Sindh has disposed the petition filed by the Subsidiary Company with the direction to HESCO to pay TPPL against purchase of electricity as per the rates stipulated in PPA until 01-02-2012 and thereafter on the rates determined by NEPRA. In view of the adverse order and according to the advice of the legal counsel the Subsidiary Company has filed an appeal before the Supreme Court of Pakistan against the order passed by the High Court of Sindh. Consequently, HESCO has also filed an appeal before the Supreme Court of Pakistan against the same order. The hearing of the appeals was held on September 23, October 5 and October 6, 2016. According to the legal counsel, the Subsidiary Company has an arguable case and favourable outcome may be expected. The next hearing of the case is scheduled to be held in the first week of November 2016.

| | | (Un-audited) September 30, 2016 | (Audited) June 30, 2016 |
|-----------------------------------|--|---------------------------------------|-------------------------------|
| -- Rupees in thousands -- | | | |
| 10 LOANS AND ADVANCES | | | |
| Loan - considered good | | | |
| To employees | | 7 | 15 |
| Advances - considered good | | | |
| - to vendors | | 17,027 | 22,396 |
| - others | | 242 | 353 |
| | | 17,269 | 22,749 |
| | | <u>17,276</u> | <u>22,764</u> |

| (Un-audited) September 30, 2016 | (Audited) June 30, 2016 |
|---------------------------------------|-------------------------------|
|---------------------------------------|-------------------------------|

-- Rupees in thousands --

11 OTHER RECEIVABLES AND ACCRUED INTEREST

| | | |
|--|---------------|---------------|
| Interest receivable from banks | 7,119 | 2,776 |
| Deposit with Commissioner Workmen's Compensation | 14,915 | 14,915 |
| Refund against Fuel Price Adjustment | 9,585 | 11,340 |
| Others | 11,298 | 14,200 |
| | <u>42,917</u> | <u>43,231</u> |

12 SHARE CAPITAL

| September 30, 2016 | June 30, 2016 |
|-----------------------|------------------|
|-----------------------|------------------|

-- Number of Shares --

Authorized share capital

| | | | | |
|--------------------|--------------------|----------------------------------|------------------|------------------|
| <u>200,000,000</u> | <u>200,000,000</u> | Ordinary shares of Rs. 10/- each | <u>2,000,000</u> | <u>2,000,000</u> |
|--------------------|--------------------|----------------------------------|------------------|------------------|

Issued, subscribed and paid-up share capital

| | | | | |
|-------------------|-------------------|--|----------------|----------------|
| 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> |

12.1 Ordinary shares of the Company held by associated undertakings as at balance sheet date are as follows:

| Number of Shares | | Percentage of holding | |
|---------------------------|------------------|-----------------------|------------------|
| September 30, 2016 | June 30, 2016 | September 30, 2016 | June 30, 2016 |
| -- Shares in thousands -- | | ---- Shares in % ---- | |

Name of Major Shareholders

| | | | | |
|--|--------|--------|-------|-------|
| M/s Sky Pak Holding (Private) Limited | 20,444 | 20,444 | 20.50 | 20.50 |
| M/s Al-Miftah Holding (Private) Limited | 9,147 | 9,147 | 9.17 | 9.17 |
| M/s Rising Star Holding (Private) Limited | 6,309 | 6,309 | 6.33 | 6.33 |
| M/s Golden Globe Holding (Private) Limited | 8,479 | 8,479 | 8.50 | 8.50 |

