



THATTA CEMENT
COMPANY LIMITED

symbolizing
growth

HALF YEARLY REPORT
DECEMBER 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 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, 2017.

INDUSTRY OVERVIEW

During the first half of the current financial year, an overall growth of 12.30% was achieved by the cement sector compared with the corresponding period of last year. The growth in local cement demand registered a promising 17.41% increase during the period under review, whereas exports declined by 17.31% in comparison with the corresponding period of last year in line with the global trend. Cement factories located in the South witnessed a robust growth of 14.06% whereas cement companies in the North posted a growth of 18.12% 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 194,825 tons with a capacity utilization of 76.40% in comparison with the clinker production of 236,135 tons with a capacity utilization of 92.60% during the corresponding period of last year. The lower clinker production had been on account of lower off take of cement and accumulation of huge clinker stocks. Following is the comparative data of production and dispatches made during the six months versus same period of last year:

Description	December 2017	December 2016	Variance	
	----- Metric Tons -----		%	
Plant capacity – Clinker	255,000	255,000	-	-
Production				
- Clinker	194,825	236,135	(41,310)	(17.49)
- Cement	172,449	186,044	(13,595)	(7.31)
- GGBFS	7,952	8,643	(691)	(7.99)
- Class G Cement	610	-	610	100
Dispatches				
Cement				
- Local	172,717	184,967	(12,250)	(6.62)
- Class G	272	1,041	(769)	(73.87)
- Exports	-	740	(740)	(100)
	<u>172,989</u>	<u>186,748</u>	<u>(13,759)</u>	<u>(7.37)</u>
Clinker	14,986	90,642	(75,656)	(83.47)
GBFS & GGBFS -Local	7,952	13,805	(5,853)	(42.40)
	<u>195,927</u>	<u>291,195</u>	<u>(95,268)</u>	<u>(32.72)</u>

Local cement sales of your Company declined by 6.62% over the same period of last year. The key reason for decline had been the stiff price competition due to the fact that leading players have shifted their focus on local market as a consequence of capacity

expansion by them and also due to declining exports. Moreover, there had been a decline in sale of clinker of your company compared with the same period of last year.

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

Description	December 2017	December 2016	Variance	
	----- Million Metric Tons -----		%	
Cement Industry				
Local sales	19.836	16.895	2.941	17.41
Exports	2.407	2.911	(0.504)	(17.31)
	<u>22.243</u>	<u>19.806</u>	<u>2.437</u>	<u>12.30</u>
	----- Metric Tons -----			
Thatta Cement Company Limited				
Local sales – Cement	172,717	184,967	(12,250)	(6.62)
Class G Cement	272	1,041	(769)	(73.87)
	<u>172,989</u>	<u>186,008</u>	<u>(13,019)</u>	<u>(6.99)</u>
Local sales – Clinker	14,986	90,642	(75,656)	(83.47)
Exports	-	740	(740)	(100)
Local sales – GBFS & GGBFS	7,952	13,805	(5,853)	(42.40)
	<u>195,927</u>	<u>291,195</u>	<u>(95,268)</u>	<u>(32.72)</u>

b. Financial Performance

A comparison of key financial results of your Company's performance for the half year ended December 31, 2017 with the same period last year is as under:

Particulars	December 31, 2017	December 31, 2016
	--- Rupees in thousands ---	
Sales – net	1,337,661	1,766,573
Gross profit	390,828	590,061
Selling & Distribution Cost	35,437	45,490
Finance Cost	35,166	52,743
Profit before taxation	259,844	518,920
Profit for the period	183,926	389,777
Earnings per share (Rupees)	1.84	3.91

The gross profit margin declined to 29.22% during the half year ended December 31, 2017 as compared to 33.40 % during the same period of last year. The Company earned a profit before tax of Rs 259.844 million after providing depreciation of Rs 59.681million.

(i) Sales

Overall sales of the Company during the half year ended December 31, 2017 decreased by 24.28% in value terms whereas it decreased by 32.72% in terms of volume. Decrease in sales revenue and volume was mainly due to decline in sale of clinker and GGBFS during the period as compared with the same period of last year.

(ii) Cost of Sales

The cost of sales ratio to sales has increased to 70.78% during the period as compared to 66.60% in the corresponding period mainly due to increase in coal prices.

(iii) Distribution Cost

Distribution cost has decreased by 22.10% during the period as compared to the corresponding period of last year mainly on account of lower commission expense incurred due to decline in sales.

(iv) Finance Cost

Finance cost has decreased by 33.32% during the six months mainly due to decrease in outstanding amount of long term loan obtained for BMR project

FUTURE OUTLOOK

The current demand-supply situation in the cement sector indicates excess cement production capacity. Capacity enhancement by cement companies in the south is expected to be completed by the end of first quarter of 2018 which will result in availability of additional production and hence would exert pressure on selling prices of cement and particularly affect companies with lower cement capacities. Approximately 2.5 million tons additional capacity has already been added in the South in the previous quarter.

However, as a result of upcoming election in the calendar year, it is expected that more funds will be allocated towards Public Sector Development Program (PSDP) by the Government to gain public confidence which is expected to boost the growth in cement demand and construction related activities in the year ahead. The activities related to Thar Coal development offer a unique opportunity to your Company due to its proximity to the area.

Moreover, the demand for low cost housing units in the country provides an excellent opportunity to accelerate demand for cement which is evident from increasing construction activities by leading construction companies and the phenomenal increase in the financing by the banks for housing. The outlook for the cement sector appears to be stable in second half of the financial year, increase in coal prices may put pressure on margins of cement companies. Furthermore, stability on the political front is essential to achieve overall economic growth in the country.

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. The project has been commenced and its completion is expected in eighteen months.

PERFORMANCE OF THE GROUP

A brief of the financial position and performance of the Group for the half year ended December 31, 2017, is provided below:

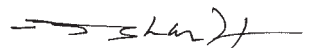
	December 31, 2017	June 30, 2017
--- Rupees in thousands ---		
Balance Sheet		
Property, plant and equipment	3,313,148	3,265,979
Stock-in-trade	427,384	353,970
Trade debts	566,229	404,434
Share Capital	997,181	997,181
Total equity – Holding Company	3,040,766	3,005,185
Trade and other payables	524,334	484,267
Short term borrowings	258,204	191,047

	December 31, 2017	December 31, 2016
--- Rupees in thousands ---		
Profit and loss		
Sales – net	1,734,086	1,771,489
Gross profit	559,463	637,165
Profit before taxation	398,724	535,259
Profit for the period	321,667	405,793
Earnings per share (Rupees)	2.71	4.01

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, 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 12, 2018

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گروپ کی کارکردگی

31 دسمبر 2017 کو ختم ہونے والی پہلی سہ ماہی کے دوران گروپ کی مالیاتی پوزیشن اور کارکردگی مندرجہ ذیل ہے:

	December 31, 2017	June 30, 2017
--- Rupees in thousands ---		
Balance Sheet		
Property, plant and equipment	3,313,148	3,265,979
Stock-in-trade	427,384	353,970
Trade debts	566,229	404,434
Share Capital	997,181	997,181
Total equity – Holding Company	3,040,766	3,005,185
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Profit before taxation	398,724	535,259
Profit for the period	321,667	405,793
Earnings per share (Rupees)	2.71	4.01

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

محمد فضل اللہ شریف

چیف ایگزیکٹو

کراچی: 12 فروری 2018

(iv) مالیاتی لاگت

رواں سال کی ششماہی کے دوران مالیاتی لاگت میں 33.32 فیصد کمی واقع ہوئی ہے جس کی بنیادی وجہ پی ایم آر کیلئے حاصل کئے گئے طویل مدتی قرض میں کمی تھی۔

مستقبل کا جائزہ

سیمنٹ کے سیکٹر میں موجودہ طلب ورسد کو دیکھا جائے تو یہ ظاہر ہوتا ہے کہ سیمنٹ کی صنعت میں پیداواری گنجائش میں اضافہ ہوا ہے۔ جنوبی خطے میں واقع سیمنٹ کی کمپنیوں میں پیداواری میں توسیع کا عمل 2018 کی پہلی سہ ماہی کے اخیر تک مکمل کئے جانے کے قومی امکانات ہیں جس کی وجہ سے سیمنٹ کی پیداواری صلاحیت میں مزید اضافہ ہو گا جو کہ سیمنٹ کی قیمت فروخت پر اثر انداز ہو گا اور بالخصوص کم پیداواری کمپنیوں پر دباؤ کا باعث ہو گا۔ گزشتہ سہ ماہی کے دوران جنوبی خطے میں پیداواری میں تقریباً 2.5 ملین ٹن سیمنٹ کا اضافہ پہلے ہی کیا جا چکا ہے۔ تاہم آنے والے عام انتخابات کی وجہ سے اس بات کی امید ہے کہ پبلک سیکٹر منصوبوں کی مد میں حکومت کی جانب سے مزید فنڈز مختص کئے جائیں گے تاکہ زیادہ سے زیادہ عوامی اعتماد حاصل کیا جاسکے۔ ان حالات کے پیش نظر سال کے بقیہ حصے میں سیمنٹ کی طلب اور تعمیراتی عمل میں خاطر خواہ اضافہ متوقع ہے۔ تھر کول ترقیاتی سرگرمیاں محل وقوع کے لحاظ سے آپکی کمپنی سے قریب ترین ہونے کی وجہ سے آپکی کمپنی کیلئے ایک منفرد موقع فراہم کرتی ہیں۔

