

Half Yearly Report December 2016



THATTA CEMENT
COMPANY LIMITED

**The Dimensions
of Progress!**

CONTENTS

Vision & Mission	2
Company Information	3
Directors' Review	4
Auditors' Review Report	12
Condensed Interim Unconsolidated Financial Statements	14
Condensed Interim Consolidated Financial Statements	32



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
Mr. Muhammad Taha Hamdani

Chairman
Chief Executive
Director
Director
Director
Director
Director

AUDIT COMMITTEE

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

Chairman
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 Siddiqi & 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
1st Floor, 40-C, Block-6, P.E.C.H.S.,
Karachi-75400
UAN: 021-111-000-322
Fax: 021-34168271
Website: www.thk.com.pk

DIRECTORS' REVIEW

The Board of Directors of Thatta Cement Company Limited present herewith their review together with the un-audited financial statements duly reviewed by the external auditors for the half year ended December 31, 2016.

INDUSTRY OVERVIEW

During the first half of the current financial year, an overall growth of 8.65% was achieved by the cement sector compared with the corresponding period of last year. The growth in local cement demand registered an increase of 11.07% during the period under review, whereas exports declined by 3.54 % in comparison with the corresponding period of last year.

Cement factories located in the South witnessed a robust growth of 15.71% whereas cement companies in the North posted a growth of 10.13% in domestic dispatches as compared to the corresponding period.

BUSINESS PERFORMANCE

a. Production and Sales Volume Performance

The clinker production of your Company during the period under review had been 236,135 tons with a capacity utilization of 92.60% in comparison with the clinker production of 184,647 tons with a capacity utilization of 72.41% during the previous year. The increase in clinker production on YoY basis has been 27.88%. Following is the comparative data of production and dispatches made during the six months versus same period of last year:

	December 2016	December 2015	Variance	
	----- Metric Tons -----			%
Plant capacity – Clinker	255,000	255,000	-	-
Production				
- Clinker	236,135	184,647	51,488	27.88
- Cement	186,044	160,008	26,036	16.27
- GGBFS	8,643	520	8,123	1,562.11
- Class G Cement	-	3,180	(3,180)	(100)
Dispatches				
Cement				
- Local	184,967	160,780	24,187	15.04
- Class G Cement	1,041	200	841	420.50
	<u>186,008</u>	<u>160,980</u>	<u>25,028</u>	<u>15.54</u>
- Exports	740	945	(205)	(21.69)
	<u>186,748</u>	<u>161,925</u>	<u>24,823</u>	<u>15.33</u>
Clinker	90,642	3,985	86,657	2,174.57
GBFS & GGBFS – Local	13,805	520	13,285	2,554.80
	<u>291,195</u>	<u>166,430</u>	<u>124,765</u>	<u>74.96</u>

The overall sales of your Company jumped by a whopping 74.96% during the period under review in comparison with that of the previous year. Local cement sales of your Company posted an increase of 15.54% over the same period of last year reflecting that your Company performed in line with the growth in Southern Region during the period under consideration. Your Company also availed the opportunity to sell Clinker and GGBFS during the period which enhanced the overall sales revenue during the period.

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

	December 2016	December 2015	Variance	
	----- Million Metric Tons -----			%
Cement Industry				
Local sales	16.894	15.211	1.683	11.07
Exports	2.911	3.018	(0.107)	(3.54)
	<u>19.805</u>	<u>18.229</u>	<u>1.576</u>	<u>8.65</u>
	----- Metric Tons -----			%
Thatta Cement Company Limited				
Local sales - Cement	184,967	160,780	24,187	15.04
Class G Cement	1,041	200	841	420.50
	<u>186,008</u>	<u>160,980</u>	<u>25,028</u>	<u>15.54</u>
Local sales - Clinker	90,642	3,985	86,657	2,174.57
Exports	740	945	(205)	(21.69)
Local sales - GGBFS & GGBFS	13,805	520	13,285	2,554.80
	<u>291,195</u>	<u>166,430</u>	<u>124,765</u>	<u>74.96</u>

b. Financial Performance

A comparison of key financial results of your Company's performance for the half year ended December 31, 2016 with the same period last year is as under:

	December 2016	December 2015
	----- Rupees in thousands -----	
Sales – net	1,766,573	1,179,300
Gross Profit	590,061	377,988
Finance Cost	52,743	61,586
Profit before taxation	518,920	304,935
Profit after taxation	389,777	299,823
Earnings Per Share (Rupees)	3.91	3.01

The gross profit margin appreciated to 33.40% during the half year ended December 31, 2016 as compared to 32.05 % during the same period of last year. The Company earned a profit before tax of Rs. 518.920 million after providing depreciation of Rs. 66.977 million.

(i) Sales Performance

Overall sales of the Company during the half year ended December 31, 2016 increased by 49.80 % in value terms whereas it increased by 74.96 % in terms of volume. Increase in sales revenue and volume was due to efforts made in seizing opportunity to sell extra volumes of clinker and GGBFS during the period which is in addition to increased cement sales.

(ii) Cost of Sales

The cost of sales ratio to sales has slightly decreased to 66.60% during the period as compared to 67.95% in the corresponding period.

(iii) Distribution Cost

Distribution cost has increased by 59.94 % during the period as compared to the corresponding period of last year mainly on account of incentive offered to the dealers to boost up sales and annual increment in salaries and wages of sales team.

(iv) Finance Cost

Finance cost has decreased by 14.35% during the six months due to increase in generation of cash flows from sales revenue resulting in prepayment against long term financing facility and lesser utilization of short term financing compared with the corresponding period.

FUTURE OUTLOOK

The Cement sector is in the lime light these days on account of the huge potential it carries. Leading players have announced capacity expansion plans as a result of which existing production capacity of around 46 million tons is anticipated to be enhanced to 72 million tons by the turn of decade. Such additional capacity has been prompted by the projections in cement demand for the next five years, which is likely to grow by a healthy ten percent year on year.

The driving force behind capacity expansions is the expected growth in demand of cement for mega infrastructure projects including power generation, road networks, bridges, water courses etc. that will be undertaken under the China Pakistan Economic Corridor [CPEC] project. Moreover, higher allocation in Public Sector Development Program (PSDP) by the Government higher by 20% than the previous financial year shall boost the growth in cement demand and construction related activities in the year 2017.

The shortfall in housing units in the country has reportedly crossed 9 million which is growing by three hundred thousand each year. This shortfall is likely to assume alarming proportions unless incentives are offered to the housing sector and banks are made proactive in providing affordable loans on soft terms. As reported, there has already been an increase of 15% in the housing loans during the period which augurs well for the housing sector and growth in cement demand.

The substantial gap between the housing needs of various segments of the society provides great opportunity to accelerate demand for cement in the country which is evident from various projects already in progress by leading construction companies.

The outlook of the cement sector in medium range appears buoyant, however increasing trend of coal prices which scaled upto 70% recently may put pressure on selling prices of cement in the remaining period of the current financial year. The overall economic outlook of the country in general appears promising; however, stability on the political front is essential to consolidate on the gains already made.

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 half year ended December 31, 2016 is provided below:

	December 2016	June 2016
-- Rupees in thousands --		
Balance Sheet		
Property, plant and equipments	3,338,938	3,405,340
Stock-in-trade	165,297	238,407
Trade debts	459,477	464,681
Share Capital	997,181	997,181
Total equity	2,739,814	2,554,137
Trade and other payables	364,798	424,449
Short term borrowings	183,424	19,168

	December 2016	December 2015
-- Rupees in thousands --		
Profit and loss		
Sales – net	1,771,489	1,187,031
Gross Profit	637,165	437,162
Profit before taxation	535,259	327,704
Profit after taxation	405,793	321,665
Earnings Per Share (Rupees)	4.01	3.14

ACKNOWLEDGEMENT

The Directors are grateful to the Company's shareholders, financial institutions and customers for their continued cooperation, support and patronage. The Directors acknowledge the relentless efforts and dedicated services, teamwork, loyalty and hard work of all the employees of the Company and hope their continued dedication shall further consolidate the Company and keep its growth abreast to face future challenges.

On behalf of the Board



Muhammad Fazlullah Shariff
Chief Executive

Karachi: February 15, 2017

درمیانی مدت میں سینٹ کے شعبے میں بڑھوتری کی بھرپور امید ہے، البتہ کونکے کی بڑھتی ہوئی قیمتیں جو کہ حال ہی میں 70 فیصد سے تجاوز کر گئی ہیں رواں مالی سال میں سینٹ کی فروخت کی لاگت پر اثر انداز ہو سکتی ہیں۔ ملک کی مجموعی معاشی حالت عمومی انداز میں پر امید ہے البتہ سیاسی منظر نامے کا مستحکم ہونا ضروری ہے تا کہ جو فوائد حاصل کیے جاسکے ہیں ان میں استحکام برقرار رہے۔

ویسٹ ہیٹ ریکوری منصوبہ

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

گروپ کی کارکردگی

اس رپورٹ کے ساتھ ٹھٹھہ سینٹ کمپنی لمیٹڈ اور ٹھٹھہ پاور (پرائیوٹ) لمیٹڈ کی 31 دسمبر 2016 کو ختم ہونے والی پہلی ششماہی کی مالیاتی پوزیشن اور کارکردگی مندرجہ ذیل ہے۔

Balance Sheet

	December 2016	June 2016
Property, plant and equipments	3,338,938	3,405,340
Stock-in-trade	165,297	238,407
Trade debts	459,477	464,681
Share Capital	997,181	997,181
Total equity	2,739,814	2,554,137
Trade and other payables	364,798	424,449
Short term borrowings	183,424	19,168

December June
2016 2016
-- Rupees in thousands --

Profit and loss

	December 2016	December 2015
Sales - net	1,771,489	1,187,031
Gross Profit	637,165	437,162
Profit before taxation	535,259	327,704
Profit after taxation	405,793	321,665
Earnings Per Share (Rupees)	4.01	3.14

December December
2016 2015
-- Rupees in thousands --

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 امید 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

محمد فضل اللہ شریف

چیف ایگزیکٹو

کراچی 15 فروری 2017

گذشتہ سال کی ششماہی کے مقابلے میں لاگت فروخت کے تناسب میں کمی واقع ہوئی ہے جو گذشتہ سال کی ششماہی میں 67.95 فیصد کے مقابلے میں کم ہو کر 66.60 فیصد ہو گئی۔

لاگت ترسیل

سال گذشتہ کی اسی ششماہی کے مقابلے میں، اس ششماہی میں ترسیل کی لاگت میں 59.94 فیصد اضافہ ہوا، اس بڑھوتری کی مرکزی وجہ ڈیلرز کو زیادہ مقامی فروخت پر دیا جانے والا کمیشن ہے اور سیلز ٹیم کی تنخواہوں اور دیگر فوائد میں سالانہ اضافہ ہے۔