| | Note | (Un-audited) September 30, 2016 | (Audited) June 30, 2016 |
|---------------------------|---|---------------------------------------|-------------------------------|
| -- Rupees in thousands -- | | | |
| 13 | DEFERRED TAXATION | | |
| | Taxable temporary differences | | |
| | - accelerated tax depreciation | 302,523 | 298,640 |
| | Deductible temporary differences | | |
| | - Provisions for doubtful debts and stores | (41,280) | (41,280) |
| | - Excess of Alternate tax over corporate tax | (30,063) | (39,554) |
| | - Unadjusted tax credit u/s 65B | - | (32,811) |
| | | (71,343) | (113,645) |
| | | <u>231,180</u> | <u>184,995</u> |
| 14 | TRADE AND OTHER PAYABLES | | |
| | Trade creditors | 25,007 | 33,039 |
| | Accrued liabilities | 85,459 | 145,425 |
| | Bills payable | 85,792 | 43,621 |
| | Advances from customers | 39,243 | 36,415 |
| | Contractors retention money | 185 | 188 |
| | Excise duty and sales tax payable | 37,219 | 40,770 |
| | Payable to Gratuity Fund | 3,050 | 14,465 |
| | Workers' Profit Participation Fund | 47,834 | 75,424 |
| | Workers' Welfare Fund | 32,706 | 29,857 |
| | Dividend payable | 149,957 | 380 |
| | Other liabilities | 3,787 | 4,865 |
| | | <u>510,239</u> | <u>424,449</u> |
| 14.1 | Shareholders of the Holding Company have approved the final cash dividend of Rs. 1.50 per share i.e. 15% amounting to Rs. 149.577 million in the Annual General Meeting held on September 27, 2016. | | |
| 15 | CONTINGENCIES AND COMMITMENTS | | |
| 15.1 | Contingencies | | |
| | The status of contingencies is same as disclosed in the last annual audited consolidated financial statements other than those explained in note 9.1. | | |
| 15.2 | Commitments | | |
| | Commitments in respect of capital expenditure | 1,429 | 4,852 |
| | Guarantees given by banks on behalf of the Group | 376,204 | 391,408 |
| | | <u>377,633</u> | <u>396,260</u> |

16 SALES - NET

| | | |
|-----------------------|------------------|------------------|
| Gross sales | | |
| - Local | 874,899 | 625,088 |
| - Export | 3,368 | 2,494 |
| | <u>878,267</u> | <u>627,582</u> |
| Less: | | |
| - Federal Excise Duty | (97,475) | (28,467) |
| - Sales Tax | (140,036) | (100,198) |
| | <u>(237,511)</u> | <u>(128,665)</u> |
| | <u>640,756</u> | <u>498,917</u> |

17 COST OF SALES

| | | |
|--|-----------------|------------------|
| Raw material consumed | 43,507 | 37,311 |
| Manufacturing expenses | | |
| Packing material consumed | 30,315 | 21,208 |
| Stores, spare parts and loose tools consumed | 29,465 | 17,734 |
| Fuel and power | 213,320 | 252,939 |
| Salaries, wages and other benefits | 69,324 | 66,550 |
| Insurance | 6,491 | 7,640 |
| Repairs, operations and maintenance | 12,985 | 17,939 |
| Depreciation | 35,191 | 32,953 |
| Other production overheads | 4,756 | 7,001 |
| | <u>401,847</u> | <u>423,964</u> |
| Cost of production | <u>445,354</u> | <u>461,275</u> |
| Work-in-process | | |
| Opening balance | 114,614 | 135,351 |
| Closing balance | (168,115) | (274,910) |
| | <u>(53,501)</u> | <u>(139,559)</u> |
| Cost of goods manufactured | <u>391,853</u> | <u>321,716</u> |
| Finished goods | | |
| Opening balance | 33,767 | 31,382 |
| Closing balance | (32,630) | (33,638) |
| | <u>1,137</u> | <u>(2,256)</u> |
| | <u>392,990</u> | <u>319,460</u> |

Quarter ended
September 30,
2016 2015
-- (Un-audited) --
-- Rupees in thousands --

18 TAXATION

| | | |
|---------------------|---------------|---------------|
| Current tax | 42,596 | 15,561 |
| Deferred tax charge | 3,883 | 25,359 |
| | <u>46,479</u> | <u>40,920</u> |

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

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

19 EARNINGS PER SHARE - BASIC AND DILUTED

| | | |
|---|-------------------|-------------------|
| Profit after taxation (Rupees in thousands) | <u>110,446</u> | <u>122,442</u> |
| Weighted average number of ordinary shares | <u>99,718,125</u> | <u>99,718,125</u> |
| Earnings per share (Rupees) | <u>1.11</u> | <u>1.23</u> |

20 RELATED PARTY TRANSACTIONS & BALANCES

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 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, 2016 with related parties are as follows:

Quarter ended
September 30,
2016 2015
-- (Un-audited) --
-- Rupees in thousands --

20.1 Transactions with related parties

20.1.1 Associated Companies

- Sui Southern Gas Company Limited

| | | |
|---|---------|--------|
| Purchase of gas excluding GST | 89,690 | 93,600 |
| Payment against purchase of gas excluding GST | 106,203 | 84,634 |

