THATTA CEMENT COMPANY LIMITED
Office No. 606-608A, 6th Floor,
Continental Trade Centre, Block 8, Clifton,
Karachi, Pakistan.
www.thattacement.com

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ANNUAL REPORT 2013

Thatta Cement

CONSTITUENTS OF EVOLUTION

ANNUAL REPORT 2013

Constituents of Evolution

According to ancient Chinese philosophy, everything in our world is a compound of five basic elements of universe. Considered as types of energy in a state of constant interaction with one another, they create a notion of expansion, support, production, diversity, leadership etc. These five elements are;

Fire, Water, Earth, Metal and Wood

We at Thatta Cement derive inspiration from this philosophy, and amalgamate the properties of these elements towards development and expansion of our company. We intend to register ourselves as the top cement manufacturer of Pakistan providing quality products and contribute towards making her a strong nation.

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FIRE

PROGRESSING WITH PASSION

The passion with which the company operates to deliver quality goods has made it the most prominent and leading manufacturer of low alkali cement in Pakistan and globally.

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 shareholders' value.

Company Information

BOARD OF DIRECTORS

Mr. Muhammad Arif Habib	Chairman
Mr. Muhammad Fazlullah Shariff	Chief Executive Officer
Mr. Nasim Beg	Director
Mr. Shahid Aziz Siddiqui	Director
Mr. Khawaja Mohammad Salman Younis	Director
Mr. Wazir Ali Khoja	Director
Mr. Naveed Rabbani	Director

AUDIT COMMITTEE

Mr. Shahid Aziz Siddiqui	Chairman
Mr. Nasim Beg	Member
Mr. Khawaja Mohammad Salman Younis	Member
Mr. Naveed Rabbani	Member

HR & REMUNERATION COMMITTEE

Mr. Khawaja Mohammad Salman Younis	Chairman
Mr. Nasim Beg	Member
Mr. Muhammad Fazlullah Shariff	Member

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Muhammad Taha Hamdani

STATUTORY AUDITOR

M/s KPMG Taseer Hadi & Co., Chartered Accountants

INTERNAL AUDITOR

M/s Yousuf Adil Saleem & Co., Chartered Accountants

COST AUDITOR

M/s Siddiqi & Co., Cost & Management Accountants

CORPORATE ADVISOR

M/s Shekha & Mufti, Chartered Accountants

LEGAL ADVISOR

M/s Usmani & Iqbal

BANKERS

Sindh Bank Limited
National Bank of Pakistan
Summit Bank Limited
MCB Bank Limited
Bank Al-Falah Limited
Habib Bank Limited

REGISTERED OFFICE

Office No. 606-608A,
Continental Trade Center,
Block 8, Clifton, Karachi
UAN 0092-21-111-842-882
Fax no. 0092-21-35303074-75
Website: www.thattacement.com
E-mail: info@thattacement.com

FACTORY

Ghulamullah Road, Makli, District Thatta, Sindh 73160

SHARE REGISTRAR

THK Associates (Pvt) Limited
Ground Floor, State Life Building No. 3
Dr. Ziauddin Road Ahmed Road, Karachi-75530
UAN 111-000-322, Fax: 35655595, Website: www.thk.com.pk

Wood

Diverse action plan

Diversity is embedded in the very core of Thatta Cement. Manufacturing a diverse range of cement and building material according to the demands of different terrains, Thatta Cement has set a bar higher than the rest.

DIRECTORS' REPORT

The Board of Directors present herewith their review and the audited financial statements for the year ended June 30, 2013 together with auditors' report thereon.

Industry Overview

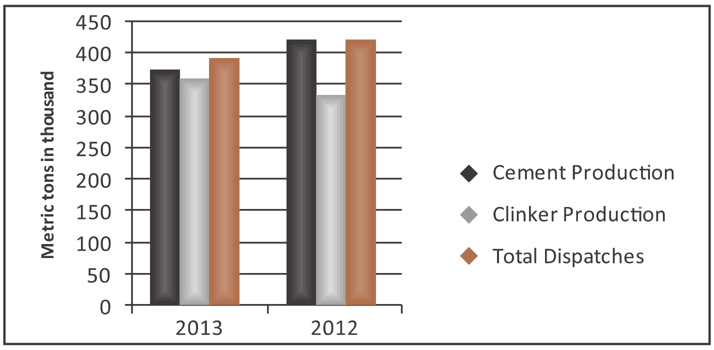
The cement industry crossed a major milestone when local sales during the year under review touched the highest ever historic figure of 25.06 million MT which was 4.63% higher than that of the previous year. This was achieved despite bad law and order situation, unabated energy crisis, higher inflation and weakening of Pak rupee. The overall performance of the industry remained satisfactory and registered a growth of 2.82% in terms of volumes over last year. The industry also benefited from improved margins on account of higher retention prices and lower coal cost coupled with reduced interest rates which contributed positively on sector's profitability. Although, the annual domestic sales were highest ever in history however, exports declined by 2.26% as compared to the last year due to global recession.

Business Performance

(a) Production and Sales Volume Performance

The Kiln capacity utilization of the Company during the year under review stood at 79.38% as compared to 74.13% in the previous year. Overall clinker production was higher by 7.07% as compared to the last year. However, cement production was lower by 9.03% than that of the previous year. After achieving commercial operations of its subsidiary company, Thatta Power (Pvt) Ltd (TPPL), your cement plant has been able to get uninterrupted supply of electricity from the third quarter of the year under review. As a result, run factor of the plant has improved which shall improve efficiency and productivity of the production facility of the plant.

Descripition	2013	2012	Variance	
	------------------------Metric Tons------------------------			%
Plant capacity - Clinker	450,000	450,000	-	-
Production				
Clinker	357,206	333,601	23,605	7.07
Cement	369,911	406,651	(36,740)	(9.03)
GBFS	19,046	10,545	8,501	80.61
Class G Cement	408	150	258	172
Dispatches				
Cement				
- Local	360,022	330,742	29,280	8.86
- Class G - Local	408	150	258	172
- Export	9,001	78,196	(69,195)	(88.49)
	369,431	409,088	(39,657)	(9.69)
GBFS - Local	19,046	10,545	8,501	80.61
	388,477	419,633	(31,156)	(7.42)



During the year under review, the overall dispatches of your company were lower by 7.42% as compared to the last year mainly due to reduced exports. The Company focused on increasing local dispatches of cement including GBFS during the year which rose to 379,476 metric tons against 341,437 metric tons during the last year depicting a healthy increase of 11.14%. Cement exports stood at 9,001 metric tons as compared to 78,196 metric tons during the last year depicting a decline of 88.49%.

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

Descripition	2013	2012	Variance	
	------------------- Million Metric Tons -------------------			%
Cement Industry				
Local sales	25.058	23.947	1.111	4.63
Export sales	8.374	8.568	(0.194)	(2.26)
	33.432	32.515	0.917	2.82
	-------------------------Metric Tons-------------------------			
Thatta Cement Company Limited				
Local sales	379,476	341,437	38,039	11.14
Export sales	9,001	78,196	(69,195)	(88.49)
	388,477	419,633	(31,156)	(7.42)

The above analysis reflects the Company's performance as against the industry. The industry registered an increase of 4.63% in local sales whereas local sales of the Company increased by 11.14% mainly due to focused strategy over sales and marketing activities. The sales mix which was deliberately altered in favor of local sales to get maximum benefit of better and stable prices in the domestic market resulting in improved profitability of the Company. The Company's overall sales declined by 7.42% due to decline in exports by 88.49% as compared to exports of industry which declined by 2.26%.

(b) Financial Performance:

A comparison of key financial results of the Company for the year ended June 30, 2013 with the same period last year is as under:

Particulars	2013	2012
	----- (Rupees in '000) -----	
Turnover - net	2,361,192	2,314,211
Gross profit	485,513	250,092
Profit /(Loss) before taxation	257,044	(7,422)
Profit /(Loss) after taxation	148,478	(43,882)
Earning /(Loss) per share (Rupee)	1.49	(0.44)

The prices in local market improved and remained stable during the year which resulted in increase in local sales revenue. Further, due to stable prices of raw materials, decline in fuel cost and interest rate coupled with improved plant efficiency enabled the company to earn a profit before tax of Rs 257.044 million after providing depreciation of Rs.51.547 million.

(i) Sales Performance

Sales revenue of the Company during the year under review increased by 2.03% due to increase in local sales volume by 11.14% i.e. from 341,437 metric tons in 2012 to 379,476 metric tons in 2013. Improved prices also contributed to the increase in revenue. Whereas the export sales declined to 9,001 metric tons from 78,196 metric tons in 2012 i.e. by 88.49 %. The increase in local sales volume is attributable to better marketing strategies and spread of our product in rural areas of Sindh as well. Further, the local sales to total sales ratio also improved to 97.03% in 2013 from 78.64% in 2012 which augurs well for the Company in the long run.

(ii) Cost of Sales

The cost of sales to sales ratio has declined to 79.43% during the year as compared to 89.19% last year. This decrease is mainly attributable to stable purchase price of raw materials as well as decrease in fuel cost which improved the gross margin of the Company.

(iii) Distribution Cost

The distribution cost during the year decreased to Rs.66.091 million as compared to Rs. 108.276 million last year. The main reason for the decrease is lower export related freight and logistics expenses which decreased by 88.36%.

(iv) Finance Cost

Finance cost during the current year decreased by 13.91% as compared to the last year. This decrease is mainly due to decrease in discount rate by SBP which eventually led to decline in interest rates i.e. KIBOR during the year.

Subsequent appropriations

Based on the profit during the year under review, the Board of Directors has recommended a final cash dividend for the year ended June 30, 2013 at Rs 0.50 per share i.e. 5%. The entitlement shall be available to those shareholders whose name(s) appear on the shareholders' register at the close of business on October 2, 2013.

The effect of appropriation will be reflected in the subsequent financial statements.

Share Purchase Agreements executed during the year

During the year M/s Arif Habib Equity (Private) Limited and other associated companies executed share purchase agreements for the disposal of 49,859,062 shares and 10,846,251 shares respectively, details of which have been provided in note 16.1 to the unconsolidated financial statements.

Future Outlook

Budget for the fiscal year 2013-2014 has been announced by the Government which endeavors to substantially increase it's spending on Public Sector Development Programmes in the ensuing year. Further, in its efforts to tackle the energy issue, the Government has paid off the circular debt to stakeholders which will improve their cash flow positions and will ultimately enable them to arrange fuel supplies to their power plants for improved utilization of their generation capacity.

These steps indicate Government's incline to get the economy out of the looming energy crisis and other pitfalls which will lead to better economic outlook for the country in general and a positive impact on the cement consumption in particular which shall enhance future sales revenue of your company.

The Budget also envisages government's plan to build 500,000 small housing units to overcome the shortage of low cost housing. This step will serve as a shot in the arm for the cement industry to improve its capacity utilization on the one hand and create economic activity and job opportunities on the other.

Additionally, the prices in local markets have shown reasonable stability during the year which is a good sign for the cement industry. This trend is expected to continue in the coming year and may result in betterment in sales revenue of your company.

The Company has replaced medium voltage DOL motors which were high in power consumption by energy efficient VSD motors under the USAID Energy Efficiency and Capacity Program which has resulted in overall reduction in specific power consumption in cement production.

The Company is making constant efforts in improving plant efficiencies and adopting cost cutting measures by using alternative fuels to substitute costly imported coal to further reduce costs and to improve profitability of the company. Further, by adjusting the sales mix from export to local, the Company is mitigating the risk as far as possible.

Future plans envisage further upgrade and improvement in plant efficiencies through cutting edge technologies. The corporate strategy of the Company envisages sustainable growth through planning investment in viable projects as highlighted below.

Balancing, Modernization and Rehabilitation (BMR)

To improve cement plant efficiencies and ensure sustainable operation the Company has worked on a BMR program for which a contract has been signed with the world renowned supplier FLSmidth of Denmark for supply of equipment and engineering. The BMR would equip the plant with state of the art pyro process technology and efficient production facility. The BMR is expected to be completed in the 3rd quarter of next financial year. The completion of BMR would advance manifold benefits to the Company in terms of improved productivity, efficiencies, lowering cost of production, sustainability of operation etc. The payback period of the BMR is estimated to be about four years.

Global Certification for Class G Oil Well Cement

As part of Company's efforts to diversify, improve and explore business opportunities, we are pleased to inform our shareholders that your company has been authorized by the American Petroleum Institute (API) to use API Monogram, a global standard certification, on its products particularly Class G Oil well cement consumed by Oil & Gas Exploration companies. The said certification will thus enable your company to explore potential market/customers of Class G cement which is used in construction & drilling of Oil wells. Your company after the API certification has become the only company in Pakistan with a valid license to manufacture and sell Class G oil well cement in Pakistan and globally.

Cement Grinding, Storing and Bagging Plant

Opportunities exist for Pakistani businesses to invest in Sri Lanka on account of strong relations existing between Sri Lanka and Pakistan. Thatta Cement has taken the lead by getting approval from Sri Lankan authorities for establishment of a Cement Grinding & Packing plant at the port of Hambantota. Thatta Cement Company (Pvt) Ltd has been incorporated in Sri Lanka, as a local subsidiary company of Thatta Cement Company Limited, Pakistan and has signed a Business Venture Agreement on April 5, 2013 with the Sri Lanka Ports Authority to construct a Cement grinding, storing and bagging plant at the port of Hambantota. The proposed plant will employ a closed circuit cement grinding mill, cement storage and packing plant for cement manufacture and dispatch. This Business Venture Agreement has been signed for a term of 25 years. At the commencement, minimum guaranteed production volume of the plant will be 100,000 Mt/year which will be increased gradually up to 1,000,000 Mt/year at the end of the first decade.

On May 3, 2013, Thatta Cement Company (Pvt) Ltd has also executed a Joint Venture Shareholders' Agreement with Cementia Holding AG (Lafarge), Switzerland, in connection with the setting-up of Cement Grinding, Storing and Bagging Plant in Srilanka. To speed up completion of conditions precedent and other project requirements a project management team has been deputed in Sri Lanka. The team is currently engaged in obtaining clearance from the Environmental Department to be able to obtain license from BOI, Sri Lanka.

The project is expected to be ready for commercial operations within twenty four months. With a strong growth of cement consumption in Sri Lanka by over 8% p.a. the payback period of the project is estimated to be around four years.

Performance of Group

In compliance with section 236(5) of the Companies Ordinance, 1984, mentioned below is the state of Group's affairs i.e. Thatta Cement Company Limited (the holding company), M/s Thatta Power (Private)Limited (subsidiary company) and M/s Power Cement Limited (Formerly Al-Abbas Cement Industries Limited) (associated company) for the year ended June 30, 2013.

Operating Results

Balance Sheet	June 30, 2013 (Rs in '000)
Property, plant and equipment	2,161,681
Stock-in-Trade	349,313
Trade Debts	186,605
Paid-up Share Capital	997,181
Total Equity	1,247,214
Trade and Other payables	252,527
Short Term Borrowings	556,074
Profit and Loss	
Revenue	2,824,199
Gross Profit	754,736
Selling, Distribution and Administrative expenses	137,010
Operating profit	617,726
Profit before taxation	448,569
Profit after taxation	331,943

Thatta Power (Private) Limited - Captive Power Plant

Thatta Cement Company Limited (TCCL) is the holding company of Thatta Power (Private) Limited (TPPL), a subsidiary of TCCL which was incorporated in order to ensure uninterrupted power supply to the cement plant and sell surplus power to HESCO. TCCL holds 2,991,581 ordinary shares having face value of Rs. 100 each share of TPPL. TPPL started supplying electricity to TCCL from February 2013. Apart from fulfilling power requirements of the Company; it will facilitate sustained plant operation as well and will also help in reducing the substantial incremental power costs of re-starting the plant due to frequent power breakdowns.

The subsidiary has earned a profit after tax of Rs. 162.043 million; no distribution of profit has been made this year due to covenants of financing agreements executed by the subsidiary company. However, the distribution of profit to shareholders of the subsidiary company would be made in future subject to compliance of covenants of financing agreements.

Corporate Social Responsibility

Being a responsible corporate citizen, the Company always strives to discharge its social responsibilities towards the society. The Company promotes and facilitates welfare of the local communities in the town where the Company operates. During the year, the Company has incurred a substantial amount on various education and health initiatives. Initiatives during the year are presented separately.

Related Party Transactions

All related party transactions entered into are at arm's length basis and are being placed before and reviewed and approved by the Audit Committee as well as the Board of Directors of the Company in compliance with the Listing Regulations of the Karachi Stock Exchange Limited.

Code of Corporate Governance

The Directors of the Company are well aware of their responsibilities under the Code of Corporate Governance incorporated in the Listing Regulations of the Stock Exchange. All necessary steps are being taken to ensure Good Corporate Governance in the Company as required under the Code.

a. The financial statements, prepared by the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.

b. Proper books of account have been maintained by the Company.

c. Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

d. Applicable International Accounting Standards have been followed in preparation of financial statements and there has been no material departure therefrom.

e. The system of internal control has been effectively implemented and is continuously reviewed and monitored.

f. We have an Audit Committee, the members of which are amongst non executive directors of the Board.

g. The Company is a going concern and there is no doubt at all about the Company's ability to continue as a going concern.

h. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

i. The Board of Directors has adopted a mission statement and statement of overall corporate strategy.

j. The company has developed a Code of Conduct, which has been placed on website of the Company.

k. There is nothing outstanding against the Company on account of taxes, duties, levies and other charges except for those which are being made in the normal course of business and disclosed in the financial statements.

l. The Company maintains Provident and Gratuity Fund for its permanent employees. Stated below are the amount charged by the Company in profit and loss:

» Provident Fund	Rs. 4,237,000
» Gratuity Fund	Rs. 6,586,000

The value of investments of retirement benefit plans of Thatta Cement Company Limited as on June 30, 2013 are as follows:

» Provident Fund	Rs. 27,512,901
» Gratuity Fund	Rs. 27,286,325

m. Earning per share for the year was Rs. 1.49 as against Loss per share of Re. 0.44 last year.

n. We have included the following information in the annual report, as required by the Code of Corporate Governance:

i. Statement of pattern of shareholding.
ii. Key operating and financial statistics for the last six years.
iii. Statement of number of Board and Audit Committee meetings held during the year and attendance by each director (Annexure I).
iv. No trading of shares was carried out by Directors, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer & Company Secretary and their spouses and minor children.

External Auditors

The present auditors M/s KPMG Taseer Hadi & Co., Chartered Accountants being eligible have offered themselves for re-appointment. As per recommendation of Audit Committee, the Board recommends the appointment of M/s KPMG Taseer Hadi & Co., Chartered Accountants as auditors of the Company for the year 2013-2014.

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 dedicated services, loyalty and hard work of all the employees of the Company and hope their continued dedication shall further consolidate the Company and its standing.

On behalf of the Board

Karachi: September 13, 2013

Muhammad Fazlullah Shariff
Chief Executive Officer

Major Initiative to diversify its product range

In order to diversify its product range the Company had setup a state of the art Laboratory for testing of Class G Oil well cement conforming to the American Petroleum Institute (API) standard which was the first step towards seeking API certification.

Class G Oil well cement - Testing Laboratory

Global Certification for Class G Oil Well Cement

American Petroleum Institute

Certificate of Authority to use the Official API Monogram

License Number: 10A-0107 **ORIGINAL**

The American Petroleum Institute hereby grants to

THATTA CEMENT COMPANY LIMITED
Makli Ghullamullah Road
Thatta, Sindh
Pakistan

the right to use the Official API Monogram® on manufactured products under the conditions in the official publications of the American Petroleum Institute entitled API Spec Q1® and **API Spec 10A** and in accordance with the provisions of the License Agreement.

In all cases where the Official API Monogram is applied, the API Monogram should be used in conjunction with this certificate number: **10A-0107**

The American Petroleum Institute reserves the right to revoke this authorization to use the Official API Monogram for any reason satisfactory to the Board of Directors of the American Petroleum Institute.

The scope of this license includes the following product: API Well Cement Class G, Type HSR

QMS Exclusions: Section 7.3, Design and Development; Section 7.5.4, Customer Property

Effective Date: JUNE 11, 2013
Expiration Date: JUNE 11, 2016

American Petroleum Institute

To verify the authenticity of this license, go to www.api.org/compositelist.

An audit was conducted by the API auditor to verify that systems and processes are available at the plant for manufacturing of Class G Oil well cement. Upon successful completion of the audit, the Company has been certified by the API as a manufacturer of Oil well cement and has been able to obtain the certificate of authority to use official monogram, a global standard certification, on its products particularly Class G Oil well cement from the American Petroleum Institute (API).

Corporate Social Responsibility

Educational Activities

The Company has formed an Education Board which has established a Model Terbiat School, a non-profit organization to provide educational facilities to under privileged students in close vicinity to our plant including children of employees of the Company. This school provides education upto secondary level to all such students and also provides free education to deserving students from nearby localities.

School teachers gathered at Assembly floor

Students attending Lecture

Students doing experiments at Science lab

Ramzan Package

The Company arranges Ramzan ration packages for all its employees and needy people as a succor at the commencement of the holy month of Ramzan.

Health related Initiatives

This includes provision of free health care facilities and treatment to 5,240 patients involved in 42 different diseases from 26 near around villages including employees of the Company.

Skin Specialist Diagnosing Skin Diseases

Distribution of Free Medicines to Villagers

Free Hepatitis Screening and Vaccination Camp

Annexure I

Attendance of Directors in Board Meetings held during the year ended June 30, 2013:

Name	No.of Meetings	Meetings attended
Mr. Muhammad Arif Habib – Chairman*	5	4
Mr. Muhammad Fazlullah Shariff - Chief Executive Officer	5	5
Mr. Nasim Beg - Director	5	4
Mr. Shahid Aziz Siddiqui – Director	5	4
Mr. Wazir Ali Khoja - Director	5	2
Mr. Khawaja Mohammad Salman Younis - Director	5	5
Mr. Naveed Rabbani - Director	5	4

*Resigned on July 11, 2013

Attendance of Audit Committee Meetings held during the year ended June 30, 2013:

Name	No.of Meetings	Meetings attended
Mr. Shahid Aziz Siddiqui – Chairman Committee	4	3
Mr. Nasim Beg - Member	4	4
Mr. Khawaja Mohammad Salman Younis - Member	4	4
Mr. Naveed Rabbani - Member	4	3

PATTERN OF SHAREHOLDINGS - CDC AND PHYSICAL
AS ON JUNE 30, 2013

No. of shareholders	Shareholdings		Total shares held
	From	To	
97	1	100	770
692	101	500	340,141
98	501	1,000	83,155
39	1,001	5,000	82,625
3	5,001	10,000	25,000
1	15,001	20,000	17,500
1	25,001	30,000	30,000
1	50,001	55,000	54,870
1	55,001	60,000	56,750
1	60,001	65,000	62,500
1	65,001	70,000	68,000
1	80,001	85,000	85,000
1	85,001	90,000	85,331
1	200,001	205,000	201,368
1	595,001	600,000	598,500
1	1,245,001	1,250,000	1,250,000
1	1,800,001	1,805,000	1,800,526
1	2,340,001	2,345,000	2,342,000
1	3,370,001	3,375,000	3,375,000
1	3,560,001	3,565,000	3,560,080
1	4,625,001	4,630,000	4,627,250
1	5,905,001	5,910,000	5,908,500
1	7,495,001	7,500,000	7,500,000
1	8,460,001	8,465,000	8,462,835
1	9,855,001	9,860,000	9,859,862
1	19,340,001	19,345,000	19,343,500
1	29,895,001	29,900,000	29,897,062
951			99,718,125

COMBINED PATTERN OF CDC AND PHYSICAL SHAREHOLDINGS
AS AT JUNE 30, 2013

Category No.	Categories of Shareholders	No. of shares held	Category wise no. of share holders	Category wise shares held	Percentage %
1	INDIVIDUALS		923	1,658,259	1.66
2	INVESTMENT COMPANIES		-	-	-
3	JOINT STOCK COMPANIES		12	25,321,751	25.40
4	DIRECTORS, CHIEF EXECUTIVE OFFICER,				
	THEIR SPOUSE AND MINOR CHILDREN		5	63,000	0.07
	- MUHAMMAD ARIF HABIB	62,500			
	- MUHAMMAD FAZLULLAH SHARIFF	125			
	- NASIM BEG	125			
	- KHAWAJA MOHAMMAD SALMAN YOUNIS	125			
	- NAVEED RABBANI	125			
5	EXECUTIVES		-	-	-
6	MUTUAL FUNDS		3	7,152,080	7.17
	- NATIONAL BANK OF PAKISTAN - TRUSTEE DEPARTMENT NI(U)T FUND	3,560,080			
	- CDC - TRUSTEE NIT - EQUITY MARKET OPPORTUNITY FUND	2,342,000			
	- CDC - TRUSTEE NAFA STOCK FUND	1,250,000			
7	ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES		4	44,787,673	44.91
	- ARIF HABIB CORPORATION LIMITED	4,627,250			
	- SUMMIT BANK LIMITED	8,462,835			
	- ARIF HABIB LIMITED	1,800,526			
	- ARIF HABIB EQUITY (PVT) LIMITED	29,897,062			
8	PUBLIC SECTOR COMPANIES AND CORPORATIONS		-	-	-
9	BANKS, DFIs, NBFIs, INSURANCE COMPANIES,				
	MODARBAS AND PENSION FUNDS		3	20,734,862	20.79
10	FOREIGN INVESTORS		1	500	-
11	CO-OPERATIVE SOCIETIES		-	-	-
12	CHARITABLE TRUSTS		-	-	-
13	OTHERS		-	-	-
			951	99,718,125	100.00

SHAREHOLDERS HOLDING FIVE PERCENT OR MORE VOTING INTEREST IN THE COMPANY

TOTAL PAID-UP CAPITAL OF THE COMPANY 99,718,125 Shares

5% OF THE PAID-UP CAPITAL OF THE COMPANY 4,985,906 Shares

NAME(S) OF SHAREHOLDER(S)	DESCRIPTION	NO. OF SHARES HELD	PERCENTAGE
ARIF HABIB EQUITY (PVT) LTD	FALLS IN CATEGORY # 7	29,897,062	29.98%
NATIONAL BANK OF PAKISTAN	FALLS IN CATEGORY # 9	9,859,862	9.89%
SUMMIT BANK LIMITED	FALLS IN CATEGORY # 7	8,462,835	8.49%
STATE LIFE INSURANCE CORPORATION OF PAKISTAN	FALLS IN CATEGORY # 9	7,500,000	7.52%
SKY PAK HOLDING (PVT) LTD	FALLS IN CATEGORY # 3	19,343,500	19.40%
RISING STAR HOLDING (PVT) LTD	FALLS IN CATEGORY # 3	5,908,500	5.93%

Statement of Compliance with the Code of Corporate Governance

For the year ended June 30, 2013

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 35 of Listing Regulations of Karachi Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. As on June 30, 2013 the Board includes:

Category	Names
Independent Directors	Mr. Wazir Ali Khoja, Mr. Shahid Aziz Siddiqui, Mr. Naveed Rabbani and Mr. Khawaja Mohammad Salman Younis
Executive Director	Mr. Muhammad Fazlullah Shariff
Non-Executive Directors	Mr. Muhammad Arif Habib and Mr. Nasim Beg

The independent directors meet the criteria of independence under clause (i) (b) of the CCG.

