



**THATTA CEMENT**  
COMPANY LIMITED


symbolizing  
growth

Nine Months Report  
**MARCH 2018**



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# Vision

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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

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- 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 Taha Hamdani	Chief Executive

### 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 Taha Hamdani	Member

### CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Shahid Yaqoob

### 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](http://www.thattacement.com)  
E-mail: [info@thattacement.com](mailto: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](http://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 for the nine months period ended March 31, 2018.

## INDUSTRY OVERVIEW

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

Description	March 2018	March 2017	Variance	
	----- Million Metric Tons -----			%
<b>Cement Industry</b>				
Local sales	31,314	26,551	4,763	17.94
Exports	3,444	3,753	(0,309)	(8.23)
	<u>34,758</u>	<u>30,304</u>	<u>4,454</u>	<u>14.70</u>
	----- Metric Tons -----			
<b>Thatta Cement Company Limited</b>				
Local sales - Cement	294,714	312,877	(18,163)	(5.80)
Local sales – Clinker	14,986	118,884	(103,898)	(87.39)
Exports	-	875	(875)	(100)
GBFS & GGBFS - Local	7,952	23,127	(15,175)	(65.61)
	<u>317,652</u>	<u>455,763</u>	<u>(138,111)</u>	<u>(30.30)</u>

The Cement industry continued its upward trajectory indicated by capacity utilization of 93.74% during the nine months period ended March 31, 2018. Domestic consumption of cement augmented by 17.94%, whereas exports declined by 8.23%. Local cement dispatches in South region reflects an increase of 11.83% whereas cement companies in the North recorded an increase of 19.30% as compared with the same period last year.

Increase in prices of coal in the international market in conjunction with weakening of Pak rupee US \$ parity near the end of the period under review has unfavorably affected the cost of production. Moreover, due to addition of capacity by leading players, retention prices have also slightly come down due to stiff competition among the cement companies to dispose of additional capacity in the market.

## BUSINESS PERFORMANCE

### a. Production and Sales

The clinker production of the Company during the period under review decreased by 14.18% and stood at 320,235 MT with a capacity utilization of 83.72% of plant capacity. Following is the comparison of production and dispatch data for the nine months versus the same period last year:

Description	March 2018	March 2017	Variance	
	Metric Tons		%	
Plant capacity – Clinker	382,500	382,500	-	-
<b>Production</b>				
- Clinker	320,235	373,150	(52,915)	(14.18)
- Cement	294,213	312,779	(18,566)	(5.93)
- GGBFS	7,952	17,385	(9,433)	(54.26)
- HSRC	885	1,774	(889)	(50.11)
<b>Dispatches</b>				
Cement				
- Local	294,442	310,651	(16,209)	(5.22)
- HSRC	272	2,226	(1,954)	(87.78)
- Exports	-	875	(875)	(100)
	<u>294,714</u>	<u>313,752</u>	<u>(19,038)</u>	<u>(6.07)</u>
Clinker	14,986	118,884	(103,898)	(87.39)
GBFS & GGBFS – Local	7,952	23,127	(15,175)	(65.61)
	<u>317,652</u>	<u>455,763</u>	<u>(138,111)</u>	<u>(30.30)</u>

Domestic cement dispatches of the Company declined by 5.22% over the corresponding period last year. The reason for such decline is competition which has come into sight amongst the cement companies due to availability of surplus quantity of cement as a consequence of capacity addition by the leading players. Moreover, decline in sale of clinker also contributed to overall decline of 30.30% in quantity sold as compared with the corresponding period last year.

#### b. Financial Performance

A comparison of the key financial results of the Company for the nine months period ended March 31, 2018 with the same period of last year is as under:

Particulars	March 31, 2018	March 31, 2017
	--- Rupees in thousands ---	
Sales – net	2,173,766	2,852,206
Gross profit	629,130	917,471
Selling & Distribution Cost	57,327	75,093
Finance Cost	50,392	72,450
Profit before taxation	429,524	748,337
Profit for the period	307,542	549,807
Earnings per share (Rupees)	3.08	5.51

The gross profit margin decreased to 28.94% during the nine months period ended March 31, 2018 as compared to 32.16% during the same period of last year. The Company earned a profit before tax of Rs. 429.524 million after providing depreciation of Rs. 96.247 million.

(i) Sales

Overall sales of your Company during the nine months period ended March 31, 2018 decreased by 23.78% in value terms whereas it reduced by 30.30% in terms of volumes. The sales revenue plunged during the period under review due to drop in the sale of clinker and GGBFS as compared with corresponding period last year.

(ii) Cost of Sales

The cost of sales ratio to sales has increased to 71.06% during the period as compared to 67.84% in the corresponding period mainly due to increase in coal prices.

(iii) Selling & Distribution Cost

Selling and Distribution cost has decreased by 23.66% during the period as compared with the corresponding period of last year on account of lower commission expense incurred due to decline in sales.

(iv) Finance Cost

Finance cost reduced by 30.44% during the nine months under review as compared with the corresponding period of last year primarily on account of decrease in outstanding amount of long term loan obtained for BMR project.

### FUTURE OUTLOOK

The outlook for cement sector appears to be promising ahead due to expected increase in utilization of Public Sector Development Program budget by the outgoing Government on the eve of election to gain public confidence.

Budget for the fiscal year 2018-2019 is expected to be announced in the last week of April 2018 and it is expected that Government may keep its promise for gradual reduction in the existing rate of Federal Excise Duty (FED) on the cement sector to encourage cement off take and facilitate housing sector to reduce its cost of housing units being built for the masses.

Despite tough competition in the sector due to addition in production capacities, the growth in terms of volumes continues to accelerate whereas pressure on cement prices may pose threat for companies with lower cement capacities. Moreover, the gap between the housing needs of various segments and availability of low cost houses still provides a huge potential for demand of cement in the years to come. Stability in prices of coal & diesel and dollar rupee parity is crucial to curtail increase in cost. Furthermore, political stability is essential to achieve overall economic growth in the country.

Besides this Government should appraise higher taxation of cement industry as well as take measures to eliminate smuggled or under invoiced imports of cement to provide relief to the industry.

The management is alive to the challenges ahead and is continuously evolving strategies and adopting appropriate measures to mitigate market risks, meet future challenges and maintain business growth.

## PERFORMANCE OF THE GROUP

A brief of the financial position and performance of the Group for the nine months period ended March 31, 2018 is mentioned below:

	March 31, 2018	June 30, 2017
--- Rupees in thousands ---		
<b>Balance Sheet</b>		
Property, plant and equipment	3,367,865	3,265,979
Stock-in-trade	504,461	353,970
Trade debts	536,768	404,434
Share Capital	997,181	997,181
Total Equity – Holding Company	3,241,653	3,005,185
Trade and other payables	487,122	484,267
Short Term Borrowings	195,229	191,047

	March 31, 2018	March 31, 2017
--- Rupees in thousands ---		
<b>Profit and loss</b>		
Sales – net	2,837,099	2,949,123
Gross profit	929,138	1,048,742
Profit before taxation	692,892	835,870
Profit for the period	569,056	636,636
Earnings per share (Rupees)	4.72	6.06

## WASTE HEAT RECOVERY PROJECT OF THATTA POWER (PRIVATE) LIMITED (SUBSIDIARY COMPANY)

The project formation has commenced and initial site preparation for the project is in progress. The project is estimated to be completed within fifteen months.

