



**THATTA CEMENT**  
COMPANY LIMITED

Half Yearly Report  

---

December 2018



Making  
a Difference



---

# CONTENTS

Vision & Mission	2
Company Information	3
Directors' Review	4
Auditors' Review Report	11
Condensed Interim Unconsolidated Financial Statements	13
Condensed Interim Consolidated Financial Statements	32

# Vision

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

# Mission

To provide quality products to customers at competitive prices;and

To generate sufficient profit to add to the shareholder's value.

## COMPANY INFORMATION

### BOARD OF DIRECTORS

Mr. Khawaja Muhammad Salman Younis	Chairman
Mr. Shahid Aziz Siddiqui	Director
Mr. Agha Sher Shah	Director
Mr. Saleem Zamindar	Director
Ms. Naheed Memon	Director
Mr. Noor Muhammad (w.e.f. February 4, 2019)	Director
Mr. Muhammad Taha Hamdani	Chief Executive

### AUDIT COMMITTEE

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

### HR & REMUNERATION COMMITTEE

Mr. Agha Sher Shah	Member
Ms. Naheed Memon	Member
Mr. Muhammad Taha Hamdani	Member

### IT STEERING COMMITTEE

Mr. Khawaja Muhammad Salman Younis	Chairman
Mr. Muhammad Taha Hamdani	Member
Shahid Yaqoob	Member

### CHIEF FINANCIAL OFFICER

Shahid Yaqoob

### COMPANY SECRETARY

Mr. Muhammad Abid Khan (w.e.f. February 4, 2019)

### 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 is pleased to announce the financial results for the half year ended December 31, 2018.

## OVERVIEW

Production and sales figures for the half year ended December 31, 2018 are as follows:

Description	December 2018	December 2017	Variance	
	----- Metric Tons -----		%	
<b>Production</b>				
Clinker	201,367	194,825	6,542	3.35
Cement	202,876	173,059	29,817	17.23
GGBFS	260	7,952	(7,692)	(96.73)
<b>Dispatches</b>				
Cement - local	202,924	172,989	29,935	17.30
Clinker - local	17,916	14,986	2,930	19.55
Clinker - export	102,370	-	102,370	100
GBFS & GGBFS – Local	260	7,952	(7,692)	(96.73)
	<u>323,470</u>	<u>195,927</u>	<u>127,543</u>	<u>65.10</u>

The clinker production of your Company during the period under review was 201,367 tons resulting in capacity utilization of 78.96% in comparison with the clinker production of 194,825 tons implying capacity utilization of 76.40% during the corresponding period of previous year.

## Industry Review

An overall growth of 3.94% was achieved by the cement sector compared with the corresponding period of last year. The growth in local cement demand registered a nominal decline of 1.41% during the period under review, whereas exports showed a whopping increase of 48.01% in comparison with the corresponding period of last year. Cement factories located in the South witnessed a robust growth of 20.72% whereas cement companies in the North posted a decline of 5.95% in domestic dispatches as compared to the corresponding period.

## Sales Review

Overall sales of the Company during the half year ended December 31, 2018 increased by 65.10% in terms of volume. However, due to stiff competition from local capacities, the Company has explored regional market for clinker export and dispatched 102,370 tons of clinker to customers abroad whereas local cement dispatches has increased by 29,935 tons (17.30%) compared with corresponding period last year closely in line with cement demand pattern in Southern region.

## Financial Review

A comparison of key financial results of your Company's performance for the half year ended December 31, 2018 with the same period last year is as under:

Particulars	December 2018	December 2017
	----- Rupees in thousands -----	
Sales – net	1,992,777	1,337,661
Gross profit	387,974	390,828
Selling & Distribution Cost	137,572	35,437
Finance Cost	29,001	35,166
Profit before taxation	163,943	259,844
Profit for the period	119,016	183,926
Earnings per share (Rupees)	1.19	1.84

The net sales revenue showed a substantial increase of 48.97 % due to export of clinker during the period ended on December 31, 2018. However, cost of production during the period has increased mainly due to rise in coal and packing material prices as a result of devaluation of Pak rupee against US \$. Moreover, distribution cost has escalated by Rs. 102.135 million during the period as compared to the corresponding period of last year mainly on account of exports related expenses incurred on export of clinker whereas finance cost has decreased by 17.53% during the six months mainly due to reduction in outstanding amount of long term loan. As a result, gross margin is reduced significantly from 29.22% to 19.47% compared with same period last year and the Company earned a net profit after tax of Rs. 119.016 million which is 35.29% lower as compared to same period last year.

## FUTURE OUTLOOK

The country is facing severe economic challenge which has affected overall cement sector. Though there is considerable demand in the market but due to lack of clear direction on the economic front is affecting overall market sentiments. Additional capacities coming online in the ensuing year may further affect the prices unfavorably. Major input cost parameters which includes coal, gas, power and paper bags are showing rising trends. Uncertainty over rupee dollar parity has further diluted the margins. In view of stiff competition cement plants in the country has so far been unable to pass the impact of rising input cost to the end users and hence, the margins are tumbling down and this situation may continue going forward.

However, despite all these odds, demand of cement is expected to surge from Gwadar Port project and Karachi Lahore Motorway (Sukkur- Multan 392KM) project which are in pipeline side by side with ongoing projects under CPEC initiative. Increased production capacity by the industry is expected to be utilized through demand estimated to be created by undertaking development projects and prominently Prime Minister's flagship housing scheme by the Government. These positive indicators will boost domestic cement consumption in the construction sector.

WASTE HEAT RECOVERY PROJECT

The project is in progress and is estimated to be completed by the end of current financial year.

PERFORMANCE OF THE GROUP

A brief of the financial position and performance of the Group for the half year ended December 31, 2018, is provided below:

	December 2018	June 2018
----- Rupees in thousands -----		
<b>Statement of Financial Position</b>		
Property, plant and equipment	4,245,968	3,395,307
Stock-in-trade	164,983	504,039
Trade debts	861,630	512,967
Share Capital	997,181	997,181
Total equity – Holding Company	3,450,718	3,361,736
Trade and other payables	490,612	694,972
Short Term Borrowings	288,039	364,489

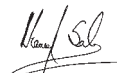
	December 2018	December 2017
----- Rupees in thousands -----		
<b>Statement of Profit or Loss Account</b>		
Sales – net	2,333,383	1,734,086
Gross profit	589,077	559,463
Profit before taxation	347,572	398,724
Profit for the period	300,916	321,667
Earnings per share (Rupees)	2.33	2.71

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.



Muhammad Taha Hamdani  
Chief Executive



Khawaja Muhammad Salman Younis  
Chairman

Karachi: February 4, 2019



## Statement of Financial Position

	December 2018	June 2018
----- Rupees in thousands -----		
Property, plant and equipment	4,245,968	3,395,307
Stock-in-trade	164,983	504,039
Trade debts	861,630	512,967
Share Capital	997,181	997,181
Total equity – Holding Company	3,450,718	3,361,736
Trade and other payables	490,612	694,972
Short Term Borrowings	288,039	364,489

## Statement of Profit or Loss Account

	December 2018	December 2017
----- Rupees in thousands -----		
Sales – net	2,333,383	1,734,086
Gross profit	589,077	559,463
Profit before taxation	347,572	398,724
Profit for the period	300,916	321,667
Earnings per share (Rupees)	2.33	2.71

## 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 انتہک محنت، اجتماعی کوششوں 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۔



خواجہ محمد سلمان یونس  
چئیرمین



محمد ظاہر ہمدانی  
چیف ایگزیکٹو

کراچی: 04 فروری 2019

واضح کی واقع ہوئی ہے جو 29.22 فیصد سے کم ہو کر 19.47 فیصد کی سطح پر آ گیا ہے۔ کمپنی نے 119.016 ملین روپے کا منافع بعد از ٹیکس حاصل کیا ہے جو کہ گزشتہ مالی سال کی ششماہی کے مقابلے میں 35.29 فیصد کم ہے۔

