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Company Information

BOARD OF DIRECTORS

Mr. Muhammad Arif Habib
 Mr. Muhammad Fazlullah Shariff
 Mr. Nasim Beg
 Mr. Shahid Aziz Siddiqui
 Mr. Khawaja Mohammad Salman Younis
 Mr. Asadullah Khawaja
 Mr. Wazir Ali Khoja

Chairman
 Chief Executive Officer
 Director
 Director (Nominee-SLIC)
 Director
 Director
 Director(Nominee-NIT)

AUDIT COMMITTEE

Mr. Nasim Beg
 Mr. Khawaja Mohammad Salman Younis
 Mr. Asadullah Khawaja

Chairman
 Member
 Member

COMPANY SECRETARY & CHIEF FINANCIAL OFFICER

Muhammad Taha Hamdani

STATUTORY AUDITOR

Hyder Bhimji & Co.
 Chartered Accountants

COST AUDITOR

Siddiqi & Company
 Cost & Management Accountants

LEGAL ADVISOR

Usmani & Iqbal

BANKERS

Al Baraka Islamic Bank
 MCB Bank Limited
 National Bank of Pakistan
 Sindh Bank Limited
 Summit Bank Limited

REGISTERED OFFICE

Pardesi House, Survey No. 2/I, R.Y. 16,
 Old Queens Road, Karachi -74000
 Ph. 021- 32423295, 32423478, 32419827
 Fax No. 021-32400989
 Website: www.thattacement.com
 E-mail : info@thattacement.com

FACTORY

Ghulamullah Road, Makli
 District Thatta, Sindh 73160

SHARE REGISTRAR

Nobel Computer Services (Private) Limited,
 First Floor, House of Habib Building (Siddiqsons Tower),
 3- Jinnah Cooperative Housing Society,
 Main Shahrah-e-Faisal, Karachi-75350.
 PABX : (92-21) 34325482-87 Fax : (92-21) 34325542

Directors' Review

The Board of Directors of Thatta Cement Company Limited present herewith the Directors' Review together with the unaudited financial statements for the quarter ended September 30, 2011.

OVERVIEW

During the quarter ended September 30, 2011, several districts of Sindh were devastated by heavy rains and floods which affected the economy of the country badly on micro as well as macro levels. This natural disaster has rendered millions homeless and damaged property worth billions.

During the quarter under review, overall cement sales of the country increased by 7.77% by volume as compared to the corresponding period. However, local sales suffered on account of rains and the holy month of Ramazan during which construction activity gets curtailed.

Drastic reduction in the public sector spending also affected the cement industry. Frequent load shedding from WAPDA adversely impacted plant operations so much so that the plant operations had to be stopped for about 10 days during September 2011. In addition to this, planned plant maintenance was also carried out for a period of 20 days during the quarter under review. Interruption due to power failure and breakdown and unreliability of WAPDA's supply makes it imperative to install a captive power plant. Cost of inputs also maintained an upward trend throughout the quarter. Cement prices during the quarter improved compared to the corresponding quarter. However, the advantage was only marginal due to lowering sales volume.

BUSINESS PERFORMANCE

(a) Production and Sales Volume Performance

In spite of the problems faced, the Company was able to achieve capacity utilization of 62.89% as compared to 60.55% during the corresponding period. Following is the comparative data of production and dispatches:

Particulars	September	September	Variation	
	2011	2010	Metric Tons	%
Plant Capacity - Clinker	112,500	112,500		
Production				
Clinker	70,747	68,116	2,631	3.86
Cement	80,619	84,840	(4,221)	(4.98)
Dispatches				
Cement				
- Local	58,370	53,764	4,606	8.57
- Export	23,553	30,871	(7,318)	(23.71)
	81,923	84,635	(2,712)	(3.20)
Clinker - Export	-	31,313	(31,313)	(100)
GBFS - Local	842	70	772	1,103
	82,765	116,018	(33,253)	(28.66)

Your Company was able to increase local dispatches of cement during the quarter ended September 30, 2011 which stood at 59,212 metric tons as compared to 53,834 metric tons during the corresponding quarter showing an increase of 10%. Cement exports stood at 23,553 metric tons as compared to 30,871 metric tons during the quarter ended September 30, 2010 depicting a decline of 23.71% due to depressed demand of cement in overseas market. Export of clinker also decreased substantially during the quarter for similar reasons.