مالیاتی لاگت

بامعاوضہ گذشتہ سال کی ششماہی کے رواں مالی سال کی ششماہی کے دوران مالیاتی لاگت میں 14.35 فیصد کمی سامنے آئی جس کی وجہ فروخت کی آمدن میں اضافہ کی وجہ سے پیسے کے بہاؤ میں اضافہ ہوا، نتیجتاً کمپنی نے طویل مدتی مالیاتی سہولیات کی پیٹنگی ادائیگی کی اور قلیل مدتی مالیاتی سہولیات کا کم استعمال کیا۔

مستقبل کا جائزہ

سینٹ کی صنعت اس وقت کمزور وسعت اور وسیع گنجائش پیدا ہونے کے باعث سب کی توجہ کا مرکز ہے، اہم اور بڑی سینٹ مینوفیکچرنگ کمپنیاں پیداواری گنجائش بڑھانے کے منصوبوں کا اعلان کر چکی ہیں جس کے نتیجے میں موجودہ پیداواری گنجائش جو کہ 46 ملین ٹن سے بڑھ کر اس عشرے کے آخر تک 72 ملین ٹن تک پہنچنے کی توقع ہے۔ پیداواری گنجائش میں یہ بڑھوتری اگلے پانچ سال میں سینٹ کی مانگ میں اضافے کے پیش نظر ہے جو کہ سال ہا سال 10 فیصد کے حساب سے بڑھنے کی توقع ہے۔

سینٹ کی متوقع مانگ اور پیداواری گنجائش میں اضافے کا کلیدی محرک بڑے انتظامی ڈھانچے، توانائی کے منصوبے، سڑکوں کا جال، پل اور وائر کورس بنانے کے منصوبے شامل ہیں جو کہ سی پیک (سی۔ پی۔ ای۔ سی) منصوبے کے تحت ہیں۔

اس کے علاوہ گذشتہ مالی سال کی ششماہی کے مقابلے میں سی پیک کے متعلقہ پی ایس ڈی پی میں سرکاری شمولیت 20 فیصد زیادہ رہی جو کہ 2017 میں سینٹ کی مانگ میں اضافے کے ساتھ تعمیری سرگرمیوں میں بھی اضافے کا باعث بنے گی۔

ملک میں ہاوسنگ یونٹس کی کمی مہینہ طور پر 9 ملین سے تجاوز کر گئی ہے اور یہ ہر سال 3 لاکھ یونٹس کے تناسب سے بڑھ رہی ہے، یہ کمی نہایت غیر متناسب ہے جس پر قابو پانے کے لیے ہاوسنگ کے شعبے کو مراعات مہیا کرنا ہوں گی، بینکنگ سیکٹر کو اس سلسلے میں اپنا فعال کردار ادا کرتے ہوئے مناسب اور نرم شرائط پر صارفین کو قرضے فراہم کرنا ہوں گے۔ مہینہ طور پر ہاوسنگ قرضہ جات کی مد میں 15 فیصد اضافہ ہوا جس کی وجہ سے سینٹ کی مانگ میں بھی اضافہ، اور ہاوسنگ سیکٹر میں بہتری متوقع ہے۔

ملک کے مختلف طبقات کے درمیان موجود رہائشی یونٹس کی ضروریات سینٹ کی مانگ میں اضافے کا بڑا سبب اور موقع فراہم کر رہی ہیں، جو کہ واضح طور پر تعمیری کمپنیوں کے جاری مختلف منصوبوں سے ظاہر ہے۔

آپ کی کمپنی کی مجموعی سیمنٹ کی فروخت میں گراں قدر بڑھوتری دیکھنے میں آئی جو کہ گذشتہ مالی سال کی اسی ششماہی کے مقابلے میں 74.96 فیصد زیادہ ہے اسی طرح مقامی سطح پر سیمنٹ کی فروخت میں گذشتہ مالی سال کی ششماہی کے مقابلے میں 15.54 فیصد اضافہ ہوا جو کہ اس بات کی نشاندہی کرتا ہے کہ آپ کی کمپنی کی سیمنٹ کی فروخت جنوبی (ساوتھ) حصوں میں قائم فیڈریوں کی فروخت کے تناسب کے ساتھ رہی آپ کی کمپنی نے اسی مدت میں کلنگر اور جی جی بی ایف ایس کی فروخت کا موقع بھی حاصل کیا جس کی وجہ سے مجموعی طور پر فروخت کی آمدن میں اضافہ ہوا۔

فروخت کا تقابلی جائزہ

	December 2016	December 2015	Variance	
	----- Million Metric Tons -----			%
Cement Industry				
Local sales	16.894	15.211	1.683	11.07
Exports	2.911	3.018	(0.107)	(3.54)
	<u>19.805</u>	<u>18.229</u>	<u>1.576</u>	<u>8.65</u>
	----- Metric Tons -----			%
Thatta Cement Company Limited				
Local sales - Cement	184,967	160,780	24,187	15.04
Class G Cement	1,041	200	841	420.50
	<u>186,008</u>	<u>160,980</u>	<u>25,028</u>	<u>15.54</u>
Local sales - Clinker	90,642	3,985	86,657	2,174.57
Exports	740	945	(205)	(21.69)
Local sales - GBFS & GGBFS	13,805	520	13,285	2,554.80
	<u>291,195</u>	<u>166,430</u>	<u>124,765</u>	<u>74.96</u>

مالیاتی کارکردگی

31 دسمبر 2016 کو ختم ہونے والی ششماہی کے مالیاتی نتائج کا گذشتہ سال کی ششماہی سے تقابلی جائزہ درج ذیل ہے۔

	December 2016	December 2015
	----- Rupees in thousands -----	
Sales – net	1,766,573	1,179,300
Gross Profit	590,061	377,988
Finance Cost	52,743	61,586
Profit before taxation	518,920	304,935
Profit after taxation	389,777	299,823
Earnings Per Share (Rupees)	3.91	3.01

31 دسمبر 2016 کو ختم ہونے والی ششماہی میں کل منافع کی شرح 32.05 فیصد سے بڑھ کر 33.40 فیصد ہو گئی ہے رواں مالی سال کی پہلی ششماہی میں کمپنی کا قبل از ٹیکس منافع 518.920 ملین روپے ہے جو کہ فرسودگی (ڈپریسییشن) کی فراہمی کی مدد میں 66.977 ملین روپے کے بعد ہے۔

فروخت کی کارکردگی

31 دسمبر 2016 کو ختم ہونے والی ششماہی میں کمپنی کی فروخت میں 49.80 فیصد اضافہ ہوا جب کہ فروخت کے حجم میں 74.96 فیصد اضافہ ہوا، یہ اضافہ کلنگر اور جی جی بی ایف ایس کی غیر معمولی فروخت میں اضافے کے باعث ہوا جو کہ سیمنٹ کی فروخت میں اضافے کے علاوہ ہے۔

ڈائریکٹرز کا تجزیہ

ٹھنڈے سینٹ کے بورڈ آف ڈائریکٹرز کی جانب سے 31 دسمبر 2016 کو ختم ہونے والی ششماہی کے غیر آڈٹ شدہ مالی گوشوارے سے بیج آڈیٹرز کی جائزہ رپورٹ اور ان پر ڈائریکٹرز کا تجزیہ پیش خدمت ہے۔

مجموعی صنعتی جائزہ

روان مالی سال کی پہلی ششماہی کے دوران سینٹ کی صنعت میں بڑھوتری دیکھنے میں آئی، جو کہ گذشتہ مالی سال کی پہلی ششماہی کے مقابلے میں 8.65 فیصد زیادہ ہے، روان مالی سال کی پہلی ششماہی کے دوران مقامی سطح پر باموازنہ سال ہا سال سینٹ کی فروخت میں 11.07 فیصد اضافہ درج کیا گیا، جب کہ برآمدات میں 3.54 فیصد کمی دیکھنے میں آئی۔

گذشتہ سال کی پہلی ششماہی کے مقابلے میں سینٹ کی مقامی ترسیل کے حوالے سے جنوبی (ساوتھ) حصے میں واقع سینٹ فیکٹریوں میں 15.71 فیصد بڑھوتری جب کہ شمالی (نارتھ) حصے میں واقع سینٹ فیکٹریوں میں 10.13 فیصد بڑھوتری دیکھنے میں آئی۔

کاروباری کارکردگی

پیداوار اور فروخت کے حجم کی کارکردگی

زیر نظر ششماہی میں کلن کی پیداوار 236,135 ٹن رہی، جو کہ پیداواری گنجائش کا 92.60 فیصد ہے جبکہ گذشتہ مالی سال کی پہلی ششماہی میں کلن کی پیداوار 184,647 ٹن رہی، جو کہ پیداواری گنجائش کا 72.41 فیصد تھی جبکہ کلن کی مجموعی پیداوار میں 27.88 فیصد اضافہ ہوا۔

روان سال اور سال گذشتہ کی ششماہی کا موازنہ

	December 2016	December 2015	Variance	
	Metric Tons		%	
Plant capacity – Clinker	255,000	255,000	-	-
Production				
- Clinker	236,135	184,647	51,488	27.88
- Cement	186,044	160,008	26,036	16.27
- GGBFS	8,643	520	8,123	1,562.11
- Class G Cement	-	3,180	(3,180)	(100)
Dispatches				
Cement				
- Local	184,967	160,780	24,187	15.04
- Class G Cement	1,041	200	841	420.50
	186,008	160,980	25,028	15.54
- Exports	740	945	(205)	(21.69)
	186,748	161,925	24,823	15.33
Clinker	90,642	3,985	86,657	2,174.57
GBFS & GGBFS – Local	13,805	520	13,285	2,554.80
	291,195	166,430	124,765	74.96



Grant Thornton

An instinct for growth™

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION

GRANT THORNTON ANJUM RAHMAN

1st & 3rd Floor,
Modern Motors House
Beaumont Road,
Karachi 75530

T +92 021 3567 2951/56
F +92 021 3568 8834
www.gtpk.com

Introduction

We have reviewed the accompanying condensed interim unconsolidated balance sheet of **Thatta Cement Company Limited** (the Company) as at December 31, 2016 and the related 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 together with the notes forming part thereof for the half year then ended (here-in-after referred to as the "condensed interim unconsolidated financial information"). Management of the Company is responsible for the preparation and fair presentation of this condensed interim unconsolidated financial information in accordance with approved accounting standards as applicable in Pakistan, for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim unconsolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim unconsolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

