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Vision

To transform the Company into a modern and dynamic cement manufacturing unit fully equipped to play a meaningful role on sustainable basis in the economy of Pakistan.

Mission

- To provide quality products to customers at competitive prices; and
- To generate sufficient profit to add to the shareholders' value.

Company Information

BOARD OF DIRECTORS

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

Chairman
 Chief Executive Officer
 Director
 Director
 Director
 Director
 Director

AUDIT COMMITTEE

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

Chairman
 Member
 Member
 Member

HUMAN RESOURCE COMMITTEE

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

Chairman
 Member
 Member

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Muhammad Taha Hamdani

STATUTORY AUDITOR

KPMG Taseer Hadi & Co., Chartered Accountants

COST AUDITOR

Siddiqi & Co., Cost & Management Accountants

INTERNAL AUDITOR

M. Yousuf Adil Saleem & Co., Chartered Accountants

CORPORATE ADVISOR

Shekha & Mufti Chartered Accountants

LEGAL ADVISOR

Usmani & Iqbal

BANKERS

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

REGISTERED OFFICE

Pardesi House, Survey No. 2/I, R.Y. 16
 Old Queens Road, Karachi-74000
 Ph: 021-35303071-73
 Fax: 35303074-75
 E-mail: info@thattacement.com
 Website: www.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, 2012.

INDUSTRY OVERVIEW

During the quarter under review, overall cement sales in the country increased by 2.8% by volume as compared to the corresponding period of the previous year. Local sales increased by 5.3% whereas exports decreased by 2.68%.

Like the previous year's again during the quarter ended September 30, 2012, several districts of Sindh were affected by heavy rains and floods. The situation was aggravated further due to disturbed political situation, strikes by political parties on regular basis which affected all the businesses in general and cement industry in particular.

As usual, frequent load shedding from WAPDA adversely impacted plant operations on account of which the plant operations had to be stopped several times during the quarter ended September 2012. Cost of inputs also maintained an upward trend throughout the quarter. Average selling price during the quarter under review improved as compared to the corresponding quarter of previous year.

BUSINESS PERFORMANCE

(a) Production and Sales Volume Performance

Capacity utilization of the plant during the quarter remained at 62.60% which was comparable to the level of 62.89% during the corresponding period. Following is the comparative data of production and dispatches:

Particulars	September 2012	September 2011	Variation	
	Metric Tons			%
Plant Capacity - Clinker	112,500	112,500		
Production				
Clinker	70,426	70,747	(321)	(0.45)
Cement	82,515	80,619	1,896	2.35
Dispatches				
Cement				
- Local	82,624	58,370	24,254	41.55
- Export	-	23,553	(23,553)	(100.00)
	82,624	81,923	701	0.86
GBFS - Local	2,627	842	1,785	212
	85,251	82,765	2,486	3.00

The Company was able to increase local dispatches of cement including GBFS during the quarter ended September 30, 2012 which stood at 85,251 metric tons as compared to 59,212 metric tons during the corresponding quarter showing an increase of 43.98%. Whereas no cement exports were made during the quarter as compared to 23,553 metric tons exports during the corresponding quarter due to strategic shift in Company's sales mix.

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

Particulars	September 2012	September 2011	Growth	
	----- Million Metric Tons -----		%	
Cement Industry				
Local sales	5,434	5,161	0.273	5.29
Export sales	2,273	2,336	(0.63)	(2.7)
	<u>7,707</u>	<u>7,497</u>	<u>0.210</u>	<u>2.8</u>
Thatta Cement Company Limited				
	----- Metric Tons -----			
Local sales including GBFS	85,251	59,212	26,039	43.98
Export sales	-	23,553	(23,553)	(100.00)
	<u>85,251</u>	<u>82,765</u>	<u>2,486</u>	<u>3.00</u>

The above analysis provides an evidence of the Company's performance as against the industry. The industry grew by 5.29% in respect of local sales whereas local sales of the Company increased by 43.98%. The Company's overall sales increased marginally by 3.00%.

