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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. Naveed Rabbani  
 Mr. Wazir Ali Khoja

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

### AUDIT COMMITTEE

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

Chairman  
 Member  
 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](http://www.thattacement.com)  
 E-mail : [info@thattacement.com](mailto: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

## DIRECTOR'S REVIEW

The Board of Directors of Thatta Cement Company Limited present herewith the Directors' Review together with the unaudited financial statements for the third quarter ended March 31, 2012.

### BUSINESS OVERVIEW

During the nine months ended, local cement sales of the country increased by 8.4% whereas exports decreased by 7.77% in volume, resulting in overall increase of 3.61% as compared to the corresponding period of previous year. Attractive prices in the local market attributed to preference of manufacturers to focus more on local market hence resulting in decline of exports. The growth in local sales helped to offset the decline in cement exports which shrunk by 23.72% during the nine months of current financial year. Moreover, the cement industry requires more sales to utilize its idle production capacity.

The effects of heavy rains and floods in the Province continued. This natural disaster has rendered people homeless and damaged property worth billions. Due to Governmental and NGO rehabilitation activities cement off take has improved.

Curtailed public sector spending during the financial year 2011 – 2012 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 during September, December 2011 and in March 2012. Cost of inputs also maintained an upward trend throughout the nine months ended March 31, 2012. The Government needs to address these issues so that construction industry could expand and its activities shall result in job creation. Cement prices in local market during the period under review improved as compared to the corresponding period of previous year. However, the advantage was only marginal due to increase in input cost.

### BUSINESS PERFORMANCE

#### (a) Production and Sales Volume Performance

The capacity utilization of the Company during the nine months ended March 31, 2012 stood at 67% as compared to 74% for the same period of last year. Overall clinker production was lower by 9.4% as compared to the same period of last year due to frequent power break downs and availability of carry over stock.

Description	March 2012	March 2011	Variation	
	----- Metric Tons -----			%
Plant capacity – Clinker	337,500	337,500		
Production				
Clinker	226,331	249,809	(23,478)	(9.40)
Cement	272,418	268,801	3,617	1.35
GBFS	7,790	2,070	5,720	276.33
Dispatches				
Cement				
- Local	228,290	193,059	35,231	18.25
- Export	47,777	74,495	(26,718)	(35.87)
	<u>276,067</u>	<u>267,554</u>	<u>8,513</u>	<u>3.18</u>
Clinker – Export	-	31,313	(31,313)	(100.00)
GBFS – Local	<u>7,790</u>	<u>2,070</u>	<u>5,720</u>	<u>276.33</u>
	<u><u>283,857</u></u>	<u><u>300,937</u></u>	<u><u>(17,080)</u></u>	<u><u>(5.68)</u></u>

During the nine months ended March 31, 2012, the overall cement dispatches were lower by 17,080 ton (5.68%) as compared to same period of last year due to significant decrease in exports. The Company was able to increase local dispatches of cement during the nine months ended March 31, 2012 which stood at 236,080 tons (cement and GBFS) as compared to 195,129 tons during the corresponding period showing an increase of 20.99%. Cement exports stood at 47,777 metric tons as compared to 74,495 metric tons during the corresponding period depicting a decline of 35.87%. The Company is still engaged in exports in order to maintain its market presence to benefit in the long run. During the period under review, the Company got an export order from Sudan at an attractive price which caused increase in exports during the third quarter where cement exports increased from 34,837 tons as on December 31, 2011 to 47,777 tons as on March 31, 2012 depicting an increase of 37.14%.

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

Description	March 2012	March 2011	Variation	
	----- Million Metric Tons -----			%
Cement Industry				
Local sales	17.388	16.040	1.348	8.40
Export sales	6.243	6.769	(0.526)	(7.77)
	<u>23.631</u>	<u>22.809</u>	<u>0.822</u>	<u>3.61</u>
	----- Metric Tons -----			
Thatta Cement Company Limited				
Local sales	236,080	195,129	40,951	20.99
Export sales	47,777	105,808	(58,031)	(54.85)
	<u>283,857</u>	<u>300,937</u>	<u>(17,080)</u>	<u>(5.68)</u>

The above analysis reflects the Company's performance as against the industry. The industry grew by 8.40% in respect of local sales whereas local sales of the Company increased by 20.99% which is due to focused strategy over sales and marketing activities. The Company's overall sales declined by 5.68% due to decline in exports by 54.85% due to reasons mentioned earlier.

