Contents

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	Chairman
Mr. Muhammad Fazlullah Shariff	Chief Executive
Mr. Muhammad Akmal Jameel	Director
Mr. Muhammad Khubaib	Director
Mr. Muhammad Kashif	Director
Mr. Muhammad Ejaz	Director
Mr. Salim Chamdia	Director
Mrs. Zetun Hajiani	Director

AUDIT COMMITTEE

Mr. Salim Chamdia	Chairman
Mr. Muhammad Kashif	Member
Mr. Muhammad Akmal Jameel	Member

COMPANY SECRETARY & CHIEF FINANCIAL OFFICER
Mr. Ashiq Hussain

STATUTORY AUDITOR
Hyder Bhimji & Co.
Chartered Accountants

COST AUDITOR
Siddiqi & Co.
Cost & Management Accountants

LEGAL ADVISOR
Usmani & Iqbal

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

REGISTERED OFFICE
Pardesi House, Survey No.2/1, R.Y. 16,
Old Queens Road, Karachi - 74000
Ph.(021) 2423295,2423478
Fax No. 021-2400989
Website: www.thattacement.com
E-mail: info@thattacement.com

SHARE REGISTRAR
Nobel Computer Services (Pvt) Limited
Mezzaine Floor, House of Habib Building (Siddiqsons Tower)
3- Jinnah Cooperative Housing Society, Main Shahrah-e-Faisal, Karachi-753350
PABX : (92-21) 4325482-87 Fax : (92-21) 4325542

FACTORY
Ghulamullah Road, Makli
District Thatta, Sindh 73160

Directors' Report

On behalf of the Board of Directors I am pleased to present herewith the Annual Report of the Company along with audited financial statements for the year ended June 30, 2009.

OVERVIEW OF THE CEMENT INDUSTRY

This financial year showed an overall nominal increase in cement sales with domestic sales down but exports making up the difference. However, the South Zone mills prospered with local dispatches marginally higher at 3.5 million tons up from 3.3 million tons and export shooting up by 46% to 3.8 million tons from 2.6 million tons last year. Operationally this year was more challenging due to frequent load shedding by WAPDA and gas curtailment. The year started with very high coal and oil prices, which eased substantially in the second half of the year allowing the industry to squeeze higher margins.

Growth prospects in the coming financial year hinge on the implementation of the budgeted PSDP and monetary stance of the State Bank of Pakistan. Indications are that the monetary policy will be more accommodating to growth and development expenditures would be higher than the last year. International economic situation also appears to have touched the bottom and is expected to provide the requisite support to export sales. Higher fuel and energy prices and rivalry amongst the participants, however, may put margins under pressure.

OPERATING RESULTS

Despite being a small player in an industry, which witnessed some large capacity additions, your company was able to increase its profits by five folds over the last year. This is attributable to increased production, prudent pricing and better management of the plant. The management continued to pursue its drive for efficiency through peak load management, reduction in fuel consumption and the use of alternate energy sources. We believe further efficiencies may be gained by focusing on inventory and sales management processes.

Production:

Clinker and Cement production for the period under review had been higher by about 7.32% and 1.87% respectively as compared to the same period of previous year as given below:

	2008-09 M.Tons	2007-08 M.Tons	Variance %
Clinker Production	**371,900**	346,537	7.32
Cement Production	**324,788**	318,825	1.87

Sales:

Overall sales volume of the Company decreased by 9.64% as compared to the previous year, as given below, mainly due to lower clinker sales. We believe, timely reduction in price could have avoided the reduction. However, higher overall price earned by the company has compensated well for the loss in volume.

		2008-09 M.Tons	2007-08 M.Tons	Variance %
Cement Sales	Local	**248,299**	261,722	(5.13)
Cement Sales	Export	**72,798**	60,660	20.01
		321,097	322,382	(0.40)
Clinker Sales	Local	**1,492**	39,987	(96.27)
Clinker Sales	Export	**54,376**	72,254	(24.74)
		55,868	112,241	(50.22)
GBFS Sales	Local	**22,949**	6,236	268.01
GBFS Sales	Export	**-**	1,716	(100.00)
		22,949	7,952	188.59
		399,914	442,575	(9.64)

FINANCIAL RESULTS

Despite increased capacity in the industry and challenging operating environment owing to frequent energy load shedding, your Company was able to turnout a strong performance as depicted in the following table:

	2008-09	2007-08	Variance
	(Rupees in thousands)		%
Sales - net	**1,795,109**	1,415,463	26.82
Gross profit	**493,236**	207,312	137.92
Profit before taxation	**263,398**	53,796	389.62
Provision for taxation	**(59,526)**	(14,274)	317.02
Profit after taxation	**203,872**	39,522	415.84
	------------ In rupees ------------		
Profit per share	**2.56**	0.50	412.00

Net sales revenue for the year under review increased by 26.82% to Rs. 1,795 million. The Company was able to maintain its strong presence in the export markets by dispatching both clinker and cement to the regional countries.