## ACKNOWLEDGEMENT

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

On behalf of the Board



**Muhammad Taha Hamdani**  
Chief Executive

Karachi: April 24, 2018



## 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 طلحہ جمدانی

چیف ایگزیکٹو آفیسر

کراچی: 24 اپریل 2018

کراچی: 24 اپریل 2018

گروپ کی کارکردگی

رواں مالی سال میں 31 مارچ 2018 کو ختم ہونے والی نو ماہی کے دوران گروپ کی مالیاتی پوزیشن اور کارکردگی کا مختصر جائزہ ذیل میں پیش کیا جا رہا ہے:

Balance Sheet

	March 31, 2018	June 30, 2017
	--- Rupees in thousands ---	
Property, plant and equipments	3,367,865	3,265,979
Stock-in-trade	504,461	353,970
Trade debts	536,768	404,434
Share Capital	997,181	997,181
Total Equity – Holding Company	3,241,653	3,005,185
Trade and other payables	487,122	484,267
Short Term Borrowings	195,229	191,047

Profit and loss

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ٹھٹھہ پاور (پرائیویٹ) لمیٹڈ (ذیلی کمپنی) کا ویدٹ ہیٹ ریکوری پروجیکٹ

پروجیکٹ کے ترقیاتی کاموں کا آغاز ہو چکا ہے اور پروجیکٹ کیلئے سائٹ کی تیاری پر کام جاری ہے۔ محتاط اندازوں کے مطابق یہ پروجیکٹ پندرہ ماہ کی مدت کے اندر اندر مکمل کر لیا جائے گا۔

## مستقبل کا جائزہ

اگر آنے والے حالات پر نظر ڈالی جائے تو سیمنٹ سیکٹر کا مستقبل تائبناک نظر آتا ہے جس کی وجہ سکدوش ہونے والی حکومت کی جانب سے عوام کا اعتماد حاصل کرنے کے غرض سے اگلے عام انتخابات سے قبل پبلک سیکرٹریٹ پریپاریشن پروگرام کے لیے مختص بجٹ کے استعمال میں متوقع اضافہ ہے۔

اس بات کے امکانات موجود ہیں کہ مالی سال 2018-2019 کے سالانہ بجٹ کا اعلان اپریل 2018 کے آخری ہفتے میں کیا جائے گا اور امید کی جاتی ہے کہ اپنے وعدوں کی پاسداری کرتے ہوئے حکومت سیمنٹ سیکٹر پر عائد فیڈرل ایکسائز ڈیوٹی (ایف ای ڈی) کی موجودہ شرح میں بتدریج کمی کرے گی، تاکہ سیمنٹ سیکٹر میں ترقی کے رجحان کو تقویت ملے اور بڑے پیمانے پر عوام کیلئے تعمیر کئے جانے والے ہاؤسنگ پروجیکٹس کی تعمیراتی لاگت میں بھی کمی واقع ہو۔

پیداواری صلاحیت میں اضافے کے بعد پیداواری حجم میں اضافے سے پیدا ہونے والی زبردست مسابقتی صورتحال کے باوجود شرح نمو بلحاظ حجم میں اضافے کا رجحان پایا جاتا ہے جبکہ دوسری جانب سیمنٹ کے نرخوں پر پایا جانے والا داؤدانہ سینٹ کمپنیوں کیلئے مسائل کھڑے کر سکتا ہے جو سیمنٹ کی کم پیداواری صلاحیت کی حامل ہیں۔ مزید برآں، اگر معاشرے کے مختلف طبقات میں ہاؤسنگ اسکیموں کی طلب اور کم لاگت پر بنائے جانے والے گھروں کی رسد میں پائے جانے والے فرق کو دیکھا جائے تو کہا جاسکتا ہے کہ آنے والے برسوں میں بھی سیمنٹ کی طلب میں زبردست اضافہ دیکھنے کو ملے گا۔ کوئلے اور ڈیزل کے نرخوں میں استحکام اور ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں استحکام وہ اہم عناصر ہیں جو سیمنٹ کی پیداواری لاگت کو کنٹرول میں رکھنے میں اہم کردار ادا کرتے ہیں۔ اس کے علاوہ وطن عزیز میں معاشی استحکام کے مجموعی اہداف کے حصول کیلئے سیاسی استحکام کی اہمیت بھی اپنی جگہ ایک مسلمہ حقیقت ہے۔

علاوہ ازیں اس بات کی بھی اشد ضرورت ہے کہ موجودہ حکومت سیمنٹ کی صنعت پر عائد بھاری ٹیکسوں پر نظر ثانی کرے اور سیمنٹ کی مقامی صنعت کو سہارا دینے کیلئے اسمگل شدہ سیمنٹ اور انڈر انوائسڈ سیمنٹ کی روک تھام کیلئے مؤثر اقدامات کرے۔

کمپنی کی انتظامیہ آنے والی آزمائشوں سے نمٹنے کیلئے انتہائی مستعد ہے اور رسک کو کم از کم سطح پر رکھنے، مستقبل کے چیلنجز سے نمٹنے اور کاروبار کی شرح نمو میں ترقی کو برقرار رکھنے کی غرض سے نت نئی حکمت عملیوں کو وضع کرنے اور مؤثر اقدامات اٹھانے میں اپنا محرک کردار ادا کر رہی ہے۔

## ب۔ مالیاتی کارکردگی

رواں مالی سال 31 مارچ 2018 کو ختم ہونے والی نو ماہی کے اہم مالیاتی نتائج کو گزشتہ سال کی نو ماہی کے مقابلے میں ذیل میں پیش کیا جا رہا ہے:

Paritculars	March 31, 2018	March 31, 2017
	--- Rupees in thousands ---	
Sales – net	2,173,766	2,852,206
Gross profit	629,130	917,471
Selling & Distribution Cost	57,327	75,093
Finance Cost	50,392	72,450
Profit before taxation	429,524	748,337
Profit for the period	307,542	549,807
Earnings per share (Rupees)	3.08	5.51

31 مارچ 2018 کو ختم ہونے والی نو ماہی کے دوران خام منافع کی شرح گزشتہ سال کی نو ماہی کے مقابلے میں 32.16 فیصد کم ہو کر 28.94 فیصد ہو گئی۔ رواں مالی سال کی نو ماہی میں 96.247 ملین روپے کی فرسودگی کو منہا کرنے کے بعد کمپنی نے قبل از ٹیکس 429.524 ملین روپے کا منافع کمایا۔

### 1۔ فروخت

رواں سال 31 مارچ 2018 کو ختم ہونے والی سہ ماہی کے دوران آپکی کمپنی کی مجموعی فروخت میں بلحاظ قدر 23.78 فیصد کی کمی واقع ہوئی ہے جبکہ بلحاظ حجم اس میں 30.30 فیصد کی کمی واقع ہوئی ہے۔ گزشتہ سال کی نو ماہی کے مقابلے میں زیر نظر عرصے کے دوران فروخت سے آمدن میں کمی کی وجہ کلنکر اور جی جی بی ایف ایس کی فروخت میں کمی ہے۔

### 2۔ لاگت برائے فروخت

زیر نظر عرصے کے دوران لاگت برائے فروخت بلحاظ فروخت کی نسبت بڑھ کر 71.06 فیصد ہو چکی ہے جبکہ گزشتہ سال کی نو ماہی کے دوران یہ نسبت 67.84 فیصد تھی۔ اس اضافے کی بنیادی وجہ کولے کے نرخ میں ہونے والا اضافہ ہے۔

### 3۔ لاگت برائے فروخت و ترسیل مال

گزشتہ سال کی نو ماہی کے مقابلے میں سال رواں کی نو ماہی کے دوران لاگت برائے فروخت و ترسیل مال میں 23.66 فیصد کمی واقع ہوئی ہے اس کی بنیادی وجہ فروخت میں آنے والی کمی کی وجہ سے کمیشن کے اخراجات میں بھی کمی ہے۔

### 4۔ مالیاتی لاگت

گزشتہ سال کی نو ماہی کے مقابلے میں سال رواں کی نو ماہی کے دوران تمویلی لاگت میں 30.44 فیصد کمی واقع ہوئی ہے، جس کی بنیادی وجہ بی ایم آر کیلئے حاصل کئے گئے طویل مدتی قرض میں کمی ہے۔

## الف۔ پیداوار اور فروخت

زیر نظر عرصے کے دوران کمپنی کی جانب سے کلنکر کی پیداوار میں 14.18 فیصد کمی واقع ہوئی ہے اور اس کمی کے ساتھ کلنکر کی پیداوار 320,235 میٹرک ٹن رہی جو کہ پیداواری گنجائش کا 83.72 فیصد ہے۔ ذیل میں گزشتہ سال کی نومائی کاررواں سال کی نومائی کے مقابلے میں مال کی ترسیل اور پیداواری حجم سے متعلق جائزہ پیش کیا جا رہا ہے۔

Description	March 2018	March 2017	Variance	
			Metric Tons	%
Plant capacity – Clinker	382,500	382,500	-	-
<b>Production</b>				
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GBFS & GGBFS –Local	7,952	23,127	(15,175)	(65.61)
	317,652	455,763	(138,111)	(30.30)