## مستقبل کا جائزہ

ملک کو اس وقت سخت معاشی چیلنجز کا سامنا ہے جس کا اثر مجموعی طور پر پوری سیمنٹ انڈسٹری پر بھی پڑا ہے۔ حالانکہ مارکیٹ میں سیمنٹ کی خاطر خواہ طلب پائی جاتی ہے لیکن غیر واضح معاشی پالیسی کی وجہ سے مارکیٹ میں غیر یقینی کی صورت حال پائی جاتی ہے۔ دوسری جانب سیمنٹ کی کمپنیوں میں آنے والی اضافی پیداواری صلاحیت کو جب آنے والے سالوں میں بروئے کار لایا جائے گا تو سیمنٹ کی قیمت میں مزید کمی دیکھنے کو مل سکتی ہے۔ پیداواری لاگت میں اضافے کا باعث بننے والے اہم عناصر یعنی کوئلے، گیس، بجلی اور پیپر بیگ کی قیمتوں میں بھی اضافے کا رجحان نظر آرہا ہے امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی بھی منفعت پر منفی اثرات مرتب کر رہی ہے۔ ملک میں سیمنٹ کی انڈسٹری میں پائی جانے والی سخت مسابقتی صورت حال کے پیش نظر ابھی تک سیمنٹ کمپنیز اضافی پیداواری لاگت کو صارف تک منتقل نہیں کر سکی ہیں جس کے منفی اثرات کمپنی کی منفعت پر پڑ رہے ہیں اور خدشہ ہے کہ آنے والے دنوں میں بھی اسی صورت حال کا تسلسل رہے گا۔

تاہم اس تمام غیر معاون صورت حال کے باوجود سی پیک کے سلسلے میں جاری منصوبوں کے ساتھ ساتھ آنے والے دنوں میں گوادر پراجیکٹ اور کراچی لاہور موٹروے (سکھر-ملتان 392 کلومیٹر) پراجیکٹ کی وجہ سے سیمنٹ کی طلب میں اضافے کا رجحان برقرار رہے گا۔ موجودہ حکومت کے ترقیاتی پراجیکٹس اور بلخصوص پرائم منسٹر فلیگ شپ رہائشی منصوبے کو مد نظر رکھتے ہوئے کہا جا سکتا ہے کہ سیمنٹ کی کمپنیوں کے پاس موجود اضافی پیداواری صلاحیت کو بروئے کار لانے میں مدد مل سکتی ہے۔ ان تمام مثبت عوامل سے مقامی سطح پر تعمیراتی سیکٹر میں سیمنٹ کی طلب میں اضافے کا عندیہ ملتا ہے۔

## ویسٹ ہیٹ ریکوری منصوبہ

یہ پروجیکٹ ابھی زیر تکمیل ہے اور امید کی جاتی ہے کہ رواں مالی سال کے اختتام تک مکمل ہو جائے گا۔

## گروپ کی کارکردگی

31 دسمبر 2018 کو ختم ہونے والی ششماہی کے دوران گروپ کی مالیاتی پوزیشن اور کارکردگی کو ذیل میں پیش کیا جا رہا ہے:

## کمپنی کی فروخت کا جائزہ

زیر نظر ششماہی میں 31 دسمبر 2018 تک کمپنی کی فروخت میں بلحاظ حجم 65.10 فیصد کا اضافہ ہوا ہے۔ مقامی سطح پر سیمنٹ فیکٹریوں کی پیداواری صلاحیتوں میں مسابقتی صورت حال کے تناظر میں کمپنی کی جانب سے کلنکر کی برآمد کیلئے خطے میں نئی مارکیٹیں تلاش کی گئی اور بیرون ملک اپنے صارفین کو 102,370 ٹن کلنکر برآمد کیا گیا جبکہ گزشتہ مالی سال کی ششماہی کے مقابلے میں رواں مالی سال کی ششماہی کے دوران مقامی سطح پر سیمنٹ کی ترسیل میں 29,935 ٹن (17.30 فیصد) کا اضافہ ہوا ہے جو کہ انڈسٹری میں سادہ تھ رجحان میں سیمنٹ کی طلب کے قریب تر ہے۔

## مالیاتی کارکردگی

31 دسمبر 2018 کو ختم ہونے والی ششماہی اور گزشتہ سال کی ششماہی کا تقابلی جائزہ درج ذیل ہے:

Particulars	December 2018	December 2017
----- Rupees in thousands -----		
Sales – net	1,992,777	1,337,661
Gross profit	387,974	390,828
Selling & Distribution Cost	137,572	35,437
Finance Cost	29,001	35,166
Profit before taxation	163,943	259,844
Profit for the period	119,016	183,926
Earnings per share (Rupees)	1.19	1.84

کل فروخت سے حاصل ہونے والی آمدن میں 48.97 فیصد کا اضافہ ہوا ہے جس کی وجہ 31 دسمبر 2018 کو ختم ہونے والی ششماہی کے دوران کلنکر کی برآمد ہے۔ تاہم زیر نظر ششماہی کے دوران پیداواری لاگت میں بھی اضافہ ہوا ہے جس کی بنیادی وجہ کوئلے اور پیکنگ کے میٹیریل کی قیمت میں اضافے کے علاوہ امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی ہے۔

مزید برآں، گزشتہ مالی سال کی ششماہی کے مقابلے میں سیمنٹ کی ترسیل کی لاگت میں 102.135 ملین روپے کا اضافہ ہوا ہے جس کی بنیادی وجہ کلنکر کی برآمدات پر آنے والے اخراجات ہیں جبکہ دوسری جانب تمویلی لاگت میں 17.53 فیصد کمی واقع ہوئی ہے جس کی وجہ طویل المیعاد قرضوں کے حجم میں واقع ہونے والی کمی ہے۔ نتیجتاً گزشتہ مالی سال کی ششماہی کے مقابلے میں خام منافع کی شرح میں

## ڈائریکٹرز کا تجزیہ

ٹھٹھہ سیمنٹ کمپنی لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے 31 دسمبر 2018 کو ختم ہونے والی ششماہی کے مالیاتی نتائج ذیل میں پیش خدمت ہیں۔

### مجموعی جائزہ

31 دسمبر 2018 کو ختم ہونے والی ششماہی کے دوران پیداوار اور فروخت سے متعلق اعداد و شمار ذیل میں پیش کئے جا رہے ہیں:

Description	December 2018	December 2017	Variance	
	Metric Tons		%	
<b>Production</b>				
Clinker	201,367	194,825	6,542	3.35
Cement	202,876	173,059	29,817	17.23
GGBFS	260	7,952	(7,692)	(96.73)
<b>Dispatches</b>				
Cement - local	202,924	172,989	29,935	17.30
Clinker - local	17,916	14,986	2,930	19.55
Clinker - export	102,370	-	102,370	100
GBFS & GGBFS - Local	260	7,952	(7,692)	(96.73)
	<u>323,470</u>	<u>195,927</u>	<u>127,543</u>	<u>65.10</u>

رواں ششماہی کے دوران کمپنی کی جانب سے کلنکر کی پیداوار 201,367 ٹن رہی جو کہ پیداواری گنجائش کا 78.96 فیصد ہے۔ جبکہ گزشتہ سال اسی عرصے کے دوران کلنکر کی پیداوار 194,825 ٹن تھی جو کہ زیر استعمال لائی جانے والی صلاحیت کا 76.40 فیصد تھی۔

### صنعتی جائزہ

گزشتہ مالی سال کی ششماہی کے مقابلے میں مجموعی طور پر سیمنٹ سیکٹر کی شرح نمو 3.94 فیصد رہی۔ زیر نظر دورانی کے دوران مقامی سطح پر سیمنٹ کی طلب میں 1.41 فیصد کی معمولی کمی واقع ہوئی ہے جبکہ دوسری جانب گزشتہ سال کی ششماہی کے مقابلے میں سیمنٹ کی برآمدات میں 48.01 فیصد کا زبردست اضافہ درج کیا گیا ہے۔ ساؤتھ ریجن میں واقع فیکٹریوں کی جانب سے شرح نمو میں 20.72 فیصد کا بھرپور اضافہ ہوا جبکہ نور تھریجن میں مقامی سطح پر سیمنٹ کی ترسیل میں 5.95 فیصد کمی واقع ہوئی ہے۔



# Grant Thornton

An instinct for growth™

## INDEPENDENT AUDITORS' REVIEW REPORT ON REVIEW OF CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS TO THE MEMBERS

**GRANT THORNTON ANJUM RAHMAN**

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

T +92 021 3567 2951-56  
F +92 021 3568 8834  
[www.gt-pak.com](http://www.gt-pak.com)

### Introduction

We have reviewed the accompanying condensed interim unconsolidated statement of financial position of **Thatta Cement Company Limited** (the Company) as of December 31, 2018, and the related condensed interim unconsolidated statement of profit or loss, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of changes in equity and condensed interim unconsolidated statement of cash flows for the half year then ended, together with explanatory notes (herein-after referred to as the “condensed interim unconsolidated financial statements”). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these 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 Statements 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

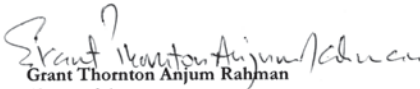
Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim unconsolidated financial statements is not prepared, in all material respects, in accordance with the approved accounting and reporting standards as applicable in Pakistan for interim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



**Other Matter**

The figures for the quarters ended December 31, 2018 and December 31, 2017 in the condensed interim unconsolidated financial statements have not been reviewed and we do not draw conclusion on them.

