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Company Information

BOARD OF DIRECTORS

| | |
|--------------------------------|-----------------|
| Mr. Muhammad Arif Habib | Chairman |
| Mr. Muhammad Fazlullah Shariff | Chief Executive |
| Mr. Muhammad Akmal Jameel | Director |
| Mr. Muhammad Khubaib | Director |
| Mr. Muhammad Kashif | Director |
| Mr. Muhammad Ejaz | Director |
| Mrs. Zetun Hajiani | Director |

AUDIT COMMITTEE

| | |
|---------------------------|----------|
| Mr. Muhammad Akmal Jameel | Chairman |
| Mr. Muhammad Kashif | Member |
| Mr. Muhammad Khubaib | Member |

COMPANY SECRETARY & CHIEF FINANCIAL OFFICER

Mr. Ashiq Hussain

STATUTORY AUDITOR

Hyder Bhimji & Co.
Chartered Accountants

COST AUDITOR

Siddiqi & Co.
Cost & Management Accountants

LEGAL ADVISOR

Usmani & Iqbal

BANKERS

Al-Baraka Islamic Bank
Arif Habib Bank Limited
MCB Bank Limited
National Bank of Pakistan
Standard Chartered Bank Pakistan Limited

REGISTERED OFFICE

Pardesi House, Survey No.2/1, R.Y. 16,
Old Queens Road, Karachi - 74000
Ph.(021) 32423295,32423478
Fax No. 021-32400989
Website: www.thattacement.com
E-mail: info@thattacement.com

SHARE REGISTRAR

Nobel Computer Services (Pvt) Limited
Mezzaine Floor, House of Habib Building (Siddiqsons Tower)
3- Jinnah Cooperative Housing Society, Main Shahrah-e-Faisal,
Karachi-753350
PABX : (92-21) 34325482-87 Fax : (92-21) 34325542

FACTORY

Ghulamullah Road, Makli
District Thatta, Sindh 73160

Directors' Review

On behalf of the Board of Directors of Thatta Cement Company Limited, I am pleased to present herewith unaudited financial statements for the first quarter ended September 30, 2009 of the Company.

OPERATING RESULTS

Clinker and cement production for the quarter fell short by 21.74% and 5.19% respectively as compared to the same quarter of the previous year mainly on account of severe shortage of electricity and load shedding from WAPDA.

The comparative figures of production are given as under:-

| Production | September 30, 2009 M.Tons | September 30, 2008 M.Tons | Variance |
|--------------------|--|---------------------------------|-----------|
| Clinker production | 83,210 | 106,323 | (21.74) % |
| Cement production | 80,155 | 84,541 | (5.19) % |
| GBFS production | 998 | 1,610 | (38.01) % |

Sales

Cement sales during the quarter under discussion were marginally higher than that of the same period of previous year. Comparative figures are given below:-

| | | September 30, 2009 M.Tons | September 30, 2008 M.Tons | Variance |
|---------------|--------|--|---------------------------------|----------|
| Cement sales | Local | 53,693 | 64,787 | (17) % |
| Cement sales | Export | 24,829 | 13,506 | 84 % |
| | | 78,522 | 78,293 | 0.29 % |
| Clinker sales | Local | - | 1,492 | (100) % |
| Clinker sales | Export | - | 26,878 | (100) % |
| | | - | 28,370 | |
| GBFS sales | Local | 998 | 1,610 | (38) % |
| | | 79,520 | 108,273 | (27) % |

FINANCIAL RESULTS

Cement prices both local and export remained under pressure on account of lower off take during the holy month of Ramazan and over all slow down in construction activity. The worsening law and order situation in the country, severe liquidity crunch, shortage of electricity and increased input cost due to inflation along with price war in the cement industry adversely affected the margins.

Net sales revenue was lower by Rs. 154 million i.e. 30% as compared to the same period of the previous year.