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

Particulars	September 2011	September 2010	Growth	
	----- Million Metric Tons -----		%	
Cement Industry				
Local sales	5.092	4.618	0.474	10.26
Export sales	2.304	2.245	0.059	2.63
	<u>7.396</u>	<u>6.863</u>	<u>0.533</u>	<u>7.77</u>

Thatta Cement Company Limited

Particulars	----- Metric Tons -----			
	Local sales	59,212	53,834	5,378
Export sales	23,553	62,184	(38,631)	(62.12)
	<u>82,765</u>	<u>116,018</u>	<u>(33,253)</u>	<u>(28.66)</u>

The above analysis provides an evidence of the Company's performance as against the industry. The industry grew by 10.26% in respect of local sales whereas local sales of the Company increased by 10%. The Company's overall sales decreased by 28.66% mainly due to decline in exports by 62.12%.

(b) Financial Performance

A comparison of the key financial results of the Company for the quarter ended September 30, 2011 with the same period last year is as under:

Particulars	September 2011	September 2010
	----- Rs in ('000) -----	
Turnover – net	428,494	475,092
Gross profit	53,934	105,694
(Loss) / Profit before taxation	(17,609)	5,920
(Loss) / Profit after taxation	(15,359)	625
(Loss) / earning per share	(0.16)	0.01

The prices in local market have shown improvement during the quarter ended September 30, 2011, however, the cost of inputs maintained an upward trend. Export prices also showed some improvement.

The cost of production during the quarter ended September 30, 2011 was higher than the corresponding quarter, mainly due to increase in prices of raw materials, electricity and fuel cost which impacted adversely on profitability. Resultantly, the Company suffered a loss before tax of Rs 17.609 million after providing depreciation of Rs 12.726 million.

(i) Sales Performance

The sales of the Company during the quarter ended September 30, 2011 decreased by 9.81% mainly due to decrease in exports of cement and clinker as evident from above tables. The decrease in sales volume is attributable to the lower demand of cement in the overseas market.

(ii) Cost of Sales

The cost of sales to sales ratio has risen to 87.41% during the quarter ended September 30, 2011, as compared to 77.75% in the corresponding quarter. This increase is mainly attributable to increase in purchase price of raw materials as well as huge increase in fuel and power cost. Due to frequent power breakdowns during the quarter under review as compared to the corresponding quarter, the gross margin of the company was affected. Further, plant maintenance impacted the stores and spares

consumption with negative effect on the margin. Salaries and wages also increased during the quarter ended September 30, 2011, as annual increments were allowed to the employees of the Company to mitigate the impact of inflation.

(iii) Distribution Cost

The distribution cost during the current quarter decreased due to substantial decrease in exports. Also, the distribution cost to sales ratio decreased from 15.54% in the quarter ended September 30, 2010 to 7.89% in the quarter ended September 30, 2011.

(iv) Finance Cost

Finance cost during the quarter ended September 30, 2011 increased by 73.88% as compared to the corresponding quarter. This increase is due to the reason that the Company obtained a medium term loan of Rs 120 million as well as the average short term borrowings increased from Rs 424.61 million in the quarter ended September 30, 2010 to Rs 493.41 million during the quarter ended September 30, 2011 showing an increase of 16.2%.

FUTURE OUTLOOK

Domestic demand is picking up with the commencement of reconstruction activities in the flood affected areas of the country. These activities after resource mobilization and planning are now gearing up. Also ambitious allocation towards PSDP in the budget augurs well for the cement industry.

The management is fully aware of the challenges ahead and is devising marketing strategies to penetrate far flung areas of Sindh. Special efforts are being made to promote use of slag cement as a cheaper cement to reduce construction cost.

The measures being adopted by the company shall enable it to mitigate market risks, meet future challenges and maintain business growth.

The proximity of our current plant to the proposed Zulfikarabad project and coastal belt offers an unique opportunity to the Company to augment its sale in said areas.