(b) Financial Performance

A comparison of the key financial results of the Company for the quarter ended September 30, 2012 with the same period last year is as under:

Particulars	September 2012	September 2011
	Rupees in thousands	
Turnover - net	508,837	428,494
Gross profit	83,196	53,934
Profit /(Loss) before taxation	36,280	(17,609)
Profit /(Loss) after taxation	23,852	(15,359)
Earning /(Loss) per share (Rupee)	0.24	(0.16)

The prices in local market have shown improvement during the quarter under review; however, the cost of inputs maintained an upward trend.

The cost of production during the quarter ended September 30, 2012 was higher than the previous year. In spite of which the gross profit margin during the quarter increased to 16.35 % as compared to 12.59% in the corresponding quarter. The Company earned a profit before tax of Rs. 36.28 million after providing depreciation of Rs. 12.865 million.

(i) Sales Performance

The sales of the Company during the quarter ended September 30, 2012 increased by 3.00% in terms of volume, whereas sale revenue increased by 18.75%.

(ii) Cost of Sales

The cost of sales to sales ratio has declined to 83.65% during the quarter as compared to 87.41% in the corresponding quarter. This decrease is mainly attributable to increase in gross profit margin to 16.35% during the quarter as compared to 12.59% in the corresponding quarter.

(iii) Distribution Cost

The distribution cost during the current quarter decreased substantially due to decline in exports. Also, the distribution cost to sales ratio decreased from 7.89% in the quarter ended September 30, 2011 to 1.94% in the quarter ended September 30, 2012.

(iv) Finance Cost

Finance cost during the quarter ended September 30, 2012 decreased by 21.06% as compared to the corresponding quarter. This reduction is due to decrease in average utilization of short term running finance facilities, repayment of long term loan and also due to reduction in KIBOR.

FUTURE OUTLOOK

The GOP has plans to expedite infrastructure work ahead of general elections which shall have a positive impact during the next quarters. Domestic demand is likely to increase due to expected upside in construction activity, as a result of lowering of discount rate by SBP which will in turn increase availability of cheaper credit facilities to the business community and to the industry. Further this will also facilitate cement industry to undertake its expansion plans by way of optimization / BMR to increase production capacities.

The management is fully aware of the challenges ahead and is devising marketing strategies to penetrate the market and increase its market share. The company is also focusing its attention to maintain its exports to Attbara Dam project in Sudan where the Company has been prequalified. Efforts are also 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.

SUBSIDIARY COMPANY

Thatta Power (Private) Limited (TPPL), subsidiary company of Thatta Cement Company Limited (TCCL), is expected to commence its commercial operation, Insha-Allah, in the next quarter. TPPL will fulfill the power requirements of the Company; facilitate sustained plant operation as well as positively impact on reduction in power costs.

ELECTION OF DIRECTORS

In accordance with the provisions of section 180 of the Companies Ordinance, 1984 the three years term of existing Board of Directors expired on October 16, 2012. Accordingly, the elections of Directors were held in accordance with provisions of the Companies Ordinance, 1984 in the Annual General Meeting of the Company held on October 16, 2012 and seven Directors were elected as fixed by the Board.

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 23, 2012

Muhammad Fazlullah Shariff
Chief Executive Officer

Condensed Interim Balance Sheet

As on September 30, 2012

	Note	(Unaudited) September 30, 2012 (Rupees in thousands)	(Audited) June 30, 2012 (Rupees in thousands)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	810,544	793,874
Intangible assets		2,562	3,366
Long term investment in associate	6	127,847	127,847
Long term investment in subsidiary	7	299,158	299,158
Long term deposits		792	792
		1,240,903	1,225,037
CURRENT ASSETS			
Stores, spare parts and loose tools		450,207	330,306
Stock-in-trade		228,668	229,279
Trade debts		53,514	138,782
Loans and advances		36,616	36,558
Trade deposits and short term prepayments		9,515	9,118
Accrued interest		11	63
Other receivables		4,053	5,471
Sales tax refundable		18,579	-
Taxes refundable due from government		5,458	56,897
Income tax refundable net of provision		18,761	7,241
Cash and bank balances		2,460	3,235
		827,842	816,950
		2,068,745	2,041,987
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital 100,000,000 (2012: 100,000,000) ordinary shares of Rs. 10/- each		1,000,000	1,000,000
Issued, subscribed and paid-up capital	8	997,181	997,181
Share premium		99,718	99,718
Accumulated loss		(114,807)	(138,659)
		982,092	958,240
NON-CURRENT LIABILITIES			
Long term financing		117,304	131,785
Long term deposits		4,076	3,581
Deferred taxation	9	48,687	48,058
		170,067	183,424
CURRENT LIABILITIES			
Trade and other payables		366,787	414,242
Accrued markup		14,242	11,816
Current maturity of long term financing		57,919	57,919
Short term borrowings		477,638	416,346
		916,586	900,323
CONTINGENCIES AND COMMITMENTS			
	10	2,068,745	2,041,987