Going forward, management is taking proactive steps to increase efficiency further and reduce stoppages of the plant. In addition, the sales team is being strengthened and tactical steps are being taken to increase local sales.

The company honored all its financial obligations in a timely manner. It has reduced its long term loan obligations by Rs. 97 million during the year in addition to retiring other liabilities of Rs. 165 million. The company also invested Rs. 127 million in plant and production improvements to squeeze greater efficiencies.

Despite negligible leverage in the balance sheet (long term debt:equity of 15:85) the board recommends to plough back entire profits for the year to further strengthen the balance sheet. Therefore, directors do not recommend any payout, and propose to carry the after tax profits to offset the accumulated loss of the Company,

INVESTMENTS

During the year, the Company has made an investment in two of its Associated Companies as per authority given through Special Resolution in Extra Ordinary General Meeting held on July 5, 2008. Due to volatile conditions of the market and overall recession of economy the Company has restricted itself from further investment and managed to earn capital gain of Rs. 1.5 million on the disposal of above investment.

Furthermore, the Company suffered an impairment loss of Rs. 6.910 million on revaluation of available for sale investment in other than Associated Companies. The Company has charged Rs. 3.1 million to profit and loss account and balance has been debited to equity amounting to Rs. 3.810 million using the option provided vide SRO 150(1)/2009 dated February 13, 2009.

CORPORATE SOCIAL RESPONSIBILITY

Being a responsible member of the corporate community, the Company always strives to discharge its social responsibilities towards the society. The Company promotes and facilitates welfare of the local communities in the town where the Company works. In this respect, the Company provides free education facilities to school level students, run free OPD facilities and provide other medical facilities to the local residents.

RELATED PARTY TRANSACTION

All related party transaction entered into are at arm's length basis and are being placed before and reviewed and approved by the audit committee as well as the Board of Directors of the Company from time to time in compliance of the listing regulations of the Karachi Stock Exchange (Guarantee) Limited.

CODE OF CORPORATE GOVERNANCE

The Directors of the Company are well aware of their responsibilities under the Code of Corporate Governance incorporated in the Listing Regulations of the Karachi Stock Exchange (Guarantee) Limited. All necessary steps are being taken to ensure Good Corporate Governance in the Company as required by the Code.

a) The financial statements, prepared by the management, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
b) Proper books of account have been maintained by the Company.
c) Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
d) Applicable International Accounting Standards have been followed in preparation of financial statements and there has been no material departure there from.
e) The system of internal control has been effectively implemented and is continuously reviewed and monitored.
f) We have an Audit Committee, majority of the members of which are amongst non-executive directors of Board.
g) The Company is a going concern and there is no doubt at all about the Company's ability to continue as a going concern.
h) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
i) The Board of Directors has adopted a mission statement and statement of overall corporate strategy.
j) We have prepared and circulated a Statement of Ethics and Business Practices among directors and employees.

k) There is nothing outstanding against the Company on account of taxes, duties, levies, and other charges except for those which are being made in the normal course of business.

l) The Company maintains Provident and Gratuity Fund accounts for its employees. Stated below are the contribution made so far:
   - Provident Fund Rs. 1,458,332
   - Gratuity Fund Rs. 7,694,000

m) Earnings per share for the year were Rs. 2.56 as against Rs. 0.50 last year.

n) We have included the following information in the annual report, as required by the Code of Corporate Governance:
   i. Statement of pattern of shareholding
   ii. Key operating and financial statistics for last six years
   iii. Statement of number of Board meetings held during the year and attendance by each director

EXTERNAL AUDITORS

The present auditors M/s Hyder Bhimji & Co., Chartered Accountants, retire and being eligible, offered themselves for reappointment.

FUTURE OUTLOOK

The demand for cement in Middle East, Africa and other countries is likely to continue for some time which will enable our export market to sustain. Reduction in excise duty on cement by Rs. 200 per ton announced in the budget, generous PSDP allocation and expected reduction in interest rates is likely to have positive impact on the construction industry. However, political uncertainty, poor law and order situation could have a negative impact on domestic demand.

