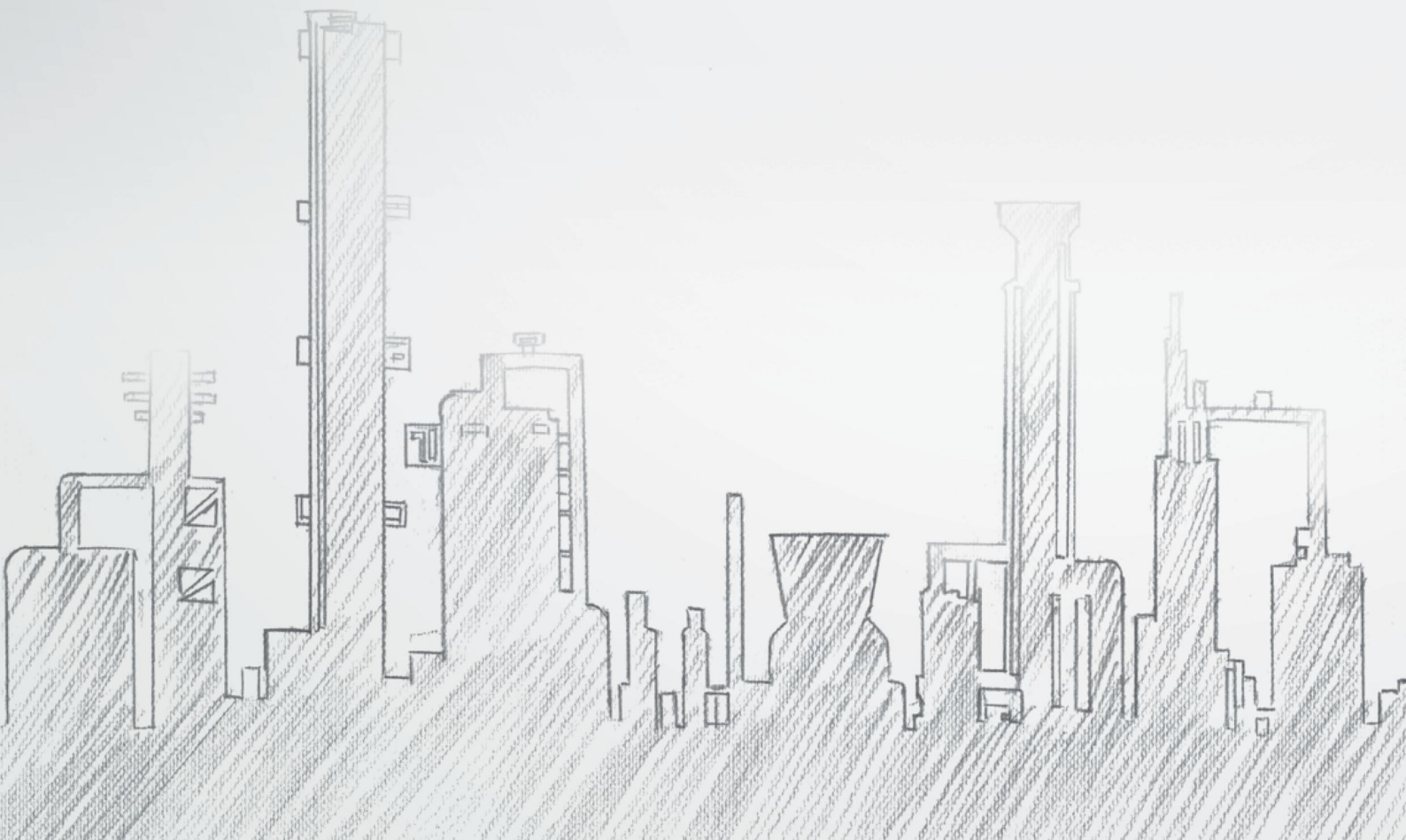


Financial Report
December
2022



THATTA CEMENT
COMPANY LIMITED



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Vision

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

Mission

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

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Khawaja Muhammad Salman Younis	Chairman
Mr. Muhammad Aslam Shaikh	Chief Executive
Ms. Naheed Memon	Director
Mr. Noor Muhammad	Director
Mr. Saleem Zamindar	Director
Mr. Kamran Munir Ansari	Director

AUDIT COMMITTEE

Ms. Naheed Memon	Chairperson
Mr. Khawaja Muhammad Salman Younis	Member
Mr. Saleem Zamindar	Member

HR & REMUNERATION COMMITTEE

Mr. Noor Muhammad	Chairman
Mr. Muhammad Aslam Shaikh	Member
Mr. Kamran Munir Ansari	Member

IT STEERING COMMITTEE

Mr. Khawaja Muhammad Salman Younis	Chairman
Mr. Muhammad Aslam Shaikh	Member

CHIEF FINANCIAL OFFICER

Mr. Muhammad Rafique

COMPANY SECRETARY

Mr. Muhammad Abid Khan

STATUTORY AUDITOR

M/s BDO Ebrahim & Co., Chartered Accountants

CORPORATE ADVISOR

M/s Sharjeel Ayub & Co., Chartered Accountants

LEGAL ADVISOR

M/s Usmani & Iqbal

BANKERS - CONVENTIONAL

National Bank of Pakistan
Sindh Bank Limited
Summit Bank Limited

REGISTERED OFFICE

CL/5-4 State Life Building # 10,
Abdullah Haroon Road, Karachi, Pakistan.
UAN: 0092-21-111-842-82
Fax no.: 0092-21-35665976-77
Website: www.thattacement.com
E-mail: info@thattacement.com

FACTORY

Ghulamullah Road, Makli,
District Thatta, Sindh 73160

SHARE REGISTRAR

THK Associates (Pvt) Limited
Plot # 32-C, Jami Commercial
Street 2, Phase-VII, DHA,
Karachi, Pakistan.
UAN: 021-111-000-322
Fax: 021-35655595
Website: www.thk.com.pk

DIRECTORS' REVIEW

The Board of Directors is pleased to present its review together with the un-audited condensed interim financial statements for the half year ended December 31, 2022.

OVERVIEW

Production and dispatch statistics for the half year ended December 31, 2022 are as follows:

Description	December 31, 2022	December 31, 2021	Variance	
	-----Metric Tons-----			%
<u>Production</u>				
Clinker	189,613	121,964	67,649	55.46
Cement	211,049	203,550	7,499	3.68
<u>Dispatches</u>				
Clinker	-	4,987	(4,987)	(100)
Cement	214,741	205,186	9,555	4.66

During the period under review, persistent political instability and indecisive monetary measures have left the business to face gross challenges. Recent floods brought on by extremely strong monsoon rains have damaged the national infrastructure and created a food crisis. The catastrophic flood has killed thousands of people, besides sinking one-third of the country into water. This has further compounded the agony of an economy which has already been struggling for its survival due to ever increasing current account deficit, sharply rising inflation rate and massive rupee devaluation. The unprecedented rise in SBP policy rate further deteriorated the economic condition of the country. The restriction on imports has negatively impacted domestic manufacturing across various sectors. It is therefore crucial for the Government to implement strategic structural reforms that will increase exports of goods and services in the medium term, thus bringing balance to the economy.

The management of your Company closely monitors the situation and develops and implements mitigating strategies to minimize the impact on its operational and financial performance.

Under these circumstances, the performance of the Company remained adversely affected in the first quarter of the period under review. However, in the second quarter, the Company's performance picked up which resulted in an increase of 4.66% in local cement dispatches in comparison with the corresponding period of last year.

The Company achieved 57.46% overall clinker production capacity by producing 189,613 tons of clinker against 36.96% capacity utilization with clinker production of 121,961 tons in the same period of last year.

INDUSTRY REVIEW

During the period under review, industry performance was severely affected due to an unpredictable upward trend in the international/local coal prices, rise in energy prices, high cost-push inflation coupled with rupee depreciation along with political turmoil, both locally and globally.

During the period under review, the cement industry posted a decline of 20.73% in local and export dispatches. Local dispatches remained at 20.03 million tons (2021: 24.06 million tons) with a decline of 16.77%. Moreover, the industry exhibited a declining trend in export dispatches throughout the period under review. Consequently, export dispatches posted a decline of 48.86% and stood considerably low at 1.73 million tons (2021: 3.39 million tons).

In the southern region, local dispatches posted a decline of 10.10% in volumetric terms from 3.90 million tons of the comparative to 3.51 million tons for the reporting period, likewise export dispatches showed a steep decline of 59.39% from 2.85 million tons to 1.16 million tons achieved during the period under review.

SALES REVIEW

During the period under review, local sales of the Company, in terms of volume increased by 2.17% as compared to the corresponding period of last year. By the Grace of Allah Almighty, the Company achieved 49.67% increase in sales revenue as compared to the corresponding period, due to substantial increase in the retention price.

FINANCIAL REVIEW

A comparison of the financial results of the Company's performance for the half year ended December 31, 2022 with the same period last year is as under:

Particulars	December 31, 2022	December 31, 2021
	Rupees in thousands	
Sales – net	2,405,214	1,606,993
Gross Profit	44,998	152,453
Selling and Distribution Cost	40,712	22,099
Finance Cost	26,552	9,138
(Loss)/Profit before taxation	(8,533)	60,411
(Loss)/Profit after Taxation	(6,235)	59,820
(Loss)/Earnings per share (Rupees)	(0.06)	0.60

Cost to Sales ratio increased to 98% during the period as compared to 91% of the corresponding period of last year. The prime reason behind the increase is the unprecedented surge in the prices of international/local coal and tariff of local energy, besides these the continuously escalating dollar rate also resulted in a hike in the cost of production soaked a considerable amount of our gross margin. The management of the company is trying their level best to minimize the adverse impact of inflation by improving usages of local-imported coal mix in the production of clinker.