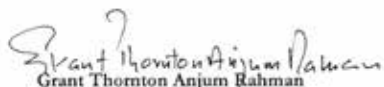
Conclusion

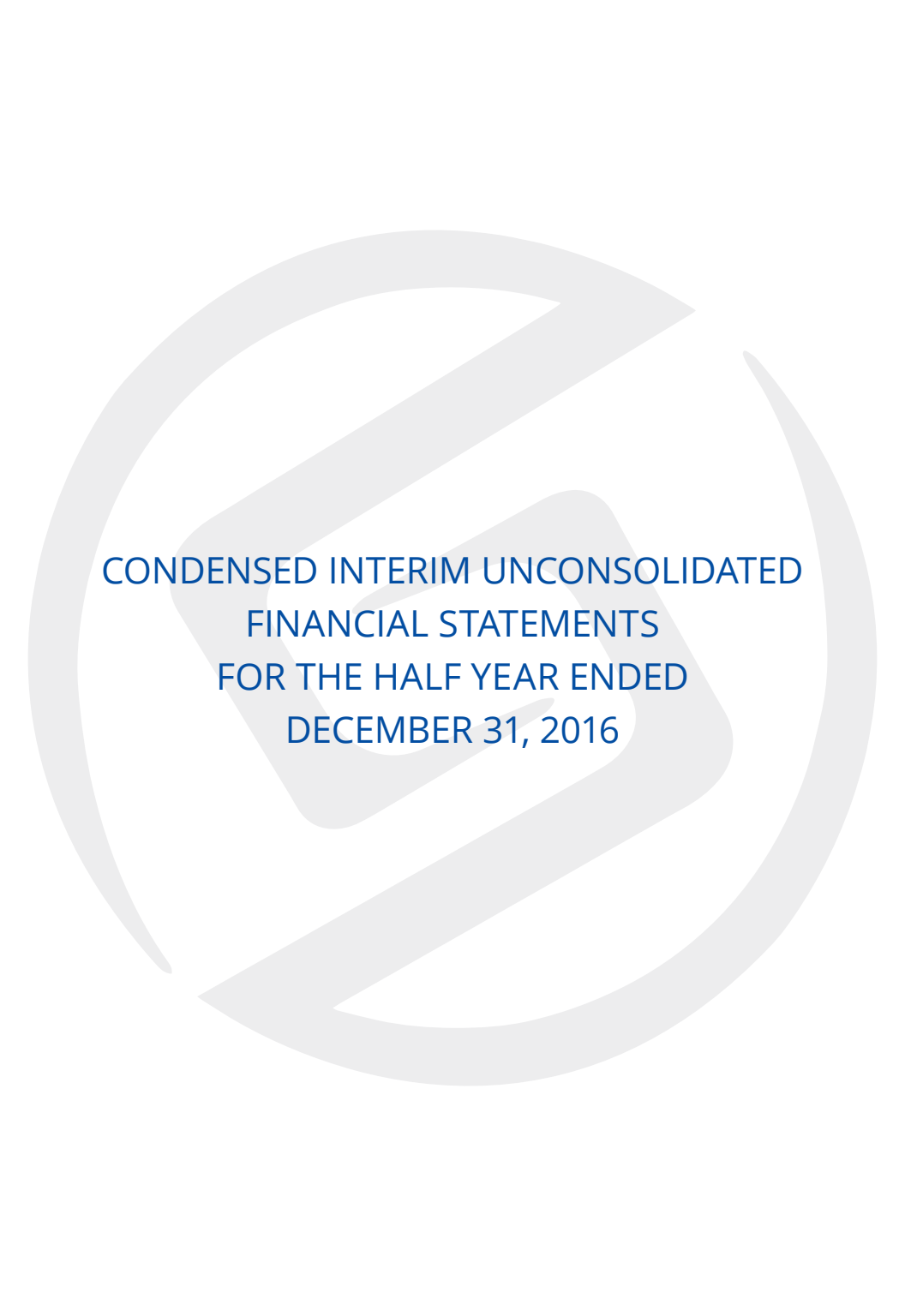
Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim unconsolidated financial information as of and for the half year ended December 31, 2016 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other matter

The figures of the condensed interim unconsolidated profit and loss account and condensed interim unconsolidated statement of comprehensive income for the quarters ended December 31, 2015 and December 31, 2016 have not been reviewed, as we are required to review only cumulative figures for the half year ended December 31, 2016.

Dated: February 15, 2017
Karachi


Grant Thornton Anjum Rahman
Chartered Accountants
Muhammad Shaukat Naseeb
Engagement Partner



CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED
DECEMBER 31, 2016

CONDENSED INTERIM UNCONSOLIDATED BALANCE SHEET

As at December 31, 2016

	Note	(Un-audited) December 31, 2016	(Audited) June 30, 2016
----- Rupees in thousands -----			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipments	5	2,121,228	2,173,000
Intangible assets		7,399	6,485
Long term investment in Subsidiary		299,158	299,158
Long term investment - Available-for-sale	6	194,865	164,768
Long term deposits		1,096	1,096
Total non - current assets		2,623,746	2,644,507
CURRENT ASSETS			
Stores, spare parts and loose tools	7	451,628	273,819
Stock-in-trade	8	166,337	241,023
Trade debts	9	175,004	163,817
Loan/advance to the Subsidiary		216,006	184,006
Loans and advances	10	16,184	9,576
Trade deposits and short term prepayments		14,355	13,851
Other receivables and accrued interest	11	41,828	43,674
Taxation - net		179,876	132,587
Cash and bank balances		85,896	237,769
Total current assets		1,347,114	1,300,122
Total assets		3,970,860	3,944,629
EQUITY AND LIABILITIES			
Shareholders' equity			
Share Capital	12	997,181	997,181
Share premium		99,718	99,718
Revaluation of Available-for-sale investment		-	64,522
Accumulated profit		1,153,748	913,548
Total shareholders' equity		2,250,647	2,074,969
NON-CURRENT LIABILITIES			
Long term financing		685,717	1,026,684
Long term deposits		2,834	3,834
Long term employee benefit		17,125	15,640
Deferred taxation	13	263,012	184,995
Total non - current liabilities		968,688	1,231,153
CURRENT LIABILITIES			
Trade and other payables	14	328,604	382,819
Accrued mark-up		7,564	4,587
Current maturity of long term financing		231,933	231,933
Short term borrowings		183,424	19,168
Total current liabilities		751,525	638,507
Total equity and liabilities		3,970,860	3,944,629
CONTINGENCIES AND COMMITMENTS			
	15		

The annexed notes from 1 to 25 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 and half year ended December 31, 2016

	Half year ended December 31, 2016		Quarter ended December 31, 2016		
Note	2016	2015	2016	2015	
----- Rupees in thousands -----					
Sales - net	16	1,766,573	1,179,300	1,128,035	684,871
Cost of sales	17	(1,176,512)	(801,312)	(764,070)	(458,622)
Gross profit		<u>590,061</u>	<u>377,988</u>	<u>363,965</u>	<u>226,249</u>
Selling and distribution cost		(45,490)	(28,441)	(28,016)	(20,280)
Administrative expenses		(67,944)	(53,305)	(39,440)	(27,051)
		(113,434)	(81,746)	(67,456)	(47,331)
Operating profit		<u>476,627</u>	<u>296,242</u>	<u>296,509</u>	<u>178,918</u>
Other operating expenses		(27,764)	(25,103)	(16,737)	(12,827)
Finance cost		(52,743)	(61,586)	(25,462)	(34,152)
		(80,507)	(86,689)	(42,199)	(46,979)
Other income	18	122,800	95,382	112,083	16,795
Profit before taxation		<u>518,920</u>	<u>304,935</u>	<u>366,393</u>	<u>148,734</u>
Taxation	19	(129,143)	(5,112)	(82,958)	34,784
Profit after taxation		<u><u>389,777</u></u>	<u><u>299,823</u></u>	<u><u>283,435</u></u>	<u><u>183,518</u></u>
----- Rupees -----					
Earnings per share - basic and diluted	20	<u>3.91</u>	<u>3.01</u>	<u>2.84</u>	<u>1.84</u>

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



CHIEF EXECUTIVE



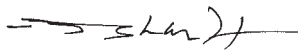
DIRECTOR

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

For the quarter and half year ended December 31, 2016

	Half year ended December 31, 2016		Quarter ended December 31, 2016	
	2016	2015	2016	2015
	----- Rupees in thousands -----			
Profit after taxation	389,777	299,823	283,435	183,518
Other comprehensive loss				
<i>Items to be reclassified to unconsolidated profit and loss account in subsequent periods</i>				
Deficit on revaluation of Available-for-sale investment	-	(37,529)	(10,742)	(12,969)
Total comprehensive income for the period	389,777	262,294	272,693	170,549

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



CHIEF EXECUTIVE



DIRECTOR

CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)

For the half year ended December 31, 2016

Half Year ended
December 31,
2016 2015

-- Rupees in thousands --

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation	518,920	304,935
Adjustment for:		
Depreciation on property, plant and equipments	66,977	52,769
Amortization of intangible assets	1,605	376
Provision for slow moving stores & spares	1,877	-
Finance cost	52,743	61,586
Provision for gratuity	6,101	5,638
Provision for leave encashment	2,041	1,236
Impairment of property, plant and equipments	-	1,875
Gain on disposal of property, plant and equipment	-	(305)
Gain on disposal of Available-for-sale investment	(98,717)	(68,186)
	32,627	54,989
	<hr/>	<hr/>
Operating cash flows before working capital changes	551,547	359,924
Working capital changes		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(179,087)	(115,329)
Stock-in-trade	74,686	(119,009)
Trade debts	(11,187)	(62,046)
Loan/advance to the Subsidiary	(32,000)	(122,006)
Loans and advances	(6,608)	3,652
Trade deposits and short term prepayments	(504)	7,022
Other receivable and accrued interest	1,846	(24,134)
	(152,854)	(431,850)
Decrease in current liabilities		
Trade and other payables excluding gratuity and dividend payable	(46,140)	(62,018)
	<hr/>	<hr/>
Cash generated from / (used in) operations	352,553	(133,944)
Finance cost paid	(49,766)	(95,106)
Gratuity paid	(14,465)	(11,262)
Leave encashment paid	(556)	(851)
Income tax paid - net	(98,415)	(61,423)
	(163,202)	(168,642)
	<hr/>	<hr/>
Net cash generated from / (used in) operating activities	189,351	(302,586)

CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)