#### b) Financial Performance

A comparison of the key financial results of the Company for the nine months ended March 31, 2012 with the same period last year is as under:

Description	March 2012	March 2011
	Rupees in thousands	
Turnover – net	1,510,629	1,280,924
Gross profit	139,884	186,937
Loss before tax	(44,100)	(61,814)
Loss after tax	(69,578)	(69,359)
Loss per share	(0.70)	(0.87)

The prices in local market have shown improvement during the nine months ended March 31, 2012, which is evident from the fact that the overall dispatch volume decreased by 5.68% whereas turnover has increased by 17.93%. However, the cost of inputs maintained an upward trend which resulted in dilution of gross profit margin.

Higher input costs is mainly due to constant increase in coal prices in international markets, sustained increase in power cost mainly owing to fuel price adjustments, raw and packing material and freight charges directly affected the margins available to the Company and overall profitability. As a result, the Company suffered a loss before tax of Rs. 44.100 million after providing depreciation of Rs. 38.509 million.

#### FUTURE OUTLOOK

Globally there is an overall improvement in cement business with increase in consumption and export prices. The cement business environment in Pakistan has also improved lately. The Company is striving to cope up with the challenges by adopting economy measures and improving plant efficiencies. Further, by adjusting the sales mix from export to local, the Company is mitigating the risk to the maximum extent.

The prices in local markets are stable which is a good sign for the Cement Industry. Improvement in law and order situation in Karachi together with cut down in discount rate by State Bank of Pakistan is attracting investment in real estate and may increase cement consumption in the local market. Cement sales are expected to increase during the remaining period of the year as the Government has announced spending on infrastructure.

#### CAPTIVE POWER PLANT


Work on site preparation has been started and excavations of engine foundations have been completed. Construction of all the foundation pads is scheduled to be completed at the end of April 2012 whereas other entire civil works will be completed by the end of August 2012. Shipment of engines is expected in the last week of July 2012 whereas commercial production is planned to be started by the mid of November 2012.

#### CEMENT GRINDING AND PACKING PLANT IN HAMBANTOTA, SRI LANKA

The Company had planned a cement grinding and packing plant in Sri Lanka, at the port of Hambantota. This project will bring new horizons of opportunities and expansion for the Company together with increase in export of clinker. Sri Lanka Port Authority has granted approval for the said project. Currently discussions / negotiations are under way with an International player for the said project which is planned to be concluded at an early date.

#### 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: April 23, 2012



Muhammad Fazlullah Shariff  
Chief Executive Officer

## Condensed Interim Balance Sheet

As on March 31, 2012

	Note	(Unaudited) March 31, 2012	(Audited) June 30, 2011
Rupees in thousand			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	783,131	802,700
Intangible assets		3,216	3,216
Investment in associated company	6	127,847	127,847
Investment in subsidiary company	7	299,158	-
Long term deposits		792	792
		1,214,144	934,555
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		383,678	262,106
Stock-in-trade		253,353	219,291
Trade debts		49,080	88,672
Loans and advances		34,435	26,720
Trade deposits and short term prepayments		11,311	6,209
Other receivables		4,369	40,577
Accrued interest		-	18,986
Sales tax refundable		12,859	39,183
Taxation - net		62,892	57,148
Cash and bank balances		2,833	296,756
		814,810	1,055,648
		2,028,954	1,990,203
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized 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	8	997,181	797,745
Share premium		99,718	-
Accumulated loss		(166,318)	(96,740)
		930,581	701,005
Advance against subscription of right issue		-	276,654
		930,581	977,659
<b>NON-CURRENT LIABILITIES</b>			
Long term financing		146,264	103,037
Deferred taxation	9	45,602	35,521
Long term deposits		4,583	3,701
		196,449	142,259
<b>CURRENT LIABILITIES</b>			
Trade and other payables		517,742	297,417
Accrued markup		15,880	17,989
Current maturity of long term financing		68,336	46,147
Short term borrowings		299,966	508,732
		901,924	870,285
<b>CONTINGENCIES AND COMMITMENTS</b>			
	10		
		2,028,954	1,990,203