- Bandhi Sugar Mills (Private) Limited

| | | |
|--------------------------------|---|-----|
| Sale of cement | - | 288 |
| Receipt against sale of cement | - | 288 |

Quarter ended
September 30,
2016 2015

-- (Un-audited) --

-- Rupees in thousands --

20.1.2 Key management personnel

| | | |
|-----------------------|--------|--------|
| Salaries and benefits | 41,730 | 38,029 |
| Sale of vehicle | 458 | - |

20.1.3 Other related parties

| | | |
|---|--------|--------|
| Contribution to employees' Gratuity Fund | 14,465 | 11,262 |
| Contribution to employees' Provident Fund | 2,249 | 2,035 |
| Education expenses - Model Terbiat School | 1,554 | 1,523 |

(Un-audited) (Audited)
September June 30,
30, 2016 2016

-- Rupees in thousands --

20.2 Balances with related parties

20.2.1 Associated Companies

- Sui Southern Gas Company Limited

| | | |
|---|--------|--------|
| Payable against purchase of gas excluding GST | 18,909 | 35,422 |
|---|--------|--------|

- Habib Bank Limited

| | | |
|-------------------------|----|----|
| Current account balance | 37 | 37 |
|-------------------------|----|----|

20.2.2 Other related parties

| | | |
|--------------------------|-------|--------|
| Payable to Gratuity Fund | 3,050 | 14,465 |
|--------------------------|-------|--------|

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

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

21 OPERATING SEGMENTS

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

Cement Engaged in manufacturing and marketing of cement.

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

21.1 Revenues

| | Cement | | Power | | Intra group adjustment | | Consolidated | |
|---|----------------|----------------|----------------|----------------|------------------------|----------------|----------------|----------------|
| | September 2016 | September 2015 | September 2016 | September 2015 | September 2016 | September 2015 | September 2016 | September 2015 |
| ----- Un-audited ----- ----- Rupees in thousands ----- | | | | | | | | |
| Sales - net | 638,538 | 494,429 | 135,422 | 133,453 | (133,204) | (128,965) | 640,756 | 498,917 |
| Cost of sales | (412,442) | (342,690) | (114,247) | (114,639) | 133,699 | 137,869 | (392,990) | (319,460) |
| Gross profit | 226,096 | 151,739 | 21,175 | 18,814 | 495 | 8,904 | 247,766 | 179,457 |
| Selling and distribution cost | (17,474) | (8,161) | - | - | - | - | (17,474) | (8,161) |
| Administrative expenses | (28,504) | (26,254) | (5,264) | (4,729) | 3,993 | 3,630 | (29,775) | (27,353) |
| | (45,978) | (34,415) | (5,264) | (4,729) | 3,993 | 3,630 | (47,249) | (35,514) |
| Operating profit | 180,118 | 117,324 | 15,911 | 14,085 | 4,488 | 12,534 | 200,517 | 143,943 |
| Other operating expenses | (11,027) | (12,276) | - | (3,708) | - | - | (11,027) | (15,984) |
| Finance cost | (27,281) | (27,434) | (14,494) | (17,143) | 4,010 | - | (37,765) | (44,577) |
| | (38,308) | (39,710) | (14,494) | (20,851) | 4,010 | - | (48,792) | (60,561) |
| Other income | 10,717 | 78,587 | 5,118 | 8,880 | (8,166) | (3,793) | 7,669 | 83,674 |
| Segment results | 152,527 | 156,201 | 6,535 | 2,114 | 332 | 8,741 | 159,394 | 167,056 |
| Unallocated expenditures | - | - | - | - | - | - | - | - |
| Profit before tax | 152,527 | 156,201 | 6,535 | 2,114 | 332 | 8,741 | 159,394 | 167,056 |
| Tax | (46,185) | (39,896) | (294) | (1,024) | - | - | (46,479) | (40,920) |
| Profit after tax | 106,342 | 116,305 | 6,241 | 1,090 | 332 | 8,741 | 112,915 | 126,136 |