SUBSIDIARY COMPANY

Thatta Power (Private) Limited (TPPL) is the wholly owned subsidiary company of Thatta Cement Company Limited (TCCL) and is a private limited company. The principle business of the subsidiary is generation, supply and transmission of electrical power. TCCL owns and controls 100% shares of the TPPL. The subsidiary was incorporated under the Companies Ordinance, 1984 on November 12, 2010. The subsidiary is expected to achieve its commercial operation in the last quarter of the current financial year.

With the addition of the subsidiary, the Company has annexed interim consolidated financial statements along with separate financial statements, in accordance with the requirements of IAS - 27 'Consolidated and Separate Financial Statements'.

CHANGE IN BOARD OF DIRECTORS

Mr. Khawaja Mohammad Salman Younis has been appointed as a Director on the Board of the Company to fill the casual vacancy in place of Mr. Muhammad Khubaib.

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: October 29, 2011

Muhammad Fazlullah Shariff
Chief Executive Officer

Condensed Interim Balance Sheet

As at September 30, 2011

	Note	(Un audited) September 30, 2011 (Rupees in thousand)	(Audited) June 30, 2011
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	803,505	802,700
Intangible assets		3,216	3,216
Investment in associated company		127,847	127,847
Investment in subsidiary company		299,158	-
Long term deposits		792	792
		1,234,518	934,555
CURRENT ASSETS			
Stores, spare parts and loose tools		264,400	262,106
Stock-in-trade		281,585	219,291
Trade debts		68,162	88,672
Loans and advances		33,467	26,720
Trade deposits and short term prepayments		5,570	6,209
Other receivables		40,977	40,577
Accrued interest		18,891	18,986
Sales tax refundable		30,180	39,183
Taxation - net		60,397	57,148
Cash and bank balances		12,976	296,756
		816,605	1,055,648
		<u>2,051,123</u>	<u>1,990,203</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 100,000,000 (June 30, 2011: 100,000,000) ordinary shares of Rs. 10/- each		1,000,000	1,000,000
Issued, subscribed and paid-up share capital	6	997,181	797,745
Share premium		99,718	-
Accumulated loss		(112,099)	(96,740)
		984,800	701,005
Advance against subscription of right issue		-	276,654
		984,800	977,659
NON-CURRENT LIABILITIES			
Long and medium term financing		175,224	103,037
Deferred taxation	7	28,918	35,521
Long term deposits		3,716	3,701
		207,858	142,259
CURRENT LIABILITIES			
Trade and other payables		281,692	297,417
Accrued markup		18,475	17,989
Current maturity of long and medium term financing		80,210	46,147
Short term borrowings		478,088	508,732
		858,465	870,285
CONTINGENCIES AND COMMITMENTS			
	8		
		<u>2,051,123</u>	<u>1,990,203</u>

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


CHIEF EXECUTIVE OFFICER


DIRECTOR

Condensed Interim Profit & Loss Account (Unaudited)

For the quarter ended September 30, 2011

	Note	September 30, 2011 (Rupees in thousand)	September 30, 2010 (Rupees in thousand)
Turnover - net	9	428,494	475,092
Cost of sales		(374,560)	(369,398)
Gross profit		53,934	105,694
Selling and distribution cost		(33,795)	(73,821)
Administrative expenses		(14,815)	(13,388)
		(48,610)	(87,209)
Operating profit		5,324	18,485
Other operating expenses		(86)	(1,582)
Finance cost		(26,134)	(15,030)
		(26,220)	(16,612)
Other operating income		3,287	4,047
(Loss) / profit before taxation		(17,609)	5,920
Taxation			
- Current		(4,353)	(4,834)
- Deferred		6,603	(461)
		2,250	(5,295)
(Loss) / profit after tax		(15,359)	625
Other comprehensive income		-	-
Total comprehensive (loss) / income for the period		(15,359)	625
		----- Rupee -----	
(Loss) / earning per share - basic and diluted	11	(0.16)	0.01