مزید برآں، ملک کے اندر کم لاگتی رہائشی منصوبوں کی بڑھتی ہوئی طلب کی وجہ سے بھی اس بات کے قومی امکانات موجود ہیں کہ آنے والے دنوں میں سیمنٹ کی طلب میں زبردست اضافہ متوقع ہے اور اس بات کا اندازہ اہم تعمیراتی اداروں کی جانب سے اس سیکٹر میں بڑھتی ہوئی سرمایہ کاری اور بینکوں کی جانب سے بڑے پیمانے پر گھروں کی تعمیرات اور خرید کیلئے دیئے جانے والے قرضوں سے بھی بخوبی لگایا جاسکتا ہے۔ رواں مالی سال کے بقیہ حصے میں سیمنٹ سیکٹر کے متحکم ہونے کے آثار نظر آتے ہیں۔ کونکے کے بڑھتے ہوئے زرخوں کی وجہ سے سیمنٹ کی کمپنیوں کے منافع پر منفی اثرات مرتب ہو سکتے ہیں۔ اس کے علاوہ وطن عزیز میں مجموعی معاشی استحکام کیلئے لازم ہے کہ ملک میں سیاسی استحکام کو دوام حاصل ہو۔

ویسٹ ہیٹ ریکوری منصوبہ

پروجیکٹ ہڈا کیلئے بینکوں کے سینڈیکٹ 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 سپلائے کے حق میں لیٹر آف کریڈٹ جاری کر دیا گیا ہے۔ پروجیکٹ ہڈا پر کام کا آغاز ہو چکا ہے اور امید کی جاتی ہے کہ اس پروجیکٹ کو اٹھارہ ماہ کی مدت میں مکمل کر لیا جائے گا۔

مالیاتی کارکردگی

31 دسمبر 2017 کو ختم ہونے والی ششماہی کے مالیاتی نتائج کا گزشتہ سال کی ششماہی سے تقابلی جائزہ درج ذیل ہے:

	December 31, 2017	December 31, 2016
	--- Rupees in thousands ---	
Sales – net	1,337,661	1,766,573
Gross profit	390,828	590,061
Selling & Distribution Cost	35,437	45,490
Finance Cost	35,166	52,743
Profit before taxation	259,844	518,920
Profit for the period	183,926	389,777
Earnings per share (Rupees)	1.84	3.91

31 دسمبر 2017 کو ختم ہونے والی ششماہی میں کل منافع کی شرح 33.40 فیصد سے کم ہو کر 29.22 فیصد ہو گئی ہے۔ رواں مالی سال کی پہلی ششماہی میں کمپنی کا قبل از ٹیکس منافع 259.844 ملین روپے ہے جو کہ فرسودگی (ڈیپریسییشن) کی فراہمی کی مد میں 59.681 ملین روپے کے بعد ہے۔

(i) فروخت

رواں مالی سال میں 31 دسمبر 2017 کی ششماہی کے دوران قدر کے لحاظ سے کمپنی کی مجموعی فروخت میں 24.28 فیصد کمی واقع ہوئی جبکہ حجم کے اعتبار سے کمپنی کی مجموعی فروخت میں 32.72 فیصد کمی واقع ہوئی۔ قدر اور حجم کے لحاظ سے کمپنی کی مجموعی فروخت میں اس کمی کی بنیادی وجہ کلنکر اور جی بی ایف ایس کی فروخت میں زیر نظر ششماہی میں گزشتہ سال کی اسی ششماہی کے مقابلے میں آنے والی کمی تھی۔

(ii) لاگت برائے فروخت

گزشتہ سال کی اسی ششماہی کے مقابلے میں لاگت برائے فروخت اور فروخت کا تناسب بڑھ کر 70.78 فیصد ہو گیا ہے جو کہ گزشتہ سال اسی عرصے کے دوران 66.60 فیصد تھا۔ اس اضافے کی بنیادی وجہ کولے کے نرخوں میں اضافہ ہے۔

(iii) لاگت ترسیل

گزشتہ مالی سال کے مقابلے میں رواں سال کی ششماہی کے دوران لاگت ترسیل میں 22.10 فیصد کمی واقع ہوئی ہے۔ اس کمی کی بنیادی وجہ فروخت میں آنے والی کمی کی وجہ سے ادا کئے گئے کمیشن میں آنے والی کمی ہے۔

رواں سال اور سال گزشتہ کی ششماہی کا موازنہ:

Description	December 2017	December 2016	Variance	
	----- Metric Tons -----			%
Plant capacity – Clinker	255,000	255,000	-	-
Production				
- Clinker	194,825	236,135	(41,310)	(17.49)
- Cement	172,449	186,044	(13,595)	(7.31)
- GGBFS	7,952	8,643	(691)	(7.99)
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Cement				
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- Class G	272	1,041	(769)	(73.87)
- Exports	-	740	(740)	(100)
	<u>172,989</u>	<u>186,748</u>	<u>(13,759)</u>	<u>(7.37)</u>
Clinker	14,986	90,642	(75,656)	(83.47)
GBFS & GGBFS -Local	7,952	13,805	(5,853)	(42.40)
	<u>195,927</u>	<u>291,195</u>	<u>(95,268)</u>	<u>(32.72)</u>

آپکی کمپنی کی سیمنٹ کی فروخت میں گزشتہ سال اسی عرصے کے مقابلے میں 6.62% کمی واقع ہوئی ہے۔ فروخت میں اس کمی کی بنیادی وجہ مارکیٹ میں نرخوں کی بنیاد پر سخت مسابقت تھی کیونکہ سیمنٹ کی صنعت کے بڑے صنعتکاروں نے اپنی تمام تر توجہ مقامی مارکیٹ پر مرکوز کر رکھی تھی۔ جسکی وجہ بڑے صنعتکاروں کی جانب سے پیداواری گنجائش میں اضافہ اور سیمنٹ کی برآمدات میں واقع ہونے والی کمی تھی۔ مزید برآں، رواں سال کی اس ششماہی میں کمپنی کی کلنکر کی فروخت میں گزشتہ سال کی اسی ششماہی کے مقابلے میں کمی واقع ہوئی ہے۔

فروخت کے حجم کے اعتبار سے سیمنٹ کی صنعت اور کمپنی کا تقابلی جائزہ ذیل میں پیش کیا جا رہا ہے:

Description	December 2017	December 2016	Variance	
	----- Million Metric Tons -----			%
Cement Industry				
Local sales	19.836	16.895	2.941	17.41
Exports	2.407	2.911	(0.504)	(17.31)
	<u>22.243</u>	<u>19.806</u>	<u>2.437</u>	<u>12.30</u>

----- Metric Tons -----

Thatta Cement Company Limited

Local sales – Cement	172,717	184,967	(12,250)	(6.62)
Class G Cement	272	1,041	(769)	(73.87)
	<u>172,989</u>	<u>186,008</u>	<u>(13,019)</u>	<u>(6.99)</u>
Local sales – Clinker	14,986	90,642	(75,656)	(83.47)
Exports	-	740	(740)	(100)
Local sales – GBFS & GGBFS	7,952	13,805	(5,853)	(42.40)
	<u>195,927</u>	<u>291,195</u>	<u>(95,268)</u>	<u>(32.72)</u>

ڈائریکٹرز کا تجزیہ

ٹھٹھہ سینٹ کمپنی لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے 31 دسمبر 2017 کو ختم ہونے والی ششماہی کے غیر آڈٹ شدہ مالی گوشوارے بمعہ آڈیٹرز کی جائزہ رپورٹ اور ان پر ڈائریکٹرز کا تجزیہ پیش خدمت ہے۔

