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## Company Information

### BOARD OF DIRECTORS

Mr. Muhammad Arif Habib	Chairman
Mr. Muhammad Fazlullah Shariff	Chief Executive
Mr. Muhammad Kashif	Executive Director
Mr. Muhammad Akmal Jameel	Director
Mr. Muhammad Khubaib	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](http://www.thattacement.com)  
E-mail: [info@thattacement.com](mailto:info@thattacement.com)

### SHARE REGISTRAR

Nobel Computer Services (Pvt) Limited  
Mezzanine 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 financial results for the half year ended December 31, 2009 along with unaudited financial statements duly reviewed by the auditors.

### OVERVIEW

The demand for cement in the country during the first half of the current financial year was under pressure due to poor law & order situation and overall slowdown in construction activity. Cement prices in the local market went down sharply because of stiff competition among the cement manufacturers.

Rising fuel prices in International market coupled with increased electricity and gas tariff and devaluation of Pak Rupee significantly impacted on the cost of production and profitability of the Cement sector.

Though volumes in exports are continuing unabated but the slide down in prices has drastically lowered the margins.

### OPERATING RESULTS

Clinker and cement production for the half year fell short by 10.19% and 2.35% respectively as compared to the same period of the previous year.

#### Production:

The comparative figures of production are given as under:-

	December 31, 2009 M.Tons	December 31, 2008 M.Tons	Variance
Clinker	163,591	182,159	(10.19) %
Cement	150,618	154,237	(2.35) %
GBFS	2,011	1,610	24.91 %

#### Sales:

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

		December 31, 2009 M.Tons	December 31, 2008 M.Tons	Variance
Cement	Local	105,100	117,191	(10.32) %
Cement	Export	45,833	33,978	34.89 %
		<b>150,933</b>	151,169	(0.16) %
Clinker	Local	-	1,492	(100.00) %
Clinker	Export	24,583	54,276	(54.71) %
		<b>24,583</b>	55,768	
GBFS	Local	2,011	1,610	24.91 %
		<b>177,527</b>	208,547	(14.87) %

## FINANCIAL RESULTS

Average selling prices both local and export continued to decline due to stiff competition in the market and inverse relationship of supply & price. Increase in the tariff of utilities and other input cost due to inflation along with declining retention price adversely affected the margins of the cement industry.

Net sales revenue was lower by Rs. 253 million i.e. 25.52% as compared to the same period of the previous year.

The summary of comparative financial result for the half year ended is given below:

	<b>December 31, 2009</b>	<b>December 31, 2008</b>	<b>Variance</b>
	<b>Rupees in thousands</b>		
Sales - net	<b>739,356</b>	992,733	(25.52) %
Gross Profit	<b>170,694</b>	241,577	(29.34) %
Profit before taxation	<b>27,784</b>	117,159	(76.29) %
Profit after taxation	<b>16,177</b>	88,941	(81.81) %
Earning per share	<b>0.20</b>	1.11	(81.81) %

## FUTURE OUTLOOK

Domestic demand is likely to pick up soon after the winter season. Improved law and order position could further augment construction activity boosting local sales. Rising prices of utilities and other inputs however, need to be addressed through cost effective measures. 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.


The cement prices in local market have shown some recovery recently which are expected to improve further. On export front, the demand of cement has sustained with pressure on export price.

## 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.

Karachi: February 24, 2010

For and behalf of the Board

  
**Muhammad Fazlullah Shariff**  
 Chief Executive Officer

## Auditors' Report

to the members on review of condensed interim financial information

### INTRODUCTION

We have reviewed the accompanying condensed interim balance sheet of **M/S THATTA CEMENT COMPANY LIMITED** as at December 31, 2009 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity, together with the notes forming part thereof (hereinafter referred to as the "condensed interim financial information") for the half year then ended. Management is responsible for the preparation and presentation of these condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended December 31, 2009 and 2008 have not been reviewed, as we were required to review only the cumulative figures for the half years ended December 31, 2009 and 2008.

### SCOPE OF REVIEW:

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

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2009 is not prepared, in all material respects in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Karachi: February 24, 2010