For the half year ended December 31, 2016

Half Year ended
December 31,
2016 2015
-- Rupees in thousands --

CASH FLOWS FROM INVESTING ACTIVITIES

Fixed capital expenditure	(16,262)	(102,492)
Addition in intangible assets	(2,519)	(819)
Acquisition of shares	(377,420)	-
Proceeds from disposal of long term investment - Available-for-sale	381,518	125,426
Proceeds from disposal of property, plant and equipments	458	400
Net cash (used in) / generated from investing activities	(14,225)	22,515

CASH FLOWS FROM FINANCING ACTIVITIES

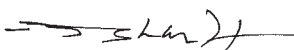
Repayment of long term financing	(340,967)	(8,959)
Long term financing obtained	-	156,100
Dividend paid	(149,288)	(129,463)
Long term deposits - liabilities	(1,000)	-
Net cash (used in) / generated from financing activities	(491,255)	17,678

Net decrease in cash and cash equivalents	(316,129)	(262,393)
Cash and cash equivalents at beginning of the period	218,601	3,145
Cash and cash equivalents at end of the period	(97,528)	(259,248)

CASH AND CASH EQUIVALENTS

Cash and bank balances	85,896	86,987
Short term borrowings	(183,424)	(346,235)
	(97,528)	(259,248)

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



CHIEF EXECUTIVE



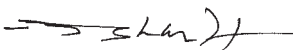
DIRECTOR

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

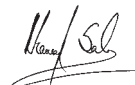
For the half year ended December 31, 2016

	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 (audited)	997,181	99,718	144,835	431,766	1,673,500
Transactions with owners recorded directly in equity					
Final dividend @ Rs. 1.3 per share for the year ended June 30, 2015	-	-	-	(129,634)	(129,634)
Total comprehensive income for the period ended December 31, 2015					
Profit after taxation	-	-	-	299,823	299,823
Reclassification of gain realized on disposal of investment classified as 'Available for sale'	-	-	(61,636)	-	(61,636)
Deficit on revaluation of Available-for-sale investment	-	-	(37,529)	-	(37,529)
Balance as at December 31, 2015 (un-audited)	<u>997,181</u>	<u>99,718</u>	<u>45,670</u>	<u>601,955</u>	<u>1,744,524</u>
Balance as at July 1, 2016 (audited)	997,181	99,718	64,522	913,548	2,074,969
Transactions with owners recorded directly in equity					
Final dividend @ Rs. 1.5 per share for the year ended June 30, 2016	-	-	-	(149,577)	(149,577)
Total comprehensive income for the period ended December 31, 2016					
Profit after taxation	-	-	-	389,777	389,777
Reclassification of gain realized on disposal of investment classified as 'Available for sale'	-	-	(64,522)	-	(64,522)
Balance as at December 31, 2016 (un-audited)	<u>997,181</u>	<u>99,718</u>	<u>-</u>	<u>1,153,748</u>	<u>2,250,647</u>

The annexed notes from 1 to 25 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 half year ended December 31, 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.

The Company owns 62.43% shareholding of Thatta Power (Private) Limited (subsidiary). The principal business of the subsidiary is generation, supply and transmission of electrical power.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

These condensed interim unconsolidated financial statements for the half year ended December 31, 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. However, a limited scope review has been carried out by the auditors. Further, the figures of condensed interim unconsolidated profit and loss account for the quarter ended December 31, 2016 and 2015 and notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the accumulated figures for the half year ended December 31, 2016 and December 31, 2015.

These condensed interim unconsolidated financial statements comprises of the Condensed Interim Unconsolidated Balance Sheet as at December 31, 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 half year ended December 31, 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 the 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 prepared & 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 rupees 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, except for the following:

New, Amended and Revised Standards and Interpretations of IFRSs

The Company has adopted the following amendments to IFRSs which became effective for the current period:

IAS 1 Presentation of Financial Statements - Disclosure Initiative (Amendment)

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)

The adoption of the above amendments to accounting standards did not have any effect on these condensed interim unconsolidated financial statements.

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) December 31, 2016	(Audited) June 30, 2016
-- Rupees in thousands --			
5	PROPERTY, PLANT AND EQUIPMENTS		
	Operating fixed assets	2,063,151	2,100,608
	Capital work-in-progress	7,117	1,403
	Major stores and spares	50,960	70,989
		<u>2,121,228</u>	<u>2,173,000</u>

5.1 Operating fixed assets

Opening Written Down Value (WDV)		2,100,608	848,829
Additions during the period / year - at cost			
- Electrical installations		-	2,481
- Plant and machinery		26,763	1,341,263
- Vehicles		2,251	10,418
- Office & other equipments		-	5,360
- Laboratory equipments		964	4,955
- Computers		-	584
		29,978	1,365,061
WDV of deletions during the period / year		(458)	(152)
Transfer/Adjustment		-	(1,875)
Depreciation charge for the period / year		(66,977)	(111,255)
		(67,435)	(113,282)
		<u>2,063,151</u>	<u>2,100,608</u>

5.2 Capital work-in-progress

Opening balance		1,403	1,232,546
Additions		5,714	103,523
Transferred to operating fixed assets and store & spares		-	(1,334,666)
		<u>7,117</u>	<u>1,403</u>

6 LONG TERM INVESTMENT - AVAILABLE-FOR-SALE

Long term investment - Available-for-sale represents investment in 7.151 million Preference shares of Javedan Corporation Limited (June 30, 2016: 15.797 million shares of Power Cement Limited). The market value per share was Rs. 27.25 per share as at December 31, 2016 (June 30, 2016: Rs. 10.43 per share of Power Cement Limited).

(Un-audited) December 31, 2016	(Audited) June 30, 2016
--------------------------------------	-------------------------------

-- Rupees in thousands --

10 LOANS AND ADVANCES

Loans - considered good

To employees

1	15
---	----

Advances - considered good

- to vendors

- others

16,040	9,208
143	353
<u>16,183</u>	<u>9,561</u>
<u>16,184</u>	<u>9,576</u>

11 OTHER RECEIVABLES AND ACCRUED INTEREST

Interest receivable from banks

2,956	2,392
-------	-------

Interest receivable from the Subsidiary Company

4,316	4,072
-------	-------

Refund against Fuel Price Adjustment

7,817	11,340
-------	--------

Deposit with Commissioner Workmen's Compensation

14,915	14,915
--------	--------

Others

<u>11,824</u>	<u>10,955</u>
---------------	---------------

<u>41,828</u>	<u>43,674</u>
---------------	---------------

12 SHARE CAPITAL

December 31, 2016	June 30, 2016
----------------------	------------------

-- Number of Shares --

(Un-audited) December 31, 2016	(Audited) June 30, 2016
--------------------------------------	-------------------------------

-- 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 paid in 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 major shareholders as at the balance sheet date are as follows:

Number of Shares		Percentage of holding	
December 31, 2016	June 30, 2016	December 31, 2016	June 30, 2016
-- Shares in thousands --		---- Shares in % ----	

Name of Major Shareholders

M/s Sky Pak Holding (Private) Limited	21,153	20,444	21.21	20.50
M/s Al-Miftah Holding (Private) Limited	14,895	9,147	14.94	9.17
M/s Rising Star Holding (Private) Limited	6,531	6,309	6.55	6.33
M/s Golden Globe Holding (Private) Limited	8,479	8,479	8.50	8.50

(Un-audited) December 31, 2016	(Audited) June 30, 2016
-----------------------------------	----------------------------

Note

-- Rupees in thousands --

13 DEFERRED TAXATION

Taxable temporary differences

- accelerated tax depreciation	304,855	298,640
--------------------------------	---------	---------

Deductible temporary differences

- Provisions for doubtful debts and stores	(41,843)	(41,280)
- Excess of Alternate tax over corporate tax	-	(39,554)
- Unadjusted tax credit u/s 65B	-	(32,811)
	<u>(41,843)</u>	<u>(113,645)</u>
	<u>263,012</u>	<u>184,995</u>

14 TRADE AND OTHER PAYABLES

Trade creditors		45,782	32,980
Accrued liabilities	14.1	141,498	163,537
Bills payable		54,608	43,621
Advances from customers		25,365	36,415
Contractors retention money		13	188
Excise duty and sales tax payable		16,504	39,055
Payable to Gratuity Fund		6,101	14,465
Workers' Profit Participation Fund		27,232	35,768
Workers' Welfare Fund		9,185	14,788
Dividend payable		669	380
Other liabilities		1,647	1,622
		<u>328,604</u>	<u>382,819</u>

- 14.1 It includes Rs. 70.071 million (June 30, 2016: Rs. 64.754 million) payable to Thatta Power (Private) Limited, the Subsidiary Company, in respect of purchase of electricity.

15 CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

The status of contingencies is same except the matter disclosed in note 27.1.5 in the annual audited unconsolidated financial statements for the year ended June 30, 2016. The status of the said matter is mentioned below:

- 15.1.1 Subsequent to the period end, Appellate Tribunal Inland Revenue (ATIR) has passed an order in favor of the Company. Moreover, no further appeal has been made by the Tax Authorities against the said order.

15.2 Commitments

Commitments in respect of capital expenditure	2,765	4,852
Guarantees given by banks on behalf of the Company	70,204	85,408
	<u>72,969</u>	<u>90,260</u>

16 SALES - NET

	Half year ended December 31, 2016		Quarter ended December 31, 2015	
	----- (Un-audited) ----- ----- Rupees in thousands -----			
Gross sales - Local	2,421,375	1,478,384	1,549,071	858,547
- Export	5,094	6,557	1,726	4,063
	<u>2,426,469</u>	<u>1,484,941</u>	<u>1,550,797</u>	<u>862,610</u>
Less - Federal Excise Duty	(276,650)	(68,571)	(179,175)	(40,104)
- Sales Tax	(383,246)	(237,070)	(243,587)	(137,635)
	<u>(659,896)</u>	<u>(305,641)</u>	<u>(422,762)</u>	<u>(177,739)</u>
	<u>1,766,573</u>	<u>1,179,300</u>	<u>1,128,035</u>	<u>684,871</u>