FUTURE OUTLOOK

Political instability, recent floods across the country, rupee depreciation, high inflation and rise in interest rates coupled with the lack of development spending and slowing down of the economy are expected to keep demand under pressure in the remaining period of the year. The restriction placed on imports will have a negative impact on the construction industry.

The recent increase in sale tax and excise duty rates will create severe competition in local markets amongst industry players and is also affecting the company's ability to pass on the impact of higher input costs to consumers. However, if the Government is able to secure funding from international lenders to rebuild the flood-affected area, then we are hopeful that the demand for cement will increase in the medium term.

PERFORMANCE OF THE GROUP

A brief of the financial position and performance of the Group for the half year ended December 31, 2022 are as follows.

	December 31, 2022	June 30, 2022
<u>Statement of Financial Position</u>		
----- (Rupees in thousands) -----		
Property, plant and equipment	3,954,125	4,032,532
Stock-in-Trade	508,797	565,731
Trade Debts	1,194,444	1,551,453
Total Equity - Holding Company	3,889,242	3,904,720
Trade and Other payables	1,662,290	1,421,311
	December 31, 2022	December 30, 2021
----- (Rupees in thousands) -----		
<u>Statement of Profit or Loss</u>		
Sales - net	2,491,965	1,711,167
Gross (Loss)/Profit	147,218	215,003
Selling, Distribution cost & Administrative Expen	116,494	84,510
(Loss)/Profit before taxation	(21,526)	47,539
(Loss)/Profit after taxation	(21,041)	44,654
(Loss)/Earnings per share (in Rupees)	(0.16)	0.50

ACKNOWLEDGEMENT

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



Muhammad Aslam Shaikh
Chief Executive



Khawaja Muhammad Salman Younis
Chairman

Karachi: February 28, 2023

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS TO THE MEMBERS

Introduction

We have reviewed the accompanying condensed interim unconsolidated statement of financial position of **THATTA CEMENT COMPANY LIMITED** ("the Company") as at December 31, 2022 and the related condensed interim unconsolidated statement of profit or loss, the condensed interim unconsolidated statement of comprehensive income, the condensed interim unconsolidated statement of cash flows, the condensed interim unconsolidated statement of changes in equity and notes to the condensed interim unconsolidated financial statements for the six-month period then ended (here-in-after referred as the "interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim unconsolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim unconsolidated financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim unconsolidated financial statements as at and for the six-month period ended December 31, 2022 are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other matters

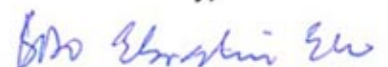
The figures for the quarters ended December 31, 2022 and December 31, 2021 in the condensed interim unconsolidated statement of profit or loss and condensed interim unconsolidated statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

The engagement partner on the review resulting in this independent auditor's report is Tariq Feroz Khan.

KARACHI

DATED: February 28, 2023

UDIN: AR2022101662tymnqINw



BDO EBRAHIM & Co
CHARTERED ACCOUNTANTS

**CONDENSED INTERIM
UNCONSOLIDATED
FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED
DECEMBER 31, 2022**

THATTA CEMENT COMPANY LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

		December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
	Note	(Rupees in thousands)	
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	6	1,890,073	1,920,063
Right-of-use-asset	7	-	42,184
Intangibles	8	4,680	5,265
Long term investment in Subsidiary Company	9	299,158	299,158
Long term deposits		5,096	3,796
		2,199,007	2,270,466
CURRENT ASSETS			
Stores, spare parts and loose tools	10	292,901	263,932
Stock-in-trade	11	507,352	563,203
Trade debts	12	644,037	524,147
Loan to the subsidiary	13	-	95,846
Advances		37,016	48,446
Deposits and prepayments		26,945	5,326
Short term investment	14	448,715	473,715
Other receivables and accrued mark-up		36,125	12,060
Taxation - net		127,342	147,648
Cash and bank balances	15	451,087	228,182
		2,571,520	2,362,505
		4,770,527	4,632,971
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	16	2,000,000	2,000,000
Share capital	16	997,181	997,181
Share premium		99,718	99,718
Revenue reserve		1,637,175	1,643,410
		2,734,074	2,740,309
NON - CURRENT LIABILITIES			
Lease liability	17	-	35,726
Long term deposits		2,787	2,791
Employee benefits		20,423	18,589
Deferred taxation		245,649	278,359
		268,859	335,465
CURRENT LIABILITIES			
Current maturity of lease liability	17	-	6,493
Trade and other payables	18	1,545,326	1,329,702
Unclaimed dividend		1,957	1,972
Accrued mark-up		9,435	6,738
Short term borrowings		210,876	212,292
		1,767,594	1,557,197
		4,770,527	4,632,971
TOTAL EQUITY AND LIABILITIES			
CONTINGENCIES AND COMMITMENTS			
	19		

The annexed notes from 1 to 29 form an integral part of these condensed interim unconsolidated financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

THATTA CEMENT COMPANY LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS
(UN-AUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2022

	Note	Half year ended		Quarter ended	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
		(Rupees in thousands)			
Sales - net	20	2,405,214	1,606,993	1,472,849	910,047
Cost of sales	21	(2,360,216)	(1,454,540)	(1,383,083)	(839,682)
Gross profit		44,998	152,453	89,766	70,365
Selling and distribution cost		(40,712)	(22,099)	(21,625)	(13,935)
Administrative expenses		(71,892)	(59,004)	(35,123)	(27,172)
		(67,606)	71,350	33,018	29,258
Other operating expenses		(3,094)	(36,488)	(3,094)	(10,220)
Expected credit loss allowance		-	3,783	-	3,783
Other income		88,719	30,904	48,186	17,175
Operating profit		18,019	69,549	78,110	39,996
Finance cost		(26,552)	(9,138)	(11,025)	(6,074)
(Loss) / profit before taxation		(8,533)	60,411	67,085	33,922
Taxation					
Current		(30,450)	(20,368)	(18,636)	(11,512)
Prior		38	1,789	38	1,789
Deferred		32,710	17,988	(816)	16,329
		2,298	(591)	(19,414)	6,606
(Loss) / profit for the period		(6,235)	59,820	47,671	40,528
(Loss) / earnings per share - basic and diluted (Rupee)	22	(0.06)	0.60	0.48	0.41

The annexed notes from 1 to 29 form an integral part of these condensed interim unconsolidated financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

THATTA CEMENT COMPANY LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME (UN-AUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2022

	Half year ended		Quarter ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	(Rupees in thousands)			
(Loss) / profit for the period	(6,235)	59,820	47,671	40,528
Other comprehensive income	-	-	-	-
Total comprehensive (loss) / income for the period	(6,235)	59,820	47,671	40,528

The annexed notes from 1 to 29 form an integral part of these condensed interim unconsolidated financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

THATTA CEMENT COMPANY LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CASH FLOWS
(UN-AUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2022

		Half year ended	
		December 31, 2022	December 31, 2021
Note		------(Rupees in thousands)-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
	(Loss) / profit before taxation	(8,533)	60,411
	Adjustment for:		
	Depreciation on property, plant and equipment	6.1 60,284	43,790
	Depreciation on right-of-use-assets	3,766	-
	Amortization on intangibles	585	-
	Provision for slow moving and obsolete stores and impairment of major stores and spares	4,223	4,588
	Finance cost	26,552	9,138
	Provision for gratuity	10,017	6,600
	Provision for leave encashment	2,737	1,226
	Reversal for loss allowance	-	(3,783)
	Workers' Welfare Fund	-	643
	Workers' Profit Participation Fund	-	2,433
	Lease Cancellation Reversal	(2,247)	-
	Other reversal	(1,403)	(1,403)
	Gain on sale of property, plant and equipment	(377)	-
		104,136	63,232
	Operating cash flows before working capital changes	95,603	123,643
	(Increase) / decrease in current assets		
	Stores, spare parts and loose tools	(31,702)	(116,429)
	Stock-in-trade	55,851	69,740
	Trade debts	(119,890)	(202,870)
	Advances	11,430	1,831
	Deposits and prepayments	(21,619)	(8,501)
	Other receivable and accrued mark-up	(24,065)	(31,527)
		(129,995)	(287,756)
	Increase in current liabilities		
	Trade and other payables	227,708	28,565
	Cash generated from / (used in) operations	193,316	(135,548)
	Finance cost paid	(23,855)	(9,445)
	Gratuity paid	(9,998)	(16,168)
	Lease rentals paid	(1,554)	-
	Leave encashment paid	(903)	(692)
	Workers' Welfare Fund paid	(3,498)	(3,426)
	Workers' Profit Participation Fund paid	(7,202)	(13,418)
	Income tax paid	(10,106)	(8,016)
	Net cash generated from / (used in) operating activities	136,200	(186,713)

THATTA CEMENT COMPANY LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CASH FLOWS
(UN-AUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2022