**HYDER BHIMJI & CO.**  
CHARTERED ACCOUNTANTS  
ENGAGEMENT PARTNER:  
(Mohammad Hanif Razzak)

## Condensed Interim Balance Sheet

As at December 31, 2009

	Note	(Unaudited) December 31, 2009	(Audited) June 30, 2009
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant & equipment	4	844,019	809,468
Agricultural land		15,297	15,297
Long term deposits		88	88
		<b>859,404</b>	<b>824,853</b>
<b>CURRENT ASSETS</b>			
Stores, spare parts & loose tools		176,164	218,895
Stock-in-trade		202,358	225,301
Trade debts		43,361	56,135
Loans and advances		26,189	16,694
Trade deposits and short term prepayments		4,221	6,910
Other receivables		1,410	1,225
Short term investments		-	38,597
Tax refunds due from the Government		19,738	-
Taxation-net		21,883	18,764
Cash and bank balances		8,733	11,815
		<b>504,057</b>	<b>594,336</b>
		<b>1,363,461</b>	<b>1,419,189</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
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		(6,947)	(23,124)
		<b>790,798</b>	<b>770,811</b>
<b>NON CURRENT LIABILITIES</b>			
Long term financing		62,499	83,333
Deferred taxation	5	61,867	53,972
Long term deposits		3,948	3,962
		<b>128,314</b>	<b>141,267</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		152,669	170,582
Accrued markup		9,833	10,095
Short term borrowings		226,292	243,102
Current maturity of long term financing		55,555	83,332
		<b>444,349</b>	<b>507,111</b>
<b>CONTINGENCIES &amp; COMMITMENTS</b>			
	6	<b>1,363,461</b>	<b>1,419,189</b>

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 (un-audited)

For the Half Year ended December 31, 2009

Note	For the half year ended		For the quarter ended	
	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
------(Rupees in thousands)-----				
Turnover - net	<b>739,355</b>	992,733	<b>388,444</b>	491,281
Cost of sales	<b>(568,661)</b>	(751,156)	<b>(302,818)</b>	(391,680)
Gross profit	<b>170,694</b>	241,577	<b>85,626</b>	99,601
Distribution cost	<b>89,771</b>	75,054	<b>58,708</b>	42,829
Administrative expenses	<b>21,648</b>	10,525	<b>13,706</b>	5,030
	<b>(111,419)</b>	(85,579)	<b>(72,414)</b>	(47,859)
Operating profit	<b>59,275</b>	155,998	<b>13,212</b>	51,742
Other charges	<b>(8,589)</b>	(10,241)	<b>(115)</b>	(3,744)
Other operating income	<b>2,150</b>	6,949	<b>946</b>	473
Finance cost	<b>(25,052)</b>	(35,547)	<b>(12,488)</b>	(18,890)
	<b>(31,491)</b>	(38,839)	<b>(11,657)</b>	(22,161)
Profit before taxation	<b>27,784</b>	117,159	<b>1,555</b>	29,581
Taxation				
Current	<b>(3,697)</b>	(4,968)	<b>(1,136)</b>	(2,838)
Prior	<b>(15)</b>	-	<b>-</b>	-
Deferred	<b>(7,895)</b>	(23,250)	<b>1,454</b>	(23,250)
	<b>(11,607)</b>	(28,218)	<b>318</b>	(26,088)
Profit after taxation	<b>16,177</b>	88,941	<b>1,873</b>	3,493
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<b>16,177</b>	88,941	<b>1,873</b>	3,493
------(Rupees)-----				
Earning per share - basic & diluted	<u>0.20</u>	<u>1.11</u>	<u>0.02</u>	<u>0.04</u>

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

  
**CHIEF EXECUTIVE OFFICER**

  
**DIRECTOR**

## Condensed Interim Cash Flow Statement (un-audited)

For the Half Year ended December 31, 2009

	December 31, 2009 (Rupees in thousands)	December 31, 2008
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	27,784	117,159
Adjustment for:		
Depreciation	25,944	22,893
Finance cost	25,052	35,547
Loss/(gain) on disposal of investments	6,530	(1,539)
Gain on disposal of operating fixed assets	-	(147)
Employee benefits - gratuity	1,880	1,880
Provision for slow moving stores & spares	481	1,558
	<u>59,887</u>	<u>60,192</u>
Operating cash flows before working capital changes	87,671	177,351
Decrease/(increase) in current assets		
Stores, spare parts & loose tools	42,250	27,191
Stock-in-trade	22,943	(3,647)
Trade debts	12,774	89,736
Loans and advances	(9,495)	(3,184)
Trade deposits and short term prepayments	2,689	1,019
Other receivables / sales tax refundable	(1,155)	(3,690)
	<u>70,006</u>	<u>107,425</u>
Decrease in current liabilities		
Trade and other payables	(16,553)	(170,418)
Cash generated from operations	<u>141,124</u>	<u>114,358</u>
Finance cost paid	(25,314)	(30,287)
Gratuity paid	(3,235)	(14)
Taxes paid	(25,599)	(17,613)
	<u>(54,148)</u>	<u>(47,914)</u>
Net cash generated from operating activities 'A'	<u>86,976</u>	<u>66,444</u>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(60,913)	(40,112)
Proceeds on disposal of property, plant and equipment	417	564
Short term investments - net	35,873	(9,498)
Long term deposits	-	2,326
Net cash used in investing activities 'B'	<u>(24,623)</u>	<u>(46,720)</u>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long term financing	(48,611)	(48,611)
Payment of long term deposits	(14)	(5)
Net cash used in financing activities 'C'	<u>(48,625)</u>	<u>(48,616)</u>
Net increase/(decrease) in cash and cash equivalents (A+B+C)	13,728	(28,892)
Cash and cash equivalents at beginning of the period	(231,287)	(141,050)
Cash and cash equivalents at end of the period	<u>(217,559)</u>	<u>(169,942)</u>
Cash and bank balances	8,733	51,662
Short term borrowings	(226,292)	(221,604)
	<u>(217,559)</u>	<u>(169,942)</u>

