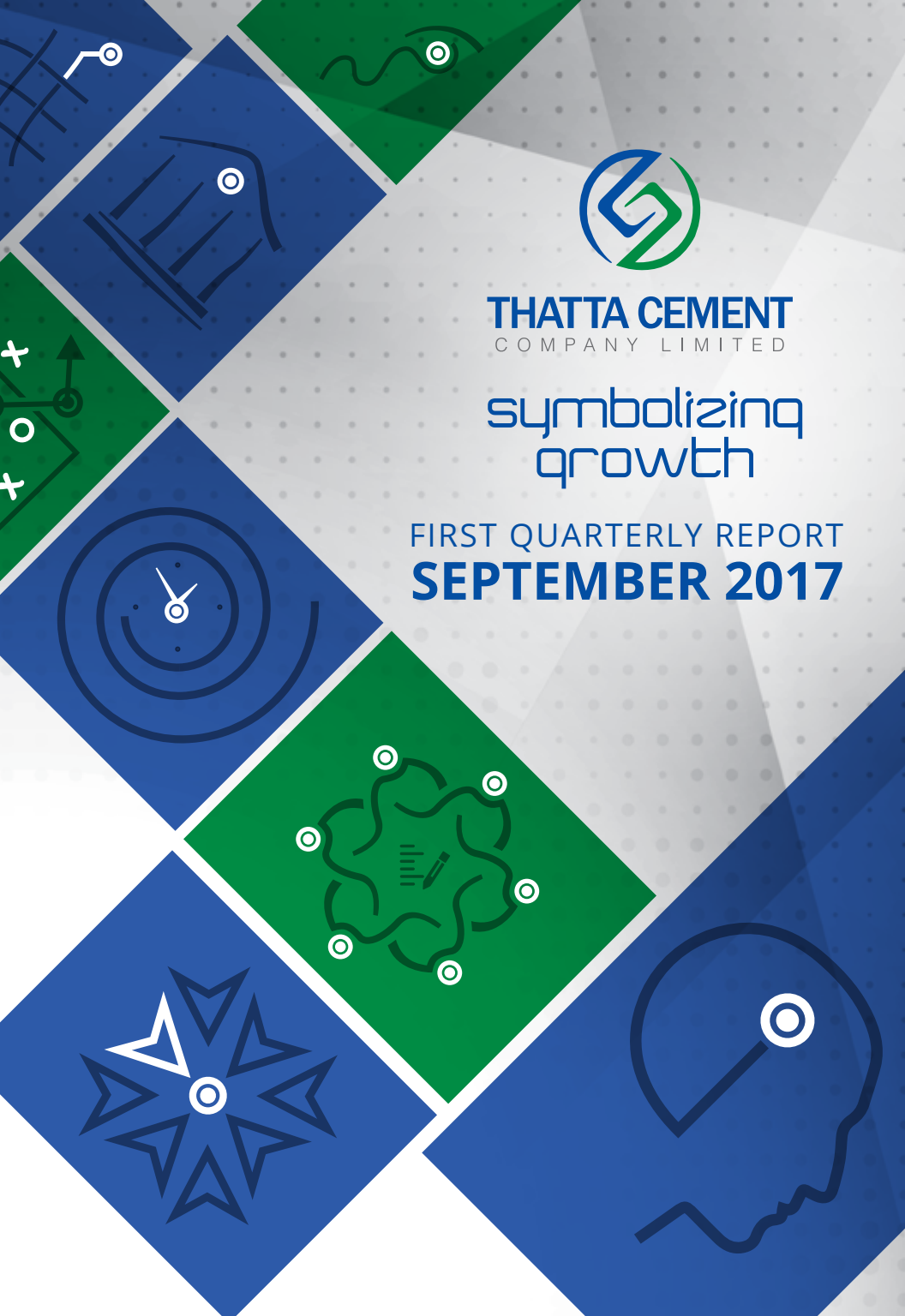




THATTA CEMENT
COMPANY LIMITED

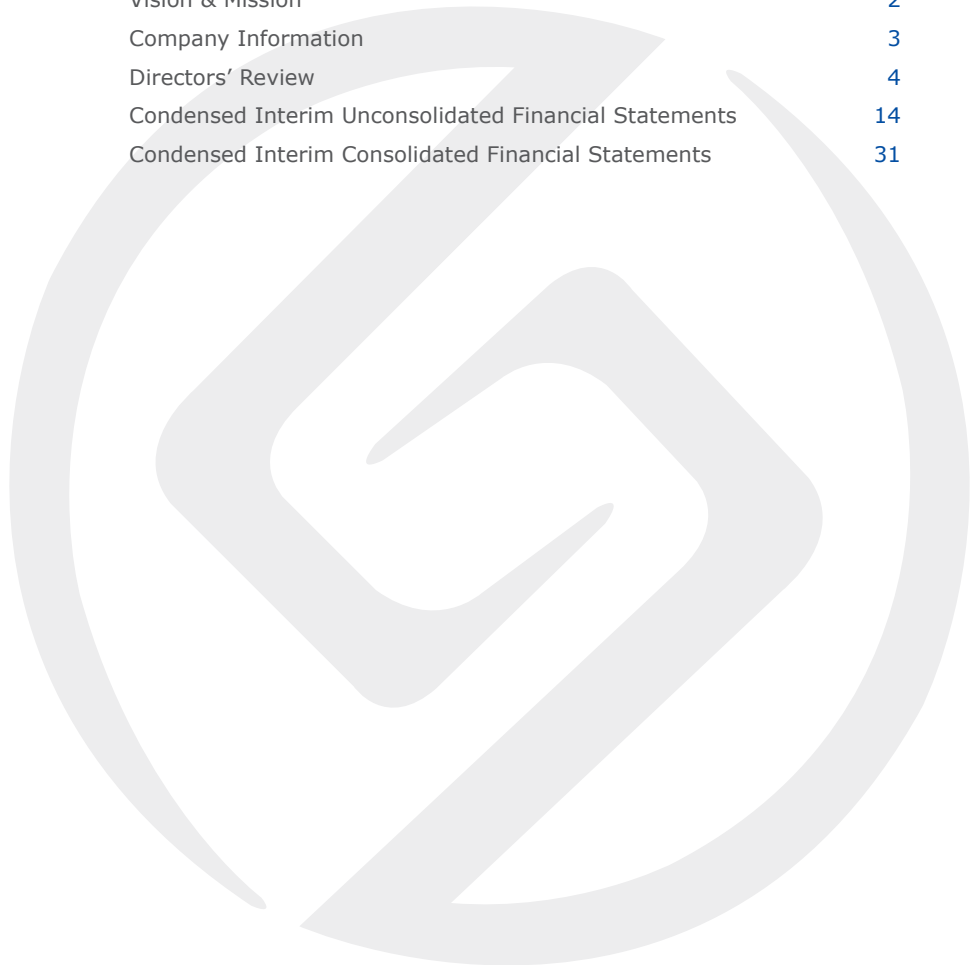
symbolizing
growth

FIRST QUARTERLY REPORT
SEPTEMBER 2017



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Vision

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

Mission

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

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Khawaja Muhammad Salman Younis	Chairman
Mr. Shahid Aziz Siddiqui	Director
Mr. Agha Sher Shah	Director
Mr. Saleem Zamindar	Director
Mr. Attaullah A. Rasheed	Director
Mr. Muhammad Fazlullah Shariff	Chief Executive
Mr. Muhammad Taha Hamdani	Director

AUDIT COMMITTEE

Mr. Attaullah A. Rasheed	Chairman
Mr. Khawaja Muhammad Salman Younis	Member
Mr. Shahid Aziz Siddiqui	Member
Mr. Saleem Zamindar	Member

HR & REMUNERATION COMMITTEE

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

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Muhammad Taha Hamdani

STATUTORY AUDITOR

M/s Grant Thornton Anjum Rahman, Chartered 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 present herewith their review and the un-audited condensed interim financial statements for the quarter ended September 30, 2017.

INDUSTRY OVERVIEW

During the first quarter of the current fiscal year, cement industry posted a growth of 21.94% in local sales whereas exports remained under pressure and showed a decline of 16.70% as compared to that of the first quarter of previous fiscal year. Overall growth remained higher by 15.29% year-on-year for the quarter. Domestic cement demand in both regions i.e. north and south of the country was higher than the same period of previous year. This performance was achieved despite prevailing political uncertainty; slow down in infrastructure projects and Eid-ul-Azha and Ashura holidays during quarter.

Cement production capacities are likely to increase in near future. However, to tap the potential benefits of additional capacities, industry would require an export base to operate at optimum capacity. Moreover, GoP needs to facilitate cement exports as in the past by announcing a scheme of freight subsidy to such exporters, as well as consider lowering duties and taxes on the sector to make them competitive in the international markets.

BUSINESS PERFORMANCE

(a) Production and Sales Volume Performance

The clinker production of the Company during the period under review was 103,732 tons implying utilization of 81.35% of its rated capacity as compared to 81.29% capacity utilization in the corresponding period of previous year.

Cement production showed a marginal decrease whereas cement sales of the Company during the quarter remained more or less same compared with that of the corresponding period. However, sale of clinker registered a decline of 74.75% as compared to the corresponding period of previous year.