مجموعی صنعتی جائزہ

رواں مالی سال کی ششماہی کے دوران گزشتہ سال کی ششماہی کے مقابلے میں سینٹ کی صنعت میں 12.30 فیصد کی شرح نمو ریکارڈ کی گئی ہے۔ رواں مالی سال کی پہلی ششماہی کے دوران سینٹ کی مقامی سطح پر فروخت میں 17.41 فیصد کا اضافہ ریکارڈ کیا گیا ہے۔ جبکہ عالمی رجحانات کے پیش نظر گزشتہ سال کی ششماہی کے مقابلے میں اس سال کی پہلی ششماہی کے دوران برآمدات میں 17.31 فیصد کی کمی واقع ہوئی ہے۔ گزشتہ سال کی پہلی ششماہی کے مقابلے میں سینٹ کی مقامی ترسیل کے حوالے سے جنوبی (ساؤتھ) حصے میں واقع سینٹ فیکٹریوں میں 14.06 فیصد بڑھوتی جبکہ شمالی (نارتھ) حصے میں واقع فیکٹریوں میں 18.12 فیصد بڑھوتی دیکھنے میں آئی ہے۔

کاروباری کارکردگی

پیداواری حجم اور فروخت کی کارکردگی

رواں ششماہی کے دوران کمپنی کی جانب سے کلنکر کی پیداوار 194,825 ٹن رہی جو کہ پیداواری گنجائش کا 76.40 فیصد ہے۔ جبکہ گزشتہ سال اسی عرصے کے دوران کلنکر کی پیداوار 236,135 ٹن رہی جو کہ پیداواری گنجائش کا 92.60 فیصد تھی۔ کلنکر کی پیداوار میں کمی کی بنیادی وجہ سینٹ کی فروخت میں کمی اور کمپنی کے پاس پہلے سے موجود کلنکر کا اسٹاک تھا۔



**AUDITORS' REPORT TO THE MEMBER'S
ON REVIEW OF CONDENSED INTERIM
UNCONSOLIDATED FINANCIAL STATEMENTS**

GRANT THORNTON ANJUM RAHMAN
1st & 2nd Floor,
Modern Motors House
Beaumont Road,
Karachi 75530

T +92 021 3567 2951-56
F +92 021 3568 8834
www.gtpak.com

Introduction

We have reviewed the accompanying condensed interim unconsolidated balance sheet of **Thatta Cement Company Limited** (the Company) as at December 31, 2017 and the related condensed interim unconsolidated profit and loss account, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated cash flow statement, condensed interim unconsolidated statement of changes in equity together with the notes forming part thereof for the half year then ended (here-in-after referred to as the "condensed interim unconsolidated financial statements"). Management of the Company is responsible for the preparation and fair presentation of these condensed interim unconsolidated financial statements 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 statements 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 statements 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 statements as of and for the half year ended December 31, 2017 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other matter

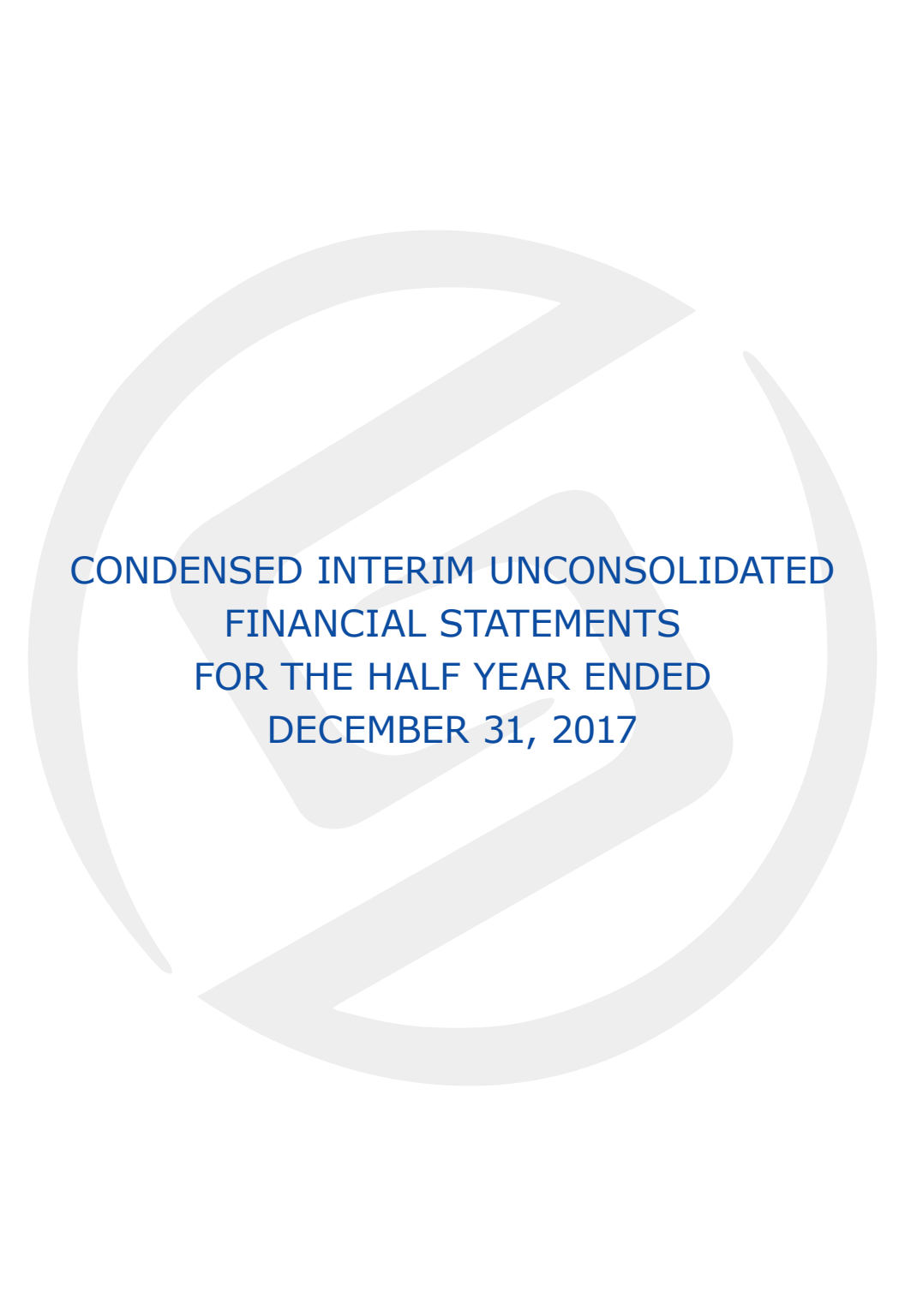
The figures of the condensed interim unconsolidated profit and loss account and condensed interim unconsolidated statement of comprehensive income for the quarter ended December 31,



2017 and 2016 have not been reviewed, as we are required to review only cumulative figures for the half year ended December 31, 2017.

Karachi
Dated: February 12, 2018

Grant Thornton Anjum Rahman
Grant Thornton Anjum Rahman
Chartered Accountants
Muhammad Shaukat Naseeb
Engagement Partner



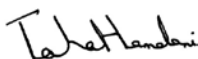
CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED
DECEMBER 31, 2017

CONDENSED INTERIM UNCONSOLIDATED BALANCE SHEET

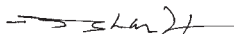
As at December 31, 2017

		(Un-audited) December 31, 2017	(Audited) June 30, 2017
	Note	----- Rupees in thousands -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	2,109,961	2,055,402
Intangible assets		4,225	5,793
Long term investment in the Subsidiary Company		299,158	299,158
Long term deposits		1,096	1,096
Total non-current assets		2,414,440	2,361,449
CURRENT ASSETS			
Stores, spare parts and loose tools	6	347,658	483,745
Stock-in-trade	7	444,714	362,673
Trade debts	8	113,929	136,623
Loan/advance to the Subsidiary Company		140,000	125,000
Advances	9	9,286	11,597
Trade deposits and short term prepayments		15,483	6,107
Other receivables and accrued interest		92,135	165,669
Taxation - net		131,378	140,432
Cash and bank balances		71,824	102,031
Total current assets		1,366,407	1,533,877
Total assets		3,780,847	3,895,326
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	10	997,181	997,181
Share premium		99,718	99,718
Accumulated profit		1,293,310	1,343,721
Total shareholders' equity		2,390,209	2,440,620
NON-CURRENT LIABILITIES			
Long term financing		203,784	319,750
Long term deposits		2,834	2,834
Long term employee benefit		19,267	17,699
Deferred taxation	11	274,122	268,572
Total non-current liabilities		500,007	608,855
CURRENT LIABILITIES			
Trade and other payables	12	390,463	420,061
Accrued mark-up		10,031	2,810
Current maturity of long term financing		231,933	231,933
Short term borrowings		258,204	191,047
Total current liabilities		890,631	845,851
Total equity and liabilities		3,780,847	3,895,326
CONTINGENCIES AND COMMITMENTS			
	13		