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



CHIEF EXECUTIVE OFFICER  
NINE MONTHS REPORT - MARCH 2012



DIRECTOR

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## Condensed Interim Profit & Loss Account (Unaudited)

For the nine months period ended March 31, 2012

	Note	Nine months period ended		Quarter ended	
		March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
		(Rupees in thousand)			
Turnover - net	11	1,510,629	1,280,924	617,410	402,041
Cost of sales		(1,370,745)	(1,093,987)	(539,050)	(402,025)
Gross profit		139,884	186,937	78,360	16
Selling and distribution cost		(72,852)	(172,361)	(17,326)	(41,604)
Administrative expenses		(46,736)	(37,686)	(15,137)	(10,737)
		(119,588)	(210,047)	(32,463)	(52,341)
Operating profit / (loss)		20,296	(23,110)	45,897	(52,325)
Other operating expenses		(86)	(3,419)	-	(333)
Finance cost		(78,031)	(56,029)	(23,325)	(20,297)
		(78,117)	(59,448)	(23,325)	(20,630)
Other operating income		13,721	20,744	5,980	7,817
(Loss) / profit before taxation		(44,100)	(61,814)	28,552	(65,138)
Taxation					
- Current	12	(15,397)	(14,508)	(6,277)	(4,787)
- Deferred		(10,081)	6,963	(3,364)	(168)
		(25,478)	(7,545)	(9,641)	(4,955)
(Loss) / profit after taxation		(69,578)	(69,359)	18,911	(70,093)
Other comprehensive income		-	-	-	-
Total comprehensive (loss)/ income for the period		(69,578)	(69,359)	18,911	(70,093)
----- Rupee -----					
(Loss) / earning per share - basic and diluted		(0.70)	(0.87)	0.19	(0.88)

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 nine months period ended March 31, 2012

Nine months period ended  
March 31, 2012      March 31, 2011  
(Rupees in thousand)

### A. CASH FLOWS FROM OPERATING ACTIVITIES

Loss before taxation	(44,100)	(61,814)
Adjustment for:		
Depreciation	38,509	39,544
Finance cost	78,031	56,029
Employee benefits - gratuity	4,712	3,439
Profit on disposal of property, plant and equipment	(4,220)	-
Provision / (reversal) for dead stores and spares	-	(191)
	117,032	98,821
Operating cash flows before working capital changes	72,932	37,007
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(121,572)	(96,920)
Stock-in-trade	(34,062)	74,648
Trade debts	39,592	13,035
Loans and advances and accrued interest	11,271	(176,849)
Trade deposits and short term prepayments	(5,102)	(6,766)
Other receivables / sales tax refundable	62,532	(23,439)
	(47,341)	(216,291)
Increase in current liabilities		
Trade and other payables excluding gratuity payable	220,259	102,844
Cash generated from / (used in) operations	245,850	(76,440)
Finance cost paid	(80,140)	(47,143)
Gratuity paid	(4,650)	(4,274)
Taxes paid	(21,141)	(17,730)
	(105,931)	(69,147)
Net cash generated from/(used in) operating activities      A	139,919	(145,587)

### B. CASH FLOWS FROM INVESTING ACTIVITIES

Capital expenditure	(20,243)	(23,647)
Proceeds from disposal of property, plant and equipment	5,523	155
Investment in subsidiary company	(299,158)	-
Long term deposits - assets	-	(204)
Net cash used in investing activities      B	(313,878)	(23,696)