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, 2012

	Note	September 30, 2012 (Rupees in thousands)	September 30, 2011 (Rupees in thousands)
Turnover - net	11	508,837	428,494
Cost of sales		(425,641)	(374,560)
Gross profit		83,196	53,934
Selling and distribution cost		(9,881)	(33,795)
Administrative expenses		(19,001)	(14,815)
		(28,882)	(48,610)
Operating profit		54,314	5,324
Other operating expenses		-	(86)
Finance cost		(20,628)	(26,134)
		(20,628)	(26,220)
Other operating income		2,594	3,287
Profit / (loss) before taxation		36,280	(17,609)
Taxation	12	(11,767)	(4,353)
- Current		(32)	-
- Prior		(629)	6,603
- Deferred			
		(12,428)	2,250
Profit / (loss) after taxation		23,852	(15,359)
Other comprehensive income		-	-
Total comprehensive income / (loss) for the quarter		23,852	(15,359)
--- Rupee ---			
Earning / (loss) per share - basic and diluted	13	0.24	(0.16)

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, 2012

	September 30, 2012	September 30, 2011
	(Rupees in thousands)	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	36,280	(17,609)
Adjustment for:		
Depreciation	12,865	12,726
Impairment of intangibles	804	-
Finance cost	20,628	26,134
Employee deferred benefits - gratuity	1,646	1,558
Profit on disposal of property, plant and equipment	-	(3)
	<u>35,943</u>	<u>40,415</u>
Operating cash flows before working capital changes	72,223	22,806
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(119,901)	(2,294)
Stock-in-trade	611	(62,294)
Trade debts	85,268	20,510
Loans and advances and accrued interest	(6)	(6,652)
Trade deposits and short term prepayments	(397)	639
Other receivable & sales tax refundable	(17,161)	8,603
	<u>(51,586)</u>	<u>(41,488)</u>
Increase in current liabilities		
Trade and other payables excluding gratuity payable	(46,011)	(16,279)
Cash used in operations	<u>(25,374)</u>	<u>(34,961)</u>
Finance cost paid	(18,202)	(25,648)
Gratuity paid	(3,090)	(1,000)
Tax refund / (paid) - net	28,120	(7,602)
	<u>6,828</u>	<u>(34,250)</u>
Net cash used in operating activities	<u>(18,546)</u>	<u>(69,211)</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(29,535)	(13,550)
Proceeds from disposal of property, plant and equipment	-	18
Long term investment in subsidiary company	-	(299,158)
Net cash used in investing activities	<u>(29,535)</u>	<u>(312,690)</u>

	September 30, 2012	September 30, 2011
	(Rupees in thousands)	
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	(14,481)	(13,750)
Long term finance obtained	-	120,000
Proceeds from issuance of right shares	-	22,500
Long term deposits - liabilities	495	15
Net cash (used in) / generated from financing activities	<u>(13,986)</u>	<u>128,765</u>
Net decrease in cash and cash equivalents (A + B + C)	(62,067)	(253,136)
Cash and cash equivalents at beginning of the period	(413,111)	(211,976)
Cash and cash equivalents at end of the period	<u>(475,178)</u>	<u>(465,112)</u>
CASH AND CASH EQUIVALENTS		
Cash and bank balances	2,460	12,976
Short term borrowings	(477,638)	(478,088)
	<u>(475,178)</u>	<u>(465,112)</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, 2012