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

Description	September 2017	September 2016	Variance	
	----- Metric Tons -----			%
Plant capacity – Clinker	127,500	127,500	-	-
Production				
- Clinker	103,732	103,652	80	0.07
- Cement	77,923	78,056	(133)	(0.17)
- GGBFS	5,251	-	5,251	100
- Class G Cement	610	-	610	100
Dispatches				
Cement				
- Local	77,971	77,205	766	0.99
- Class G	222	512	(290)	(56.64)
- Exports	-	490	(490)	(100)
	78,193	78,207	(14)	(0.01)

Description	September 2017	September 2016	Variance	
	----- Metric Tons -----			%
Clinker	4,989	19,758	(14,769)	(74.75)
GBFS & GGBFS – Local	5,251	2,670	2,581	96.67
	<u>88,433</u>	<u>100,635</u>	<u>(12,202)</u>	<u>(12.12)</u>

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

Description	September 2017	September 2016	Variance	
	----- Million Metric Tons -----			%
Cement Industry				
Local sales	9.061	7.431	1.630	21.94
Exports	1.287	1.545	(0.258)	(16.70)
	<u>10.348</u>	<u>8.976</u>	<u>1.372</u>	<u>15.29</u>
	----- Metric Tons -----			
Thatta Cement Company Limited				
Local sales – Cement	77,971	77,205	766	0.99
Local sales – Clinker	4,989	19,758	(14,769)	(74.75)
Class G Cement	222	512	(290)	(56.64)
Exports	-	490	(490)	(100)
GBFS & GGBFS	5,251	2,670	2,581	96.67
	<u>88,433</u>	<u>100,635</u>	<u>(12,202)</u>	<u>(12.12)</u>

(b) Financial Performance

A comparison of the financial results of the Company's performance for the quarter ended September 30, 2017 with the same period last year is as under:

Particulars	September 2017	September 2016
	----- Rupees in thousands -----	
Sales – net	613,250	638,538
Gross profit	186,985	226,096
Selling & distribution cost	15,324	17,474
Finance cost	16,818	27,281
Profit before taxation	124,589	152,527
Profit after taxation for the quarter	88,265	106,342
Earnings per share (Rupees)	0.89	1.07

The cost of sales during the quarter ended September 30, 2017 was 4.92 % higher as compared to the corresponding quarter. Therefore, your Company earned a profit before tax of Rs. 124.589 million after providing depreciation of Rs. 30.990 million.

(i) Sales Performance

Sales of the Company during the quarter ended September 30, 2017 decreased by a nominal 3.96% in value terms. Cement sales of the Company almost remained same in terms of volume.

(ii) Cost of Sales

The cost of sales ratio has increased to 69.51% during the quarter as compared to 64.59% in the corresponding period. This increase is mainly on account of fixed cost incurred in the month of September 2017 when the production of clinker was suspended due to normal maintenance of plant and therefore charged to profit and loss account as period cost in accordance with the applicable International Accounting Standards. Moreover, increase is also due to prices of coal consumed were higher in the current quarter as compared to the previous year.

(iii) Distribution Cost

Distribution cost has decreased by 12.30% during the quarter as compared to the corresponding period of last year mainly on account of lower commission expense incurred due to decline in sale of clinker.

(iv) Finance Cost

Finance cost has substantially decreased by 38.35% during the quarter as compared to the corresponding period due to decrease in outstanding amount of long term financing facility obtained for BMR project resulted from prepayment of Rs. 475 million in the preceding year.

FUTURE OUTLOOK

First quarter for the current financial year indicated the growth of 21.94% in local cement sales compared with corresponding period of last year. However, considering the gradual addition in production capacity ahead by leading players in the South may bring pressure on prices of cement going forward.

Substantial gap in balance of payments is of serious concern for the macro economic situation of the country which needs to be urgently addressed by the Government by taking appropriate economic measures. Moreover, continuing instability on political front is also hampering the growth and spending in public sector development projects.

However, it is expected that expenditure on infrastructure projects will pick momentum by the end of next quarter in the purview of upcoming elections in the next calendar year, which shall boost up the construction activity and have a positive impact on cement sector.

Waste Heat Recovery Project

The arrangement of financing for the project has been finalized with the syndicate of Banks and letter of credit has been established in favor of the supplier for the supply of plant and machinery for the project.

PERFORMANCE OF THE GROUP

A brief of the financial position and performance of the Group for the quarter ended September 30, 2017 is provided below.

Balance Sheet

	September 2017	June 2017
----- Rupees in thousands -----		
Property, plant and equipment	3,241,107	3,265,979
Stock-in-trade	445,544	353,970
Trade debts	511,923	404,434
Share capital	997,181	997,181
Total equity - Holding Company	2,905,046	3,005,185
Trade and other payables	544,591	484,267
Short term borrowings	331,891	191,047

Profit and loss

	September 2017	September 2016
----- Rupees in thousands -----		
Sales - net	796,681	640,756
Gross profit	275,938	247,766
Profit before taxation	198,688	159,394
Profit after taxation for the quarter	161,840	112,915
Earnings per share (Rupees)	1.35	1.11

ACKNOWLEDGEMENT

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

On behalf of the Board



Muhammad Fazlullah Shariff
Chief Executive

Karachi: October 25, 2017

September 2017	September 2016
----- Rupees in thousands -----	

Profit and loss

Sales - net	796,681	640,756
Gross profit	275,938	247,766
Profit before taxation	198,688	159,394
Profit after taxation for the quarter	161,840	112,915
Earnings per share (Rupees)	1.35	1.11

اعتراف خدمات

ڈائریکٹرز کمپنی کے تمام حصص داران، مالیاتی اداروں اور اپنے صارفین کے بے حد مشکور ہیں کہ ان کا تعاون، حمایت اور رہنمائی ہمارے شامل حال رہی۔ ڈائریکٹرز کمپنی کے ملازمین کی جانب سے انتھک محنت، اجتماعی کاوشوں اور اخلاص نیت کا احترام کرتے ہیں اور اس بات کی امید کرتے ہیں کہ مستقبل میں بھی کمپنی کو مزید مستحکم بنانے کیلئے ان کی جانب سے اسی جوش و جذبے کا اظہار کیا جائے گا اور ان کی کوششوں کے نتیجے میں کمپنی مستقبل میں پیش آنے والے چیلنجز سے نبرد آزما ہونے کیلئے تیار رہے گی۔

منجانب بورڈ آف ڈائریکٹرز

کراچی: 25 اکتوبر 2017

محمد فضل اللہ شریف
چیف ایگزیکٹو

ملک میں ادا بینگیوں کے توازن کے سلسلے میں پایا جانے والا بڑا فرق ملک کی مجموعی معیشت کے لیے ایک اہم مسئلہ ہے۔ حکومت پاکستان پر لازم ہے کہ اس مسئلے سے نمٹنے کیلئے خاطر خواہ معاشی اقدامات اٹھائے۔ مزید برآں، ملک میں غیر یقینی اور غیر مستحکم سیاسی صورتحال بھی ایک جانب شرح نمو کو متاثر کر رہی ہے تو دوسری جانب ان حالات کی وجہ سے پبلک سیکٹر کے ترقیاتی پروجیکٹس پر کی جانے والی سرمایہ کاری بھی بڑی طرح متاثر ہو رہی ہے۔

تاہم اس بات کی قوی امید کی جاسکتی ہے کہ آئندہ انتخابات کی وجہ سے دوسری سہ ماہی کے اخیر سے پبلک سیکٹر کے انفراسٹرکچر پر کئے جانے والے اخراجات میں ایک مرتبہ پھر سے تیزی کا رجحان دیکھنے کو مل سکتا ہے۔ ان اقدامات کی وجہ سے ملک میں تعمیراتی صنعت کی سرگرمیوں میں تیزی کے ساتھ ساتھ سینٹ کی صنعت پر بھی مثبت اثرات مرتب ہوں گے۔

ویسٹ ہیٹ ریکوری منصوبہ

پروجیکٹ ہڈ کیلئے بینکوں کے سینڈکیٹ کے ساتھ سرمائے کی فراہمی کے بندوبست کو حتمی شکل دی جا چکی ہے اور پروجیکٹ کیلئے سپلائی کی جانے والی مشینری کے ضمن میں سپلائر کے حق میں لیٹر آف کریڈٹ جاری کر دیا گیا ہے۔

گروپ کی کارکردگی

رواں سہ ماہی 30 ستمبر 2017 کے دوران گروپ کی مالیاتی پوزیشن اور کارکردگی کو ذیل میں پیش کیا جا رہا ہے:

	September 2017	June 2017
	----- Rupees in thousands -----	
Property, plant and equipment	3,241,107	3,265,979
Stock-in-trade	445,544	353,970
Trade debts	511,923	404,434
Share capital	997,181	997,181
Total equity - Holding Company	2,905,046	3,005,185
Trade and other payables	544,591	484,267
Short term borrowings	331,891	191,047

Balance Sheet

(ii) لاگت برائے فروخت

گزشتہ سال کی سہ ماہی کے مقابلے میں لاگت فروخت کے تناسب میں اضافہ ہوا جو کہ گزشتہ سال کی سہ ماہی کے 64.59 فیصد کے مقابلے میں بڑھ کر 69.51 فیصد ہو گئی ہے۔ لاگت برائے فروخت میں اس اضافے کی بنیادی وجہ ماہ ستمبر 2017 کے دوران کیلئے جانے والے مستقل اخراجات ہیں ہے جو کہ پلانٹ کی معمول کی مرمت کیلئے کلنکر کی پیداوار کو معطل کرنے کے دوران خرچ ہوئے اور ان اخراجات کو پیریڈ کی کوسٹ میں شامل کیا گیا ہے جو کہ انٹر نیشنل اکاؤنٹنگ اسٹیٹنڈرڈ کے عین مطابق ہے۔ علاوہ ازیں، اس سہ ماہی کے دوران استعمال کئے جانے والے کونسلے کی قیمت گزشتہ سال اسی عرصے کے دوران استعمال کئے جانے والے کونسلے کی قیمتوں کے مقابلے میں زیادہ تھیں۔