21.2 Other information

| | Cement | | Power | | Intra group adjustment | | Consolidated | |
|---|----------------|-----------|----------------|-----------|------------------------|-----------|----------------|-----------|
| | Septmeber 2016 | June 2016 | Septmeber 2016 | June 2016 | Septmeber 2016 | June 2016 | Septmeber 2016 | June 2016 |
| ----- Rupees in thousands ----- | | | | | | | | |
| Segment assets | 3,953,522 | 3,944,629 | 1,942,011 | 1,982,485 | (525,761) | (556,209) | 5,369,772 | 5,370,905 |
| Unallocated corporate assets | - | - | - | - | - | - | - | - |
| Total assets | 3,953,522 | 3,944,629 | 1,942,011 | 1,982,485 | (525,761) | (556,209) | 5,369,772 | 5,370,905 |
| Segment liabilities | 1,911,046 | 1,869,660 | 683,518 | 730,233 | (222,716) | (252,832) | 2,371,848 | 2,347,061 |
| Unallocated corporate liabilities | - | - | - | - | - | - | - | - |
| Total liabilities | 1,911,046 | 1,869,660 | 683,518 | 730,233 | (222,716) | (252,832) | 2,371,848 | 2,347,061 |
| Capital expenditure | 11,321 | 146,540 | 885 | 16,079 | - | - | 12,206 | 162,619 |
| Depreciation | 29,303 | 111,255 | 7,559 | 29,868 | - | - | 36,862 | 141,123 |
| Non-cash expenses other than depreciation | 1,011 | 18,639 | - | - | - | - | 1,011 | 18,639 |

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

Consolidated
September 30,
2016 2015
-- (Un-audited) --
-- Rupees in thousands --

21.3.1 Operating revenues

| | | |
|--------------------------------------|----------------|----------------|
| Total revenue of reportable segments | 773,960 | 627,882 |
| Elimination of intra group revenue | (133,204) | (128,965) |
| Consolidated revenue | <u>640,756</u> | <u>498,917</u> |

21.3.2 Profit and loss

| | | |
|--|----------------|----------------|
| Total profit before tax of reportable segments | 159,062 | 158,315 |
| Adjustment of unrealized profit and intra group transactions | 332 | 8,741 |
| Consolidated profit before tax | <u>159,394</u> | <u>167,056</u> |

Consolidated,
September June
30, 2016 30, 2016
(Un-audited) (Audited)
-- Rupees in thousands --

21.3.3 Assets

| | | |
|---|------------------|------------------|
| Total assets of reportable segments | 5,895,533 | 5,927,114 |
| Elimination of intra group balances and unrealised profit | (524,158) | (554,606) |
| Reclassifications for consolidation purposes | (1,603) | (1,603) |
| Consolidated assets | <u>5,369,772</u> | <u>5,370,905</u> |

21.3.4 Liabilities

| | | |
|--|------------------|------------------|
| Total liabilities of reportable segments | 2,594,564 | 2,599,893 |
| Elimination of intra group balances | (222,716) | (252,832) |
| Consolidated liabilities | <u>2,371,848</u> | <u>2,347,061</u> |

21.4 Geographical segment analysis

| | Revenue | | Total Assets | | Net Assets | |
|----------------------------------|---------------------------------|-----------------------------|-----------------------------|---------------------|-----------------------------|---------------------|
| | (Un-audited) September 2016 | (Un-audited) September 2015 | (Un-audited) September 2016 | (Audited) June 2016 | (Un-audited) September 2016 | (Audited) June 2016 |
| | ----- Rupees in thousands ----- | | | | | |
| Pakistan | 637,388 | 496,423 | 5,369,772 | 5,370,905 | 2,997,924 | 3,023,844 |
| Export Processing Zone - Karachi | 3,368 | 2,494 | - | - | - | - |
| | <u>640,756</u> | <u>498,917</u> | <u>5,369,772</u> | <u>5,370,905</u> | <u>2,997,924</u> | <u>3,023,844</u> |

21.5 Information about major customers

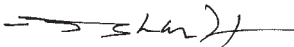
Major customers for cement segment are various individual dealers whereas major customer for power segment is Hyderabad Electric Supply Company Limited.

22 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim consolidated balance sheet has been compared with the balances of annual audited consolidated financial statements of preceding financial year, whereas, the condensed interim consolidated profit and loss account, condensed interim consolidated statement of comprehensive income, condensed interim consolidated cash flow statement and condensed interim consolidated statement of changes in equity have been compared with the balances of comparable period of immediately preceding financial year.

23 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim consolidated financial statements have been authorized for issue on October 25, 2016 by the Board of Directors of the Holding Company.



CHIEF EXECUTIVE



DIRECTOR



THATTA CEMENT
C O M P A N Y L I M I T E D

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

Factory
Ghulamullah Road, Makli,
District Thatta, Sindh