	Half year ended	
	December 31, 2022	December 31, 2021
Note	----- (Rupees in thousands) -----	
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition in capital expenditure	(31,787)	(43,075)
Short term investment	25,000	-
Loan to the subsidiary	95,846	20,000
Long term deposit - assets	(1,300)	-
Proceeds from sale of property, plant and equipment	377	-
Net cash used in / (generated from) investing activities	88,136	(23,075)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(15)	(24,643)
Net cash used in financing activities	(15)	(24,643)
Net increase / (decrease) in cash and cash equivalents	224,321	(234,431)
Cash and cash equivalents at the beginning of the period	15,890	156,866
Cash and cash equivalents at the end of the period	240,211	(77,565)
CASH AND CASH EQUIVALENTS		
Cash and bank balances	15 451,087	79,522
Short term borrowings	(210,876)	(157,087)
	240,211	(77,565)

The annexed notes from 1 to 29 form an integral part of these condensed interim unconsolidated financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

THATTA CEMENT COMPANY LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-
AUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2022

	Share capital	Capital reserves	Revenue reserve	Total
		Share premium	Accumulated profit	
	(Rupees in thousands)			
Balance as at July 1, 2021 (audited)	997,181	99,718	1,567,307	2,664,206
Total comprehensive income for the period ended December 31, 2021				
Profit for the period	-	-	59,820	59,820
Other comprehensive income	-	-	-	-
	-	-	59,820	59,820
Transactions with shareholders				
Final cash dividend @ Rs. 0.25 per share for the year ended June 30, 2021	-	-	(24,930)	(24,930)
Balance as at December 31, 2021 (unaudited)	<u>997,181</u>	<u>99,718</u>	<u>1,602,197</u>	<u>2,699,096</u>
Balance as at July 1, 2022 (audited)	997,181	99,718	1,643,410	2,740,309
Total comprehensive income for the period ended December 31, 2022				
Profit for the period	-	-	(6,235)	(6,235)
Other comprehensive income	-	-	-	-
	-	-	(6,235)	(6,235)
Balance as at December 31, 2022 (unaudited)	<u>997,181</u>	<u>99,718</u>	<u>1,637,175</u>	<u>2,734,074</u>

The annexed notes from 1 to 29 form an integral part of these condensed interim unconsolidated financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

THATTA CEMENT COMPANY LIMITED
NOTES TO THE CONDENSED UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UN-AUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2022

1 STATUS AND NATURE OF BUSINESS

Thatta Cement Company Limited ("the Company") was incorporated in Pakistan in 1980 as a public limited company under the repealed Companies Act, 1913 (now the Companies Act, 2017) and is listed on Pakistan Stock Exchange. The Company's main business activity is manufacturing and marketing of cement.

The Company owns 62.43% shareholding of Thatta Power (Private) Limited (the Subsidiary Company). Thatta Power (Private) Limited has only class of shares and all shares have equal voting rights. The principal business of the Subsidiary Company is generation and supply of electric power.

These financial statements represent standalone financial statements of the Company in which investment in subsidiary has been accounted for at cost less accumulated impairment losses, if any. Details of investment held by the Company in the Subsidiary Company has been given in note 9.

2 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

The registered office of the Company is situated at CL 5/4, State Life Building-10, Main Abdullah Haroon Road Karachi, Pakistan. The production facility of the Company comprises of 233 acres and is located at Ghulamullah Road, Makli, District Thatta, Sindh, Pakistan.

3 BASIS OF PREPARATION

3.1 Statement of compliance

These condensed interim unconsolidated financial statements are unaudited but subject to the limited scope review by auditors and are being submitted to the shareholders as required under section 237 of the Companies Act, 2017.

These condensed interim unconsolidated financial statements for the half year ended December 31, 2022 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ from the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.2 These condensed interim unconsolidated financial statements do not include all the statements and disclosures required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company as at and for the year ended June 30, 2022 which have been prepared in accordance with accounting standards as applicable in Pakistan. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

3.3 The comparative unconsolidated statement of financial position presented in these condensed interim unconsolidated financial statements has been extracted from the annual audited unconsolidated financial statements of the Company for the year ended June 30, 2022, whereas the comparative 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 are extracted from the unaudited condensed interim unconsolidated financial statements for the half year ended December 31, 2021.

THATTA CEMENT COMPANY LIMITED
NOTES TO THE CONDENSED UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UN-AUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2022

3.4 Basis of measurement

These condensed interim unconsolidated financial statements have been prepared under the historical cost convention unless stated otherwise.

3.5 Functional and presentation currency

These condensed interim unconsolidated financial statements have been presented in Pakistani Rupee, which is the functional and presentation currency of the Company.

The figures have been rounded off to the nearest thousand of Rupees.

4 SIGNIFICANT ACCOUNTING POLICIES AND CHANGES THEREIN

The accounting policies adopted and methods of computation followed in the preparation of these condensed interim financial statements are same as those for the preceding annual financial statements for the year ended June 30, 2022.

4.1 Initial application of standards, amendments or an interpretation to existing standards

a) Standards, amendments and interpretations to accounting standards that are effective in the current period

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on January 01, 2022, but are considered not to be relevant or expected to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim financial statements.

b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after January 1, 2023, but are considered not to be relevant or expected to have any significant effect on the Company's operations and are, therefore, not detailed in these condensed interim financial statements.

5 ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial statements requires management to make certain judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the financial statements for the year ended June 30, 2022.

6 PROPERTY, PLANT AND EQUIPMENT

		December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
	Note	(Rupees in thousands)	
Operating fixed assets	6.1	1,740,498	1,791,462
Major stores and spares	6.2	59,165	65,871
Capital work in progress	6.3	90,410	62,730
		1,890,073	1,920,063

THATTA CEMENT COMPANY LIMITED
NOTES TO THE CONDENSED UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UN-AUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2022

		December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
	Note	(Rupees in thousands)	
6.1 Operating fixed assets			
Opening net book value (NBV)		1,791,462	1,859,848
Additions during the period / year at cost	6.1.1	9,320	58,715
		1,800,782	1,918,563
Depreciation charge for the period / year		(60,284)	(126,991)
Write off during the period / year		-	(110)
		(60,284)	(127,101)
Closing net book value (NBV)		1,740,498	1,791,462
6.1.1 Detail of additions (at cost) during the period / year are as follows:			
Leasehold improvements		-	6,459
Plant and machinery		7,263	6,609
Electrical installations		-	38,250
Laboratory equipment		1,452	-
Office equipment's		-	1,902
Furniture and fixtures		-	252
Computers		605	3,044
Vehicles		-	2,199
		9,320	58,715
6.2 Major stores and spares			
Cost			
Opening balance		108,319	106,259
Additions during the period / year		4,489	18,048
Transferred during the period / year		(9,705)	(15,988)
Closing balance		103,103	108,319
Accumulated impairment			
Opening balance		(42,448)	(42,141)
Impairment charge for the period / year		(1,490)	(307)
Closing balance		(43,938)	(42,448)
Net book value		59,165	65,871
6.3 Capital work in progress			
Work in progress	6.3.1	90,410	62,730
6.3.1 Movement of capital work in progress:			
Opening Balance		62,730	27,780
Additions during the period / year		27,680	80,414
Transfers during the period / year		-	(45,464)
Closing Balance		90,410	62,730

THATTA CEMENT COMPANY LIMITED
NOTES TO THE CONDENSED UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UN-AUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2022

		December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
	Note	(Rupees in thousands)	
7	RIGHT-OF-USE ASSET		
	The carrying amount of right-of-use assets recognised and the movement during the period / year are as follows:		
	Net carrying value basis		
	Balance as at July 01,	42,184	-
	Addition during the period / year	-	45,197
	Depreciation charged	(3,766)	(3,013)
	Lease cancellation	(38,418)	
	Balance as at June 30,	-	42,184
	Gross carrying value basis		
	Cost	45,197	45,197
	Accumulated amortisation	(6,779)	(3,013)
	Lease cancellation	(38,418)	
	Net book value	-	42,184
	Depreciation rate per annum	20%	20%

- 7.1 The Company had entered into a lease agreement during the year ended June 30, 2022 for an office building used as head office. The Company had intended to use the office for the next five years. Accordingly, Company had accounted the right-of-use asset on five years.
- 7.2 Depreciation charged on right-of-use assets has been allocated to administrative expenses amounting to Rs. 3.766 million (June 2022: 3.013 million).
- 7.3 During the period December 31, 2022, Company has canceled lease contract and has shifted its office.

8 INTANGIBLES

Movement during the period / year is as follows:

ERP Software

Net carrying value basis

Opening net book value (NBV)	5,265	-
Addition during the year	-	5,850
Amortization	(585)	(585)
Closing net book value (NBV)	4,680	5,265

Gross carrying value basis

Cost	5,850	5,850
Accumulated amortization	(1,170)	(585)
Net book value	4,680	5,265
Amortization rate per annum	20%	20%

- 8.1 During the year ended 2022, the Company had purchased ERP software. Amortization charged on ERP software has been allocated to administrative expenses amounting to Rs. 0.585 million (June 2022: Rs. 0.585 million).