2. The Directors have confirmed that none of them is serving as a Director in more than seven listed companies, including this Company, except for Mr. Wazir Ali Khoja and Mr. Shahid Aziz Siddiqui who have been given Letter of Dispensation of Clause III of Code of Corporate Governance, 2002 (CCG, 2002) by SECP vide letter dated January 28, 2011 valid till January 28, 2014 and Clause II of Code of Corporate Governance, 2012(CCG, 2012) by SECP vide letter dated September 4, 2012, respectively. However, one of the Director was serving as a Director in more than seven listed companies, including this Company, therefore he has tendered his resignation as director of the Company subsequent to reporting period to comply with the requirement of CCG,2012.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred in the Board during the year ended on June 30, 2013.

5. The Company has prepared a 'Code of Conduct 'and the same has been placed on Company's website to disseminate it throughout the Company.

6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment, determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO) and other executive directors, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. As per the requirement of clause xi of the CCG, from June 30, 2012, every year a minimum of one director shall acquire director's training. Mr. Shahid Aziz Siddiqui, one of the directors of the Company is already certified under Corporate Governance training program. The Company is committed to get all those directors of its Board to acquire certification by June 30, 2016. During the year, Mr. Khawaja Mohammad Salman Younis, director has also attended two modules of directors' training certification program conducted by Pakistan Institute of Corporate Governance, whereas the remaining two modules will be completed in due course.

10. No new appointment of Chief Financial Officer (CFO) and Company Secretary has been made after revised CCG has taken affect. However, his remuneration and terms and conditions of employment have been duly approved by the Board. As per the requirement of CCG, the company has also appointed a full time employee as Head of Internal Audit and his remuneration, terms and conditions of employment have also been duly approved by the Board.

11. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

13. The directors, CEO and other executives do not hold any interest in the shares of the Company other than disclosed in the pattern of shareholdings.

14. The Company has complied with all the corporate and financial reporting requirements of the Code.

15. The Board has formed an Audit Committee. It comprises of four members, all are non-executive directors and the Chairman of the committee is an independent director.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has formed an HR and Remuneration Committee. It comprises of three members of whom majority are non-executive directors and the Chairman of the committee is an independent director.

18. The Board has outsourced the internal audit function to M/s M. Yousuf Adil Saleem & Co., Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programe of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.

20. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange.

21. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

22. Material/price sensitive information has been disseminated among all the participants at once through stock exchange.

23. We confirm that all other material principles contained in the Code have been duly complied with.

For and on behalf of the Board

Karachi: September 13, 2013

Muhammad Fazlullah Shariff
Chief Executive Officer

KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2
Beaumount Road
Karachi, 75530 Pakistan

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Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Thatta Cement Company Limited ("the Company") to comply with the Listing Regulations of the Karachi Stock Exchange Limited.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further, Listing Regulations of the Stock Exchange where the Company is listed, require the company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were under taken at arm's length price or not.

We draw attention to paragraphs 2 and 9 of the Statement of Compliance which more fully explain the steps taken by the Company to seek compliance with requirements relating to maximum number of directorships of directors of the Company and training program of the Board of Directors.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended 30 June 2013.

KPMG Taseer Hadi & Co.

Date: September 13, 2013

KPMG Taseer Hadi & Co.
Chartered Accountants

Karachi.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the shareholders of Thatta Cement Company Limited will be held at Beach Luxury Hotel, M. T. Khan Road, Karachi on Thursday, October 10, 2013 at 12.00 Noon to transact the following business:

A. Ordinary Business

1. To confirm the minutes of Annual General Meeting of the shareholders held on October 16, 2012.

2. To receive, consider and adopt Annual Audited Financial Statements of the Company together with the Directors' and the Auditors' reports thereon for the year ended June 30, 2013, together with the Audited Consolidated Financial Statements of the Company and the Auditors' report thereon for the year ended June 30, 2013.

3. To consider, declare and approve final cash dividend for the year ended June 30, 2013 at the rate of Rs. 0.50 per share i.e. 5% as recommended by the Board of Directors.

4. To appoint auditors of the Company for the year ending on June 30, 2014 and fix their remuneration. The Board of Directors have recommended appointment of M/s KPMG Taseer Hadi & Co., Chartered Accountants, the retiring auditors, as external auditors.

B. Special Business

5. Investment in Thatta Power (Pvt) Ltd (TPPL) made under section 208 of Companies Ordinance, 1984

   To consider and approve with or without any amendment the following resolution as special resolution:

   RESOLVED THAT shares offered by TPPL renounced by the Company in terms of Board of Directors' decision taken in their meeting held on May 31, 2012, in view of requirement of Capital Issue Rules, 1996 and to avoid extra burden on the shareholders, be and is hereby confirmed and approved by Shareholders of the Company to comply with SECP's requirement.

   A statement as required under section 160(1)(b) of the Companies Ordinance, 1984 is being sent to the members along with the notice.

6. Investment in Cement Grinding & Packing Plant in Sri Lanka under section 208 of Companies Ordinance, 1984

   In terms of SRO No. 27(I)/2012 dated January 16, 2012 issued by the SECP, to consider and approve with or without any amendment the following resolutions as special resolutions:

   RESOLVED THAT the time period for making investment in associated undertaking as approved by shareholders in last Annual General Meeting held on October 16, 2012, be and is hereby extended till the holding of next Annual General Meeting of the Company to meet the requirement of Regulation no. 8(1) of SRO 27(I)/(2012) dated January 16, 2012 issued by SECP.

   FURTHER RESOLVED THAT the Chief Executive and/or the Company Secretary be and is hereby authorised to take and do and / or cause to be taken or done any / all necessary actions, deeds and things which are or may be necessary for giving effect to the aforesaid resolution and to do all acts, matters, deeds and things which are necessary or incidental for making such investment.

   A statement as required under section 160(1)(b) of the Companies Ordinance, 1984 is being sent to the members along with the notice.

7. To transact any other business with the permission of the Chair.

By Order of the Board

Karachi: September 13, 2013

Muhammad Taha Hamdani
CFO & Company Secretary

Notes:

1. The Share Transfer Books of the Company for Ordinary Shares will remain closed from October 3, 2013 to October 10, 2013 (both days inclusive) for determination of entitlement of shareholders to final cash dividend and to attend and vote at the Annual General Meeting.

   a. Physical transfers and deposit requests under Central Depository System received at the close of business on October 2, 2013 by the Company's Share Registrar i.e. THK Associates (Pvt) Ltd, Ground Floor, State Life Building No.3, Dr. Ziauddin Ahmed Road, Karachi 75530, will be treated as being in time for above mentioned entitlement and to attend the meeting.

   b. A member of the Company entitled to attend and vote may appoint another member as his / her proxy to attend and vote instead of him / her. The instrument of proxy i.e. proxy forms must be received at the Registered Office of the Company not less than 48 hours before the time of the meeting.

   c. The form of proxy must be submitted with the Company within the stipulated time, duly witnessed by two persons whose names, address and CNIC numbers must be mentioned on the form, along with attested copies of CNIC or Passport of the beneficial owner and the proxy.

   d. In case of corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signature(s) shall be submitted with the proxy form.

   e. Beneficial owners of the physical shares and the shares registered in the name of Central Depository Company of Pakistan Ltd. (CDC) and / or their proxies are required to produce their original Computerized National Identity Card (CNIC) or Passport for identification purpose at the time of attending the meeting.

2. SECP has directed vide SRO No. 831(1)/2012 dated July 05, 2012 to issue dividend warrant only crossed as "A/c Payee only" and should bear the Computerised National Identity Card (CNIC) No. of the registered member. The Company has already requested for the same vide its letter dated March 19, 2013 sent to its shareholders.

   All those shareholders who have not submitted their valid CNICs are once again requested to send a photocopy of their valid CNIC/NTN alongwith the Folio number(s) to the Company's Share Registrar. No dividend will be payable unless the CNIC number is printed on the dividend warrants, so please let us have your CNIC, failing which we will not be responsible if we are unable to pay the dividends to the shareholders who have not yet submitted their valid CNIC.

   As advised by SECP vide Circular No. 8(4) SM/CDC 2008 dated April 5, 2013 and earlier Circular No. 18, 2012 dated June 5, 2012, members are encouraged to provide duly filled in dividend mandate form to Company's Share Registrar to receive the cash dividend declared by the Company, if any, directly into their bank account through e-dividend payment mechanism. Members not providing dividend mandate shall continue to be paid through the dividend warrants.

3. Shareholders are requested to notify immediately to Company’s Share Registrar of any change in their address.

Statement under section 160(1)(b) of the Companies Ordinance,1984

Material facts concerning special business at the Annual General Meeting are given below:

a) Investment in Thatta Power (Pvt) Ltd (TPPL) made under section 208 of Companies Ordinance, 1984

During the year ended June 30, 2012, the Company received offer to subscribe shares @ 60.16% amounting to Rs. 180 million of Thatta Power (Pvt) Ltd (TPPL) being the wholly owned subsidiary of the Company.

Accordingly, the Board of Directors of the Company in their meeting held on May 31, 2012 decided to renounce the offer of shares made by TPPL based on the fact that company had earlier offered right issue in June 2011 and allotted in July 2011 to obtain funds from shareholders to make investment in TPPL and as per Capital Issues Rules, 1996, a listed Company cannot offer another right prior to completion of one year from the previous issue/ allotment of shares. Further, the Company would also be requiring funds for investment in project in Sri Lanka and up gradation of Thatta Cement Company Limited (TCCL) production facility. Therefore, in order to avoid unnecessary burden on the shareholders of the company, right offer from TPPL was renounced.

The Company is of the view that renunciation of right offer of TPPL by the Company resulting in dilution of TCCL holding does not constitute sale/disposal/disinvestment in terms of SRO No.819/2007 dated August 10, 2007 and therefore did not require approval of shareholders under Section 208 of the Companies Ordinance, 1984. However, SECP's view on this matter is different from that of TCCL i.e. such renouncement of shares of TPPL constitutes 'disinvestment' in terms of SRO No.819/2007 dated August 10, 2007, therefore TCCL is regularizing the matter in view of SECP's requirement.

b) Investment in Cement Grinding & Packing Plant in Sri Lanka under section 208 of Companies Ordinance, 1984

In terms of Regulation 4(2) of Companies (Investment in Associated companies or Associated Undertakings) Regulations, 2012 dated January 16, 2012 (Regulations), every listed company which has obtained approval of shareholders to make investment under section 208 in Annual General Meeting of the Company and has not been able to make investment till the holding of next general meeting is required to provide update to shareholders in respect of such investment not made so far.

The Company in previous general meeting held on October 16, 2012 had sought approval under section 208 of the Companies Ordinance, 1984 for investment in the following associated company/undertaking in which investment has not been made so far. Approval for renewal of equity investment is hereby sought from shareholders and therefore, in terms of paragraph 4(2) of aforesaid Regulations, following information is given below:

	Description		Investment in Securities
a)	Total Investment approved		USD 3.06 million equivalent to Pak Rs 320.08 million (subject to change in exchange rate on the date of investment) converted at exchange rate of Pak Rupee/US $ i.e. 104.60 on September 13, 2013
b)	Amount of Investment made to date		NIL

	Description		Investment in Securities
c)	Reasons for not having made complete investment so far where resolution required it to be implemented in specified time.		Following activities have taken placed since holding of last Annual General Meeting on October 16, 2012.
		1.	On April 5, 2013, a Business Venture agreement has been executed by Thatta Cement Company (Pvt) Limited, Srilanka with Sri Lanka Ports Authority in Srilanka, in respect of Cement Grinding, Storing and Bagging Plant in Srilanka.
		2.	On May 3, 2013, Company has also executed a Joint Venture Shareholders' Agreement with Cementia Holding AG (Lafarge), Switzerland in relation to investment approved.
		3.	Further, in addition to above, various other legal formalities to be complied prior to remittance of funds/investment including approval from Board of Investment, Srilanka and State Bank of Pakistan are under process. Therefore, investment can be made subject to the said approvals.
		4.	Under the said Regulation , unless specifically authorized by members in general meeting, the special resolution authorizing investment in associated undertaking shall be valid for a period of twelve months and shall stand lapse after such period as provided in regulation no. 8(1) of the aforesaid Regulations. Therefore, it is proposed to extend the said period till the holding of next Annual General Meeting.
d)	Material change in financial statements of associated company or undertaking since the resolution passed for making investment in said company or undertaking.		Not applicable

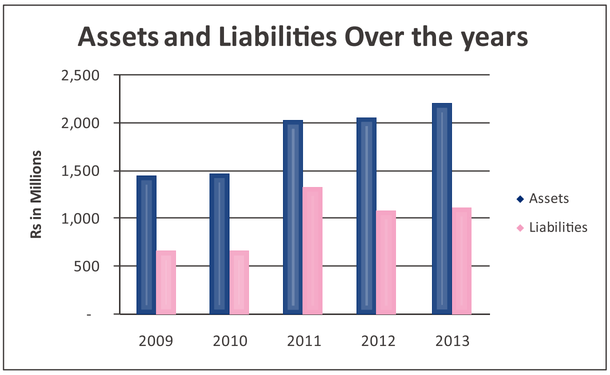
This Statement is being issued in compliance with Regulation 4(2) and 8(1) of Companies (Investment in Associated companies or Associated Undertakings) Regulations, 2012 for information of shareholders of the Company.

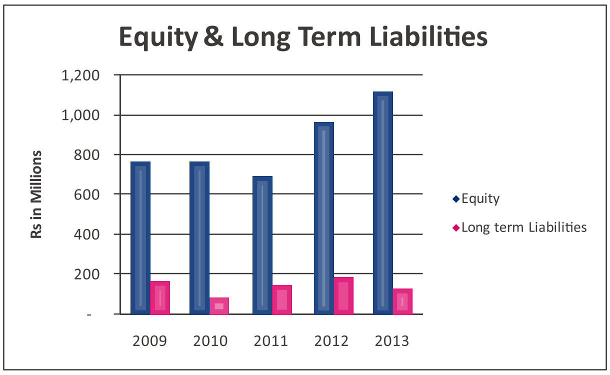
METAL

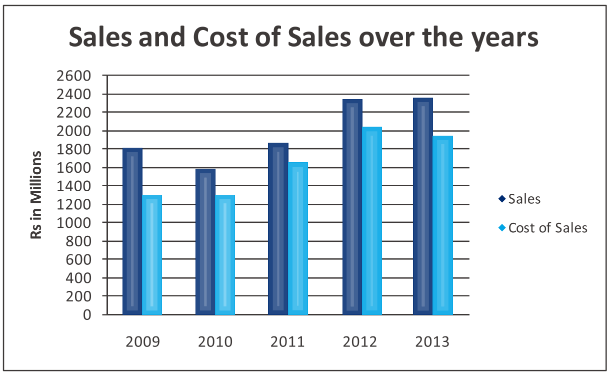
DETERMINED TO SUCCEED

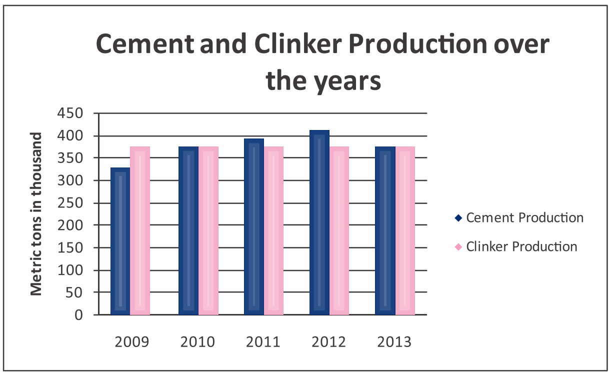
With a steely determination we are always committed day in day out to fulfill the needs of our valued customers and expanding our horizons with every passing day.

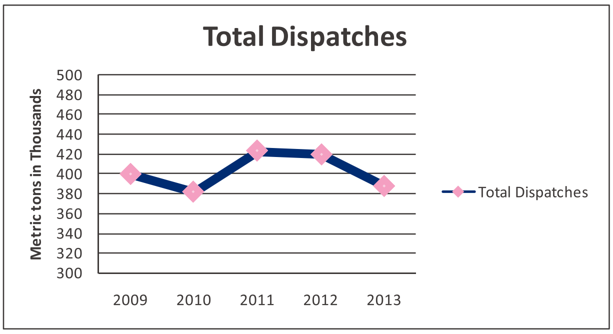
FINANCIAL HIGHLIGHTS











KEY OPERATING AND FINANCIAL STATISTICS OF SIX YEARS

For the year ended June 30, 2013

	2013	2012	2011	2010	2009	2008
	(Rupees in '000)					
Assets Employed						
Property, plant and equipment	832,695	793,874	804,663	848,781	822,149	744,289
Intangible assets	448	3,366	3,216	3,116	2,616	-
Long term deposits	1,006	792	792	88	88	2,708
Long term investment in associate	127,847	127,847	127,847	-	-	-
Long term investment in subsidiary	299,158	299,158	-	-	-	-
Current assets	935,797	816,950	1,055,648	585,639	594,336	599,355
	2,196,951	2,041,987	1,992,166	1,437,624	1,419,189	1,346,352
Financed by						
Shareholders equity	1,106,718	958,240	702,968	775,563	770,811	570,749
Long term financing	73,865	131,785	103,037	41,666	83,333	166,662
Current portion of long term financing	57,919	57,919	46,147	41,667	83,332	97,224
	131,784	189,704	149,184	83,333	166,665	263,886
Long term deposits & deferred liabilities	122,759	61,183	39,222	48,681	57,934	21,988
Current liabilities	893,609	890,779	1,146,939	571,714	507,111	586,953
Current portion of long term financing	(57,919)	(57,919)	(46,147)	(41,667)	(83,332)	(97,224)
	835,690	832,860	1,100,792	530,047	423,779	489,729
Total funds invested	2,196,951	2,041,987	1,992,166	1,437,624	1,419,189	1,346,352
Turnover and Profit						
Turnover	2,361,192	2,314,211	1,854,649	1,544,124	1,795,109	1,415,463
Gross Profit	485,513	250,092	239,031	277,353	496,977	207,312
Operating (loss) / profit	351,473	71,419	(37,762)	40,577	340,551	79,965
Profit/ (Loss) before tax	257,044	(7,422)	(64,188)	1,769	263,398	53,796
Profit/ (Loss) after tax	148,478	(43,882)	(74,495)	942	203,872	39,522
Accumulated profit /(Loss) carried forward	9,819	(138,659)	(94,777)	(22,182)	(23,124)	(226,996)
Earning/ (Loss) per share (Rupees)	1.49	(0.44)	(0.93)	0.01	2.56	0.50
Breakup value per share (Rupees)	11.10	9.61	8.81	9.72	9.66	7.15
Ratio Analysis	In percentage %					
Profitability						
Gross profit to sales	20.56	10.81	12.89	17.96	27.69	14.65
Operating Profit/ (loss) to sales	14.89	3.09	(2.04)	2.63	18.97	5.65
Profit/(Loss) before tax to sales	10.89	(0.32)	(3.46)	0.11	14.67	3.80
Net Profit /(loss) after tax to sales	6.29	(1.90)	(4.02)	0.06	11.36	2.79
Solvency						
Working capital ratio	1.05	0.91	0.92	1.02	1.17	1.02
Acid test ratio	0.29	0.28	0.50	0.26	0.28	0.38
Inventory turnover (COGS) - days	57.02	39.66	51.75	66.87	49.73	54.69
Overall Assessment & Valuation						
Return on equity after tax	13.42	(4.58)	(10.60)	0.12	26.45	6.92
Long term debts to equity ratio	6.26	12.09	12.78	5.10	9.76	29.20
Return on assets	6.76	(2.15)	(3.74)	0.07	14.37	2.94


THATTA CEMENT

WATER

FLOWING TOWARDS TRIUMPH

Thatta Cement always makes sure to deliver even in the face of hardships so that the uninterrupted flow of building material to different parts of the country keeps moving.

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Auditors' Report to the Members

We have audited the annexed unconsolidated balance sheet of Thatta Cement Company Limited ("the Company") as at 30 June 2013 and the related unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion:

   i) the unconsolidated balance sheet and unconsolidated profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

   ii) the expenditure incurred during the year was for the purpose of the Company's business; and

   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company.

c) in our opinion and to the best of our information and according to the explanations given to us, the unconsolidated balance sheet, unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof confirm with approved accounting standards as applicable in Pakistan and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2013 and of the profit, cash flows and changes in equity for the year then ended; and

d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

The unconsolidated financial statements of the Company for the year ended 30 June 2012 were audited by another firm of Chartered Accountants who vide their report dated 18 September 2012 expressed an unqualified opinion thereon.

KPMG Taseer Hadi & Co.

Date : 13 September, 2013

Karachi.

KPMG Taseer Hadi & Co.
Chartered Accountants
Mazhar Saleem

Unconsolidated Balance Sheet
As at 30 June 2013

ASSETS	Note	2013	2012
NON-CURRENT ASSETS		----- (Rupees in '000) -----	
Property, plant and equipment	5	832,695	793,874
Intangible assets	6	448	3,366
Long term investment in associate	7	127,847	127,847
Long term investment in subsidiary	8	299,158	299,158
Long term deposits		1,006	792
		1,261,154	1,225,037
CURRENT ASSETS			
Stores, spare parts and loose tools	9	312,748	329,862
Stock-in-trade	10	356,776	229,723
Trade debts	11	133,092	138,782
Loans and advances	12	70,821	36,558
Trade deposits and short term prepayments	13	6,165	9,118
Other receivables and accrued interest	14	49,506	5,534
Taxation - net		-	64,138
Cash and bank balances	15	6,689	3,235
		935,797	816,950
		2,196,951	2,041,987
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital 200,000,000 (2012: 100,000,000) ordinary shares of Rs. 10/- each	16	2,000,000	1,000,000
Issued, subscribed and paid-up capital	16	997,181	997,181
Share premium		99,718	99,718
Accumulated profit / (loss)		9,819	(138,659)
		1,106,718	958,240
NON-CURRENT LIABILITIES			
Long term financing	17	73,865	131,785
Long term deposits	18	5,971	3,581
Long term employee benefit	19	10,111	9,544
Deferred taxation	20	106,677	48,058
		196,624	192,968
CURRENT LIABILITIES			
Trade and other payables	21	260,455	404,698
Accrued mark-up	22	17,270	11,816
Current maturity of long term financing	17	57,919	57,919
Taxation - net		1,891	-
Short term borrowings	23	556,074	416,346
		893,609	890,779
CONTINGENCIES AND COMMITMENTS	24		
		2,196,951	2,041,987

The annexed notes from 1 to 44 form an integral part of these unconsolidated financial statements.