(iii) لاگت ترسیل

گزشتہ سال اسی عرصے کے مقابلے میں 30 ستمبر 2017 کی سہ ماہی کے دوران لاگت ترسیل میں 12.30 فیصد کی کمی ریکارڈ کی گئی جسکی بنیادی وجہ کمیشن کے اخراجات میں کمی تھی کیونکہ اس سہ ماہی کے دوران کلنکر کی فروخت میں کمی واقع ہوئی تھی۔

(iv) مالیاتی لاگت

گزشتہ سال اسی عرصے کے مقابلے میں 30 ستمبر 2017 کی سہ ماہی کے دوران مالیاتی لاگت میں 38.35 فیصد کی خاطر خواہ کمی واقع ہوئی ہے۔ اس کمی کی بنیادی وجہ طویل المیعاد قرض میں کمی تھی جو کہ بی ایم آر کیلئے حاصل کیا گیا تھا اور گزشتہ سال اس سلسلے میں 475 ملین روپے کی قبل از وقت ادائیگی کی گئی۔

مستقبل کا جائزہ

گزشتہ سال اسی عرصے کے مقابلے میں 30 ستمبر 2017 کی سہ ماہی کے دوران مقامی سطح پر فروخت میں 21.94 فیصد اضافہ ریکارڈ کیا گیا۔ تاہم جنوبی خطے میں سیمینٹ کی صنعت کی معروف کمپنیوں کی جانب سے آنے والے وقتوں میں پیداواری صلاحیت میں اضافے کی وجہ سے سیمینٹ کی قیمتیں مستقبل میں دباؤ کا شکار رہیں گی۔

کمپنی فروخت کا تقابلی جائزہ

Description	September 2017	September 2016	Variance	
	----- Million Metric Tons -----			%
Cement Industry				
Local sales	9,061	7,431	1,630	21.94
Exports	1,287	1,545	(0,258)	(16.70)
	<u>10,348</u>	<u>8,976</u>	<u>1,372</u>	<u>15.29</u>
	----- Metric Tons -----			
Thatta Cement Company Limited				
Local sales – Cement	77,971	77,205	766	0.99
Local sales – Clinker	4,989	19,758	(14,769)	(74.75)
Class G Cement	222	512	(290)	(56.64)
Exports	-	490	(490)	(100)
GBFS & GGBFS	5,251	2,670	2,581	96.67
	<u>88,433</u>	<u>100,635</u>	<u>(12,202)</u>	<u>(12.12)</u>

مالیاتی کارکردگی

کمپنی کی کارکردگی برائے سہ ماہی 30 ستمبر 2017 بمقابلہ سال گزشتہ سہ ماہی کا تقابلی جائزہ درج ذیل ہے:

Particulars	September 2017	September 2016
	----- Rupees in thousands -----	
Sales – net	613,250	638,538
Gross profit	186,985	226,096
Selling & distribution cost	15,324	17,474
Finance cost	16,818	27,281
Profit before taxation	124,589	152,527
Profit after taxation for the quarter	88,265	106,342
Earnings per share (Rupees)	0.89	1.07

30 ستمبر 2017 کو ختم ہونے والی سہ ماہی میں فروخت کی لاگت گزشتہ سال کے مقابلے میں 4.92 فیصد زیادہ رہی۔ لہذا اس سہ ماہی میں کمپنی کا قبل از ٹیکس منافع 124,589 ملین روپے ہے جو کہ فرسودگی (depreciation) کی مد میں 30,990 ملین روپے کے بعد ہے۔

(i) فروخت کی کارکردگی

قدر کے لحاظ سے 30 ستمبر 2017 کو ختم ہونے والی سہ ماہی کے اختتام تک کمپنی کی فروخت میں 3.96 فیصد کی معمولی کمی واقع ہوئی ہے۔ کمپنی کی سیمنٹ کی فروخت کا حجم کم و بیش وہی رہا۔

کاروباری کارکردگی

پیداوار اور فروخت کی کارکردگی

رواں سہ ماہی کے دوران کمپنی کی جانب سے کلنکر کی پیداوار 103,732 ٹن رہی جو کہ پیداواری گنجائش کی 81.35 فیصد ہے۔ جبکہ گزشتہ سال اسی عرصے کے دوران زیر استعمال لائی جانے والی صلاحیت 81.29 فیصد تھی۔

گویا کہ سیمنٹ کی پیداوار میں معمولی سی کمی واقع ہوئی ہے جبکہ کمپنی کی جانب سے سیمنٹ کی فروخت میں رواں سہ ماہی کے دوران فروختگی میں گزشتہ سال کی اسی سہ ماہی میں حجم کم و بیش وہی رہا۔ تاہم کلنکر کی فروخت میں گزشتہ سال کی اسی سہ ماہی کے مقابلے میں 74.75 فیصد کمی واقع ہوئی ہے۔

رواں سال اور سال گزشتہ سہ ماہی کا موازنہ

Description	September 2017	September 2016	Variance	
			Metric Tons	%
Plant capacity – Clinker	127,500	127,500	-	-
Production				
- Clinker	103,732	103,652	80	0.07
- Cement	77,923	78,056	(133)	(0.17)
- GGBFS	5,251	-	5,251	100
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Dispatches				
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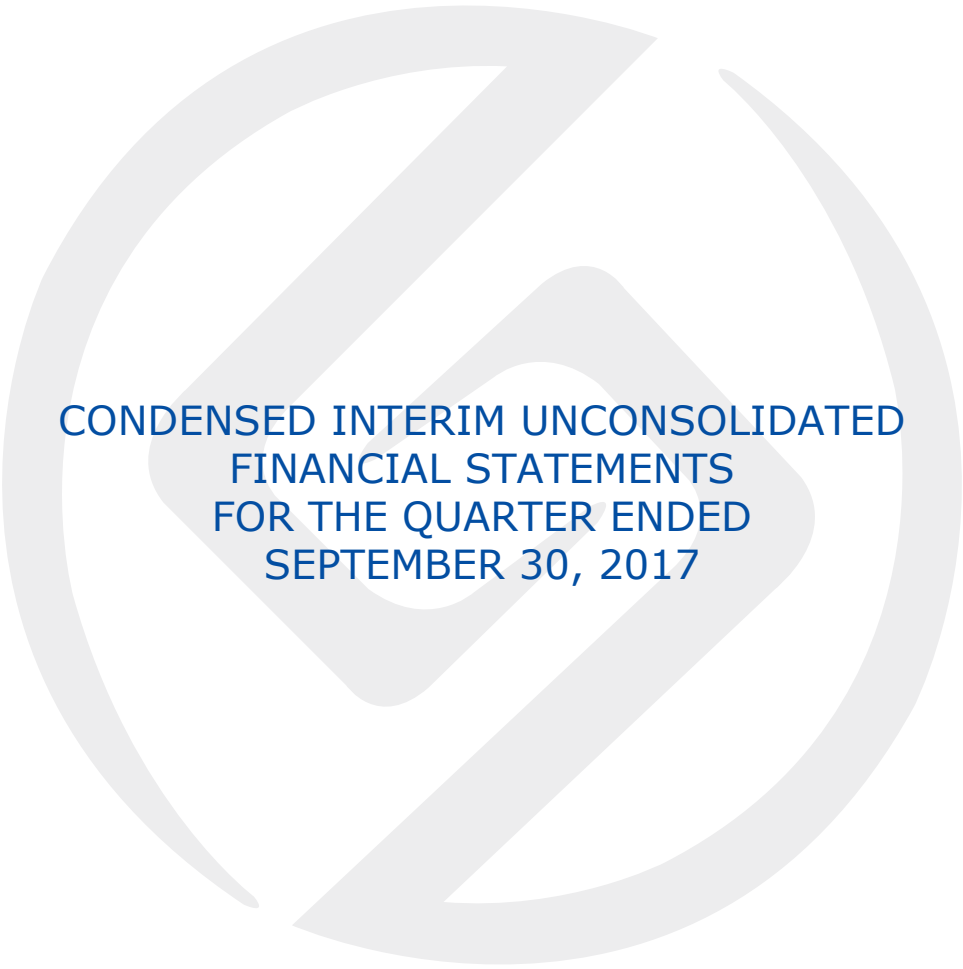
ڈائریکٹرز کا تجزیہ

بورڈ آف ڈائریکٹرز کی جانب سے 30 ستمبر 2017 کو ختم ہونے والی سہ ماہی کے غیر آڈٹ شدہ گوشوارے اور ان کا تجزیہ پیش خدمت ہے۔

مجموعی صنعتی جائزہ

رواں مالی سال کی پہلی سہ ماہی کے دوران سیمنٹ کی صنعت میں مقامی سطح پر فروختگی میں 21.94 کی شرح نمو ریکارڈ کی گئی ہے جبکہ دوسری جانب برآمدات دباؤ کا شکار رہیں اور برآمدات میں گزشتہ سال کی پہلی سہ ماہی کے مقابلے میں 16.70 فیصد کمی ریکارڈ کی گئی ہے۔ مجموعی طور پر اس سہ ماہی کے دوران شرح نمو میں پچھلے سال کی اسی سہ ماہی کے مقابلے میں 15.29 فیصد کا اضافہ ریکارڈ کیا گیا ہے۔ گزشتہ سال کے اسی عرصے کے دوران کے مقابلے میں رواں سہ ماہی میں ملک کے دونوں خطوں یعنی شمال اور جنوب میں مقامی سطح پر سیمنٹ کی طلب میں اضافہ ہوا ہے۔ رواں سہ ماہی کے دوران غیر یقینی سیاسی صورتحال، انفراسٹرکچر کی تعمیرات میں سست روی، ایام عید الاضحیٰ اور ایام عاشورہ کے باوجود کارکردگی گزشتہ سال کی اسی سہ ماہی کے مقابلے میں بہتر رہی۔