THATTA CEMENT COMPANY LIMITED
NOTES TO THE CONDENSED UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UN-AUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2022

		December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
	Note	(Rupees in thousands)	
9	LONG TERM INVESTMENT IN SUBSIDIARY COMPANY		
Thatta Power (Private) Limited (TPPL)	9.1 & 9.2	299,158	299,158
Thatta Power (Private) Limited (TPPL)			
Total Number of shares ordinary shares		47,915,830	47,915,830
Number of ordinary share Company hold		29,915,810	29,915,810
Company's holding percentage		62.43%	62.43%
9.1	The Company owns 62.43% shareholding of TPPL as at December 31, 2022 (June 30, 2022: 62.43%). The principal business of the Subsidiary Company is generation and sale of electric power. At June 30, 2022, TPPL has authorized and issued share capital of Rs.500 million (2021: Rs.500 million).		
9.2	Thatta Cement Company Limited has pledged its investment in shares of TPPL in favor of National Bank of Pakistan (NBP) as the security trustee against syndicate term finance facility extended by NBP and other syndicated banks of TPPL.		
10	STORES, SPARE PARTS AND LOOSE TOOLS		
Coal and other fuels	10.1	105,871	96,606
Stores and spare parts		234,387	211,933
Loose tools		90	107
		340,348	308,646
Provision for obsolete stores		(3,820)	(3,843)
Provision for slow moving stores and spares		(43,627)	(40,871)
		(47,447)	(44,714)
		292,901	263,932
10.1	This includes coal in transit amounting to Rs. Nil (June 30, 2022: Rs. 96.606 million).		
11	STOCK-IN-TRADE		
Raw material		18,915	14,957
Packing material		67,921	73,526
Work-in-process		386,868	415,295
Finished goods		33,648	59,425
		507,352	563,203
12	TRADE DEBTS		
Considered good			
Local - unsecured		644,934	525,044
Considered doubtful			
Local - unsecured		74,210	74,210
		719,144	599,254
Provision for doubtful debts	12.1	(75,107)	(75,107)
		644,037	524,147

THATTA CEMENT COMPANY LIMITED
NOTES TO THE CONDENSED UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UN-AUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2022

		December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
	Note	(Rupees in thousands)	
12.1 Allowance for expected credit losses			
Balance at beginning of the period / year		75,107	78,890
Reversal for expected credit losses		-	(3,783)
Balance at end of the period / year		75,107	75,107

13 LOAN TO SUBSIDIARY

Loan to Thatta Power (Private) Limited	13.1 & 13.2	-	95,846
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13.1 Loan is extended to Thatta Power (Private) Limited (TPPL), the Subsidiary Company, to honour its financial obligations including working capital requirements which will ensure smooth business operations of the Subsidiary Company. This will in turn ensure uninterrupted supply of electricity to the Company and hence, maintaining sustainable cement production. The loan facility carries markup at the rate of 3 months KIBOR plus 2.62% per annum payable on quarterly basis. As the Company owns majority shares of the Subsidiary Company, the loan was extended without any collateral security. During the period, TPPL has repaid whole loan facility.

13.2 The Company had sought approval from its shareholders in Annual General Meeting held on October 27, 2022, to provide loan facility aggregating to Rs. 300 million at KIBOR+2.62% to the Subsidiary Company to honor its financial obligations and to meet its working capital requirements.

14 SHORT TERM INVESTMENT

Investment in Term Deposit Receipt (TDR)	14.1	448,715	473,715
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14.1 At December 31, 2022, the Company holds term deposit receipt carrying profit rate of 14.5% (2022: 14.5%) per annum and will mature by June 30, 2023.

15 CASH AND BANK BALANCES

Cash in hand			
in local currency		100	100
in foreign currency		3,512	3,004
Cash at bank			
Current account - local currency		2,579	3,040
Profit and loss sharing (PLS) accounts - local currency	15.1	444,896	222,038
		447,475	225,078
		451,087	228,182

15.1 During the period, the profit rates on PLS accounts ranges from 13.5% to 14.5% (June 2022: 6% to 13%) per annum.

16 SHARE CAPITAL

December 31, 2022 (Un-audited)	June 30, 2022 (Audited)		
Number of shares			
Authorised share capital			
200,000,000	200,000,000	Ordinary shares of Rs. 10/- each	2,000,000
200,000,000	200,000,000		2,000,000

THATTA CEMENT COMPANY LIMITED
NOTES TO THE CONDENSED UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UN-AUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2022

			December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
			(Rupees in thousands)	
			Note	
Issued, subscribed and paid-up capital				
89,418,125	89,418,125	Ordinary shares of Rs. 10/- each shares allotted for consideration paid in cash	894,181	894,181
10,300,000	10,300,000	Ordinary shares of Rs. 10/- each shares allotted for consideration other than cash	103,000	103,000
99,718,125	99,718,125		997,181	997,181

- 16.1 The Company has only one class of ordinary shares which carries no right to fixed income. The shareholders are entitled to receive dividend as declared from time to time and are entitled to one vote per share at Annual General Meetings (AGM) of the Company. All shares rank equally with regard to the Company's residual assets.

17 LEASE LIABILITY

Balance as at July 01,	42,219	-
Addition during the period / year	-	45,197
	42,219	45,197
Repayments during the period / year	(1,554)	(2,978)
Balance as at December 31,	40,665	42,219
Lease cancellation	(40,665)	-
Less: current portion of lease liability	-	(6,493)
Non current portion of lease liability	-	35,726

18 TRADE AND OTHER PAYABLES

Trade creditors	297,787	429,156
Accrued liabilities	208,418	120,823
Bills payable	317,795	-
Contract liability	555,636	711,660
Excise duty and sales tax payable	117,973	19,565
Payable to Gratuity Fund	32,333	32,314
Payable to Provident Fund	2,029	-
Workers' Profit Participation Fund	-	8,343
Workers' Welfare Fund	-	3,760
Other liabilities	13,355	4,081
	1,545,326	1,329,702

19 CONTINGENCIES AND COMMITMENTS

19.1 Contingencies

- 19.1.1 During the year 2014-2015, Deputy Commissioner Inland Revenue (DCIR) passed an assessment order under section 122(1)(5) of the Income Tax Ordinance, 2001 in respect of Tax Year 2014 raising a tax demand of Rs. 78.35 million by making certain disallowances and additions in taxable income as reported in the tax return of that year. The Holding Company filed an appeal with the Commissioner Inland Revenue - Appeals (CIR-A) against which the adverse order was passed by the CIR(A). Therefore, appeal has been filed before Appellate Tribunal Inland Revenue (ATIR) against the order of CIR-A.

THATTA CEMENT COMPANY LIMITED
NOTES TO THE CONDENSED UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UN-AUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2022

On November 30, 2021, Appellate Tribunal Inland Revenue (ATIR) has passed an order in favor of the Holding Company. However, during the period, the Commissioner Inland Revenue has filed an appeal in the High Court of Sindh against the order passed by ATIR. The matter is pending for adjudication. In view of Holding Company's legal counsel, the case is sound in law, however definite outcome cannot be predicted with any degree of certainty.

- 19.1.2 The learned DCIR passed an amended assessment order on April 28, 2020 for the tax year 2015 and raised the tax demand of Rs. 0.6 million by disallowing certain admissible expenses including leave encashment, donation expense, salary expense and Tax credit u/s 65B. The Holding Company has filed an appeal before Commissioner Inland Revenue - Appeal (CIR-A) against the disallowances. Based on the appeal filed, the Commissioner (Appeals-I) dated December 17, 2020 remanded back the disallowance made on account of donations while confirmed the remaining disallowance. Therefore, appeal has been filed before Appellate Tribunal Inland Revenue (ATIR) against the order of CIR-A. On April 27, 2021, Appellate Tribunal Inland Revenue (ATIR) has passed an order in favor of the Holding Company. However, during the period, the Commissioner Inland Revenue has filed an appeal in the High Court of Sindh against the order passed by ATIR. The matter is pending for adjudication. In view of Holding Company's legal counsel, the case is sound in law, however definite outcome cannot be predicted with any degree of certainty.
- 19.1.3 The Company has adjusted minimum tax aggregating to Rs. 31.47 million against its income tax liability in terms of section 113(2)(c) of the Income Tax Ordinance, 2001 (the Ordinance). An appeal was filed before the Commissioner Inland Revenue - Appeals (CIR-A) against the order of the Assessing Officer disallowing adjustment of minimum tax amounting to Rs. 15.721 million in respect of Tax Year 2012. However, the appeal before CIR-A has been decided against the Holding Company, therefore, further appeal has been filed before Appellate Tribunal Inland Revenue (ATIR) against the order of CIR-A. On August 28, 2017, Appellate Tribunal Inland Revenue (ATIR) has passed an order in favor of the Holding Company. However, during the period, the Commissioner Inland Revenue has filed an appeal in the High Court of Sindh against the order passed by ATIR. The matter is pending for adjudication. In view of Holding Company's legal counsel, the case is sound in law, however definite outcome cannot be predicted with any degree of certainty.
- 19.1.4 On September 06, 2021, the Company has filed a Constitutional Petition (CP) No. 5382 before the Honorable High Court of Sindh (SHC) against arbitrary increase in the royalty rates through impugned notification No. T.O/M&MDD/15- 3/2021 dated June 30, 2021 issued by Ministry of Mines and Minerals Development Department, Government of Sindh. The Company's legal consultants have attended several hearings and presented their point of view before the Honourable High Court of Sindh. On October 17, 2022, the Honorable High Court of Sindh dismissed the petition on the grounds that the relevant forums as per Sindh Mining Concession Rules, 2002 were not approached. The overall impact of the aforementioned increase in royalty rates would be approximately Rs. 109.226 million as at December 31, 2022, however, management has recorded provision amounting to Rs. 54.612 million on prudent basis. Moreover, the management of the Company is considering various options available to the Company including relevant forums as per Sindh Mining Concession Rules, 2002 as also referred to by the Honorable High Court of Sindh in their judgement. The management is confident that the Company has an arauable case on merits.
- 19.1.5 The status of other contingencies are same as disclosed in the annual audited unconsolidated financial statements for the year ended June 30, 2022 except for the matters disclosed in note 31.1.10, 31.1.11, 31.1.18, 31.1.19 & 31.1.20, the outcome of which have resulted in favor of the company during the period and the matter disclosed above.