CHIEF EXECUTIVE

DIRECTOR

Unconsolidated Profit & Loss Account
For the year ended 30 June 2013

	Note	2013	2012
		----- (Rupees in '000) -----	
Sales - net	25	2,361,192	2,314,211
Cost of sales	26	(1,875,679)	(2,064,119)
Gross profit		485,513	250,092
Selling and distribution cost	27	(66,091)	(108,276)
Administrative expenses	28	(67,949)	(70,397)
		(134,040)	(178,673)
Operating profit		351,473	71,419
Other operating expenses	29	(35,672)	(2,626)
Finance cost	30	(83,067)	(96,498)
		(118,739)	(99,124)
Other income	31	24,310	20,283
Profit / (loss) before taxation		257,044	(7,422)
Taxation	32	(108,566)	(36,460)
Profit / (loss) after taxation		148,478	(43,882)
		(Rupees)	
Earnings / (losses) per share - basic and diluted	33	1.49	(0.44)

The annexed notes from 1 to 44 form an integral part of these unconsolidated financial statements.

CHIEF EXECUTIVE

DIRECTOR

Unconsolidated Statement of Comprehensive Income
For the year ended 30 June 2013

	2013	2012
	----- (Rupees in '000) -----	
Profit / (loss) after taxation	148,478	(43,882)
Other comprehensive income		
Other comprehensive income for the year	-	-
Total comprehensive income / (loss) for the year	148,478	(43,882)

The annexed notes from 1 to 44 form an integral part of these unconsolidated financial statements.

CHIEF EXECUTIVE

DIRECTOR

Unconsolidated Cash Flow Statement

For the year ended 30 June 2013

	2013	2012
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	257,044	(7,422)
Adjustment for:		
Depreciation	51,547	50,713
Impairment of intangible	3,216	-
Amortization of intangible	9	-
Finance cost	83,067	96,498
Provision for doubtful debts	711	(180)
Provision for leave encashment	2,654	2,906
Provision for gratuity	6,586	6,232
Reversal of provision for slow moving and dead stores and spares	(547)	-
Fixed assets written off	-	1,252
Loss / (profit) on disposal of property, plant and equipment	38	(5,823)
	147,281	151,598
Operating cash flows before working capital changes	404,325	144,176
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	17,661	(67,756)
Stock-in-trade	(127,053)	(10,432)
Trade debts	4,979	(49,930)
Loans and advances	(34,263)	(9,838)
Trade deposits and short term prepayments	2,953	(2,909)
Other receivable, accrued interest & sales tax refundable	(12,012)	93,212
	(147,735)	(47,653)
(Decrease) / increase in current liabilities		
Trade and other payables excluding gratuity payable	(142,384)	115,889
Gratuity payable - transferred from other liability	-	41
Cash generated from operations	114,206	212,453
Finance cost paid	(77,613)	(102,671)
Gratuity paid	(8,444)	(7,050)
Leave encashment paid	(2,087)	(1,193)
Tax refund / (paid) - net	16,082	(30,913)
	(72,062)	(141,827)
Net cash generated from operating activities	42,144	70,626

Unconsolidated Cash Flow Statement
For the year ended 30 June 2013

	Note	2013	2012
		----- (Rupees in '000) -----	
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(122,542)	(42,575)
Addition in intangible assets		(307)	(150)
Proceeds from disposal of property, plant and equipment		175	7,222
Long term deposits - assets		(214)	-
Long term investment in subsidiary		-	(299,158)
Net cash used in investing activities		(122,888)	(334,661)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(57,920)	(79,480)
Long term finance obtained		-	120,000
Proceeds from issuance of right shares		-	22,500
Long term deposits - liabilities		2,390	(120)
Net cash (used in) / generated from financing activities		(55,530)	62,900
Net decrease in cash and cash equivalents		(136,274)	(201,135)
Cash and cash equivalents at beginning of the year		(413,111)	(211,976)
Cash and cash equivalents at end of the year	34	(549,385)	(413,111)

The annexed notes from 1 to 44 form an integral part of these unconsolidated financial statements.

CHIEF EXECUTIVE

DIRECTOR

Unconsolidated Statement of Changes in Equity

For the year ended 30 June 2013

	Issued, subscribed and paid-up capital	Share premium	Accumulated profit / (loss)	Total
	(Rupees in '000)			
Balance as at 1 July 2011	797,745	-	(94,777)	702,968
Transactions with owners recorded directly in equity				
Issued 19,943,600 ordinary shares of Rs.10 each at the premium of Rs.5 per share	199,436	99,718	-	299,154
Total comprehensive loss for the year ended 30 June 2012				
Loss for the year	-	-	(43,882)	(43,882)
Balance as at 30 June 2012	997,181	99,718	(138,659)	958,240
Total comprehensive income for the year ended 30 June 2013				
Income for the year	-	-	148,478	148,478
Balance as at 30 June 2013	997,181	99,718	9,819	1,106,718

The annexed notes from 1 to 44 form an integral part of these unconsolidated financial statements.

CHIEF EXECUTIVE

DIRECTOR

Notes to the Unconsolidated Financial Statements
For the year ended 30 June 2013

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 Karachi 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 - 75600. The production facility of the Company is located at Ghulamullah Road, Makli, District Thatta, Sindh.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These unconsolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, and provisions of and directives issued under the Companies Ordinance, 1984. In case the requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

These unconsolidated financial statements are being submitted to the shareholders as required under section 233 of the Companies Ordinance, 1984 and the listing regulations of Karachi Stock Exchange.

2.2 Basis of measurement

These unconsolidated financial statements have been prepared under historical cost convention except for certain employee retirement benefits which are stated as reported in their respective notes.

2.3 Functional and presentation currency

These unconsolidated financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

2.4 Use of estimates and judgements

The preparation of these unconsolidated financial statements in conformity with approved accounting standards require management to make estimates, assumptions and use judgements 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 unconsolidated financial statements, the significant judgements made by the management in applying the Company's accounting policies and key sources of estimation and uncertainty were the same as those that applied to the unconsolidated financial statements as at and for the year ended 30 June 2012.

Management has made the following estimates and judgements which are significant to these unconsolidated financial statements:

a) Fixed assets

The Company's management determines the estimated useful lives and related depreciation charge for its property, plant and equipment. The Company also reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

b) Trade debts

The Company reviews its doubtful debts at each reporting date to assess whether provision should be recorded in the profit and loss account. In particular, judgement by management is required in the estimates of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provisions.

c) Stock-in-trade and stores and spares

The Company reviews the net realizable value of stock-in-trade and stores and spares to assess any diminution in the respective carrying values. Any change in the estimates in future years might affect the carrying amounts of stock-in trade, stores and spares and corresponding effect in profit and loss account of those future years. Net realizable value is determined with respect to estimated selling price less estimated expenditures to make the sale.

d) Income taxes

In making the estimates for income taxes currently payable by the Company, the management considers the current income tax law and the decisions of appellate authorities on certain issues in the past. In making the provision for deferred taxes, estimates of the Company's future taxable profits are taken into account.

e) Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non occurrence of the uncertain future events with respect to evaluation based on element of issue involved and opinion of legal counsel.

f) Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in these unconsolidated financial statements for actuarial valuation of present value of defined benefit obligation and leave encashment. Change in these assumptions in future years may affect the liability under the scheme in those years.

g) Investments

The Company determines that a significant and prolonged decline in the fair value of its investments below its cost is an objective evidence of impairment. The impairment loss is recognized when the carrying amount exceeds the higher of fair value less cost to sell and value in use.

3. STANDARDS, AMENDMENTS OR INTERPRETATIONS WHICH BECAME EFFECTIVE DURING THE YEAR

During the year certain amendments to Standards and new interpretations became effective; however, they did not have any material affect on these unconsolidated financial statements of the Company.

New / revised accounting standards, amendments to published accounting standards and interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods mentioned in respective notes:

- IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after 1 January 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognised immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in profit and loss account, which is currently allowed under IAS 19; and that the expected return on plan assets recognised in profit and loss account is calculated based on the rate used to discount the defined benefit obligation. The Company's policy is to account for actuarial gains and losses using the corridor method and if the change would have been applicable the unrecognized actuarial loss amounting to Rs. 4.283 million at 30 June 2013 would have been recognized in other comprehensive income.

- IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 27 (2011) supersedes IAS 27 (2008). Three new standards IFRS 10 - Consolidated Financial Statements, IFRS 11- Joint Arrangements and IFRS 12 - Disclosure of Interest in Other Entities dealing with IAS 27 would be applicable effective 1 January 2013. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendments have no impact on these unconsolidated financial statements of the Company.

- IAS 28 Investments in Associates and Joint Ventures (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the amendments to apply IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture. The amendment have no impact on these unconsolidated financial statements of the Company.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 - Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (effective for annual periods beginning on or after 1 January 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement.

- Annual Improvements 2009 - 2011 (effective for annual periods beginning on or after 1 January 2013). The new cycle of improvements contains amendments to the following four standards, with consequential amendments to other standards and interpretations.

- IAS 1 Presentation of Financial Statements is amended to clarify that only one comparative period – which is the preceding period – is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with IFRS. Furthermore, it clarifies that the 'third statement of financial position', when required, is only required if the effect of restatement is material to statement of financial position.

- IAS 16 Property, Plant and Equipment is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of 'property, plant and equipment' in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for as consumable spares under IAS 2 - Inventories. The amendment in IAS 16 would result in reclassification of certain plant specific spares as property, plant and equipment when the amended standard becomes applicable. As at 30 June 2013 the Company has initiated the exercise of identifying capital stores and consumable spares. Hence the impact cannot be quantified.

- IAS 32 Financial Instruments: Presentation - is amended to clarify that IAS 12 Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction. The amendment removes a perceived inconsistency between IAS 32 and IAS 12.

- IAS 34 Interim Financial Reporting is amended to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating Segments. IAS 34 now requires the disclosure of a measure of total assets and liabilities for a particular reportable segment. In addition, such disclosure is only required when the amount is regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.

- IFRIC 20 - Stripping cost in the production phase of a surface mining (effective for annual periods beginning on or after 1 January 2013). The interpretation requires production stripping cost in a surface mine to be capitalized if certain criteria are met. The amendment has no impact on these unconsolidated financial statements of the Company.

- IFRIC 21- Levies ‘an Interpretation on the accounting for levies imposed by governments’ (effective for annual periods beginning on or after 1 January 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event give rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

- IAS 39 Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39) (effective for annual periods beginning on or after 1 January 2014). The narrow scope amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulations, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one).

- Amendment to IAS 36 - Impairment of Assets Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). These narrow scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these unconsolidated financial statements are set out below and have been consistently applied to all years presented.

4.1 Property, plant and equipment

Property, plant and equipment (except freehold land) are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation

Depreciation is charged to profit and loss account applying the reducing balance method at the rates specified in note 5.1 except leasehold structural improvements which is depreciated / amortized on straight line basis. Depreciation on addition is charged from the date when the asset is available for use and on disposal upto the date when the asset is classified as held for sale in accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' or the date when the asset is derecognized, whichever is earlier. Assets' residual values and useful lives are reviewed, and adjusted, if appropriate at each balance sheet date.

Subsequent costs

Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. Normal maintenance and repairs are charged to profit and loss account as and when incurred whereas major renewals and improvements are capitalized.

Disposal

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognised in profit and loss account.

4.2 Capital work-in-progress (CWIP)

Capital work-in-progress is stated at cost including, where relevant, related financing costs less impairment losses, if any. These costs are transferred to fixed assets as and when assets are available for use.

4.3 Government grants

Government grants related to assets are presented by deducting the grant amount in arriving at the carrying amount of the asset. The grant is recognized in profit and loss account over the useful life of the asset as reduced by depreciation expense.

4.4 Intangible assets

Intangible assets are recognized when it is probable that the expected future economic benefits will flow to the entity and the cost of the asset can be measured reliably. Cost of intangible asset includes purchase cost and directly attributable expenses incidental to bring the asset for its intended use. Costs associated with maintaining computer software are recognized as an expense as and when incurred. Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged over the estimated useful life of the asset on a systematic basis applying the straight line method. Useful lives of all intangible assets are reviewed at each balance sheet date and adjusted if the impact of amortization is significant. Subsequent expenditure on intangible asset is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates.

4.5 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Non-Financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax asset, are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognized, as an expense in the profit and loss account, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4.6 Investments

Investment in subsidiaries

Investment in subsidiaries are initially recognized at cost. The carrying amount of investment is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exist the investment's recoverable amount is estimated which is higher of its value in use and its fair value less cost to sell. An impairment loss is recognized if the carrying amount exceeds its recoverable amount. Impairment losses are recognized in profit and loss account. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount but limited to the extent of initial cost of investment. A reversal of impairment loss is recognized in the profit and loss account.

Investment in associates

Investment in associates are initially recognized at cost. The carrying amount of investment is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exist the investment's recoverable amount is estimated which is higher of its value in use and its fair value less cost to sell. An impairment loss is recognized if the carrying amount exceeds its recoverable amount. Impairment losses are recognized in profit and loss account. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount but limited to the extent of initial cost of investment. A reversal of impairment loss is recognized in the profit and loss account.

4.7 Stores, spare parts and loose tools

These are stated at lower of cost (calculated on moving average) and net realisable value, less provision for dead and slow moving stores and spares. Store and spares in transit are valued at invoice value plus other charges incurred thereon as on balance sheet date.

Provision for dead and slow moving stores, spare parts and loose tools is determined based on management's estimate regarding their future usability.

Net realisable value signifies the estimated selling price in the ordinary course of business less the estimated cost necessary to be incurred to make the sale.

4.8 Stock-in-trade

Stock of raw and packing material, work in process and finished goods are valued at the lower of cost and net realizable value. Cost in relation to work in process and finished goods includes prime cost and appropriate proportion of production overheads incurred in bringing the inventory to their present location and condition. Stocks of raw and packing material are valued at cost on moving average basis. Stocks in transit are valued at cost comprising invoice value plus other charges directly attributable to the acquisition of related purchase incurred upto the balance sheet date.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated cost of completion and cost necessarily to be incurred in order to make the sale.

4.9 Trade debts and other receivables

Trade debts and other receivables are stated initially at fair value and subsequently measured at amortized cost using the effective interest rate method if applicable, less provision for impairment and provision for doubtful debts, if any. Provision for impairment and provision for doubtful debts are established where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Trade debts and receivables are written off when considered irrecoverable.

Export debts are initially recognized at the exchange rate prevailing on the date when significant risks and rewards of ownership are transferred and subsequently remeasured at each balance sheet date. Exchange gain / (loss) on remeasurement is taken to profit and loss account.

4.10 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, with banks in current, PLS and deposit accounts net of short term borrowings under mark-up arrangements, if any.

4.11 Employee retirement benefits

Defined benefit plan

The Company operates an approved funded gratuity scheme covering all permanent employees. The scheme is administered by the trustees nominated under the trust deed. The liabilities recognized in respect of gratuity are the present value of the Company's obligations under the scheme at the balance sheet date less the fair value of plan assets, together with adjustment for unrecognized actuarial gains or losses. Contribution is made to this scheme on the basis of actuarial recommendations. The actuarial valuation is carried out using the Projected Unit Credit Actuarial Cost Method.

The present value of obligations are determined by discounting the estimated future cash outflows using interest rates of government bonds. The government bonds are consistent with the estimated term of the post-employment benefit obligations.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of the plan assets or 10% of the defined benefit obligation are credited or debited to profit and loss account over the employees' expected average remaining working lives.

Defined contribution plan

The Company also operates an approved contributory Provident Fund for all its permanent employees to which equal monthly contributions are made, both by the Company and the employees at the rate of 10% of basic salary.

Leave encashment

The liability for accumulated leave encashment of employees is recognised on the basis of actuarial valuation in the period in which employees render service that increases their entitlement to future leave encashments.

4.12 Borrowings and finance cost

Loans and borrowings are recorded as and when the proceeds are received.

Borrowing cost incurred on long term finances directly attributable for the construction / acquisition of qualifying asset are capitalized up to the date, the respective assets are available for the intended use. All other mark-up, interest and other related charges are taken to profit and loss account.

4.13 Taxation

Current

Provision for current taxation is computed in accordance with the provisions of Income Tax Ordinance, 2001. The charge for current income tax is recorded after adjustment, if any, to the provision for tax made in prior year including those arising from assessment and amendments in assessments during the year in such years.

Deferred

The Company accounts for deferred taxation on all temporary differences using liability method. Deferred tax asset is recognized only to the extent that it is probable that future taxable profit will be available and the credits can be utilized.

4.14 Trade and other payables

These are recognized and carried at cost which is fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

4.15 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the best estimate.

4.16 Transactions with related parties

Transactions in relation to sales, purchases and services with related parties are made at arm's length prices determined in accordance with the comparable uncontrolled price method except for the allocation of expenses such as sharing of common staff salaries, electricity, gas, water, repair and maintenance relating to the head office, shared with associated companies, which are based on the advices received.

4.17 Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable. Revenue from sales is recognized upon passage of the title to the customers usually on dispatch of goods. Export sales are recognized as revenue when significant risks and rewards of ownership are transferred. Interest and rental / other income is recognized on accrual basis.

4.18 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized at the time when the Company looses control of the contractual rights that comprises the financial assets. Financial liabilities are derecognized at the time when they are extinguished, that is when the obligation specified in the contract is discharged, cancelled or expired. Any gains or losses on derecognition of financial assets and financial liabilities are taken to profit and loss account.

4.19 Offsetting of financial assets and financial liabilities

A financial asset and financial liability is offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the recognized amounts and the Company intends either to settle on a net basis or to realize the asset and discharge the liability simultaneously. Corresponding income on assets and charge on liability is also offset.

4.20 Segment reporting

Segment results that are reported to the Company's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items, if any, comprise mainly corporate assets, head office expenses and tax assets and liabilities. Management has determined that the Company has a single reportable segment and therefore it has only presented entity wide disclosures.

4.21 Foreign currency transactions

Transaction in foreign currencies are translated into Pak Rupees using the exchange rates prevailing on the date of each transaction. Monetary assets and liabilities in foreign currencies are reported in Pak Rupees using the exchange rates approximating those prevailing on the balance sheet date. All exchange differences are taken into profit and loss account.

4.22 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data. Basic EPS is calculated by dividing the profit or loss attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

4.23 Dividends and appropriations

Dividends and reserve appropriations are recognized in the period in which these are declared / approved.

5. PROPERTY, PLANT AND EQUIPMENT

	Note	2013	2012
		----- (Rupees in '000) -----	
Operating fixed assets	5.1	798,928	785,066
Capital work-in-progress	5.4	33,767	8,808
		832,695	793,874

5.1 Operating fixed assets

2013

	COST					Depreciation rate per annum	ACCUMULATED DEPRECIATION					Net book value as at 30 June 2013
	As at 1 July 2012	Additions	Disposals	Transfer / adjustment	As at 30 June 2013		As at 1 July 2012	Charge for the year	Accumulated depreciation on disposals	Transfer / adjustment	As at 30 June 2013	
	-----(Rupees in '000')-----					%	-----(Rupees in '000')-----					
Freehold land	6,186		-	-	6,186	-	-	-	-	-	-	6,186
Leasehold improvements	45,656	2,585	(45,656)	-	2,585	10% & 20%	12,555	1,411	(13,696)	-	270	2,315
Quarries and improvements	11,963	-	-	-	11,963	5%	11,763	10	-	-	11,773	190
Factory building on freehold land	237,543	-	-	-	237,543	10%	180,145	5,740	-	-	185,885	51,658
Electrical installations	25,657	30,710	-	-	56,367	5%	3,660	1,855	-	-	5,515	50,852
Housing colonies	72,294	-	-	-	72,294	5%	52,310	999	-	-	53,309	18,985
Office building on freehold land	22,281	-	-	-	22,281	5%	17,577	235	-	-	17,812	4,469
Plant and machinery	1,642,569	34,000	-	(3,230)	1,673,339	5%	1,066,886	29,912	-	(2,917)	1,093,881	579,458
Quarry equipments	18,040	-	-	-	18,040	20%	18,012	6	-	-	18,018	22
Railway sidings	14,905	-	-	-	14,905	10%	12,784	212	-	-	12,996	1,909
Vehicles	39,742	9,866	(605)	-	49,003	10% & 20%	19,560	4,682	(447)	-	23,795	25,208
Furniture and fixtures	6,264	5,242	-	-	11,506	10%	4,918	403	-	-	5,321	6,185
Office equipment	6,319	7,177	(80)	-	13,416	10%	3,459	589	(36)	-	4,012	9,404
Medical equipment	629	-	-	-	629	10%	620	1	-	-	621	8
Laboratory equipment	49,922	4,252	-	-	54,174	10%	14,282	3,881	-	-	18,163	36,011
Computers	10,260	4,063	(60)	-	14,263	30%	6,633	1,611	(49)	-	8,195	6,068
	2,210,230	97,895	(46,401)	(3,230)	2,258,494		1,425,164	51,547	(14,228)	(2,917)	1,459,566	798,928

2012

	COST					Depreciation rate per annum	ACCUMULATED DEPRECIATION					Net book value as at 30 June 2012
	As at 1 July 2011	Additions	Disposals	Transfers / adjustment	As at 30 June 2012		As at 1 July 2011	Charge for the year	Accumulated depreciation on disposals	Transfers / adjustment	As at 30 June 2012	
	-----(Rupees in '000')-----					%	-----(Rupees in '000')-----					
Freehold land	6,266	-	(80)	-	6,186	-	-	-	-	-	-	6,186
Leasehold improvements	45,656	-	-	-	45,656	10%	7,989	4,566	-	-	12,555	33,101
Quarries and improvements	11,963	-	-	-	11,963	5%	11,752	11	-	-	11,763	200
Factory building on freehold land	237,543	-	-	-	237,543	10%	173,767	6,378	-	-	180,145	57,398
Electrical installations	25,657	-	-	-	25,657	5%	2,502	1,158	-	-	3,660	21,997
Housing colonies	72,294	-	-	-	72,294	5%	51,258	1,052	-	-	52,310	19,984
Office building on freehold land	22,281	-	-	-	22,281	5%	17,329	248	-	-	17,577	4,704
Plant and machinery	1,630,333	12,211	-	25	1,642,569	5%	1,037,167	29,719	-	-	1,066,886	575,683
Quarry equipments	47,302	-	(25,953)	(3,309)	18,040	20%	46,906	51	(25,720)	(3,225)	18,012	28
Railway sidings	14,905	-	-	-	14,905	10%	12,548	236	-	-	12,784	2,121
Vehicles	39,789	3,480	(2,920)	(607)	39,742	10% & 20%	18,131	3,458	(1,863)	(166)	19,560	20,182
Furniture and fixtures	18,052	405	-	(12,193)	6,264	10%	12,414	650	-	(8,146)	4,918	1,346
Office equipment	3,995	2,324	-	-	6,319	10%	3,278	181	-	-	3,459	2,860
Medical equipment	629	-	-	-	629	10%	519	101	-	-	620	9
Laboratory equipment	25,094	13,414	-	11,414	49,922	10%	5,145	1,716	-	7,421	14,282	35,640
Computers	10,626	2,829	(91)	(3,104)	10,260	30%	7,913	1,188	(62)	(2,406)	6,633	3,627
	2,212,385	34,663	(29,044)	(7,774)	2,210,230		1,408,618	50,713	(27,645)	(6,522)	1,425,164	785,066

5.2 Allocation of depreciation

The depreciation charge for the year has been allocated as under:

	Note	2013	2012
		----- (Rupees in '000) -----	
Cost of sales	26	44,303	44,430
Selling and distribution cost	27	1, 551	1,359
Administrative expenses	28	5,693	4,924
		51,547	50,713

5.3 The details of operating fixed assets disposed off during the year are as follows:

Particulars	Cost	WDV	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of buyer
	----------------- (Rupees in '000) -----------------					
Assets having book value of above Rs. 50,000/-						
Leasehold improvements	45,656	31,960	31,960	-	As per rent agreement	Rotocast Engineering Company (Pvt.) Limited (related party)
Vehicles	605	158	158	-	As per Company policy	Mr. Ashiq Hussain (ex-employee)
Assets having book value of Rs. 50,000/- or less						
Office equipment	80	44	10	(34)	Negotiation	Ghulam Murtaza Services
Computers	60	11	7	(4)	Negotiation	Sunny Brothers
During the year ended 30 June 2013	46,401	32,173	32,135	(38)		
During the year ended 30 June 2012	29,044	1,399	7,222	5,823		

5.4 Capital work-in-progress

	Note	Cost as at 01 July 2012	Capital expenditure incurred during the year	Transferred to operating fixed assets / stores and spares	Cost as at 30 June 2013
		--------------------- (Rupees in '000) ---------------------			
Plant and machinery		2,474	-	(2,474)	-
Advance for purchase of office equipment and furniture and fixture		6,334	5,147	(11,481)	-
Plant and machinery under USAID project	5.4.1	-	33,767	-	33,767
As on 30 June 2013		8,808	38,914	(13,955)	33,767
As on 30 June 2012		896	7,912	-	8,808

5.4.1 The Company acquired plant and machinery items from ABB (Pvt) Limited under USAID Energy Efficiency and Capacity Program. The program offers 50% subsidy to replace inefficient motors and variable speed drives with certified energy efficient equipment. The above amount includes Rs.19.43 million representing 50% of the cost of the new equipment.