Domestic demand can enhance considerably if these issues are addressed on the one hand and funding for infrastructure development projects and social sector development works are ensured by the government on the other hand.

The Company has successfully promoted its product to prestigious mega projects, institutional and other major consumers. The management of your Company is trying to position itself to benefit further from these efforts. The Company has been able to obtain orders for export of cement to Srilanka, the Gulf and African countries as well.

ACKNOWLEDGEMENT

I would like to thank the Company's shareholders, financial institutions and customers for their continued co-operation and support. I would like to share my deepest appreciation for our employees for their dedication and hard work.

For and behalf of the Board

Karachi: August 17, 2009

Muhammad Fazlullah Shariff
Chief Executive Officer

Annexure - I

A statement showing the Company's shares bought and sold by its Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their minor family members.

Name of Director	Shares purchase
Mr. Muhammad Arif Habib	4,712,000

Annexure - II

The attendance record of Board Meetings for each director is as follows:

Name	Meetings due	Meetings attended
Mr. Muhammad Arif Habib	6	6
Mr. Muhammad Fazlullah Shariff	6	6
Mr. Muhammad Kashif	6	5
Mr. Salim Chamdia	6	5
Mr. Muhammad Akmal Jameel (Appointed on January 12, 2009)	4	3
Mr. Muhammad Khubaib (Appointed on January 12,2009)	4	3
Mr. Muhammad Ejaz (Appointed on February 09,2009)	3	2
Mrs. Zetun Hajiani (Appointed on March 11, 2009)	2	1
Mr. Haji Abdul Ghani (Resigned on January 16, 2009)	2	2
Mr. Abdus Samad (Resigned on December 20, 2008)	2	2
Mr. Aslam Motiwala (Resigned on January 05, 2009)	2	-
Mr. Shahid Ali Habib (Resigned on December 20,2008)	2	2
Mr. Syed Ejaz Ahmed (Appointed on January 12, 2009) (Resigned on February 09, 2009)	1	1

During the year following directors was replaced by the appointed directors.

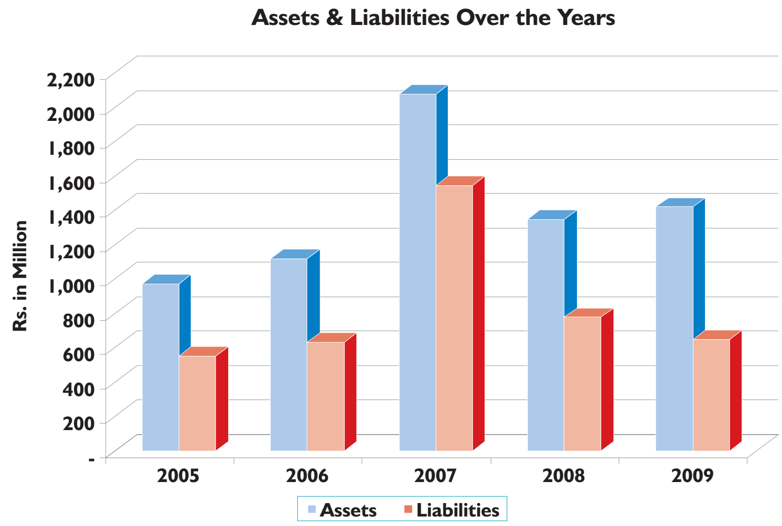
Directors resigned:	Replaced by:
Mr. Muhammad Aslam Motiwala	Mr. Muhammad Akmal Jameel
Mr. Abdus Samad	Mr. Syed Ajaz Ahmed
Mr. Shahid Ali Habib	Mr. Muhammad Khubaib
Mr. Haji Abdul Ghani	Mr. Muhammad Ejaz
Mr. Syed Ajaz Ahmed	Mrs. Zetun Hajiani