19.2 Commitments

- 19.2.1 Guarantee given by a commercial bank to Sui Southern Gas Company Limited on behalf of the Company amounts to Rs. 45 million (June 30, 2022: Rs. 45 million).
- 19.2.2 Irrevocable letter of credit under revenue expenditure as at reporting date is Rs. 326.672 million.
- 19.2.3 Other outstanding guarantees given on behalf of the Company by banks amount to Rs. 47.96 million (June 30, 2022: Rs.73.68 million).

THATTA CEMENT COMPANY LIMITED
NOTES TO THE CONDENSED UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UN-AUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2022

	Half year ended		Quarter ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
------(Rupees in thousands)-----				
20 SALES - NET				
Gross Sales				
Local	3,185,105	2,313,297	1,927,078	1,298,410
Export	-	707	-	-
	3,185,105	2,314,004	1,927,078	1,298,410
Less:				
Federal excise duty	(322,112)	(315,155)	(186,681)	(170,802)
Sales tax	(457,779)	(391,856)	(267,548)	(217,561)
	(779,891)	(707,011)	(454,229)	(388,363)
	2,405,214	1,606,993	1,472,849	910,047
20.1 Company's revenue disaggregated by primary geographical markets is as follows:				
Sale of cement and clinker				
Primary geographical markets				
Within Pakistan	2,405,214	1,606,286	1,472,849	910,047
Outside Pakistan	-	707	-	-
	2,405,214	1,606,993	1,472,849	910,047
20.2 Company's revenue disaggregated by pattern / timing of revenue recognition is as follows:				
Timing of revenue recognition	2,405,214	1,606,993	1,472,849	910,047
Goods transferred at a point in time				
21 COST OF SALES				
Raw material consumed	165,115	58,778	106,594	26,708
Clinker purchase	-	188,412	-	188,412
Manufacturing expenses:				
Fuel and power	1,677,809	765,918	1,122,299	341,244
Salaries, wages and other benefits	171,865	168,250	85,486	73,927
Depreciation	58,391	42,699	37,271	19,029
Packing material consumed	142,965	97,782	88,542	53,864
Stores, spare parts and loose tools consumed	50,309	34,798	29,290	12,191
Vehicle hire, running and maintenance	13,050	7,011	6,667	3,605
Repairs and maintenance	5,141	4,129	2,984	2,426
Insurance	12,271	11,753	6,142	6,365
Other production overheads	3,006	2,204	2,312	345
Communication	1,145	830	747	414
Entertainment	723	542	429	272
Provision for slow moving and obsolete stores and spares	4,223	4,588	4,223	4,588
	2,140,898	1,140,504	1,386,392	518,270
Cost of production	2,306,013	1,387,694	1,492,986	733,390
Work-in-process				
Opening balance	415,294	334,414	266,484	379,980
Closing balance	(386,868)	(260,865)	(386,868)	(260,865)
	28,426	73,549	(120,384)	119,115
Cost of goods manufactured	2,334,439	1,461,243	1,372,602	852,505

THATTA CEMENT COMPANY LIMITED
NOTES TO THE CONDENSED UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UN-AUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2022

	Half year ended		Quarter ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	------(Rupees in thousands)-----			
Finished goods				
Opening balance	59,425	43,615	44,129	37,495
Closing balance	(33,648)	(50,318)	(33,648)	(50,318)
	25,777	(6,703)	10,481	(12,823)
	2,360,216	1,454,540	1,383,083	839,682

22 EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED

Profit / (loss) for the period	(6,235)	59,820	47,671	40,528
Weighted average number of ordinary shares	99,718,125	99,718,125	99,718,125	99,718,125
Basic (loss) / earnings per share (Rupee in thousands)	(0.06)	0.60	0.48	0.41

There is no dilutive effect on the basic (loss) / earnings per shares of the Company during the reporting period.

23 RELATED PARTY TRANSACTIONS & BALANCES

The related parties comprises of associated undertakings, directors of the Company, key management personnel and staff retirement funds. The Company continues to have a policy whereby all transactions with related parties are entered into at commercial terms and conditions except for Service Level Agreement for business support services with the Subsidiary Company for which the basis are approved by the Board of Directors. Further, contribution to defined contribution plan (provident fund) is made as per the terms of employment and trust deed and contribution to the defined benefit plan (gratuity scheme) is in accordance with the actuarial advice. Detail of transactions during the period ended December 31, 2022 and outstanding balances as at December 31, 2022 with related parties are as follows:

23.1 Transactions with related parties

Subsidiary Company

Thatta Power (Private) Limited

Common shared expenses	2,328	2,087	1,067	1,019
Receipts for common shared expenses	5,459	-	5,459	-
(Purchase) / sale of store items - net	(668)	(1,587)	(140)	(30)
(Payment) / receipts of store items - net	(335)	(1,752)	(335)	(1,689)
Purchase of electricity (inclusive of GST)	365,165	299,020	184,838	130,506
Payment for electricity (inclusive of GST)	455,120	368,382	254,577	191,417
Management fee claimed (inclusive of SST)	15,987	14,534	7,993	7,258
Management fee received (inclusive of SST)	37,303	-	37,303	-
Sale of waste heat	17,602	8,423	12,115	2,898
Receipt for sale of waste heat	38,758	-	38,758	-
Loan disbursed	54,192	-	-	-
Receipt on account of loan	150,038	-	150,038	-
Interest accrued on loan	11,550	20,000	5,670	20,000
Receipt on account of interest accrued on loan	19,508	3,224	19,508	1,447

THATTA CEMENT COMPANY LIMITED
NOTES TO THE CONDENSED UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UN-AUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2022

	Half year ended		Quarter ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
----- (Rupees in thousands) -----				
Key management personnel				
Salaries and benefits	41,662	30,612	22,793	15,769
Other related parties				
Contribution to Gratuity Fund	10,000	16,168	-	16,168
Contribution to Provident Fund	5,030	6,360	2,055	3,740
Education expense - Model tarbiat school	2,279	2,121	1,045	1,024
			December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
			(Rupees in thousands)	

23.2 Balances with related parties

Subsidiary Company

Thatta Power (Private) Limited

Payable against purchase of electricity (inclusive of GST)	23,601	113,556
Receivable against management fee (inclusive of SST)	5,329	26,645
Receivable against common shared expenses	684	3,816
(Payable) / receivable against sale of store items - net	(176)	156
Loan / advance to the Subsidiary Company	-	95,846
Receivable against waste heat recovery plant	12,122	33,278
Accrued mark-up on loan	1,330	9,288
Other related parties		
Payable to Gratuity Fund	32,333	32,316
Payable to Provident Fund	1,013	-

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

24 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objective and policies are consistent with that disclosed in the annual audited unconsolidated financial statements for the year ended June 30, 2022.

25 FAIR VALUE MEASUREMENT - FINANCIAL INSTRUMENTS

The carrying values of all financial assets and liabilities reflected in the condensed interim unconsolidated financial statements approximate their fair values. Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

Level 1: quoted prices (Unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset either directly or derived from prices.

Level 3: inputs for the asset or liability that are not based on observable market data (unadjusted) inputs.

Transfers during the period

During the period ended December 31, 2022, there were no transfers between level 1 and level 2 fair value measurement and into or out of Level 3 fair value measurements.

THATTA CEMENT COMPANY LIMITED
NOTES TO THE CONDENSED UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UN-AUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2022

26 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and better presentation. However, no significant reclassification has been made during the reporting period.

27 NUMBER OF EMPLOYEES

The number of employees as at the end of reporting period was 494 (June 30, 202: 501) and average number of employees during the reporting period was 496 (June 30, 2022: 497).

28 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim unconsolidated financial statements have been authorized for issue on February 28, 2023 by the Board of Directors of the Company.