مستقبل قریب میں سیمنٹ کی پیداواری صلاحیتوں میں اضافے کے امکانات متوقع ہیں۔ تاہم اگر صنعت کو اپنی مکمل پیداواری صلاحیتوں کو بروئے کار لاتے ہوئے بھرپور فوائد حاصل کرنے ہیں تو صنعت کو مضبوط بنیادوں پر برآمدات کی ضرورت ہوگی۔ مزید برآں اس سلسلے میں اس بات کی بھی ضرورت ہے کہ ماضی کی طرح حکومت پاکستان کی جانب سے برآمد کنندگان کو بذریعہ فریٹ سبسڈی اسکیم مراعات فراہم کی جائیں اور اس کے ساتھ ساتھ سیمنٹ کی صنعت کیلئے ٹیکسوں اور ڈیوٹیوں کی شرح میں کمی لائی جائے تاکہ سیمنٹ کی صنعت اس قابل ہو سکے کہ بین الاقوامی سطح پر اس میں مسابقتی قوت پیدا کی جاسکے۔



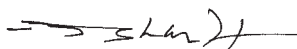
CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL STATEMENTS
FOR THE QUARTER ENDED
SEPTEMBER 30, 2017

CONDENSED INTERIM UNCONSOLIDATED BALANCE SHEET


As at September 30, 2017

		(Un-audited) September 30, 2017	(Audited) June 30, 2017
	Note	----- Rupees in thousands -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	2,035,694	2,055,402
Intangible assets		5,009	5,793
Long term investment in Subsidiary		299,158	299,158
Long term deposits		1,096	1,096
Total non-current assets		2,340,957	2,361,449
CURRENT ASSETS			
Stores, spare parts and loose tools	6	424,429	483,745
Stock-in-trade	7	467,821	362,673
Trade debts	8	90,244	136,623
Loan/advance to the Subsidiary		125,000	125,000
Advances	9	27,141	11,597
Trade deposits and short term prepayments		20,491	6,107
Other receivables and accrued interest	10	92,691	165,669
Taxation - net		134,148	140,432
Cash and bank balances		125,298	102,031
Total current assets		1,507,263	1,533,877
Total assets		3,848,220	3,895,326
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	11	997,181	997,181
Share premium		99,718	99,718
Accumulated profit		1,197,649	1,343,721
Total shareholders' equity		2,294,548	2,440,620
NON-CURRENT LIABILITIES			
Long term financing		261,767	319,750
Long term deposits		2,834	2,834
Long term employee benefit		18,435	17,699
Deferred taxation	12	270,505	268,572
Total non-current liabilities		553,541	608,855
CURRENT LIABILITIES			
Trade and other payables	13	430,853	420,061
Accrued mark-up		5,454	2,810
Current maturity of long term financing		231,933	231,933
Short term borrowings		331,891	191,047
Total current liabilities		1,000,131	845,851
Total equity and liabilities		3,848,220	3,895,326
CONTINGENCIES AND COMMITMENTS			
	14		

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



CHIEF EXECUTIVE




DIRECTOR

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

For the quarter ended September 30, 2017

	Note	Quarter ended September 30,	
		2017	2016
----- Rupees in thousands -----			
Sales - net	15	613,250	638,538
Cost of sales	16	(426,265)	(412,442)
Gross profit		186,985	226,096
Selling and distribution cost		(15,324)	(17,474)
Administrative expenses		(32,048)	(28,504)
		(47,372)	(45,978)
Operating profit		139,613	180,118
Other operating expenses		(9,095)	(11,027)
Finance cost		(16,818)	(27,281)
		(25,913)	(38,308)
Other income		10,889	10,717
Profit before taxation		124,589	152,527
Taxation	17	(36,324)	(46,185)
Profit for the quarter		88,265	106,342
Earnings per share - basic and diluted (Rupees)	18	0.89	1.07

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



CHIEF EXECUTIVE



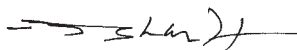
DIRECTOR

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

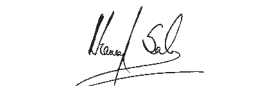
For the quarter ended September 30, 2017

	Quarter ended September 30,	
	2017	2016
	----- Rupees in thousands -----	
Profit for the quarter	88,265	106,342
Other comprehensive income		
<i>Items to be reclassified to unconsolidated profit and loss account in subsequent periods</i>		
Surplus on revaluation of Available for sale investment	-	10,742
Total comprehensive income for the quarter	88,265	117,084

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



CHIEF EXECUTIVE



DIRECTOR

CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)

For the quarter ended September 30, 2017

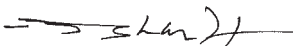
	Quarter ended September 30,	
	2017	2016
	----- Rupees in thousands -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	124,589	152,527
Adjustment for:		
Depreciation	30,990	29,303
Amortization	784	1,011
Finance cost	16,818	27,281
Provision for gratuity	3,425	3,050
Fixed assets written off	506	-
Provision for leave encashment	1,671	680
	54,194	61,325
Operating cash flows before working capital changes	178,783	213,852
Working capital changes		
<i>(Increase) / decrease in current assets</i>		
Stores, spare parts and loose tools	59,316	(66,862)
Stock-in-trade	(105,148)	(63,255)
Trade debts	46,379	7,508
Advances	(15,544)	12
Trade deposits and short term prepayments	(14,384)	(6,110)
Other receivables and accrued interest	72,978	3,380
	43,597	(125,327)
<i>Decrease in current liabilities</i>		
Trade and other payables excluding gratuity and dividend payable	(35,564)	(61,707)
Cash generated from operations	186,816	26,818
Finance cost paid	(14,174)	(27,463)
Gratuity paid	(10,000)	(14,465)
Leave encashment paid	(935)	(270)
Income tax paid - net	(28,107)	(42,773)
	(53,216)	(84,971)
Net cash generated from / (used in) operating activities	133,600	(58,153)

CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)

For the quarter ended September 30, 2017

	Quarter ended September 30,	
	2017	2016
----- Rupees in thousands -----		
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(12,221)	(8,802)
Addition in intangible assets	-	(2,519)
Proceeds from disposal of property, plant and equipment	433	458
Net cash used in investing activities	(11,788)	(10,863)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	(57,983)	(182,984)
Dividend paid	(181,406)	-
Long term deposits - liabilities	-	(1,000)
Net cash used in financing activities	(239,389)	(183,984)
Net decrease in cash and cash equivalents	(117,577)	(253,000)
Cash and cash equivalents at beginning of the quarter	(89,016)	218,601
Cash and cash equivalents at end of the quarter	(206,593)	(34,399)
CASH AND CASH EQUIVALENTS		
Cash and bank balances	125,298	87,271
Short term borrowings	(331,891)	(121,670)
	(206,593)	(34,399)

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



CHIEF EXECUTIVE



DIRECTOR

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

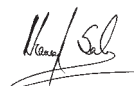
For the quarter ended September 30, 2017

	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, 2016 (audited)	997,181	99,718	64,522	913,548	2,074,969
<i>Transactions with owners recorded directly in equity</i>					
Final dividend @ Rs. 1.5 per share for the year ended June 30, 2016	-	-	-	(149,577)	(149,577)
<i>Total comprehensive income for the quarter ended September 30, 2016</i>					
Profit for the quarter	-	-	-	106,342	106,342
Surplus on revaluation of Available for sale investment	-	-	10,742	-	10,742
Balance as at September 30, 2016 (un-audited)	997,181	99,718	75,264	870,313	2,042,476
Balance as at July 1, 2017 (audited)	997,181	99,718	-	1,343,721	2,440,620
<i>Transactions with owners recorded directly in equity</i>					
Final dividend @ Rs. 2.35 per share for the year ended June 30, 2017	-	-	-	(234,337)	(234,337)
<i>Total comprehensive income for the quarter ended September 30, 2017</i>					
Profit for the quarter	-	-	-	88,265	88,265
Balance as at September 30, 2017 (un-audited)	997,181	99,718	-	1,197,649	2,294,548

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



CHIEF EXECUTIVE



DIRECTOR

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

For the quarter ended September 30, 2017

1 STATUS AND NATURE OF BUSINESS

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

2 BASIS OF PREPARATION

2.1 Statement of Compliance

The Companies Ordinance, 1984 was repealed by enactment of the Companies Act, 2017 (Act) on May 30, 2017. Securities & Exchange Commission of Pakistan (the Commission) vide its Circular No. 17 of 2017 has communicated its decision that the companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. In continuation to the above mentioned Circular, the Commission in view of the difficulties faced by the companies to comply with the provisions of the Act has advised vide Circular No. 23/2017 that the companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Furthermore, the Institute of Chartered Accountants of Pakistan (ICAP) has obtained clarification from the Commission in this regard, as per which the preparation of financial statements in accordance with the repealed Companies Ordinance, 1984 covers interim financial statements of the companies for the period ending on or before December 31, 2017. Therefore, these condensed interim unconsolidated financial statements for the quarter ended September 30, 2017 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, 2017.

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

These condensed interim unconsolidated financial statements comprises of the Condensed Interim Unconsolidated Balance Sheet as at September 30, 2017 and Condensed Interim Unconsolidated Profit and Loss Account, Condensed Interim Unconsolidated Statement of Comprehensive Income, Condensed Interim Unconsolidated Cash Flow Statement and Condensed Interim Unconsolidated Statement of Changes in Equity for the quarter ended September 30, 2017.

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, 2017.

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 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 and 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.

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, 2017.

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, 2017.