The annexed notes from 1 to 21 form an integral part of these condensed interim unconsolidated financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



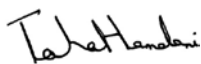
DIRECTOR

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

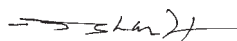
For the quarter and half year ended December 31, 2017

	Note	Half year ended December 31,		Quarter ended December 31,	
		2017	2016	2017	2016
----- Rupees in thousands -----					
Sales - net	14	1,337,661	1,766,573	724,411	1,128,035
Cost of sales	15	(946,833)	(1,176,512)	(520,568)	(764,070)
Gross profit		390,828	590,061	203,843	363,965
Selling and distribution cost		(35,437)	(45,490)	(20,113)	(28,016)
Administrative expenses		(64,876)	(67,944)	(32,828)	(39,440)
		(100,313)	(113,434)	(52,941)	(67,456)
Operating profit		290,515	476,627	150,902	296,509
Other operating expenses		(18,865)	(27,764)	(9,770)	(16,737)
Finance cost		(35,166)	(52,743)	(18,348)	(25,462)
		(54,031)	(80,507)	(28,118)	(42,199)
Other income		23,360	122,800	12,471	112,083
Profit before taxation		259,844	518,920	135,255	366,393
Taxation	16	(75,918)	(129,143)	(39,594)	(82,958)
Profit for the period		183,926	389,777	95,661	283,435
Earnings per share - basic and diluted (Rupees)	17	1.84	3.91	0.95	2.84

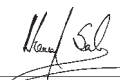
The annexed notes from 1 to 21 form an integral part of these condensed interim unconsolidated financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

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

For the quarter and half year ended December 31, 2017

	Half year ended December 31,		Quarter ended December 31,	
	2017	2016	2017	2016
	----- Rupees in thousands -----			
Profit for the period	183,926	389,777	95,661	283,435
Other comprehensive income / (loss)				
<i>Items to be reclassified to unconsolidated profit and loss account in subsequent periods</i>				
Deficit on revaluation of Available for sale investment	-	-	-	(10,742)
Total comprehensive income for the period	183,926	389,777	95,661	272,693

The annexed notes from 1 to 21 form an integral part of these condensed interim unconsolidated financial statements.


CHIEF FINANCIAL OFFICER


CHIEF EXECUTIVE


DIRECTOR

CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)

For the half year ended December 31, 2017

		Half Year ended December 31,	
		2017	2016
		----- Rupees in thousands -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
			Note
Profit before taxation		259,844	518,920
Adjustment for:			
Depreciation	5.1	59,681	66,977
Amortization		1,568	1,605
(Reversal) / provision for slow moving & obsolete stores and spares		(1,859)	1,877
Finance cost		35,166	52,743
Provision for gratuity		6,849	6,101
Provision for leave encashment		2,503	2,041
Fixed assets written off		508	-
Gain on disposal of Available for sale investment		-	(98,717)
		104,416	32,627
Operating cash flows before working capital changes		364,260	551,547
Working capital changes			
<i>(Increase) / decrease in current assets</i>			
Stores, spare parts and loose tools		137,508	(179,087)
Stock-in-trade		(82,041)	74,686
Trade debts		22,694	(11,187)
Loan/advance to the Subsidiary Company		(15,000)	(32,000)
Advances		2,311	(6,608)
Trade deposits and short term prepayments		(9,376)	(504)
Other receivables and accrued interest		73,534	1,846
		129,630	(152,854)
<i>Decrease in current liabilities</i>			
Trade and other payables excluding gratuity and dividend payable		(22,986)	(46,140)
Cash generated from operations		470,904	352,553
Finance cost paid		(27,945)	(49,766)
Gratuity paid		(14,326)	(14,465)
Leave encashment paid		(935)	(556)
Income tax paid - net		(61,314)	(98,415)
		(104,520)	(163,202)
Net cash generated from operating activities		366,384	189,351

CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)

For the half year ended December 31, 2017

	Half Year ended December 31,	
	2017	2016
	----- Rupees in thousands -----	
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(114,752)	(16,262)
Addition in intangible assets	-	(2,519)
Acquisition of shares	-	(377,420)
Proceeds from disposal of long term investment - Available for sale	-	381,518
Proceeds from disposal of property, plant and equipment	442	458
Net cash used in investing activities	(114,310)	(14,225)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	(115,966)	(340,967)
Dividend paid	(233,472)	(149,288)
Long term deposits - liabilities	-	(1,000)
Net cash used in financing activities	(349,438)	(491,255)
Net decrease in cash and cash equivalents	(97,364)	(316,129)
Cash and cash equivalents at beginning of the period	(89,016)	218,601
Cash and cash equivalents at end of the period	(186,380)	(97,528)
CASH AND CASH EQUIVALENTS		
Cash and bank balances	71,824	85,896
Short term borrowings	(258,204)	(183,424)
	(186,380)	(97,528)

The annexed notes from 1 to 21 form an integral part of these condensed interim unconsolidated financial statements.


CHIEF FINANCIAL OFFICER


CHIEF EXECUTIVE


DIRECTOR

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

For the half year ended December 31, 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 period ended December 31, 2016</i>					
Profit for the period	-	-	-	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>
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 period ended December 31, 2017</i>					
Profit for the period	-	-	-	183,926	183,926
Balance as at December 31, 2017 (un-audited)	<u>997,181</u>	<u>99,718</u>	<u>-</u>	<u>1,293,310</u>	<u>2,309,209</u>

The annexed notes from 1 to 21 form an integral part of these condensed interim unconsolidated financial statements.


CHIEF FINANCIAL OFFICER


CHIEF EXECUTIVE


DIRECTOR

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

For the half year ended December 31, 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.

The Company owns 62.43% shareholding of Thatta Power (Private) Limited (the Subsidiary Company). The principal business of the subsidiary is generation and sale of electric power.

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 half year ended December 31, 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 237 of the Companies Act, 2017 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, 2017 and 2016 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, 2017 and December 31, 2016.

These condensed interim unconsolidated financial statements comprises of the Condensed Interim Unconsolidated Balance Sheet as at December 31, 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 half year ended December 31, 2017.

2.2 Use of 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 except for the following:

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IAS 7 - Disclosure Initiative (Amendments to IAS 7)	January 1, 2017
IAS 12 - Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12)	January 1, 2017
IFRS 12 - Annual Improvements to IFRS 2014-2016	January 1, 2017

The adoption of 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, 2017.

5 PROPERTY, PLANT AND EQUIPMENT

		(Un-audited) December 31, 2017	(Audited) June 30, 2017
	Note	--- Rupees in thousands ---	
Operating fixed assets	5.1	1,967,804	2,008,696
Capital work-in-progress	5.2	88,255	-
Major stores and spares		53,902	46,706
		<u>2,109,961</u>	<u>2,055,402</u>

	(Un-audited) December 31, 2017	(Audited) June 30, 2017
Note	--- Rupees in thousands ---	
5.1 Operating fixed assets		
Written Down Value (WDV) - opening	2,008,696	2,100,608
Additions during the period / year - at cost		
- Factory building on freehold land	-	7,771
- Plant and machinery	17,455	41,335
- Vehicles	1,394	5,704
- Office & other equipment	-	454
- Laboratory equipments	890	2,335
	<u>19,739</u>	<u>57,599</u>
WDV of disposals during the period / year	(442)	(1,073)
Fixed assets written off during the period / year	(508)	(4,769)
Depreciation charge for the period / year	(59,681)	(143,669)
	<u>(60,631)</u>	<u>(149,511)</u>
WDV - closing	<u>1,967,804</u>	<u>2,008,696</u>
5.2 Capital work-in-progress		
Opening balance	-	1,403
Additions	88,255	6,368
Transferred to operating fixed assets	-	(7,771)
	<u>88,255</u>	<u>-</u>
6 STORES, SPARE PARTS AND LOOSE TOOLS		
Coal and other fuels	137,302	249,980
Stores & spare parts	238,425	263,207
Loose tools	226	274
	<u>375,953</u>	<u>513,461</u>
6.1 Provision for obsolete stores	(5,272)	(5,353)
Provision for slow moving stores and spares	(23,023)	(24,363)
	<u>(28,295)</u>	<u>(29,716)</u>
	<u>347,658</u>	<u>483,745</u>
6.1 This includes stores in transit of Rs. 81.328 million (June 30, 2017: Rs. 119.097 million) as at the balance sheet date.		