مقامی سطح پر کمپنی کی جانب سے گزشتہ سال کی نومائی کے مقابلے میں رواں سال کی نومائی کے دوران سینٹ کی ترسیل میں 5.22 فیصد کمی ریکارڈ کی گئی ہے۔ مزکورہ کمی کی بنیادی وجہ سینٹ کی کمپنیوں کے مابین سامنے آنے والی مسابقت ہے اور اس مسابقت کی وجہ کمپنیوں کے پاس وہ اضافی سینٹ ہے جو کہ بڑے صنعتکاروں کی جانب سے پیداواری صلاحیت کو بڑھانے کی وجہ سے پیدا کیا گیا۔ مزید برآں، گزشتہ سال کی نومائی کے مقابلے میں رواں سال کی نومائی کے دوران آنے والی 30.30 فیصد کی مجموعی کمی میں کلنکر کی فروخت میں کمی بھی شامل ہے۔

## ڈائریکٹرز کا تجزیہ

ٹھٹھہ سیمنٹ کمپنی لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے 31 مارچ 2018 کو ختم ہونے والی نو ماہی سے متعلق ڈائریکٹرز کی جائزہ رپورٹ بمعہ غیر آڈٹ شدہ مالیاتی دستاویزات پیش کی جارہی ہیں۔

### مصنعتی جائزہ

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

Description	March 2018	March 17	Variance	
	----- Million Metric Tons -----		%	
<b>Cement Industry</b>				
Local sales	31.314	26.551	4.763	17.94
Exports	3.444	3.753	(0.309)	(8.23)
	<u>34.758</u>	<u>30.304</u>	<u>4.454</u>	<u>14.70</u>
	----- Metric Tons -----			
<b>Thatta Cement Company Limited</b>				
Local sales - Cement	294,714	312,877	(18,163)	(5.80)
Local sales – Clinker	14,986	118,884	(103,898 )	(87.39)
Exports	-	875	(875)	(100)
GBFS & GGBFS -Local	7,952	23,127	(15,175)	(65.61)
	<u>317,652</u>	<u>455,763</u>	<u>(138,111)</u>	<u>(30.30)</u>

سیمنٹ کی صنعت کی جانب سے 31 مارچ 2018 کو ختم ہونے والی نو ماہی کے دوران 93.74 فیصد پیداواری گنجائش کو زیر استعمال لانے سے صاف ظاہر ہوتا ہے کہ سیمنٹ کی صنعت میں پیداواری اضافے کا رجحان برقرار ہے۔ سیمنٹ کی کھپت میں مقامی سطح پر 17.94 فیصد اضافہ ریکارڈ کیا گیا ہے جبکہ برآمدات میں 8.23 فیصد کمی واقع ہوئی ہے۔ گزشتہ سال کی نو ماہی کے مقابلے میں اس سال نو ماہی کے دوران جنوبی ریجن میں مال کی ترسیل سے ظاہر ہوتا ہے کہ اس ریجن میں 11.83 فیصد اضافہ ہوا ہے جبکہ دوسری جانب شمالی ریجن میں 19.30 فیصد اضافہ ریکارڈ کیا گیا ہے۔

عالمی سطح پر کوئلے کی قیمت میں اضافے اور زیر نظر دورانیے کے اختتام پر امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی کی وجہ سے کمپنی کی پیداواری لاگت پر منفی اثرات مرتب ہوئے ہیں۔ مزید برآں، صنعت میں اہم کھلاڑیوں کی جانب سے پیداواری صلاحیت میں اضافے کی وجہ سے ریٹینیشن پرائس میں معمولی سی کمی واقع ہوئی ہے اور اضافی پیداواری صلاحیت کو مارکیٹ میں کھپانے کی وجہ سے سیمنٹ کی کمپنیوں کے مابین ایک زبردست مسابقت کی فضاء پیدا ہو چکی ہے۔



CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE NINE MONTHS PERIOD ENDED  
MARCH 31, 2018

# CONDENSED INTERIM UNCONSOLIDATED BALANCE SHEET

As at March 31, 2018

		(Un-audited)	(Audited)
		March 31, 2018	June 30, 2017
Note		----- Rupees in thousands -----	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	2,174,135	2,055,402
Intangible assets		3,525	5,793
Long term investment in the Subsidiary Company		299,158	299,158
Long term deposits		1,096	1,096
<b>Total non-current assets</b>		<b>2,477,914</b>	<b>2,361,449</b>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools	6	237,938	483,745
Stock-in-trade	7	527,941	362,673
Trade debts	8	180,792	136,623
Loan/advance to the Subsidiary Company		-	125,000
Advances	9	18,843	11,597
Trade deposits and short term prepayments		9,966	6,107
Other receivables and accrued interest		69,320	165,669
Taxation - net		150,104	140,432
Cash and bank balances		105,694	102,031
<b>Total current assets</b>		<b>1,300,598</b>	<b>1,533,877</b>
<b>Total assets</b>		<b>3,778,512</b>	<b>3,895,326</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	10	997,181	997,181
Share premium		99,718	99,718
Accumulated profit		1,416,926	1,343,721
<b>Total shareholders' equity</b>		<b>2,513,825</b>	<b>2,440,620</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term financing		145,800	319,750
Long term deposits		3,477	2,834
Long term employee benefit		19,908	17,699
Deferred taxation	11	278,555	268,572
<b>Total non-current liabilities</b>		<b>447,740</b>	<b>608,855</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	382,046	420,061
Accrued mark-up		7,739	2,810
Current maturity of long term financing		231,933	231,933
Short term borrowings		195,229	191,047
<b>Total current liabilities</b>		<b>816,947</b>	<b>845,851</b>
<b>Total equity and liabilities</b>		<b>3,778,512</b>	<b>3,895,326</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	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 nine months period ended March 31, 2018

	Note	Nine months ended March 31,		Quarter ended March 31,	
		2018	2017	2018	2017
----- Rupees in thousands -----					
Sales - net	14	2,173,766	2,852,206	836,105	1,085,633
Cost of sales	15	(1,544,636)	(1,934,735)	(597,803)	(758,223)
<b>Gross profit</b>		<b>629,130</b>	<b>917,471</b>	<b>238,302</b>	<b>327,410</b>
Selling and distribution cost		(57,327)	(75,093)	(21,890)	(29,603)
Administrative expenses		(95,496)	(110,881)	(30,620)	(42,937)
		(152,823)	(185,974)	(52,510)	(72,540)
<b>Operating profit</b>		<b>476,307</b>	<b>731,497</b>	<b>185,792</b>	<b>254,870</b>
Other operating expenses		(31,234)	(44,543)	(12,369)	(16,779)
Finance cost		(50,392)	(72,450)	(15,226)	(19,707)
		(81,626)	(116,993)	(27,595)	(36,486)
Other income		34,843	133,833	11,483	11,033
<b>Profit before taxation</b>		<b>429,524</b>	<b>748,337</b>	<b>169,680</b>	<b>229,417</b>
Taxation	16	(121,982)	(198,530)	(46,064)	(69,387)
<b>Profit for the period</b>		<b>307,542</b>	<b>549,807</b>	<b>123,616</b>	<b>160,030</b>
<b>Earnings per share - basic and diluted (Rupees)</b>	17	<b>3.08</b>	<b>5.51</b>	<b>1.24</b>	<b>1.60</b>

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 nine months period ended March 31, 2018

	Nine months ended March 31,		Quarter ended March 31,	
	2018	2017	2018	2017
	----- Rupees in thousands -----			
Profit for the period	307,542	549,807	123,616	160,030
Other comprehensive income / (loss)				
<i>Items to be reclassified to unconsolidated profit and loss account in subsequent periods</i>				
Surplus on revaluation of Available for sale investment	-	2,217	-	2,217
<b>Total comprehensive income for the period</b>	<b>307,542</b>	<b>552,024</b>	<b>123,616</b>	<b>162,247</b>

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 nine months period ended March 31, 2018