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, 2011

	September 30, 2011	September 30, 2010
	(Rupees in thousand)	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(17,609)	5,920
Adjustment for:		
Depreciation	12,726	13,029
Finance cost	26,134	15,030
Employee benefits - gratuity	1,558	1,147
Profit on disposal of property, plant and equipment	(3)	-
	<u>40,415</u>	<u>29,206</u>
Operating cash flows before working capital changes	22,806	35,126
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(2,294)	(123,107)
Stock-in-trade	(62,294)	107,136
Trade debts	20,510	(5,098)
Loans and advances and accrued interest	(6,652)	(198,309)
Trade deposits and short term prepayments	639	592
Other receivables / sales tax refundable	8,603	(14,575)
	<u>(41,488)</u>	<u>(233,361)</u>
Decrease in current liabilities		
Trade and other payables excluding gratuity payable	(16,279)	(27,616)
Cash used in operations	<u>(34,961)</u>	<u>(225,851)</u>
Finance cost paid	(25,648)	(13,826)
Gratuity paid	(1,000)	(36)
Taxes paid	(7,602)	(6,119)
	<u>(34,250)</u>	<u>(19,981)</u>
Net cash used in operating activities	<u>A (69,211)</u>	<u>(245,832)</u>

	September 30, 2011	September 30, 2010
	(Rupees in thousand)	
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(13,550)	(13,541)
Proceeds on disposal of property, plant and equipment	18	-
Investment in subsidiary company	(299,158)	-
Net cash used in investing activities	<u>B (312,690)</u>	<u>(13,541)</u>
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long and medium term financing	(13,750)	(10,416)
Medium term financing obtained	120,000	-
Proceeds from issuance of shares	22,500	-
Long term deposits - liabilities	15	100
Net cash generated from / (used in) financing activities	<u>C 128,765</u>	<u>(10,316)</u>
Net decrease in cash and cash equivalents (A+B+C)	(253,136)	(269,689)
Cash and cash equivalents at beginning of the period	<u>(211,976)</u>	<u>(281,143)</u>
Cash and cash equivalents at end of the period	<u>(465,112)</u>	<u>(550,832)</u>
Cash and bank balances	12,976	6,981
Short term borrowings	<u>(478,088)</u>	<u>(557,813)</u>
	<u>(465,112)</u>	<u>(550,832)</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 (Unaudited)

For the quarter ended September 30, 2011

	Issued, subscribed and paid-up share capital	Share Premium	Accumulated loss	Total
(Rupees in thousand).....			
Balance as at July 1, 2010	797,745	-	(22,182)	775,563
Total comprehensive income for the quarter ended September 30, 2010	-	-	625	625
Balance as at September 30, 2010	797,745	-	(21,557)	776,188
Balance as at July 1, 2011	797,745	-	(96,740)	701,005
Total comprehensive loss for the quarter ended September 30, 2011	-	-	(15,359)	(15,359)
Ordinary shares issued	199,436	99,718	-	299,154
Balance as at September 30, 2011	997,181	99,718	(112,099)	984,800

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, 2011

1. THE COMPANY AND ITS OPERATIONS

Thatta Cement Company Limited 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 is a subsidiary of Arif Habib Equity (Private) 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/I, R. Y. 16, Old Queens Road, Karachi. The production facility of the Company is located at Ghulamullah Road, Makli, District Thatta, Sindh.

1.1 The Group

Thatta Cement Company Limited (TCCL) - Holding Company
Thatta Power (Private) Limited (TPPL) - Wholly owned Subsidiary
Al Abbas Cement Industries Limited - Associated Company

2. STATEMENT OF COMPLIANCE

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, 2011.

3. BASIS OF PREPARATION

These financial statements have been prepared under the historical cost basis modified for certain employee retirement benefits and export trade debts.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation followed in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the Company's annual financial statements for the year ended June 30, 2011.

4.1 Investment in Subsidiary and Associated Company

The Company considers its subsidiary companies to be such enterprise in which the Company has control and /or ownership of more than half or fifty percent of the voting power.

The Company considers its associates to be such entities in which the Company has ownership of not less than twenty percent but not more than fifty percent, of the voting power and / or has significant influence through common directorship, but not control.

Investment in subsidiaries and associates are carried at cost in accordance with International Accounting Standard (IAS) 27 - "Consolidated and Separate Financial Statements".