	Issued, subscribed and paid-up capital	Share Premium	Accumulated loss	Total
.....(Rupees in thousands).....				
Balance as on July 1, 2011	797,745	-	(94,777)	702,968
Total comprehensive loss for the quarter ended September 30, 2011	-	-	(15,359)	(15,359)
Ordinary shares issued at premium of Rs. 5/- per share	199,436	99,718	-	299,154
Balance as on September 30, 2011	<u>997,181</u>	<u>99,718</u>	<u>(110,136)</u>	<u>986,763</u>
Balance as on July 1, 2012	997,181	99,718	(138,659)	958,240
Total comprehensive income for the quarter ended September 30, 2012	-	-	23,852	23,852
Balance as on September 30, 2012	<u>997,181</u>	<u>99,718</u>	<u>(114,807)</u>	<u>982,092</u>

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



CHIEF EXECUTIVE OFFICER



DIRECTOR

Notes to the Condensed Interim Financial Statements (Unaudited)

For the quarter ended September 30, 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, Old Queens Road, Karachi. The production facility of the Company is located at Ghulamullah Road, Makli, District Thatta, Sindh.

1.1 The Group comprises of:

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

2 STATEMENT OF COMPLIANCE

These unaudited condensed interim financial statements of the Company for the quarter ended September 30, 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 audited financial statements and should be read in conjunction with the Company's annual audited financial statements for the year ended June 30, 2012.

3 BASIS OF PREPARATION

These condensed interim financial statements have been prepared under historical cost basis modified for certain employee retirement benefits, export trade debts and liabilities for imports.

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, 2012.

	Note	(Unaudited) September 30, 2012 (Rupees in thousands)	(Audited) June 30, 2012 (Rupees in thousands)
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	799,111	785,066
Capital work-in-progress	5.3	11,433	8,808
		<u>810,544</u>	<u>793,874</u>
5.1	The following is the movement in operating fixed assets - tangible during the period:		
	Opening balance - WDV	785,066	803,767
	Add: Additions during the period - cost	26,910	34,663
	Less: Disposals during the period - WDV	-	(1,399)
	Depreciation charge for the period	(12,865)	(50,713)
	Assets written off - WDV	-	(1,252)
		<u>(12,865)</u>	<u>(53,364)</u>
	Closing balance - WDV	<u>799,111</u>	<u>785,066</u>

	(Unaudited) September 30, 2012	(Audited) June 30, 2012
	(Rupees in thousands)	
5.2	Details of additions and disposals are as under:	
	Additions - at cost	
Plant and machinery	20,715	12,211
Vehicles	5,297	3,480
Furniture and fixtures	116	405
Office equipments	486	2,324
Laboratory equipment	-	13,414
Computers	296	2,829
	<u>26,910</u>	<u>34,663</u>
	Disposals - WDV	
Freehold land	-	80
Quarry equipments	-	233
Vehicles	-	1,057
Computers	-	29
	<u>-</u>	<u>1,399</u>
5.3	Capital work-in-progress	
Opening balance	8,808	896
Additions	2,625	7,912
Closing balance	<u>11,433</u>	<u>8,808</u>
6	LONG TERM INVESTMENT IN ASSOCIATE	
	Investment in shares of related party M/s Al Abbas Cement Industries Limited (AACIL), represents 25.6 million (2012: 25.6 million) fully paid shares of face value Rs. 10/- each, representing 7% (2012: 7%) of share capital of AACIL having cost of Rs. 128 million at Rs. 5/- per share. Aggregate market value as at September 30, 2012 is Rs. 157.184 million, whereas book value based on net assets attributable to the investment, as per unaudited financial statements of AACIL as on September 30, 2012 is Rs. 79.059 million, while value in use based on valuations of investee is more than the cost of investment.	
7	LONG TERM INVESTMENT IN SUBSIDIARY	
	Thatta Power (Private) Limited (TPPL) is a 73.47% (2012: 100%) subsidiary of Thatta Cement Company Limited. The shares were allotted to non-controlling interest on August 27, 2012 amounting to Rs. 108 million. The principal 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. TPPL has authorized and issued capital of Rs. 500 million and Rs. 407.16 million divided into 5,000,000 and 4,071,583 ordinary shares respectively. The subsidiary is expected to achieve its commercial operation in the last quarter of the current calendar year.	
8	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	
	Ordinary shares of Rs. 10/- each 89,418,125 (2012: 89,418,125) shares allotted for consideration paid in cash	
	894,181	894,181
	10,300,000 (2012: 10,300,000) shares allotted for consideration other than cash	
	103,000	103,000
	<u>997,181</u>	<u>997,181</u>