	(Un-audited)	(Audited)
	December 31, 2017	June 30, 2017
7 STOCK-IN-TRADE	--- Rupees in thousands ---	
Raw material	55,177	87,604
Packing material	25,905	27,452
Work-in-process	324,400	211,163
Finished goods	39,232	36,454
	<u>444,714</u>	<u>362,673</u>

8 TRADE DEBTS		
Considered good		
Local - unsecured	113,929	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>113,929</u>	<u>136,623</u>

9 ADVANCES		
Considered good		
- to vendors	9,069	11,245
- others	217	352
	<u>9,286</u>	<u>11,597</u>

	(Un-audited)	(Audited)		(Un-audited)	(Audited)
	December 31, 2017	June 30, 2017		December 31, 2017	June 30, 2017
	--- Number of Shares ---			--- Rupees in thousands ---	
10 SHARE CAPITAL					
Authorized share capital					
<u>200,000,000</u>	200,000,000		Ordinary shares of Rs. 10/- each	<u>2,000,000</u>	2,000,000
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	894,181	894,181
<u>10,300,000</u>	10,300,000		Ordinary shares of Rs. 10/- each - shares allotted for consideration other than cash	103,000	103,000
<u>99,718,125</u>	<u>99,718,125</u>			<u>997,181</u>	<u>997,181</u>

		(Un-audited) December 31, 2017	(Audited) June 30, 2017
		--- Rupees in thousands ---	
11	DEFERRED TAXATION		
	Taxable temporary differences arising in respect of - Accelerated tax depreciation	314,592	309,600
	Deductible temporary differences arising in respect of - Other provisions - for doubtful debts and slow moving & obsolete stores	(40,470)	(41,028)
		<u>274,122</u>	<u>268,572</u>
12	TRADE AND OTHER PAYABLES		
	Trade creditors	27,106	48,119
	Accrued liabilities	126,853	213,345
	Bills payable	103,236	12,281
	Advances from customers	19,501	31,191
	Contractors retention money	11	45
	Excise duty and sales tax payable	79,527	35,509
	Payable to Gratuity Fund	6,849	14,326
	Workers' Profit Participation Fund (WPPF)	13,936	45,347
	Workers' Welfare Fund (WWF)	6,135	16,977
	Unclaimed dividend	1,497	632
	Other liabilities	5,812	2,289
		<u>390,463</u>	<u>420,061</u>
12.1	It includes Rs. 45.199 million (June 30, 2017: Rs. 57.561 million) payable to the Subsidiary Company, in respect of purchase of electric power.		
13	CONTINGENCIES AND COMMITMENTS		
13.1	Contingencies		
	The status of contingencies is same except the matters disclosed in note 26.1.2, 26.1.5 and 26.1.8 in the annual audited unconsolidated financial statements for the year ended June 30, 2017. The status of 26.1.2, 26.1.5 and 26.1.8 is mentioned below respectively:		
13.1.1	During the period, Appellate Tribunal Inland Revenue (ATIR) has passed an order in favour of the Company on the issue of adjustment of minimum tax.		
13.1.2	During the period, 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 Company. The matter is pending for adjudication.		
13.1.3	During the period, Sindh Labour Appellate Tribunal has disposed of the appeals filed by ex-workers of contractor by awarding them the compensation instead of reinstatement of their services. The Company has challenged the said decision before the High Court of Sindh, Hyderabad.		

13.2 Commitments

	(Un-audited) December 31, 2017	(Audited) June 30, 2017
Commitments in respect of revenue & capital expenditure	49,722	199,259
Guarantees given by banks on behalf of the Company	67,080	70,204
	<u>116,802</u>	<u>269,463</u>

--- Rupees in thousands ---

14 SALES - NET

	Half year ended December 31,		Quarter ended December 31,	
	2017	2016	2017	2016
	(Un-audited)			
	Rupees in thousands			
Gross sales - Local	1,870,488	2,421,375	1,017,880	1,549,071
- Export	-	5,094	-	1,726
	<u>1,870,488</u>	<u>2,426,469</u>	<u>1,017,880</u>	<u>1,550,797</u>
Less - Federal Excise Duty	234,969	276,650	130,991	179,175
- Sales tax	297,858	383,246	162,478	243,587
	<u>532,827</u>	<u>659,896</u>	<u>293,469</u>	<u>422,762</u>
	<u>1,337,661</u>	<u>1,766,573</u>	<u>724,411</u>	<u>1,128,035</u>

15 COST OF SALES

Raw material consumed	96,173	127,407	43,825	83,900
Manufacturing expenses				
Packing material consumed	56,453	77,697	30,021	47,382
Stores, spare parts and loose tools consumed	53,540	39,294	25,198	20,102
Fuel and power	624,653	616,670	304,930	358,396
Salaries, wages and other benefits	151,743	171,590	77,267	102,266
Insurance	8,246	9,029	4,124	4,525
Repairs and maintenance	7,865	13,156	4,226	6,157
Depreciation	56,516	63,904	27,138	36,272
Vehicle hire, running & maintenance	5,245	5,724	2,545	2,901
Communication	924	926	468	459
Entertainment	941	1,195	593	564
(Reversal) / provision for slow moving & obsolete stores and spares	(1,859)	1,877	(1,859)	1,877
Other production overheads	2,408	2,434	1,404	1,627
	<u>966,675</u>	<u>1,003,496</u>	<u>476,055</u>	<u>582,528</u>
Cost of production	<u>1,062,848</u>	<u>1,130,903</u>	<u>519,880</u>	<u>666,428</u>
Work-in-process				
Opening balance	211,163	116,871	324,810	170,174
Closing balance	(324,400)	(75,375)	(324,400)	(75,375)
	<u>(113,237)</u>	<u>41,496</u>	<u>410</u>	<u>94,799</u>
Cost of goods manufactured	<u>949,611</u>	<u>1,172,399</u>	<u>520,290</u>	<u>761,227</u>
Finished goods				
Opening balance	36,454	34,126	39,510	32,856
Closing balance	(39,232)	(30,013)	(39,232)	(30,013)
	<u>(2,778)</u>	<u>4,113</u>	<u>278</u>	<u>2,843</u>
	<u>946,833</u>	<u>1,176,512</u>	<u>520,568</u>	<u>764,070</u>

16 TAXATION

Current tax
Prior year (reversal) / charge
Deferred tax charge

Half year ended December 31,		Quarter ended December 31,	
2017	2016	2017	2016
----- (Un-audited) -----			
----- Rupees in thousands -----			
70,627	121,055	36,236	78,753
(259)	137	(259)	137
5,550	7,951	3,617	4,068
<u>75,918</u>	<u>129,143</u>	<u>39,594</u>	<u>82,958</u>

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

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

Half year ended December 31,		Quarter ended December 31,	
2017	2016	2017	2016
----- (Un-audited) -----			

17 EARNINGS PER SHARE - BASIC AND DILUTED

Profit for the period (Rupees in thousands)	<u>183,926</u>	389,777	<u>95,661</u>	283,435
Weighted average number of ordinary shares	<u>99,718,125</u>	99,718,125	<u>99,718,125</u>	99,718,125
Earnings per share - basic and diluted (Rupees)	<u>1.84</u>	3.91	<u>0.95</u>	2.84

18 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 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. Details of transactions during the half year ended/outstanding balances as at December 31, 2017 with related parties are as follows:

Half year ended December 31,	
2017	2016
----- (Un-audited) -----	
--- Rupees in thousands ---	

18.1 Transactions with related parties

18.1.1 Subsidiary Company

Thatta Power (Private) Limited

- Common shared expenses	1,812	1,766
- Receipts on account of common shared expenses	1,885	2,436
- Purchase/sale of store items (inclusive of GST) - net	138	41
- Payment/receipts on account of purchase/sale of store items - net	134	18
- Purchase of electric power (inclusive of GST)	335,572	347,793
- Payment on account of electric power (inclusive of GST)	347,934	342,476
- Management fee claimed (inclusive of SST)	9,927	9,024
- Management fee received (inclusive of SST)	9,776	11,658
- Loan/advance to the Subsidiary Company	40,000	32,000
- Receipt on account of loan/advance to the Subsidiary Company	25,000	-
- Interest accrued on loan/advance to the Subsidiary Company	6,168	8,326
- Receipt on account of interest on loan/advance to the Subsidiary Company	5,711	8,082

18.1.2 Key management personnel

- Salaries and benefits	61,577	83,778
- Sale of vehicle	433	458

18.1.3 Other related parties

- Contribution to employees' Gratuity Fund	14,326	14,465
- Contribution to employees' Provident Fund	4,904	4,515
- Education expenses - Model Terbiat School	3,122	3,109

18.2 Balances with related parties

18.2.1 Subsidiary Company

Thatta Power (Private) Limited

	(Un-audited) December 31, 2017	(Audited) June 30, 2017
- Payable against purchase of electric power (inclusive of GST)	45,199	57,561
- Receivable against management fee (inclusive of SST)	1,655	1,504
- Receivable against common shared expenses	256	329
- Receivable against sale of store items - net	-	4
- Loan/advance to the Subsidiary Company	140,000	125,000
- Accrued mark-up on loan/advance to the Subsidiary Company	3,408	2,951

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

(Un-audited)	(Audited)
December 31, 2017	June 30, 2017
--- Rupees in thousands ---	

18.2.2 Other related party

- Payable to Gratuity Fund	6,849	14,326
----------------------------	-------	--------

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

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

19 OPERATING SEGMENTS

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

19.2 Revenue from cement segment represents 100% (December 31, 2016: 100%) of the total revenue of the Company.

19.3 100% (December 31, 2016: 100%) sales of the Company relates to customers in Pakistan.