		Nine months ended March 31,	
		2018	2017
		----- Rupees in thousands -----	
Note			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
	Profit before taxation	429,524	748,337
	<b>Adjustment for:</b>		
	Depreciation	96,247	105,317
	Amortization	2,268	2,408
	(Reversal) / provision for slow moving & obsolete stores and spares	(1,859)	1,877
	Finance cost	50,392	72,450
	Provision for gratuity	10,274	9,151
	Provision for leave encashment	3,335	3,747
	Fixed assets written off	508	4,140
	Loss on disposal of property, plant and equipment	122	-
	Gain on disposal of Available for sale investment	-	(98,717)
		161,287	100,373
	<b>Operating cash flows before working capital changes</b>	<b>590,811</b>	<b>848,710</b>
	<b>Working capital changes</b>		
	<i>Decrease / (increase) in current assets</i>		
	Stores, spare parts and loose tools	247,228	(108,392)
	Stock-in-trade	(165,268)	(2,607)
	Trade debts	(44,169)	28,697
	Loan/advance to the Subsidiary Company	125,000	9,006
	Advances	(7,246)	(1,264)
	Trade deposits and short term prepayments	(3,859)	6,060
	Other receivables and accrued interest	96,349	9,890
		248,035	(58,610)
	<i>(Decrease) / increase in current liabilities</i>		
	Trade and other payables excluding gratuity and dividend payable	(34,686)	192,238
	<b>Cash generated from operations</b>	<b>804,160</b>	<b>982,338</b>
	Finance cost paid	(45,463)	(72,686)
	Gratuity paid	(14,326)	(14,465)
	Leave encashment paid	(1,126)	(868)
	Income tax paid - net	(121,671)	(158,156)
		(182,586)	(246,175)
	<b>Net cash generated from operating activities</b>	<b>621,574</b>	<b>736,163</b>

# CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)

For the nine months period ended March 31, 2018

	Nine months ended March 31,	
	2018	2017
----- Rupees in thousands -----		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(215,619)	(25,163)
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	447	458
<b>Net cash used in investing activities</b>	<b>(215,172)</b>	<b>(23,126)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long term financing	(173,950)	(548,950)
Dividend paid	(233,614)	(149,315)
Long term deposits - liabilities	643	(1,000)
<b>Net cash used in financing activities</b>	<b>(406,921)</b>	<b>(699,265)</b>
Net (decrease) / increase in cash and cash equivalents	(519)	13,772
Cash and cash equivalents at beginning of the period	(89,016)	218,601
<b>Cash and cash equivalents at end of the period</b>	<b>(89,535)</b>	<b>232,373</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	105,694	235,437
Short term borrowings	(195,229)	(3,064)
	<b>(89,535)</b>	<b>232,373</b>

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

  
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 CHIEF FINANCIAL OFFICER

  
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 CHIEF EXECUTIVE

  
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 DIRECTOR

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

For the nine months period ended March 31, 2018

	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 March 31, 2017</i>					
Profit for the period	-	-	-	549,807	549,807
Reclassification of gain realized on disposal of investment classified as Available for sale	-	-	(64,522)	-	(64,522)
Surplus on revaluation of Available for sale investment	-	-	2,217	-	2,217
<b>Balance as at March 31, 2017 (un-audited)</b>	<b>997,181</b>	<b>99,718</b>	<b>2,217</b>	<b>1,313,778</b>	<b>2,412,894</b>
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 March 31, 2018</i>					
Profit for the period	-	-	-	307,542	307,542
<b>Balance as at March 31, 2018 (un-audited)</b>	<b>997,181</b>	<b>99,718</b>	<b>-</b>	<b>1,416,926</b>	<b>2,513,825</b>

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 nine months period ended March 31, 2018

## 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 Company is generation and sale of electric power.

## 2 BASIS OF PREPARATION

### 2.1 Statement of Compliance

These condensed interim unconsolidated financial statements for the nine months period ended March 31, 2018 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 Act, 2017. In case the requirements differ, the provisions of and directives issued under the Companies Act, 2017 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.

These condensed interim unconsolidated financial statements comprises of the Condensed Interim Unconsolidated Balance Sheet as at March 31, 2018 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 nine months period ended March 31, 2018.

## 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.

	Note	(Un-audited)	(Audited)
		March 31, 2018	June 30, 2017
--- Rupees in thousands ---			
<b>5 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	5.1	1,981,751	2,008,696
Capital work-in-progress	5.2	129,897	-
Major stores and spares		62,487	46,706
		<u>2,174,135</u>	<u>2,055,402</u>
<b>5.1 Operating fixed assets</b>			
Written Down Value (WDV) - opening		2,008,696	2,100,608
<b>Additions during the period / year - at cost</b>			
- Factory building on freehold land		-	7,771
- Plant and machinery		62,136	41,335
- Vehicles		4,178	5,704
- Office & other equipment		1,007	454
- Laboratory equipments		3,058	2,335
		70,379	57,599
WDV of disposals during the period / year		(569)	(1,073)
Fixed assets written off during the period / year		(508)	(4,769)
Depreciation charge for the period / year		(96,247)	(143,669)
		(97,324)	(149,511)
WDV - closing		<u>1,981,751</u>	<u>2,008,696</u>



	(Un-audited) March 31, 2018	(Audited) June 30, 2017
Note	--- Rupees in thousands ---	
<b>5.2 Capital work-in-progress</b>		
Opening balance	-	1,403
Additions	169,717	6,368
Transferred to operating fixed assets	<u>(39,820)</u>	<u>(7,771)</u>
	<u>129,897</u>	<u>-</u>

## 6 STORES, SPARE PARTS AND LOOSE TOOLS

Coal and other fuels	19,621	249,980
Stores & spare parts	246,391	263,207
Loose tools	221	274
6.1	<u>266,233</u>	513,461
Provision for obsolete stores	<u>(5,272)</u>	<u>(5,353)</u>
Provision for slow moving stores and spares	<u>(23,023)</u>	<u>(24,363)</u>
	<u>(28,295)</u>	<u>(29,716)</u>
	<u>237,938</u>	<u>483,745</u>

6.1 This includes stores in transit of Rs. 8.744 million (June 30, 2017: Rs. 119.097 million) as at the balance sheet date.

	(Un-audited) March 31, 2018	(Audited) June 30, 2017
---	--- Rupees in thousands ---	
<b>7 STOCK-IN-TRADE</b>		
Raw material	42,611	87,604
Packing material	37,246	27,452
Work-in-process	407,081	211,163
Finished goods	<u>41,003</u>	<u>36,454</u>
	<u>527,941</u>	<u>362,673</u>

	(Un-audited) March 31, 2018	(Audited) June 30, 2017
--- Rupees in thousands ---		
<b>8 TRADE DEBTS</b>		
Considered good		
Local - unsecured	180,792	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>180,792</u>	<u>136,623</u>

<b>9 ADVANCES</b>		
Considered good		
- to vendors	18,628	11,245
- others	215	352
	<u>18,843</u>	<u>11,597</u>

	(Un-audited) March 31, 2018	(Audited) June 30, 2017		(Un-audited) March 31, 2018	(Audited) June 30, 2017
--- Number of Shares ---					
<b>10 SHARE CAPITAL</b>					
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					
	89,418,125	89,418,125	Ordinary shares of Rs. 10/- each	894,181	894,181
			- shares allotted for consideration fully paid in cash		
	10,300,000	10,300,000	Ordinary shares of Rs. 10/- each	103,000	103,000
			- shares allotted for consideration other than cash		
	<u>99,718,125</u>	<u>99,718,125</u>		<u>997,181</u>	<u>997,181</u>

		(Un-audited)	(Audited)
		March 31, 2018	June 30, 2017
		--- Rupees in thousands ---	
<b>11</b>	<b>DEFERRED TAXATION</b>		
	Taxable temporary differences arising in respect of		
	- Accelerated tax depreciation	319,025	309,600
	Deductible temporary differences arising in respect of		
	- Other provisions - for doubtful debts and slow moving & obsolete stores	(40,470)	(41,028)
		<u>278,555</u>	<u>268,572</u>
<b>12</b>	<b>TRADE AND OTHER PAYABLES</b>		
	Trade creditors	41,003	48,119
	Accrued liabilities	186,801	213,345
	Bills payable	8,177	12,281
	Advances from customers	41,050	31,191
	Contractors retention money	1,270	45
	Excise duty and sales tax payable	52,274	35,509
	Payable to Gratuity Fund	10,274	14,326
	Workers' Profit Participation Fund (WPPF)	23,032	45,347
	Workers' Welfare Fund (WWF)	9,286	16,977
	Unclaimed dividend	1,355	632
	Other liabilities	7,524	2,289
		<u>382,046</u>	<u>420,061</u>
12.1	It includes Rs. 77.065 million (June 30, 2017: Rs. 57.561 million) payable to the Subsidiary Company, in respect of purchase of electric power.		
<b>13</b>	<b>CONTINGENCIES AND COMMITMENTS</b>		
<b>13.1</b>	<b>Contingencies</b>		
	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 along with new matters as mentioned in note no. 13.1.4 and 13.1.5:		
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 (CIR) 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.