6. INTANGIBLE ASSETS

The Company's intangible assets comprise of computer software and monogram licence. The carrying amount as at 30 June 2013 is as follows:

	Note	2013	2012
		----- (Rupees in '000) -----	
Cost		457	-
Less: Accumulated amortization		(9)	-
		448	-
Capital work-in-progress	6.1	-	3,366
		488	3,366

6.1 Capital work-in-progress

	2013	2012
Opening balance	3,366	3,216
Addition during the year	150	150
Transferred to intangible assets	(300)	-
Impairment charged during the year	(3,216)	-
Closing balance	-	3,366

7. LONG TERM INVESTMENT IN ASSOCIATE

2013	2012			
(Number of shares)				
		Power Cement Limited (formerly Al-Abbas Cement Industries Limited)		
25,600,000	25,600,000		127,847	127,847

The cost of above investment is Rs. 128 million representing 7% (2012: 7%) of share capital of Power Cement Limited. The fully paid ordinary shares having face value of Rs. 10 each were acquired at discount of Rs. 5 per share. Aggregate market value of investment as at 30 June 2013 is Rs. 223.744 million (2012: Rs. 122.88 million).

8. LONG TERM INVESTMENT IN SUBSIDIARY

	Note	2013	2012
Thatta Power (Private) Limited	8.1	299,158	299,158

8.1 Thatta Power (Private) Limited (TPPL) was a wholly owned subsidiary of the Company as at 30 June 2012. During the year right option having cost of Rs. 180 million were issued by TPPL which were renounced by the Company and shares were allocated to an associated company resulting in dilution of Company's holding from 100% to 62.43% as at 30 June 2013. The principal business of the subsidiary is generation, supply and transmission of electrical power. As at 30 June 2013 TPPL has authorized and issued capital of Rs. 500 million and Rs. 479.16 million divided into 5,000,000 and 4,791,583 ordinary shares respectively. The subsidiary has started its commercial operations on 12 December 2012.

8.2 Thatta Cement Company Limited has pledged its investment in shares of TPPL in favour of National Bank of Pakistan (NBP) as the security trustee against syndicated term finance facility extended by NBP and other syndicate banks to TPPL.

9. STORES, SPARE PARTS AND LOOSE TOOLS

	Note	2013	2012
		----- (Rupees in '000) -----	
Stores	9.1	219,107	253,879
Spare parts		132,909	115,894
Loose tools		247	151
		352,263	369,924
Less: Provision for dead stores		(5,462)	(8,803)
Provision for slow moving stores and spares		(34,053)	(31,259)
	9.2	(39,515)	(40,062)
		312,748	329,862

9.1 This includes stores in transit of Rs. 3.054 million (2012: Rs. 25.932 million) as at balance sheet date.

9.2 Reconciliation of carrying amount of above provision:

	2013	2012
Opening balance	40,062	40,062
Reversal made during the year	(547)	-
Closing balance	39,515	40,062

10. STOCK-IN-TRADE

	2013	2012
Raw material	22,099	42,505
Packing material	26,871	23,994
Work-in-process	267,359	124,450
Finished goods	40,447	38,774
	356,776	229,723

11. TRADE DEBTS

	Note	2013	2012
Considered good			
Export proceeds receivable - secured		-	80,370
Local - unsecured		133,092	58,412
		133,092	138,782
Considered doubtful			
Cement stockiest	11.1	60,801	60,801
Excessive rebate allowed	11.1	6,101	6,101
Controller Military Accounts		5,126	5,126
Other customers		952	241
		72,980	72,269
Less: Provision for doubtful debts	11.2	(72,980)	(72,269)
		133,092	138,782

11.1 This includes balances outstanding for more than 5 years. The management contends that the amount recoverable from cement stockiest were misappropriated and certain unauthorized excessive rebates were allowed by collusion of certain personnel of the Company, when the Company was operating under State Cement Corporation of Pakistan (SCCP), whose services had been terminated. Accordingly, the management had lodged references for the recovery of misappropriated amount with the National Accountability Bureau (NAB). The NAB has recovered an amount of Rs. 2.276 million in the preceding years. Due to promulgation of National Reconciliation Ordinance (NRO), the recoveries were stopped / held up. The matter has however been discussed with the NAB authorities who have informed that after finalization of case against alleged personnel, they will start recoveries, therefore provision has been maintained in respect of outstanding amount as a matter of prudence and abundant precaution.

11.2 Reconciliation of carrying amount of above provision	Note	2013	2012
		----- (Rupees in '000) -----	
Opening balance		72,269	72,449
Provision made / (reversed) during the year - net		711	(180)
Closing balance		72,980	72,269

12. LOANS AND ADVANCES

Considered good			
To employees		86	104
Advances			
- against letter of credit		59,403	177
- bid bond - margin held by bank		-	4,500
- guarantee margin		2,423	3,165
- advance to suppliers		7,398	24,732
- advance to contractors		281	548
- others		1,230	3,332
		70,735	36,454
		70,821	36,558

13. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

Trade deposits		2,445	6,089
Short term prepayments		3,720	3,029
		6,165	9,118

14. OTHER RECEIVABLES AND ACCRUED INTEREST

Interest receivable from banks	14.1	56	63
Pre incorporation expenses of Thatta Cement Company (Private) Limited	14.2	14,541	-
Others	14.3	34,909	5,471
		49,506	5,534

14.1 This includes receivable amounting to Rs. 0.026 million (2012: Rs. 0.056 million) from Summit Bank Limited, a related party.

14.2 This represents the amount receivable from Thatta Cement Company (Private) Limited (TCCPL), a related party, established by the Company in Sri Lanka for cement grinding and packing. TCCPL will issue shares in future subject to all regulatory approvals.

14.3 This includes receivable amounting to Rs. 31.96 million (2012: NIL) from Rotocast Engineering Company (Private) Limited, a related party.

15. CASH AND BANK BALANCES

Cash in hand		163	230
Balances with banks			
- in current accounts		1,547	593
- in PLS accounts	15.1 & 15.2	3,970	1,403
- in term deposit accounts	15.3	1,009	1,009
		6,526	3,005
		6,689	3,235

15.1 At 30 June 2013 the mark-up rate on PLS accounts is 6% (2012: 6%) per annum.

15.2 It includes an amount of Rs. 3.527 million (2012: Rs. 1.027 million) in PLS account with Summit Bank Limited, a related party.

15.3 This is kept under lien of a bank against bank guarantee carrying mark-up rate of 6% (2012: 6%) per annum.

16. SHARE CAPITAL

2013	2012		Note	2013	2012
(Number of shares)				----- (Rupees in '000) -----	
Authorised					
200,000,000	100,000,000			2,000,000	1,000,000
Issued, subscribed and paid-up					
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 During the year M/s Arif Habib Equity Private Limited and other associated companies executed share purchase agreements for the disposal of 49,859,062 shares and 10,846,251 shares respectively. In pursuance of above agreements as of 30 June 2013, 19.343 million shares comprising 19.4% and 5.908 million shares comprising 5.93% of total 99.718 million shares have been transferred in the name of M/s Sky Pak Holding (Private) Limited and M/s Rising Star Holding (Private) Limited, respectively. M/s Arif Habib Equity Private Limited holds 29.897 million shares (2012: 49,859,062 shares representing 50%) representing 29.98% of the total fully paid-up shares.

16.2 During the year the Company has increased its authorised share capital by Rs. 1,000 million by passing a special resolution in Annual General Meeting held on 16 October 2012.

17. LONG TERM FINANCING

	Note	2013	2012
Loan from Banking companies - secured			
- National Bank of Pakistan	17.1	85,117	103,037
- National Bank of Pakistan	17.2	46,667	86,667
		131,784	189,704
Less : Current maturity		(57,919)	(57,919)
		73,865	131,785

17.1 This represents first disbursement of Rs. 107 million of the aggregate facility of Rs. 260 million allowed by the bank. This carries a floating mark-up linked to 6 months KIBOR as base rate plus 2% on annualised basis. The tenure of financing is 7 years and is repayable in 24 equal quarterly installment of Rs. 4.48 million starting in 15th month from the date of first disbursement.

17.2 This represents second disbursement of Rs. 120 million of the facility mentioned in 17.1 above. The tenure of financing is 3 years and is repayable in 36 equal monthly installment of Rs. 3.33 million each starting from the month following the disbursement.

17.3 The aggregate facility is secured by first equitable mortgage over land and building of the Company and first charge by way of hypothecation over all present and future plant and machinery of the Company to the extent of Rs. 372 million.

18. LONG TERM DEPOSITS

	Note	2013	2012
		----- (Rupees in '000) -----	
Dealers	18.1	5,110	3,110
Suppliers and contractors	18.1	861	471
		5,971	3,581

18.1 These represent interest free security deposits, received from dealers, suppliers and contractors and are repayable / adjustable on cancellation or withdrawal of dealership and completion of contract in case of suppliers and contractors.

19. LONG TERM EMPLOYEE BENEFIT

This represents accrual for staff leave balances and includes liability in respect of permanent employees amounting to Rs. 10.111 million (2012: Rs. 9.544 million).

20. DEFERRED TAXATION

	2013	2012
Taxable temporary differences		
Accelerated tax depreciation	144,006	119,186
Deductible temporary differences		
Provision for gratuity	(1,414)	(1,644)
Other provisions - for doubtful debts and stores	(35,915)	(34,383)
Minimum tax	-	(35,101)
	106,677	48,058

21. TRADE AND OTHER PAYABLES

	Note	2013	2012
Trade creditors	21.1	30,007	36,093
Accrued liabilities	21.2	145,805	121,730
Bills payable		-	179,860
Advances from customers	21.3	25,180	32,056
Contractors retention money		213	180
Excise duty and sales tax payable		30,731	25,727
Payable to Gratuity Fund	21.4	5,386	7,244
Payable to Provident Fund	21.5	802	-
Workers' Profit Participation Fund	21.6	13,835	-
Workers' Welfare Fund		6,892	663
Other liabilities		1,604	1,145
		260,455	404,698

21.1 It includes Rs. 0.87 million (2012: NIL) payable to Power Cement Limited (formerly Al-Abbas Cement Industries Limited), an associated company in respect of purchase of store items.

21.2 It includes Rs. 81.967 million (2012: NIL) payable to Thatta Power (Private) Limited, the subsidiary company, in respect of purchase of electricity.

21.3 It includes Rs. 0.357 million (2012: Rs. 0.357 million) payable to Safe Mix Concrete Products Limited, a related party.

21.4 Payable to gratuity fund

Principal actuarial assumptions used in the actuarial valuation of the scheme carried out under Projected Unit Credit Method as at 30 June 2013 are as follows:

- Discount rate at 10.5% per annum (2012: 13% per annum).
- Expected rate of return on plan assets at 13% per annum (2012: 14% per annum).
- Expected rate of increase in salary level at 9.5% per annum (2012: 12% per annum).

The amount recognised in the balance sheet is as follows:	2013	2012
	----- (Rupees in '000) -----	
Present value of defined benefit obligation	33,881	26,246
Fair value of plan assets	(24,212)	(19,066)
	9,669	7,180
Unrecognised actuarial (loss) / gain	(4,283)	64
Liability as at 30 June	5,386	7,244

Movement in the present value of defined benefit obligation

	2013	2012
Obligation as at 1 July	26,246	21,684
Current service cost	5,652	5,041
Interest cost	3,412	3,035
Benefits paid	(6,998)	(2,238)
Actuarial loss / (gain)	5,569	(1,317)
Benefits payable - transferred from other liability	-	41
Obligation as at 30 June	33,881	26,246

Movement in the fair value of plan assets

	2013	2012
Fair value as at 1 July	19,066	13,173
Expected return on plan assets	2,479	1,844
Employer contribution	8,444	7,050
Benefits paid	(6,998)	(2,238)
Actuarial gain / (loss) on plan assets	1,221	(763)
Fair value as at 30 June	24,212	19,066

Movement in liabilities

	2013	2012
Balance as at 1 July	7,244	8,021
Charge for the year	6,586	6,232
Contribution to the fund	(8,444)	(7,050)
Benefits payable - transferred from other liability	-	41
Balance as at 30 June	5,386	7,244

The amount recognised in the profit and loss account is as follows:	2013	2012
	----- (Rupees in '000) -----	
Current service cost	5,652	5,041
Interest cost	3,412	3,035
Expected return on Plan Assets	(2,479)	(1,844)
	6,585	6,232

Return on plan assets is as follows:

	2013	2012
Expected return on plan assets	2,479	1,844
Actuarial gain / (loss) on plan assets	1,221	(763)
	3,700	1,081

Analysis of Present Value of Defined Benefit Obligation and Fair Value of Plan Assets for current and previous four years are as follows:

As at June 30	2013	2012	2011	2010	2009
	-----------------	-----------------	(Rupees in '000)	-----------------	-----------------
Present Value of Defined Benefit Obligation	(33,881)	(26,246)	(21,684)	(16,377)	(11,453)
Fair Value of Plan Assets	24,212	19,066	13,173	11,955	7,694
(Deficit)	(9,669)	(7,180)	(8,511)	(4,422)	(3,759)

The charge for the year has been allocated as follows:	Note	2013	2012
		----- (Rupees in '000) -----	
Cost of sales	26	5,335	4,570
Selling and distribution cost	27	395	634
Administrative expenses	28	856	1,028
		6,586	6,232

21.5 The following information is based on the audited financial statements of the fund:

Size of the fund - Total assets	28,369	21,575
Cost of investment made	25,626	19,296
Percentage of investments made	90%	89%
Fair value of investments	27,513	21,005

The break-up of fair value of investment is:

	2013		2012	
	(Rupees in '000)	Percentage	(Rupees in '000)	Percentage
Bank balances	3,036	11%	806	4%
Term deposit securities	19,125	70%	15,310	73%
Mutual funds	5,352	19%	4,889	23%
	27,513	100%	21,005	100%

The investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and rules formulated for this purpose.

		Note	2013	2012
21.6	Workers' Profit Participation Fund		----- (Rupees in '000) -----	
	Balance as at 1 July		-	-
	Allocation for the year	29	13,835	-
			13,835	-
	Payments made during the year		-	-
	Balance as at 30 June		13,835	-
22.	ACCRUED MARKUP			
	Long term financing		83	172
	Short term borrowing	22.1	17,187	11,644
			17,270	11,816

22.1 It includes Rs. 2.935 million (2012: Rs. 2.637 million) due to Summit Bank Limited, a related party.

23. SHORT TERM BORROWINGS - SECURED

	Note	2013	2012
Running finance	23.2	556,074	343,183
Export refinance		-	73,163
		556,074	416,346

23.1 The aggregate running finance and export refinance available from banks as at 30 June 2013 amounted to Rs. 684.714 million out of which Rs. 128.64 million remained unutilized at the year end. These facilities are renewable and secured by way of hypothecation of fixed assets, stock-in-trade and trade debts. These carry mark-up at rates ranging between 11% to 15% (2012: 11% to 16.53%) per annum chargeable monthly and payable quarterly.

23.2 This includes Rs. 100.183 million (2012: Rs. 99.051 million) due to Summit Bank Limited, a related party.

24. CONTINGENCIES AND COMMITMENTS

24.1 Contingencies

24.1.1 Section 113(2)(c) was interpreted by a Divisional Bench of the Sindh High Court (SHC) in the Income Tax Reference Application (ITRA) No. 132 of 2011 dated 7 May 2013, whereby it was held that the benefit of carry forward of Minimum Tax is only available in the situation where the actual tax payable (on the basis of net income) in a tax year is less than Minimum Tax. Therefore, where there is no tax payable, interalia, due to brought forward tax losses, minimum tax could not be carried forward for adjustment with future tax liability.

The Company has adjusted minimum tax amounting to Rs.31.55 million against its income tax liability. The Company's legal counsel is of the opinion that the Company has strong arguable case and at an appropriate stage the matter can be agitated before Supreme Court of Pakistan in case the said adjustment is challenged by the tax authorities. In view of above, the Company is confident that the ultimate outcome in this regard would be favorable. Hence no provision in this respect has been made in these unconsolidated financial statements.

24.1.2 Cases are pending with National Accountability Bureau (NAB) Courts for the misappropriation of recoveries from debtors and allowing excessive unauthorized rebate amounting to Rs. 66.902 million by the former employees and stockiest of the State Cement Corporation of Pakistan. The recovery proceedings are in progress under NAB law as explained in note 11.1.

24.1.3 Certain employees of the Company contested the Company's gratuity policy and filed suit against the Company demanding 60 days gratuity instead of 30 days applicable to the employees of former holding company having impact of Rs. 5.385 million. In view of the Company's legal counsel, the demand is against the applicable labour laws and will not materialize.

Besides this an ex-employee filed a suit for recovery of Rs. 24.95 million in respect of salary and other benefits, golden handshake and compensation for damages but the same stood rejected by the court. The ex-employee preferred an appeal which was also dismissed on 8 December 2012. The said decision has not yet been further challenged before next forum.

24.1.4 Two cement dealers had filed a suit against the Company for Rs. 6.5 million and Rs. 1.5 million respectively being value of trucks which were handed over to the Company in lieu of outstanding dues from these dealers. The Company's legal counsel is of the opinion that no liability is likely to arise in this case.

24.2 Commitments

24.2.1 Guarantees given by a commercial bank to Sui Southern Gas Company Limited on behalf of the Company amounts to Rs. 45 million (2012: Rs. 45 million).

24.2.2 Other outstanding guarantees given on behalf of the Company by banks amounts to Rs. 55.573 million (2012: Rs. 49.982 million).

24.2.3 Irrevocable letter of credit under revenue expenditure outstanding as on balance sheet date amounts to Nil (2012: Rs. 5.214 million).

24.2.4 Commitment in respect of capital expenditure as on balance sheet date was Rs. 335.587 million (2012: Rs. 43.567 million).

24.2.5 As required under financing arrangements of Thatta Power (Pvt) Limited (TPPL), a subsidiary company, the Company being the Holding Company and Power Purchaser to incorporate in Power Purchase Agreement sufficient arrangement to ensure fulfillment of obligation of TPPL under Deferred Payment Letter of Credit. Therefore, the Power Purchase Agreement dated 12 December 2011 executed between the Company and TPPL requires the Company to pay higher of the amount based on invoices during the year for actual Net Electrical Output or minimum payment of US$ 2.593 million in equivalent Rupees per year.

25. SALES - NET

	2013	2012
	----- (Rupees in '000) -----	
Sales - Local	2,829,199	2,303,467
- Export	70,122	494,274
	2,899,321	2,797,741
Less: - Federal Excise Duty	144,160	165,447
- Sales tax	393,969	318,083
	538,129	483,530
	2,361,192	2,314,211

		Note	2013	2012
26.	**COST OF SALES**		----- (Rupees in '000) -----	
	Raw material consumed	26.1	154,244	158,644
	Manufacturing expenses			
	Packing material consumed	26.2	120,484	136,993
	Stores, spare parts and loose tools consumed		136,689	122,707
	Fuel and power		1,362,596	1,427,804
	Salaries, wages and other benefits	26.3	172,814	140,070
	Insurance		3,637	3,412
	Repairs and maintenance		8,629	4,436
	Depreciation	5.2	44,303	44,430
	Other production overheads		16,865	20,439
			1,866,017	1,900,291
	Cost of production		2,020,261	2,058,935
	Work-in-process			
	Opening balance		124,450	130,557
	Closing balance	10	(267,359)	(124,450)
			(142,909)	6,107
	Cost of goods manufactured		1,877,352	2,065,042
	Finished goods			
	Opening balance		38,774	37,851
	Closing balance	10	(40,447)	(38,774)
			(1,673)	(923)
			1,875,679	2,064,119

26.1 Raw material consumed

	2013	2012
Opening balance	42,505	22,068
Purchases	133,838	179,081
	176,343	201,149
Closing balance	(22,099)	(42,505)
	154,244	158,644

26.2 Packing material consumed

	2013	2012
Opening balance	23,994	29,259
Purchases	123,361	131,728
	147,355	160,987
Closing balance	(26,871)	(23,994)
	120,484	136,993

26.3 This includes employees' retirement benefits amounting to Rs. 9.884 million (2012: Rs. 9.482 million).

27. SELLING AND DISTRIBUTION COST

	Note	2013	2012
		----- (Rupees in '000) -----	
Salaries, wages and other benefits	27.1	5,590	5,495
Vehicle running expenses		734	563
Travelling and conveyance		132	158
Communication		303	524
Printing and stationery		38	58
Entertainment		76	144
Repair and maintenance		197	-
Rent, rates and taxes		988	-
Utilities		288	-
Advertisements		238	229
Sales promotion expense		367	-
Freight charges - local sale		29,212	14,207
Export logistics and related charges		8,765	75,303
Commission		14,257	7,380
Depreciation	5.2	1,551	1,359
Miscellaneous		3,355	2,856
		66,091	108,276

27.1 This includes employees' retirement benefit amounting to Rs. 1.37 million (2012: Rs. 1.32 million).

28. ADMINISTRATIVE EXPENSES

	Note	2013	2012
Salaries, wages and other benefits	28.1	34,333	27,540
Vehicle running expenses		2,284	1,925
Travelling and conveyance		762	1,399
Advertisements		202	166
Communication, postage, telegram		1,181	1,274
Printing and stationery		666	1,483
Rent, rates and taxes		4,456	11,493
Entertainment		1,181	622
Legal and professional charges		1,386	9,410
Insurance		239	295
Repairs and maintenance		1,489	3,731
Utilities		668	7
Fees and subscription		3,809	1,363
Corporate expenses		867	1,464
Charity and donation	28.2	8	93
Auditors' remuneration	28.3	756	600
Other auditors' remuneration	28.4	1,159	612
Depreciation	5.2	5,693	4,924
Amortization of intangible		9	-
Bad debts and Provision for doubtful debts		3,432	221
Fixed assets written off		-	1,252
Impairment of intangibles		3,216	-
Miscellaneous		153	523
		67,949	70,397

28.1 This includes employees' retirement benefit amounting to Rs. 2.22 million (2012: Rs. 2.13 million).

28.2 None of the Directors or their spouses have any interest in any donee's fund to which donation was made.

	Note	2013	2012
		----- (Rupees in '000) -----	
28.3 Auditors' remuneration			
Annual audit fee		500	450
Half yearly review fee		50	50
Review fee for consolidated financial statements		25	-
Fee for other services		50	-
Out of pocket expenses		131	100
		756	600
28.4 Other auditors' remuneration			
Cost audit fee		100	100
Out of pocket expenses		10	10
		110	110
Internal audit fee		940	470
Out of pocket expenses		109	32
		1,049	502
		1,159	612
29. OTHER OPERATING EXPENSES			
Workers' Welfare Fund		6,228	638
Workers' Profit Participation Fund		13,835	-
Exchange loss		14,157	1,988
Loss on disposal of operating fixed assets		38	-
Loss on sale of store items		1,414	-
		35,672	2,626
30. FINANCE COST			
Mark-up on long term financing		19,179	31,603
Mark-up on short term borrowings		62,524	63,333
Bank charges and commission		1,364	1,562
		83,067	96,498
31. OTHER INCOME			
Income from financial assets			
Income on bank deposit accounts		355	2,396
Income from non-financial assets			
Gain on disposal of operating fixed assets		-	5,823
Sale of store items		-	372
		-	6,195
Others			
Scrap sales		6,016	6,867
Rental income		6,628	4,111
Others	31.1	11,311	714
		23,955	11,692
		24,310	20,283

31.1 It includes reversal of pre incorporation expenses of Rs. 4.834 million of Thatta Cement Company (Private) Limited, Sri Lanka as mentioned in note 14.2.

	Note	2013	2012
		----- (Rupees in '000) -----	
32. TAXATION			
Current tax charge		68,876	23,606
Prior year charge		(18,929)	317
Deferred tax charge		58,619	12,537
		108,566	36,460

Income tax assessments of the Company have been finalised upto and including tax year 2012 on the basis of tax return filed under section 120 of the Income Tax Ordinance, 2001. However, the return may be selected for detailed audit within five years from the date of filing of return and the Income Tax Commissioner may amend the assessment if any objection is raised in audit.

32.1 Relationship between tax expense and accounting profit is as follows:

	2013
	(Rupees in '000)
Profit before tax	257,044
Tax at 35%	89,965
Tax effect of	
- expenses that are inadmissible in determining taxable income	4,934
- income charged at different rates	(2,065)
- tax credit claimed under section 65B of Income Tax Ordinance, 2001	(6,896)
	(4,027)
Reversal of prior year's tax expense	(18,929)
Tax effect on taxable temporary differences - net	39,551
Others	2,006
	108,566

The Company incurred loss for the year ended 30 June 2012 and was accordingly liable to minimum tax on turnover and tax on rental income, and hence no tax reconciliation was given.

	2013	2012
	----- (Rupees in '000) -----	
33. EARNINGS PER SHARE - BASIC AND DILUTED		
Profit / (loss) after taxation	148,478	(43,882)
	----(Number)----	
Weighted average number of ordinary shares	99,718,125	99,336,690
	----(Rupees)----	
Earnings / (losses) per share - basic and diluted	1.49	(0.44)

	2013	2012
34. CASH AND CASH EQUIVALENTS		
Cash and bank balances	6,689	3,235
Short term borrowings	(556,074)	(416,346)
	(549,385)	(413,111)

35. CAPACITY AND ACTUAL PRODUCTION

	Note	2013	2012
		(Metric Tons)	
Production capacity - clinker		450,000	450,000
Actual production - clinker	35.1	357,206	333,601
Actual production - cement	35.2	370,319	406,801

35.1 The production capacity utilization during the year has remained at 79.38% (2012: 74.13%). The underutilization is mainly due to hard hitting competition in the industry.