The engagement partner on the review resulting in this independent auditor's review report is Muhammad Shaukat Naseeb.

  
**Grant Thornton Anjum Rahman**  
Chartered Accountants

Karachi

Date: February 4, 2019

CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED  
DECEMBER 31, 2018

# CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2018

		(Un-audited) December 31, 2018	(Audited) June 30, 2018
	Note	----- Rupees in thousands -----	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	2,164,726	2,199,535
Intangible assets		1,400	2,800
Long term investment in Subsidiary		299,158	299,158
Long term deposits		896	1,096
<b>Total non-current assets</b>		<b>2,466,180</b>	<b>2,502,589</b>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools	6	287,530	610,702
Stock-in-trade	7	168,433	528,727
Trade debts	8	482,414	90,984
Advances		34,273	5,846
Trade deposits and short term prepayments		14,968	19,361
Other receivables and accrued interest		17,447	100,907
Taxation - net		206,923	210,405
Cash and bank balances		71,601	70,174
<b>Total current assets</b>		<b>1,283,589</b>	<b>1,637,106</b>
<b>Total assets</b>		<b>3,749,769</b>	<b>4,139,695</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	9	997,181	997,181
Share premium		99,718	99,718
Accumulated profits		1,435,313	1,459,891
<b>Total shareholders' equity</b>		<b>2,532,212</b>	<b>2,556,790</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term financing		-	87,817
Long term deposits		2,797	3,477
Long term employee benefit		17,054	15,884
Deferred taxation	10	287,449	285,986
<b>Total non-current liabilities</b>		<b>307,300</b>	<b>393,164</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	407,571	584,084
Unclaimed dividend		3,999	1,351
Accrued mark-up		6,865	7,884
Current maturity of long term financing		203,783	231,933
Short term borrowings		288,039	364,489
<b>Total current liabilities</b>		<b>910,257</b>	<b>1,189,741</b>
<b>Total equity and liabilities</b>		<b>3,749,769</b>	<b>4,139,695</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	12		

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



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR



# CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS ACCOUNT (UN-AUDITED)

For the half year ended December 31, 2018

		Half year ended December 31,		Quarter ended December 31,		
		2018	2017	2018	2017	
Note		----- Rupees in thousands -----				
	Sales - net	13	1,992,777	1,337,661	1,290,036	724,411
	Cost of sales	14	(1,604,803)	(946,833)	(1,022,835)	(520,568)
	<b>Gross profit</b>		<b>387,974</b>	<b>390,828</b>	<b>267,201</b>	<b>203,843</b>
	Selling and distribution cost		(137,572)	(35,437)	(120,792)	(20,113)
	Administrative expenses		(53,806)	(64,876)	(26,954)	(32,828)
			(191,378)	(100,313)	(147,746)	(52,941)
	<b>Operating profit</b>		<b>196,596</b>	<b>290,515</b>	<b>119,455</b>	<b>150,902</b>
	Other operating expenses		(18,517)	(18,865)	(9,323)	(9,770)
	Finance cost		(29,001)	(35,166)	(12,045)	(18,348)
			(47,518)	(54,031)	(21,368)	(28,118)
	Other income		14,865	23,360	6,387	12,471
	<b>Profit before taxation</b>		<b>163,943</b>	<b>259,844</b>	<b>104,474</b>	<b>135,255</b>
	Taxation	15	(44,927)	(75,918)	(35,233)	(39,594)
	<b>Profit for the period</b>		<b>119,016</b>	<b>183,926</b>	<b>69,241</b>	<b>95,661</b>
	<b>Earnings per share - basic and diluted (Rupees)</b>	16	<b>1.19</b>	<b>1.84</b>	<b>0.69</b>	<b>0.95</b>

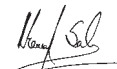
The annexed notes from 1 to 22 form an integral part of these condensed interim unconsolidated financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

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

For the half year ended December 31, 2018

	Half year ended December 31,		Quarter ended December 31,	
	2018	2017	2018	2017
	----- Rupees in thousands -----			
Profit for the period	119,016	183,926	69,241	95,661
Other comprehensive income / (loss)				
Items to be reclassified to unconsolidated statement of profit or loss account in subsequent periods	-	-	-	-
Items not to be reclassified to unconsolidated statement of profit or loss account in subsequent periods	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>119,016</b>	<b>183,926</b>	<b>69,241</b>	<b>95,661</b>

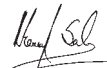
The annexed notes from 1 to 22 form an integral part of these condensed interim unconsolidated financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

# CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)

For the half year ended December 31, 2018

	Half year ended December 31,	
	2018	2017
	----- Rupees in thousands -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	163,943	259,844
<b>Adjustment for:</b>		
Depreciation	63,197	59,681
Amortization	1,400	1,568
Provision /(Reversal) for slow moving & obsolete stores and spares	1,953	(1,859)
Finance cost	29,001	35,166
Provision for gratuity	6,838	6,849
Provision for leave encashment	1,565	2,503
Property, plant and equipment written off	248	508
Gain on disposal of property, plant and equipments	(7)	-
	104,195	104,416
<b>Operating cash flows before working capital changes</b>	<b>268,138</b>	<b>364,260</b>
<b>Working capital changes</b>		
<i>(Increase) / decrease in current assets</i>		
Stores, spare parts and loose tools	323,151	137,508
Stock-in-trade	360,294	(82,041)
Trade debts	(391,430)	22,694
Loan/advance to the Subsidiary Company	-	(15,000)
Advances	(28,427)	2,311
Trade deposits and short term prepayments	4,393	(9,376)
Other receivables and accrued interest	83,460	73,534
	351,441	129,630
<i>Decrease in current liabilities</i>		
Trade and other payables excluding gratuity	(163,367)	(22,986)
<b>Cash generated from operations</b>	<b>456,212</b>	<b>470,904</b>
Finance cost paid	(30,020)	(27,945)
Gratuity paid	(19,984)	(14,326)
Leave encashment paid	(395)	(935)
Income tax paid - net	(39,982)	(61,314)
Long term deposits - net	(480)	-
	(90,861)	(104,520)
<b>Net cash generated from operating activities</b>	<b>365,351</b>	<b>366,384</b>

Note

# CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)

For the half year ended December 31, 2018

Half year ended December 31,	
2018	2017
----- Rupees in thousands -----	

## CASH FLOWS FROM INVESTING ACTIVITIES

Fixed capital expenditure	(30,570)	(114,752)
Proceeds from disposal of property, plant and equipment	9	442
<b>Net cash used in investing activities</b>	<b>(30,561)</b>	<b>(114,310)</b>

## CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of long term financing	(115,967)	(115,966)
Dividend paid	(140,946)	(233,472)
<b>Net cash used in financing activities</b>	<b>(256,913)</b>	<b>(349,438)</b>

Net increase / (decrease) in cash and cash equivalents	77,877	(97,364)
Cash and cash equivalents at beginning of the period	(294,315)	(89,016)
<b>Cash and cash equivalents at end of the period</b>	<b>(216,438)</b>	<b>(186,380)</b>

## CASH AND CASH EQUIVALENTS

Cash and bank balances	71,601	71,824
Short term borrowings	(288,039)	(258,204)
	<b>(216,438)</b>	<b>(186,380)</b>

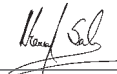
The annexed notes from 1 to 22 form an integral part of these condensed interim unconsolidated financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

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

For the half year ended December 31, 2018

	Issued, subscribed and paid-up share capital	Share premium	Accumulated profits	Total
----- Rupees in thousands -----				
Balance as at July 1, 2017 (audited)	997,181	99,718	1,343,721	2,440,620
Transactions with owners recorded directly in equity				
Final dividend @ Rs. 2.35 per share for the year ended June 30, 2017	-	-	(234,337)	(234,337)
Total comprehensive income for the period ended December 31, 2017				
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>1,293,310</u>	<u>2,390,209</u>
Balance as at July 1, 2018 (audited)	997,181	99,718	1,459,891	2,556,790
Transactions with owners recorded directly in equity				
Final dividend @ Rs. 1.44 per share for the year ended June 30, 2018	-	-	(143,594)	(143,594)
Total comprehensive income for the period ended December 31, 2018				
Profit for the period	-	-	119,016	119,016
Balance as at December 31, 2018 (un-audited)	<u>997,181</u>	<u>99,718</u>	<u>1,435,313</u>	<u>2,532,212</u>

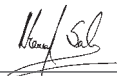
The annexed notes from 1 to 22 form an integral part of these condensed interim unconsolidated financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

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

For the half year ended December 31, 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 comprises of 233 acres and 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 half year ended December 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, 2018.