	(Unaudited) September 30, 2012	(Audited) June 30, 2012
	(Rupees in thousands)	
9 DEFERRED TAXATION		
Liability arising in respect of		
- accelerated tax depreciation allowance	119,517	119,186
Assets arising in respect of		
- provision for gratuity	(1,321)	(1,644)
- other provisions - for doubtful debts and stores	(34,408)	(34,383)
- minimum tax	(35,101)	(35,101)
	<u>(70,830)</u>	<u>(71,128)</u>
	<u>48,687</u>	<u>48,058</u>
10 CONTINGENCIES AND COMMITMENTS		
10.1 Contingencies		
There is no change in the status of contingencies and they are same as disclosed in last published annual financial statements for the year ended June 30, 2012.		
10.2 Commitments		
Commitments in respect of irrevocable letter of credits	93,320	48,781
Guarantees given by banks on behalf of the Company	94,090	94,982
	<u>187,410</u>	<u>143,763</u>
	First quarter ended September 30, 2012 2011 (Rupees in thousands)	
11 TURNOVER - NET		
Local	508,837	292,005
Export	-	136,489
	<u>508,837</u>	<u>428,494</u>
12 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.		
13 EARNING / (LOSS) PER SHARE - BASIC AND DILUTED		
Profit / (loss) after taxation (Rupees in thousands)	<u>23,852</u>	<u>(15,359)</u>
Weighted average number of ordinary shares	<u>99,718,125</u>	<u>98,200,675</u>
Earning / (loss) per share (Rupee)	<u>0.24</u>	<u>(0.16)</u>

14 RELATED PARTY TRANSACTIONS / OUTSTANDING BALANCE

The related parties comprise of Companies with common directorship and key management personnel. Details of transactions and outstanding balances with related parties during the quarter ended / as at September 30, 2012, are as follows:

Relationship	Nature of transaction	First quarter ended	
		September 30, 2012	2011
		(Rupees in thousands)	
Associated undertakings			
Summit Bank Limited	Markup on short term borrowings and commission as Banker to Right issue	3,546	4,337
	Income on bank deposit accounts	28	2,178
International Complex Project Ltd.	Sale of cement	-	1,716
Al Abbas Cement Industries Ltd.	Common shared expenses	5	56
Safe Mix Concrete Products Ltd.	Sale of cement	-	341
Thatta Power (Pvt.) Limited	Common shared expenses	-	1,665
	Investment in shares	-	299,158
Key management personnel	Salaries and benefits	10,543	9,717
Other related parties	Contribution to Employees' Gratuity Fund	3,090	1,000
	Contribution to Employees' Provident Fund	672	1,202
		(Unaudited) September 30, 2012	(Audited) June 30, 2012
		(Rupees in thousands)	
Associated undertakings Outstanding balance			
Summit Bank Limited	PLS account balance	1,548	1,027
	Running finance	98,477	99,051
	Accrued markup - finance charge	3,546	2,637
	Accrued interest - interest income	11	6
Thatta Power (Pvt.) Limited	Receivable against common shared expenses	-	2,029
Safe Mix Concrete Products Ltd.	Advance against sale of cement	357	357

- 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 and conditions.
- 15 **DATE OF AUTHORIZATION FOR ISSUE**
These condensed interim financial statements were authorized for issue on October 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 QUARTER ENDED
SEPTEMBER 30, 2012**

Condensed Interim Consolidated Balance Sheet (Unaudited)