35.2 Cement from clinker is produced in accordance with the market demand.

36. RELATED PARTY TRANSACTIONS

Related parties comprises of associated undertakings and related group companies, 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. Further, contribution to defined contribution plan (provident fund) are made as per the terms of employment and contribution to the defined benefit plan (gratuity scheme) are in accordance with the actuarial advice. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these unconsolidated financial statements are as follows:

	2013	2012
Transactions with related parties	----- (Rupees in '000) -----	
- Summit Bank Limited		
Mark-up on short term borrowings and commission	12,769	13,392
Income on bank deposit accounts	232	2,233
Guarantee on behalf of Company as per normal banking terms	80,339	45,000
- International Complex Project Limited		
Sale of cement	-	3,044
- Power Cement Limited		
Receipt of mark-up	-	18,890
Common shared expenses	40	232
Purchase of coal (inclusive of GST)	-	125,596
Payment on account of purchase of coal	-	125,596
Purchase of store items (inclusive of GST) - net	2,523	-
- Safe Mix Concrete Products Limited		
Sale of cement	-	805
- Thatta Power (Pvt.) Limited		
Common shared expenses	-	3,718
Investment in shares	-	299,158
Purchase of electric power (inclusive of GST)	214,591	-
Payment on account of electric power	132,852	-
Purchase of store items (inclusive of GST) - net	229	-
Sale of land	-	1,684
- Rotocast Engineering Company (Pvt.) Limited		
Sale of leasehold improvements	31,960	-
Rent and repair and maintenance	4,139	13,881

	Note	2013	2012
		----- (Rupees in '000) -----	
- Thatta Cement Company (Pvt.) Limited (TCCPL)			
Expenses paid by Company on behalf of TCCPL		14,541	-
- Key management personnel			
Salaries and wages	37	36,835	37,051
Sale of vehicle	5.3	158	437
- Other related parties			
Contribution to employees' Gratuity Fund	21.4	8,444	7,050
Contribution to employees' Provident Fund		3,861	3,794
Balances with related parties			
- Summit Bank Limited			
PLS account balance		3,527	1,027
Running finance		100,183	99,051
Accrued mark-up - finance charge		2,935	2,637
Accrued interest - interest income		26	56
- Thatta Power (Pvt.) Limited			
Receivable against common shared expenses		-	2,054
Payable against purchase of electric power (inclusive of GST)		81,738	-
Payable against purchase of store items (inclusive of GST) - net		229	-
- Power Cement Limited			
Common Shared Expenses		-	1,613
- Safe Mix Concrete Products Limited			
Advance against sale of cement		357	357
- Rotocast Engineering Company (Pvt.) Limited			
Receivable against sale of leasehold improvements		31,960	-
- Thatta Cement Company (Pvt.) Limited (TCCPL)			
Receivable against expenses paid by Company on behalf of TCCPL		14,541	-

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

37. REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the unconsolidated financial statements for the year in respect of remuneration to the Chief Executive, Directors and Executives are as follows:

	2013		2012	
	Chief Executive	Executives	Chief Executive	Executives
	----- (Rupees in '000) -----			
Managerial remuneration	7,390	21,902	6,426	22,804
Bonus and LFA	973	2,489	926	2,788
Other benefits	1,380	2,322	1,285	2,112
Leave encashment	379	-	520	190
	10,122	26,713	9,157	27,894
Number of person(s)	1	14	1	13

37.1 The Chief Executive and Executives are provided with free use of Company maintained cars and other benefits in accordance with their entitlement as per rules of the Company.

37.2 An aggregate amount of Rs. 1,000,000 (2012: Rs. 350,375) was paid to Non-Executive Directors during the year on account of Board and Audit Committee meeting fee.

38. OPERATING SEGMENTS

38.1 These unconsolidated financial statements have been prepared on the basis of single reportable segment.

38.2 Revenue from sale of cement represents 100% (2012: 100%) of the total revenue of the Company.

38.3 97% (2012: 79%) sales of the Company relates to customers in Pakistan.

38.4 All non-current assets of the Company at 30 June 2013 are located in Pakistan.

39. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company finances its operations through equity, borrowing and management of working capital with a view to maintain an appropriate mix between various sources of finances to minimize risk. Taken as a whole the Company's risk arising from financial instruments is limited as there is no significant exposure to price and cash flow risk in respect of such instruments. Financial instruments of the Company are as under:

	2013	2012
	----- (Rupees in '000) -----	
Financial Assets		
Long term deposits	1,006	792
Trade debts	133,092	138,782
Loans and advances	70,821	36,558
Trade deposits	2,445	6,089
Other receivables and accrued interest	49,506	5,534
Bank balances	6,526	3,005
	263,396	190,760
Financial Liabilities		
Long term financing	131,784	189,704
Long term deposits	5,971	3,581
Trade and other payables	235,275	372,642
Accrued mark-up	17,270	11,816
Short term borrowings	556,074	416,346
	946,374	994,089

Financial instruments and related disclosures

a) Financial Risk Management Objectives

The Company has exposure to the following risks from financial instruments:
- credit risk
- liquidity risk
- market risk
- operational risk

The Board of Directors of the Company has the overall responsibility for the establishment and oversight of the Company's risk management framework. To assist the Board in discharging its oversight responsibility, the management has been made responsible for identifying, monitoring and managing the Company’s financial risk exposure. The Company's overall risk management program focuses on the under predictability of financial markets and seek to minimize potential adverse effects on the Company's financial performance.

b) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same party, or when counter parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry.

At the reporting date, the Company's total credit risk was concentrated in the following industrial / economic sectors:

	2013		2012	
	(Rupees in '000)	%	(Rupees in '000)	%
Banks	6,526	2%	3,005	2%
Others	256,870	98%	187,755	98%
	263,396	100%	190,760	100%

The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk the Company has developed a policy of obtaining advance payments from its customers. Except for customers relating to the Government, the management strictly adheres to this policy. For any balances receivable from such Government parties, the management continuously monitors the credit exposure towards them and makes provisions against those balances considered doubtful. Cash is held only with banks with high quality credit worthiness. There is no significant risk exposure to loan and advances and other receivables.

The maximum exposure to credit risk at the reporting date is:	2013	2012
	----- (Rupees in '000) -----	
Long term deposits	1,006	792
Trade debts	133,092	138,782
Loans and advances	70,821	36,558
Trade deposits	2,445	6,089
Other receivables and accrued interest	49,506	5,534
Bank balances	6,526	3,005
	263,396	190,760

Financial assets that are neither past due nor impaired

The credit quality of assets that are neither past due nor impaired can be assessed by reference to historical information and external credit ratings or to historical counterparty default rates. As at 30 June 2013 trade debts of Rs. 69.026 million (2012: Rs. 7.828 million) were past due but not impaired. These relates to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade debts is as follows:

Not past due	64,066	130,954
Past due but not impaired		
- within 90 days	38,295	4,237
- 91 to 180 days	11,767	-
- over 180 days	18,964	3,591
	133,092	138,782

The credit quality of cash at bank (in Current, PLS and deposit accounts) as per credit rating agencies is as follows:

Credit ratings

Details of the credit ratings of bank balances as at 30 June 2013 are as follows:	2013	2012
	----- (Rupees in '000) -----	
Rating		
A1+	2,983	1,962
A1	4	4
A2	3,539	1,039
	6,526	3,005

Due to Company's long standing relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counterparties on their obligation to the Company.

For trade debts, internal risk assessment process determines the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are fixed based on internal or external ratings in accordance with limits set by the management. The utilization of said limits is regularly monitored.

Financial assets that are past due or impaired.

The credit quality of financial assets that are past due or impaired can be assessed by reference to note 11. The aging analysis of these impaired trade debts is as follows:

	2013	2012
One year to five years	72,980	72,269

c) Liquidity Risk Management

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or may face difficulty in raising funds to meet commitments associated with financial liabilities as they fall due.

The Company is exposed to liquidity risk in respect of non-current interest bearing liabilities, long term deposits, short term borrowings, trade and other payable and mark-up accrued.

The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors' and creditors' concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customers.

Maturity analysis for financial liabilities

The table below analyzes the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to maturity date and represents the undiscounted cash flows. The amounts in the table are the gross nominal undiscounted cash flows (including interest payments):

	2013				
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to five years
Non-derivative Liabilities	------------------------------	(Rupees in '000)	------------------------------		
Long term financing	131,784	(158,391)	(35,656)	(34,048)	(88,687)
Long term deposits	5,971	(5,971)	-	-	(5,971)
Trade and other payables	235,275	(235,275)	(235,275)	-	-
Short term borrowings	556,074	(556,074)	(278,037)	(278,037)	-
Accrued mark-up	17,270	(17,270)	(17,270)	-	-
	946,374	(972,981)	(566,238)	(312,085)	(94,658)

	2012				
	------------------------------	(Rupees in '000)	------------------------------		
Non-derivative Liabilities					
Long term financing	189,704	(245,931)	(41,354)	(39,350)	(165,227)
Long term deposits	3,581	(3,581)	-	-	(3,581)
Trade and other payables	404,698	(404,698)	(404,698)	-	-
Short term borrowings	416,346	(416,346)	(208,173)	(208,173)	-
Accrued mark-up	11,816	(11,816)	(11,816)	-	-
	1,026,145	(1,082,372)	(666,041)	(247,523)	(168,808)

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rate effective as at 30 June. The rates of mark-up have been disclosed in the respective notes to these unconsolidated financial statements.

d) Market Risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's / issuer's credit standing) will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

e) Interest / Mark-up Rate Risk Management

Interest / mark-up rate risk management arises from the possibility of changes in interest / mark-up rates which may affect the value of financial instruments. The Company has long term finance and short term borrowing at variable rates. Company is exposed to interest / mark-up rates risk on long term financing, interest rate risk for short term borrowing is covered by holding "Prepayment option" which can be exercised upon any adverse movement in the underlying interest rates. At the balance sheet date the interest rate profile of the Company's interest bearing financial instruments is:

	Carrying amount	
	2013	2012
	----- (Rupees in '000) -----	
Fixed rate instruments		
Financial assets	1,009	1,000
Variable rate instruments		
Financial assets	3,970	1,403
Financial liabilities	687,858	606,050

Fair Value Sensitivity Analysis for Fixed Rate Instruments:

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss account. Therefore, change in interest rates at the reporting date would not affect profit and loss account.

Cash Flow Sensitivity Analysis for Variable Rate Instruments:

Financial assets

If interest rate had fluctuated by ±1% with all other variables held constant, profit before tax for the year would have been Rs. 0.0397 million (2012: loss before tax Rs. 0.014 million) higher / lower, mainly as a result of higher / lower interest income from these financial assets.

Financial liabilities

If interest rate had fluctuated by ±1% with all other variables held constant, profit before tax for the year would have been Rs. 6.87 million (2012: loss before tax Rs. 6.06 million) higher / lower, mainly as a result of higher / lower interest expense from these financial liabilities.

A summary of the Company's interest rate gap position, categorised by the earlier of contractual re-pricing or maturity dates at the end of year is as follows:

	30 June 2013				
	Mark-up / return (%)	less than 6 months	6 months to 1 year	More than 1 year	Total
		------------------------ (Rupees in '000)			------------------------
Assets					
Bank balance	6%	-	1,000	3,970	4,970
Total assets		-	1,000	3,970	4,970
Liabilities					
Short term running finance	11-15%	(278,037)	(278,037)	-	(556,074)
Long term financing	12-14%	(35,656)	(34,048)	(88,687)	(158,391)
Total liabilities		(313,693)	(312,085)	(88,687)	(714,465)
On-balance sheet gap		(313,693)	(311,085)	(84,717)	(709,495)
Total interest risk sensitivity gap		(313,693)	(624,778)	(709,495)	(709,495)

f) Foreign Exchange Risk Management

Foreign currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies. Currently, the Company's foreign exchange risk exposure is restricted to the amounts receivable / payable from / to the foreign entities and outstanding letters of credit and bills payable. The Company's exposure to foreign currency risk is as follows:

	2013		2012	
	Rupees	US Dollars	Rupees	US Dollars
	--- (Rupees in '000) ---		--- (Rupees in '000) ---	
Trade debts	-	-	80,370	853
Trade and other payables	-	-	(179,860)	(1,909)
	-	-	(99,490)	(1,056)

Currently, the Company does not obtain forward cover against the gross exposure. The following significant rates applied during the year:

	Average rates		Balance sheet date rats	
	2013	2012	2013	2012
US Dollar to PKR	98.03	89.23	98.80	94.20

Sensitivity Analysis

A five percent strengthening / weakening of Pak Rupee against US Dollar on 30th June would have increased / decreased equity and profit and loss account by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis that were used for the year 2012.

	Profit and Loss Account	
	2013	2012
	----- (Rupees in '000) -----	
Effects in US Dollars gain / (loss)	-	(9,946)

g) Fair value of financial instruments

The carrying value of all the financial assets and liabilities reflected in the financial statements approximates their fair value except for the Investment in Associates (note 7) which has been based upon cost in accordance with IAS 27. The methods used for determining fair values of each class of financial assets and liabilities are disclosed in respective policy notes.

h) Capital Risk Management

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other shareholders and to maintain a strong base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and make adjustments to in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payable to the shareholders or issue new shares.

The Company finances its expansion projects through equity, borrowings and management of its working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk.

i) Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's activities, either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of operation behaviour. Operational risks arise from all of the Company's activities.

The Company’s objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation while achieving its objective of becoming a profitable organisation, producing high quality cement and generating returns for investors.

Primary responsibility for the development and implementation of controls over operational risk rests with the Board of Directors. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;

- requirements for the reconciliation and monitoring of transactions;

- compliance with regulatory and other legal requirements;

- documentation of controls and procedures;

- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;

- ethical and business standards;
- risk mitigation, including insurance where this is effective; and
- operational and qualitative track record of the plant and equipment supplier and related service providers.

40. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified for the purposes of comparison and better presentation as follows:

Reclassification from component	Reclassification to component	(Rupees in '000)
Stores, spares and loose tools	Stock in trade	444
Trade and other payable	Long term employee benefit	9,544

41. NUMBER OF EMPLOYEES

The total number of employees as at year end were 424 and average number of employees were 416.

42. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in their meeting held on 13 September 2013, have proposed for the year ended 30 June 2013, final cash dividend of Rs.0.50 per share i.e. 5% (2012: Nil) amounting to Rs. 49.86 million (2012: Nil) for approval by the members of the Company in the Annual General Meeting to be held on 10 October 2013. The unconsolidated financial statements for the year ended 30 June 2013 do not include the effect of the proposed cash dividend, which will be recognised in the unconsolidated financial statements for the year ending 30 June 2014.

43. DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated financial statements were authorized for issue on 13 September 2013 by the Board of Directors of the Company.

44. GENERAL

Figures have been rounded off to the nearest thousand of Rupees.

CHIEF EXECUTIVE

DIRECTOR

EARTH

GROWING IN STATURE

Being one of the progressive cement manufacturing company in the country with most diversified products, we have ensured our steady growth. With an innovative approach we have extended the production capacity by 50% in a short span of time.

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KPMG Taseer Hadi & Co.
Chartered Accountants
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Auditors' Report to the Members

We have audited the annexed consolidated financial statements comprising consolidated Balance Sheet of Thatta Cement Company Limited ("the Holding Company") and its subsidiary company as at 30 June 2013 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinion on the financial statements of Thatta Cement Company Limited. Thatta Power (Private) Limited (" the subsidiary company") was audited by other firm of auditors whose report has been furnished to us and our opinion, in so far as it relates to the amounts included for such company, is based solely on the report of such other auditors. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of Thatta Cement Company Limited and its subsidiary company as at 30 June 2013 and the results of their operations for the year then ended.

The consolidated financial statements of the Thatta Cement Company Limited for the year ended 30 June 2012 were audited by another firm of Chartered Accountants who vide their report dated 18 September 2012 expressed an unqualified opinion thereon.

KPMG Taseer Hadi & Co.

Date : 13 September, 2013

Karachi.

KPMG Taseer Hadi & Co.
Chartered Accountants
Mazhar Saleem

Consolidated Balance Sheet
As at 30 June 2013

	Note	2013	2012
		----- (Rupees in '000) -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	2,161,681	1,214,654
Intangible assets	6	548	3,534
Long term investment in associate	7	167,472	138,587
Long term deposits		1,006	792
		2,330,707	1,357,567
CURRENT ASSETS			
Stores, spare parts and loose tools	8	358,122	330,022
Stock-in-trade	9	349,313	229,723
Trade debts	10	186,605	138,782
Short term investments	11	306,000	-
Loans and advances	12	70,866	36,808
Trade deposits and short term prepayments	13	12,579	9,118
Other receivables and accrued interest	14	70,152	3,528
Sales tax refundable		13,927	-
Taxation - net		-	60,453
Cash and bank balances	15	178,476	6,111
		1,546,040	814,545
		3,876,747	2,172,112
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital 200,000,000 (2012: 100,000,000) ordinary shares of Rs. 10/- each	16	2,000,000	1,000,000
Issued, subscribed and paid-up capital	16	997,181	997,181
Share premium		99,718	99,718
Accumulated profit / (loss)		150,315	(119,578)
		1,247,214	977,321
Non-controlling interest		242,050	-
Advance against subscription for shares to non-controlling interest		-	27,000
		1,489,264	1,004,321
NON-CURRENT LIABILITIES			
Long term financing	17	1,066,503	131,785
Long term deposits	18	5,971	3,581
Long term employee benefit	19	10,111	9,544
Deferred taxation	20	106,677	48,058
		1,189,262	192,968
CURRENT LIABILITIES			
Trade and other payables	21	252,527	488,742
Accrued mark-up	22	34,952	11,816
Current maturity of long term financing	17	352,477	57,919
Taxation - net		2,191	-
Short term borrowings	23	556,074	416,346
		1,198,221	974,823
CONTINGENCIES AND COMMITMENTS	24		
		3,876,747	2,172,112

The annexed notes from 1 to 44 form an integral part of these consolidated financial statements.

CHIEF EXECUTIVE

DIRECTOR

Consolidated Profit & Loss Account

For the year ended 30 June 2013

	Note	2013	2012
		----- (Rupees in '000) -----	
Sales - net	25	2,824,199	2,314,211
Cost of sales	26	(2,069,463)	(2,064,119)
Gross profit		754,736	250,092
Selling and distribution cost	27	(66,091)	(108,276)
Administrative expenses	28	(70,919)	(73,275)
		(137,010)	(181,551)
Operating profit		617,726	68,541
Other operating expenses	29	(79,317)	(2,626)
Finance cost	30	(166,097)	(96,507)
		(245,414)	(99,133)
Share of profit from associate		28,885	10,740
Other income	31	47,372	37,027
Profit before taxation		448,569	17,175
Taxation	32	(116,626)	(41,976)
Profit / (loss) after taxation		331,943	(24,801)
		(Rupees)	
Earnings / (losses) per share - basic and diluted	33	3.33	(0.25)

The annexed notes from 1 to 44 form an integral part of these consolidated financial statements.

CHIEF EXECUTIVE

DIRECTOR

Consolidated Statement of Comprehensive Income
For the year ended 30 June 2013

	2013	2012
	----- (Rupees in '000) -----	
Profit / (loss) after taxation	331,943	(24,801)
Other comprehensive income		
Other comprehensive income for the year	-	-
Total comprehensive income / (loss) for the year	331,943	(24,801)
Total comprehensive profit / (loss) for the period attributable to:		
- Equity holders of the Holding Company	273,389	(24,801)
- Non-controlling interest	58,554	-
	331,943	(24,801)

The annexed notes from 1 to 44 form an integral part of these consolidated financial statements.

CHIEF EXECUTIVE

DIRECTOR

Consolidated Cash Flow Statement

For the year ended 30 June 2013

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES	----- (Rupees in '000) -----	
Profit before taxation	448,569	17,175
Adjustment for:		
Depreciation	76,495	50,719
Impairment of intangible	3,216	-
Amortization of intangible	77	42
Finance cost	166,097	96,507
Share of profit from associate	(28,885)	(10,740)
Provision for doubtful debts	711	(180)
Provision for leave encashment	2,654	2,906
Provision for gratuity	6,586	6,232
Reversal of provision for slow moving and dead stores and spares	(547)	-
Fixed assets written off	-	1,252
Loss / (profit) on disposal of property, plant and equipment	38	(4,219)
	226,442	142,519
Operating cash flows before working capital changes	675,011	159,694
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(27,553)	(67,916)
Stock-in-trade	(119,590)	(10,432)
Trade debts	(48,534)	(49,930)
Loans and advances	(34,058)	8,677
Trade deposits and short term prepayments	(3,461)	(2,909)
Other receivable, accrued interest & sales tax refundable	(48,591)	76,454
	(281,787)	(46,056)
(Decrease) / increase in current liabilities		
Trade and other payables excluding gratuity payable	(234,357)	199,932
Gratuity payable - transferred from other liability	-	41
Cash generated from operations	158,867	313,611
Finance cost paid	(142,961)	(102,679)
Gratuity paid	(8,444)	(7,050)
Leave encashment paid	(2,087)	(1,193)
Tax refund / (paid) - net	4,637	(32,745)
	(148,855)	(143,667)
Net cash generated from operating activities	10,012	169,944

Consolidated Cash Flow Statement

For the year ended 30 June 2013

	Note	2013	2012
CASH FLOWS FROM INVESTING ACTIVITIES		----- (Rupees in '000) -----	
Fixed capital expenditure		(1,055,695)	(463,281)
Addition in intangible assets		(307)	(360)
Acquisition of short term investments		(306,000)	-
Proceeds from disposal of property, plant and equipment		175	5,538
Long term deposits - assets		(214)	-
Net cash used in investing activities		(1,362,041)	(458,103)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(185,635)	(79,480)
Long term finance obtained		1,414,911	120,000
Proceeds from issuance of shares to Non-controlling interest		153,000	22,500
Long term deposits - liabilities		2,390	(120)
Advance against subscription for issuance of shares to Non-controlling interest		-	27,000
Net cash generated from financing activities		1,384,666	89,900
Net increase / (decrease) in cash and cash equivalents		32,637	(198,259)
Cash and cash equivalents at beginning of the year		(410,235)	(211,976)
Cash and cash equivalents at end of the year	34	(377,598)	(410,235)

The annexed notes from 1 to 44 form an integral part of these consolidated financial statements.

CHIEF EXECUTIVE

DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 30 June 2013

	Equity attributable to owners of the Holding Company				Non-controlling interest	Advance against subscription for shares	Total equity
	Issued, subscribed and paid-up capital	Share premium	Accumulated profit / (loss)	Total			
	(Rupees in '000)						
Balance as at 1 July 2011	797,745	-	(94,777)	702,968	-	-	702,968
Transactions with owners recorded directly in equity							
Issued 19,943,600 ordinary shares of Rs.10 each at the premium of Rs.5 per share	199,436	99,718	-	299,154	-	-	299,154
Advance against subscription for shares to non-controlling interest	-	-	-	-	-	27,000	27,000
Total comprehensive loss for the year ended 30 June 2012							
Loss for the year	-	-	(24,801)	(24,801)	-	-	(24,801)
Balance as at 30 June 2012	997,181	99,718	(119,578)	977,321	-	27,000	1,004,321
Transactions with owners recorded directly in equity							
Shares issued to non-controlling interest	-	-	-	-	180,000	(27,000)	153,000
Total comprehensive income for the year ended 30 June 2013							
Income for the year	-	-	273,389	273,389	58,554	-	331,943
Share of profit transferred to non-controlling interest at the time of acquisition			(3,496)	(3,496)	3,496	-	-
Balance as at 30 June 2013	997,181	99,718	150,315	1,247,214	242,050	-	1,489,264

The annexed notes from 1 to 44 form an integral part of these consolidated financial statements.

CHIEF EXECUTIVE

DIRECTOR

Notes to the Consolidated Financial Statements
For the year ended 30 June 2013

1. THE GROUP AND ITS OPERATION

1.1 The Group consists of Thatta Cement Company Limited, the Holding Company and Thatta Power(Private) Limited, the Subsidiary Company (together referred to as "the Group" and individually as "Group entities") and the Group's interest in equity accounted investee namely Power Cement Limited (formerly Al-Abbas Cement Industries Limited).

1.2 Thatta Cement Company Limited ("the Holding Company") was incorporated in Pakistan in 1980 as a public limited company. The shares of the Company are quoted at the Karachi 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 - 75600. The production facility of the Company is located at Ghulamullah Road, Makli, District Thatta, Sindh.

1.3 Thatta Power (Private) Limited was a wholly owned subsidiary of the Company as at 30 June 2012. During the year right option having cost of Rs. 180 million were issued by the subsidiary which were renounced by the Holding Company and shares were allotted to an associated company resulting in dilution of Company's holding from 100% to 62.43% as at 30 June 2013. The principal business of the subsidiary is generation, supply and transmission of electrical power. As at 30 June 2013 subsidiary has authorized and issued capital of Rs. 500 million and Rs. 479.16 million divided into 5,000,000 and 4,791,583 ordinary shares respectively. The subsidiary has started its commercial operations on 12 December 2012.