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 statement of profit or loss account for the quarter ended December 31, 2018 and 2017 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, 2018 and December 31, 2017.

These condensed interim unconsolidated financial statements comprises of the condensed interim unconsolidated statement of financial position as at December 31, 2018 and condensed interim unconsolidated statement of profit or loss account, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of cash flows and condensed interim unconsolidated statement of changes in equity for the half year ended December 31, 2018.

## 2.2 Use of estimates and judgments

The preparation of these condensed interim unconsolidated financial statements in conformity with approved accounting standards require 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, 2018.

## 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 assets and liabilities which are stated at the exchange rate on the date of condensed interim unconsolidated statement of financial position.

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

## 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, 2018.

### 3.1 Standards and amendments to published approved accounting standards which are effective during the half year ended December 31, 2018.

Following are certain new standards and amendments to approved accounting standards which are mandatory for the Company's annual accounting period which began on July 1, 2018.

Standard or Interpretation	IASB effective date (Annual periods beginning on or after)
IFRS 9 - Financial Instruments	July 1, 2018
IFRS 15 - Revenue from Contracts with Customers	July 1, 2018

However, the application of above standards do not have any significant impact on the Company's financial reporting and, therefore, have not been presented in these condensed interim unconsolidated financial statements.

**3.2 Standards and amendments to published approved accounting standards that are not yet effective during the half year ended December 31, 2018.**

There are certain new standards and amendments to the approved accounting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2019. However, these amendments will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these unconsolidated condensed interim 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, 2018.

**5 PROPERTY, PLANT AND EQUIPMENT**

	(Un-audited)	(Audited)
	December 31, 2018	June 30, 2018
Note	----- Rupees in thousands -----	
Operating fixed assets	2,105,994	1,971,885
Capital work-in-progress	-	172,552
Major stores and spares	58,732	55,098
	<u>2,164,726</u>	<u>2,199,535</u>



	(Un-audited)	(Audited)
	December 31, 2018	June 30, 2018
<b>5.1 Operating fixed assets</b>		
	Note	----- Rupees in thousands -----
Written Down Value (WDV) - opening	1,971,885	2,008,696
<b>Additions during the period / year - at cost</b>		
- Electrical installations	417	-
- Plant and machinery	196,700	81,186
- Quarry Equipments	439	-
- Vehicles	-	4,178
- Office & other equipments	-	1,007
- Laboratory equipments	-	3,796
	<b>197,556</b>	<b>90,167</b>
WDV of disposals during the period / year	(2)	(2,304)
Property, plant and equipment written off during the period / year	(248)	(528)
Depreciation charge for the period / year	(63,197)	(124,146)
	<b>(63,447)</b>	<b>(126,978)</b>
WDV - closing	<b>2,105,994</b>	<b>1,971,885</b>
<b>5.2 Capital work-in-progress</b>		
Opening balance	172,552	-
Additions	18,001	218,808
Transferred to operating fixed assets	(190,553)	(46,256)
	<b>-</b>	<b>172,552</b>
<b>6 STORES, SPARE PARTS AND LOOSE TOOLS</b>		
Coal and other fuels	95,790	401,915
Stores & spare parts	219,439	236,381
Loose tools	191	275
	<b>315,420</b>	<b>638,571</b>
	6.1	
Provision for obsolete stores	(5,104)	(5,114)
Provision for slow moving stores and spares	(22,786)	(22,755)
	<b>(27,890)</b>	<b>(27,869)</b>
	<b>287,530</b>	<b>610,702</b>

- 6.1 This includes stores in transit of Rs. 32.324 million (June 30, 2018: Rs. 66.952 million) as at the date of condensed interim unconsolidated statement of financial position.

	(Un-audited)	(Audited)
	December 31, 2018	June 30, 2018
----- Rupees in thousands -----		
<b>7 STOCK-IN-TRADE</b>		
Raw material	29,798	46,972
Packing material	56,395	30,611
Work-in-process	39,739	408,198
Finished goods	42,501	42,946
	168,433	528,727

## 8 TRADE DEBTS

### Considered good

Local - unsecured	226,623	90,984
Export - secured	255,791	-

### 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)

482,414 90,984

## 9 SHARE CAPITAL

(Un-audited)	(Audited)		December 31, 2018	June 30, 2018
----- Number of Shares -----				
<b>Authorized share capital</b>				
200,000,000	200,000,000	Ordinary shares of Rs. 10/- each	2,000,000	2,000,000
<b>Issued, subscribed and paid-up share capital</b>				
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
99,718,125	99,718,125		997,181	997,181

	Note	(Un-audited)	(Audited)
		December 31, 2018	June 30, 2018
----- Rupees in thousands -----			
<b>10 DEFERRED TAXATION</b>			
Deferred tax liability comprises of temporary differences as follows:			
Taxable temporary differences arising in respect of			
- Accelerated tax depreciation		326,134	325,419
Deductible temporary differences arising in respect of			
- Other provisions - for doubtful debts and slow moving & obsolete stores		(38,685)	(39,433)
		<u>287,449</u>	<u>285,986</u>
<b>11 TRADE AND OTHER PAYABLES</b>			
Trade creditors		42,464	37,693
Accrued liabilities	11.1	200,247	193,246
Bills payable		6,708	216,986
Advances from customers		47,272	63,820
Contractors retention money		3,500	2,469
Excise duty and sales tax payable		82,525	-
Payable to Gratuity Fund		6,838	19,984
Workers' Profit Participation Fund (WPPF)		8,828	26,650
Workers' Welfare Fund (WWF)		5,009	10,176
Other liabilities		4,180	13,060
		<u>407,571</u>	<u>584,084</u>

**11.1** It includes Rs. 82.976 million (June 30, 2018: Rs. 69.43 million) payable to the Subsidiary Company, in respect of purchase of electric power.

## 12 CONTINGENCIES AND COMMITMENTS

### 12.1 Contingencies

The status of contingencies is same as disclosed in the annual audited unconsolidated financial statements for the year ended June 30, 2018 except for the matter disclosed in note 26.1.8 which is mentioned below:

12.1.1 During the period, the Company has filed an appeal before Commissioner Inland Revenue – Appeals (CIR-A) against the order of Assistant Commissioner Inland Revenue (ACIR) in relation to tax audit for the tax year 2016. While deciding an appeal, the CIR-A has allowed deduction of certain expenses that were disallowed by ACIR whereas deductible allowance of WPPF and certain portion of tax credit claimed under section 65B of the Income Tax Ordinance, 2001 have been disallowed. Therefore, the Company has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order of Commissioner Inland Revenue – Appeals (CIR-A) on the said disallowances which is pending for hearing.

	(Un-audited) December 31, 2018	(Audited) June 30, 2018
----- Rupees in thousands -----		
Commitments in respect of revenue & capital expenditure	196,006	4,502
Guarantees given by banks on behalf of the Company	57,784	60,784

	Half year ended December 31,		Quarter ended December 31,	
	2018	2017	2018	2017
----- (Un-audited) -----				
----- Rupees in thousands -----				
<b>13 SALES - NET</b>				
Gross sales				
- Local	2,161,581	1,870,488	1,139,953	1,017,880
- Export	506,701	-	506,701	-
	<u>2,668,282</u>	1,870,488	<u>1,646,654</u>	1,017,880
Less				
- Federal Excise Duty	331,262	234,969	175,855	130,991
- Sales tax	344,243	297,858	180,763	162,478
	<u>675,505</u>	532,827	<u>356,618</u>	293,469
	<u>1,992,777</u>	1,337,661	<u>1,290,036</u>	724,411