17 COST OF SALES

Raw material consumed	127,407	68,273	83,900	30,962
Manufacturing expenses				
Packing material consumed	77,697	56,188	47,382	34,980
Stores, spare parts and loose tools consumed	39,294	25,543	20,102	14,191
Fuel and power	616,670	547,987	358,396	251,453
Salaries, wages and other benefits	171,590	134,620	102,266	68,070
Insurance	9,029	9,240	4,525	4,629
Repairs and maintenance	13,156	19,660	6,157	13,542
Depreciation	63,904	50,081	36,272	24,981
Vehicle hire, running & maintenance	5,724	6,170	2,901	2,767
Communication	926	981	459	413
Entertainment	1,195	1,648	564	460
Provision for slow moving stores & spares	1,877	-	1,877	-
Other production overheads	2,434	5,451	1,627	3,630
	<u>1,003,496</u>	<u>857,569</u>	<u>582,528</u>	<u>419,116</u>
Cost of production	<u>1,130,903</u>	<u>925,842</u>	<u>666,428</u>	<u>450,078</u>
Work-in-process				
Opening balance	116,871	143,626	170,174	275,450
Closing balance	(75,375)	(263,887)	(75,375)	(263,887)
	<u>41,496</u>	<u>(120,261)</u>	<u>94,799</u>	<u>11,563</u>
Cost of goods manufactured	<u>1,172,399</u>	<u>805,581</u>	<u>761,227</u>	<u>461,641</u>
Finished goods				
Opening balance	34,126	32,425	32,856	33,675
Closing balance	(30,013)	(36,694)	(30,013)	(36,694)
	<u>4,113</u>	<u>(4,269)</u>	<u>2,843</u>	<u>(3,019)</u>
	<u>1,176,512</u>	<u>801,312</u>	<u>764,070</u>	<u>458,622</u>

Half year ended December 31, 2016		Quarter ended December 31, 2016	
---	--	---------------------------------------	--

------(Un-audited)-----
----- Rupees in thousands -----

18 OTHER INCOME

Income from financial assets

Income on bank deposit accounts	2,977	2,155	943	1,307
Mark-up earned on loan/advance to the Subsidiary	8,326	1,736	4,316	1,736
Gain on disposal of Available for sale investment	98,717	68,186	98,717	-
	<u>110,020</u>	<u>72,077</u>	<u>103,976</u>	<u>3,043</u>

Others

Management fee	7,986	7,260	3,993	3,630
Scrap sales	1,598	9,556	1,576	5,871
Gain on disposal of property, plant & equipments	-	305	-	305
Gain on sale of store items	1,377	-	1,377	-
Rental income	987	3,678	637	1,848
Others	832	2,506	524	2,098
	<u>12,780</u>	<u>23,305</u>	<u>8,107</u>	<u>13,752</u>
	<u>122,800</u>	<u>95,382</u>	<u>112,083</u>	<u>16,795</u>

19 TAXATION

Current tax	121,055	-	78,753	(14,537)
Prior year charge	137	27	137	27
Deferred tax charge	7,951	5,085	4,068	(20,274)
	<u>129,143</u>	<u>5,112</u>	<u>82,958</u>	<u>(34,784)</u>

19.1 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.

Half year ended December 31, 2016		Quarter ended December 31, 2016	
---	--	---------------------------------------	--

------(Un-audited)-----

20 EARNINGS PER SHARE - BASIC AND DILUTED

Profit after taxation (Rupees in thousands)	<u>389,777</u>	<u>299,823</u>	<u>283,435</u>	<u>183,518</u>
Weighted average number of ordinary shares	<u>99,718,125</u>	<u>99,718,125</u>	<u>99,718,125</u>	<u>99,718,125</u>
Earnings per share (Rupees)	<u>3.91</u>	<u>3.01</u>	<u>2.84</u>	<u>1.84</u>

21 RELATED PARTY TRANSACTIONS & BALANCES

Related parties comprises of major shareholders, associated undertakings, directors of the Company, companies in which directors are common or directors hold office, key management personnel and staff retirement funds. The Company continues to have a policy whereby all transactions with related parties are entered into at commercial terms and conditions except for Service Level Agreement for Business Support Services with the Subsidiary Company for which the basis are approved by the Board of Directors. Further, contribution to defined contribution plan (provident fund) is made as per the terms of employment and trust deed and contribution to the defined benefit plan (gratuity scheme) is in accordance with the actuarial advice. Details of transactions during the half year ended / outstanding balances as at December 31, 2016 with related parties are as follows:

21.1 Transactions with related parties

21.1.1 Subsidiary Company

Thatta Power (Private) Limited

- Common shared expenses	<u>1,766</u>	<u>1,666</u>
- Receipt on account of common shared expenses	<u>2,436</u>	<u>-</u>
- Sale / purchase of store items (inclusive of GST) - net	<u>41</u>	<u>130</u>
- Receipt / payment on account of sale / purchase of store items - net	<u>18</u>	<u>80</u>
- Purchase of electric power (inclusive of GST)	<u>347,793</u>	<u>299,070</u>
- Payment on account of electric power (inclusive of GST)	<u>342,476</u>	<u>290,922</u>
- Management fee (inclusive of SST)	<u>9,024</u>	<u>8,276</u>
- Management fee received (inclusive of SST)	<u>11,658</u>	<u>-</u>
- Loan / advance to the Subsidiary	<u>32,000</u>	<u>122,006</u>
- Interest accrued on loan / advance to the Subsidiary	<u>8,326</u>	<u>1,736</u>
- Receipts on account of interest on loan / advance to the Subsidiary	<u>8,082</u>	<u>-</u>

21.1.2 Associated Companies

Bandhi Sugar Mills (Private) Limited

- Sale of cement	<u>-</u>	<u>288</u>
- Receipt against sale of cement	<u>-</u>	<u>288</u>

Sui Southern Gas Company Limited

- Purchase of gas excluding GST	<u>3,702</u>	<u>9,567</u>
- Payment against purchase of gas excluding GST	<u>3,996</u>	<u>9,026</u>

21.1.3 Key management personnel

- Salaries and benefits	<u>83,778</u>	<u>60,357</u>
- Sale of vehicle	<u>458</u>	<u>400</u>

21.1.4 Other related parties

- Contribution to employees' Gratuity Fund	<u>14,465</u>	<u>11,262</u>
- Contribution to employees' Provident Fund	<u>4,515</u>	<u>4,148</u>
- Education expenses - Model Terbiat School	<u>3,109</u>	<u>2,616</u>

21.2 Balances with related parties

21.2.1 Subsidiary Company

Thatta Power (Private) Limited

- Payable against purchase of electricity (inclusive of GST)	<u>70,071</u>	<u>64,754</u>
- Receivable against management fee (inclusive of SST)	<u>1,504</u>	<u>4,138</u>
- Receivable against common shared expenses	<u>245</u>	<u>915</u>
- Receivable / payable against sale / purchase of store items - net	<u>3</u>	<u>62</u>
- Loan / advance to the Subsidiary	<u>216,006</u>	<u>184,006</u>
- Accrued mark-up on loan / advance to the Subsidiary	<u>4,316</u>	<u>4,072</u>

21.2.2 Associated Companies

Sui Southern Gas Company Limited

- Payable against purchase of gas excluding GST	<u>250</u>	<u>544</u>
---	------------	------------

Habib Bank Limited

- Current account balance	<u>37</u>	<u>37</u>
---------------------------	-----------	-----------

21.2.3 Other related party

- Payable to Gratuity Fund	<u>6,101</u>	<u>14,465</u>
----------------------------	--------------	---------------

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

21.4 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% (December 31, 2015: 100%) of the total revenue of the Company.

22.3 100% (December 31, 2015: 100%) sales of the Company relates to customers in Pakistan.

22.4 All non-current assets of the Company as at December 31, 2016 are located in Pakistan.

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets and liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable either, directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Assets measured at fair value

		Carrying Amount	Level 1	Level 2	Level 3	Total
----- Rupees in thousands -----						
Available-for-sale						
Listed Shares	December 31, 2016	194,865	194,865	-	-	194,865
Listed Shares	June 30, 2016	164,768	164,768	-	-	164,768

24 CORRESPONDING FIGURES

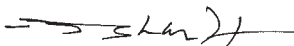
In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim unconsolidated balance sheet has been compared with the balances of annual audited unconsolidated financial statements of preceding financial year, whereas, the condensed 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 flows statement have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been reclassified for the purposes of better comparison and presentation as follows:

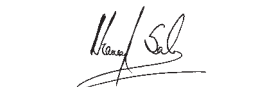
Nature of reclassification	Note	Reclassification from	Reclassification to	Rupees in thousands
Cost of sales	17	Other production overheads	- Vehicle hire, running & maintenance	6,170
			- Communication	981
			- Entertainment	1,648
			- Other production overheads	5,451

25 DATE OF AUTHORIZATION FOR ISSUE

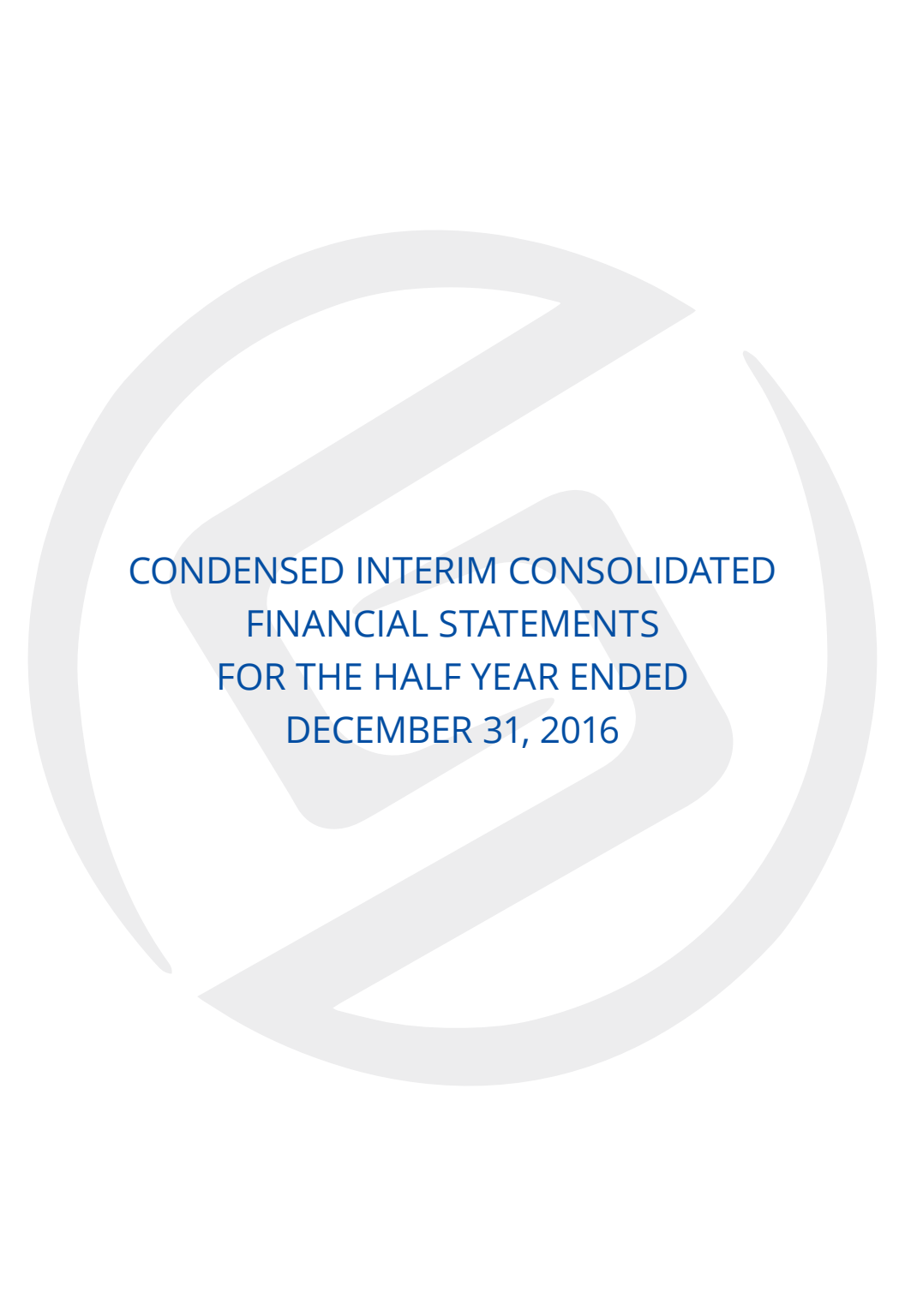
These condensed interim unconsolidated financial statements have been authorized for issue on February 15, 2017 by the Board of Directors of the Company.