	Note	(Unaudited) September 30, 2011 (Rupees in thousand)	(Audited) June 30, 2011
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets		802,609	801,804
Capital work in progress	5.2	896	896
		<u>803,505</u>	<u>802,700</u>

		First quarter ended September 30,	
		2011	2010
		(Rupees in thousand)	
5.1	Details of additions and disposal are as under:		
	Additions (at cost)		
	Plant and machinery	8,353	5,912
	Computers	1,510	208
	Furniture and fixtures	233	-
	Office equipments	25	4,551
	Vehicle	3,429	888
		<u>13,550</u>	<u>11,559</u>
	Disposal (at written down value)		
	Computers	15	-
		<u>15</u>	<u>-</u>
		(Unaudited)	(Audited)
		September	June
		30, 2011	30, 2011
		(Rupees in thousand)	
5.2	Capital work in progress		
	Opening balance	896	-
	Additions	-	896
	Closing balance	<u>896</u>	<u>896</u>
6.	ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL		
	Ordinary shares of Rs. 10 each 89,418,125 (June 2011: 69,474,500) shares allotted for consideration paid in cash	894,181	694,745
	10,300,000 (June 2011: 10,300,000) shares allotted for consideration other than cash	<u>103,000</u>	<u>103,000</u>
		<u>997,181</u>	<u>797,745</u>
	During the period, Company issued 19,943,625 ordinary shares of Rs. 10 each at a premium of Rs. 5 each as right issue. The shares were allotted on July 08, 2011.		
7.	DEFERRED TAXATION		
	Credit balance arising in respect of		
	- Accelerated tax depreciation allowances	117,958	116,518
	Debit balance arising on account of		
	- Provisions	(34,471)	(34,446)
	- Provision for gratuity	(1,952)	(1,820)
	- Unabsorbed tax losses and minimum tax	(52,617)	(44,731)
		<u>(89,040)</u>	<u>(80,997)</u>
		<u>28,918</u>	<u>35,521</u>

	(Unaudited) September 30, 2011 (Rupees in thousand)	(Audited) June 30, 2011
8. CONTINGENCIES AND COMMITMENTS		
8.1 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, 2011.		
8.2 Commitments		
Commitments in respect of irrevocable letter of credits	13,168	207,139
Guarantees given by banks on behalf of the Company	123,416	91,569
Commitment in respect of rent	-	2,621
	First quarter ended September 30, 2011	2010 (Rupees in thousand)
9. TURNOVER - NET		
Local	292,005	204,455
Export	136,489	270,637
	<u>428,494</u>	<u>475,092</u>
10. WORKERS' PROFIT PARTICIPATION FUND, WORKERS' WELFARE FUND AND TAXATION		
Allocation to the Workers' Profit Participation Fund, Workers' Welfare Fund and charge for taxation are provisional. Final liability would be determined on the basis of annual results.		
11. (LOSS) / EARNING PER SHARE - BASIC AND DILUTED		
(Loss) / profit after taxation (Rupees in thousand)	<u>(15,359)</u>	<u>625</u>
Weighted average number of ordinary shares	11.1 <u>98,200,675</u>	<u>79,774,500</u>
(Loss) / profit per share in rupees - basic and diluted	<u>(0.16)</u>	<u>0.01</u>
11.1	Weighted average number of ordinary shares have been calculated from the date of allotment i.e. July 8, 2011.	
12. RELATED PARTY TRANSACTIONS / OUTSTANDING BALANCES		
The related parties comprise of Companies with common directorship and key management personnel. Details of transactions and outstanding balances with related parties during the / as at quarter ended September 30, 2011, are as follows:		
a. ASSOCIATED COMPANIES		
NAME OF RELATED PARTIES	NATURE OF TRANSACTION	
Summit Bank Limited	Markup on short term borrowings and commission as Banker to Right issue	
	4,337	4,848
International Complex Project Ltd.	Sale of cement	
	1,716	688
Al Abbas Cement Industries Limited	Advance - net	
	-	178,000

NAME OF RELATED PARTIES	NATURE OF TRANSACTION	First quarter ended September 30,	
		2011	2010
(Rupees in thousand)			
Al Abbas Cement Industries Limited	Various expenses	56	-
Safe Mix Concrete Products (Pvt.) Ltd.	Sale of cement	341	2,343
Aisha Steel Mills Limited	Sale of cement	-	2,151
Thatta Power (Pvt.) Limited	Various expense	1,665	-
b. BENEFITS TO KEY MANAGEMENT PERSONNEL		9,717	7,156
c. OTHER RELATED PARTIES	Contribution to Employees' Gratuity Fund	1,000	36
	Contribution to Employees' Provident Fund	1,202	929