Nine months period ended  
March March  
31, 2012 31, 2011  
(Rupees in thousand)

## C. CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of long term financing	(54,584)	(31,250)
Long term loan obtained	120,000	107,517
Proceeds from issuance of shares	22,504	-
Long term deposits - liabilities	882	(543)
Net cash generated from financing activities	C 88,802	75,724
Net decrease in cash and cash equivalents (A + B +C)	(85,157)	(93,559)
Cash and cash equivalents at beginning of the period	(211,976)	(281,143)
Cash and cash equivalents at end of the period	(297,133)	(374,702)
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	2,833	109,069
Short term borrowings	(299,966)	(483,771)
	(297,133)	(374,702)

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 nine months period ended March 31, 2012

	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 loss for the nine months period ended March 31, 2011	-	-	(69,359)	(69,359)
Balance as at March 31, 2011	797,745	-	(91,541)	706,204
Balance as at July 1, 2011	797,745	-	(96,740)	701,005
Total comprehensive loss for the nine months period ended March 31, 2012	-	-	(69,578)	(69,578)
Ordinary shares issued	199,436	99,718	-	299,154
Balance as at March 31, 2012	997,181	99,718	(166,318)	930,581

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 nine months period ended March 31, 2012

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 of the Company for the nine months period ended March 31, 2012 have been prepared in accordance with the requirements of the International Accounting Standard (IAS) - 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where the requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. The condensed interim financial information do 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 audited 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 fifty percent or more 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 IAS 27 - 'Consolidated and Separate Financial Statements'.

	Note	(Unaudited) March 31, 2012	(Audited) June 30, 2011
Rupees in thousand			
5	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets	5.1 777,472	801,804
	Capital work in progress	5.3 5,659	896
		783,131	802,700
		783,131	802,700

	(Unaudited) March 31, 2012	(Audited) June 30, 2011
	Rupees in thousand	
5.1	The following is the movement in operating fixed assets - tangible during the period:	
	801,804	848,781
Opening balance (WDV)		
Add: Additions during the period	15,480	24,450
Less: Disposals during the period (WDV)	(1,303)	(18,768)
Depreciation charge for the period	(38,509)	(52,659)
Closing balance (WDV)	<u>777,472</u>	<u>801,804</u>
5.2	Details of additions and disposals are as under:	
	Additions (at cost)	
Agricultural land	-	715
Leasehold improvements	-	771
Housing colonies	-	74
Plant and machinery	9,311	10,924
Computers	2,156	687
Furniture and fixtures	434	272
Office equipments	99	6,688
Vehicles	3,480	4,319
	<u>15,480</u>	<u>24,450</u>
	Disposal (at written down value)	
Agricultural land	-	16,012
Quarry equipments	229	-
Office equipments	-	34
Vehicles	1,046	2,722
Computers	28	-
	<u>1,303</u>	<u>18,768</u>
5.3	Capital work in progress	
Opening balance	896	-
Additions	4,763	896
Closing balance	<u>5,659</u>	<u>896</u>
6	INVESTMENT IN ASSOCIATED COMPANY	
	Investment in shares of related party M/s Al Abbas Cement Industries Limited (quoted) represents 25.6 million (June 30, 2011: 25.6 million) fully paid ordinary shares of Rs. 10 each, representing 7% (June 30, 2011: 7%) of share capital of that related party as at March 31, 2012, having cost of Rs. 128 million (June 30, 2011: Rs. 128 million). The allotment of these shares were made on June 30, 2011 by subscription of shares issue. Market value per share as at March 30, 2012 was Rs. 3.92, whereas book value based on net assets, as per reviewed financial statements, as at December 31, 2011 is Rs. 1.75 while value in use based on valuation of that investee is more than the cost of investment.	

## 7 INVESTMENT IN SUBSIDIARY COMPANY

Thatta Power (Private) Limited (TPPL) is a wholly owned subsidiary company of Thatta Cement Company Limited (TCCL). The principle business of the subsidiary is generation, supply and transmission of electrical power. 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 calendar year.