19.4 All non-current assets of the Company as at December 31, 2017 are located in Pakistan.

20 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.

21 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim unconsolidated financial statements have been authorized for issue on February 12, 2018 by the Board of Directors of the Company.




 CHIEF FINANCIAL OFFICER



 CHIEF EXECUTIVE



 DIRECTOR



CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED
DECEMBER 31, 2017

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET

As at December 31, 2017

		(Un-audited) December 31, 2017	(Audited) June 30, 2017
	Note	----- Rupees in thousands -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	3,313,148	3,265,979
Intangible assets		4,225	5,793
Long term deposits		1,096	1,096
Total non-current assets		3,318,469	3,272,868
CURRENT ASSETS			
Stores, spare parts and loose tools	6	388,414	513,141
Stock-in-trade	7	427,384	353,970
Trade debts	8	566,229	404,434
Short term investment - Held to maturity		306,000	306,000
Advances	9	26,858	35,574
Trade deposits and short term prepayments		21,663	7,306
Other receivables and accrued interest		91,901	166,274
Taxation - net		157,534	164,405
Cash and bank balances		115,730	154,478
Total current assets		2,101,713	2,105,582
Total assets		5,420,182	5,378,450
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	10	997,181	997,181
Share premium		99,718	99,718
Accumulated profit		1,943,867	1,908,286
Attributable to the owners of the Holding Company		3,040,766	3,005,185
Non-controlling interests		572,847	521,098
Total equity		3,613,613	3,526,283
NON-CURRENT LIABILITIES			
Long term financing		381,453	548,182
Long term deposits		2,834	2,834
Long term employee benefit		19,267	17,699
Deferred taxation	11	274,122	268,572
Total non-current liabilities		677,676	837,287
CURRENT LIABILITIES			
Trade and other payables	12	524,334	484,267
Accrued mark-up		12,897	6,108
Current maturity of long term financing		333,458	333,458
Short term borrowings		258,204	191,047
Total current liabilities		1,128,893	1,014,880
Total equity and liabilities		5,420,182	5,378,450
CONTINGENCIES AND COMMITMENTS			
	13		

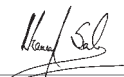
The annexed notes from 1 to 21 form an integral part of these condensed interim consolidated financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



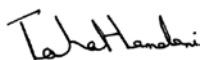
DIRECTOR

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

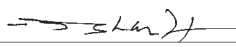
For the quarter and half year ended December 31, 2017

	Note	Half year ended December 31,		Quarter ended December 31,	
		2017	2016	2017	2016
----- Rupees in thousands -----					
Sales - net	14	1,734,086	1,771,489	937,405	1,130,733
Cost of sales	15	(1,174,623)	(1,134,324)	(653,880)	(741,334)
Gross profit		559,463	637,165	283,525	389,399
Selling and distribution cost		(35,437)	(45,490)	(20,113)	(28,016)
Administrative expenses		(70,503)	(69,830)	(33,821)	(40,055)
		(105,940)	(115,320)	(53,934)	(68,071)
Operating profit		453,523	521,845	229,591	321,328
Other operating expenses		(18,865)	(27,764)	(9,770)	(16,737)
Finance cost		(54,236)	(75,375)	(29,299)	(37,610)
		(73,101)	(103,139)	(39,069)	(54,347)
Other income		18,302	116,553	9,514	108,884
Profit before taxation		398,724	535,259	200,036	375,865
Taxation	16	(77,057)	(129,466)	(40,209)	(82,987)
Profit for the period		321,667	405,793	159,827	292,878
Profit for the period attributable to:					
- Equity holders of the Holding Company		269,918	399,776	135,720	289,330
- Non-controlling interests		51,749	6,017	24,107	3,548
		321,667	405,793	159,827	292,878
Earnings per share - basic and diluted (Rupees)	17	2.71	4.01	1.36	2.90

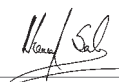
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CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



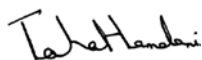
DIRECTOR

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

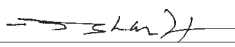
For the quarter and half year ended December 31, 2017

	Half year ended December 31,		Quarter ended December 31,	
	2017	2016	2017	2016
	----- Rupees in thousands -----			
Profit for the period	321,667	405,793	159,827	292,878
Other comprehensive income / (loss)				
<i>Items to be reclassified to consolidated profit and loss account in subsequent periods</i>				
Deficit on revaluation of Available for sale investment	-	-	-	(10,742)
Total comprehensive income for the period	321,667	405,793	159,827	282,136
Total comprehensive income for the period attributable to:				
- Equity holders of the Holding Company	269,918	399,776	135,720	278,588
- Non-controlling interests	51,749	6,017	24,107	3,548
	321,667	405,793	159,827	282,136

The annexed notes from 1 to 21 form an integral part of these condensed interim consolidated financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)

For the half year ended December 31, 2017

		Half Year ended December 31,	
		2017	2016
Note		----- Rupees in thousands -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
	Profit before taxation	398,724	535,259
	Adjustment for:		
	Depreciation	81,739	83,003
5.1	Amortization	1,568	1,605
	(Reversal) / provision for slow moving & obsolete stores and spares	(1,859)	1,877
	Finance cost	54,236	75,375
	Provision for gratuity	6,849	6,101
	Provision for leave encashment	2,503	2,041
	Fixed assets written off	508	-
	Gain on disposal of Available for sale investment	-	(98,717)
		145,544	71,285
	Operating cash flows before working capital changes	544,268	606,544
	Working capital changes		
	<i>(Increase) / decrease in current assets</i>		
	Stores, spare parts and loose tools	126,148	(178,448)
	Stock-in-trade	(73,414)	73,110
	Trade debts	(161,795)	5,204
	Advances	8,716	(3,091)
	Trade deposits and short term prepayments	(14,357)	635
	Other receivables and accrued interest	74,373	358
		(40,329)	(102,232)
	<i>Increase / (decrease) in current liabilities</i>		
	Trade and other payables excluding gratuity and dividend payable	46,679	(51,576)
	Cash generated from operations	550,618	452,736
	Finance cost paid	(47,447)	(73,191)
	Gratuity paid	(14,326)	(14,465)
	Leave encashment paid	(935)	(556)
	Income tax paid - net	(64,636)	(99,972)
		(127,344)	(188,184)
	Net cash generated from operating activities	423,274	264,552

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)

For the half year ended December 31, 2017

	Half Year ended December 31,	
	2017	2016
	----- Rupees in thousands -----	
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(129,420)	(17,658)
Addition in intangible assets	-	(2,519)
Acquisition of Shares	-	(377,420)
Proceeds from disposal of long term investment - Available for sale	-	381,518
Proceeds from disposal of property, plant and equipment	442	458
Proceeds from maturity of short term investment	306,000	306,000
Short term investment	(306,000)	(306,000)
Net cash used in investing activities	(128,978)	(15,621)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	(166,729)	(391,730)
Dividend paid	(233,472)	(149,288)
Long term deposits - liabilities	-	(1,000)
Net cash used in financing activities	(400,201)	(542,018)
Net decrease in cash and cash equivalents	(105,905)	(293,087)
Cash and cash equivalents at beginning of the period	(36,569)	228,491
Cash and cash equivalents at end of the period	<u>(142,474)</u>	<u>(64,596)</u>
CASH AND CASH EQUIVALENTS		
Cash and bank balances	115,730	118,828
Short term borrowings	(258,204)	(183,424)
	<u>(142,474)</u>	<u>(64,596)</u>

The annexed notes from 1 to 21 form an integral part of these condensed interim consolidated financial statements.