NAME OF RELATED PARTIES	OUTSTANDING BALANCES	(Unaudited)	(Audited)
		September 30, 2011	June 30, 2011
(Rupees in thousand)			
Summit Bank Limited	Guarantee on behalf of Company as normal banking terms	86,775	86,775
Summit Bank Limited	PLS Account balance	17	77
Summit Bank Limited	Running finance	103,745	90,555
Thatta Power (Pvt.) Ltd.	Receivable against various expenses	3,689	2,029
Al Abbas Cement Industries Limited	Receivable against various expenses and accrued interest	20,481	20,549
International Complex Project Limited	Receivable on account of sale of cement	811	736

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

12.2 All transactions with related parties have been carried out on commercial terms.

13. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 29, 2011 by the Board of Directors of the Company.

14. GENERAL

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



**CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2011**

Condensed Interim Consolidated Balance Sheet (Unaudited)

As at September 30, 2011

	Note	September 30, 2011 (Rupees in thousand)
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	5	805,255
Intangible assets		3,216
Investment in associated company		115,710
Long term deposits		792
		924,973
CURRENT ASSETS		
Stores, spare parts and loose tools		264,400
Stock-in-trade		281,585
Trade debts		68,162
Loans and advances		29,772
Trade deposits and short term prepayments		5,570
Other receivables		40,977
Accrued interest		22,031
Sales tax refundable		30,180
Taxation - net		60,083
Cash and bank balances		315,054
		1,117,814
		2,042,787
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorised capital		
100,000,000 ordinary shares of Rs. 10/- each		1,000,000
Issued, subscribed and paid-up share capital	6	997,181
Share premium		99,718
Accumulated loss		(120,435)
		976,464
NON-CURRENT LIABILITIES		
Long and medium term financing		175,224
Deferred taxation	7	28,918
Long term deposits		3,716
		207,858
CURRENT LIABILITIES		
Trade and other payables		281,692
Accrued markup		18,475
Current maturity of long and medium term financing		80,210
Short term borrowings		478,088
		858,465
CONTINGENCIES AND COMMITMENTS	8	2,042,787

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



CHIEF EXECUTIVE OFFICER



DIRECTOR

Condensed Interim Consolidated Profit & Loss Account (Unaudited)
For the quarter ended September 30, 2011

	Note	September 30, 2011 (Rupees in thousand)
Turnover - net	8	428,494
Cost of sales		(374,560)
Gross profit		<u>53,934</u>
Selling and distribution cost		(33,795)
Administrative expenses		(16,734)
		<u>(50,529)</u>
Operating profit		3,405
Other operating expenses		(86)
Finance cost		(26,134)
		<u>(26,220)</u>
Other operating income		9,643
Share of loss of associate		(12,137)
Loss before taxation		<u>(25,309)</u>
Taxation		
- Current		(4,989)
- Deferred		6,603
		<u>1,614</u>
Loss after tax		(23,695)
Other comprehensive income		-
Total comprehensive loss for the quarter		<u><u>(23,695)</u></u>
		Rupee
Loss per share - basic and diluted	11	<u><u>(0.24)</u></u>

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



CHIEF EXECUTIVE OFFICER



DIRECTOR

Condensed Interim Consolidated Cash Flow Statement (Unaudited)

For the quarter ended September 30, 2011

	Note	September 30, 2011 (Rupees in thousand)
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation		(25,309)
Adjustment for:		
Depreciation		12,726
Finance cost		26,134
Employee benefits - gratuity		1,558
Share of loss from associated company		12,137
Profit on disposal of property, plant and equipment		(3)
		<u>52,552</u>
Operating cash flows before working capital changes		27,243
(Increase) / decrease in current assets		
Stores, spare parts and loose tools		(2,294)
Stock-in-trade		(62,294)
Trade debts		20,510
Loans and advances and accrued interest		(2,958)
Trade deposits and short term prepayments		639
Other receivables / sales tax refundable		5,463
		<u>(40,933)</u>
(Decrease) / increase in current liabilities		
Trade and other payables excluding gratuity payable		(16,279)
Cash used in operations		<u>(29,969)</u>
Finance cost paid		(25,648)
Gratuity paid		(1,000)
Taxes paid		(7,924)
		<u>(34,572)</u>
Net cash used in operating activities	A	<u>(64,541)</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure		(15,300)
Proceeds on disposal of property, plant and equipment		18
Net cash used in investing activities	B	<u>(15,282)</u>