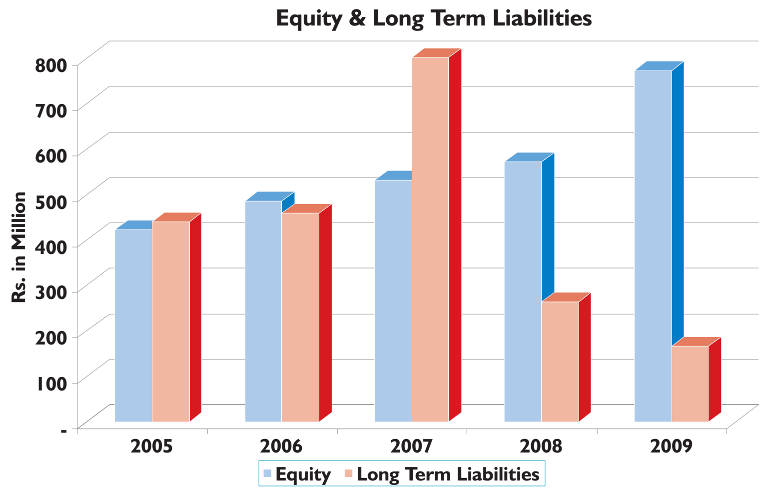
Financial Highlights

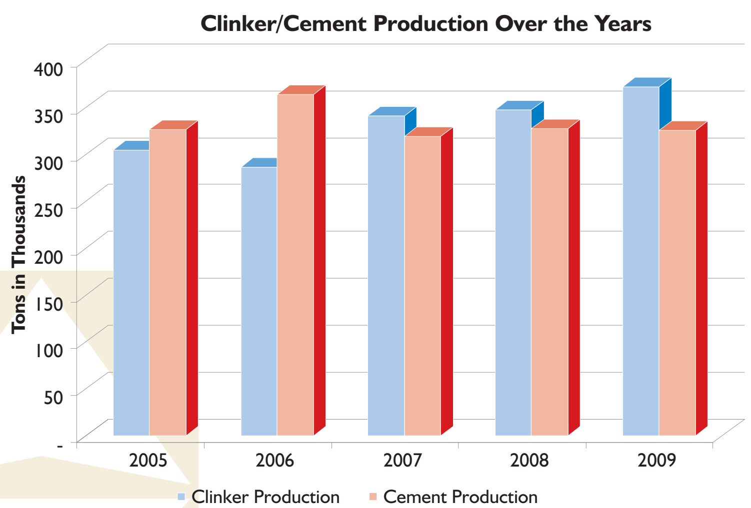
Key financial data
For the year ended June 30, 2009

	2009	2008	2007	2006	2005	2004
	------------------------------(Rupees in thousand) ------------------------------					
Assets employed						
Property, plant and equipment	**824,765**	744,289	780,810	798,281	505,283	239,925
Intangible assets	**-**	-	159	374	115	4,412
Long term deposit	**88**	2,708	3,320	2,087	1,516	761
Defferred taxation	**-**	-	-	4,471	113,104	95,000
Current assets	**594,336**	599,355	1,288,449	313,801	352,259	238,012
	1,419,189	1,346,352	2,072,738	1,119,014	972,277	578,110
Financed by						
Shareholders equity	**770,811**	570,749	531,227	484,576	422,427	159,118
Long-terms finance	**83,333**	166,662	263,886	360,686	398,336	250,000
Current portion of long term finance	**83,332**	97,224	749,724	97,647	41,664	-
	166,665	263,886	1,013,610	458,333	440,000	250,000
Long term deposits and defered liabilities	**57,934**	21,988	6,456	4,395	5,632	82,366
Current liabilites	**507,111**	586,953	1,271,169	269,357	145,882	86,626
Current portion of long term finance	**(83,332)**	(97,224)	(749,724)	(97,647)	(41,664)	-
	423,779	489,729	521,445	171,710	104,218	86,626
Total funds invested	**1,419,189**	1,346,352	2,072,738	1,119,014	972,277	578,110
Turnover & profit						
Turnover	**1,795,109**	1,415,463	1,039,436	1,537,777	1,184,945	1,254,034
Gross profit	**493,236**	207,312	211,807	405,932	286,506	119,769
Operating profit	**340,551**	79,965	148,324	357,925	252,647	285,255
Profit / (loss) before taxation	**263,398**	53,796	58,590	337,052	251,183	(111,647)
Profit / (loss) after taxation	**203,872**	39,522	46,652	221,698	263,309	(22,336)
(Loss) carried forward	**(23,124)**	(226,996)	(266,518)	(373,000)	(534,867)	(638,627)
Earning / (loss) per share (rupees)	**2.56**	0.50	0.58	2.78	3.30	(0.28)
Break up value per share (rupees)	**9.66**	7.15	6.66	6.07	5.30	1.99
RATIO ANALYSIS						
Profitability						
Gross profit to sales	**27.48**	14.65	20.38	26.40	24.18	9.55
Operating profit to sales	**18.97**	5.65	14.27	23.28	21.32	22.75
Profit / (loss) before tax to sales	**14.67**	3.80	5.64	21.92	21.20	(8.90)
Net profit / (loss) after tax to sales	**11.36**	2.79	4.49	14.42	22.22	(1.78)
Solvency						
Working capital ratio	**1.17**	1.02	1.01	1.17	2.41	2.75
Acid test ratio	**0.28**	0.38	0.67	0.25	0.68	0.75
Inventory turnover (cogs)-times	**49.58**	54.69	71.83	34.41	35.64	26.86
Overall valuation & assessment						
Return on equity after tax	**26.45**	6.92	8.78	45.75	62.33	(14.04)
Long term debts to equity ratio	**17.78**	31.62	65.61	48.61	51.02	61.11
Return on assets	**14.37**	2.94	2.25	19.81	27.08	(3.86)