29 GENERAL

Amounts have been rounded off to the nearest thousands of rupees unless otherwise stated.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

**CONDENSED INTERIM
CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED
DECEMBER 31, 2022**

THATTA CEMENT COMPANY LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

		December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
	Note	(Rupees in thousands)	
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	5	3,954,125	4,032,532
Right-of-use-assets	6	-	42,184
Intangible Asset	7	4,680	5,265
Long term deposits		5,096	3,796
		3,963,901	4,083,777
CURRENT ASSETS			
Stores, spare parts and loose tools	8	336,965	298,188
Stock-in-trade	9	508,797	565,731
Trade debts	10	1,194,444	1,551,453
Short term investment		748,715	473,715
Advances		75,568	84,788
Deposits and prepayments		228,226	206,164
Other receivables and accrued mark-up		46,946	3,016
Taxation - net		172,647	194,584
Cash and bank balances		456,615	237,515
		3,768,923	3,615,154
TOTAL ASSETS		7,732,824	7,698,931
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	11	2,000,000	2,000,000
Share capital	11	997,181	997,181
Share premium		99,718	99,718
Accumulated profit		2,792,343	2,807,821
Equity attributable to the owners of the Holding Company		3,889,242	3,904,720
Non-controlling interests		876,518	882,081
		4,765,760	4,786,801
NON - CURRENT LIABILITIES			
Long term financing		431,034	553,843
Lease liability	12	-	35,726
Long term deposits		2,787	2,791
Long term employee benefit		20,423	18,589
Deferred taxation		245,649	278,359
		699,893	889,308
CURRENT LIABILITIES			
Current maturity of lease liability	12	-	6,493
Trade and other payables	13	1,662,291	1,421,311
Unclaimed dividend		1,957	1,972
Accrued mark-up		78,991	67,698
Current maturity of long term financing		313,056	313,056
Short term borrowings		210,876	212,292
		2,267,171	2,022,822
TOTAL EQUITY AND LIABILITIES		7,732,824	7,698,931
CONTINGENCIES AND COMMITMENTS			
	14		

The annexed notes from 1 to 24 form an integral part of these condensed interim consolidated financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

THATTA CEMENT COMPANY LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS
(UN-AUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2022

	Note	Half year ended		Quarter ended	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
		(Rupees in thousands)			
Sales - net	15	2,491,965	1,711,167	1,496,589	961,778
Cost of sales	16	(2,344,747)	(1,496,164)	(1,346,190)	(866,226)
Gross profit		147,218	215,003	150,399	95,552
Selling and distribution cost		(40,712)	(22,099)	(21,625)	(13,935)
Administrative expenses		(75,782)	(62,411)	(36,026)	(28,290)
		30,724	130,493	92,748	53,327
Other operating expenses		(3,094)	(36,488)	(3,094)	(10,220)
Impairment reversal - trade debts		-	3,783	-	3,783
Other income		54,072	15,821	31,252	9,289
Operating profit		81,702	113,609	120,906	56,179
Finance cost		(103,228)	(66,070)	(49,454)	(34,739)
Profit before taxation		(21,526)	47,539	71,452	21,440
Taxation					
Current		(32,263)	(22,662)	(20,376)	(12,336)
Prior		38	1,789	38	1,789
Deferred		32,710	17,988	(816)	16,329
		485	(2,885)	(21,154)	5,782
(Loss) / profit for the period		(21,041)	44,654	50,298	27,222
(Loss) / profit for the period attributable to:					
Equity holders of the Holding Company		(15,478)	50,352	49,311	32,221
Non-controlling interests		(5,563)	(5,698)	987	(4,999)
		(21,041)	44,654	50,298	27,222
(Loss) / Earnings per share - basic and diluted (Rupees)	17	(0.16)	0.50	0.49	0.32

The annexed notes from 1 to 24 form an integral part of these condensed interim consolidated financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

THATTA CEMENT COMPANY LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-
AUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2022

	Half year ended		Quarter ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	----- (Rupees in thousands) -----			
(Loss) / profit for the period	(21,041)	44,654	50,298	27,222
Other comprehensive income	-	-	-	-
Total comprehensive (loss) / income for the period	(21,041)	44,654	50,298	27,222
Total comprehensive (loss) / income for the period attributable to:				
Equity holders of the Holding Company	(15,478)	50,352	49,311	32,221
Non-controlling interests	(5,563)	(5,698)	987	(4,999)
	(21,041)	44,654	50,298	27,222

The annexed notes from 1 to 24 form an integral part of these condensed interim consolidated financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

THATTA CEMENT COMPANY LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
(UN-AUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2022

	Half year ended	
	December 31, 2022	December 31, 2021
Note	----- (Rupees in thousands) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(21,526)	47,539
Adjustment for:		
Depreciation on property, plant and equipment	5.1 108,701	99,714
Depreciation on right-of-use-assets	3,766	-
Amortization on intangibles	585	-
Provision for slow moving & obsolete stores and impairment of major stores & spares	4,223	5,721
Finance cost	103,228	66,070
Provision for gratuity	10,017	6,600
Provision for leave encashment	2,737	1,226
Reversal for loss allowance	-	(3,783)
Provision for Workers' Welfare Fund	-	643
Provision for Workers' Profit Participation Fund	-	2,433
Lease Cancellation Reversal	(2,247)	
Other reversals	(1,403)	(1,403)
Gain on disposal of property, plant and equipment	(377)	-
	229,230	177,221
Operating cash flows before working capital changes	207,704	224,760
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(41,510)	(113,896)
Stock-in-trade	56,934	61,715
Trade debts	357,009	(283,073)
Advances	9,220	(16,673)
Trade deposits and prepayments	(22,062)	(209,148)
Other receivables and accrued mark-up	(43,930)	(6,770)
	315,661	(567,845)
Increase in current liabilities		
Trade and other payables	253,064	53,379
Cash generated from / (used in) operations	776,430	(289,706)
Finance cost paid	(89,522)	(38,042)
Gratuity paid	(9,998)	(16,168)
Lease rentals paid	(1,554)	-
Leave encashment paid	(903)	(692)
Income tax paid - net	(10,288)	(9,132)
Workers' Welfare Fund	(3,498)	(3,426)
Workers' Profit Participation Fund	(7,202)	(13,418)
Net cash generated from / (used in) operating activities	653,465	(370,584)

THATTA CEMENT COMPANY LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
(UN-AUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2022

	Half year ended	
	December 31, 2022	December 31, 2021
Note	----- (Rupees in thousands) -----	
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(31,787)	(43,075)
Short term investment	(275,000)	-
Proceeds from disposal of property, plant & equipment	377	-
Long term deposit - assets	(1,300)	-
Net cash used in investing activities	(307,710)	(43,075)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from encashment of short term investment	-	306,000
Repayment of long term financing	(125,224)	(62,611)
Dividend paid	(15)	(24,643)
Net cash used in financing activities	(125,239)	218,746
Net increase / (decrease) in cash and cash equivalents	220,516	(194,913)
Cash and cash equivalents at beginning of the period	25,223	173,403
Cash and cash equivalents at end of the period	245,739	(21,510)
CASH AND CASH EQUIVALENTS		
Cash and bank balances	456,615	135,577
Short term borrowings	(210,876)	(157,087)
	245,739	(21,510)

The annexed notes from 1 to 24 form an integral part of these condensed interim consolidated financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

THATTA CEMENT COMPANY LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(UN-AUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2022

	Attributable to the owners of the Holding Company			Total	Non-controlling interests	Total shareholders' equity
	Share capital	Reserves				
		Share premium	Accumulated profits			
----- Rupees in thousands -----						
Balance as at July 1, 2021 (audited)	997,181	99,718	2,752,233	3,849,132	894,427	4,743,559
<i>Total comprehensive income for the period ended December 31, 2021</i>						
Profit / (loss) for the period	-	-	50,352	50,352	(5,698)	44,654
<i>Transactions with shareholders</i>						
Final cash dividend @ Rs. 0.25 per share for the year ended June 30, 2021	-	-	(24,930)	(24,930)	-	(24,930)
Balance as at December 31, 2021 (un-audited)	<u>997,181</u>	<u>99,718</u>	<u>2,777,655</u>	<u>3,874,554</u>	<u>888,729</u>	<u>4,763,283</u>
Balance as at July 1, 2022 (audited)	997,181	99,718	2,807,821	3,904,720	882,081	4,786,801
<i>Total comprehensive income for the period ended December 31, 2022</i>						
Loss for the period	-	-	(15,478)	(15,478)	(5,563)	(21,041)
Balance as at December 31, 2022 (un-audited)	<u>997,181</u>	<u>99,718</u>	<u>2,792,343</u>	<u>3,889,242</u>	<u>876,518</u>	<u>4,765,760</u>

The annexed notes from 1 to 24 form an integral part of these condensed interim consolidated financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

THATTA CEMENT COMPANY LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UN-AUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2022

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 CL 5/4, State Life Building-10, Main Abdullah Haroon Road, 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, 2022 (June 30, 2022: 62.43%). The principal business activity of the Subsidiary Company is generation and supply of electric power. As at December 31, 2022 TPPL has authorized and issued capital of Rs. 500 million and Rs. 479.16 million divided into 50,000,000 (June 30, 2022: 50,000,000) ordinary shares and 47,915,830 (June 30, 2022: 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 half year ended December 31, 2022 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, 2022.

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 comprise of the condensed interim consolidated statement of financial position as at December 31, 2022 and 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 for the nine months period ended December 31, 2022.

2.2 Basis of consolidation

These condensed interim consolidated financial statements include the condensed interim financial statements of the Holding Company and the Subsidiary Company.

The condensed interim financial statements of the Subsidiary Company are included in the condensed interim consolidated financial statements from the date on which more than 50% voting rights are transferred to the Holding Company or power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Upon loss of control, the Holding Company derecognises the assets and liabilities of the Subsidiary Company, any non-controlling interests and other components of equity related to the Subsidiary Company. Any surplus or deficit arising on the loss of control is recognised in profit and loss account.

The financial statements of the Subsidiary Company are prepared for the same reporting period as of the Holding Company, using accounting policies that are generally consistent with those of the Holding Company.

The assets and liabilities of the Subsidiary Company have been consolidated on a line-by-line basis. The carrying value of investment held by the Holding Company is eliminated against the Subsidiary Company's shareholders' equity in the condensed interim consolidated financial statements. Intra-group balances and transactions are eliminated.

THATTA CEMENT COMPANY LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UN-AUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2022

2.3 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.

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, 2022.

4 ESTIMATES AND JUDGEMENTS

The preparation of these condensed interim consolidated financial statements require management to make certain judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by management in applying the group's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the financial statements for the year ended June 30, 2022.