## 8 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

	Note	(Unaudited) March 31, 2012	(Audited) June 30, 2011
Rupees in thousand			
Ordinary shares of Rs. 10 each 89,418,125 (June 2011: 69,474,500) shares allotted for consideration paid in cash	8.1	894,181	694,745
10,300,000 (June 2011: 10,300,000) shares allotted for consideration other than cash		103,000	103,000
		997,181	797,745

8.1 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.

## 9 DEFERRED TAXATION

Credit balance arising in respect of - Accelerated tax depreciation allowance		116,723	116,518
Debit balances arising on account of			
- Provisions for slow moving/dead stores and bad debts		(34,471)	(34,446)
- Provision for gratuity		(1,840)	(1,820)
- Unabsorbed tax losses and minimum tax		(34,810)	(44,731)
		(71,121)	(80,997)
		45,602	35,521

## 10 CONTINGENCIES AND COMMITMENTS

## 10.1 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.

## 10.2 Commitments

Commitments in respect of irrevocable letter of credits		24,091	207,139
Guarantees given by banks on behalf of the Company		89,364	91,569
Commitment in respect of rent		-	2,621
		113,455	301,329

	Nine months period ended March		Quarter ended March		
	31, 2012	31, 2011	31, 2012	31, 2011	
	Rupees in thousand				
11	<b>TURNOVER</b>				
	Local	1,226,953	771,064	534,368	315,370
	Export	283,676	509,860	83,042	86,671
		<u>1,510,629</u>	<u>1,280,924</u>	<u>617,410</u>	<u>402,041</u>

12 **WORKERS' PROFIT PARTICIPATION FUND, WORKERS' WELFARE FUND AND TAXATION**

Allocation to Workers' Profit Participation Fund, Workers' Welfare Fund has not been made due to loss suffered by the Company and charge for taxation is also provisional. Final liability would be determined on the basis of annual results.

13 **(LOSS) / EARNING PER SHARE - BASIC AND DILUTED**

(Loss) / profit after taxation (Rupees in thousand)	(69,578)	(69,359)	18,911	(70,093)
Weighted average number of ordinary shares	13.1 99,210,469	79,774,500	99,718,125	79,774,500
(Loss) / earning per share - basic and diluted(Rupee)	(0.70)	(0.87)	0.19	(0.88)

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

14 **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 nine months period ended / as at March 31, 2012, are as follows:

		Nine months period ended March		
		31, 2012	31, 2011	
Rupees in thousand				
a)	<b>ASSOCIATED COMPANIES</b>			
	Name of related party	Nature of transaction		
	Summit Bank Limited	Markup on short term borrowings and commission as Banker to Right issue	10,755	13,306
	International Complex Project Limited	Sale of cement	2,389	4,514
	Al Abbas Cement Industries Limited	Advance - net	-	158,000
	Al Abbas Cement Industries Limited	Various expenses	193	-

		Nine months period ended	
		31, 2012	March 31, 2011
		Rupees in thousand	
Al Abbas Cement Industries Limited	Purchase and payment of coal	125,596	-
Al Abbas Cement Industries Limited	Sale of cement	-	34,473
Al Abbas Cement Industries Limited	Markup on advance	-	13,901
Al Abbas Cement Industries Limited	Sale of vehicle	-	669
Safe Mix Concrete Products (Pvt.) Ltd.	Sale of cement	805	5,048
Aisha Steel Mills Limited	Sale of Cement	-	3,537
Thatta Power (Pvt.) Limited	Various expenses	2,998	64
Thatta Power (Pvt.) Limited	Investment in shares	299,158	-
b) Key management personnel	Sale of vehicle	437	155
c) Benefits to key management personnel		24,881	18,910
d) Other related parties	Contribution to Employees' Gratuity Fund	4,650	4,274
	Contribution to Employees' Provident Fund	3,102	1,407
		(Unaudited) March 31, 2012	(Audited) June 30, 2011
		Rupees in thousand	
Name of related party	Outstanding balances		
Summit Bank Limited	Accrued markup	3,503	3,574
Summit Bank Limited	PLS Account balance	1,034	77
Summit Bank Limited	Running finance	99,290	90,555
Thatta Power (Pvt.) Limited	Receivable against various expenses	1,336	2,029
Al Abbas Cement Industries Limited	Receivable against various expenses and accrued interest	1,640	20,549
International Complex Project Limited	Receivable on account of sale of cement	111	736
Safe Mix Concrete Products (Pvt.) Ltd.	Advance against sale of cement	337	284