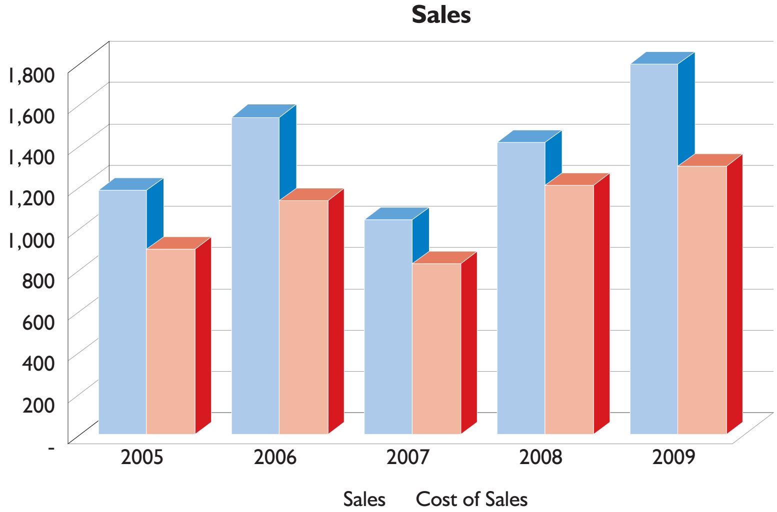
Financial Highlights

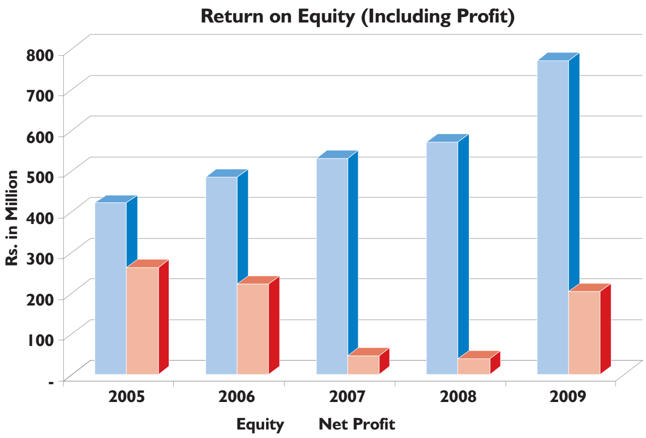


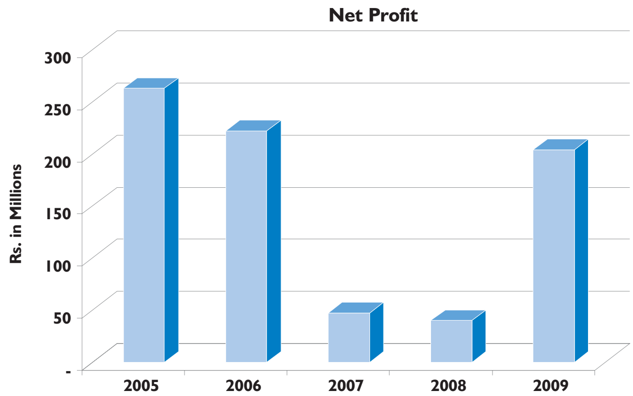


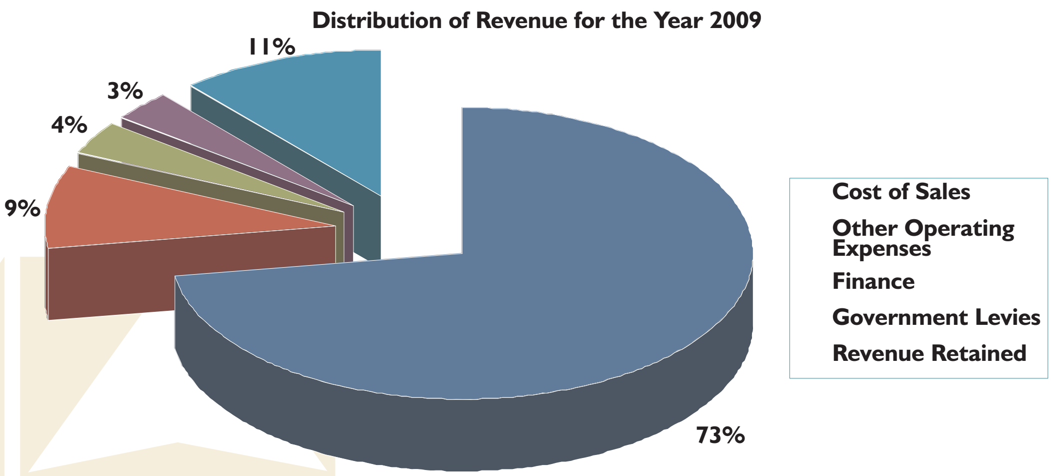


Financial Highlights









Notice of Annual General Meeting

Notice is hereby given that Annual General Meeting of **Thatta Cement Company Limited** will be held at **Beach Luxury Hotel, M.T. Khan Road, Lalazar Karachi, on Saturday, October 17, 2009 at 10:30 am** to transact the following business:

Ordinary Business

1. To confirm the minutes of last Annual General Meeting of the shareholders held on October 25, 2008.
2. To receive, consider and adopt annual audited financial statements for the year ended June 30, 2009, together with the reports of the Directors and Auditors thereon.
3. To appoint Auditors for the ensuing year, and to fix their remuneration. Hyder Bhimji & Co. Chartered Accountants, retire and being eligible have offered themselves for re-appointment.
4. To elect seven directors in accordance with the Companies Ordinance, 1984. The retiring directors are Mr. Muhammad Arif Habib, Mr. Salim Chamdia, Mr. Muhammad Kashif, Mr. Muhammad Akmal Jameel, Mr. Muhammed Khubaib, Mr. Muhammed Ejaz, and Mrs. Zetun Hajiani.

Special Business

5. To approve the placement of the quarterly account of the Compnay on its website.

   A statement under section 160 of the Companies Ordinance 1984, pertaining to the above mentioned Special Business, is being sent to the members with this notice.
6. To transact any other business with the permission of the Chair.

By order of the Board

Ashiq Hussain
Company Secretary

Karachi: September 25, 2009

Notes:

i) The Share Transfer Books of the Company for Ordinary Shares shall remain closed from October 10, 2009 to October 17, 2009 (both days inclusive) for determining the entitlement of shareholders for attending the Annual General Meeting.