		December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
	Note	(Rupees in thousands)	
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	3,801,606	3,900,987
Major stores and spares	5.2	62,109	68,815
Capital work in progress	5.3	90,410	62,730
		3,954,125	4,032,532
5.1 Operating fixed assets			
Opening net book value (NBV)		3,900,987	4,055,939
Additions during the period / year at cost	5.1.1	9,320	75,793
		3,910,307	4,131,732
WDV of disposals during the period / year		-	(110)
Depreciation charge for the period / year		(108,701)	(230,635)
		(108,701)	(230,745)
Closing net book value (NBV)		3,801,606	3,900,987
5.1.1 Detail of additions (at cost) during the period are as follows:			
Plant and machinery		7,263	23,584
Electrical installations		-	38,250
Leasehold improvements		-	6,459
Office equipment		-	2,005
Furniture and fixtures		-	252
Laboratory equipment		1,452	-
Vehicles		-	2,199
Computer		605	3,044
		9,320	75,793

THATTA CEMENT COMPANY LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UN-AUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2022

		December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
	Note	(Rupees in thousands)	
5.2	Major stores and spares		
Cost			
Opening balance		111,263	109,203
Additions during the period / year		4,489	18,048
Transferred during the period / year		(9,705)	(15,988)
Closing balance		106,047	111,263
Accumulated impairment			
Opening balance		(42,448)	(42,141)
Impairment charge for the period / year		(1,490)	(307)
Closing balance		(43,938)	(42,448)
Net book value		62,109	68,815
5.3	Capital work in progress		
Opening balance		62,730	27,780
Additions during the period / year		27,680	80,414
Transferred during the period / year		-	(45,464)
Closing balance		90,410	62,730
6	RIGHT-OF-USE ASSET		
Cost		45,197	45,197
Amortization on right-of-use asset			
Opening balance		(3,013)	-
Charge for the period / year	6.2	(3,766)	(3,013)
Lease cancellation	6.3	(38,418)	-
Closing balance		(45,197)	(3,013)
		-	42,184
6.1	The Holding Company has entered into a lease agreement during the year for an office building used as head office. The Holding Company intends to use the office for the next five years. Accordingly, the Holding Company has account the right-of-use asset on five years.		
6.2	Depreciation charged on right-of-use assets has been allocated to administrative expenses amounting to Rs. 3.766 million (June 2022: 3.013 million).		
6.3	During the period, the Holding Company has canceled lease contract and has shifted its office.		
7	INTANGIBLE ASSETS		
Cost		5,850	5,850
Amortization on intangibles			
Opening balance		(585)	-
Lease cancellation		(585)	(585)
Closing balance		(1,170)	(585)
		4,680	5,265

THATTA CEMENT COMPANY LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UN-AUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2022

		December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
	Note	(Rupees in thousands)	
8	STORES, SPARE PARTS AND LOOSE TOOLS		
Coal and other fuels		105,871	96,606
Stores & spare parts		282,330	250,068
Loose tools		90	107
		388,291	346,781
Provision for obsolete stores		(3,820)	(3,843)
Provision for slow moving stores and spares		(47,506)	(44,750)
		(51,326)	(48,593)
		336,965	298,188
9	STOCK-IN-TRADE		
Raw material		18,915	14,957
Packing material		67,921	73,526
Work-in-process		388,241	417,628
Finished goods		33,720	59,620
		508,797	565,731
10	TRADE DEBTS		
Considered good			
Local - unsecured	10.1	1,195,341	1,552,350
Considered doubtful			
Local - unsecured		74,210	74,210
		1,269,551	1,626,560
Provision for doubtful debts		(75,107)	(75,107)
		1,194,444	1,551,453

10.1 It includes receivable from HESCO by the Subsidiary Company is secured against Standby Letter of Credit (SBLC) issued by National Bank of Pakistan to the extent of Rs. 286.71 million.

11 SHARE CAPITAL

December 31, 2022 (Un-audited)	June 30, 2022 (Audited)		December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
--- Number of shares ---				
Authorized share capital				
200,000,000	200,000,000	Ordinary shares of Rs. 10/- each	2,000,000	2,000,000
Issued, subscribed and paid-up share capital				
89,418,125	89,418,125	Ordinary shares of Rs. 10/- each - shares allotted for consideration 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

THATTA CEMENT COMPANY LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UN-AUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2022

	December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
Note	(Rupees in thousands)	
12 LEASE LIABILITY		
Balance as at July 01,	42,219	-
Addition during the period / year	-	45,197
	42,219	45,197
Repayments during the period / year	(1,554)	(2,978)
Balance as at December 31,	40,665	42,219
Lease cancellation	(40,665)	-
Less: current portion of lease liability	-	(6,493)
Non current portion of lease liability	-	35,726
13 TRADE AND OTHER PAYABLES		
Trade creditors	321,374	505,494
Accrued liabilities	244,103	67,909
Bills payable	317,795	-
Contract liability	555,636	711,660
Excise duty and sales tax payable	117,973	29,258
Payable to Gratuity Fund	32,333	32,315
Payable to Provident Fund	2,029	-
Workers' Profit Participation Fund (WPPF)	39,656	47,999
Workers' Welfare Fund (WWF)	15,069	18,829
Other liabilities	16,323	7,847
	1,662,291	1,421,311
14 CONTINGENCIES AND COMMITMENTS		
14.1 Contingencies		
The status of contingencies is same as disclosed in the annual audited consolidated financial statements for the year ended June 30, 2022 except for the matters which are mentioned below:		
14.1.1	During the year 2014-2015, Deputy Commissioner Inland Revenue (DCIR) passed an assessment order under section 122(1)(5) of the Income Tax Ordinance, 2001 in respect of Tax Year 2014 raising a tax demand of Rs. 78.35 million by making certain disallowances and additions in taxable income as reported in the tax return of that year. The Holding Company filed an appeal with the Commissioner Inland Revenue - Appeals (CIR-A) against which the adverse order was passed by the CIR(A). Therefore, appeal has been filed before Appellate Tribunal Inland Revenue (ATIR) against the order of CIR-A. On November 30, 2021, Appellate Tribunal Inland Revenue (ATIR) has passed an order in favor of the Holding Company. However, during the period, the Commissioner Inland Revenue has filed an appeal in the High Court of Sindh against the order passed by ATIR. The matter is pending for adjudication. In view of Holding Company's legal counsel, the case is sound in law, however definite outcome cannot be predicted with any degree of certainty.	
14.1.2	The learned DCIR passed an amended assessment order on April 28, 2020 for the tax year 2015 and raised the tax demand of Rs. 0.6 million by disallowing certain admissible expenses including leave encashment, donation expense, salary expense and Tax credit u/s 65B. The Holding Company has filed an appeal before Commissioner Inland Revenue - Appeal (CIR-A) against the disallowances. Based on the appeal filed, the Commissioner (Appeals-I) dated December 17, 2020 remanded back the disallowance made on account of donations while confirmed the remaining disallowance. Therefore, appeal has been filed before Appellate Tribunal Inland Revenue (ATIR) against the order of CIR-A. On April 27, 2021, Appellate Tribunal Inland Revenue (ATIR) has passed an order in favor of the Holding Company. However, during the period, the Commissioner Inland Revenue has filed an appeal in the High Court of Sindh against the order passed by ATIR. The matter is pending for adjudication. In view of Holding Company's legal counsel, the case is sound in law, however definite outcome cannot be predicted with any degree of certainty.	

THATTA CEMENT COMPANY LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UN-AUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2022

14.1.3 The Holding Company has adjusted minimum tax aggregating to Rs. 31.47 million against its income tax liability in terms of section 113(2)(c) of the Income Tax Ordinance, 2001 (the Ordinance). An appeal was filed before the Commissioner Inland Revenue - Appeals (CIR-A) against the order of the Assessing Officer disallowing adjustment of minimum tax amounting to Rs. 15.721 million in respect of Tax Year 2012. However, the appeal before CIR-A has been decided against the Holding Company, therefore, further appeal has been filed before Appellate Tribunal Inland Revenue (ATIR) against the order of CIR-A. On August 28, 2017, Appellate Tribunal Inland Revenue (ATIR) has passed an order in favor of the Holding Company. However, during the period, the Commissioner Inland Revenue has filed an appeal in the High Court of Sindh against the order passed by ATIR. The matter is pending for adjudication. In view of Holding Company's legal counsel, the case is sound in law, however definite outcome cannot be predicted with any degree of certainty.

14.1.4 On September 06, 2021, the Holding Company has filed a Constitutional Petition (CP) No. 5382 before the Honorable High Court of Sindh (SHC) against arbitrary increase in the royalty rates through impugned notification No. T.O/M&MDD/15- 3/2021 dated June 30, 2021 issued by Ministry of Mines and Minerals Development Department, Government of Sindh. The Holding Company's legal consultants have attended several hearings and presented their point of view before the Honourable High Court of Sindh. On October 17, 2022, the Honorable High Court of Sindh dismissed the petition on the grounds that the relevant forums as per Sindh Mining Concession Rules, 2002 were not approached. The overall impact of the aforementioned increase in royalty rates would be approximately Rs. 109.226 million as at December 31, 2022, however, management has recorded provision amounting to Rs. 54.612 million on prudent basis. Moreover, the management of the Company is considering various options available to the Company including relevant forums as per Sindh Mining Concession Rules, 2002 as also referred to by the Honorable High Court of Sindh in their judgement. The management is confident that the Company has an arguable case on merits.