		(Un-audited) September 30, 2017	(Audited) June 30, 2017
	Note	----- Rupees in thousands -----	
5	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets	1,988,684	2,008,696
	Major stores and spares	47,010	46,706
		<u>2,035,694</u>	<u>2,055,402</u>
5.1	Operating fixed assets		
	Opening Written Down Value (WDV)	2,008,696	2,100,608
	Additions during the quarter / year - at cost		
	- Factory building on freehold land	-	7,771
	- Plant and machinery	9,633	41,335
	- Vehicles	1,394	5,704
	- Office & other equipment	-	454
	- Laboratory equipments	890	2,335
		11,917	57,599
	WDV of deletions during the quarter / year	(433)	(1,073)
	Fixed assets written off during the quarter / year	(506)	(4,769)
	Depreciation charge for the quarter / year	(30,990)	(143,669)
		(31,929)	(149,511)
		<u>1,988,684</u>	<u>2,008,696</u>
6	STORES, SPARE PARTS AND LOOSE TOOLS		
	Coal and other fuels	165,063	249,980
	Stores & spare parts	288,856	263,207
	Loose tools	226	274
		454,145	513,461
	Provision for obsolete stores	(5,353)	(5,353)
	Provision for slow moving stores and spares	(24,363)	(24,363)
		(29,716)	(29,716)
		<u>424,429</u>	<u>483,745</u>
6.1	This includes stores in transit of Rs. 94.343 million (June 30, 2017: Rs. 119.097 million) as at the balance sheet date.		

	(Un-audited) September 30, 2017	(Audited) June 30, 2017
	----- Rupees in thousands -----	
7 STOCK-IN-TRADE		
Raw material	71,762	87,604
Packing material	31,739	27,452
Work-in-process	324,810	211,163
Finished goods	39,510	36,454
	<u>467,821</u>	<u>362,673</u>
8 TRADE DEBTS		
Considered good		
Local - unsecured	90,244	136,623
Considered doubtful		
Cement stockiest	60,801	60,801
Excessive rebate allowed	6,101	6,101
Controller Military Accounts	5,126	5,126
	72,028	72,028
Provision for doubtful debts	(72,028)	(72,028)
	<u>90,244</u>	<u>136,623</u>
9 ADVANCES		
Considered good		
- to vendors	26,938	11,245
- others	203	352
	<u>27,141</u>	<u>11,597</u>
10 OTHER RECEIVABLES AND ACCRUED INTEREST		
Interest receivable from banks	685	2,038
Interest receivable from the Subsidiary	2,760	2,951
Refund against fuel price adjustment	2,552	4,307
Deposit with Commissioner Workmen's Compensation	14,915	14,915
Others	71,779	141,458
	<u>92,691</u>	<u>165,669</u>

11 SHARE CAPITAL

(Un-audited)		(Audited)			(Un-audited)		(Audited)		
September 30, 2017		June 30, 2017			September 30, 2017		June 30, 2017		
----- Number of shares -----				Note	----- 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									
<u>89,418,125</u>	<u>89,418,125</u>		Ordinary shares of Rs. 10/- each - shares allotted for consideration fully paid in cash		<u>894,181</u>		<u>894,181</u>		
<u>10,300,000</u>	<u>10,300,000</u>		Ordinary shares of Rs. 10/- each - shares allotted for consideration other than cash		<u>103,000</u>		<u>103,000</u>		
<u><u>99,718,125</u></u>	<u><u>99,718,125</u></u>				<u><u>997,181</u></u>		<u><u>997,181</u></u>		

12 DEFERRED TAXATION

Taxable temporary differences arising in respect of Accelerated tax depreciation		<u>311,533</u>	309,600
Deductible temporary differences arising in respect of Other provisions - for doubtful debts and stores		<u>(41,028)</u>	(41,028)
		<u><u>270,505</u></u>	<u><u>268,572</u></u>

13 TRADE AND OTHER PAYABLES

Trade creditors		<u>33,351</u>	48,119
Accrued liabilities	13.1	<u>155,948</u>	213,345
Bills payable		<u>50,834</u>	12,281
Advances from customers		<u>32,515</u>	31,191
Contractors retention money		<u>11</u>	45
Excise duty and sales tax payable		<u>37,903</u>	35,509
Payable to Gratuity Fund		<u>7,751</u>	14,326
Workers' Profit Participation Fund (WPPF)		<u>6,684</u>	45,347
Workers' Welfare Fund (WWF)		<u>19,388</u>	16,977
Unclaimed dividend	13.2	<u>53,563</u>	632
Other liabilities		<u>32,905</u>	2,289
		<u><u>430,853</u></u>	<u><u>420,061</u></u>

13.1 It includes Rs. 31.491 million (June 30, 2017: Rs. 57.561 million) payable to Thatta Power (Private) Limited, the Subsidiary Company, in respect of purchase of electricity.

13.2 Shareholders of the Company have approved the final cash dividend of Rs. 2.35 per share i.e. 23.5% amounting to Rs. 234.337 million in the Annual General Meeting held on September 18, 2017 and the Company has dispatched the dividend warrants on September 27, 2017.

14 CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

The status of contingencies is same except the matter disclosed in note 26.1.5 of the annual audited unconsolidated financial statements for the year ended June 30, 2017. The status of the said matter is mentioned below:

- 14.1.1 During the quarter, the Commissioner Inland Revenue, Zone II, Large Taxpayer Unit, Karachi has filed an appeal in the High Court of Sindh against the order passed by Appellate Tribunal Inland Revenue in favour of the Company. The matter is pending for adjudication.

(Un-audited)	(Audited)
September 30, 2017	June 30, 2017
----- Rupees in thousands -----	

14.2 Commitments

Commitments in respect of revenue & capital expenditure
Guarantees given by banks on behalf of the Company

44,986	199,259
67,080	70,204
<u>112,066</u>	<u>269,463</u>

Quarter ended September 30,	
2017	2016
----- (Un-audited) -----	
----- Rupees in thousands -----	

15 SALES - NET

Gross sales - Local
- Export

852,608	872,304
-	3,368
<u>852,608</u>	<u>875,672</u>

Less: - Federal Excise Duty
- Sales tax

103,978	97,475
135,380	139,659
<u>239,358</u>	<u>237,134</u>
<u>613,250</u>	<u>638,538</u>

16 COST OF SALES

Raw material consumed

52,348 43,507

Manufacturing expenses

Packing material consumed

26,432 30,315

Stores, spare parts and loose tools consumed

28,342 19,192

Fuel and power

319,723 258,274

Salaries, wages and other benefits

74,476 69,324

Insurance

4,122 4,504

Repairs and maintenance

3,639 6,999

Depreciation

29,378 27,632

Vehicle hire, running & maintenance

2,700 2,823

Communication

456 467

Entertainment

348 631

Other production overheads

1,004 807

490,620 420,968

Cost of production

542,968 464,475

Work-in-process

Opening balance

211,163 116,871

Closing balance

(324,810) (170,174)

(113,647) (53,303)

Cost of goods manufactured

429,321 411,172

Finished goods

Opening balance

36,454 34,126

Closing balance

(39,510) (32,856)

(3,056) 1,270

426,265 412,442

17 TAXATION

Current tax

34,391 42,302

Deferred tax charge

1,933 3,883

36,324 46,185

17.1 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.

18 EARNINGS PER SHARE - BASIC AND DILUTED

	Quarter ended September 30,	
	2017	2016
	----- (Un-audited) -----	
Profit for the quarter (Rupees in thousands)	88,265	106,342
Weighted average number of ordinary shares	99,718,125	99,718,125
Earnings per share - basic and diluted (Rupees)	0.89	1.07

19 RELATED PARTY TRANSACTIONS & BALANCES

Related parties comprises of associated undertakings, directors of the Company, key management personnel and staff retirement funds. The Company continues to have a policy whereby all transactions with related parties are entered into at commercial terms and conditions except for Service Level Agreement for Business Support Services with the Subsidiary Company for which the basis are approved by the Board of Directors. Further, contribution to defined contribution plan (provident fund) is made as per the terms of employment and trust deed and contribution to the defined benefit plan (gratuity fund) is in accordance with the actuarial advice and the trust deed. Details of transactions during the quarter ended/outstanding balances as at September 30, 2017 with related parties are as follows:

Quarter ended September 30,	
2017	2016
----- (Un-audited) -----	
----- Rupees in thousands -----	

19.1 Transactions with related parties
19.1.1 Subsidiary Company
Thatta Power (Private) Limited

- Common shared expenses	959	950
- Receipt on account of common shared expenses	962	1,553
- Purchase of store items (inclusive of GST) - net	80	70
- Payment on account of purchase of store items - net	78	132
- Purchase of electricity (inclusive of GST)	171,604	155,849
- Payment on account of electricity (inclusive of GST)	197,674	189,771
- Management fee (inclusive of SST)	4,963	4,512
- Management fee received (inclusive of SST)	4,813	7,146
- Interest accrued on loan / advance to the Subsidiary	2,760	4,010
- Receipts on account of interest on loan / advance to the Subsidiary	2,951	4,072

	Quarter ended September 30,	
	2017	2016
	----- (Un-audited) -----	
	----- Rupees in thousands -----	
19.1.2 Associated Companies		
Sui Southern Gas Company Limited		
- Purchase of gas excluding GST	1,357	1,544
- Payment against purchase of gas excluding GST	1,762	1,688
19.1.3 Key management personnel		
- Salaries and benefits	36,972	41,730
- Sale of vehicle	433	458
19.1.4 Other related parties		
- Contribution to employees' Gratuity Fund	10,000	14,465
- Contribution to employees' Provident Fund	2,452	2,249
- Education expenses - Model Terbiat School	1,070	1,554
	(Un-audited)	(Audited)
	September 30, 2017	June 30, 2017
	----- Rupees in thousands -----	
19.2 Balances with related parties		
19.2.1 Subsidiary Company		
Thatta Power (Private) Limited		
- Payable against purchase of electricity (inclusive of GST)	31,491	57,561
- Receivable against management fee (inclusive of SST)	1,654	1,504
- Receivable against common shared expenses	326	329
- Receivable against sale of store items - net	2	4
- Loan / advance to the Subsidiary	125,000	125,000
- Accrued mark-up on loan to the Subsidiary	2,760	2,951
19.2.2 Associated Companies		
Sui Southern Gas Company Limited		
- Payable against purchase of gas excluding GST	892	1,297
Habib Bank Limited		
- Current account balance	19	19
19.2.3 Other related party		
- Payable to Gratuity Fund	7,751	14,326

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

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

20 OPERATING SEGMENTS

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

20.2 Revenue from sale of cement represents 100% (September 30, 2016: 100%) of the total revenue of the Company.

20.3 100% (September 30, 2016: 100%) sales of the Company relates to customers in Pakistan.