	Note	September 30, 2011 (Rupees in thousand)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long and medium term financing		(13,750)
Medium term financing obtained		120,000
Proceeds from issuance of shares		22,500
Long term deposits		15
Net cash generated from financing activities	C	128,765
Net increase in cash and cash equivalents (A+B+C)		48,942
Cash and cash equivalents at beginning of the quarter		(211,976)
Cash and cash equivalents at end of the quarter		<u>(163,034)</u>
Cash and bank balances		315,054
Short term borrowings		(478,088)
		<u>(163,034)</u>

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



CHIEF EXECUTIVE OFFICER



DIRECTOR

Condensed Interim Consolidated Changes in Equity (Unaudited)
For the quarter ended September 30, 2011

	Issued, subscribed and paid-up share capital	Share Premium	Accumulated loss	Total
(Rupees in thousand).....			
Balance as at July 1, 2011	797,745	-	(96,740)	701,005
Total comprehensive loss for the quarter ended September 30, 2011	-	-	(23,695)	(23,695)
Ordinary shares issued	199,436	99,718	-	299,154
Balance as at September 30, 2011	997,181	99,718	(120,435)	976,464

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



CHIEF EXECUTIVE OFFICER



DIRECTOR

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the quarter ended September 30, 2011

1. THE COMPANY AND ITS OPERATIONS

Thatta Cement Company Limited 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 is a subsidiary of Arif Habib Equity (Private) 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/I, R. Y. 16, Old Queens Road, Karachi. The production facility of the Company is located at Ghulamullah Road, Makli, District Thatta, Sindh.

1.1 The Group

Thatta Cement Company Limited (TCCL) - Holding Company
Thatta Power (Private) Limited (TPPL) - Wholly Owned Subsidiary
Al Abbas Cement Industries Limited - Associated Company

2. STATEMENT OF COMPLIANCE

These unaudited condensed interim consolidated 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 consolidated 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, 2011.

3. BASIS OF PREPARATION

These financial statements have been prepared under the historical cost basis modified for certain employee retirement benefits and export trade debts.

4. SIGNIFICANT ACCOUNTING POLICIES

The Company is preparing the consolidated financial statements for the first time due to the reason that 100% shares of TPPL were subscribed by the Company on July 29, 2011. Hence, accounting policies in respect of subsidiary and associate have been adopted for the first time as set out below. However, accounting policies and methods of computation followed in the preparation of these financial statements except for subsidiary and associate, are the same as those applied in the preparation of Company's annual financial statements for the year ended June 30, 2011. Further, the accounting policies of TPPL are same as of the Company.

4.1 Investment in Subsidiary

Subsidiaries are entities in which the Parent has control and / or ownership of more than half or fifty percent of the voting power. Control exists when the parent has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries are same as that of the Parent.

The assets and liabilities of subsidiary company has been consolidated on a line-by-line basis. The carrying value of investments held by the Parent is eliminated against the subsidiary's shareholders' equity in the consolidated financial statements.

Non-controlling interest is that portion of equity in a subsidiary that is not attributable, directly or indirectly, to the Parent. Non-controlling interests are presented as a separate item in the consolidated financial statements.

Upon the loss of control, the Parent derecognizes 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 or loss.

The financial year of the Parent and its subsidiary are the same.

4.2 Investment in Associate

The Parent considers its associate to be such entities in which the Parent has ownership of not less than twenty percent but not more than fifty percent of the voting power and / or has significant influence through common directorship, but not control.

Investment in associates are accounted for under the equity method, less impairment losses, if any. Such investments are carried in the balance sheet at cost, plus post-acquisition changes in the Parent's share of net assets of the associates, less any impairment in value. The profit and loss account reflects the Parent's share of the results of its associates. The equity method for investments in associates is applied from the date when significant influence commence until the date when that significant influence ceases.