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 (un-audited)

For the Half Year ended December 31, 2009

	Issued, subscribed and paid-up share capital	Unrealised loss on investment available for sale	Accumulated (loss)	Total
------(Rupees in thousands)-----				
Balance as at July 1, 2008	797,745	-	(226,996)	570,749
Unrealized loss on available for sale investment for the period	-	(6,610)	-	(6,610)
Total comprehensive income for the half year ended December 31, 2008	-	-	88,941	88,941
Balance as at December 31, 2008	<u>797,745</u>	<u>(6,610)</u>	<u>(138,055)</u>	<u>653,080</u>
Balance as at July 1, 2009	797,745	(3,810)	(23,124)	770,811
Loss realized on available for sale investment	-	3,810	-	3,810
Total comprehensive income for the half year ended December 31, 2009	-	-	16,177	16,177
Balance as at December 31, 2009	<u>797,745</u>	<u>-</u>	<u>(6,947)</u>	<u>790,798</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 (un-audited)

For the Half Year ended December 31, 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 under Companies Ordinance, 1984. 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 condensed 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.

IAS 1 (Revised) "Presentation of financial statements" which became effective from January 01, 2009 which requires presentation of non-owner changes in equity separately from owner's changes in equity. Companies can choose whether to present one performance statement (Statement of Comprehensive Income) or as other comprehensive income either in one statement or two statements (the profit & loss account and the statement of comprehensive income). The Company has chosen to present all non-owner changes in equity in one performance statement (Profit & loss account) and accordingly presentation has been made.

**December**                      June  
**31, 2009**                      30, 2009  
**(Rupees in thousands)**

### 4. PROPERTY, PLANT AND EQUIPMENT

Operating assets - tangible	4.1	<b>841,203</b>	732,125
Capital work in progress	4.2	<b>2,816</b>	77,343
		<b><u>844,019</u></b>	<b><u>809,468</u></b>

	<b>Half year ended December 31</b>	
	<b>2009</b>	<b>2008</b>
	<b>(Rupees in thousands)</b>	
<b>4.1 Details of additions &amp; disposals are as under</b>		
<b>Additions</b>		
Plant and machinery	61,712	22,042
Electrical installations	25,120	-
Leasehold structural improvements	44,885	-
Computers	1,184	68
Office equipments	188	686
Furniture and fixtures	-	59
Vehicle	2,350	17,257
	<u>135,439</u>	<u>40,112</u>
<b>Disposals</b>		
Office equipment	-	615
Vehicle (written down value)	417	581
	<u>417</u>	<u>1,196</u>
<b>4.2 Capital work in progress</b>		
Opening balance	77,343	-
Additions	47,286	-
Transfers to operating assets	(121,813)	-
Closing balance	<u>2,816</u>	<u>-</u>
	<b>December 31, 2009</b>	<b>June 30, 2009</b>
	<b>(Rupees in thousands)</b>	
<b>5. DEFERRED TAXATION</b>		
Credit balances arising in respect of accelerated tax depreciation allowances	<b>94,847</b>	86,859
Debit balance arising on account of provisions	<b>(32,980)</b>	(32,887)
	<u><b>61,867</b></u>	<u>53,972</u>
<b>6 CONTINGENCIES AND COMMITMENTS</b>		
<b>6.1 Contingencies</b>		
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.		
<b>6.2 Commitments</b>		
Commitments in respect of irrevocable letter of credit	<u><b>10,620</b></u>	<u>87,838</u>

**Half year ended  
December 31  
2009                      2008  
(Rupees in thousands)**

**7 TURNOVER - NET**

Local	422,462	527,984
Export	<u>316,893</u>	<u>464,749</u>
	<u><b>739,355</b></u>	<u><b>992,733</b></u>

**8 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.

**9 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	Period ended December 31,	
		2009	2008
<b>(Rupees in thousands)</b>			
<b>a. Associated companies</b>			
Arif Habib Investment Management Limited	Subscription of shares	-	157,050
Arif Habib Bank Limited	Markup on short term borrowings	6,702	8,061
Arif Habib Limited	Brokerage & commission on shares	-	1,073
Rotocast Engineering Company (Private) Limited	Cost of leasehold structural improvements	44,885	-
Rotocast Engineering Company (Private) Limited	Rent and maintenance	2,864	-
International Complex Project Limited	Sale of cement	1,225	-
Fatima Fertilizer Company Limited	Sale of cement	1,312	-
Safemix Concrete Products Limited	Sale of cement	8,786	-
<b>b. Chief Executive Officer</b>	Sale of vehicle	417	-
<b>c. Benefits to key management personnel</b>		<b>10,794</b>	4,407

**10 DATE OF AUTHORIZATION**

These financial statements were authorised for issue on February 24, 2010 by the Board of Directors of the Company.

**11 GENERAL**

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

  
**CHIEF EXECUTIVE OFFICER**

  
**DIRECTOR**