13.1.4 During the period, an Order in Original (ONO) has been issued by Deputy Commissioner Inland Revenue (DCIR) against the Company in respect of tax periods from July 2013 to August 2017 raising a demand of Rs. 56.632 million by disallowing certain input tax claimed by the Company in its sales tax returns for the aforesaid tax period. The Company has filed an appeal before Commissioner Inland Revenue - Appeals (CIR-A) against the ONO passed by DCIR which is pending for hearing.

13.1.5 Subsequent to period end, Deputy Commissioner Inland Revenue (DCIR) passed an order under section 161/205 of the Income Tax Ordinance, 2001(Ordinance) in respect of tax year 2017 raising a tax demand of Rs. 94.670 million including default surcharge and penalty aggregating to Rs 15.208 million on the ground that the Company has not deducted applicable withholding taxes while making payments for purchases & certain expenses and hence made default under section 161/205 of the Ordinance. The Company has applied for revision of order under section 122A of the Ordinance before the Commissioner Inland Revenue (CIR) which is pending for further proceedings.

## 13.2 Commitments

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

(Un-audited)	(Audited)
March 31, 2018	June 30, 2017
--- Rupees in thousands ---	
-	199,259
60,784	70,204
<u>60,784</u>	<u>269,463</u>

## 14 SALES - NET

Gross sales - Local  
- Export

Less - Federal Excise Duty  
- Sales tax

	Nine months ended March 31,		Quarter ended March 31,	
	2018	2017	2018	2017
(Un-audited)				
Rupees in thousands				
Gross sales - Local	3,050,421	3,894,442	1,179,933	1,473,067
- Export	-	6,027	-	933
	<u>3,050,421</u>	<u>3,900,469</u>	<u>1,179,933</u>	<u>1,474,000</u>
Less - Federal Excise Duty	387,126	431,761	152,157	155,111
- Sales tax	489,529	616,502	191,671	233,256
	<u>876,655</u>	<u>1,048,263</u>	<u>343,828</u>	<u>388,367</u>
	<u>2,173,766</u>	<u>2,852,206</u>	<u>836,105</u>	<u>1,085,633</u>

## 15 COST OF SALES

	Nine months ended March 31,		Quarter ended March 31,	
	2018	2017	2018	2017
	(Un-audited)			
	Rupees in thousands			
Raw material consumed	147,358	207,070	51,185	79,663
<b>Manufacturing expenses</b>				
Packing material consumed	95,595	129,496	39,142	51,799
Stores, spare parts and loose tools consumed	76,521	65,364	22,981	26,070
Fuel and power	1,059,910	1,062,362	435,257	445,692
Salaries, wages and other benefits	236,192	278,784	84,449	107,194
Insurance	12,385	13,519	4,139	4,490
Repairs and maintenance	12,391	20,696	4,526	7,540
Depreciation	91,726	100,901	35,210	36,997
Vehicle hire, running & maintenance	7,988	8,526	2,743	2,802
Communication	1,358	1,515	434	589
Entertainment	1,416	1,515	475	320
(Reversal) / provision for slow moving & obsolete stores and spares	(1,859)	1,877	-	-
Other production overheads	4,122	6,060	1,714	3,626
	<u>1,597,745</u>	<u>1,690,615</u>	<u>631,070</u>	<u>687,119</u>
<b>Cost of production</b>	<u>1,745,103</u>	<u>1,897,685</u>	<u>682,255</u>	<u>766,782</u>
<b>Work-in-process</b>				
Opening balance	211,163	116,871	324,400	75,375
Closing balance	(407,081)	(74,339)	(407,081)	(74,339)
	<u>(195,918)</u>	<u>42,532</u>	<u>(82,681)</u>	<u>1,036</u>
<b>Cost of goods manufactured</b>	<u>1,549,185</u>	<u>1,940,217</u>	<u>599,574</u>	<u>767,818</u>
<b>Finished goods</b>				
Opening balance	36,454	34,126	39,232	30,013
Closing balance	(41,003)	(39,608)	(41,003)	(39,608)
	<u>(4,549)</u>	<u>(5,482)</u>	<u>(1,771)</u>	<u>(9,595)</u>
	<u>1,544,636</u>	<u>1,934,735</u>	<u>597,803</u>	<u>758,223</u>

## 16 TAXATION

Current tax	112,258	187,409	41,631	66,354
Prior year (reversal) / charge	(259)	137	-	-
Deferred tax charge	9,983	10,984	4,433	3,033
	<u>121,982</u>	<u>198,530</u>	<u>46,064</u>	<u>69,387</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.

Nine months ended March 31,		Quarter ended March 31,	
2018	2017	2018	2017
----- (Un-audited) -----			

## 17 EARNINGS PER SHARE - BASIC AND DILUTED

Profit for the period (Rupees in thousands)	307,542	549,807	123,616	160,030
Weighted average number of ordinary shares	99,718,125	99,718,125	99,718,125	99,718,125
Earnings per share - basic and diluted (Rupees)	3.08	5.51	1.24	1.60

## 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 nine months period ended/outstanding balances as at March 31, 2018 with related parties are as follows:

Nine months ended March 31,	
2018	2017
----- (Un-audited) -----	
--- Rupees in thousands ---	

### 18.1 Transactions with related parties

#### 18.1.1 Subsidiary Company

##### Thatta Power (Private) Limited

- Common shared expenses	2,597	2,531
- Receipts on account of common shared expenses	2,647	3,159
- Purchase/sale of store items (inclusive of GST) - net	138	15
- Payment/receipts on account of purchase/sale of store items - net	134	21
- Purchase of electric power (inclusive of GST)	543,624	575,230
- Payment on account of electric power (inclusive of GST)	524,120	557,972
- Management fee claimed (inclusive of SST)	14,890	13,536
- Management fee received (inclusive of SST)	14,740	16,170
- Loan/advance to the Subsidiary Company	85,000	32,000
- Receipt on account of loan/advance to the Subsidiary Company	210,000	41,006
- Interest accrued on loan/advance to the Subsidiary Company	7,247	12,588
- Receipts on account of interest on loan/advance to the Subsidiary Company	9,119	12,398

		Nine months ended March 31,	
		2018	2017
		----- (Un-audited) -----	
Note		--- Rupees in thousands ---	
<b>18.1.2 Key management personnel</b>			
	- Salaries and benefits	83,875	71,092
20	- Sale of vehicle	433	458
<b>18.1.3 Other related parties</b>			
	- Contribution to employees' Gratuity Fund	14,326	14,465
	- Contribution to employees' Provident Fund	7,328	6,750
	- Education expenses - Model Terbiat School	3,878	4,276
		(Un-audited)	(Audited)
		March 31, 2017	June 30, 2017
		--- Rupees in thousands ---	
<b>18.2 Balances with related parties</b>			
<b>18.2.1 Subsidiary Company</b>			
<b>Thatta Power (Private) Limited</b>			
	- Payable against purchase of electric power (inclusive of GST)	77,065	57,561
	- Receivable against management fee (inclusive of SST)	1,654	1,504
	- Receivable against common shared expenses	279	329
	- Receivable against sale of store items - net	-	4
	- Loan/advance to the Subsidiary Company	-	125,000
	- Accrued mark-up on loan/advance to the Subsidiary Company	1,079	2,951
<b>18.2.2 Other related party</b>			
	- Payable to Gratuity Fund	10,274	14,326
<b>18.3</b> There are no transactions with key management personnel other than under their terms of employment.			
<b>18.4</b> 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 segments represents 100% (March 31, 2017: 100%) of the total revenue of the Company.
- 19.3 100% (March 31, 2017: 100%) sales of the Company relates to customers in Pakistan.
- 19.4 All non-current assets of the Company as at March 31, 2018 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.

Corresponding figure for salaries and benefits disclosed under transactions with key management personnel (Note - 18.1.2) has been recalculated based on the definition of Executive as per Companies Act, 2017.