As on September 30, 2012

	Note	(Unaudited) September 30, 2012	(Audited) June 30, 2012
(Rupees in thousands)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	2,113,225	1,214,654
Intangible assets		2,714	3,534
Long term investment in associate		146,279	138,587
Long term deposits		792	792
		2,263,010	1,357,567
CURRENT ASSETS			
Stores, spare parts and loose tools		450,951	330,466
Stock-in-trade		228,668	229,279
Trade debts		53,514	138,782
Loans and advances		39,616	36,808
Trade deposits and short term prepayments		10,672	9,118
Accrued interest		15	111
Other receivables		4,053	3,417
Sales tax refundable		20,940	-
Taxes refundable due from government		5,458	56,897
Income Tax refundable net of provision		15,091	3,556
Cash and bank balances		4,088	6,111
		833,066	814,545
		3,096,076	2,172,112
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital 100,000,000 (2012: 100,000,000) ordinary shares of Rs. 10/- each		1,000,000	1,000,000
Issued, subscribed and paid-up capital	6	997,181	997,181
Share premium		99,718	99,718
Accumulated loss		(90,837)	(119,578)
Equity attributable to owners of the Parent		1,006,062	977,321
Non-controlling interest		110,529	-
Advance against subscription for right shares		-	27,000
		1,116,591	1,004,321
NON-CURRENT LIABILITIES			
Long term financing		117,304	131,785
Long term deposits		4,076	3,581
Deferred taxation	7	48,687	48,058
		170,067	183,424
CURRENT LIABILITIES			
Trade and other payables		1,256,855	498,286
Accrued markup		14,242	11,816
Current maturity of long term financing		57,919	57,919
Short term borrowings		480,402	416,346
		1,809,418	984,367
CONTINGENCIES AND COMMITMENTS			
	8	3,096,076	2,172,112

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, 2012

	Note	September 30, 2012 (Rupees in thousands)	September 30, 2011 (Rupees in thousands)
Turnover - net	9	508,837	428,494
Cost of sales		(425,641)	(374,560)
Gross profit		83,196	53,934
Selling and distribution cost		(9,881)	(33,795)
Administrative expenses		(19,381)	(16,734)
		(29,262)	(50,529)
Operating profit		53,934	3,405
Other operating expenses		-	(86)
Finance cost		(20,630)	(26,134)
		(20,630)	(26,220)
Share of profit / (loss) from associate		7,692	(12,137)
Other operating income		2,702	9,643
Profit / (loss) before taxation		43,698	(25,309)
Taxation			
- Current	10	(11,767)	(4,989)
- Prior		(32)	-
- Deferred		(629)	6,603
		(12,428)	1,614
Profit / (loss) after taxation		31,270	(23,695)
Other comprehensive income		-	-
Total comprehensive income / (loss) for the quarter		31,270	(23,695)
Total comprehensive income / (loss) attributable to:			
Equity holders of Thatta Cement Company Limited		31,298	(23,695)
Non-controlling interest		(28)	-
		31,270	(23,695)
Earning / (loss) per share - basic and diluted	11	0.31	(0.24)

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, 2012

	September 30, 2012	September 30, 2011
	(Rupees in thousands)	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	43,698	(25,309)
Adjustment for:		
Depreciation	12,871	12,726
Amortization of intangibles	17	-
Finance cost	20,630	26,134
Share of (profit) / loss from associate	(7,692)	12,137
Impairment of intangibles	804	-
Employee deferred benefits - gratuity	1,646	1,558
Profit on disposal of property, plant and equipment	-	(3)
	28,276	52,552
Operating cash flows before working capital changes	71,974	27,243
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(120,485)	(2,294)
Stock-in-trade	611	(62,294)
Trade debts	85,268	20,510
Loans and advances and accrued interest	(2,712)	(2,958)
Trade deposits and short term prepayments	(1,554)	639
Other receivable & sales tax refundable	(21,576)	5,463
	(60,448)	(40,933)
Increase / (decrease) in current liabilities		
Trade and other payables excluding gratuity payable	760,012	(16,279)
Cash generated from / (used) in operations	771,538	(29,969)
Finance cost paid	(18,204)	(25,648)
Gratuity paid	(3,090)	(1,000)
Tax refund / (paid) - net	28,105	(7,924)
	6,811	(34,572)
Net cash generated from / (used) in operating activities	778,349	(64,541)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(911,442)	(15,300)
Proceeds from disposal of property, plant and equipment	-	18
Net cash used in investing activities	(911,442)	(15,282)