CHIEF EXECUTIVE



DIRECTOR



CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED
DECEMBER 31, 2016

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET

As at December 31, 2016

	Note	(Un-audited) December 31, 2016	(Audited) June 30, 2016
----- Rupees in thousands -----			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipments	5	3,338,938	3,405,340
Intangible assets		7,399	6,485
Long term investment - Available-for-sale	6	194,865	164,768
Long term deposits		1,096	1,096
Total non - current assets		3,542,298	3,577,689
CURRENT ASSETS			
Stores, spare parts and loose tools	7	475,403	298,233
Stock-in-trade	8	165,297	238,407
Trade debts	9	459,477	464,681
Short term investment - Held to maturity		306,000	306,000
Loans and advances	10	25,855	22,764
Trade deposits and short term prepayments		17,954	18,589
Other receivables and accrued interest	11	42,873	43,231
Taxation - net		202,175	153,652
Cash and bank balances		118,828	247,659
Total current assets		1,813,862	1,793,216
Total assets		5,356,160	5,370,905
EQUITY AND LIABILITIES			
Shareholders' equity			
Share Capital	12	997,181	997,181
Share premium		99,718	99,718
Revaluation of Available-for-sale investment		-	64,522
Accumulated profit		1,642,915	1,392,716
Attributable to the owners of the Holding Company		2,739,814	2,554,137
Non-controlling interests		475,724	469,707
Total equity		3,215,538	3,023,844
NON-CURRENT LIABILITIES			
Long term financing		964,911	1,356,641
Long term deposits		2,834	3,834
Long term employee benefit		17,125	15,640
Deferred taxation	13	263,012	184,995
Total non-current liabilities		1,247,882	1,561,110
CURRENT LIABILITIES			
Trade and other payables	14	364,798	424,449
Accrued mark-up		11,060	8,876
Current maturity of long term financing		333,458	333,458
Short term borrowings		183,424	19,168
Total current liabilities		892,740	785,951
Total equity and liabilities		5,356,160	5,370,905
CONTINGENCIES AND COMMITMENTS			
	15		

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


CHIEF EXECUTIVE

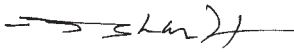

DIRECTOR

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

For the quarter and half year ended December 31, 2016

Note	Half year ended December 31,		Quarter ended December 31,		
	2016	2015	2016	2015	
----- Rupees in thousands -----					
Sales - net	16	1,771,489	1,187,031	1,130,733	688,114
Cost of sales	17	(1,134,324)	(749,869)	(741,334)	(430,409)
Gross profit		<u>637,165</u>	<u>437,162</u>	<u>389,399</u>	<u>257,705</u>
Selling and distribution cost		(45,490)	(28,441)	(28,016)	(20,280)
Administrative expenses		(69,830)	(56,856)	(40,055)	(29,503)
		(115,320)	(85,297)	(68,071)	(49,783)
Operating profit		<u>521,845</u>	<u>351,865</u>	<u>321,328</u>	<u>207,922</u>
Other operating expenses		(27,764)	(30,174)	(16,737)	(14,190)
Finance cost		(75,375)	(95,538)	(37,610)	(50,961)
		(103,139)	(125,712)	(54,347)	(65,151)
Other income	18	<u>116,553</u>	<u>101,551</u>	<u>108,884</u>	<u>17,877</u>
Profit before taxation		<u>535,259</u>	<u>327,704</u>	<u>375,865</u>	<u>160,648</u>
Taxation	19	(129,466)	(6,039)	(82,987)	34,881
Profit after taxation		<u>405,793</u>	<u>321,665</u>	<u>292,878</u>	<u>195,529</u>
Profit after taxation for the period attributable to:					
- Equity holders of the Holding Company		399,776	313,459	289,330	191,017
- Non-controlling interests		6,017	8,206	3,548	4,512
		<u>405,793</u>	<u>321,665</u>	<u>292,878</u>	<u>195,529</u>
----- Rupees -----					
Earnings per share - basic and diluted	20	<u>4.01</u>	<u>3.14</u>	<u>2.90</u>	<u>1.92</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 and half year ended December 31, 2016

	Half year ended December 31, 2016		Quarter ended December 31, 2016	
	2016	2015	2016	2015
	----- Rupees in thousands -----			
Profit after taxation	405,793	321,665	292,878	195,529
Other comprehensive loss				
<i>Items to be reclassified to consolidated profit and loss account in subsequent periods</i>				
Deficit on revaluation of Available-for-sale investment	-	(37,529)	(10,742)	(12,969)
Total comprehensive income for the period	405,793	284,136	282,136	182,560
Total comprehensive income for the period attributable to:				
- Equity holders of the Holding Company	399,776	275,930	278,588	178,048
- Non-controlling interests	6,017	8,206	3,548	4,512
	405,793	284,136	282,136	182,560

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 half year ended December 31, 2016

Half Year ended
December 31,
2016 2015

-- Rupees in thousands --

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation	535,259	327,704
Adjustment for:		
Depreciation on property, plant and equipments	83,003	67,581
Amortization of intangible assets	1,605	376
Provision for slow moving stores & spares	1,877	-
Finance cost	75,375	95,538
Provision for gratuity	6,101	5,638
Provision for leave encashment	2,041	1,236
Impairment of property, plant and equipments	-	1,875
Gain on disposal of Available-for-sale investment	(98,717)	(68,186)
Gain on disposal of property, plant and equipments	-	(305)
	71,285	103,753
	<hr/>	<hr/>
Operating cash flows before working capital changes	606,544	431,457
Working capital changes		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(178,448)	(109,786)
Stock-in-trade	73,110	(124,012)
Trade debts	5,204	(71,091)
Loans and advances	(3,091)	(1,990)
Trade deposits and short term prepayments	635	3,422
Other receivable and accrued interest	358	(11,758)
	(102,232)	(315,215)
Decrease in current liabilities		
Trade and other payables excluding gratuity and dividend payable	(51,576)	(70,109)
	<hr/>	<hr/>
Cash generated from operations	452,736	46,133
Finance cost paid	(73,191)	(131,336)
Gratuity paid	(14,465)	(11,262)
Leave encashment paid	(556)	(851)
Income tax paid - net	(99,972)	(63,069)
	(188,184)	(206,518)
	<hr/>	<hr/>
Net cash generated from / (used in) operating activities	264,552	(160,385)

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)

For the half year ended December 31, 2016

Half Year ended December 31,	
2016	2015
-- Rupees in thousands --	

CASH FLOWS FROM INVESTING ACTIVITIES

Fixed capital expenditure	(17,658)	(104,732)
Addition in intangible assets	(2,519)	(819)
Acquisition of shares	(377,420)	-
Proceeds from disposal of long term investment - Available-for-sale	381,518	125,426
Proceeds from disposal of property, plant and equipments	458	400
Proceeds from maturity of short term investment	306,000	306,000
Short term investment	(306,000)	(306,000)
Net cash (used in) / generated from investing activities	(15,621)	20,275

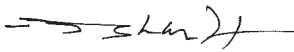
CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of long term financing	(391,730)	(186,976)
Long term financing obtained	-	156,100
Dividend paid	(149,288)	(129,463)
Long term deposits - liabilities	(1,000)	-
Net cash used in financing activities	(542,018)	(160,339)
Net decrease in cash and cash equivalents	(293,087)	(300,449)
Cash and cash equivalents at beginning of the period	228,491	37,404
Cash and cash equivalents at end of the period	(64,596)	(263,045)

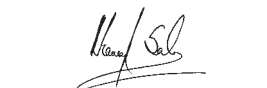
CASH AND CASH EQUIVALENTS

Cash and bank balances	118,828	108,531
Short term borrowings	(183,424)	(371,576)
	(64,596)	(263,045)

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



CHIEF EXECUTIVE



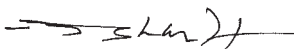
DIRECTOR

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

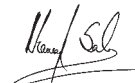
For the half year ended December 31, 2016

	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 (audited)	997,181	99,718	144,835	881,658	2,123,392	452,089	2,575,481
Transactions with owners recorded directly in equity							
Final dividend @ Rs. 1.3 per share for the year ended June 30, 2015	-	-	-	(129,634)	(129,634)	-	(129,634)
Total comprehensive income for the period ended December 31, 2015							
Profit after taxation	-	-	-	313,459	313,459	8,206	321,665
Reclassification of gain realized on disposal of investment classified as 'Available for sale'	-	-	(61,636)	-	(61,636)	-	(61,636)
Deficit on revaluation of Available-for-sale investment	-	-	(37,529)	-	(37,529)	-	(37,529)
Balance as at December 31, 2015 (un-audited)	<u>997,181</u>	<u>99,718</u>	<u>45,670</u>	<u>1,065,483</u>	<u>2,208,052</u>	<u>460,295</u>	<u>2,668,347</u>
Balance as at July 1, 2016 (audited)	997,181	99,718	64,522	1,392,716	2,554,137	469,707	3,023,844
Transactions with owners recorded directly in equity							
Final dividend @ Rs. 1.5 per share for the year ended June 30, 2016	-	-	-	(149,577)	(149,577)	-	(149,577)
Total comprehensive income for the period ended December 31, 2016							
Profit after taxation	-	-	-	399,776	399,776	6,017	405,793
Reclassification of gain realized on disposal of investment classified as 'Available for sale'	-	-	(64,522)	-	(64,522)	-	(64,522)
Balance as at December 31, 2016 (Un-audited)	<u>997,181</u>	<u>99,718</u>	<u>-</u>	<u>1,642,915</u>	<u>2,739,814</u>	<u>475,724</u>	<u>3,215,538</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 (UN-AUDITED)

For the half year ended December 31, 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 December 31, 2016 (June 30, 2016: 62.43%). The principal business of the Subsidiary Company is generation, supply and transmission of electrical power. As at December 31, 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 half year ended December 31, 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 December 31, 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 half year ended December 31, 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 prepared & 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, except for the following:

New, Amended and Revised Standards and Interpretations of IFRSs

The Group has adopted the following amendments to IFRSs which became effective for the current period:

IAS 1 Presentation of Financial Statements - Disclosure Initiative (Amendment)

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)

IFRS 10 Consolidated Financial Statements

The adoption of the above amendments to accounting standards did not have any effect on these condensed interim consolidated financial statements.