14.2 Commitments

14.2.1 Guarantee given by a commercial bank to Sui Southern Gas Company Limited on behalf of the Holding Company amounts to Rs. 45 million (June 30, 2022: Rs. 45 million).

14.2.2 Irrevocable letter of credit under revenue expenditure as at reporting date is Rs. 326.672 million.

14.2.3 Other outstanding guarantees given on behalf of the Group by banks amount to Rs. 247.96 million (June 30, 2022: Rs. 273.68 million).

THATTA CEMENT COMPANY LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UN-AUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2022

	Half year ended		Quarter ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
----- (Rupees in thousands) -----				
15 SALES - NET				
Gross Sales				
Local	3,286,632	2,435,181	1,954,882	1,358,936
Export	-	707	-	-
	3,286,632	2,435,888	1,954,882	1,358,936
Less:				
Federal excise duty	(322,112)	(315,155)	(186,681)	(170,802)
Sales tax	(472,555)	(409,566)	(271,612)	(226,356)
	(794,667)	(724,721)	(458,293)	(397,158)
	2,491,965	1,711,167	1,496,589	961,778
15.1 Group's revenue disaggregated by primary geographical markets is as follows:				
Sale of cement and clinker				
Primary geographical markets				
Within Pakistan	2,405,214	1,606,286	1,472,849	910,047
Outside Pakistan	-	707	-	-
Sale of electric power				
Within Pakistan	86,751	104,174	23,740	51,731
	2,491,965	1,711,167	1,496,589	961,778
15.2 Group's revenue disaggregated by pattern/timing of revenue recognition is as follows:				
Timing of revenue recognition				
Goods / electric power transferred at a point in time	2,491,965	1,711,167	1,496,589	961,778
16 COST OF SALES				
Raw material consumed	165,115	58,778	26,708	26,708
Clinker purchase	-	188,412	188,412	188,412
Manufacturing expenses				
Fuel and power	1,574,410	720,926	1,045,663	325,354
Salaries, wages and other benefits	171,865	168,250	85,486	73,927
Depreciation	106,806	98,623	55,526	46,420
Stores, spare parts and loose tools consumed	71,908	97,782	39,055	53,864
Packing material consumed	142,965	54,615	88,542	15,636
Repairs, operations and maintenance	16,977	7,011	8,815	3,605
Insurance	17,068	15,751	9,594	8,211
Vehicle hire, running & maintenance	13,050	17,734	6,667	9,441
Other production overheads	3,206	2,368	2,413	417
Communication	1,145	830	747	414
Entertainment	723	542	429	272
Provision for slow moving & obsolete stores and spares	4,223	5,721	4,223	5,721
	2,124,346	1,190,153	1,347,160	543,282
Cost of production	2,289,461	1,437,343	1,453,754	758,402
Work-in-process				
Opening balance	417,627	329,838	269,932	384,387
Closing balance	(388,241)	(263,697)	(388,241)	(263,697)
	29,386	66,141	(118,309)	120,690
Cost of goods manufactured	2,318,847	1,503,484	1,335,445	879,092

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	Half year ended		Quarter ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	(Rupees in thousands)			
Finished goods				
Opening balance	59,620	43,279	44,465	37,733
Closing balance	(33,720)	(50,599)	(33,720)	(50,599)
	25,900	(7,320)	10,745	(12,866)
	<u>2,344,747</u>	<u>1,496,164</u>	<u>1,346,190</u>	<u>866,226</u>

17 EARNINGS PER SHARE - BASIC AND DILUTED

Profit for the period attributable to the owners of the Holding Company	(15,478)	50,352	49,311	32,221
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)	(0.16)	0.50	0.49	0.32

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 quarter ended / outstanding balances as at December 31, 2022 with related parties are as follows:

18.1 Transactions with related parties

18.1.1 Key management personnel

Salaries and benefits	41,662	30,612	22,793	15,769
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18.1.2 Other related parties

Contribution to Gratuity Fund	10,000	16,168	-	16,168
Contribution to Provident Fund	5,030	6,360	2,055	3,740
Education expense - Model tarbiat school	2,279	2,121	1,045	1,024

December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
-- Rupees in thousands --	

18.2 Balances with related parties

18.2.1 Other related parties

Payable to Gratuity Fund	32,333	32,316
Payable to Provident Fund	1,013	-

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

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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 supply of electric power.

19.1 Revenues	Cement		Power		Intra group adjustment		Consolidated	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
----- Un-audited -----								
----- Rupees in thousands -----								
Sales - net	2,405,214	1,606,993	398,858	359,747	(312,107)	(255,573)	2,491,965	1,711,167
Cost of sales	(2,360,216)	(1,454,540)	(311,321)	(313,149)	326,790	271,525	(2,344,747)	(1,496,164)
Gross profit	44,998	152,453	87,537	46,598	14,683	15,952	147,218	215,003
Selling and distribution cost	(40,712)	(22,099)	-	-	-	-	(40,712)	(22,099)
Administrative expenses	(71,892)	(59,004)	(18,038)	(16,269)	14,148	12,862	(75,782)	(62,411)
	(67,606)	71,350	69,499	30,329	28,831	28,814	30,724	130,493
Other operating expenses	(3,094)	(36,488)	-	-	-	-	(3,094)	(36,488)
Impairment reversal - trade debts	-	3,783	-	-	-	-	-	3,783
Other income	88,719	30,904	6,817	9,357	(41,464)	(24,440)	54,072	15,821
Operating profit/(loss)	18,019	69,549	76,316	39,686	(12,633)	4,374	81,702	113,609
Finance cost	(26,552)	(9,138)	(88,226)	(60,582)	11,550	3,650	(103,228)	(66,070)
Segment results	(8,533)	60,411	(11,910)	(20,896)	(1,083)	8,024	(21,526)	47,539
Unallocated expenditures	-	-	-	-	-	-	-	-
Profit/(loss) before tax	(8,533)	60,411	(11,910)	(20,896)	(1,083)	8,024	(21,526)	47,539
Taxation	2,298	(591)	(1,813)	(2,294)	-	-	485	(2,885)
Profit/(loss) for the period	(6,235)	59,820	(13,723)	(23,190)	(1,083)	8,024	(21,041)	44,654

19.2 Other information	Cement		Power		Intra group adjustment		Consolidated	
	December 31, 2022 (Un-audited)	June 30, 2022 (Audited)	December 31, 2022 (Un-audited)	June 30, 2022 (Audited)	December 31, 2022 (Un-audited)	June 30, 2022 (Audited)	December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
----- Rupees in thousands -----								
Segment assets	4,770,527	4,632,971	3,286,544	3,582,882	(324,247)	(516,922)	7,732,824	7,698,931
Unallocated corporate assets	-	-	-	-	-	-	-	-
Total assets	4,770,527	4,632,971	3,286,544	3,582,882	(324,247)	(516,922)	7,732,824	7,698,931
Segment liabilities	2,036,453	1,892,662	955,541	1,238,155	(24,930)	(218,688)	2,967,064	2,912,129
Unallocated corporate liabilities	-	-	-	-	-	-	-	-
Total liabilities	2,036,453	1,892,662	955,541	1,238,155	(24,930)	(218,688)	2,967,064	2,912,129
Capital expenditure	31,787	95,725	-	17,078	-	-	31,787	112,803
Depreciation	60,284	126,991	48,417	103,644	-	-	108,701	230,635
Non-cash expenses other than depreciation	4,547	12,459	-	1,677	-	-	4,547	14,136

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

	Consolidated	
	December 31, 2022 (Un-audited)	December 31, 2021 (Un-audited)
	-- Rupees in thousands --	
19.3.1 Operating revenues		
Total revenue of reportable segments	2,804,072	1,966,740
Elimination of intra group revenue	(312,107)	(255,573)
Consolidated revenue	2,491,965	1,711,167
19.3.2 Profit and loss		
Total profit before tax of reportable segments	(20,443)	39,515
Adjustment of unrealized profit and intra group transactions	(1,083)	8,024
Consolidated profit before taxation	(21,526)	47,539
	Consolidated	
	December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
	-- Rupees in thousands --	
19.3.3 Assets		
Total assets of reportable segments	8,057,071	8,215,853
Elimination of intra group balances and unrealised profit	(322,644)	(515,319)
Reclassification for consolidation purposes	(1,603)	(1,603)
Consolidated assets	7,732,824	7,698,931
19.3.4 Liabilities		
Total liabilities of reportable segments	2,991,994	3,130,817
Elimination of intra group balances	(24,930)	(218,688)
Consolidated liabilities	2,967,064	2,912,129

19.4 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 FAIR VALUE MEASUREMENTS

The carrying values of all financial assets and liabilities reflected in the condensed interim consolidated financial statements approximate their fair values. Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset either directly or derived from prices.

Level 3: inputs for the asset or liability that are not based on observable market data (unadjusted) inputs.

The fair value of all other assets and liabilities is estimated to approximate their carrying value.

21 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and better presentation. However, no significant reclassification has been made during the period.

22 NUMBER OF EMPLOYEES

The number of employees as at December 31, 2022 was 494 (June 30, 2021: 501) and average number of employees during the period was 496 (June 30, 2021: 497).

23 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim consolidated financial statements have been authorized for issue on February 28, 2023 by the Board of Directors of the Holding Company.

24 GENERAL

Amounts have been rounded off to the nearest thousands of rupees unless otherwise stated.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR



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