1.4 Detail of Group's equity accounted investee is given in note 7 to these consolidated financial statements.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, and provisions of and directives issued under the Companies Ordinance, 1984. In case the requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

These consolidated financial statements are being submitted to the shareholders as required under section 237 of the Companies Ordinance, 1984 and the listing regulations of Karachi Stock Exchange.

2.2 Basis of consolidation

These consolidated financial statements include the financial statements of the Holding company and subsidiary. The financial statements of the subsidiary are included in the 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 recognises the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit and loss account.

The financial statements of the subsidiary are prepared for the same reporting period as of the holding company.

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

2.3 Basis of measurement

These consolidated financial statements have been prepared under historical cost convention except for certain employee retirement benefits and foreign currency liabilities which are stated as reported in their respective notes.

2.4 Functional and presentation currency

These consolidated financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency.

2.5 Use of estimates and judgements

The preparation of these consolidated financial statements in conformity with approved accounting standards require management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgements 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 consolidated financial statements, the significant judgements made by the management in applying the Group's accounting policies and key sources of estimation and uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2012.

Management has made the following estimates and judgements which are significant to these consolidated financial statements:

a) Fixed assets

The Group's management determines the estimated useful lives and related depreciation charge for its property, plant and equipment. The Group also reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge and impairment.

b) Trade debts

The Group reviews its doubtful debts at each reporting date to assess whether provision should be recorded in the profit and loss account. In particular, judgement by management is required in the estimates of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a numberof factors and actual results may differ, resulting in future changes to the provisions.

c) Stock-in-trade and stores and spares

The Group reviews the net realizable value of stock-in-trade and stores and spares to assess any diminution in the respective carrying values. Any change in the estimates in future years might affect the carrying amounts of stock-in-trade, stores and spares and corresponding effect in profit and loss account of those future years. Net realizable value is determined with respect to estimated selling price less estimated expenditures to make the sales.

d) Income taxes

In making the estimates for income taxes currently payable by the Group, the management considers the current income tax law and the decisions of appellate authorities on certain issues in the past. In making the provision for deferred taxes, estimates of the Group's future taxable profits are taken into account.

e) Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgement as the outcome of the future events cannot be predicted with certainty. The Group, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non occurrence of the uncertain future events with respect to evaluation based on element of issue involved and opinion of legal counsel.

f) Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in these consolidated financial statements for actuarial valuation of present value of defined benefit obligation and leave encashment. Change in these assumptions in future years may affect the liability under the scheme in those years.

g) Investments

The Group determines that a significant and prolonged decline in the fair value of its investments below its cost is an objective evidence of impairment. The impairment loss is recognized when the carrying amount exceeds the higher of fair value less cost to sell and value in use.

3. STANDARDS, AMENDMENTS OR INTERPRETATIONS WHICH BECAME EFFECTIVE DURING THE YEAR

During the year certain amendments to Standards and new interpretations became effective; however, they did not have any material effect on these consolidated financial statements of the Group.

New / revised accounting standards, amendments to published accounting standards and interpretations that are not yet effective

The following standards amendments and interpretations of approved accounting standards will be effective for accounting periods mentioned in respective notes:

- IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after 1 January 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognised immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in profit and loss account, which is currently allowed under IAS 19; and that the expected return on plan assets recognised in profit and loss account is calculated based on the rate used to discount the defined benefit obligation. The Group's policy is to account for actuarial gains and losses using the corridor method and if the change would have been applicable the unrecognized actuarial loss amounting to Rs. 4.283 million at 30 June 2013 would have been recognized in other comprehensive income.

- IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 27 (2011) supersedes IAS 27 (2008). Three new standards IFRS 10 - Consolidated Financial Statements, IFRS 11- Joint Arrangements and IFRS 12 - Disclosure of Interest in Other Entities dealing with IAS 27 would be applicable effective 1 January 2013. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendments have no impact on these consolidated financial statements of the Group.

- IAS 28 Investments in Associates and Joint Ventures (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the amendments to apply IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture. The amendment has no impact on these consolidated financial statements of the Group.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 - Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (effective for annual periods beginning on or after 1 January 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement.

- Annual Improvements 2009 - 2011 (effective for annual periods beginning on or after 1 January 2013). The new cycle of improvements contains amendments to the following four standards, with consequential amendments to other standards and interpretations.

- IAS 1 Presentation of Financial Statements is amended to clarify that only one comparative period – which is the preceding period – is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with IFRS. Furthermore, it clarifies that the 'third statement of financial position', when required, is only required if the effect of restatement is material to statement of financial position.

- IAS 16 Property, Plant and Equipment is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of 'property, plant and equipment' in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for as consumable spares under IAS 2 - Inventories. The amendment in IAS 16 would result in reclassification of certain plant specific spares as property, plant and equipment when the amended standard becomes applicable. As at 30 June 2013 the Group has initiated the exercise of identifying capital stores and consumable spares. Hence the impact cannot be quantified.

- IAS 32 Financial Instruments: Presentation - is amended to clarify that IAS 12 Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction. The amendment removes a perceived inconsistency between IAS 32 and IAS 12.

- IAS 34 Interim Financial Reporting is amended to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating Segments. IAS 34 now requires the disclosure of a measure of total assets and liabilities for a particular reportable segment. In addition, such disclosure is only required when the amount is regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.

- IFRIC 20 - Stripping cost in the production phase of a surface mining (effective for annual periods beginning on or after 1 January 2013). The interpretation requires production stripping cost in a surface mine to be capitalized if certain criteria are met. The amendment has no impact on these consolidated financial statements of the Group.

- IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after 1 January 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event give rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

- IAS 39 Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39) (effective for annual periods beginning on or after 1 January 2014). The narrow scope amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulations, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one).

- Amendment to IAS 36 - Impairment of Assets Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). These narrow scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these consolidated financial statements are set out below and have been consistently applied to all years presented.

4.1 Property, plant and equipment

Property, plant and equipment (except freehold land) are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation

Depreciation is charged to profit and loss account applying the reducing balance method and straight line method at the rates specified in note 5.1 except plant and machinery of subsidiary which is depreciated applying Unit of Production method. Depreciation on addition is charged from the date when the asset is available for use and on disposal upto the date when the asset is classified as held for sale in accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' or the date when the asset is derecognized, whichever is earlier. Assets' residual values and useful lives are reviewed, and adjusted, if appropriate at each balance sheet date.

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. Normal maintenance and repairs are charged to profit and loss account as and when incurred whereas major renewals and improvements are capitalized.

Disposal

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and is recognised in profit and loss account.

4.2 Capital work-in-progress (CWIP)

Capital work-in-progress is stated at cost including, where relevant, related financing costs less impairment losses, if any. These costs are transferred to fixed assets as and when assets are available for use.

4.3 Government grants

Government grants related to assets are presented by deducting the grant amount in arriving at the carrying amount of the asset. The grant is recognized in profit and loss account over the useful life of the asset as reduced by depreciation expense.

4.4 Intangible assets

Intangible assets are recognized when it is probable that the expected future economic benefits will flow to the entity and the cost of the asset can be measured reliably. Cost of intangible asset includes purchase cost and directly attributable expenses incidental to bring the asset for its intended use. Costs associated with maintaining computer software are recognized as an expense as and when incurred. Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged over the estimated useful life of the asset on a systematic basis applying the straight line method. Useful lives of all intangible assets are reviewed at each balance sheet date and adjusted if the impact of amortization is significant. Subsequent expenditure on intangible asset is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates.

4.5 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Non-Financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax asset, are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognized, as an expense in the profit and loss account, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4.6 Investment in associate

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity or has significant influence through common directorship. Investments in associates are accounted for using the equity method (equity -accounted investees) and are recognised initially at cost. The consolidated financial statements include the Group's share of its associate's post acquisition profit or loss and other comprehensive income, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

4.7 Stores, spare parts and loose tools

These are stated at lower of cost (calculated on moving average) and net realisable value, less provision for dead and slow moving stores and spares. Store and spares in transit are valued at invoice value plus other charges incurred thereon as on balance sheet date.

Provision for dead and slow moving stores, spare parts and loose tools is determined based on management's estimate regarding their future usability.

Net realisable value signifies the estimated selling price in the ordinary course of business less the estimated cost necessary to be incurred to make the sale.

4.8 Stock-in-trade

Stock of raw and packing material, work in process and finished goods are valued at the lower of cost and net realizable value. Cost in relation to work in process and finished goods includes prime cost and appropriate proportion of production overheads incurred in bringing the inventory to their present location and condition. Stocks of raw and packing material are valued at cost on moving average basis. Stocks in transit are valued at cost comprising invoice value plus other charges directly attributable to the acquisition of related purchase incurred upto the balance sheet date.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated cost of completion and cost necessarily to be incurred in order to make the sale.

4.9 Trade debts and other receivables

Trade debts and other receivables are stated initially at fair value and subsequently measured at amortized cost using the effective interest rate method if applicable, less provision for impairment and provision for doubtful debts, if any. Provision for impairment and provision for doubtful debts are established where there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Trade debts and receivables are written off when considered irrecoverable.

Export debts are initially recognized at the exchange rate prevailing on the date when significant risks and rewards of ownership are transferred and subsequently remeasured at each balance sheet date. Exchange gain / (loss) on remeasurement is taken to profit and loss account.

4.10 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, with banks in current, PLS and deposit accounts net of short term borrowings under mark-up arrangements, if any.

4.11 Employee retirement benefits

Defined benefit plan

The Holding Company operates an approved funded gratuity scheme covering all permanent employees. The scheme is administered by the trustees nominated under the trust deed. The liabilities recognized in respect of gratuity are the present value of the Holding Company's obligations under the scheme at the balance sheet date less the fair value of plan assets, together with adjustment for unrecognized actuarial gains or losses. Contribution is made to this scheme on the basis of actuarial recommendations. The actuarial valuation is carried out using the Projected Unit Credit Actuarial Cost Method.

The present value of obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds. The government bonds are consistent with the estimated term of the post-employment benefit obligations.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of the plan assets or 10% of the defined benefit obligation are credited or debited to profit and loss account over the employees' expected average remaining working lives.

Defined contribution plan

The Holding Company also operates an approved contributory Provident Fund for all its permanent employees to which equal monthly contributions are made, both by the Holding Company and the employees at the rate of 10% of basic salary.

Leave encashment

The liability for accumulated leave encashment of employees is recognised on the basis of actuarial valuation in the period in which employees render service that increases their entitlement to future leave encashment.

4.12 Borrowings and finance cost

Loans and borrowings are recorded as and when the proceeds are received. Borrowing cost incurred on long term finances directly attributable for the construction / acquisition of qualifying asset are capitalized up to the date, the respective assets are available for the intended use. All other mark-up, interest and other related charges are taken to profit and loss account.

4.13 Taxation

Current

Provision for current taxation of the Holding Company is computed in accordance with the provisions of Income Tax Ordinance, 2001. The charge for current income tax is recorded after adjustment, if any, to the provision for tax made in prior years including those arising from assessment and amendments in assessments during the year in such years.

The profits and gains of the subsidiary derived from electric power generation are exempt from tax in terms of Clause 132 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the conditions and limitations provided therein. Under clause (11A) of Part IV of the Second Schedule to the Income Tax Ordinance, 2001, the subsidiary is also exempt from levy of minimum tax on 'turnover' under section 113 of the Income Tax Ordinance, 2001. However, full provision is made in the profit and loss account on income from sources not covered under the above clauses at current rate of taxation after taking into account, tax credits and rebates available, if any.

Deferred

The Holding Company accounts for deferred taxation on all temporary differences using liability method. Deferred tax asset is recognized only to the extent that it is probable that future taxable profit will be available and the credits can be utilized. Deferred tax has not been provided in these consolidated financial statements for the subsidiary as the Group's management believes that the temporary differences will not reverse in the foreseeable future due to the fact that the profits and gains of the subsidiary derived from electric power generation are exempt from tax subject to the conditions and limitations provided for in Income Tax Ordinance, 2001.

4.14 Trade and other payables

These are recognized and carried at cost which is fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Group.

4.15 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the best estimate.

4.16 Transactions with related parties

Transactions in relation to sales, purchases and services with related parties are made at arm's length prices determined in accordance with the comparable uncontrolled price method except for the allocation of expenses such as sharing of common staff salaries, electricity, gas, water, repair and maintenance relating to the head office, shared with associated companies, which are based on the advices received.

4.17 Revenue recognition

Thatta Cement Company Limited

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable. Revenue from sales is recognized upon passage of the title to the customers usually on dispatch of goods. Export sales are recognized as revenue when significant risks and rewards of ownership are transferred. Interest and rental / other income is recognized on accrual basis.

Thatta Power (Private) Limited

Revenue from the sale of electric power is recorded based upon the output delivered and capacity available at rates as specified under the Power Purchase Agreements whereas income on short term investments is recorded on accrual basis using effective interest rate method.

4.18 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognized at the time when the Group looses control of the contractual rights that comprises the financial assets. Financial liabilities are derecognized at the time when they are extinguished, that is when the obligation specified in the contract is discharged, cancelled or expired. Any gains or losses on derecognition of financial assets and financial liabilities are taken to profit and loss account.

4.19 Offsetting of financial assets and financial liabilities

A financial asset and financial liability is offset and the net amount is reported in the balance sheet if the Group has a legally enforceable right to set-off the recognized amounts and the Group intends either to settle on a net basis or to realize the asset and discharge the liability simultaneously. Corresponding income on assets and charge on liability is also offset.

4.20 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's management to make decisions about resources to be allocated to the segment and to assess its performance.

Segment results that are reported to the Group's management include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the year to acquire property and equipment and intangible assets.

4.21 Foreign currency transactions

Transaction in foreign currencies are translated into Pak Rupees using the exchange rates prevailing on the date of each transaction. Monetary assets and liabilities in foreign currencies are reported in Pak Rupees using the exchange rates approximating those prevailing on the balance sheet date. All exchange differences are taken into profit and loss account.

4.22 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data. Basic EPS is calculated by dividing the profit or loss attributable to shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

4.23 Dividends and appropriations

Dividends and reserve appropriations are recognized in the period in which these are declared / approved.

5. PROPERTY, PLANT AND EQUIPMENT

	Note	2013	2012
		----- (Rupees in '000) -----	
Operating fixed assets	5.1	2,126,317	785,397
Capital work-in-progress	5.5	35,364	429,257
		2,161,681	1,214,654

5.1 Operating fixed assets

2013

	COST					Depreciation rate per annum	ACCUMULATED DEPRECIATION					Net book value as at 30 June 2013
	As at 1 July 2012	Additions	Disposals	Transfer / adjustment	As at 30 June 2013		As at 1 July 2012	Charge for the year	Accumulated depreciation on disposals	Transfer / adjustment	As at 30 June 2013	
	(Rupees in '000')					%	(Rupees in '000')					
Freehold land	6,421	-	-	-	6,421	-	-	-	-	-	-	6,421
Leasehold improvements	45,656	2,585	(45,656)	-	2,585	10% & 20%	12,555	1,411	(13,696)	-	270	2,315
Quarries and improvements	11,963	-	-	-	11,963	5%	11,763	10	-	-	11,773	190
Factory building on freehold land	237,543	241,483	-	-	479,026	10% & 4%	180,145	11,059	-	-	191,204	287,822
Electrical installations	25,657	30,710	-	-	56,367	5%	3,660	1,855	-	-	5,515	50,852
Housing colonies	72,293	-	-	-	72,293	5%	52,309	999	-	-	53,308	18,985
Office building on freehold land	22,281	-	-	-	22,281	5%	17,577	235	-	-	17,812	4,469
Cooling towers	-	73,235	-	-	73,235	7%	-	2,823	-	-	2,823	70,412
Plant and machinery	1,642,568	1,069,947	-	(3,230)	2,709,285	5% & Unit of Production	1,066,885	46,632	-	(2,917)	1,110,600	1,598,685
Quarry equipments	18,040	-	-	-	18,040	20%	18,012	6	-	-	18,018	22
Railway sidings	14,905	-	-	-	14,905	10%	12,784	212	-	-	12,996	1,909
Vehicles	39,788	9,866	(605)	-	49,049	10% & 20%	19,565	4,691	(447)	-	23,809	25,240
Furniture and fixtures	6,264	5,820	-	-	12,084	10%	4,918	424	-	-	5,342	6,742
Office equipment	6,319	7,790	(80)	-	14,029	10%	3,459	603	(36)	-	4,026	10,003
Medical equipment	629	-	-	-	629	10%	620	1	-	-	621	8
Laboratory equipment	49,922	4,252	-	-	54,174	10%	14,282	3,881	-	-	18,163	36,011
Computers	10,316	4,213	(60)	-	14,469	30%	6,634	1,653	(49)	-	8,238	6,231
	2,210,565	1,449,901	(46,401)	(3,230)	3,610,835		1,425,168	76,495	(14,228)	(2,917)	1,484,518	2,126,317

2012

	COST					Depreciation rate per annum	ACCUMULATED DEPRECIATION					Net book value as at 30 June 2012
	As at 1 July 2011	Additions	Disposals	Transfer / adjustment	As at 30 June 2012		As at 1 July 2011	Charge for the year	Accumulated depreciation	Transfer / adjustment on disposals	As at 30 June 2012	
	(Rupees in '000')					%	(Rupees in '000')					
Freehold land	6,266	155	-	-	6,421	-	-	-	-	-	-	6,421
Leasehold improvements	45,656	-	-	-	45,656	10%	7,989	4,566	-	-	12,555	33,101
Quarries and improvements	11,963	-	-	-	11,963	5%	11,752	11	-	-	11,763	200
Factory building on freehold land	237,543	-	-	-	237,543	10%	173,767	6,378	-	-	180,145	57,398
Electrical installations	25,657	-	-	-	25,657	5%	2,502	1,158	-	-	3,660	21,997
Housing colonies	72,293	-	-	-	72,293	5%	51,257	1,052	-	-	52,309	19,984
Office building on freehold land	22,281	-	-	-	22,281	5%	17,329	248	-	-	17,577	4,704
Plant and machinery	1,630,332	12,211	-	25	1,642,568	5%	1,037,166	29,719	-	-	1,066,885	575,683
Quarry equipments	47,302	-	(25,953)	(3,309)	18,040	20%	46,906	51	(25,720)	(3,225)	18,012	28
Railway sidings	14,905	-	-	-	14,905	10%	12,548	236	-		12,784	2,121
Vehicles	39,789	3,526	(2,920)	(607)	39,788	10% & 20%	18,131	3,463	(1,863)	(166)	19,565	20,223
Furniture and fixtures	18,052	405	-	(12,193)	6,264	10%	12,414	650	-	(8,146)	4,918	1,346
Office equipment	3,995	2,324	-	-	6,319	10%	3,278	181	-	-	3,459	2,860
Medical equipment	629	-	-	-	629	10%	519	101	-	-	620	9
Laboratory equipment	25,094	13,414	-	11,414	49,922	10%	5,145	1,716	-	7,421	14,282	35,640
Computers	10,626	2,885	(91)	(3,104)	10,316	30%	7,913	1,189	(62)	(2,406)	6,634	3,682
	2,212,383	34,920	(28,964)	(7,774)	2,210,565		1,408,616	50,719	(27,645)	(6,522)	1,425,168	785,397

5.2 Allocation of depreciation

The depreciation charge for the year has been allocated as under:

	Note	2013	2012
		----- (Rupees in '000) -----	
Cost of sales	26	69,225	44,430
Selling and distribution cost	27	1,551	1,359
Administrative expenses	28	5,719	4,930
		76,495	50,719

5.3 Borrowing costs of Rs. 18.354 million directly attributable to acquisition of engines and Rs. 2.061 million net of temporaryinvestment income attributable to construction and erection of building and plant and machinery have been capitalized during the year.

5.4 The details of operating fixed assets disposed off during the year are as follows:

	Cost	WDV	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of buyer
	---------------- (Rupees in '000) ----------------					
Assets having book value of above Rs. 50,000/-						
Leasehold improvements	45,656	31,960	31,960	-	As per rent agreement	Rotocast Engineering Company (Pvt.) Limited (related party)
Vehicles	605	158	158	-	As per Holding Company's policy	Mr. Ashiq Hussain (ex-employee)
Assets having book value of Rs. 50,000/- or less						
Office equipment	80	44	10	(34)	Negotiation	Ghulam Murtaza Services
Computers	60	11	7	(4)	Negotiation	Sunny Brothers
During the year ended 30 June 2013	46,401	32,173	32,135	(38)		
During the year ended 30 June 2012	28,964	1,319	5,538	4,219		

5.5 Capital work-in-progress

	Note	Cost as at 01 July 2012	Capital expenditure incurred during the year	Transferred to operating fixed assets / stores and spares	Cost as at 30 June 2013
		(Rupees in '000)			
Plant and machinery		142,014	924,732	(1,066,746)	-
Advance for purchase of office equipment and furniture and fixture		6,334	5,147	(11,481)	-
Plant and machinery under USAID project	5.5.1	-	33,767	-	33,767
Civil works		148,800	87,340	(234,543)	1,597
Consultancy / advisory fee	5.5.2	3,448	17,555	(21,003)	-
Advances to contractors		126,707	(126,707)	-	-
Unallocated directly attributable costs	5.5.3	1,954	14,439	(16,393)	-
Expenses incurred during trial operations	5.5.4	-	8,636	(8,636)	-
As on 30 June 2013		429,257	964,909	(1,358,802)	35,364
As on 30 June 2012		896	428,361	-	429,257

5.5.1 The holding Company acquired plant and machinery items from ABB (Pvt) Limited under USAID Energy Efficiency and Capacity Program. The program offers 50% subsidy to replace inefficient motors and variable speed drives with certified energy efficient equipment. The above amount includes Rs.19.43 million representing 50% of the cost of the new equipment.

5.5.2 Consultancy / advisory fee and unallocated directly attributable cost were allocated to building and plant and machinery and these asset are capitalized on the date of commencement of commercial operations.

5.5.3 Unallocated directly attributable costs

	2013	2012
	(Rupees in '000)	
Insurance	13,820	-
Borrowing cost - net	2,061	-
Stores	-	1,722
Labour charges	-	50
Miscellaneous expenses	512	182
	16,393	1,954
Capitalized during the year	(16,393)	-
Closing balance	-	1,954

5.5.4 Trial operations ceased on 12 December 2012. The detail of the expenses incurred during trial operations are as follows:

5.5.4.1 Trial run loss

Trial run costs		
Fuel Cost- Gas	8,175	-
Mobilization fee paid to plant operator	461	-
	8,636	-
Trial run turnover	-	-
	8,636	-
Capitalized during the year	(8,636)	-
	-	-

6. INTANGIBLE ASSETS

The Group's intangible assets comprise of computer software and monogram licence. The carrying amount as at 30 June 2013 is as follows:

	Note	2013	2012
		----- (Rupees in '000) -----	
Cost		667	210
Less: Accumulated amortization		(119)	(42)
		548	168
Capital work-in-progress	6.1	-	3,366
		548	3,534

6.1 Capital work-in-progress

	2013	2012
Opening balance	3,366	3,216
Addition during the year	150	150
Transferred to intangible assets	(300)	-
Impairment charged during the year	(3,216)	-
Closing balance	-	3,366

7. LONG TERM INVESTMENT IN ASSOCIATE

2013	2012		2013	2012
(Number of shares)				
25,600,000	25,600,000	Power Cement Limited (formerly Al-Abbas Cement Industries Limited)	167,472	138,587

The cost of above investment is Rs. 128 million representing 7% (2012: 7%) of share capital of Power Cement Limited. The fully paid ordinary shares having face value of Rs. 10 each were acquired at discount of Rs. 5 per share. Aggregate market value of investment as at 30 June 2013 is Rs. 223.744 million (2012: Rs. 122.88 million).