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) December 31, 2016	(Audited) June 30, 2016	
-- Rupees in thousands --				
5	PROPERTY, PLANT AND EQUIPMENTS			
	Operating fixed assets	5.1	3,260,837	3,313,220
	Capital work-in-progress	5.2	24,197	18,187
	Major stores and spares		53,904	73,933
			<u>3,338,938</u>	<u>3,405,340</u>

	(Un-audited) December 31, 2016	(Audited) June 30, 2016
-- Rupees in thousands --		
5.1 Operating fixed assets		
Opening Written Down Value (WDV)	3,313,220	2,091,313
Additions during the period / year - at cost		
- Electrical installations	-	2,481
- Plant and machinery	27,863	1,341,263
- Vehicles	2,251	10,418
- Office and other equipments	-	5,360
- Laboratory equipments	964	4,955
- Computers	-	584
	<u>31,078</u>	<u>1,365,061</u>
WDV of deletions during the period / year	(458)	(156)
Transfer/Adjustment	-	(1,875)
Depreciation charge for the period / year	<u>(83,003)</u>	<u>(141,123)</u>
	<u>(83,461)</u>	<u>(143,154)</u>
	<u><u>3,260,837</u></u>	<u><u>3,313,220</u></u>

5.2 Capital work-in-progress

Opening balance	18,187	1,234,471
Additions	6,010	118,382
Transferred to operating fixed assets and stores & spares	-	(1,334,666)
	<u>24,197</u>	<u>18,187</u>

6 LONG TERM INVESTMENT - AVAILABLE-FOR-SALE

Long term investment - Available-for-sale represents investment in 7.151 million Preference shares of Javedan Corporation Limited (June 30, 2016: 15.797 million shares of Power Cement Limited). The market value per share was Rs. 27.25 per share as at December 31, 2016 (June 30, 2016: Rs. 10.43 per share of Power Cement Limited).

		(Un-audited) December 31, 2016	(Audited) June 30, 2016
-- Rupees in thousands --			
7 STORES, SPARE PARTS AND LOOSE TOOLS			
Coal and other fuels	7.1	230,422	56,539
Stores & spare parts		278,664	273,976
Loose tools		292	415
		<u>509,378</u>	<u>330,930</u>
Provision for dead stores		(5,810)	(6,713)
Provision for slow moving stores and spares		<u>(28,165)</u>	<u>(25,984)</u>
		<u>(33,975)</u>	<u>(32,697)</u>
		<u><u>475,403</u></u>	<u><u>298,233</u></u>

7.1 This includes coal in transit of Rs. 66.416 million (June 30, 2016: Rs. 13.6 million) as at the balance sheet date.

	Note	(Un-audited) December 31, 2016	(Audited) June 30, 2016
-- Rupees in thousands --			
8	STOCK-IN-TRADE		
	Raw material	40,614	66,476
	Packing material	20,335	23,550
	Work-in-process	74,550	114,614
	Finished goods	29,798	33,767
		<u>165,297</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) December 31, 2016	(Audited) June 30, 2016
-- Rupees in thousands --			
9	TRADE DEBTS		
	Considered good		
	Local - unsecured	459,477	464,681
	Considered doubtful		
	Cement stockiest	60,801	60,801
	Excessive rebate allowed	6,101	6,101
	Controller Military Accounts	5,126	5,126
		<u>72,028</u>	<u>72,028</u>
	Provision for doubtful debts	(72,028)	(72,028)
		<u>459,477</u>	<u>464,681</u>

9.1 Hyderabad Electric Supply Company (HESCO) has not paid monthly bills against supply of electric power since March 2015 and the bills for the period from March 2015 to November 2016 are overdue amounting to Rs. 283.53 million. Further, Rs. 0.94 million is outstanding against the bill of December 2016 which was not due as on December 31, 2016. As disclosed in detail in the annual audited consolidated 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 and NEPRA have also filed an appeal before the Supreme Court of Pakistan against the same order. The last hearing of the appeals was held on November 02, 2016 and according to the legal counsel the Company has an arguable case in this regard. Moreover, during the period the Subsidiary Company has received an amount of Rs. 22.14 million from HESCO against the outstanding amount.

(Un-audited) December 31, 2016	(Audited) June 30, 2016
--------------------------------------	-------------------------------

-- Rupees in thousands --

10 LOANS AND ADVANCES

Loans - considered good

To employees

1

15

Advances - considered good

- to vendors

- others

25,711

143

25,854

22,396

353

22,749

25,855

22,764

11 OTHER RECEIVABLES AND ACCRUED INTEREST

Interest receivable from banks

4,813

2,776

Deposit with Commissioner Workmen's Compensation

14,915

14,915

Refund against Fuel Price Adjustment

7,817

11,340

Others

15,328

14,200

42,873

43,231

12 SHARE CAPITAL

December 31, 2016	June 30, 2016
----------------------	------------------

-- Number of Shares --

Authorized share capital

200,000,000

200,000,000

Ordinary shares of Rs. 10/- each

2,000,000

2,000,000

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

99,718,125

99,718,125

997,181

997,181

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

Number of Shares		Percentage of holding	
December 31, 2016	June 30, 2016	December 31, 2016	June 30, 2016
-- Shares in thousands --		---- Shares in % ----	

Name of Major Shareholders

M/s Sky Pak Holding (Private) Limited	21,153	20,444	21.21	20.50
M/s Al-Miftah Holding (Private) Limited	14,895	9,147	14.94	9.17
M/s Rising Star Holding (Private) Limited	6,531	6,309	6.55	6.33
M/s Golden Globe Holding (Private) Limited	8,479	8,479	8.50	8.50

(Un-audited) December 31, 2016	(Audited) June 30, 2016
-- Rupees in thousands --	

13 DEFERRED TAXATION

Taxable temporary differences

- accelerated tax depreciation	304,855	298,640
--------------------------------	---------	---------

Deductible temporary differences

- Provisions for doubtful debts and stores	(41,843)	(41,280)
- Excess of Alternate tax over corporate tax	-	(39,554)
- Unadjusted tax credit u/s 65B	-	(32,811)
	(41,843)	(113,645)

<u>263,012</u>	<u>184,995</u>
----------------	----------------

14 TRADE AND OTHER PAYABLES

Trade creditors	46,013	33,039
Accrued liabilities	118,730	145,425
Bills payable	54,608	43,621
Advances from customers	25,365	36,415
Contractors retention money	13	188
Excise duty and sales tax payable	17,006	40,770
Payable to Gratuity Fund	6,101	14,465
Workers' Profit Participation Fund	66,888	75,424
Workers' Welfare Fund	24,254	29,857
Dividend payable	669	380
Other liabilities	5,151	4,865
	<u>364,798</u>	<u>424,449</u>

15 CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

The status of contingencies is same as disclosed in the annual audited consolidated financial statements for the year ended June 30, 2016 except for matters disclosed in note 26.1.5 and 26.1.8 of the annual audited consolidated financial statements. The status of note 26.1.5 is explained in note 15.1.1 and status of note 26.1.8 is explained in note 9.1 of these condensed interim consolidated financial statements.

- 15.1.1 Subsequent to the period end, Appellate Tribunal Inland Revenue (ATIR) has passed an order in favor of the Holding Company. Moreover, no further appeal has been made by the Tax Authorities against the said order.

15.2 Commitments

	(Un-audited) December 31, 2016	(Audited) June 30, 2016
Commitments in respect of capital expenditure	2,765	4,852
Guarantees given by banks on behalf of the Group	376,204	391,408
	<u>378,969</u>	<u>396,260</u>

-- Rupees in thousands --

16 SALES - NET

	Half year ended December 31, 2016		Quarter ended December 31, 2015	
	----- (Un-audited) ----- ----- Rupees in thousands -----			
Gross sales				
- Local	2,427,127	1,487,429	1,552,228	862,341
- Export	5,094	6,557	1,726	4,063
	<u>2,432,221</u>	<u>1,493,986</u>	<u>1,553,954</u>	<u>866,404</u>
Less:				
- Federal Excise Duty	(276,650)	(68,571)	(179,175)	(40,104)
- Sales Tax	(384,082)	(238,384)	(244,046)	(138,186)
	<u>(660,732)</u>	<u>(306,955)</u>	<u>(423,221)</u>	<u>(178,290)</u>
	<u>1,771,489</u>	<u>1,187,031</u>	<u>1,130,733</u>	<u>688,114</u>

17 COST OF SALES

Raw material consumed	127,407	68,273	83,900	30,962
Manufacturing expenses				
Packing material consumed	77,697	56,188	47,382	34,980
Stores, spare parts and loose tools consumed	66,043	37,831	36,578	20,097
Fuel and power	515,564	458,906	302,244	205,967
Salaries, wages and other benefits	171,590	134,620	102,266	68,070
Insurance	12,969	15,071	6,478	7,431
Repairs, operations and maintenance	26,881	29,314	13,896	11,375
Depreciation	79,930	64,881	44,739	31,928
Vehicle hire, running & maintenance	5,724	6,170	2,901	2,767
Communication	971	1,037	485	433
Entertainment	1,195	1,648	564	460
Provision for slow moving stores & spares	1,877	-	1,877	-
Other production overheads	2,443	5,463	1,627	3,657
	<u>962,884</u>	<u>811,129</u>	<u>561,037</u>	<u>387,165</u>
Cost of production	<u>1,090,291</u>	<u>879,402</u>	<u>644,937</u>	<u>418,127</u>

Half year ended December 31, 2016		Quarter ended December 31, 2015	
---	--	---------------------------------------	--

----- (Un-audited) -----
----- Rupees in thousands -----

Work-in-process

Opening balance	114,614	135,351	168,115	274,910
Closing balance	(74,550)	(259,878)	(74,550)	(259,878)
	<u>40,064</u>	<u>(124,527)</u>	<u>93,565</u>	<u>15,032</u>