- 14.1 There are no transactions with key management personnel other than under their terms of employment.
- 14.2 All transactions with related parties have been carried out on commercial terms.

15 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on April 23, 2012 by the Board of Directors of the Company.

16 GENERAL

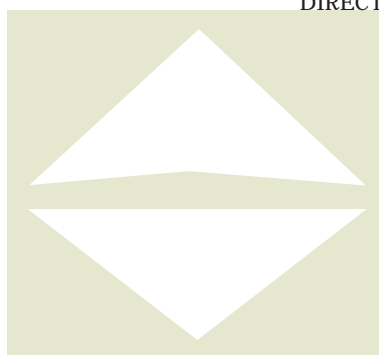
Figures have been rounded off to the nearest thousand of Rupees.



CHIEF EXECUTIVE OFFICER



DIRECTOR





THATTA CEMENT COMPANY LIMITED



CONDENSED INTERIM  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2012

## Condensed Interim Consolidated Balance Sheet (Unaudited)

As on March 31, 2012

	Note	March 31, 2012 (Rupees in thousand)
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	5	1,070,525
Intangible assets		3,376
Investment in associated company		107,691
Long term deposits		792
		<u>1,182,384</u>
<b>CURRENT ASSETS</b>		
Stores, spare parts and loose tools		383,678
Stock-in-trade		253,353
Trade debts		49,080
Loans and advances		33,099
Trade deposits and short term prepayments		11,311
Other receivables		4,369
Accrued interest		113
Sales tax refundable		14,175
Taxation - net		59,281
Cash and bank balances		27,636
		<u>836,095</u>
		<u>2,018,479</u>
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Authorized capital 100,000,000 (June 30, 2011: 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		(176,793)
		<u>920,106</u>
<b>NON-CURRENT LIABILITIES</b>		
Long term financing		146,264
Deferred taxation	7	45,602
Long term deposits		4,583
		<u>196,449</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables		517,742
Accrued markup		15,880
Current maturity of long and medium term financing		68,336
Short term borrowings		299,966
		<u>901,924</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	8	
		<u>2,018,479</u>

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 nine months period ended March 31, 2012

	Note	Nine months period ended March 31, 2012 (Rupees in thousand)	Quarter ended March 31, 2012
Turnover - net	9	1,510,629	617,410
Cost of sales		<u>(1,370,745)</u>	<u>(539,050)</u>
Gross profit		139,884	78,360
Selling and distribution cost		<u>(72,852)</u>	<u>(17,326)</u>
Administrative expenses		<u>(49,404)</u>	<u>(15,492)</u>
		<u>(122,256)</u>	<u>(32,818)</u>
Operating profit		17,628	45,542
Other operating expenses		<u>(86)</u>	<u>-</u>
Finance cost		<u>(78,037)</u>	<u>(23,331)</u>
		<u>(78,123)</u>	<u>(23,331)</u>
Other operating income		31,449	7,956
Share of loss of associate		<u>(20,156)</u>	<u>2,810</u>
(Loss) / profit before taxation		<u>(49,202)</u>	<u>32,977</u>
Taxation	10	<u>(20,770)</u>	<u>(6,842)</u>
- Current		<u>(10,081)</u>	<u>(3,364)</u>
- Deferred		<u>(10,689)</u>	<u>(3,478)</u>
		<u>(30,851)</u>	<u>(10,206)</u>
(Loss) / profit after taxation		<u>(80,053)</u>	<u>22,771</u>
Other comprehensive income		-	-
Total comprehensive (loss) / profit for the period		<u><u>(80,053)</u></u>	<u><u>22,771</u></u>
		----- Rupee -----	
(Loss) / earning per share - basic and diluted		<u><u>(0.81)</u></u>	<u><u>0.23</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 nine months period ended March 31, 2012