20.4 All non-current assets of the Company as at September 30, 2017 are located in Pakistan.

21 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 the preceding financial year, whereas, the 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 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	16	Other production overheads	Vehicle hire, running & maintenance	2,823
			Communication	467
			Entertainment	631
			Other production overheads	807

22 DATE OF AUTHORIZATION FOR ISSUE


These condensed interim unconsolidated financial statements have been authorized for issue on October 25, 2017 by the Board of Directors of the Company.



CHIEF EXECUTIVE



DIRECTOR



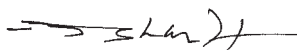
**CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE QUARTER ENDED
SEPTEMBER 30, 2017**

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET

As at September 30, 2017

		(Un-audited) September 30, 2017	(Audited) June 30, 2017
	Note	----- Rupees in thousands -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	3,241,107	3,265,979
Intangible assets		5,009	5,793
Long term deposits		1,096	1,096
Total non-current assets		3,247,212	3,272,868
CURRENT ASSETS			
Stores, spare parts and loose tools	6	466,338	513,141
Stock-in-trade	7	445,544	353,970
Trade debts	8	511,923	404,434
Short term investment - Held to maturity		306,000	306,000
Advances	9	44,542	35,574
Trade deposits and short term prepayments		26,143	7,306
Other receivables and accrued interest	10	96,407	166,274
Taxation - net		158,643	164,405
Cash and bank balances		126,147	154,478
Total current assets		2,181,687	2,105,582
Total assets		5,428,899	5,378,450
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	11	997,181	997,181
Share premium		99,718	99,718
Accumulated profit		1,808,147	1,908,286
Attributable to the owners of the Holding Company		2,905,046	3,005,185
Non-controlling interests		548,740	521,098
Total equity		3,453,786	3,526,283
NON-CURRENT LIABILITIES			
Long term financing		464,818	548,182
Long term deposits		2,834	2,834
Long term employee benefit		18,435	17,699
Deferred taxation	12	270,505	268,572
Total non-current liabilities		756,592	837,287
CURRENT LIABILITIES			
Trade and other payables	13	544,591	484,267
Accrued mark-up		8,581	6,108
Current maturity of long term financing		333,458	333,458
Short term borrowings		331,891	191,047
Total current liabilities		1,218,521	1,014,880
Total equity and liabilities		5,428,899	5,378,450
CONTINGENCIES AND COMMITMENTS			
	14		

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



CHIEF EXECUTIVE



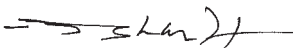
DIRECTOR

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

For the quarter ended September 30, 2017

	Note	Quarter ended September 30,	
		2017	2016
----- Rupees in thousands -----			
Sales - net	15	796,681	640,756
Cost of sales	16	(520,743)	(392,990)
Gross profit		275,938	247,766
Selling and distribution cost		(15,324)	(17,474)
Administrative expenses		(36,682)	(29,775)
		(52,006)	(47,249)
Operating profit		223,932	200,517
Other operating expenses		(9,095)	(11,027)
Finance cost		(24,937)	(37,765)
		(34,032)	(48,792)
Other income		8,788	7,669
Profit before taxation		198,688	159,394
Taxation	17	(36,848)	(46,479)
Profit for the quarter		161,840	112,915
Profit for the quarter attributable to:			
- Equity holders of the Holding Company		134,198	110,446
- Non-controlling interests		27,642	2,469
		161,840	112,915
Earnings per share - basic and diluted (Rupees)	18	1.35	1.11

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



CHIEF EXECUTIVE



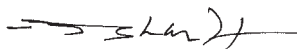
DIRECTOR

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

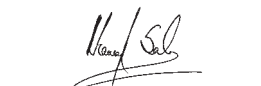
For the quarter ended September 30, 2017

	Quarter ended September 30,	
	2017	2016
	----- Rupees in thousands -----	
Profit for the quarter	161,840	112,915
Other comprehensive income		
<i>Items to be reclassified to consolidated profit and loss account in subsequent periods</i>		
Surplus on revaluation of Available for sale investment	-	10,742
Total comprehensive income for the quarter	161,840	123,657
Total comprehensive income for the quarter attributable to:		
- Equity holders of the Holding Company	134,198	121,188
- Non-controlling interests	27,642	2,469
	161,840	123,657

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



CHIEF EXECUTIVE



DIRECTOR

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)

For the quarter ended September 30, 2017

	Quarter ended September 30,	
	2017	2016
----- Rupees in thousands -----		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	198,688	159,394
Adjustment for:		
Depreciation	41,807	36,862
Amortization	784	1,011
Finance cost	24,937	37,765
Provision for gratuity	3,425	3,050
Fixed assets written off	506	-
Provision for leave encashment	1,671	680
	73,130	79,368
Operating cash flows before working capital changes	271,818	238,762
Working capital changes <i>(Increase) / decrease in current assets</i>		
Stores, spare parts and loose tools	46,803	(65,781)
Stock-in-trade	(91,574)	(63,586)
Trade debts	(107,489)	4,914
Advances	(8,968)	5,488
Trade deposits and short term prepayments	(18,837)	(3,353)
Other receivables and accrued interest	69,867	314
	(110,198)	(122,004)
<i>Increase / (decrease) in current liabilities</i>		
Trade and other payables excluding gratuity and dividend payable	13,968	(52,372)
Cash generated from operations	175,588	64,386
Finance cost paid	(22,464)	(38,499)
Gratuity paid	(10,000)	(14,465)
Leave encashment paid	(935)	(270)
Income tax paid - net	(29,153)	(43,148)
	(62,552)	(96,382)
Net cash generated from / (used in) operating activities	113,036	(31,996)

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)

For the quarter ended September 30, 2017

Quarter ended September 30,	
2017	2016
----- Rupees in thousands -----	

CASH FLOWS FROM INVESTING ACTIVITIES

Fixed capital expenditure	(17,874)	(9,687)
Addition in intangible assets	-	(2,519)
Proceeds from disposal of property, plant and equipment	433	458
Net cash used in investing activities	(17,441)	(11,748)

CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of long term financing	(83,364)	(208,366)
Dividend paid	(181,406)	-
Long term deposits - liabilities	-	(1,000)
Net cash used in financing activities	(264,770)	(209,366)

Net decrease in cash and cash equivalents	(169,175)	(253,110)
---	-----------	-----------

Cash and cash equivalents at beginning of the quarter	(36,569)	228,491
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Cash and cash equivalents at end of the quarter	(205,744)	(24,619)
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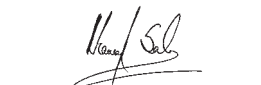
CASH AND CASH EQUIVALENTS

Cash and bank balances	126,147	97,051
Short term borrowings	(331,891)	(121,670)
	(205,744)	(24,619)

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



CHIEF EXECUTIVE



DIRECTOR

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

For the quarter ended September 30, 2017

	Equity attributable to owners of the 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, 2016 (audited)	997,181	99,718	64,522	1,392,716	2,554,137	469,707	3,023,844
<i>Transactions with owners recorded directly in equity</i>							
Final dividend @ Rs. 1.5 per share for the year ended June 30, 2016	-	-	-	(149,577)	(149,577)	-	(149,577)
<i>Total comprehensive income for the quarter ended September 30, 2016</i>							
Profit for the quarter	-	-	-	110,446	110,446	2,469	112,915
Surplus on revaluation of Available for sale investment	-	-	10,742	-	10,742	-	10,742
Balance as at September 30, 2016 (un-audited)	997,181	99,718	75,264	1,353,585	2,525,748	472,176	2,997,924
Balance as at July 1, 2017 (audited)	997,181	99,718	-	1,908,286	3,005,185	521,098	3,526,283
<i>Transactions with owners recorded directly in equity</i>							
Final dividend @ Rs. 2.35 per share for the year ended June 30, 2017	-	-	-	(234,337)	(234,337)	-	(234,337)
<i>Total comprehensive income for the quarter ended September 30, 2017</i>							
Profit for the quarter	-	-	-	134,198	134,198	27,642	161,840
Balance as at September 30, 2017 (un-audited)	997,181	99,718	-	1,808,147	2,905,046	548,740	3,453,786