The summary of comparative financial result for the period is given below:-

| | September 30, 2009 | September 30, 2008 | Variance |
|------------------------|-------------------------------|-----------------------|----------|
| | Rupees in thousands | | |
| Sales - net | 350,911 | 504,803 | (30) % |
| Gross profit | 85,068 | 145,327 | (41) % |
| Profit before taxation | 26,229 | 87,578 | (70) % |
| Profit after taxation | 14,304 | 85,448 | (83) % |
| Earning per share | 0.18 | 1.07 | (83) % |

FUTURE OUTLOOK

Domestic demand can increase considerably provided poor law and order situation and rising prices of utilities and other inputs are addressed by the relevant authorities. Funding for infrastructure projects and social sector development works as announced by the government would act as a catalyst for growth in cement demand. The Company through promotional strategies aims to boost sales while maintaining reasonable margins.

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.

For and behalf of the Board

Karachi: October 29, 2009



Muhammad Fazlullah Shariff
Chief Executive Officer

Condensed Interim Balance Sheet

As at September 30, 2009

| | Note | (Unaudited) September 30, 2009 (Rupees in thousands) | (Audited) June 30, 2009 |
|---|------|---|-------------------------------|
| ASSETS | | | |
| NON CURRENT ASSETS | | | |
| Property, plant & equipment | 4 | 819,385 | 809,468 |
| Agricultural land | | 15,297 | 15,297 |
| Long term deposits | | 88 | 88 |
| | | 834,770 | 824,853 |
| CURRENT ASSETS | | | |
| Stores, spare parts & loose tools | | 201,930 | 218,895 |
| Stock-in-trade | | 238,705 | 225,301 |
| Trade debts | | 48,076 | 56,135 |
| Loans and advances | | 15,652 | 16,694 |
| Trade deposits and short term prepayments | | 4,300 | 6,910 |
| Other receivables | | 1,319 | 1,225 |
| Short term investments | | - | 38,597 |
| Sales tax refundable | | 1,468 | - |
| Taxation-net | | 27,772 | 18,764 |
| Cash and bank balances | | 4,268 | 11,815 |
| | | 543,490 | 594,336 |
| | | 1,378,260 | 1,419,189 |
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Authorized capital 90,000,000 (June 30, 2009 : 90,000,000) ordinary shares of Rs. 10/- each | | 900,000 | 900,000 |
| Issued, subscribed and paid-up share capital | | 797,745 | 797,745 |
| Unrealised loss on investment available for sale | | - | (3,810) |
| Accumulated loss | | (8,820) | (23,124) |
| | | 788,925 | 770,811 |
| NON CURRENT LIABILITIES | | | |
| Long term financing | | 72,917 | 83,333 |
| Deferred taxation | | 63,321 | 53,972 |
| Long term deposits | | 3,959 | 3,962 |
| | | 140,197 | 141,267 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 182,584 | 170,582 |
| Accrued markup | | 11,493 | 10,095 |
| Short term borrowings | | 185,619 | 243,102 |
| Current maturity of long term financing | | 69,442 | 83,332 |
| | | 449,138 | 507,111 |
| CONTINGENCIES & COMMITMENTS | | | |
| | 5 | 1,378,260 | 1,419,189 |

The annexed selected explanatory notes form an integral part of these condensed interim financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR

Condensed Interim Profit and loss Account (Unaudited)

For the quarter ended September 30, 2009

| | Note | September 30, 2009 (Rupees in thousands) | September 30, 2008 |
|-------------------------------|------|--|-----------------------|
| Turnover - net | | 350,911 | 504,803 |
| Cost of sales | | (265,843) | (359,476) |
| Gross profit | | 85,068 | 145,327 |
| Distribution cost | | (31,063) | (35,576) |
| Administrative expenses | | (7,942) | (5,495) |
| | | (39,005) | (41,071) |
| Operating profit | | 46,063 | 104,256 |
| Other charges | 6 | (8,474) | (6,497) |
| Other operating income | | 1,204 | 6,476 |
| Finance cost | | (12,564) | (16,657) |
| | | (19,834) | (16,678) |
| Profit before taxation | | 26,229 | 87,578 |
| Taxation | | | |
| Current | | (2,561) | (2,130) |
| Prior | | (15) | - |
| Deferred | | (9,349) | - |
| | | (11,925) | (2,130) |
| Profit after taxation | | 14,304 | 85,448 |