## 14 COST OF SALES

	Half year ended December 31,		Quarter ended December 31,	
	2018	2017	2018	2017
	----- (Un-audited) -----			
	----- Rupees in thousands -----			
Raw material consumed	95,222	96,173	61,313	43,825
<b>Manufacturing expenses</b>				
Packing material consumed	78,477	56,453	42,899	30,021
Stores, spare parts and loose tools consumed	26,346	53,540	12,836	25,198
Fuel and power	795,674	624,653	573,219	304,930
Salaries, wages and other benefits	153,469	151,743	76,105	77,267
Insurance	7,297	8,246	3,641	4,124
Repairs and maintenance	6,545	7,865	3,761	4,226
Depreciation	61,079	56,516	41,845	27,138
Vehicle hire, running & maintenance	5,903	5,245	2,971	2,545
Communication	1,101	924	576	468
Entertainment	689	941	412	593
Provision / (reversal) for slow moving & obsolete stores and spares	1,953	(1,859)	1,953	(1,859)
Other production overheads	2,144	2,408	770	1,404
	1,140,677	966,675	760,988	476,055
<b>Cost of production</b>	1,235,899	1,062,848	822,301	519,880
<b>Work-in-process</b>				
Opening balance	408,198	211,163	241,777	324,810
Closing balance	(39,739)	(324,400)	(39,739)	(324,400)
	368,459	(113,237)	202,038	410
<b>Cost of goods manufactured</b>	1,604,358	949,611	1,024,339	520,290
<b>Finished goods</b>				
Opening balance	42,946	36,454	40,997	39,510
Closing balance	(42,501)	(39,232)	(42,501)	(39,232)
	445	(2,778)	(1,504)	278
	1,604,803	946,833	1,022,835	520,568

15 TAXATION

	Half year ended December 31,		Quarter ended December 31,	
	2018	2017	2018	2017
	----- (Un-audited) -----			
	----- Rupees in thousands -----			
Current tax	43,464	70,627	33,354	36,236
Prior year reversal	-	(259)	-	(259)
Deferred tax	1,463	5,550	1,879	3,617
	<u>44,927</u>	<u>75,918</u>	<u>35,233</u>	<u>39,594</u>

15.1 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.

16 EARNINGS PER SHARE - BASIC AND DILUTED

	Half year ended December 31,		Quarter ended December 31,	
	2018	2017	2018	2017
	----- (Un-audited) -----			
Profit for the period (Rupees in thousands)	<u>119,016</u>	<u>183,926</u>	<u>69,241</u>	<u>95,661</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>1.19</u>	<u>1.84</u>	<u>0.69</u>	<u>0.95</u>

17 RELATED PARTY TRANSACTIONS & BALANCES

Related parties comprise of Subsidiary Company, 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 period ended/outstanding balances as at December 31, 2018 with related parties are as follows:

		Half year ended December 31,	
		2018	2017
		(Un-audited)	
		----- Rupees in thousands -----	
<b>17.1</b>	<b>Transactions with related parties</b>		
		Note	
<b>17.1.1</b>	<b>Subsidiary Company</b>		
	<b>Thatta Power (Private) Limited</b>		
-	Common shared expenses	1,862	1,812
-	Receipts on account of common shared expenses	1,946	1,885
-	Sale/purchase of store items (inclusive of GST) - net	10,389	138
-	Receipts/(payments) on account of sale of store items - net	663	134
-	Purchase of electricity (inclusive of GST)	395,182	335,572
-	Payment on account of electric power (inclusive of GST)	381,636	347,934
-	Management fee claimed (inclusive of SST)	10,919	9,927
-	Management fee received (inclusive of SST)	10,754	9,776
-	Sale of cement	8,179	-
-	Receipt on account of sale of cement	7,093	-
-	Loan/advance to the Subsidiary Company	-	40,000
-	Receipt on account of loan/advance to the Subsidiary Company	-	25,000
-	Interest accrued on loan/advance to the Subsidiary Company	-	6,168
-	Receipts on account of interest on loan/advance to the Subsidiary Company	-	5,711
<b>17.1.2</b>	<b>Key management personnel</b>		
-	Salaries and benefits (2017: Restated)	19	40,034
-	Sale of vehicle	-	433
<b>17.1.3</b>	<b>Other related parties</b>		
-	Contribution to employees' Gratuity Fund	19,984	14,326
-	Contribution to employees' Provident Fund	4,984	4,904
-	Education expenses - Model Terbiat School	3,328	3,122

	(Un-audited)	(Audited)
	December 31, 2018	June 30, 2018
----- Rupees in thousands -----		
<b>17.2 Balances with related parties</b>		
<b>17.2.1 Subsidiary Company</b>		
<b>Thatta Power (Private) Limited</b>		
- Payable against purchase of electricity (inclusive of GST)	82,976	69,430
- Receivable against management fee (inclusive of SST)	1,819	1,654
- Receivable against common shared expenses	274	358
- Receivable against sale of store items - net	10,696	970
- Receivable against sale of cement	2,512	1,426

**17.2.2 Other related party**

- Payable to Gratuity Fund	6,838	19,984
----------------------------	-------	--------

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

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

**18 FAIR VALUE DISCLOSURES**

The carrying value of all financial and non-financial assets and liabilities in these condensed interim unconsolidated financial statements approximate their fair values.

	Half year ended December 31,	
	2018	2017
(Un-audited)		
----- Rupees in thousands -----		
<b>19 SUMMARY OF SIGNIFICANT TRANSACTION</b>		

Sales - net	1,992,777	1,337,661
-------------	-----------	-----------

During the period, the sales of the Company increased by Rs. 655.116 million due to export of clinker amounting to Rs. 506.701 million.

**20 OPERATING SEGMENTS**

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

**20.2** Revenue from cement segment represents 100% (December 31, 2017: 100%) of the total revenue of the Company.



20.3 74.57% (December 31, 2017: 100%) sales of the Company relates to customers in Pakistan and 25.43% (December 31, 2017: Nil) sales of the Company relates to cutomers outside Pakistan.

20.4 All non-current assets of the Company as at December 31, 2018 are located in Pakistan.

## 21 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim unconsolidated statement of financial position has been compared with the balances of annual audited unconsolidated financial statements of the preceding financial year, whereas, the condensed interim unconsolidated statement of profit or loss, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of cash flows 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 - 17.1.2) has been recalculated based on the definition of Executive as per Companies Act, 2017.

## 22 DATE OF AUTHORIZATION FOR ISSUE

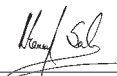
These condensed interim unconsolidated financial statements have been authorized for issue on February 04, 2019 by the Board of Directors of the Company.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

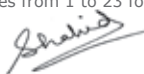
CONDENSED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED  
DECEMBER 31, 2018

# CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2018

		(Un-audited)	(Audited)
		December 31, 2018	June 30, 2018
	Note	----- Rupees in thousands -----	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	4,245,968	3,395,307
Intangible assets		1,400	2,800
Long term deposits		896	1,096
<b>Total non-current assets</b>		<b>4,248,264</b>	<b>3,399,203</b>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools	6	329,497	660,012
Stock-in-trade	7	164,983	504,039
Trade debts	8	861,630	512,967
Short term investment - Held to maturity		306,000	306,000
Advances		72,192	52,241
Trade deposits and short term prepayments		20,722	26,683
Other receivables and accrued interest		23,294	105,726
Taxation - net		254,652	237,414
Cash and bank balances		261,178	147,878
<b>Total current assets</b>		<b>2,294,148</b>	<b>2,552,960</b>
<b>Total assets</b>		<b>6,542,412</b>	<b>5,952,163</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	9	997,181	997,181
Share premium		99,718	99,718
Accumulated profit		2,353,819	2,264,837
<b>Attributable to the owners of the Holding Company</b>		<b>3,450,718</b>	<b>3,361,736</b>
Non-controlling interests		734,098	665,758
<b>Total equity</b>		<b>4,184,816</b>	<b>4,027,494</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	10	936,032	214,724
Long term deposits		2,797	3,477
Long term employee benefit		17,054	15,884
Deferred taxation	11	287,449	285,986
<b>Total non-current liabilities</b>		<b>1,243,332</b>	<b>520,071</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	490,612	694,972
Unclaimed dividend		3,999	1,351
Accrued mark-up		26,306	10,328
Current maturity of long term financing		305,308	333,458
Short term borrowings		288,039	364,489
<b>Total current liabilities</b>		<b>1,114,264</b>	<b>1,404,598</b>
<b>Total equity and liabilities</b>		<b>6,542,412</b>	<b>5,952,163</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	13		

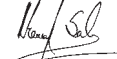
The annexed notes from 1 to 23 form an integral part of these condensed interim consolidated financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

# CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS ACCOUNT (UN-AUDITED)

For the half year ended December 31, 2018

	Note	Half year ended December 31,		Quarter ended December 31,	
		2018	2017	2018	2017
----- Rupees in thousands -----					
Sales - net	14	2,333,383	1,734,086	1,362,035	937,405
Cost of sales	15	(1,744,306)	(1,174,623)	(1,008,107)	(653,880)
<b>Gross profit</b>		<b>589,077</b>	<b>559,463</b>	<b>353,928</b>	<b>283,525</b>
Selling and distribution cost		(137,572)	(35,437)	(120,792)	(20,113)
Administrative expenses		(56,573)	(70,503)	(28,075)	(33,821)
		(194,145)	(105,940)	(148,867)	(53,934)
<b>Operating profit</b>		<b>394,932</b>	<b>453,523</b>	<b>205,061</b>	<b>229,591</b>
Other operating expenses		(18,517)	(18,865)	(9,323)	(9,770)
Finance cost		(45,082)	(54,236)	(22,062)	(29,299)
		(63,599)	(73,101)	(31,385)	(39,069)
Other income		16,239	18,302	7,668	9,514
<b>Profit before taxation</b>		<b>347,572</b>	<b>398,724</b>	<b>181,344</b>	<b>200,036</b>
Taxation	16	(46,656)	(77,057)	(36,143)	(40,209)
<b>Profit for the period</b>		<b>300,916</b>	<b>321,667</b>	<b>145,201</b>	<b>159,827</b>
<b>Profit for the period attributable to:</b>					
- Equity holders of the Holding Company		232,576	269,918	116,663	135,720
- Non-controlling interests		68,340	51,749	28,538	24,107
		<b>300,916</b>	<b>321,667</b>	<b>145,201</b>	<b>159,827</b>
<b>Earnings per share - basic and diluted (Rupees)</b>	17	<b>2.33</b>	<b>2.71</b>	<b>1.17</b>	<b>1.36</b>

The annexed notes from 1 to 23 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 half year ended December 31, 2018

	Half year ended December 31,		Quarter ended December 31,	
	2018	2017	2018	2017
	----- Rupees in thousands -----			
Profit for the period	300,916	321,667	145,201	159,827
Other comprehensive income / (loss)				
<i>Items to be reclassified to consolidated statement of profit or loss account in subsequent periods</i>	-	-	-	-
Items not to be reclassified to consolidated statement of profit or loss account in subsequent periods	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>300,916</b>	<b>321,667</b>	<b>145,201</b>	<b>159,827</b>
<b>Total comprehensive income for the period attributable to:</b>				
- Equity holders of the Holding Company	232,576	269,918	116,663	135,720
- Non-controlling interests	68,340	51,749	28,538	24,107
	<b>300,916</b>	<b>321,667</b>	<b>145,201</b>	<b>159,827</b>

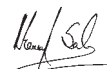
The annexed notes from 1 to 23 form an integral part of these condensed interim consolidated financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

# CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)

For the half year ended December 31, 2018

	Half year ended December 31,	
	2018	2017
	----- Rupees in thousands -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	347,572	398,724
<b>Adjustment for:</b>		
Depreciation	88,102	81,739
Amortization	1,400	1,568
Provision / (reversal) for slow moving & obsolete stores and spares	1,953	(1,859)
Finance cost	45,082	54,236
Provision for gratuity	6,838	6,849
Provision for leave encashment	1,565	2,503
Property, plant and equipment written off	248	508
Gain on disposal of property, plant and equipments	(7)	-
	145,181	145,544
<b>Operating cash flows before working capital changes</b>	<b>492,753</b>	<b>544,268</b>
<b>Working capital changes</b>		
<i>Decrease / (increase) in current assets</i>		
Stores, spare parts and loose tools	330,494	126,148
Stock-in-trade	339,056	(73,414)
Trade debts	(348,663)	(161,795)
Advances	(19,951)	8,716
Trade deposits and short term prepayments	5,961	(14,357)
Other receivables and accrued interest	82,432	74,373
	389,329	(40,329)
<i>(Decrease) / increase in current liabilities</i>		
Trade and other payables excluding gratuity	(191,214)	46,679
<b>Cash generated from operations</b>	<b>690,868</b>	<b>550,618</b>
Finance cost paid	(46,066)	(47,447)
Gratuity paid	(19,984)	(14,326)
Leave encashment paid	(395)	(935)
Income tax paid - net	(62,431)	(64,636)
Long term deposits - net	(480)	-
	(129,356)	(127,344)
<b>Net cash generated from operating activities</b>	<b>561,512</b>	<b>423,274</b>

# CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)

For the half year ended December 31, 2018

	Half year ended December 31,	
	2018	2017
----- Rupees in thousands -----		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(923,983)	(129,420)
Proceeds from disposal of property, plant and equipment	9	442
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>(923,974)</b>	<b>(128,978)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term financing obtained	859,888	-
Repayment of long term financing	(166,730)	(166,729)
Dividend paid	(140,946)	(233,472)
<b>Net cash generated from / (used) in financing activities</b>	<b>552,212</b>	<b>(400,201)</b>
Net Increase / (decrease) in cash and cash equivalents	189,750	(105,905)
Cash and cash equivalents at beginning of the period	(216,611)	(36,569)
<b>Cash and cash equivalents at end of the period</b>	<b>(26,861)</b>	<b>(142,474)</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	261,178	115,730
Short term borrowings	(288,039)	(258,204)
	<b>(26,861)</b>	<b>(142,474)</b>

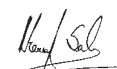
The annexed notes from 1 to 23 form an integral part of these condensed interim consolidated financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

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

For the half year ended December 31, 2018

	Equity attributable to owners of the Holding Company			Non-controlling interests	Total equity	
	Issued, subscribed and paid-up share capital	Share premium	Accumulated profit			Total
	----- Rupees in thousands -----					
Balance as at July 1, 2017 (audited)	997,181	99,718	1,908,286	3,005,185	521,098	3,526,283
Transactions with owners recorded directly in equity						
Final dividend @ Rs. 2.35 per share for the year ended June 30, 2017	-	-	(234,337)	(234,337)	-	(234,337)
Total comprehensive income for the period ended December 31, 2017						
Profit for the period	-	-	269,918	269,918	51,749	321,667
Balance as at December 31, 2017 (un-audited)	<u>997,181</u>	<u>99,718</u>	<u>1,943,867</u>	<u>3,040,766</u>	<u>572,847</u>	<u>3,613,613</u>
Balance as at July 1, 2018 (audited)	997,181	99,718	2,264,837	3,361,736	665,758	4,027,494
Transactions with owners recorded directly in equity						
Final dividend @ Rs. 1.44 per share for the year ended June 30, 2018	-	-	(143,594)	(143,594)	-	(143,594)
Total comprehensive income for the period ended December 31, 2018						
Profit for the period	-	-	232,576	232,576	68,340	300,916
Balance as at December 31, 2018 (un-audited)	<u>997,181</u>	<u>99,718</u>	<u>2,353,819</u>	<u>3,450,718</u>	<u>734,098</u>	<u>4,184,816</u>


The annexed notes from 1 to 23 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, 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 comprises of 233 acres and 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, 2018 (June 30, 2018: 62.43%). The principal business activity of the Subsidiary Company is generation and sale of electric power. As at December 31, 2018 TPPL has authorized and issued capital of Rs. 500 million and Rs. 479.16 million divided into 50,000,000 (June 30, 2018: 50,000,000) ordinary shares and 47,915,830 (June 30, 2018: 47,915,830) ordinary shares respectively. The registered office and generation facility of the Subsidiary Company comprises of 3 acres and 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 half year ended December 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, 2018.

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 statement of financial position as at December 31, 2018 and condensed interim consolidated statement of profit or loss account, condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of cash flows and condensed interim consolidated statement of changes in equity for the half year ended December 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, 2018.

## 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 assets and liabilities which are stated at the exchange rate on the date of condensed interim consolidated statement of financial position.

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

## 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, 2018.

**Standards and amendments to published approved accounting standards which are effective during the half year ended December 31, 2018.**

3.1 Following are certain new standards and amendments to approved accounting standards which are mandatory for the Company's annual accounting period which began on July 1, 2018.

Standard or Interpretation	IASB effective date (Annual periods beginning on or after)
IFRS 9 - Financial Instruments	July 1, 2018
IFRS 15 - Revenue from Contracts with Customers	July 1, 2018

However, the application of above standards do not have any significant impact on the Company's financial reporting and, therefore, have not been presented in these condensed interim consolidated financial statements.

3.2 Standards and amendments to published approved accounting standards that are not yet effective during the half year ended December 31, 2018.

There are certain new standards and amendments to the approved accounting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2019. However, these amendments will not have any significant impact on the financial reporting of the Group and, therefore, have not been disclosed in these consolidated condensed interim 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, 2018.