The share of profit after acquisition is recognised based on unaudited financial statements as at 30 June 2013 as the audited financial statements are not presently available. The summarised financial information of the equity accounted investee based on unaudited financial information is as follows :

Summarized financial information of equity accounted investee:

	2013 (Unaudited)	2012 (Audited)
	(Rupees in '000)	
Assets	5,582,798	5,183,077
Liabilities	4,044,745	4,057,667
Total revenue	3,511,686	2,930,152
Profit after taxation for the year	412,643	153,431

8. STORES, SPARE PARTS AND LOOSE TOOLS

	Note	2013	2012
		----- (Rupees in '000) -----	
Stores	8.1	223,683	254,039
Spare parts		173,706	115,894
Loose tools		248	151
		397,637	370,084
Less: Provision for dead stores		(5,462)	(8,803)
Provision for slow moving stores and spares		(34,053)	(31,259)
	8.2	(39,515)	(40,062)
		358,122	330,022

8.1 This includes stores in transit of Rs. 3.054 million (2012: Rs. 25.932 million) as at balance sheet date.

8.2 Reconciliation of carrying amount of above provision

	2013	2012
Opening balance	40,062	40,062
Reversal made during the year	(547)	-
Closing balance	39,515	40,062

9. STOCK-IN-TRADE

	2013	2012
Raw material	22,099	42,505
Packing material	26,871	23,994
Work-in-process	261,445	124,450
Finished goods	38,898	38,774
	349,313	229,723

10. TRADE DEBTS

	Note	2013	2012
Considered good			
Export proceeds receivable - secured		-	80,370
Local - unsecured		186,605	58,412
		186,605	138,782
Considered doubtful			
Cement stockiest	10.1	60,801	60,801
Excessive rebate allowed	10.1	6,101	6,101
Controller Military Accounts		5,126	5,126
Other customers		952	241
		72,980	72,269
Less: Provision for doubtful debts	10.2	(72,980)	(72,269)
		186,605	138,782

10.1 This includes balances outstanding for more than 5 years. The management contends that the amount recoverable from cement stockiest were misappropriated and certain unauthorized excessive rebates were allowed by collusion of certain personnel of the Holding Company, when it was operating under State Cement Corporation of Pakistan (SCCP), whose services had been terminated. Accordingly, the management had lodged references for the recovery of misappropriated amount with the National Accountability Bureau (NAB). The NAB has recovered an amount of Rs. 2.276 million in the preceding years. Due to promulgation of National Reconciliation Ordinance (NRO), the recoveries were stopped / held up. The matter has however been discussed with the NAB authorities who have informed that after finalization of case against alleged personnel, they will start recoveries, therefore provision has been maintained in respect of outstanding amount as a matter of prudence and abundant precaution.

10.2 Reconciliation of carrying amount of above provision

	Note	2013	2012
		----- (Rupees in '000) -----	
Opening balance		72,269	72,449
Provision made / (reversed) during the year - net		711	(180)
Closing balance		72,980	72,269

11. SHORT TERM INVESTMENTS

	Note	2013	2012
Term deposit with National Bank of Pakistan	11.1	306,000	-

11.1 The term deposit is placed for a period of one year at the rate of 9.38% per annum and has been pledged against the bank guarantee issued to Sui Southern Gas Company Limited on behalf of Thatta Power (Private) Limited.

12. LOANS AND ADVANCES

	2013	2012
Considered good		
To employees	86	104
Advances		
- against letter of credit	59,403	177
- bid bond - margin held by bank	-	4,500
- guarantee margin	2,423	3,165
- advance to suppliers	7,443	24,732
- advance to contractors	281	548
- others	1,230	3,582
	70,780	36,704
	70,866	36,808

13. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	2013	2012
Trade deposits	2,445	6,089
Short term prepayments	10,134	3,029
	12,579	9,118

14. OTHER RECEIVABLES AND ACCRUED INTEREST

	Note	2013	2012
Interest receivable from banks	14.1	20,702	111
Pre incorporation expenses of Thatta Cement Company (Private) Limited	14.2	14,541	-
Others	14.3	34,909	3,417
		70,152	3,528

14.1 It includes amount of Rs. 0.056 million (2012: Rs. 0.063 million) receivable from Summit Bank Limited, a related party.

14.2 This represents the amount receivable from Thatta Cement Company (Private) Limited (TCCPL), a related party, established by the Holding Company in Sri Lanka for cement grinding and packing. TCCPL will issue shares in future subject to all regulatory approvals.

14.3 This includes receivable amounting to Rs. 31.96 million (2012: NIL) from Rotocast Engineering Company (Private) Limited, a related party.

15. CASH AND BANK BALANCES

	Note	2013	2012
		----- (Rupees in '000) -----	
Cash in hand		177	308
Balances with banks			
- in current accounts		1,634	792
- in PLS accounts	15.1, 15.2 & 15.3	175,656	4,002
- in term deposit accounts	15.4	1,009	1,009
		178,299	5,803
		178,476	6,111

15.1 At 30 June 2013 the mark-up rate on PLS accounts is 6% (2012: 6%) per annum.

15.2 It includes an amount of Rs. 3.612 million (2012: Rs. 3.063 million) in PLS account with Summit Bank Limited, a related party.

15.3 It includes restricted funds of Rs. 167.089 million (2012: Nil) maintained by subsidiary in various project accounts at National Bank of Pakistan as a covenant of syndicated term finance agreement and syndicated deferred payment letter of credit facility agreement. The funds are to be used strictly in accordance with financing agreements.

15.4 This is kept under lien of a bank against bank guarantee carrying mark-up rate of 6% (2012: 6%) per annum.

16. SHARE CAPITAL

2013	2012		2013	2012
(Number of shares)			----- (Rupees in '000) -----	
Authorised				
200,000,000	100,000,000		2,000,000	1,000,000
Issued, subscribed and paid up				
89,418,125	89,418,125	Ordinary shares of Rs. 10/- each share allotted for consideration paid in cash	894,181	894,181
10,300,000	10,300,000	Ordinary shares of Rs. 10/- each share allotted for consideration other than cash	103,000	103,000
99,718,125	99,718,125		997,181	997,181

16.1 During the year M/s Arif Habib Equity (Private) Limited and other associated companies executed share purchase agreements for the disposal of 49,859,062 shares and 10,846,251 shares respectively. In pursuance of above agreements as of 30 June 2013, 19.343 million shares comprising 19.4% and 5.908 million shares comprising 5.93% of total 99.718 million shares have been transferred in the name of M/s Sky Pak Holding (Private) Limited and M/s Rising Star Holding (Private) Limited respectively. M/s Arif Habib Equity (Private) Limited holds 29.897 million shares (2012: 49,859,062 shares representing 50%) representing 29.98% of the total fully paid- up shares.

16.2 During the year the Holding Company has increased its authorised share capital by Rs. 1,000 million by passing a special resolution in Annual General Meeting held on 16 October 2012.

17. LONG TERM FINANCING

	Note	2013	2012
		----- (Rupees in '000) -----	
Loan from Banking companies - secured			
- National Bank of Pakistan	17.1 & 17.3	85,117	103,037
- National Bank of Pakistan	17.2 & 17.3	46,667	86,667
- Syndicated term finance facility (STFF)	17.4, 17.6 & 17.7	710,675	-
- Liability against deferred payment letter of credit	17.5 & 17.6	576,521	-
		1,418,980	189,704
Less : Current maturity		(352,477)	(57,919)
		1,066,503	131,785

17.1 This represents first disbursement of Rs. 107 million of the aggregate facility of Rs. 260 million allowed by the bank. This carries a floating mark-up linked to 6 months KIBOR as base rate plus 2% on annualised basis. The tenure of financing is 7 years and is repayable in 24 equal quarterly installment of Rs. 4.48 million each starting in 15th month from the date of first disbursement.

17.2 This represents second disbursement of Rs. 120 million of the facility mentioned in 17.1 above. The tenure of financing is 3 years and is repayable in 36 equal monthly installment of Rs. 3.33 million each starting from the month following the disbursement.

17.3 The aggregate facility is secured by first equitable mortgage over land and building of the Holding Company and first charge by way of hypothecation over all present and future plant and machinery of the Holding Company to the extent of Rs. 372 million.

17.4 This syndicated term finance facility 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 3% on annualized basis. The tenure of financing is 7 years and 9 months including grace period of 9 months and the facility is repayable in 28 equal quarterly instalments of Rs. 25.381 million each starting after one year from the date of first drawdown. The drawdown date of entire facility i.e. Rs. 710.675 million is 21 November 2012.

17.5 This represents amount payable to GE Jenbacher, Austria under Deferred Payment Letter of Credit (DPLC) arrangement for the supply of gas engines along with spare parts. The amount is repayable in six half yearly instalments. DPLC facility is provided by the syndicate of banks comprising of National Bank of Pakistan, Sindh Bank Limited, Summit Bank Limited and Bank Alfalah Limited.

17.6 The syndicated term finance facility and deferred payment letter of credit facility provided by the syndicate of banks as explained in notes 17.4 & 17.5 are 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, lien over import documents, assignment over receivables and insurance policies of subsidiary and pledge of subsidiary's shares owned by the Holding Company.

17.7 It includes an amount of Rs. 59.602 million (2012: Nil) payable to Summit Bank Limited, a related party.

18. LONG TERM DEPOSITS

	Note	2013	2012
		----- (Rupees in '000) -----	
Dealers	18.1	5,110	3,110
Suppliers and contractors	18.1	861	471
		5,971	3,581

18.1 These represent interest free security deposits, received from dealers, suppliers and contractors and are repayable / adjustable on cancellation or withdrawal of dealership and completion of contract in case of suppliers and contractors.

19. LONG TERM EMPLOYEE BENEFIT

This represents accrual for staff leave accumulated balances and includes liability in respect of permanent employees accumulated to Rs.10.111 million (2012: Rs. 9.544 million).

20. DEFERRED TAXATION

	2013	2012
	----- (Rupees in '000) -----	
Taxable temporary differences		
Accelerated tax depreciation	144,006	119,186
Deductible temporary differences		
Provision for gratuity	(1,414)	(1,644)
Provisions for doubtful debts and stores and spares	(35,915)	(34,383)
Minimum tax	-	(35,101)
	106,677	48,058

21. TRADE AND OTHER PAYABLES

	Note	2013	2012
Trade creditors	21.1	30,185	36,093
Accrued liabilities		117,490	199,773
Bills payable		-	179,860
Advances from customers	21.2	25,180	32,056
Contractors retention money		24,568	7,497
Excise duty and sales tax payable		13,979	24,411
Payable to Gratuity Fund	21.3	5,386	7,244
Payable to Provident Fund	21.4	802	-
Workers' Profit Participation Fund	21.5	22,970	-
Workers' Welfare Fund		10,363	663
Other liabilities		1,604	1,145
		252,527	488,742

21.1 It includes Rs. 0.87 million (2012: NIL) payable to Power Cement Limited (formerly Al-Abbas Cement Industries Limited), an associated company in respect of purchase of store items.

21.2 It includes Rs. 0.357 million (2012: Rs. 0.357 million) payable to Safe Mix Concrete Products Limited, a related party.

21.3 Payable to gratuity fund

Principal actuarial assumptions used in the actuarial valuation of the scheme carried out under Projected Unit Credit Method as at 30 June 2013 are as follows:

- Discount rate at 10.5% per annum (2012: 13% per annum).
- Expected rate of return on plan assets at 13% per annum (2012: 14% per annum).
- Expected rate of increase in salary level at 9.5% per annum (2012: 12% per annum).

The amount recognised in the balance sheet is as follows:	2013	2012
	----- (Rupees in '000) -----	
Present value of defined benefit obligation	33,881	26,246
Fair value of plan assets	(24,212)	(19,066)
	9,669	7,180
Unrecognised actuarial (loss) / gain	(4,283)	64
Liability as at 30 June	5,386	7,244

Movement in the present value of defined benefit obligation

Obligation as at 1 July	26,246	21,684
Current service cost	5,652	5,041
Interest cost	3,412	3,035
Benefits paid	(6,998)	(2,238)
Actuarial loss / (gain)	5,569	(1,317)
Benefits payable - transferred from other liability	-	41
Obligation as at 30 June	33,881	26,246

Movement in the fair value of plan assets

Fair value as at 1 July	19,066	13,173
Expected return on Plan Assets	2,479	1,844
Employer contribution	8,444	7,050
Benefits paid	(6,998)	(2,238)
Actuarial gain /(loss) on Plan Assets	1,221	(763)
Fair value as at 30 June	24,212	19,066

Movement in liabilities

Balance as at 1 July	7,244	8,021
Charge for the year	6,586	6,232
Contribution to the fund	(8,444)	(7,050)
Benefits payable - transferred from other liability	-	41
Balance as at 30 June	5,386	7,244

The amount recognised in the profit and loss account is as follows:

Current service cost	5,652	5,041
Interest cost	3,412	3,035
Expected return on Plan Assets	(2,479)	(1,844)
	6,585	6,232

Return on plan assets is as follows:	Note	2013	2012
		----- (Rupees in '000) -----	
Expected return on plan assets		2,479	1,844
Actuarial gain / (loss) on plan assets		1,221	(763)
		3,700	1,081

Analysis of Present Value of Defined Benefit Obligation and Fair Value of Plan Assets for current and previous year are as follows:

Present Value of Defined Benefit Obligation	(33,881)	(26,246)
Fair Value of Plan Assets	24,212	19,066
(Deficit)	(9,669)	(7,180)

The charge for the year has been allocated as follows:

Cost of sales	26	5,335	4,570
Selling and distribution cost	27	395	634
Administrative expenses	28	856	1,028
		6,586	6,232

21.4 The following information is based on the audited financial statements of the fund:

Size of the fund - Total assets	28,369	21,575
Cost of investment made	25,626	19,296
Percentage of investments made	90%	89%
Fair value of investments	27,513	21,005

The break-up of fair value of investment is:

	2013		2012	
	(Rupees in '000)	Percentage	Rupees in '000)	Percentage
Bank balances	3,036	11%	806	4%
Term deposit securities	19,125	70%	15,310	73%
Mutual funds	5,352	19%	4,889	23%
	27,513	100%	21,005	100%

The investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and rules formulated for this purpose.

21.5 Workers' Profit Participation Fund

		2013	2012
		----- (Rupees in '000) -----	
Balance as at 1 July		-	-
Allocation for the year	29	22,970	-
		22,970	-
Payments made during the year		-	-
Balance as at 30 June		22,970	-

22. ACCRUED MARKUP

	Note	2013	2012
		----- (Rupees in '000) -----	
Long term financing		17,765	172
Short term borrowing	22.1	17,187	11,644
		34,952	11,816

22.1 It includes Rs. 3.769 million (2012: Rs. 2.637 million) due to Summit Bank Limited, a related party.

23. SHORT TERM BORROWINGS - SECURED

	Note	2013	2012
Running finance	23.2	556,074	343,183
Export refinance		-	73,163
		556,074	416,346

23.1 The aggregate running finance and export refinance available from banks as at 30 June 2013 amounted to Rs. 684.714 million out of which Rs. 128.64 million remain unutilized at the year end. These facilities are renewable and secured by way of hypothecation of fixed assets, stock-in-trade and trade debts. These carry mark-up at rates ranging between 11% to 15% (2012: 11% to 16.53%) per annum payable quarterly.

23.2 This includes Rs. 100.183 million (2012: Rs. 99.051 million) due to Summit Bank Limited, a related party.

24. CONTINGENCIES AND COMMITMENTS

24.1 Contingencies

24.1.1 Section 113(2)(c) was interpreted by a Divisional Bench of the Sindh High Court (SHC) in the Income Tax Reference Application (ITRA) No. 132 of 2011 dated 7 May 2013, whereby it was held that the benefit of carry forward of Minimum Tax is only available in the situation where the actual tax payable (on the basis of net income) in a tax year is less than Minimum Tax. Therefore, where there is no tax payable, interalia, due to brought forward tax losses, minimum tax could not be carried forward for adjustment with future tax liability.

The Holding Company has adjusted minimum tax amounting to Rs.31.55 million against its income tax liability. The Holding Company's legal counsel is of the opinion that it has strong arguable case and at an appropriate stage the matter can be agitated before Supreme Court of Pakistan in case the said adjustment is challenged by the tax authorities. In view of above, the management is confident that the ultimate outcome in this regard would be favourable. Hence no provision in this respect has been made in these consolidated financial statements.

24.1.2 Cases are pending with National Accountability Bureau (NAB) Courts for the misappropriation of recoveries from debtors and allowing excessive unauthorized rebate amounting to Rs. 66.902 million by the former employees and stockiest of the State Cement Corporation of Pakistan. The recovery proceedings are in progress under NAB law as explained in note 10.1.

24.1.3 Certain employees of the Holding Company contested the Holding Company's gratuity policy and filed suit against the Holding Company demanding 60 days gratuity instead of 30 days applicable to the employees of former Holding company having impact of Rs. 5.385 million. However, in view of the Holding Company's legal counsel the demand is against the applicable labour laws and will not materlize.

Besides this an ex-employee filed a suit for recovery of Rs. 24.95 million in respect of salary and other benefits, golden handshake and compensation for damages but the same stood rejected by the court. The ex-employee preferred an appeal which was also dismissed on 8-12-2012. The said decision has not been further challenged before next forum, hence the matter stands finally disposed off.

24.1.4 Two cement dealers had filed suit against the Holding Company for Rs. 6.5 million and Rs. 1.5 million respectively being value of trucks which were handed over to the Company in lieu of outstanding dues from these dealers. The Holding Company's legal counsel is of the opinion that no liability is likely to arise in this case.

24.1.5 The subsidiary entered into Power Purchase Agreement (PPA) with Hyderabad Electric Supply Company Limited (HESCO) on May 14, 2011 to sell electricity at the rates agreed in the said agreement. The agreement was executed in accordance with the Policy Framework for New-Captive Power Producer (N-CPP).

Subsequently, National Electric Power Regulatory Authority (NEPRA) issued an order revising the tariff formula resulting in reduced tariff. In view of the said order, HESCO intimated to pay its dues for electricity purchased as per the revised tariff formula.

In response, the Subsidiary instituted a suit before the Honourable High Court of Sindh, against HESCO, on the grounds that HESCO failed to pay the dues to the Company as per PPA. The Court issued a stay order and instructed the parties to continue to fulfil the terms and conditions of the PPA including financial obligations. The management is confident, based on the advice of Company's legal advisor, that it will not be exposed to any loss on account of the case. The financial impact of revision in the rates cannot be reliably measured at this stage.

24.2 Commitments

24.2.1 Guarantees given by commercial banks to Sui Southern Gas Company Limited on behalf of the Group amounts to Rs. 351 million (2012: Rs. 45 million).

24.2.2 Other outstanding guarantees given on behalf of the Group by banks amounting to Rs. 55.573 million (2012: Rs. 49.982 million).

24.2.3 Irrevocable letter of credit under revenue expenditure outstanding as on balance sheet date amounts to Nil (2012: Rs. 5.214 million).

24.2.4 Commitment in respect of capital expenditure as on balance sheet date was Rs. 335.587 million (2012: Rs. 43.567 million).

24.2.5 Commitment in respect of deferred payment letter of credit as on balance sheet date was Nil (2012: Rs. 747.233 million).

24.2.6 Commitment in respect of mark-up on liability against deferred payment letter of credit in favour of GE Jenbacher as on balance sheet date was Rs. 56.355 million (2012: Nil).

24.2.7 Commitment in respect of Engineering, Procurement and Construction contract as on balance sheet date was Nil (2012: Rs. 248.4 million).

25. SALES - NET

	2013	2012
	----- (Rupees in '000) -----	
Sales - Local	3,366,455	2,303,467
- Export	70,122	494,274
	3,436,577	2,797,741
Less: - Federal Excise Duty	144,160	165,447
- Sales tax	468,218	318,083
	612,378	483,530
	2,824,199	2,314,211

26. COST OF SALES

	Note	2013	2012
		----- (Rupees in '000) -----	
Raw material consumed	26.1	154,244	158,644
Manufacturing expenses			
Packing material consumed	26.2	120,484	136,993
Stores, spare parts and loose tools consumed		147,977	122,707
Fuel and power		1,497,497	1,427,804
Salaries, wages and other benefits	26.3	172,814	140,070
Insurance		8,727	3,412
Repairs and maintenance		17,534	4,436
Depreciation	5.2	69,225	44,430
Other production overheads		18,080	20,439
		2,052,338	1,900,291
Cost of production		2,206,582	2,058,935
Work-in-process			
Opening balance		124,450	130,557
Closing balance	9	(261,445)	(124,450)
		(136,995)	6,107
Cost of goods manufactured		2,069,587	2,065,042
Finished goods			
Opening balance		38,774	37,851
Closing balance	9	(38,898)	(38,774)
		(124)	(923)
		2,069,463	2,064,119

26.1 Raw material consumed

	2013	2012
Opening balance	42,505	22,068
Purchases	133,838	179,081
	176,343	201,149
Closing balance	(22,099)	(42,505)
	154,244	158,644

26.2 Packing material consumed

	2013	2012
Opening balance	23,994	29,259
Purchases	123,361	131,728
	147,355	160,987
Closing balance	(26,871)	(23,994)
	120,484	136,993

26.3 This includes employees' retirement benefit amounting to Rs. 9.884 million (2012: Rs. 9.482 million).

27. SELLING AND DISTRIBUTION COST

	Note	2013	2012
		----- (Rupees in '000) -----	
Salaries, wages and other benefits	27.1	5,590	5,495
Vehicle running expenses		734	563
Travelling and conveyance		132	158
Communication		303	524
Printing and stationery		38	58
Entertainment		76	144
Repair and maintenance		197	-
Rent, rates and taxes		988	-
Utilities		288	-
Advertisements		238	229
Sales promotion expense		367	-
Freight charges - local sale		29,212	14,207
Export logistics and related charges		8,765	75,303
Commission		14,257	7,380
Depreciation	5.2	1,551	1,359
Miscellaneous		3,355	2,856
		66,091	108,276

27.1 This includes employees' retirement benefit amounting to Rs. 1.37 million (2012: Rs. 1.32 million).

28. ADMINISTRATIVE EXPENSES

	Note	2013	2012
Salaries, wages and other benefits	28.1	34,333	27,540
Vehicle running expenses		2,284	1,925
Travelling and conveyance		818	1,399
Advertisements		202	166
Communication, postage, telegram		1,213	1,275
Printing and stationery		675	1,485
Rent, rates and taxes		4,456	11,493
Entertainment		1,192	640
Legal and professional charges		3,504	9,804
Insurance		242	295
Repairs and maintenance		1,539	3,737
Utilities		668	7
Fees and subscription		3,944	3,384
Corporate expenses		867	1,464
Charity and donation	28.2	8	93
Auditors' remuneration	28.3	921	657
Other auditors' remuneration	28.4	1,426	612
Depreciation	5.2	5,719	4,930
Amortization of intangible		77	42
Bad debts and Provision for doubtful debts		3,432	221
Fixed assets written off		-	1,252
Impairment of intangibles		3,216	-
Miscellaneous		183	854
		70,919	73,275

28.1 This includes employees' retirement benefit amounting to Rs. 2.22 million (2012: Rs. 2.13 million).

28.2 None of the Directors or their spouses have any interest in any donee's fund to which donation was made.

28.3 Auditors' remuneration	Note	2013	2012
		----- (Rupees in '000) -----	
Annual audit fee		650	500
Half yearly review fee		50	50
Review fee for consolidated financial statements		25	-
Fee for other services		50	7
Out of pocket expenses		146	100
		921	651

28.4 Other auditors' remuneration	Note	2013	2012
Cost audit fee		100	100
Out of pocket expenses		10	10
		110	110
Internal audit fee		1,180	470
Out of pocket expenses		136	32
		1,316	502
		1,426	612

29. OTHER OPERATING EXPENSES

	Note	2013	2012
Workers' Welfare Fund		9,699	638
Workers' Profit Participation Fund		22,970	-
Exchange loss		45,196	1,988
Loss on disposal of operating fixed assets		38	-
Loss on sale of store items		1,414	-
		79,317	2,626

30. FINANCE COST

	Note	2013	2012
Mark-up on long term financing		95,077	31,603
Mark-up on short term borrowings		62,524	63,333
Bank charges and commission		8,496	1,571
		166,097	96,507

31. OTHER INCOME

	Note	2013	2012
Income from financial assets			
Income on bank deposit accounts		23,134	20,744
Income from non-financial assets			
Gain on disposal of operating fixed assets		-	4,219
Sale of store items		-	372
		-	4,591
Others			
Scrap sales		6,299	6,867
Rental income		6,628	4,111
Others	31.1	11,311	714
		24,238	11,692
		47,372	37,027

31.1 It includes reversal of pre incorporation expenses of Rs. 4.834 million of Thatta Cement Company (Private) Limited, Sri Lanka as mentioned in note 14.2.

32. TAXATION

	2013	2012
	----- (Rupees in '000) -----	
Current tax charge	76,948	29,122
Prior year charge	(18,941)	317
Deferred tax charge	58,619	12,537
	116,626	41,976

Income tax assessments of the Group have been finalised upto and including tax year 2012 on the basis of tax return filed under section 120 of the Income Tax Ordinance, 2001.However, the return may be selected for detailed audit within five years from the date of filing of return and the Income Tax Commissioner may amend the assessment if any objection is raised in audit.

32.1 Relationship between tax expense and accounting profit is as follows:

		2013
		(Rupees in '000)
Profit before tax		448,568
Tax at 35%		156,999
Tax effect of		
- expenses that are inadmissible in determining taxable income	4,934	
- exempt income	(51,464)	
- unrealised profit	2,612	
- tax effect of share of profit from associate	(10,110)	
- income charged at different rates	(2,065)	
- tax credit claimed under section 65B of Income Tax Ordinance, 2001	(6,896)	
		(65,601)
Reversal of prior year's tax expense		(18,941)
Tax effect on taxable temporary differences - net		39,551
Others		2,006
		116,626

The Holding Company incurred loss for the year ended 30 June 2012 and was accordingly liable to minimum tax on turnover and tax on rental income, and hence no tax reconciliation was given.