21 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim unconsolidated financial statements have been authorized for issue on April 24, 2018 by the Board of Directors of the Company.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR





CONDENSED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE NINE MONTHS PERIOD ENDED  
MARCH 31, 2018

**CONDENSED INTERIM CONSOLIDATED BALANCE SHEET**

As at March 31, 2018

		(Un-audited) March 31, 2018	(Audited) June 30, 2017
	Note	----- Rupees in thousands -----	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	3,367,865	3,265,979
Intangible assets		3,525	5,793
Long term deposits		1,096	1,096
<b>Total non-current assets</b>		<b>3,372,486</b>	<b>3,272,868</b>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools	6	284,954	513,141
Stock-in-trade	7	504,461	353,970
Trade debts	8	536,768	404,434
Short term investment - Held to maturity		306,000	306,000
Advances	9	48,429	35,574
Trade deposits and short term prepayments		13,669	7,306
Other receivables and accrued interest		77,262	166,274
Taxation - net		177,035	164,405
Cash and bank balances		166,082	154,478
<b>Total current assets</b>		<b>2,114,660</b>	<b>2,105,582</b>
<b>Total assets</b>		<b><u>5,487,146</u></b>	<b><u>5,378,450</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	10	997,181	997,181
Share premium		99,718	99,718
Accumulated profit		2,144,754	1,908,286
<b>Attributable to the owners of the Holding Company</b>		<b>3,241,653</b>	<b>3,005,185</b>
Non-controlling interests		619,349	521,098
<b>Total equity</b>		<b>3,861,002</b>	<b>3,526,283</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term financing		298,088	548,182
Long term deposits		3,477	2,834
Long term employee benefit		19,908	17,699
Deferred taxation	11	278,555	268,572
<b>Total non-current liabilities</b>		<b>600,028</b>	<b>837,287</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	487,122	484,267
Accrued mark-up		10,307	6,108
Current maturity of long term financing		333,458	333,458
Short term borrowings		195,229	191,047
<b>Total current liabilities</b>		<b>1,026,116</b>	<b>1,014,880</b>
<b>Total equity and liabilities</b>		<b><u>5,487,146</u></b>	<b><u>5,378,450</u></b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	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 nine months period ended March 31, 2018

	Note	Nine months ended March 31,		Quarter ended March 31,	
		2018	2017	2018	2017
----- Rupees in thousands -----					
Sales - net	14	2,837,099	2,949,123	1,103,013	1,177,634
Cost of sales	15	(1,907,961)	(1,900,381)	(733,338)	(766,057)
<b>Gross profit</b>		<b>929,138</b>	<b>1,048,742</b>	<b>369,675</b>	<b>411,577</b>
Selling and distribution cost		(57,327)	(75,093)	(21,890)	(29,603)
Administrative expenses		(100,565)	(113,085)	(30,062)	(43,255)
		(157,892)	(188,178)	(51,952)	(72,858)
<b>Operating profit</b>		<b>771,246</b>	<b>860,564</b>	<b>317,723</b>	<b>338,719</b>
Other operating expenses		(31,234)	(44,543)	(12,369)	(16,779)
Finance cost		(76,380)	(104,141)	(22,144)	(28,766)
		(107,614)	(148,684)	(34,513)	(45,545)
Other income		29,260	123,990	10,958	7,437
<b>Profit before taxation</b>		<b>692,892</b>	<b>835,870</b>	<b>294,168</b>	<b>300,611</b>
Taxation	16	(123,836)	(199,234)	(46,779)	(69,768)
<b>Profit for the period</b>		<b>569,056</b>	<b>636,636</b>	<b>247,389</b>	<b>230,843</b>
<b>Profit for the period attributable to:</b>					
- Equity holders of the Holding Company		470,805	604,014	200,887	204,238
- Non-controlling interests		98,251	32,622	46,502	26,605
		569,056	636,636	247,389	230,843
<b>Earnings per share - basic and diluted (Rupees)</b>	17	<b>4.72</b>	<b>6.06</b>	<b>2.01</b>	<b>2.05</b>

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 STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

For the quarter and nine months period ended March 31, 2018

	Nine months ended March 31,		Quarter ended March 31,	
	2018	2017	2018	2017
	----- Rupees in thousands -----			
Profit for the period	569,056	636,636	247,389	230,843
Other comprehensive income / (loss)				
<i>Items to be reclassified to consolidated profit and loss account in subsequent periods</i>				
Surplus on revaluation of Available for sale investment	-	2,217	-	2,217
<b>Total comprehensive income for the period</b>	<b>569,056</b>	<b>638,853</b>	<b>247,389</b>	<b>233,060</b>
<b>Total comprehensive income for the period attributable to:</b>				
- Equity holders of the Holding Company	470,805	606,231	200,887	206,455
- Non-controlling interests	98,251	32,622	46,502	26,605
	<b>569,056</b>	<b>638,853</b>	<b>247,389</b>	<b>233,060</b>

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 nine months period ended March 31, 2018

		Nine months ended March 31,	
		2018	2017
		----- Rupees in thousands -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
	Note		
Profit before taxation		692,892	835,870
<b>Adjustment for:</b>			
Depreciation	5.1	131,052	131,077
Amortization		2,268	2,408
(Reversal) / provision for slow moving & obsolete stores and spares		(1,859)	1,877
Finance cost		76,380	104,141
Provision for gratuity		10,274	9,151
Provision for leave encashment		3,335	3,747
Fixed assets written off		508	4,140
Loss on disposal of property, plant and equipment		122	-
Gain on disposal of Available for sale investment		-	(98,717)
		222,080	157,824
<b>Operating cash flows before working capital changes</b>		914,972	993,694
<b>Working capital changes</b>			
<i>Decrease / (increase) in current assets</i>			
Stores, spare parts and loose tools		229,608	(118,780)
Stock-in-trade		(150,491)	(2,103)
Trade debts		(132,334)	30,137
Advances		(12,855)	2,326
Trade deposits and short term prepayments		(6,363)	7,027
Other receivables and accrued interest		89,012	4,836
		16,577	(76,557)
<i>Increase in current liabilities</i>			
Trade and other payables excluding gratuity and dividend payable		6,184	206,576
<b>Cash generated from operations</b>		937,733	1,123,713
Finance cost paid		(72,181)	(105,602)
Gratuity paid		(14,326)	(14,465)
Leave encashment paid		(1,126)	(868)
Income tax paid - net		(126,483)	(160,591)
		(214,116)	(281,526)
<b>Net cash generated from operating activities</b>		723,617	842,187

# CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)

For the nine months period ended March 31, 2018

	Nine months ended March 31,	
	2018	2017
	----- Rupees in thousands -----	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(233,577)	(28,764)
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	447	458
Proceeds from maturity of short term investment	306,000	306,000
Short term investment	(306,000)	(306,000)
<b>Net cash used in investing activities</b>	<b>(233,130)</b>	<b>(26,727)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long term financing	(250,094)	(625,094)
Dividend paid	(233,614)	(149,315)
Long term deposits - liabilities	643	(1,000)
<b>Net cash used in financing activities</b>	<b>(483,065)</b>	<b>(775,409)</b>
<b>Net increase in cash and cash equivalents</b>	<b>7,422</b>	<b>40,051</b>
Cash and cash equivalents at beginning of the period	(36,569)	228,491
Cash and cash equivalents at end of the period	<u>(29,147)</u>	<u>268,542</u>
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	166,082	271,606
Short term borrowings	(195,229)	(3,064)
	<u>(29,147)</u>	<u>268,542</u>

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 STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

For the nine months period ended March 31, 2018

	Issued, subscribed and paid-up share capital	Share premium	Revaluation of Available for sale investment	Accumulated profit	Total	Non-controlling interests	Total equity
----- 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 March 31, 2017</i>							
Profit for the period	-	-	-	604,014	604,014	32,622	636,636
Reclassification of gain realized on disposal of investment classified as Available for sale	-	-	(64,522)	-	(64,522)	-	(64,522)
Surplus on revaluation of Available for sale investment	-	-	2,217	-	2,217	-	2,217
Balance as at March 31, 2017 (un-audited)	997,181	99,718	2,217	1,847,153	2,946,269	502,329	3,448,598
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 March 31, 2018</i>							
Profit for the period	-	-	-	470,805	470,805	98,251	569,056
Balance as at March 31, 2018 (un-audited)	997,181	99,718	-	2,144,754	3,241,653	619,349	3,861,002

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 nine months period ended March 31, 2018

## 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 March 31, 2018 (June 30, 2017: 62.43%). The principal business activity of the Subsidiary Company is generation and sale of electric power. As at March 31, 2018 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

These condensed interim consolidated financial statements for the nine months period ended March 31, 2018 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 Act, 2017. In case the requirements differ, the provisions of and directives issued under the Companies Act, 2017 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 March 31, 2018 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 nine months period March 31, 2018.