Nine months  
period ended  
March  
31, 2012  
(Rupees in thousand)

#### A. CASH FLOWS FROM OPERATING ACTIVITIES

Loss before taxation		(49,202)
Adjustment for:		
Depreciation		38,509
Finance cost		78,037
Employee benefits - gratuity		4,712
Profit on disposal of property, plant and equipment		(4,220)
Share of loss of associated company		20,156
		<u>137,194</u>
Operating cash flows before working capital changes		87,992
(Increase) / decrease in current assets		
Stores, spare parts and loose tools		(121,572)
Stock-in-trade		(34,062)
Trade debts		39,592
Loans and advances and accrued interest		12,494
Trade deposits and short term prepayments		(5,102)
Other receivables / sales tax refundable		61,216
		<u>(47,434)</u>
Increase in current liabilities		
Trade and other payables excluding gratuity payable		220,259
Cash generated from operations		<u>260,817</u>
Finance cost paid		(80,146)
Gratuity paid		(4,650)
Taxes paid		(22,903)
		<u>(107,699)</u>
Net cash generated from operating activities	A	<u>153,118</u>

#### B. CASH FLOWS FROM INVESTING ACTIVITIES

Capital expenditure		(307,797)
Proceeds on disposal of property, plant and equipment		5,523
Net cash used in investing activities	B	<u>(302,274)</u>

	Note	Nine months period ended March 31, 2012 (Rupees in thousand)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long term financing		(54,584)
Long term loan obtained		120,000
Proceeds from issuance of shares		22,504
Long term deposits - liabilities		882
Net cash generated from financing activities	C	88,802
Net decrease in cash and cash equivalents (A + B +C)		(60,354)
Cash and cash equivalents at beginning of the period		(211,976)
Cash and cash equivalents at end of the period		(272,330)
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances		27,636
Short term borrowings		(299,966)
		(272,330)

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



CHIEF EXECUTIVE OFFICER



DIRECTOR

### Condensed Interim Consolidated Statement of Changes in Equity (Unaudited)

For the nine months period ended March 31, 2012

	Issued, subscribed and paid-up 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 nine months period ended March 31, 2012	-	-	(80,053)	(80,053)
Ordinary shares issued	199,436	99,718	-	299,154
Balance as at March 31, 2012	<u>997,181</u>	<u>99,718</u>	<u>(176,793)</u>	<u>920,106</u>

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 nine months period ended March 31, 2012

### 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 condensed interim consolidated financial statements are un-audited. These condensed interim consolidated financial statements of the Company for the nine months period ended March 31, 2012 have been prepared in accordance with the requirements of the International Accounting Standard (IAS) - 34 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where the requirements differ, the provisions and directives issued under the Companies Ordinance, 1984 shall prevail.

### 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

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 audited 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 fifty percent or more 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 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 recognized in profit or loss.

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

## 4.2 Investment in Associated Company

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.

	Note	(Unaudited) March 31, 2012 Rupees in thousand
5	PROPERTY, PLANT AND EQUIPMENT	
	Operating fixed assets	777,518
	Capital work in progress	293,007
		<u>1,070,525</u>
5.1	The following is the movement in operating fixed assets - tangible during the period:	
	Opening balance (WDV)	801,804
	Add: Additions during the period	15,526
	Less: Disposals during the period (WDV)	(1,303)
	Depreciation charge for the period	(38,509)
	Closing balance (WDV)	<u>777,518</u>
5.2	Details of additions and disposal are as under:	
	Additions (at cost)	
	Plant and machinery	9,311
	Computers	2,156
	Furniture and fixtures	434
	Office equipments	99
	Vehicle	3,526
		<u>15,526</u>
	Disposal (at written down value)	
	Quarry equipments	229
	Vehicles	1,046
	Computers	28
		<u>1,303</u>
5.3	Capital work in progress	
	Opening balance	896
	Additions	292,111
	Closing balance	<u>293,007</u>