----- Rupees -----

| | | |
|-------------------------------------|-------------|------|
| Earning per share - basic & diluted | 0.18 | 1.07 |
|-------------------------------------|-------------|------|

The annexed selected explanatory notes form an integral part of these condensed interim financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR

Condensed Interim Cash Flow Statement (Unaudited)

For the quarter ended September 30, 2009

| | September 30, 2009 | September 30, 2008 |
|---|-------------------------------|-----------------------|
| | (Rupees in thousands) | |
| A. CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 26,229 | 87,578 |
| Adjustment for: | | |
| Depreciation | 12,388 | 10,990 |
| Finance cost | 12,564 | 16,657 |
| Loss on disposal of investments | 6,530 | - |
| Employee benefits - gratuity | 940 | 940 |
| Provision for slow moving stores & spares | 481 | - |
| | 32,903 | 28,587 |
| Operating cash flows before working capital changes | 59,132 | 116,165 |
| (Increase) / decrease in current assets | | |
| Stores, spare parts & loose tools | 16,484 | 17,100 |
| Stock-in-trade | (13,404) | (54,313) |
| Trade debts | 8,059 | 56,541 |
| Loans and advances | 1,042 | (20,137) |
| Trade deposits and short term prepayments | 2,610 | 545 |
| Other receivables / sales tax refundable | (1,562) | (10,646) |
| | 13,229 | (10,910) |
| Increase / (decrease) in current liabilities | | |
| Trade and other payables | 11,067 | (68,944) |
| Cash generated from operations | 83,428 | 36,311 |
| Finance cost paid | (11,166) | (12,306) |
| Gratuity paid | - | (14) |
| Taxes paid | (11,585) | (12,662) |
| | (22,751) | (24,982) |
| Net cash from operating activities | 60,677 | 11,329 |

September 30, September 30,
2009 2008
(Rupees in thousands)

B. CASH FLOWS FROM INVESTING ACTIVITIES

| | | |
|---|-----------------|-----------|
| Capital expenditure | (22,722) | (20,730) |
| Proceeds on disposal of property, plant and equipment | 417 | - |
| Short term investments - net | 35,873 | (111,628) |
| Long term deposits | - | 1,858 |
| Net cash from / (used) in investing activities | 13,568 | (130,500) |

C. CASH FLOWS FROM FINANCING ACTIVITIES

| | | |
|--|------------------|-----------|
| Repayment of long term financing | (24,306) | (24,303) |
| Refund of long term deposits | (3) | - |
| Net cash used in financing activities | (24,309) | (24,303) |
| Net increase/(decrease) in cash and cash equivalents | 49,936 | (143,474) |
| Cash and cash equivalents at beginning of the period | (231,287) | (141,050) |
| Cash and cash equivalents at end of the period | (181,351) | (284,524) |
| Cash and bank balances | 4,268 | 9,026 |
| Short term borrowings | (185,619) | (293,550) |
| | (181,351) | (284,524) |

The annexed selected explanatory notes form an integral part of these condensed interim financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR

Condensed Interim Statement of Changes in Equity (Unaudited)

For the quarter ended September 30, 2009

| | Issued, subscribed and paid-up share capital | Unrealised loss on available for sale investment | Accumulated loss | Total |
|--|--|--|---------------------|----------------|
| < - - - - - Rupees in thousands - - - - - > | | | | |
| Balance as at July 1, 2008 | 797,745 | - | (226,996) | 570,749 |
| Unrealised loss on investment available for sale | - | (958) | - | (958) |
| Profit for the quarter ended September 30, 2008 | - | - | 85,448 | 85,448 |
| Balance as at September 30, 2008 | <u>797,745</u> | <u>(958)</u> | <u>(141,548)</u> | <u>655,239</u> |
| Balance as at July 1, 2009 | 797,745 | (3,810) | (23,124) | 770,811 |
| Loss realised on investment available for sale | - | 3,810 | - | 3,810 |
| Profit for the quarter ended September 30, 2009 | - | - | 14,304 | 14,304 |
| Balance as at September 30, 2009 | <u>797,745</u> | <u>-</u> | <u>(8,820)</u> | <u>788,925</u> |