### 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.

## 5 PROPERTY, PLANT AND EQUIPMENT

		(Un-audited) March 31, 2018	(Audited) June 30, 2017
	Note	--- Rupees in thousands ---	
Operating fixed assets	5.1	3,144,821	3,199,149
Capital work-in-progress	5.2	157,613	17,180
Major stores and spares		65,431	49,650
		<u>3,367,865</u>	<u>3,265,979</u>

	(Un-audited) March 31, 2018	(Audited) June 30, 2017
Note	--- Rupees in thousands ---	
<b>5.1 Operating fixed assets</b>		
Written Down Value (WDV) - opening	3,199,149	3,313,220
<b>Additions during the period / year - at cost</b>		
- Factory building on freehold land	-	7,771
- Plant and machinery	69,558	54,390
- Vehicles	4,178	5,704
- Office and other equipments	1,007	454
- Laboratory equipments	3,058	2,335
	<u>77,801</u>	<u>70,654</u>
WDV of disposals during the period / year	(569)	(1,073)
Fixed assets written off during the period / year	(508)	(4,769)
Depreciation charge for the period / year	(131,052)	(178,883)
	<u>(132,129)</u>	<u>(184,725)</u>
WDV - closing	<u>3,144,821</u>	<u>3,199,149</u>
<b>5.2 Capital work-in-progress</b>		
Opening balance	17,180	18,187
Additions	180,253	6,764
Transferred to operating fixed assets	(39,820)	(7,771)
	<u>157,613</u>	<u>17,180</u>
<b>6 STORES, SPARE PARTS AND LOOSE TOOLS</b>		
Coal and other fuels	19,621	249,980
Stores & spare parts	293,370	292,564
Loose tools	258	313
	<u>313,249</u>	<u>542,857</u>
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>284,954</u>	<u>513,141</u>
6.1 This includes stores in transit of Rs. 8.744 million (June 30, 2017: Rs. 119.097 million) as at the balance sheet date.		

		(Un-audited)	(Audited)
		March 31, 2018	June 30, 2017
<b>7</b>	<b>STOCK-IN-TRADE</b>	--- Rupees in thousands ---	
	Raw material	42,611	87,604
	Packing material	37,246	27,452
	Work-in-process	384,956	203,356
	Finished goods	39,648	35,558
		<u>504,461</u>	<u>353,970</u>
<b>8</b>	<b>TRADE DEBTS</b>		
	Considered good		
	Local - unsecured	8.1 536,768	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>536,768</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 i.e. difference between tariff as per PPA and tariff determined by NEPRA, to the captive power plants. The Subsidiary Company has received tariff differential subsidy till January 2018.

9 ADVANCES

Considered good

- to vendors
- margin against Letter of Credit
- others

	(Un-audited) March 31, 2018	(Audited) June 30, 2017
--- Rupees in thousands ---		
	20,309	12,636
	27,905	22,586
	215	352
	<u>48,429</u>	<u>35,574</u>

10 SHARE CAPITAL

(Un-audited) March 31, 2018	(Audited) June 30, 2017
--- Number of Shares ---	

Authorized share capital

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

11 DEFERRED TAXATION

- Taxable temporary differences arising in respect of
- Accelerated tax depreciation

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

	319,025	309,600
	(40,470)	(41,028)
	<u>278,555</u>	<u>268,572</u>

	(Un-audited)	(Audited)
	March 31, 2018	June 30, 2017
--- Rupees in thousands ---		
<b>12 TRADE AND OTHER PAYABLES</b>		
Trade creditors	45,440	49,041
Accrued liabilities	219,765	214,877
Bills payable	8,177	12,281
Advances from customers	41,050	31,191
Contractors retention money	1,270	45
Excise duty and sales tax payable	61,295	39,658
Payable to Gratuity Fund	10,274	14,326
Workers' Profit Participation Fund (WPPF)	62,688	85,003
Workers' Welfare Fund (WWF)	24,355	32,046
Unclaimed dividend	1,355	632
Other liabilities	11,453	5,167
	<u>487,122</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 along with new matters as mentioned in notes 13.1.5, 13.1.6 and 13.1.7:

- 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.

13.1.5 During the period, an Order in Original (ONO) has been issued by Deputy Commissioner Inland Revenue (DCIR) against the Holding Company in respect of tax periods from July 2013 to August 2017 raising a demand of Rs. 56.632 million by disallowing certain input tax claimed by the Holding Company in its sales tax returns for the aforesaid tax period. The Holding Company has filed an appeal before Commissioner Inland Revenue - Appeals (CIR-A) against the ONO passed by DCIR which is pending for hearing.

13.1.6 Subsequent to period end, Deputy Commissioner Inland Revenue (DCIR) passed an order under section 161/205 of the Income Tax Ordinance, 2001(Ordinance) in respect of tax year 2017 raising a tax demand of Rs. 94.670 million including default surcharge and penalty aggregating to Rs 15.208 million on the ground that the Holding Company has not deducted applicable withholding taxes while making payments for purchases & certain expenses and hence made default under section 161/205 of the Ordinance. The Holding Company has applied for revision of order under section 122A of the Ordinance before the Commissioner Inland Revenue (CIR) which is pending for further proceedings.

13.1.7 During the period, Deputy Commission Inland Revenue (DCIR) had issued show cause notice to the Subsidiary Company u/s 161(1A) of the Income Tax Ordinance, 2001 in respect of tax year 2016 for monitoring of withholding taxes from payments made during the year and subsequently an adverse order was passed by the DCIR for the recovery of Rs 4.6 million. The Subsidiary Company has filed an appeal before Commissioner Inland Revenue - Appeals (CIR-A) against the adverse order passed by the DCIR. The matter is pending for adjudication.

## 13.2 Commitments

Commitments in respect of capital expenditure  
Guarantees given by banks on behalf of the Group

(Un-audited)	(Audited)
March 31, 2018	June 30, 2017
--- Rupees in thousands ---	
849,086	221,845
366,784	376,204
<u>1,215,870</u>	<u>598,049</u>

## 14 SALES - NET

Gross Sales - Local  
- Export

Less: - Federal Excise Duty  
- Sales tax

Nine months ended March 31,		Quarter ended March 31,	
2018	2017	2018	2017
----- (Un-audited) -----			
----- Rupees in thousands -----			
3,826,521	4,007,835	1,492,215	1,580,708
-	6,027	-	933
3,826,521	4,013,862	1,492,215	1,581,641
387,126	431,761	152,157	155,111
602,296	632,978	237,045	248,896
989,422	1,064,739	389,202	404,007
<u>2,837,099</u>	<u>2,949,123</u>	<u>1,103,013</u>	<u>1,177,634</u>