(Unaudited)  
March  
31, 2012  
Rupees in thousand

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	6.1	894,181
	10,300,000 (June 2011: 10,300,000) shares allotted for consideration other than cash		103,000
			<u>997,181</u>
			<u><u>997,181</u></u>
6.1	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		116,723
	Debit balances arising on account of		
	- Provisions for slow moving / dead stores and bad debts		(34,471)
	- Provision for gratuity		(1,840)
	- Unabsorbed tax losses and minimum tax		(34,810)
			<u>(71,121)</u>
			<u>45,602</u>
			<u><u>45,602</u></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 for the year ended June 30, 2011.		
8.2	Commitments		
	Commitments in respect of irrevocable letter of credits		24,091
	Guarantees given by banks on behalf of the Company		89,364
			<u>113,455</u>
			<u><u>113,455</u></u>
		Nine months period ended March 31, 2012	Quarter ended March 31, 2012
		Rupees in thousand	
9	TURNOVER		
	Local	1,226,953	534,368
	Export	283,676	83,042
		<u>1,510,629</u>	<u>617,410</u>
		<u><u>1,510,629</u></u>	<u><u>617,410</u></u>

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

Allocation to Workers' Profit Participation Fund, Workers' Welfare Fund has not been made due to loss suffered by the Company and charge for taxation is also provisional. Final liability would be determined on the basis of annual results.

		Nine months period ended March 31, 2012 Rupees in thousand	Quarter ended March 31, 2012
<b>11 (LOSS) / EARNING PER SHARE - BASIC AND DILUTED</b>			
(Loss) / profit after taxation (Rupees in thousand)		<u>(80,053)</u>	<u>22,771</u>
Weighted average number of ordinary shares	11.1	<u>99,210,469</u>	<u>99,718,125</u>
(Loss) / earning per share - basic and diluted		<u>(0.81)</u>	<u>0.23</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 nine months period ended / as at March 31, 2012, are as follows:

		Nine months period ended March 31, 2012 Rupees in thousand
<b>a) ASSOCIATED COMPANIES</b>		
Name of related party	Nature of transaction	
Summit Bank Limited	Markup on short term borrowings, commission as Banker to Right issue and bank charges	10,758
Summit Bank Limited	Markup received	15,804
International Complex Project Limited	Sale of cement	2,389
Al Abbas Cement Industries Limited	Purchase and payment of coal	125,596
Al Abbas Cement Industries Limited	Various expenses	193
Safe Mix Concrete Products (Pvt.) Ltd.	Sale of cement	805
<b>b) Key management personnel</b>	Sale of vehicle	437
<b>c) Benefits to key management personnel</b>		24,881
<b>d) Other related parties</b>	Contribution to Employees' Gratuity Fund	4,650
	Contribution to Employees' Provident Fund	3,102

Name of related party	Outstanding balances	March 31, 2012
Summit Bank Limited	Accrued markup	3,503
Summit Bank Limited	PLS Account balance	10,264
Summit Bank Limited	Running finance	99,290
Al Abbas Cement Industries Limited	Receivable against various expenses and accrued interest	1,640
International Complex Project Limited	Receivable on account of sale of cement	111
Safe Mix Concrete Products (Pvt.) Ltd.	Advance against sale of cement	337

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 CORRESPONDING FIGURES

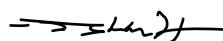
Thatta Cement Company Limited acquired / subscribed 100% shares of Thatta Power (Private) Limited on July 29, 2011 and hence the Company is preparing the consolidated financial statements for the first time. Therefore, corresponding figures have not been reported.

#### 14 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on April 23, 2012 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