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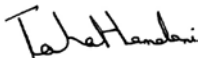

DIRECTOR

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

For the half year ended December 31, 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 period ended December 31, 2016</i>							
Profit for the period	-	-	-	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)	997,181	99,718	-	1,642,915	2,739,814	475,724	3,215,538
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 period ended December 31, 2017</i>							
Profit for the period	-	-	-	269,918	269,918	51,749	321,667
Balance as at December 31, 2017 (un-audited)	997,181	99,718	-	1,943,867	3,040,766	572,847	3,613,613

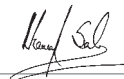
The annexed notes from 1 to 21 form an integral part of these condensed interim consolidated financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

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

For the half year ended December 31, 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 December 31, 2017 (June 30, 2017: 62.43%). The principal business activity of the Subsidiary Company is generation and sale of electric power. As at December 31, 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 half year ended December 31, 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 228 and 237 of the Companies Act, 2017 and the Pakistan Stock Exchange Regulations.

These condensed interim consolidated financial statements comprises of the Condensed Interim Consolidated Balance Sheet as at December 31, 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 half year ended December 31, 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 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 Company's shareholders' equity in the condensed interim consolidated financial statements. Intra-group balances and transactions are eliminated.

2.3 Use of 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 except for the following:

Standard or Interpretation

Effective Date (Annual periods beginning on or after)

IAS 7 - Disclosure Initiative (Amendments to IAS 7)	January 1, 2017
IAS 12 - Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12)	January 1, 2017
IFRS 12 - Annual Improvements to IFRS 2014-2016	January 1, 2017

The adoption of 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, 2017.

		(Un-audited) December 31, 2017	(Audited) June 30, 2017
	Note	--- Rupees in thousands ---	
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	3,143,431	3,199,149
Capital work-in-progress	5.2	112,871	17,180
Major stores and spares		56,846	49,650
		<u>3,313,148</u>	<u>3,265,979</u>
5.1 Operating fixed assets			
Written Down Value (WDV) - opening		3,199,149	3,313,220
Additions during the period / year - at cost			
- Factory building on freehold land		-	7,771
- Plant and machinery		24,687	54,390
- Vehicles		1,394	5,704
- Office and other equipments		-	454
- Laboratory equipments		890	2,335
		26,971	70,654
WDV of disposals during the period / year		(442)	(1,073)
Fixed assets written off during the period / year		(508)	(4,769)
Depreciation charge for the period / year		(81,739)	(178,883)
		(82,689)	(184,725)
WDV - closing		<u>3,143,431</u>	<u>3,199,149</u>
5.2 Capital work-in-progress			
Opening balance		17,180	18,187
Additions		95,691	6,764
Transferred to operating fixed assets		-	(7,771)
		<u>112,871</u>	<u>17,180</u>
6 STORES, SPARE PARTS AND LOOSE TOOLS			
Coal and other fuels	6.1	137,302	249,980
Stores & spare parts		279,139	292,564
Loose tools		268	313
		<u>416,709</u>	<u>542,857</u>

	(Un-audited)	(Audited)
	December 31, 2017	June 30, 2017
Note	--- Rupees in thousands ---	
Provision for obsolete stores	(5,272)	(5,353)
Provision for slow moving stores and spares	(23,023)	(24,363)
	(28,295)	(29,716)
	<u>388,414</u>	<u>513,141</u>

6.1 This includes stores in transit of Rs. 81.328 million (June 30, 2017: Rs. 119.097 million) as at the balance sheet date.

7 STOCK-IN-TRADE

Raw material	55,177	87,604
Packing material	25,905	27,452
Work-in-process	308,283	203,356
Finished goods	38,019	35,558
	<u>427,384</u>	<u>353,970</u>

8 TRADE DEBTS

Considered good

Local - unsecured	8.1	566,229	404,434
-------------------	-----	---------	---------

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>566,229</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 the petition filed by the Subsidiary Company with the direction to HESCO to pay Thatta Power (Pvt) Ltd (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 January 09, 2018. 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 the 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/subsidy i.e. difference between tariff as per PPA and tariff determined by NEPRA, to the captive power plants. Subsequently, the Subsidiary Company is receiving tariff differential subsidy.

(Un-audited)	(Audited)
December 31, 2017	June 30, 2017
--- Rupees in thousands ---	

9 ADVANCES

Considered good

- to vendors
- margin against Letter of Credit
- others

13,254	12,636
13,387	22,586
217	352
<u>26,858</u>	<u>35,574</u>

10 SHARE CAPITAL

(Un-audited)	(Audited)
December 31, 2017	June 30, 2017
--- Number of Shares ---	

(Un-audited)	(Audited)
December 31, 2017	June 30, 2017
--- 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 fully paid in cash

894,181	894,181
---------	---------

10,300,000	10,300,000
------------	------------

Ordinary shares of Rs. 10/- each
- shares allotted for consideration other than cash

103,000	103,000
---------	---------

<u>99,718,125</u>	<u>99,718,125</u>
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<u>997,181</u>	<u>997,181</u>
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11 DEFERRED TAXATION

Taxable temporary differences arising in respect of
- Accelerated tax depreciation

314,592	309,600
---------	---------

Deductible temporary differences arising in respect of
- Other provisions - for doubtful debts and slow moving & obsolete stores

(40,470)	(41,028)
<u>274,122</u>	<u>268,572</u>

	(Un-audited) December 31, 2017	(Audited) June 30, 2017
--- Rupees in thousands ---		
12 TRADE AND OTHER PAYABLES		
Trade creditors	29,016	49,041
Accrued liabilities	186,522	214,877
Bills payable	103,236	12,281
Advances from customers	19,501	31,191
Contractors retention money	11	45
Excise duty and sales tax payable	91,765	39,658
Payable to Gratuity Fund	6,849	14,326
Workers' Profit Participation Fund (WPPF)	53,592	85,003
Workers' Welfare Fund (WWF)	21,204	32,046
Unclaimed dividend	1,497	632
Other liabilities	11,141	5,167
	<u>524,334</u>	<u>484,267</u>

13 CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

The status of contingencies is same except for matters disclosed in note 25.1.2, 25.1.5, 25.1.8 and 25.1.12 of the annual audited consolidated financial statements. The status of notes 25.1.2, 25.1.5, 25.1.8 and 25.1.12 is mentioned below respectively:

- 13.1.1** During the period, Appellate Tribunal Inland Revenue (ATIR) has passed an order in favour of the Holding Company on the issue of adjustment of minimum tax.
- 13.1.2** During the period, 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.
- 13.1.3** During the period, the Sindh Labour Appellate Tribunal has disposed of the appeals filed by ex-workers of contractor by awarding them the compensation instead of reinstatement of their services. The Holding Company has challenged the said decision before the High Court of Sindh, Hyderabad.
- 13.1.4** During the period, 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) December 31, 2017	(Audited) June 30, 2017
--- Rupees in thousands ---		
13.2 Commitments		
Commitments in respect of capital expenditure	611,834	221,845
Guarantees given by banks on behalf of the Group	373,080	376,204
	<u>984,914</u>	<u>598,049</u>

14 SALES - NET

	Half year ended December 31,		Quarter ended December 31,	
	2017	2016	2017	2016
	------(Un-audited)-----			
	----- Rupees in thousands -----			
Gross Sales - Local	2,334,306	2,427,127	1,267,084	1,552,228
- Export	-	5,094	-	1,726
	<u>2,334,306</u>	<u>2,432,221</u>	<u>1,267,084</u>	<u>1,553,954</u>
Less: - Federal Excise Duty	234,969	276,650	130,991	179,175
- Sales tax	365,251	384,082	198,688	244,046
	<u>600,220</u>	<u>660,732</u>	<u>329,679</u>	<u>423,221</u>
	<u>1,734,086</u>	<u>1,771,489</u>	<u>937,405</u>	<u>1,130,733</u>