Cost of goods manufactured

	<u>1,130,355</u>	<u>754,875</u>	<u>738,502</u>	<u>433,159</u>
--	------------------	----------------	----------------	----------------

Finished goods

Opening balance	33,767	31,382	32,630	33,638
Closing balance	(29,798)	(36,388)	(29,798)	(36,388)
	<u>3,969</u>	<u>(5,006)</u>	<u>2,832</u>	<u>(2,750)</u>

	<u><u>1,134,324</u></u>	<u><u>749,869</u></u>	<u><u>741,334</u></u>	<u><u>430,409</u></u>
--	-------------------------	-----------------------	-----------------------	-----------------------

18 OTHER INCOME

Income from financial assets

Income on bank deposit accounts	12,941	17,114	5,851	7,844
Gain on disposal of Available for sale investment	98,717	68,186	98,717	-
	<u>111,658</u>	<u>85,300</u>	<u>104,568</u>	<u>7,844</u>

Others

Scrap sales	2,026	10,089	1,942	5,946
Gain on disposal of property, plant & equipments	-	305	-	305
Gain on sale of store items	1,377	-	1,377	-
Rental income	660	3,351	475	1,684
Others	832	2,506	522	2,098
	<u>4,895</u>	<u>16,251</u>	<u>4,316</u>	<u>10,033</u>

	<u><u>116,553</u></u>	<u><u>101,551</u></u>	<u><u>108,884</u></u>	<u><u>17,877</u></u>
--	-----------------------	-----------------------	-----------------------	----------------------

19 TAXATION

Current tax	121,378	1,459	78,782	(14,102)
Prior year (reversal) / charge	137	(505)	137	(505)
Deferred tax charge	7,951	5,085	4,068	(20,274)
	<u>129,466</u>	<u>6,039</u>	<u>82,987</u>	<u>(34,881)</u>

19.1 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.

20 EARNINGS PER SHARE - BASIC AND DILUTED

Profit after taxation attributable to ordinary shareholders (Rupees in thousands)	<u>399,776</u>	<u>313,459</u>	<u>289,330</u>	<u>191,017</u>
Weighted average number of ordinary shares	<u>99,718,125</u>	<u>99,718,125</u>	<u>99,718,125</u>	<u>99,718,125</u>
Earnings per share (Rupees)	<u>4.01</u>	<u>3.14</u>	<u>2.90</u>	<u>1.92</u>

21 RELATED PARTY TRANSACTIONS & BALANCES

Related parties comprises of major shareholders, 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 half year ended / outstanding balances as at December 31, 2016 with related parties are as follows:

	Half year ended December 31, 2016 2015	
	-- (Un-audited) --	
	-- Rupees in thousands --	
21.1 Transactions with related parties		
21.1.1 Associated Companies		
Sui Southern Gas Company Limited		
- Purchase of gas excluding GST	<u>200,734</u>	<u>175,898</u>
- Payment against purchase of gas excluding GST	<u>195,657</u>	<u>180,436</u>
Bandhi Sugar Mills (Private) Limited		
- Sale of cement	<u>-</u>	<u>288</u>
- Receipt against sale of cement	<u>-</u>	<u>288</u>
21.1.2 Key management personnel		
- Salaries and benefits	<u>83,778</u>	<u>60,357</u>
- Sale of vehicle	<u>458</u>	<u>400</u>
21.1.3 Other related parties		
- Contribution to employees' Gratuity Fund	<u>14,465</u>	<u>11,262</u>
- Contribution to employees' Provident Fund	<u>4,515</u>	<u>4,148</u>
- Education expenses - Model Terbiat School	<u>3,109</u>	<u>2,616</u>
21.2 Balances with related parties		
21.2.1 Associated Companies		
Sui Southern Gas Company Limited		
- Payable against purchase of gas excluding GST	<u>40,499</u>	<u>35,422</u>
Habib Bank Limited		
- Current account balance	<u>37</u>	<u>37</u>
21.2.2 Other related parties		
- Payable to Gratuity Fund	<u>6,101</u>	<u>14,465</u>

(Un-audited) December 31, 2016	(Audited) June 30, 2016
--------------------------------------	-------------------------------

-- Rupees in thousands --

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

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

22 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.

22.1 Revenues

	Cement		Power		Intra group adjustment		Consolidated	
	December 2016	December 2015	December 2016	December 2015	December 2016	December 2015	December 2016	December 2015
----- Un-audited -----								
----- Rupees in thousands -----								
Sales - net	1,766,573	1,179,300	302,175	263,346	(297,259)	(255,615)	1,771,489	1,187,031
Cost of sales	(1,176,512)	(801,312)	(256,974)	(209,502)	299,162	260,945	(1,134,324)	(749,869)
Gross profit	590,061	377,988	45,201	53,844	1,903	5,330	637,165	437,162
Selling and distribution cost	(45,490)	(28,441)	-	-	-	-	(45,490)	(28,441)
Administrative expenses	(67,944)	(53,305)	(9,872)	(10,811)	7,986	7,260	(69,830)	(56,856)
	(113,434)	(81,746)	(9,872)	(10,811)	7,986	7,260	(115,320)	(85,297)
Operating profit	476,627	296,242	35,329	43,033	9,889	12,590	521,845	351,865
Other operating expenses	(27,764)	(25,103)	-	(5,071)	-	-	(27,764)	(30,174)
Finance cost	(52,743)	(61,586)	(30,958)	(35,688)	8,326	1,736	(75,375)	(95,538)
	(80,507)	(86,689)	(30,958)	(40,759)	8,326	1,736	(103,139)	(125,712)
Other income	122,800	95,382	10,392	15,492	(16,639)	(9,323)	116,553	101,551
Segment results	518,920	304,935	14,763	17,766	1,576	5,003	535,259	327,704
Unallocated expenditures	-	-	-	-	-	-	-	-
Profit before tax	518,920	304,935	14,763	17,766	1,576	5,003	535,259	327,704
Tax	(129,143)	(5,112)	(323)	(927)	-	-	(129,466)	(6,039)
Profit after tax	389,777	299,823	14,440	16,839	1,576	5,003	405,793	321,665

22.2 Other information

	Cement		Power		Intra group adjustment		Consolidated	
	December 2016 (Un-audited)	June 2016 (Audited)	December 2016 (Un-audited)	June 2016 (Audited)	December 2016 (Un-audited)	June 2016 (Audited)	December 2016 (Un-audited)	June 2016 (Audited)
	----- Rupees in thousands -----							
Segment assets	3,970,860	3,944,629	1,977,494	1,982,485	(592,194)	(556,209)	5,356,160	5,370,905
Unallocated corporate assets	-	-	-	-	-	-	-	-
Total assets	<u>3,970,860</u>	<u>3,944,629</u>	<u>1,977,494</u>	<u>1,982,485</u>	<u>(592,194)</u>	<u>(556,209)</u>	<u>5,356,160</u>	<u>5,370,905</u>
Segment liabilities	1,720,213	1,869,660	710,802	730,233	(290,393)	(252,832)	2,140,622	2,347,061
Unallocated corporate liabilities	-	-	-	-	-	-	-	-
Total liabilities	<u>1,720,213</u>	<u>1,869,660</u>	<u>710,802</u>	<u>730,233</u>	<u>(290,393)</u>	<u>(252,832)</u>	<u>2,140,622</u>	<u>2,347,061</u>
Capital expenditure	<u>18,781</u>	<u>146,540</u>	<u>1,396</u>	<u>16,079</u>	<u>-</u>	<u>-</u>	<u>20,177</u>	<u>162,619</u>
Depreciation	<u>66,977</u>	<u>111,255</u>	<u>16,026</u>	<u>29,868</u>	<u>-</u>	<u>-</u>	<u>83,003</u>	<u>141,123</u>
Non-cash expenses other than depreciation	<u>3,482</u>	<u>18,639</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,482</u>	<u>18,639</u>

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

22.3.1 Operating revenues

	Consolidated December 31, 2016 2015	
	----- (Un-audited) -----	
	-- Rupees in thousands --	
Total revenue of reportable segments	2,068,748	1,442,646
Elimination of intra group revenue	(297,259)	(255,615)
Consolidated revenue	<u>1,771,489</u>	<u>1,187,031</u>

22.3.2 Profit and loss

Total profit before tax of reportable segments	533,683	322,701
Adjustment of unrealized profit and intra group transactions	1,576	5,003
Consolidated profit before tax	<u>535,259</u>	<u>327,704</u>

Consolidated	
December 31, 2016	June 30, 2016
(Un-audited)	(Audited)

-- Rupees in thousands --

22.3.3 Assets

Total assets of reportable segments	5,948,354	5,927,114
Elimination of intra group balances and unrealised profit	(590,591)	(554,606)
Reclassification for consolidation purposes	(1,603)	(1,603)
Consolidated assets	<u>5,356,160</u>	<u>5,370,905</u>

22.3.4 Liabilities

Total liabilities of reportable segments	2,431,015	2,599,893
Elimination of intra group balances	(290,393)	(252,832)
Consolidated liabilities	<u>2,140,622</u>	<u>2,347,061</u>

22.4 Geographical segment analysis

Revenue		Total Assets		Net Assets	
(Un-audited) December 2016	(Un-audited) December 2015	(Un-audited) December 2016	(Audited) June 2016	(Un-audited) December 2016	(Audited) June 2016

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

Pakistan	1,766,395	1,180,474	5,356,160	5,370,905	3,215,538	3,023,844
Export Processing Zone - Karachi	5,094	6,557	-	-	-	-
	<u>1,771,489</u>	<u>1,187,031</u>	<u>5,356,160</u>	<u>5,370,905</u>	<u>3,215,538</u>	<u>3,023,844</u>

22.5 Information about major customers

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

23 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets and liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable either, directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Assets measured at fair value

Available-for-sale

		Carrying Amount	Level 1	Level 2	Level 3	Total
----- Rupees in thousands -----						
Listed Shares	December 31, 2016	194,865	194,865	-	-	194,865
Listed Shares	June 30, 2016	164,768	164,768	-	-	164,768

24 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.

Corresponding figures have been reclassified for the purposes of better comparison and presentation as follows:

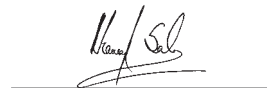
Nature of reclassification	Note	Reclassification from	Reclassification to	Rupees in thousands
Cost of sales	17	Other production overheads	- Vehicle hire, running & maintenance - Communication - Entertainment - Other production overheads	6,170 1,037 1,648 5,463

25 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim consolidated financial statements have been authorized for issue on February 15, 2017 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