	September 30, 2012	September 30, 2011
	(Rupees in thousand)	
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	(14,481)	(13,750)
Long term finance obtained	-	120,000
Proceeds from issuance of right shares	-	22,500
Proceeds from issuance of right shares to non-controlling interest	81,000	-
Long term deposits - liabilities	495	15
Net cash generated from financing activities	<u>67,014</u>	<u>128,765</u>
Net (decrease) / increase in cash and cash equivalents (A + B + C)	(66,079)	48,942
Cash and cash equivalents at beginning of the period	(410,235)	(211,976)
Cash and cash equivalents at end of the period	<u>(476,314)</u>	<u>(163,034)</u>
CASH AND CASH EQUIVALENTS		
Cash and bank balances	4,088	315,054
Short term borrowings	(480,402)	(478,088)
	<u>(476,314)</u>	<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 Statement of Changes in Equity (Unaudited)

For the quarter ended September 30, 2012

	Equity attributable to owners of the Parent	Share	Accumulated	Total	Non-	Total Equity
	Issued, subscribed and paid-up capital	Premium	loss		controlling interest	
(Rupees in thousands).....					
Balance as on July 1, 2011	797,745	-	(94,777)	702,968	-	702,968
Total comprehensive loss for the quarter ended September 30, 2011	-	-	(23,695)	(23,695)	-	(23,695)
Ordinary shares issued at premium of Rs. 5/- per share	199,436	99,718	-	299,154	-	299,154
Balance as on September 30, 2011	<u>997,181</u>	<u>99,718</u>	<u>(118,472)</u>	<u>978,427</u>	<u>-</u>	<u>978,427</u>
Balance as on July 1, 2012	997,181	99,718	(119,578)	977,321	-	977,321
Shares issued to non-controlling interest	-	-	-	-	108,000	108,000
Total comprehensive income for the quarter ended September 30, 2012	-	-	31,298	31,298	(28)	31,270
Share of profit transferred to non-controlling interest at the time of acquisition	-	-	(2,557)	-	2,557	2,557
Balance as on September 30, 2012	<u>997,181</u>	<u>99,718</u>	<u>(90,837)</u>	<u>1,008,619</u>	<u>110,529</u>	<u>1,119,148</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 quarter ended September 30, 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, Old Queens Road, Karachi. The production facility of the Company is located at Ghulamullah Road, Makli, District Thatta, Sindh.

1.1 The Group comprises of:

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

1.2 Thatta Power (Private) Limited

Thatta Power (Private) Limited (TPPL) is a 73.47% (2012: 100%) subsidiary of Thatta Cement Company Limited. The shares were allotted to non-controlling interest on August 27, 2012 amounting to Rs. 108 million. The principal 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. TPPL has authorized and issued capital of Rs. 500 million and Rs. 407.16 million divided into 5,000,000 and 4,071,583 ordinary shares respectively. The subsidiary is expected to achieve its commercial operation in the last quarter of the current calendar year.

2. STATEMENT OF COMPLIANCE

These unaudited condensed interim consolidated financial statements of the Company for the quarter ended September 30, 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 consolidated financial information do not include all the information and disclosures required in the annual audited consolidated financial statements and should be read in conjunction with the Company's annual audited consolidated financial statements for the year ended June 30, 2012.

3. BASIS OF PREPARATION

These condensed interim consolidated financial statements have been prepared under historical cost basis modified for certain employee retirement benefits, export trade debts and liabilities for imports.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation followed in the preparation of these condensed interim consolidated financial statements are the same as those applied in the preparation of the Company's annual audited consolidated financial statements for the year ended June 30, 2012.

	Note	(Unaudited) September 30, 2012 (Rupees in thousands)	(Audited) June 30, 2012
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	799,436	785,397
Capital work-in-progress	5.3	1,313,789	429,257
		<u>2,113,225</u>	<u>1,214,654</u>