15 COST OF SALES

Raw material consumed	96,173	127,407	43,825	83,900
Manufacturing expenses				
Packing material consumed	56,453	77,697	30,021	47,382
Stores, spare parts and loose tools consumed	96,181	66,043	60,052	36,578
Fuel and power	762,886	515,564	389,219	302,244
Salaries, wages and other benefits	151,743	171,590	77,267	102,266
Insurance	11,767	12,969	5,885	6,478
Repairs, operations and maintenance	20,531	26,881	10,318	13,896
Depreciation	78,574	79,930	38,379	44,739
Vehicle hire, running & maintenance	5,245	5,724	2,545	2,901
Communication	924	971	468	485
Entertainment	941	1,195	593	564
(Reversal) / provision for slow moving & obsolete stores and spares	(1,859)	1,877	(1,859)	1,877
Other production overheads	2,452	2,443	1,426	1,627
	<u>1,185,838</u>	<u>962,884</u>	<u>614,314</u>	<u>561,037</u>
Cost of production	<u>1,282,011</u>	<u>1,090,291</u>	<u>658,139</u>	<u>644,937</u>
Work-in-process				
Opening balance	203,356	114,614	304,129	168,115
Closing balance	(308,283)	(74,550)	(308,283)	(74,550)
	<u>(104,927)</u>	<u>40,064</u>	<u>(4,154)</u>	<u>93,565</u>
Cost of goods manufactured	<u>1,177,084</u>	<u>1,130,355</u>	<u>653,985</u>	<u>738,502</u>
Finished goods				
Opening balance	35,558	33,767	37,914	32,630
Closing balance	(38,019)	(29,798)	(38,019)	(29,798)
	<u>(2,461)</u>	<u>3,969</u>	<u>(105)</u>	<u>2,832</u>
	<u>1,174,623</u>	<u>1,134,324</u>	<u>653,880</u>	<u>741,334</u>

Half year ended December 31,		Quarter ended December 31,	
2017	2016	2017	2016
----- (Un-audited) -----			
----- Rupees in thousands -----			

16 TAXATION

Current tax	71,766	121,378	36,851	78,782
Prior year (reversal) / charge	(259)	137	(259)	137
Deferred tax charge	5,550	7,951	3,617	4,068
	<u>77,057</u>	<u>129,466</u>	<u>40,209</u>	<u>82,987</u>

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

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

17 EARNINGS PER SHARE - BASIC AND DILUTED

	Half year ended December 31,		Quarter ended December 31,	
	2017	2016	2017	2016
	----- (Un-audited) -----			
Profit for the period attributable to the owners of the Holding Company (Rupees in thousands)	<u>269,918</u>	<u>399,776</u>	<u>135,720</u>	<u>289,330</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 - basic and diluted (Rupees)	<u>2.71</u>	<u>4.01</u>	<u>1.36</u>	<u>2.90</u>

18 RELATED PARTY TRANSACTIONS & BALANCES

Related parties comprises of associated undertakings, 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. Details of transactions during the half year ended / outstanding balances as at December 31, 2017 with related parties are as follows:

	Half year ended December 31,	
	2017	2016
	----- (Un-audited) -----	
	--- Rupees in thousands ---	
18.1 Transactions with related parties		
18.1.1 Key management personnel		
- Salaries and benefits	61,577	83,778
- Sale of vehicle	433	458
18.1.2 Other related parties		
- Contribution to employees' Gratuity Fund	14,326	14,465
- Contribution to employees' Provident Fund	4,904	4,515
- Education expenses - Model Terbiat School	3,122	3,109
	(Un-audited)	(Audited)
	December 31, 2017	June 30, 2017
	--- Rupees in thousands ---	

18.2 Balances with related parties

18.2.1 Other related parties

Payable to Gratuity Fund	6,849	14,326
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18.3 There are no transactions with key management personnel other than under their terms of employment.

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

19 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 electric power.

19.1 Revenues

	Cement		Power		Intra group adjustment		Consolidated	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
----- Un-audited -----								
----- Rupees in thousands -----								
Sales - net	1,337,661	1,766,573	683,239	302,175	(286,814)	(297,259)	1,734,086	1,771,489
Cost of sales	(946,833)	(1,176,512)	(506,425)	(256,974)	278,635	299,162	(1,174,623)	(1,134,324)
Gross profit	390,828	590,061	176,814	45,201	(8,179)	1,903	559,463	637,165
Selling and distribution cost	(35,437)	(45,490)	-	-	-	-	(35,437)	(45,490)
Administrative expenses	(64,876)	(67,944)	(14,412)	(9,872)	8,785	7,986	(70,503)	(69,830)
	(100,313)	(113,434)	(14,412)	(9,872)	8,785	7,986	(105,940)	(115,320)
Operating profit	290,515	476,627	162,402	35,329	606	9,889	453,523	521,845
Other operating expenses	(18,865)	(27,764)	-	-	-	-	(18,865)	(27,764)
Finance cost	(35,166)	(52,743)	(25,238)	(30,958)	6,168	8,326	(54,236)	(75,375)
	(54,031)	(80,507)	(25,238)	(30,958)	6,168	8,326	(73,101)	(103,139)
Other income	23,360	122,800	10,343	10,392	(15,401)	(16,639)	18,302	116,553
Segment results	259,844	518,920	147,507	14,763	(8,627)	1,576	398,724	535,259
Unallocated expenditures	-	-	-	-	-	-	-	-
Profit before tax	259,844	518,920	147,507	14,763	(8,627)	1,576	398,724	535,259
Taxation	(75,918)	(129,143)	(1,139)	(323)	-	-	(77,057)	(129,466)
Profit for the period	183,926	389,777	146,368	14,440	(8,627)	1,576	321,667	405,793

19.2 Other information

	Cement		Power		Intra group adjustment		Consolidated	
	December 31, 2017 (Un-audited)	June 30, 2017 (Audited)	December 31, 2017 (Un-audited)	June 30, 2017 (Audited)	December 31, 2017 (Un-audited)	June 30, 2017 (Audited)	December 31, 2017 (Un-audited)	June 30, 2017 (Audited)
----- Rupees in thousands -----								
Segment assets	3,780,847	3,895,326	2,146,033	1,978,100	(506,698)	(494,976)	5,420,182	5,378,450
Unallocated corporate assets	-	-	-	-	-	-	-	-
Total assets	3,780,847	3,895,326	2,146,033	1,978,100	(506,698)	(494,976)	5,420,182	5,378,450
Segment liabilities	1,390,638	1,454,706	604,538	582,973	(188,607)	(185,512)	1,806,569	1,852,167
Unallocated corporate liabilities	-	-	-	-	-	-	-	-
Total liabilities	1,390,638	1,454,706	604,538	582,973	(188,607)	(185,512)	1,806,569	1,852,167
Capital expenditure	114,752	34,055	14,668	13,451	-	-	129,420	47,506
Depreciation	59,681	143,669	22,058	35,214	-	-	81,739	178,883
Non-cash expenses other than depreciation	217	7,141	-	-	-	-	217	7,141

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

Consolidated December 31,	
2017	2016
----- (Un-audited) -----	
--- Rupees in thousands ---	

19.3.1 Operating revenues

Total revenue of reportable segments	2,020,900	2,068,748
Elimination of intra group revenue	(286,814)	(297,259)
Consolidated revenue	<u>1,734,086</u>	<u>1,771,489</u>

19.3.2 Profit and loss

Total profit before tax of reportable segments	407,351	533,683
Adjustment of unrealized profit and intra group transactions	(8,627)	1,576
Consolidated profit before taxation	<u>398,724</u>	<u>535,259</u>

Consolidated	
(Un-audited) December 31, 2017	(Audited) June 30, 2017
--- Rupees in thousands ---	

19.3.3 Assets

Total assets of reportable segments	5,926,880	5,873,426
Elimination of intra group balances and unrealised profit	(505,095)	(493,373)
Reclassification for consolidation purposes	(1,603)	(1,603)
Consolidated assets	<u>5,420,182</u>	<u>5,378,450</u>

19.3.4 Liabilities

Total liabilities of reportable segments	1,995,176	2,037,679
Elimination of intra group balances	(188,607)	(185,512)
Consolidated liabilities	<u>1,806,569</u>	<u>1,852,167</u>

19.4 Geographical segment analysis

	Revenue		Total Assets		Net Assets	
	(Un-audited) December 31, 2017	(Un-audited) December 31, 2016	(Un-audited) December 31, 2017	(Audited) June 30, 2017	(Un-audited) December 31, 2017	(Audited) June 30, 2017
----- Rupees in thousands -----						
Pakistan	1,734,086	1,766,395	5,420,182	5,378,450	3,613,613	3,526,283
Export Processing Zone - Karachi	-	5,094	-	-	-	-
	<u>1,734,086</u>	<u>1,771,489</u>	<u>5,420,182</u>	<u>5,378,450</u>	<u>3,613,613</u>	<u>3,526,283</u>

19.5 Information about major customers

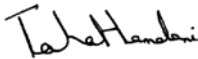
Major customers for cement segment are various individual dealers, builders & developers whereas major customer for power segment is Hyderabad Electric Supply Company Limited (HESCO).

20 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.

21 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim consolidated financial statements have been authorized for issue on February 12, 2018 by the Board of Directors of the Holding Company.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR



THATTA CEMENT

COMPANY LIMITED

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

Factory
Ghulamullah Road, Makli,
District Thatta, Sindh