5 PROPERTY, PLANT AND EQUIPMENT

	(Un-audited)	(Audited)
	December 31, 2018	June 30, 2018
Note	----- Rupees in thousands -----	

Operating fixed assets	5.1	3,279,326	3,123,053
Capital work-in-progress	5.2	904,966	214,212
Major stores and spares		61,676	58,042
		<u>4,245,968</u>	<u>3,395,307</u>

5.1 Operating fixed assets

Written Down Value (WDV) - opening		3,123,053	3,199,149
<b>Additions during the period / year - at cost</b>			
- Electrical installations		417	-
- Plant and machinery		243,769	89,316
- Quarry Equipments		439	-
- Vehicles		-	4,178
- Office and other equipments		-	1,007
- Laboratory equipments		-	3,796
		244,625	98,297
WDV of disposals during the period / year		(2)	(2,304)
Property, plant and equipment written off during the period / year		(248)	(528)
Depreciation charge for the period / year		(88,102)	(171,561)
		(88,352)	(174,393)
WDV - closing		<u>3,279,326</u>	<u>3,123,053</u>

		(Un-audited)	(Audited)
		December 31, 2018	June 30, 2018
5.2	Capital work-in-progress		
	Opening balance	214,212	17,180
	Additions	881,307	243,288
	Transferred to operating fixed assets	(190,553)	(46,256)
		<u>904,966</u>	<u>214,212</u>
6	STORES, SPARE PARTS AND LOOSE TOOLS		
	Coal and other fuels	95,790	401,915
	Stores & spare parts	261,388	285,678
	Loose tools	209	288
		<u>357,387</u>	<u>687,881</u>
	Provision for obsolete stores	(5,104)	(5,114)
	Provision for slow moving stores and spares	(22,786)	(22,755)
		<u>(27,890)</u>	<u>(27,869)</u>
		<u>329,497</u>	<u>660,012</u>
6.1	This includes stores in transit of Rs. 32.324 million (June 30, 2018: Rs. 66.952 million) as at the date of condensed interim consolidated statement of financial position.		
7	STOCK-IN-TRADE		
	Raw material	29,798	46,972
	Packing material	56,395	30,611
	Work-in-process	37,605	384,911
	Finished goods	41,185	41,545
		<u>164,983</u>	<u>504,039</u>

Note

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

8	TRADE DEBTS	(Un-audited)	(Audited)
		December 31, 2018	June 30, 2018
----- Rupees in thousands -----			
	Considered good		
	Local - unsecured	605,839	512,967
	Export - secured	255,791	-
	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>861,630</u>	<u>512,967</u>

9 SHARE CAPITAL

(Un-audited)	(Audited)		
December 31, 2018	June 30, 2018		
----- Number of Shares -----			
Authorized share capital			
<u>200,000,000</u>	<u>200,000,000</u>	Ordinary shares of Rs. 10/- each	<u>2,000,000</u> <u>2,000,000</u>
Issued, subscribed and paid-up share capital			
89,418,125	89,418,125	Ordinary shares of Rs. 10/- each - shares allotted for consideration 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>		<u>997,181</u> <u>997,181</u>

10 LONG TERM FINANCING

Loan from Banking companies - secured

- Syndicated term finance facility (STFF) - TCCL
- Syndicated term finance facility (STFF - I) - TPPL
- Syndicated term finance facility (STFF - II) - TPPL 10.1 & 10.2

	(Un-audited) December 31, 2018	(Audited) June 30, 2018
	203,783	319,750
	177,669	228,432
	859,888	-
	1,241,340	548,182
Less: Current maturity	(305,308)	(333,458)
	<u>936,032</u>	<u>214,724</u>

Note

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

10.1 This syndicated term finance facility-II has been obtained from syndicate of banks comprising of National Bank of Pakistan, Sindh Bank Limited and Summit Bank Limited. The facility carries a floating mark-up linked to 3 months KIBOR as base rate plus 2.5% on annualized basis. The tenure of financing is 6 years including grace period of 18 months and the facility is payable in 18 equal quarterly installments of Rs. 62.61 million. Uptil December 31, 2018 the Subsidiary Company has drawn Rs. 860 million against the facility.

10.2 The syndicated term finance facility-II provided by the syndicate of banks as explained in note 10.1 is secured by first joint pari passu charge by way of hypothecation on all present and future moveable and immoveable fixed assets (other than land and Building), mortgage over all present and future immoveable assets including land and building, first joint pari passu hypothecation charge on current assets of the Subsidiary Company.

11 DEFERRED TAXATION

Taxable temporary differences arising in respect of

- Accelerated tax depreciation

	(Un-audited) December 31, 2018	(Audited) June 30, 2018
	326,134	325,419

Deductible temporary differences arising in respect of

- Other provisions - for doubtful debts and slow moving & obsolete stores

	(38,685)	(39,433)
	<u>287,449</u>	<u>285,986</u>

(Un-audited)	(Audited)
December 31, 2018	June 30, 2018

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

12 TRADE AND OTHER PAYABLES

Trade creditors	101,231	40,376
Accrued liabilities	206,240	234,374
Bills payable	6,708	216,986
Advances from customers	47,272	63,820
Contractors retention money	3,500	2,469
Excise duty and sales tax payable	36,875	5,586
Payable to Gratuity Fund	6,838	19,984
Workers' Profit Participation Fund (WPPF)	48,484	66,306
Workers' Welfare Fund (WWF)	20,078	25,245
Other liabilities	13,386	19,826
	<u>490,612</u>	<u>694,972</u>

13 CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

The status of contingencies is same as disclosed in the annual audited consolidated financial statements except for the matter disclosed in note 26.1.8. The status of 26.1.8 is mentioned below along with new matter as mentioned in note 13.1.2.

13.1.1 During the period, the Holding Company has filed an appeal before Commissioner Inland Revenue – Appeals (CIR-A) against the order of Assistant Commissioner Inland Revenue (ACIR) in relation to tax audit for the tax year 2016. While deciding an appeal, the CIR-A has allowed deduction of certain expenses that were disallowed by ACIR whereas deductible allowance of WPPF and certain portion of tax credit claimed under section 65B of the Income Tax Ordinance, 2001 have been disallowed. Therefore, the Holding Company has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order of Commissioner Inland Revenue – Appeals (CIR-A) on the said disallowances which is pending for hearing.

13.1.2 During the period, the Deputy Commissioner Inland Revenue (DCIR) has disallowed the input sales tax on service claimed by the Subsidiary Company and raised a demand of Rs. 2.77 million. The Subsidiary Company has filed an appeal against the order passed by DCIR before Commissioner Inland Revenue -Appeal (CIR-A) who has passed a favorable order, thereby allowing input sales tax claimed by the Subsidiary Company. Being aggrieved, Commissioner Inland Revenue (CIR) has filed an appeal in the Appellate Tribunal Inland Revenue (ATIR) against the order passed by CIR-A, which is pending for adjudication.

13.2 Commitments

Commitments in respect of revenue & capital expenditure	<u>436,238</u>	<u>883,206</u>
Guarantees given by banks on behalf of the Group	<u>363,784</u>	<u>366,784</u>



		Half year ended December 31,		Quarter ended December 31,	
		2018	2017	2018	2017
----- (Un-audited) -----					
----- Rupees in thousands -----					
<b>14</b>	<b>SALES - NET</b>				
	Gross Sales - Local	2,560,090	2,334,306	1,224,191	1,267,084
	- Export	506,701	-	506,701	-
		3,066,791	2,334,306	1,730,892	1,267,084
	Less: - Federal Excise Duty	331,262	234,969	175,855	130,991
	- Sales tax	402,146	365,251	193,002	198,688
		733,408	600,220	368,857	329,679
		2,333,383	1,734,086	1,362,035	937,405
<b>15</b>	<b>COST OF SALES</b>				
	Raw material consumed	95,222	96,173	61,313	43,825
	<b>Manufacturing expenses</b>				
	Packing material consumed	78,477	56,453	42,899	30,021
	Stores, spare parts and loose tools consumed	56,849	96,181	26,376	60,052
	Fuel and power	884,761	762,886	539,072	389,219
	Salaries, wages and other benefits	153,469	151,743	76,105	77,267
	Insurance	10,439	11,767	5,240	5,885
	Repairs, operations and maintenance	19,569	20,531	10,346	10,318
	Depreciation	85,984	78,574	54,478	38,379
	Vehicle hire, running & maintenance	5,903	5,245	2,971	2,545
	Communication	1,101	924	576	468
	Entertainment	689	941	412	593
	Provision / (reversal) for slow moving & obsolete stores and spares	1,953	(1,859)	1,953	(1,859)
	Other production overheads	2,224	2,452	772	1,426
		1,301,418	1,185,838	761,200	614,314
	<b>Cost of production</b>	1,396,640	1,282,011	822,513	658,139
	<b>Work-in-process</b>				
	Opening balance	384,911	203,356	224,752	304,129
	Closing balance	(37,605)	(308,283)	(37,605)	(308,283)
		347,306	(104,927)	187,147	(4,154)
	<b>Cost of goods manufactured</b>	1,743,946	1,177,084	1,009,660	653,985
	<b>Finished goods</b>				
	Opening balance	41,545	35,558	39,632	37,914
	Closing balance	(41,185)	(38,019)	(41,185)	(38,019)
		360	(2,461)	(1,553)	(105)
		1,744,306	1,174,623	1,008,107	653,880