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



CHIEF EXECUTIVE



DIRECTOR

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

For the quarter ended September 30, 2017

1 THE GROUP AND ITS OPERATIONS

- 1.1 The Group consists of Thatta Cement Company Limited (TCCL) and Thatta Power (Private) Limited (TPPL) (together referred as "the Group").
- 1.2 Thatta Cement Company Limited (the Holding Company) was incorporated in Pakistan in 1980 as a public limited company. The shares of the Holding Company are quoted at the Pakistan Stock Exchange. The Holding Company's main business activity is manufacturing and marketing of cement. The registered office of the Holding Company is situated at Office No. 606, 607, 608 & 608A, Continental Trade Centre, Block 8, Clifton, Karachi. The production facility of the Holding Company is located at Ghulamullah Road, Makli, District Thatta, Sindh.
- 1.3 Thatta Power (Private) Limited (the Subsidiary Company) is a 62.43% owned subsidiary of the Holding Company as at September 30, 2017 (June 30, 2017: 62.43%). The principal business activity of the Subsidiary Company is generation and sale of electrical power. As at September 30, 2017 TPPL has authorized and issued capital of Rs. 500 million and Rs. 479.16 million divided into 50,000,000 (June 30, 2017: 50,000,000) ordinary shares and 47,915,830 (June 30, 2017: 47,915,830) ordinary shares respectively. The registered office and generation facility of the Subsidiary Company is situated at Ghulamullah Road, Makli, District Thatta, Sindh.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The Companies Ordinance, 1984 was repealed by enactment of the Companies Act, 2017 (Act) on May 30, 2017. Securities & Exchange Commission of Pakistan (the Commission) vide its Circular No. 17 of 2017 has communicated its decision that the companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. In continuation to the above mentioned Circular, the Commission in view of the difficulties faced by the companies to comply with the provisions of the Act has advised vide Circular No. 23/2017 that the companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Furthermore, the Institute of Chartered Accountants of Pakistan (ICAP) has obtained clarification from the Commission in this regard, as per which the preparation of financial statements in accordance with the repealed Companies Ordinance, 1984 covers interim financial statements of the companies for the period ending on or before December 31, 2017. Therefore, these condensed interim consolidated financial statements for the quarter ended September 30, 2017 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, 2017.

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

These condensed interim consolidated financial statements comprises of the Condensed Interim Consolidated Balance Sheet as at September 30, 2017 and Condensed Interim Consolidated Profit and Loss Account, Condensed Interim Consolidated Statement of Comprehensive Income, Condensed Interim Consolidated Cash Flow Statement and Condensed Interim Consolidated Statement of Changes in Equity for the quarter ended September 30, 2017.

2.2 Basis of consolidation

These condensed interim consolidated financial statements includes 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 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, 2017.

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 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 and 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 Rupees.

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, 2017.

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, 2017.

5 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets
Capital work-in-progress
Major stores and spares

	(Un-audited) September 30, 2017	(Audited) June 30, 2017
Note	----- Rupees in thousands -----	
5.1	3,171,708	3,199,149
5.2	19,445	17,180
	49,954	49,650
	<u>3,241,107</u>	<u>3,265,979</u>

	(Un-audited) September 30, 2017	(Audited) June 30, 2017
	----- Rupees in thousands -----	
5.1 Operating fixed assets		
Opening Written Down Value (WDV)	3,199,149	3,313,220
Additions during the quarter / year - at cost		
- Factory building on freehold land	-	7,771
- Plant and machinery	13,021	54,390
- Vehicles	1,394	5,704
- Office and other equipments	-	454
- Laboratory equipments	890	2,335
	15,305	70,654
WDV of deletions during the quarter / year	(433)	(1,073)
Fixed assets written off during the quarter / year	(506)	(4,769)
Depreciation charge for the quarter / year	(41,807)	(178,883)
	(42,746)	(184,725)
	<u>3,171,708</u>	<u>3,199,149</u>
5.2 Capital work-in-progress		
Opening balance	17,180	18,187
Additions	2,265	6,764
Transferred to operating fixed assets	-	(7,771)
	<u>19,445</u>	<u>17,180</u>
6 STORES, SPARE PARTS AND LOOSE TOOLS		
Coal and other fuels	6.1 165,063	249,980
Stores & spare parts	330,730	292,564
Loose tools	261	313
	496,054	542,857
Provision for obsolete stores	(5,353)	(5,353)
Provision for slow moving stores and spares	(24,363)	(24,363)
	(29,716)	(29,716)
	<u>466,338</u>	<u>513,141</u>
6.1 This includes stores in transit of Rs. 94.343 million (June 30, 2017: Rs. 119.097 million) as at the balance sheet date.		

	(Un-audited) September 30, 2017	(Audited) June 30, 2017
Note	----- Rupees in thousands -----	

7 STOCK-IN-TRADE

Raw material	71,762	87,604
Packing material	31,739	27,452
Work-in-process	304,129	203,356
Finished goods	37,914	35,558
	<u>445,544</u>	<u>353,970</u>

8 TRADE DEBTS

Considered good

Local - unsecured	8.1	511,923	404,434
-------------------	-----	---------	---------

Considered doubtful

Cement stockiest		60,801	60,801
Excessive rebate allowed		6,101	6,101
Controller Military Accounts		5,126	5,126
		72,028	72,028

Provision for doubtful debts		(72,028)	(72,028)
------------------------------	--	----------	----------

		<u>511,923</u>	<u>404,434</u>
--	--	----------------	----------------

- 8.1 As disclosed in the annual audited consolidated financial statements for the year ended June 30, 2017, the Honorable High Court of Sindh has disposed off 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 Power Purchase Agreement (PPA) until 01-02-2012 and thereafter on the reduced 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 appeals before the Supreme Court of Pakistan against the same order. The last hearing of the appeals was held on November 02, 2016 and the judgment was reserved by the Supreme Court of Pakistan. Moreover, the Subsidiary Company has resumed power supply to HESCO from January, 2017 and generating monthly invoice for supply of electricity as per tariff stipulated in PPA whereas HESCO is paying monthly invoice on the basis of tariff determined by NEPRA. During the period, the Provincial Assembly of Sindh has promulgated the Sindh New Captive Power Plants Subsidy Bill 2017, thereby providing tariff differential support (i.e. difference between tariff as per PPA and tariff determined by NEPRA) to the captive power plants and hence the Subsidiary Company will be entitled to claim the subsidy, subject to notification of rules in this regard.

(Un-audited)	(Audited)
September 30, 2017	June 30, 2017
----- Rupees in thousands -----	

9 ADVANCES

Considered good		
- to vendors	31,164	12,636
- margin against Letter of Credit	13,175	22,586
- others	203	352
	<u>44,542</u>	<u>35,574</u>

10 OTHER RECEIVABLES AND ACCRUED INTEREST

Interest receivable from banks	5,586	2,716
Refund against fuel price adjustment	2,552	4,307
Deposit with Commissioner Workmen's Compensation	14,915	14,915
Others	73,354	144,336
	<u>96,407</u>	<u>166,274</u>

11 SHARE CAPITAL

(Un-audited)	(Audited)
September 30, 2017	June 30, 2017
----- Number of shares -----	

Authorized share capital

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

Issued, subscribed and paid-up share capital

<u>89,418,125</u>	89,418,125	Ordinary shares of Rs. 10/- each - shares allotted for consideration fully paid in cash	<u>894,181</u>	894,181
<u>10,300,000</u>	10,300,000	Ordinary shares of Rs. 10/- each - shares allotted for consideration other than cash	<u>103,000</u>	103,000
<u>99,718,125</u>	<u>99,718,125</u>		<u>997,181</u>	<u>997,181</u>

12 DEFERRED TAXATION

Taxable temporary differences arising in respect of Accelerated tax depreciation	311,533	309,600
Deductible temporary differences arising in respect of Other provisions - for doubtful debts and stores	(41,028)	(41,028)
	<u>270,505</u>	<u>268,572</u>

	(Un-audited) September 30, 2017	(Audited) June 30, 2017
Note	----- Rupees in thousands -----	

13 TRADE AND OTHER PAYABLES

Trade creditors	35,564	49,041
Accrued liabilities	204,694	214,877
Bills payable	50,834	12,281
Advances from customers	32,515	31,191
Contractors retention money	11	45
Excise duty and sales tax payable	44,295	39,658
Payable to Gratuity Fund	7,751	14,326
Workers' Profit Participation Fund (WPPF)	46,340	85,003
Workers' Welfare Fund (WWF)	34,457	32,046
Unclaimed dividend	13.1 53,563	632
Other liabilities	34,567	5,167
	<u>544,591</u>	<u>484,267</u>

13.1 Shareholders of the Holding Company have approved the final cash dividend of Rs. 2.35 per share i.e. 23.5% amounting to Rs. 234.337 million in the Annual General Meeting held on September 18, 2017 and the Holding Company has dispatched the dividend warrants on September 27, 2017.

14 CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

The status of contingencies is same as disclosed in the annual audited consolidated financial statements for the year ended June 30, 2017 except for matters disclosed in note 25.1.5 and 25.1.12 of the annual audited consolidated financial statements. The status of notes 25.1.5 and 25.1.12 are mentioned below respectively:

14.1.1 During the quarter, the Commissioner Inland Revenue has filed an appeal in the High Court of Sindh against the order passed by Appellate Tribunal Inland Revenue in favour of the Holding Company. The matter is pending for adjudication.

14.1.2 During the quarter, the Commissioner Inland Revenue has filed an appeal in the High Court of Sindh against the order passed by Appellate Tribunal Inland Revenue in favour of the Subsidiary Company. The matter is pending for adjudication.