		September 30, 2011 (Rupees in thousand)
5.	PROPERTY, PLANT AND EQUIPMENT	
	Operating fixed assets	802,609
	Capital work in progress	2,646
		<u>805,255</u>
5.1	Details of additions and disposal are as under:	
	Additions (at cost)	
	Plant and machinery	8,353
	Computers	1,510
	Furniture and fixtures	233
	Office equipments	25
	Vehicle	3,429
		<u>13,550</u>
	Disposal (at written down value)	
	Computers	15
		<u>15</u>
5.2	Capital work in progress	
	Opening balance	896
	Additions	1,750
	Closing balance	<u>2,646</u>
6.	ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL	
	Ordinary shares of Rs. 10 each	
	89,418,125 (June 2011: 69,474,500) shares allotted for consideration paid in cash	894,181
	10,300,000 (June 2011: 10,300,000) shares allotted for consideration other than cash	103,000
		<u>997,181</u>

During the period, Company issued 19,943,625 ordinary shares of Rs. 10 each at a premium of Rs. 5 each as right issue. The shares were allotted on July 08, 2011.

September
30, 2011
(Rupees in thousand)

7. DEFERRED TAXATION

Credit balance arising in respect of	
- Accelerated tax depreciation allowances	117,958
Debit balances arising on account of	
- Provisions	(34,471)
- Provision for gratuity	(1,952)
- Unabsorbed tax losses and minimum tax	(52,617)
	(89,040)
	<u>28,918</u>

8. CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

There is no change in the status of contingencies and they are same as disclosed in the last published annual financial statements of Thatta Cement Company Limited for the year ended June 30, 2011.

8.2 Commitments

Commitments in respect of irrevocable letter of credits	13,168
Guarantees given by banks on behalf of the Company	123,416

9. TURNOVER - NET

Local	292,005
Export	136,489
	<u>428,494</u>

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

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

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

(Loss) / profit after taxation (Rupees in thousand)		<u>(23,695)</u>
Weighted average number of ordinary shares	11.1	<u>98,200,675</u>
(Loss) / profit per share in rupees - basic and diluted		<u>(0.24)</u>

11.1 Weighted average number of ordinary shares have been calculated from the date of allotment i.e. July 8, 2011.

12. RELATED PARTY TRANSACTIONS / OUTSTANDING BALANCES

The related parties comprise of Companies with common directorship and key management personnel. Details of transactions and balances with related parties during the / as at quarter ended September 30, 2011, are as follows:

September
30, 2011
(Rupees in thousand)

a. ASSOCIATED COMPANIES		
	NAME OF RELATED PARTIES	NATURE OF TRANSACTION
	Summit Bank Limited	Markup on short term borrowings and commission as Banker to Right issue
		4,337
	International Complex Project Limited	Sale of Cement
		1,716
	Safe Mix Concrete Products (Pvt.) Ltd.	Sale of cement
		341
	Al Abbas Cement Industries Ltd.	Various expenses
		56
b.	Benefits to key management personnel	9,717
c. Other related parties		
	Contribution to Employees' Gratuity Fund	1,000
	Contribution to Employees' Provident Fund	1,202
OUTSTANDING BALANCES		
	Summit Bank Limited	Guarantee on behalf of Company as normal banking terms
		86,775
	Summit Bank Limited	PLS Account balance
		17
	Summit Bank Limited	Running finance
		103,745
	Al Abbas Cement Industries Ltd.	Receivable against various expenses and accrued interest
		20,481
	International Complex Project Limited	Receivable on account of sale of cement
		811

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

12.2 All transactions with related parties have been carried out on commercial terms.

13. CORRESPONDING FIGURES


Thatta Cement Company Limited acquired / subscribed 100% shares of Thatta Power (Private) Limited on July 29, 2011 and hence the Company is preparing the consolidated financial statements for the first time. Therefore, corresponding figures have not been reported.

14. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 29, 2011 by the Board of Directors of the Company.

15. GENERAL

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



CHIEF EXECUTIVE OFFICER



DIRECTOR