## 15 COST OF SALES

	Nine months ended March 31,		Quarter ended March 31,	
	2018	2017	2018	2017
	----- (Un-audited) -----			
	----- Rupees in thousands -----			
Raw material consumed	147,358	207,070	51,185	79,663
<b>Manufacturing expenses</b>				
Packing material consumed	95,595	129,496	39,142	51,799
Stores, spare parts and loose tools consumed	145,024	98,088	48,843	32,045
Fuel and power	1,280,986	943,583	518,100	428,019
Salaries, wages and other benefits	236,192	278,784	84,449	107,194
Insurance	17,628	19,260	5,861	6,291
Repairs, operations and maintenance	31,246	40,323	10,715	13,442
Depreciation	126,531	126,661	47,957	46,731
Vehicle hire, running & maintenance	7,988	8,526	2,743	2,802
Communication	1,358	1,575	434	604
Entertainment	1,416	1,515	475	320
(Reversal) / provision for slow moving & obsolete stores and spares	(1,859)	1,877	-	-
Other production overheads	4,188	6,069	1,736	3,626
	<u>1,946,293</u>	<u>1,655,757</u>	<u>760,455</u>	<u>692,873</u>
<b>Cost of production</b>	<u>2,093,651</u>	<u>1,862,827</u>	<u>811,640</u>	<u>772,536</u>
<b>Work-in-process</b>				
Opening balance	203,356	114,614	308,283	74,550
Closing balance	(384,956)	(72,038)	(384,956)	(72,038)
	<u>(181,600)</u>	<u>42,576</u>	<u>(76,673)</u>	<u>2,512</u>
<b>Cost of goods manufactured</b>	<u>1,912,051</u>	<u>1,905,403</u>	<u>734,967</u>	<u>775,048</u>
<b>Finished goods</b>				
Opening balance	35,558	33,767	38,019	29,798
Closing balance	(39,648)	(38,789)	(39,648)	(38,789)
	<u>(4,090)</u>	<u>(5,022)</u>	<u>(1,629)</u>	<u>(8,991)</u>
	<u>1,907,961</u>	<u>1,900,381</u>	<u>733,338</u>	<u>766,057</u>
<b>16 TAXATION</b>				
Current tax	114,112	188,113	42,346	66,735
Prior year (reversal) / charge	(259)	137	-	-
Deferred tax charge	9,983	10,984	4,433	3,033
	<u>123,836</u>	<u>199,234</u>	<u>46,779</u>	<u>69,768</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.



Nine months ended March 31,		Quarter ended March 31,	
2018	2017	2018	2017
----- (Un-audited) -----			

## 17 EARNINGS PER SHARE - BASIC AND DILUTED

Profit for the period attributable to the owners of the Holding Company (Rupees in thousands)	470,805	604,014	200,887	204,238
Weighted average number of ordinary shares	99,718,125	99,718,125	99,718,125	99,718,125
Earnings per share - basic and diluted (Rupees)	4.72	6.06	2.01	2.05

## 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 nine months period ended / outstanding balances as at March 31, 2018 with related parties are as follows:

Nine months ended March 31,	
2018	2017
----- (Un-audited) -----	
--- Rupees in thousands ---	

### 18.1 Transactions with related parties

#### 18.1.1 Key management personnel

- Salaries and benefits	20	83,875	71,092
- 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		7,328	6,750
- Education expenses - Model Terbiat School		3,878	4,276

### 18.2 Balances with related parties

#### 18.2.1 Other related parties

	(Un-audited) March 31, 2018	(Audited) June 30, 2017
Payable to Gratuity Fund	10,274	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

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	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
----- Un-audited -----								
----- Rupees in thousands -----								
Sales - net	2,173,766	2,852,206	1,127,969	588,567	(464,636)	(491,650)	2,837,099	2,949,123
Cost of sales	(1,544,636)	(1,934,735)	(813,856)	(457,281)	450,531	491,635	(1,907,961)	(1,900,381)
Gross profit	629,130	917,471	314,113	131,286	(14,105)	(15)	929,138	1,048,742
Selling and distribution cost	(57,327)	(75,093)	-	-	-	-	(57,327)	(75,093)
Administrative expenses	(95,496)	(110,881)	(18,246)	(14,183)	13,177	11,979	(100,565)	(113,085)
	(152,823)	(185,974)	(18,246)	(14,183)	13,177	11,979	(157,892)	(188,178)
Operating profit	476,307	731,497	295,867	117,103	(928)	11,964	771,246	860,564
Other operating expenses	(31,234)	(44,543)	-	-	-	-	(31,234)	(44,543)
Finance cost	(50,392)	(72,450)	(33,235)	(44,279)	7,247	12,588	(76,380)	(104,141)
	(81,626)	(116,993)	(33,235)	(44,279)	7,247	12,588	(107,614)	(148,684)
Other income	34,843	133,833	15,513	15,214	(21,096)	(25,057)	29,260	123,990
Segment results	429,524	748,337	278,145	88,038	(14,777)	(505)	692,892	835,870
Unallocated expenditures	-	-	-	-	-	-	-	-
Profit before tax	429,524	748,337	278,145	88,038	(14,777)	(505)	692,892	835,870
Taxation	(121,982)	(198,530)	(1,854)	(704)	-	-	(123,836)	(199,234)
Profit for the period	307,542	549,807	276,291	87,334	(14,777)	(505)	569,056	636,636

## 19.2 Other information

	Cement		Power		Intra group adjustment		Consolidated	
	(Un-audited) March 31, 2018	(Audited) June 30, 2017	(Un-audited) March 31, 2018	(Audited) June 30, 2017	(Un-audited) March 31, 2018	(Audited) June 30, 2017	(Un-audited) March 31, 2018	(Audited) June 30, 2017
	----- Rupees in thousands -----							
Segment assets	3,778,512	3,895,326	2,111,019	1,978,100	(402,385)	(494,976)	5,487,146	5,378,450
Unallocated corporate assets	-	-	-	-	-	-	-	-
Total assets	3,778,512	3,895,326	2,111,019	1,978,100	(402,385)	(494,976)	5,487,146	5,378,450
Segment liabilities	1,264,687	1,454,706	439,601	582,973	(78,144)	(185,512)	1,626,144	1,852,167
Unallocated corporate liabilities	-	-	-	-	-	-	-	-
Total liabilities	1,264,687	1,454,706	439,601	582,973	(78,144)	(185,512)	1,626,144	1,852,167
Capital expenditure	215,619	34,055	17,958	13,451	-	-	233,577	47,506
Depreciation	96,247	143,669	34,805	35,214	-	-	131,052	178,883
Non-cash expenses other than depreciation	917	7,141	-	-	-	-	917	7,141

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

Consolidated March 31,	
2018	2017
----- (Un-audited) -----	
--- Rupees in thousands ---	

### 19.3.1 Operating revenues

Total revenue of reportable segments	3,301,735	3,440,773
Elimination of intra group revenue	<u>(464,636)</u>	<u>(491,650)</u>
Consolidated revenue	<u>2,837,099</u>	<u>2,949,123</u>

### 19.3.2 Profit and loss

Total profit before tax of reportable segments	707,669	836,375
Adjustment of unrealized profit and intra group transactions	<u>(14,777)</u>	<u>(505)</u>
Consolidated profit before taxation	<u>692,892</u>	<u>835,870</u>

Consolidated	
(Un-audited) March 31, 2018	(Audited) June 30, 2017
--- Rupees in thousands ---	

### 19.3.3 Assets

Total assets of reportable segments	5,889,531	5,873,426
Elimination of intra group balances and unrealised profit	<u>(400,782)</u>	<u>(493,373)</u>
Reclassification for consolidation purposes	<u>(1,603)</u>	<u>(1,603)</u>
Consolidated assets	<u>5,487,146</u>	<u>5,378,450</u>

Consolidated	
(Un-audited) March 31, 2018	(Audited) June 30, 2017
--- Rupees in thousands ---	

### 19.3.4 Liabilities

Total liabilities of reportable segments	1,704,288	2,037,679
Elimination of intra group balances	(78,144)	(185,512)
Consolidated liabilities	<u>1,626,144</u>	<u>1,852,167</u>

### 19.4 Geographical segment analysis

	Revenue		Total Assets		Net Assets	
	(Un-audited) March 31, 2018	(Un-audited) March 31, 2017	(Un-audited) March 31, 2018	(Audited) June 30, 2017	(Un-audited) March 31, 2018	(Audited) June 30, 2017
----- Rupees in thousands -----						
Pakistan	2,837,099	2,943,096	5,487,146	5,378,450	3,861,002	3,526,283
Export Processing Zone - Karachi	-	6,027	-	-	-	-
	<u>2,837,099</u>	<u>2,949,123</u>	<u>5,487,146</u>	<u>5,378,450</u>	<u>3,861,002</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.

Corresponding figure for salaries and benefits disclosed under transaction with key management personnel (Note - 18.1.1) has been recalculated based on the definition of Executive as per Companies Act, 2017.

## 21 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim consolidated financial statements have been authorized for issue on April 24, 2018 by the Board of Directors of the Holding Company.

  
CHIEF FINANCIAL OFFICER

  
CHIEF EXECUTIVE

  
DIRECTOR



# THATTA CEMENT

COMPANY LIMITED

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