	(Un-audited) September 30, 2017	(Audited) June 30, 2017
	----- Rupees in thousands -----	

14.2 Commitments

Commitments in respect of capital expenditure	589,625	221,845
Guarantees given by banks on behalf of the Group	373,080	376,204
	<u>962,705</u>	<u>598,049</u>

		Quarter ended September 30,	
		2017	2016
		----- (Un-audited) -----	
		----- Rupees in thousands -----	
15	SALES - NET		
Gross sales	- Local	1,067,222	874,899
	- Export	-	3,368
		<u>1,067,222</u>	<u>878,267</u>
Less:	- Federal Excise Duty	103,978	97,475
	- Sales tax	166,563	140,036
		<u>270,541</u>	<u>237,511</u>
		<u>796,681</u>	<u>640,756</u>
16	COST OF SALES		
Raw material consumed		52,348	43,507
Manufacturing expenses			
Packing material consumed		26,432	30,315
Stores, spare parts and loose tools consumed		36,129	29,465
Fuel and power		373,667	213,320
Salaries, wages and other benefits		74,476	69,324
Insurance		5,882	6,491
Repairs, operations and maintenance		10,213	12,985
Depreciation		40,195	35,191
Vehicle hire, running & maintenance		2,700	2,823
Communication		456	467
Entertainment		348	631
Other production overheads		1,026	835
		<u>571,524</u>	<u>401,847</u>
Cost of production		<u>623,872</u>	<u>445,354</u>
Work-in-process			
Opening balance		203,356	114,614
Closing balance		(304,129)	(168,115)
		<u>(100,773)</u>	<u>(53,501)</u>
Cost of goods manufactured		<u>523,099</u>	<u>391,853</u>
Finished goods			
Opening balance		35,558	33,767
Closing balance		(37,914)	(32,630)
		<u>(2,356)</u>	<u>1,137</u>
		<u>520,743</u>	<u>392,990</u>

		Quarter ended September 30,	
		2017	2016
		----- (Un-audited) -----	
		----- Rupees in thousands -----	
17	TAXATION		
	Current tax	34,915	42,596
	Deferred tax charge	1,933	3,883
		<u>36,848</u>	<u>46,479</u>

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

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

		Quarter ended September 30,	
		2017	2016
		----- (Un-audited) -----	
18	EARNINGS PER SHARE - BASIC AND DILUTED		
	Profit for the quarter attributable to the owners of the Holding Company (Rupees in thousands)	<u>134,198</u>	<u>110,446</u>
	Weighted average number of ordinary shares	<u>99,718,125</u>	<u>99,718,125</u>
	Earnings per share - basic and diluted (Rupees)	<u>1.35</u>	<u>1.11</u>

19 RELATED PARTY TRANSACTIONS & BALANCES

Related parties comprises of associated undertakings and related group companies, directors of the Group, key management personnel and staff retirement funds. The Group continues to have a policy whereby all transactions with related parties are entered into at commercial terms and conditions. Further, contribution to the defined contribution plan (provident fund) is made as per the terms of employment and trust deed and contribution to the defined benefit plan (gratuity fund) is in accordance with the actuarial advice and the trust deed. Details of transactions during the quarter ended / outstanding balances as at September 30, 2017 with related parties are as follows:

		Quarter ended September 30,	
		2017	2016
		----- (Un-audited) -----	
		----- Rupees in thousands -----	
19.1	Transactions with related parties		
19.1.1	Associated Companies		
	- Sui Southern Gas Company Limited		
	Purchase of gas excluding GST	201,856	89,690
	Payment against purchase of gas excluding GST	181,491	106,203

	Quarter ended September 30,	
	2017	2016
	----- (Un-audited) -----	
----- Rupees in thousands -----		
19.1.2 Key management personnel		
Salaries and benefits	36,972	41,730
Sale of vehicle	433	458
19.1.3 Other related parties		
Contribution to employees' Gratuity Fund	10,000	14,465
Contribution to employees' Provident Fund	2,452	2,249
Education expenses - Model Terbiat School	1,070	1,554

	(Un-audited) September 30, 2017	(Audited) June 30, 2017
----- Rupees in thousands -----		

19.2 Balances with related parties

19.2.1 Associated Companies

- Sui Southern Gas Company Limited		
Payable against purchase of gas excluding GST	73,368	53,003
- Habib Bank Limited		
Current account balance	19	19

19.2.2 Other related parties

Payable to Gratuity Fund	7,751	14,326
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19.3 There are no transactions with key management personnel other than under their terms of employment.

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

20 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 and sale of electrical power.

20.1 Revenues

	Cement		Power		Intra group adjustment		Consolidated	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
----- Un-audited -----								
----- Rupees in thousands -----								
Sales - net	613,250	638,538	330,101	135,422	(146,670)	(133,204)	796,681	640,756
Cost of sales	(426,265)	(412,442)	(227,798)	(114,247)	133,320	133,699	(520,743)	(392,990)
Gross profit	186,985	226,096	102,303	21,175	(13,350)	495	275,938	247,766
Selling and distribution cost	(15,324)	(17,474)	-	-	-	-	(15,324)	(17,474)
Administrative expenses	(32,048)	(28,504)	(9,026)	(5,264)	4,392	3,993	(36,682)	(29,775)
	(47,372)	(45,978)	(9,026)	(5,264)	4,392	3,993	(52,006)	(47,249)
Operating profit	139,613	180,118	93,277	15,911	(8,958)	4,488	223,932	200,517
Other operating expenses	(9,095)	(11,027)	-	-	-	-	(9,095)	(11,027)
Finance cost	(16,818)	(27,281)	(10,879)	(14,494)	2,760	4,010	(24,937)	(37,765)
	(25,913)	(38,308)	(10,879)	(14,494)	2,760	4,010	(34,032)	(48,792)
Other income	10,889	10,717	5,275	5,118	(7,376)	(8,166)	8,788	7,669
Segment results	124,589	152,527	87,673	6,535	(13,574)	332	198,688	159,394
Unallocated expenditures	-	-	-	-	-	-	-	-
Profit before tax	124,589	152,527	87,673	6,535	(13,574)	332	198,688	159,394
Taxation	(36,324)	(46,185)	(524)	(294)	-	-	(36,848)	(46,479)
Profit for the quarter	88,265	106,342	87,149	6,241	(13,574)	332	161,840	112,915

20.2 Other information

	Cement		Power		Intra group adjustment		Consolidated	
	September 30, 2017 (Un-audited)	June 30, 2017 (Audited)	September 30, 2017 (Un-audited)	June 30, 2017 (Audited)	September 30, 2017 (Un-audited)	June 30, 2017 (Audited)	September 30, 2017 (Un-audited)	June 30, 2017 (Audited)
----- Rupees in thousands -----								
Segment assets	3,848,220	3,895,326	2,062,968	1,978,100	(482,289)	(494,976)	5,428,899	5,378,450
Unallocated corporate assets	-	-	-	-	-	-	-	-
Total assets	3,848,220	3,895,326	2,062,968	1,978,100	(482,289)	(494,976)	5,428,899	5,378,450
Segment liabilities	1,553,672	1,454,706	580,692	582,973	(159,251)	(185,512)	1,975,113	1,852,167
Unallocated corporate liabilities	-	-	-	-	-	-	-	-
Total liabilities	1,553,672	1,454,706	580,692	582,973	(159,251)	(185,512)	1,975,113	1,852,167
Capital expenditure	12,221	34,055	5,653	13,451	-	-	17,874	47,506
Depreciation	30,990	143,669	10,817	35,214	-	-	41,807	178,883
Non-cash expenses other than depreciation	1,290	7,141	-	-	-	-	1,290	7,141

20.3 Reconciliation of reportable segment revenues, profit and loss, assets and liabilities:

Consolidated September 30,	
2017	2016
----- (Un-audited) -----	
----- Rupees in thousands -----	

20.3.1 Operating revenues

Total revenue of reportable segments	943,351	773,960
Elimination of intra group revenue	(146,670)	(133,204)
Consolidated revenue	<u>796,681</u>	<u>640,756</u>

20.3.2 Profit and loss

Total profit before tax of reportable segments	212,262	159,062
Adjustment of unrealized profit and intra group transactions	(13,574)	332
Consolidated profit before tax	<u>198,688</u>	<u>159,394</u>

Consolidated	
(Un-audited) September 30, 2017	(Audited) June 30, 2017
----- Rupees in thousands -----	

20.3.3 Assets

Total assets of reportable segments	5,911,188	5,873,426
Elimination of intra group balances and unrealised profit	(480,686)	(493,373)
Reclassification for consolidation purposes	(1,603)	(1,603)
Consolidated assets	<u>5,428,899</u>	<u>5,378,450</u>

20.3.4 Liabilities

Total liabilities of reportable segments	2,134,364	2,037,679
Elimination of intra group balances	(159,251)	(185,512)
Consolidated liabilities	<u>1,975,113</u>	<u>1,852,167</u>

Revenue		Total Assets		Net Assets	
(Un-audited) September 30, 2017	(Un-audited) September 30, 2016	(Un-audited) September 30, 2017	(Audited) June 30, 2017	(Un-audited) September 30, 2017	(Audited) June 30, 2017
----- Rupees in thousands -----					

20.4 Geographical segment analysis

Pakistan	796,681	637,388	5,428,899	5,378,450	3,453,786	3,526,283
Export Processing Zone - Karachi	-	3,368	-	-	-	-
	<u>796,681</u>	<u>640,756</u>	<u>5,428,899</u>	<u>5,378,450</u>	<u>3,453,786</u>	<u>3,526,283</u>

20.5 Information about major customers

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

21 CORRESPONDING FIGURES

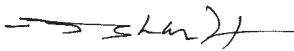
In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim consolidated balance sheet has been compared with the balances of annual audited consolidated financial statements of the preceding financial year, whereas, the condensed 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	16	Other production overheads	Vehicle hire, running & maintenance Communication Entertainment Other production overheads	2,823 467 631 835

22 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim consolidated financial statements have been authorized for issue on October 25, 2017 by the Board of Directors of the Holding Company.



CHIEF EXECUTIVE



DIRECTOR



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