33. EARNING / (LOSS) PER SHARE - BASIC AND DILUTED

	2013	2012
	----- (Rupees in '000) -----	
Profit / (loss) after taxation	331,942	(24,801)
	---(Numbers of shares)---	
Weighted average number of ordinary shares	99,718,125	99,336,690
	---(Rupees)---	
Earning / (loss) per share - basic and diluted	3.33	(0.25)

34. CASH AND CASH EQUIVALENTS

	2013	2012
	----- (Rupees in '000) -----	
Cash and bank balances	178,476	6,111
Short term borrowings	(556,074)	(416,346)
	(377,598)	(410,235)

35. CAPACITY AND ACTUAL PRODUCTION

35.1 Thatta Cement Company Limited

	Note	2013	2012
		--(Metric Tons)--	
Production capacity - clinker		450,000	450,000
Actual production - clinker	35.1.1	357,206	333,601
Actual production - cement	35.1.2	370,319	406,801

35.1.1 The production capacity utilization during the year has remained at 79.38% (2012: 74.13%). The underutilization is mainly due to hard hitting competition in the industry.

35.1.2 Cement from clinker is produced in accordance with the market demand.

35.2 Thatta Power (Private) Limited

	2013	2012
Installed capacity - kWh	111,261,150	-
Total output - kWh	66,985,200	-
Load factor	60.21%	-

35.2.1 Installed capacity has been computed on the basis of 4,816.5 hours taken from the date of COD being 12 December 2012 till June 30, 2013. Output produced by the plant is dependent on the load demanded by its customers i.e. the holding company & Hyderabad Electric Supply Company Limited and the plant & gas availability.

36. RELATED PARTY TRANSACTIONS

Related parties comprise of associated undertakings and related group companies, directors of the Group, key management personnel and staff retirement funds. The Group continues to have a policy whereby all transactions with related parties are entered into at commercial terms and conditions. Further, contribution to defined contribution plan (provident fund) are made as per the terms of employment and contribution to the defined benefit plan (gratuity scheme) are in accordance with the actuarial advice. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these consolidated financial statements are as follows:

Transactions with related parties	2013	2012
	----- (Rupees in '000) -----	
- Summit Bank Limited		
Mark-up on short term borrowings, commission and STFF	18,709	13,392
Income on bank deposit accounts	609	18,246
Guarantee on behalf of Group as per normal banking terms	80,339	45,000
- International Complex Project Limited		
Sale of cement	-	3,044
- Power Cement Limited		
Receipt of mark-up	-	18,890
Common shared expenses	40	232
Purchase of coal (inclusive of GST)	-	125,596
Payment on account of purchase of coal	-	125,596
Purchase of store items (inclusive of GST) - net	2,523	-

	Note	2013	2012
		----- (Rupees in '000) -----	
- Safe Mix Concrete Products Limited			
Sale of cement		-	805
- Rotocast Engineering Company (Pvt.) Limited			
Sale of leasehold improvements		31,960	-
Rent and repair and maintenance		4,139	13,881
Issue of shares to Non-controlling interest		180,000	-
- Thatta Cement Company (Pvt.) Limited (TCCPL)			
Expenses paid by the Holding Company on behalf of TCCPL		14,541	-
- Key management personnel			
Salaries and wages	37	36,835	37,051
Sale of vehicle	5.4	158	437
- Other related parties			
Contribution to employees' Gratuity Fund	21.3	8,444	7,050
Contribution to employees' Provident Fund		3,861	3,794
Balances with related parties:			
- Summit Bank Limited			
PLS account balance		3,612	3,063
Running finance		100,183	99,051
Share in STFF		59,062	-
Accrued mark-up - finance charge		3,769	2,637
Accrued interest - interest income		56	63
- Power Cement Limited			
Common Shared Expenses		-	1,613
- Safe Mix Concrete Products Limited			
Advance against sale of cement		357	357
- Rotocast Engineering Company (Pvt.) Limited			
Receivable against sale of leasehold improvements		31,960	-
- Thatta Cement Company (Pvt.) Limited (TCCPL)			
Receivable against expenses paid by the Holding Company on behalf of TCCPL		14,541	-

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

37. REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for the year in respect of remuneration to the Chief Executive, Directors and Executives are as follows:

	2013		2012	
	Chief Executive	Executives	Chief Executive	Executives
	---(Rupees in '000)---		---(Rupees in '000)---	
Managerial remuneration	7,390	21,902	6,426	22,804
Bonus and LFA	973	2,489	926	2,788
Other benefits	1,380	2,322	1,285	2,112
Leave encashment	379	-	520	190
	10,122	26,713	9,157	27,894
	1	14	1	13

37.1 The Chief Executive and Executives are provided with free use of Holding Company maintained cars and other benefits in accordance with their entitlement as per rules of the Holding Company.

37.2 An aggregate amount of Rs. 1,000,000 (2012: Rs. 350,375) was paid to Non-Executive Directors during the year on account of Board and Audit Committee meeting fee.

38. 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, supply and transmission of electrical power.

38.1 Revenues

	Cement		Power		Intra group adjustment		Consolidated	
	2013	2012	2013	2012	2013	2012	2013	2012
	(Rupees in '000)							
Revenue	2,361,192	2,314,211	647,397	-	(184,390)	-	2,824,199	2,314,211
Cost of sales	(1,875,679)	(2,064,119)	(370,711)	-	176,927	-	(2,069,463)	(2,064,119)
Gross profit	485,513	250,092	276,686	-	(7,463)	-	754,736	250,092
Selling and distribution cost	(66,091)	(108,276)	-	-	-	-	(66,091)	(108,276)
Administrative expenses	(67,949)	(70,397)	(2,970)	(2,878)	-	-	(70,919)	(73,275)
	(134,040)	(178,673)	(2,970)	(2,878)	-	-	(137,010)	(181,551)
Operating profit	351,473	71,419	273,716	(2,878)	(7,463)	-	617,726	68,541
Other operating expenses	(35,672)	(2,626)	(43,645)	-	-	-	(79,317)	(2,626)
Finance cost	(83,067)	(96,498)	(83,030)	(9)	-	-	(166,097)	(96,507)
	(118,739)	(99,124)	(126,675)	(9)	-	-	(245,414)	(99,133)
Other income	24,310	20,283	23,062	18,348	-	(1,604)	47,372	37,027
Share of profit from associate	28,885	10,740	-	-	-	-	28,885	10,740
	53,195	31,023	23,062	18,348	-	(1,604)	76,257	47,767
Segment results	285,929	3,318	170,103	15,461	(7,463)	(1,604)	448,569	17,175
Unallocated expenditures	-	-	-	-			-	-
Profit / (loss) before tax	285,929	3,318	170,103	15,461	(7,463)	(1,604)	448,569	17,175
Taxation	(108,566)	(36,460)	(8,060)	(5,516)	-	-	(116,626)	(41,976)
Profit / (loss) after tax	177,363	(33,142)	162,043	9,945	(7,463)	(1,604)	331,943	(24,801)

38.2 Other information

	Cement		Power		Intra group adjustment		Consolidated	
	2013	2012	2013	2012	2013	2012	2013	2012
	(Rupees in '000)							
Segment assets	2,069,104	1,914,140	2,047,114	427,201	(406,943)	(307,816)	3,709,275	2,033,525
Investment in associates	127,847	127,847	-	-	39,625	10,740	167,472	138,587
Unallocated corporate assets	-	-	-	-	-	-	-	-
Total assets	2,196,951	2,041,987	2,047,114	427,201	(367,318)	(297,076)	3,876,747	2,172,112
Segment liabilities	1,090,233	1,083,747	1,395,970	91,099	(98,719)	(7,055)	2,387,484	1,167,791
Unallocated corporate assets	-	-	-	-	-	-	-	-
Total liabilities	1,090,233	1,083,747	1,395,970	91,099	(98,719)	(7,055)	2,387,484	1,167,791
Capital expenditure	122,849	42,725	933,153	422,599	-	(1,683)	1,056,002	463,641
Depreciation	51,547	50,713	24,948	6	-	-	76,495	50,719
Non-cash expenses other than depreciation	66,849	90,145	83,099	50	-	1,605	149,948	91,800

38.3 Reconciliations of reportable segment revenues, profit and loss and assets and liabilities

38.3.1 Operating revenues

	2013	2012
	----- (Rupees in '000) -----	
Total revenue of reportable segments	3,008,589	2,314,211
Elimination of intra group revenue	(184,390)	-
Consolidated revenue	2,824,199	2,314,211

38.3.2 Profit and loss

	2013	2012
Total profit and loss before tax for reportable segment	456,032	18,779
Elimination of intra group expense	(7,463)	(1,604)
Consolidated profit from continuing operations before tax	448,569	17,175

38.3.3 Assets

	2013	2012
Total assets of reportable segment	4,244,065	2,469,188
Elimination of intra group balances	(381,125)	(301,212)
Reclassifications for consolidation purposes	(25,818)	(6,604)
Investment in associate carried at cost	(127,847)	(127,847)
Investment in associate - equity accounted	167,472	138,587
Consolidated assets	3,876,747	2,172,112

38.3.4 Liabilities

	2013	2012
Total liabilities of reportable segment	2,486,203	1,174,846
Elimination of intra group balances	(81,967)	(2,054)
Reclassifications for consolidation purposes	(16,752)	(5,001)
Consolidated liabilities	2,387,484	1,167,791

38.4 Geographical segment analysis

	2013		
	Revenue	Total assets	Net assets
	----- (Rupees in '000) -----		
Pakistan	2,754,077	3,876,747	1,489,264
Sudan	70,122	-	-
	2,824,199	3,876,747	1,489,264

	2012		
	Revenue	Total assets	Net assets
	----- (Rupees in '000) -----		
Pakistan	1,819,937	2,172,112	1,004,321
Sri Lanka	216,904	-	-
South Africa	2,926	-	-
Somalia	148	-	-
Sudan	274,296	-	-
	2,314,211	2,172,112	1,004,321

38.5 Information about major customers

Major customers for cement segment are the various individual dealers whereas major customer for power segment is Hyderabad Electricity Supply Company Ltd.

39. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group finances its operations through equity, borrowing and management of working capital with a view to maintaining an appropriate mix between various sources of finances to minimize risk. Taken as a whole the Group's risk arising from financial instruments is limited as there is no significant exposure to price and cash flow risk in respect of such instruments. Financial instruments of the Group are as under:

	2013	2012
	----- (Rupees in '000) -----	
Financial Assets		
Long term deposits	1,006	792
Trade debts	186,605	138,782
Short term investments	306,000	-
Loans and advances	70,866	36,808
Trade deposits	2,445	6,089
Other receivables and accrued interest	70,152	3,528
Sales tax refundable	13,927	-
Bank balances	178,299	5,803
	829,300	191,802
Financial Liabilities		
Long term financing	1,418,980	189,704
Long term deposits	5,971	3,581
Trade and other payables	227,347	458,002
Accrued mark-up	34,952	11,816
Short term borrowings	556,074	416,346
	2,243,324	1,079,449

Financial instruments and related disclosures

a) Financial Risk Management Objectives

The Group has exposure to the following risks from financial instruments:
- credit risk
- liquidity risk
- market risk
- operational risk

The Board of Directors of the Group has the overall responsibility for the establishment and oversight of the Group's risk management framework. To assist the Board in discharging its oversight esponsibility, the management has been made responsible for identifying, monitoring and managing the Group's financial risk exposure. The Group's overall risk management program focuses on the under predictability of financial markets and seek to minimize potential adverse effects on the Group's financial performance.

b) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same party, or when counter parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Group's performance to developments affecting a particular industry.

At the reporting date, the Group's total credit risk was concentrated in the following industrial / economic sectors:

	2013		2012	
	(Rupees in '000)	%	(Rupees in '000)	%
Banks	484,299	58%	5,803	3%
Others	345,001	42%	185,999	97%
	829,300	100%	191,802	100%

The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk the Group has developed a policy of obtaining advance payments from its customers. Except for customers relating to the Government, the management strictly adheres to this policy. For any balances receivable from such Government parties, the management continuously monitors the credit exposure towards them and makes provisions against those balances considered doubtful. Cash is held only with banks with high quality credit worthiness. There is no significant risk exposure to loan and advances and other receivables.

The maximum exposure to credit risk at the reporting date is:	2013	2012
	----- (Rupees in '000) -----	
Long term deposits	1,006	792
Trade debts	186,605	138,782
Short term investments	306,000	-
Loans and advances	70,866	36,808
Trade deposits	2,445	6,089
Other receivables and accrued interest	70,152	3,528
Sales tax refundable	13,927	-
Bank balances	178,299	5,803
	829,300	191,802

Financial assets that are neither past due nor impaired

The credit quality of assets that are neither past due nor impaired can be assessed by reference to historical information and external credit ratings or to historical counterparty default rates.

As at 30 June 2013 trade debts of Rs. 69.026 million (2012: Rs. 7.828 million) were past due but not impaired. These relates to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade debts is as follows:

	2013	2012
	----- (Rupees in '000) -----	
Not past due	117,579	130,954
Past due but not impaired		
- within 90 days	38,295	4,237
- 91 to 180 days	11,767	-
- over 180 days	18,964	3,591
	186,605	138,782

The credit quality of cash at bank (in Current, PLS and deposit accounts) and short term investments as per credit rating agencies are as follows:

Credit ratings

Details of the credit ratings of bank balances and short term investments as at 30 June 2013 are as follows:

	2013	2012
	----- (Rupees in '000) -----	
Rating - Bank balances		
A1+	174,671	4,400
A1	4	-
A2	3,624	1,403
	178,299	5,803
Rating - Short term investments		
Term deposit (A1+)	306,000	-

Due to Group's long standing relationships with the counterparties and after giving due consideration to their strong financia standing, management does not expect non-performance by the counterparties on their obligation to the Group. For trade ebts, internal risk assessment process determines the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are fixed based on internal or external ratings in accordance with limits set by the management. The utilization of said limits is regularly monitored.

Financial assets that are past due or impaired

The credit quality of financial assets that are past due or impaired can be assessed by reference to note 10. The aging analysis of these impaired trade debts is as follows:

	2013	2012
One year to five years	72,980	72,269

c) Liquidity Risk Management

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Group could be required to pay its liabilities earlier than expected or may face difficulty in raising funds to meet commitments associated with financial liabilities as they fall due.

The Group is exposed to liquidity risk in respect of non-current interest bearing liabilities, long term deposits, short term borrowings, trade and other payables and mark-up accrued.

The Group's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Management closely monitors the Group's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors' and creditors' concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customers.

Maturity analysis for financial liabilities

The table below analyzes the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to maturity date and represents the undiscounted cash flows. The amounts in the table are the gross nominal undiscounted cash flows (including interest payments):

	2013					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to five years	More than five years
		---- (Rupees in '000) ----				
Non-derivative Liabilities						
Long term financing	1,418,980	(1,829,044)	(215,600)	(253,664)	(1,096,379)	(263,401)
Long term deposits	5,971	(5,971)	-	-	(5,971)	-
Trade and other payables	227,347	(227,347)	(227,347)	-	-	-
Short term borrowings	556,074	(556,074)	(278,037)	(278,037)	-	-
Accrued mark-up	34,952	(34,952)	(34,952)	-	-	-
	2,243,324	(2,653,388)	(755,936)	(531,701)	(1,102,350)	(263,401)

	2012					
		---- (Rupees in '000) ----				
Non-derivative Liabilities						
Long term financing	189,704	(245,931)	(41,354)	(39,350)	(165,227)	-
Long term deposits	3,581	(3,581)	-	-	(3,581)	-
Trade and other payables	458,002	(458,002)	(458,002)	-	-	-
Short term borrowings	416,346	(416,346)	(208,173)	(208,173)	-	-
Accrued mark-up	11,816	(11,816)	(11,816)	-	-	-
	1,079,449	(1,135,676)	(719,345)	(247,523)	(168,808)	-

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rate effective as at 30 June. The rates of mark-up have been disclosed in the respective notes to these consolidated financial statements.

d) Market Risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's / issuer's credit standing) will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

e) Interest / Mark-up Rate Risk Management

Interest / mark-up rate risk management arises from the possibility of changes in interest / mark-up rates which may affect the value of financial instruments. The Group has long term finance and short term borrowing at variable rates. Group is exposed to interest / mark-up rates risk on long term financing, interest rate risk for short term borrowing is covered by holding "Prepayment option" which can be exercised upon any adverse movement in the underlying interest rates. At the balance sheet date the interest rate profile of the Group's interest bearing financial instruments is:

	Carrying amount	
	2013	2012
	(Rupees in '000)	
Fixed rate instruments		
Financial assets	307,009	1,000
Financial liabilities	576,521	-
Variable rate instruments		
Financial assets	175,656	4,002
Financial liabilities	1,398,533	606,050

Fair Value Sensitivity Analysis for Fixed Rate Instruments:

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit and loss account. Therefore, change in interest rates at the reporting date would not affect profit and loss account

Cash Flow Sensitivity Analysis for Variable Rate Instruments:

Financial assets

If interest rate had fluctuated by ±1% with all other variables held constant, profit before tax for the year would have been Rs.1.757 million (2012: profit before tax Rs. 0.04 million) higher / lower, mainly as a result of higher / lower interest income from these financial assets.

Financial liabilities

If interest rate had fluctuated by ±1% with all other variables held constant, profit before tax for the year would have been Rs.13.977 million (2012: profit before tax Rs. 6.06 million) higher / lower, mainly as a result of higher / lower interest expense from these financial liabilities.

A summary of the Group's interest rate gap position, categorised by the earlier of contractual re-pricing or maturity dates at the end of year is as follows:

	2013					
	Mark-up/ return (%)	Less than 6 months	6 months to 1 years	More than 1 years	More than 5 years	Total
			----(Rupees in '000)----			
Assets						
Bank balance	6%	-	1,000	175,656	-	176,656
Short term investments	9.38%	-	306,000	-	-	306,000
Total assets		-	307,000	175,656	-	482,656
Liabilities						
Short term running finance	11-15%	(278,037)	(278,037)	-	-	(556,074)
Long term financing	12-14%	(215,600)	(253,664)	(1,096,379)	(263,401)	(1,829,044)
Total liabilities		(493,637)	(531,701)	(1,096,379)	(263,401)	(2,385,118)
On-balance sheet gap		(493,637)	(224,701)	(920,723)	(263,401)	(1,902,462)
Total interest risk sensitivity gap		(493,637)	(718,338)	(1,639,061)	(1,902,462)	(4,753,498)

f) Foreign Exchange Risk Management

Foreign currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies. Currently, the Group's foreign exchange risk exposure is restricted to the amounts receivable from / payable to the foreign entities including amount payable in US Dollars to GE Jenbacher GmbH & Co. OG, Austria against credit secured by way of deferred payment letter of credit facility provided by syndicate of banks and outstanding letters of credit and bills payable. The Group's exposure to foreign currency risk is as follows:

	2013		2012	
Balance sheet exposure	Rupees	US Dollars	Rupees	US Dollars
	----------------in thousands----------------		----------------in thousands----------------	
Trade debts	-	-	80,370	853
Trade and other payables	-	-	(179,860)	(1,909)
Long term financing	(576,521)	(5,835)	-	-
Mark-up accrued on liability against DPLC	(7,647)	(77)	-	-
	(584,168)	(5,912)	(99,490)	(1,056)

Currently, the Group does not obtain forward cover against the gross exposure. The following significant rates were applied during the year:

	Average rates		Balance sheet date rate	
	2013	2012	2013	2012
US Dollar to PKR	98.03	89.23	98.80	94.20

Sensitivity Analysis

A five percent strengthening / weakening of Pak Rupee against US Dollar on 30th June would have increased / decreased equity andprofit and loss account by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis that were used for the year 2012.

	Profit and Loss Account	
	2013	2012
	(Rupees in '000)	
Effects in US Dollars gain / (loss)	(29,205)	(9,946)

g) Fair value of financial instruments

The carrying value of all the financial assets and liabilities reflected in the consolidated financial statements approximates their fair value except for the Investment in Associates (note 7) which has been based upon equity method in accordance with IAS 28. The methods used for determining fair values of each class of financial assets and liabilities are disclosed in respective policy notes.

h) Capital Risk Management

The objective of the Group when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a strong base to support the sustained development of its business.

The Group manages its capital structure by monitoring return on net assets and make adjustments to in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payable to the shareholders or issue new shares.

The Group finances its expansion projects through equity, borrowings and management of its working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

i) Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Group's activities, either internally within the Group or externally at the Group's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of operation behaviour. Operational risks arise from all of the Group's activities.

The Group’s objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation while achieving its objective of becoming a profitable organisation, producing high quality cement and generating returns for investors. Primary responsibility for the development and implementation of controls over operational risk rests with the Board of Directors. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective; and
- operational and qualitative track record of the plant and equipment supplier and related service providers.

40. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified for the purposes of comparison and better presentation as follows:

Reclassification from component	Reclassification to component	(Rupees in '000)
Stores, spares and lose tools	Stock in trade	444
Trade and other payable	Long term employee benefit	9,544

41. NUMBER OF EMPLOYEES

The total number of employees as at year end were 424 and average number of employees were 416.

42. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in their meeting held on September 13, 2013 have proposed for the year ended 30 June 2013, final cash dividend of Rs.0.50 per share i.e. 5% (2012: Nil) amounting to Rs.49.86 million (2012: Nil) for approval by the members of the Holding Company in the Annual General Meeting to be held on October 10, 2013. These consolidated financial statements for the year ended 30 June 2013 do not include the effect of the proposed cash dividend which will be recognised in the consolidated financial statements for the year ending 30 June 2014.

43. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on September 13, 2013 by the Board of Directors of the Holding Company.

44. GENERAL

Figures have been rounded off to the nearest thousand of Rupees.

CHIEF EXECUTIVE

DIRECTOR

September 19, 2013

To: All Shareholders of the Company

Dividend Mandate Form

It is to inform you that under Section 250 of the Companies Ordinance, 1984 a shareholder may, if so desire, directs the Company to pay dividend through his / her / its bank account.

In pursuance of the directions given by the Securities and Exchange Commission of Pakistan vide Circular No. 18 of 2012 dated June 05, 2012, all the registered shareholders of Thatta Cement Company Limited hereby given the opportunity to authorize the Company to directly credit in your bank account cash dividend, if any, declared by the Company.

Please note that this dividend mandate is optional and not compulsory, in case you do not wish your dividend to be directly credited into your bank account, then the same shall be paid to you through the dividend warrants.

Do you wish the cash dividend declared by the company, if any, is directly credited in your bank account, instead of issue of dividend warrants. Please tick " ✓ " any of the following boxes.

Yes No

If yes, then please provide the following information:

Shareholder's Detail	
Name of the Shareholder	
Folio No/CDC Participant ID& A/C #	
CNIC No.	
Passport No. (In case of Foreign Shareholder)	
Landline number of Shareholder/Transferee	
Cell number of Shareholder/Transferee	
Shareholder's Bank Detail	
Title of the Bank Account	
Bank Account Number	
Bank's Name	
Branch name and Address	

It is stated that the above mentioned information is correct, that I will intimate the changes in the above mentioned information to the Company and the concerned Share Registrar as soon as these occur.

Signature of member/shareholder

September 19, 2013

To: All Shareholders of the Company

Copy of Computerized National Identity Card (CNIC)

As per directions to all listed companies by Securities and Exchange Commission of Pakistan vide S.R.O. 831/2012 dated July 5, 2012, the "DIVIDEND WARRANT(S)" should bear the Computerized National Identity Card (CNIC) number of the registered member(s), except in the case of minor(s) and corporate members, and dividend warrant cannot be issued without inserting the CNIC number of the member(s).

For this purpose, please provide us a copy of your CNIC (if not provided earlier) on MOST URGENT BASIS for compliance of the directions of SECP, failing which your future dividend warrant(s), if any, will be withheld till the compliance of the above referred notification.

You must mention your folio number on the face of your CNIC copy for identification.

Copy of your CNIC may please be sent to our Share Registrar Office at the following address:

THK Associates (Pvt) Limited
Second Floor, State Life Building No. 3
Dr Ziauddin Ahmed Road,
Karachi - 75530

Telephone #	: (92-21) 111-000-322
Fax #	: (92-21) 35655595
Email	: secretariat@thk.com.pk
	: info@thk.com.pk
Website	: www.thk.com.pk

Shareholders are requested to immediately notify the change of address, if any.

Yours truly
For Thatta Cement Company Limited

Muhammad Taha Hamdani
Company Secretary

FORM OF PROXY

The Secretary
Thatta Cement Company Ltd.
Office No. 606-608A 6th Floor,
Continental Trade Centre,
Block 8, Clifton
Karachi

Please quote:
No. of shares held ________________
Folio No ________________________

I / We ____

of ____

member (s) of Thatta Cement Company Limited, hereby appoint ___________________________________

____________________________________ or failing him ____________________________________

____________________________________ of ____

______________________ as proxy in my / our behalf at the Annual General Meeting to be held at Beach Luxury Hotel, M.T. Khan Road, Lalazar Karachi, on Thursday, October 10, 2013 at 12:00 noon and at any adjournment thereof.

As witness my hand this ___________________________ day of ____________________ 2013 ________

signed by ____

In the presence of ____

Signature

Rupee five revenue stamp

Important:

1. This Form of Proxy duly completed must be deposited at our Registered Office or Company's Registrar office M/s. THK Associates (Pvt) Ltd, Ground Floor, State Life Building No.3, Dr. Ziauddin Ahmed Road Karachi, not later than 48 hours before the time of holding the meeting.

2. A Proxy should also be a shareholder of the Company