	(Unaudited) September 30, 2012	(Audited) June 30, 2012
	(Rupees in thousands)	
5.1	The following is the movement in operating fixed assets - tangible during the period:	
Opening balance - WDV	785,397	803,767
Add: Additions during the period - cost	26,910	34,920
Less: Disposals during the period - WDV	-	(1,319)
Depreciation charge for the period	(12,871)	(50,719)
Assets written off - WDV	-	(1,252)
	(12,871)	(53,290)
Closing balance - WDV	<u>799,436</u>	<u>785,397</u>
5.2	Details of additions and disposals are as under:	
	Additions - at cost	
Freehold land	-	155
Plant and machinery	5,297	12,211
Vehicles	116	3,526
Furniture and fixtures	486	405
Office equipments	-	2,324
Laboratory equipment	296	13,414
Computers	-	2,885
	<u>6,195</u>	<u>34,920</u>
	Disposals - WDV	
Quarry equipments	-	233
Vehicles	-	1,057
Computers	-	29
	<u>-</u>	<u>1,319</u>
5.3	Capital work-in-progress	
Opening balance	429,257	896
Additions	884,532	428,361
Closing balance	<u>1,313,789</u>	<u>429,257</u>
6	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	
Ordinary shares of Rs. 10/- each 89,418,125 (2012: 89,418,125) shares allotted for consideration paid in cash	894,181	894,181
10,300,000 (2012: 10,300,000) shares allotted for consideration other than cash	103,000	103,000
	<u>997,181</u>	<u>997,181</u>

	(Unaudited) September 30, 2012	(Audited) June 30, 2012
	(Rupees in thousands)	
7 DEFERRED TAXATION		
Liability arising in respect of		
- accelerated tax depreciation allowance	119,517	119,186
Assets arising in respect of		
- provision for gratuity	(1,321)	(1,644)
- other provisions - for doubtful debts and stores	(34,408)	(34,383)
- minimum tax	(35,101)	(35,101)
	<u>(70,830)</u>	<u>(71,128)</u>
	<u>48,687</u>	<u>48,058</u>
8 CONTINGENCIES AND COMMITMENTS		
8.1 Contingencies		
There is no change in the status of contingencies and they are same as disclosed in last published annual audited consolidated financial statements for the year ended June 30, 2012.		
8.2 Commitments		
Commitments in respect of irrevocable letter of credits	93,320	48,781
Guarantees given by banks on behalf of the Company	94,090	94,982
	<u>187,410</u>	<u>143,763</u>
8.3		
TPPL has entered into an agreement with Orient Energy Systems (Pvt.) Limited for the engineering, procurement and construction of the gas fired power project for total cost of Rs. 480 million. Rs. 268 million have been paid against the contract till September 30, 2012.		
	For the quarter ended September 30, 2012	September 30, 2011
	(Rupees in thousands)	
9 TURNOVER - NET		
Local	508,837	292,005
Export	-	136,489
	<u>508,837</u>	<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 EARNING / (LOSS) PER SHARE - BASIC AND DILUTED		
Profit / (loss) after taxation (Rupees in thousands)	<u>31,270</u>	<u>(23,695)</u>
Weighted average number of ordinary shares	<u>99,718,125</u>	<u>98,200,675</u>
Earning / (loss) per share (Rupee)	<u>0.31</u>	<u>(0.24)</u>

12 RELATED PARTY TRANSACTIONS / OUTSTANDING BALANCE

The related parties comprise of Companies with common directorship and key management personnel. Details of transactions and outstanding balances with related parties during the quarter ended / as at September 30, 2012, are as follows:

Relationship	Nature of transaction	September 30, 2012	September 30, 2011
		(Rupees in thousands)	
Associated undertakings			
Summit Bank Limited	Markup on short term borrowings and commission as Banker to Right issue	3,546	4,337
	Income on bank deposit accounts	47	8,534
International Complex Project Ltd.	Sale of cement	-	1,716
Al Abbas Cement Industries Ltd.	Common shared expenses	5	56
Safe Mix Concrete Products Ltd.	Sale of cement	-	341
Key management personnel	Salaries and benefits	10,543	9,717
Other related parties	Contribution to Employees' Gratuity Fund	3,090	1,000
	Contribution to Employees' Provident Fund	672	1,202
		(Unaudited) September 30, 2012	(Audited) June 30, 2012
		(Rupees in thousands)	
Associated undertakings Outstanding balance			
Summit Bank Limited	PLS account balance	2,055	3,063
	Running finance	98,477	99,051
	Accrued markup - finance charge	3,546	2,637
	Accrued interest - interest income	15	54
Safe Mix Concrete Products Ltd.	Advance against sale of cement	357	357

- 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 and conditions.
- 13 **DATE OF AUTHORIZATION FOR ISSUE**
These condensed interim consolidated financial statements were authorized for issue on October 23, 2012 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