The annexed selected explanatory notes form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR

Notes to the Condensed Interim Financial Statements (Unaudited)

For the quarter ended September 30, 2009

1. LEGAL 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 (Guarantee) Limited. The Company's main business activity is manufacturing and marketing of cement. The registered office of the Company is situated at Pardesi House, Survey no. 2/1, R.Y.16, Old Queens Road, Karachi. The production facility of the Company is located at Ghulamullah Road, Makli District Thatta, Sindh.

2. BASIS OF PREPARATION

These unaudited interim financial statements have been prepared in accordance with the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and in compliance with requirement of Section 245 of the Companies Ordinance, 1984. The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2009.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation followed in the preparation of these financial statements are the same as those applied in the preparation of the Company's annual financial statements for the year ended June 30, 2009.

4. PROPERTY, PLANT AND EQUIPMENT

| | Quarter ended September 30, | |
|---|--------------------------------|---------------|
| | 2009 | 2008 |
| | (Rupees in thousands) | |
| 4.1 Details of additions & disposals are as under: | | |
| Additions | | |
| Plant and machinery | 61,072 | 20,548 |
| Electrical installation | 25,120 | - |
| Computers | 915 | 68 |
| Office equipments | 53 | 10 |
| Furniture and fixtures | - | 104 |
| | 87,160 | 20,730 |
| Disposal (written down value) | | |
| Vehicle | 417 | - |
| Capital work in progress | | |
| Opening balance | 77,343 | - |
| Additions | 11,996 | - |
| Transfers to operating assets | (76,434) | - |
| Closing balance | 12,905 | - |

5. CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

There is no change in the status of contingencies and they are same as disclosed in the last published annual financial statements for the year ended June 30, 2009.

| | September 30, 2009 | June 30, 2009 |
|--|-----------------------|------------------|
| | (Rupees in thousands) | |
| 5.2 Commitments | | |
| Commitments in respect of irrevocable letter of credit | <u>66,201</u> | <u>87,838</u> |

6. OTHER CHARGES

Other charges include impairment loss on available for sale investment which was charged to equity as on June 30, 2009 using the option provided in S.R.O. 150(1)/2009, dated February 13, 2009 and now charged to profit and loss account as the investment has been disposed off during the period.

7. WORKERS' PROFIT PARTICIPATION FUND, WORKERS' WELFARE FUND AND TAXATION

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

8. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of companies with common directorship, directors and key management personnel. Transactions with related parties are as follows:

| Name of Related Parties | Nature of Transaction | Quarter ended September 30, | |
|--|----------------------------------|--------------------------------|--------------|
| | | 2009 | 2008 |
| | | (Rupees in thousands) | |
| a. Associated companies | | | |
| Arif Habib Investment Management Limited | Subscription of shares | - | 157,050 |
| Arif Habib Bank Limited | Markup on short term borrowings | 3,005 | 4,753 |
| Arif Habib Limited | Brokerage & commission on shares | - | 1,073 |
| Rotocast Engineering Company (Private) Limited | Cost of leasehold improvements | 10,000 | - |
| International Complex Project | Sale of cement | 695 | - |
| Chief Executive Officer | Sale of vehicle | 417 | - |
| b Benefits to key management personnel | | 5,901 | 2,003 |

9. CORRESPONDING FIGURES

Following prior period's figure has been reclassified for the purpose of comparison and better presentation. Major reclassifications is as follows:


| Reclassification from | Reclassification to | Nature |
|------------------------------|----------------------------|---------------|
| Turnover -net | Distribution cost | Commission |

10. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors of the Company and authorised for issue on October 29, 2009.

11. GENERAL

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

**CHIEF EXECUTIVE OFFICER****DIRECTOR**