		Half year ended December 31,		Quarter ended December 31,	
		2018	2017	2018	2017
----- (Un-audited) -----					
----- Rupees in thousands -----					
16	<b>TAXATION</b>				
	Current tax	45,193	71,766	34,264	36,851
	Prior year reversal	-	(259)	-	(259)
	Deferred tax	1,463	5,550	1,879	3,617
		<u>46,656</u>	<u>77,057</u>	<u>36,143</u>	<u>40,209</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,	
		2018	2017	2018	2017
----- (Un-audited) -----					
	Profit for the period attributable to the owners of the Holding Company (Rupees in thousands)	<u>232,576</u>	<u>269,918</u>	<u>116,663</u>	<u>135,720</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>2.33</u>	<u>2.71</u>	<u>1.17</u>	<u>1.36</u>

18 RELATED PARTY TRANSACTIONS & BALANCES

Related parties comprise 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 period ended / outstanding balances as at December 31, 2018 with related parties are as follows:

		Half year ended December 31,	
		2018	2017
		----- Un-audited -----	
		----- Rupees in thousands -----	
<b>18.1</b>	<b>Transactions with related parties</b>	<b>Note</b>	
<b>18.1.1</b>	<b>Key management personnel</b>		
	- Salaries and benefits (2017: Restated)	22	40,034
	- Sale of vehicle		-
			43,577
			433
<b>18.1.2</b>	<b>Other related parties</b>		
	- Contribution to employees' Gratuity Fund		19,984
	- Contribution to employees' Provident Fund		4,984
	- Education expenses - Model Terbiat School		3,328
			14,326
			4,904
			3,122
			(Un-audited)
			(Audited)
			December 31,
			June 30,
			2018
			2018
			----- Rupees in thousands -----
<b>18.2</b>	<b>Balances with related parties</b>		
<b>18.2.1</b>	<b>Other related parties</b>		
	Payable to Gratuity Fund		6,838
			19,984
<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.		
<b>19</b>	<b>FAIR VALUE DISCLOSURES</b>		
	The carrying value of all financial and non-financial assets and liabilities in these condensed interim consolidated financial statements approximate to their fair values.		
<b>20</b>	<b>SUMMARY OF SIGNIFICANT TRANSACTION</b>		
	<b>Sales - net</b>		
	During the period, the sales of the Holding Company increased by Rs. 655.116 million due to export of clinker amounting to Rs. 506.701 million.		

21 OPERATING SEGMENTS

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

**Cement** Engaged in manufacturing and marketing of cement.  
**Power** Engaged in generation and sale of electric power.

	Cement		Power		Intra group adjustment		Consolidated	
	December 2018	December 2017	December 2018	December 2017	December 2018	December 2017	December 2018	December 2017
----- Un-audited -----								
----- Rupees in thousands -----								
21.1 Revenues								
Sales - net	1,992,777	1,337,661	678,368	683,239	(337,762)	(286,814)	2,333,383	1,734,086
Cost of sales	(1,604,803)	(946,833)	(498,996)	(506,425)	359,493	278,635	(1,744,306)	(1,174,623)
Gross profit	387,974	390,828	179,372	176,814	21,731	(8,179)	589,077	559,463
Selling and distribution cost	(137,572)	(35,437)	-	-	-	-	(137,572)	(35,437)
Administrative expenses	(53,806)	(64,876)	(12,430)	(14,412)	9,663	8,785	(56,573)	(70,503)
	(191,378)	(100,313)	(12,430)	(14,412)	9,663	8,785	(194,145)	(105,940)
Operating profit	196,596	290,515	166,942	162,402	31,394	606	394,932	453,523
Other operating expenses	(18,517)	(18,865)	-	-	-	-	(18,517)	(18,865)
Finance cost	(29,001)	(35,166)	(16,081)	(25,238)	-	6,168	(45,082)	(54,236)
	(47,518)	(54,031)	(16,081)	(25,238)	-	6,168	(63,599)	(73,101)
Other income	14,865	23,360	11,530	10,343	(10,156)	(15,401)	16,239	18,302
Segment results	163,943	259,844	162,391	147,507	21,238	(8,627)	347,572	398,724
Unallocated expenditures	-	-	-	-	-	-	-	-
Profit before tax	163,943	259,844	162,391	147,507	21,238	(8,627)	347,572	398,724
Taxation	(44,927)	(75,918)	(1,729)	(1,139)	-	-	(46,656)	(77,057)
Profit for the period	119,016	183,926	160,662	146,368	21,238	(8,627)	300,916	321,667
----- Rupees in thousands -----								
21.2 Other information								
	December 2018	June 2018	December 2018	June 2018	December 2018	June 2018	December 2018	June 2018
	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
----- Rupees in thousands -----								
Segment assets	3,749,769	4,139,695	3,225,480	2,208,773	(432,837)	(396,305)	6,542,412	5,952,163
Unallocated corporate assets	-	-	-	-	-	-	-	-
Total assets	3,749,769	4,139,695	3,225,480	2,208,773	(432,837)	(396,305)	6,542,412	5,952,163
Segment liabilities	1,217,557	1,582,905	1,268,665	412,620	(128,626)	(70,856)	2,357,596	1,924,669
Unallocated corporate liabilities	-	-	-	-	-	-	-	-
Total liabilities	1,217,557	1,582,905	1,268,665	412,620	(128,626)	(70,856)	2,357,596	1,924,669
Capital expenditure	30,570	267,641	893,413	32,610	-	-	923,983	300,251
Depreciation	63,197	124,146	24,905	47,415	-	-	88,102	171,561
Non-cash expenses other than depreciation	3,601	(1,796)	-	-	-	-	3,601	(1,796)

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

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

**21.3.1 Operating revenues**

Total revenue of reportable segments	2,671,145	2,020,900
Elimination of intra group revenue	(337,762)	(286,814)
Consolidated revenue	<u>2,333,383</u>	<u>1,734,086</u>

**21.3.2 Profit or loss**

Total profit before tax of reportable segments	326,334	407,351
Adjustment of unrealized profit	21,238	(8,627)
Consolidated profit before taxation	<u>347,572</u>	<u>398,724</u>

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

**21.3.3 Assets**

Total assets of reportable segments	6,975,249	6,348,468
Elimination of intra group balances and unrealised profit	(385,584)	(394,702)
Reclassification for consolidation purposes	(47,253)	(1,603)
Consolidated assets	<u>6,542,412</u>	<u>5,952,163</u>

**21.3.4 Liabilities**

Total liabilities of reportable segments	2,486,222	1,995,525
Elimination of intra group balances	(128,626)	(70,856)
Consolidated liabilities	<u>2,357,596</u>	<u>1,924,669</u>

**21.4 Geographical segment analysis**

	Revenue		Total Assets		Net Assets	
	December 31, 2018	December 31, 2017	December 31, 2018	June 30, 2018	December 31, 2018	June 30, 2018
	(Un-audited)	(Un-audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	----- Rupees in thousands -----					
Pakistan	1,826,682	1,734,086	6,542,412	5,952,163	4,184,816	4,027,494
Export	506,701	-	-	-	-	-
	<u>2,333,383</u>	<u>1,734,086</u>	<u>6,542,412</u>	<u>5,952,163</u>	<u>4,184,816</u>	<u>4,027,494</u>

## 21.5 Information about major customers

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

## 22 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim consolidated statement of financial position has been compared with the balances of annual audited consolidated statement of financial position of the preceding financial year, whereas, the condensed interim consolidated statement of profit or loss, condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of cash flows 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 transactions with key management personnel (Note - 18.1.1) has been recalculated based on the definition of Executive as per Companies Act, 2017.

## 23 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim consolidated financial statements have been authorized for issue on February 04, 2019 by the Board of Directors of the Holding Company.



---

CHIEF FINANCIAL OFFICER



---

CHIEF EXECUTIVE



---

DIRECTOR





**Head Office**

Office # 606-608A, 6th Floor,  
Continental Trade Centre, Block 8, Clifton, Karachi  
[www.thattacement.com](http://www.thattacement.com)

**Factory**

Ghulamullah Road, Makli,  
District Thatta, Sindh