ii) Physical transfers and deposit requests under Central Depository System received at the close of business on October 9, 2009 by the Companys' registrar i.e Nobel Computer Services (Pvt) Limited, Mazzanine floor, House of Habib Building (Siddiq Sons Tower), 3- Jinnah Cooperative Housing Society, Main Shahrah-e-Faisal, Karachi, will be treated as being in time for entitlement to attend the meeting.

iii) A member of the Company entitled to attend and vote may appoint another member as his / her proxy to attend and vote instead of him / her.

iv) Proxies must be received at the Head Office of the Company not less than 48 hours before the time of the meeting.

v) Beneficial owners of the physical shares and the shares registered in the name of Central Depository Company of Pakistan Limited, (CDC) and / or their proxies are required to produce their original Computerized National Identity Card (CNIC) or passport for identification purpose at the time of attending the meeting. The form of proxy must be submitted with the company within the stipulated time, duly witnessed by two persons whose names, addresses and CNIC numbers must be mentioned on the form, along with attested copies of CNIC or the passport of the beneficial owner and the proxy. In case of corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signature(s) shall be submitted along with proxy form.

(vi) Shareholders are requested to notify immediately of any change in their address.

Statement under section 160 of the Companies Ordinance, 1984

Item no. 5: Placement of quarterly accounts on websites

The Securities and Exchange Commission of Pakistan (SECP) vide Circular No. 19 of 2004 has allowed the listed companies to place the quarterly accounts on their websites instead of sending the same to reach shareholders by post. This would ensure prompt disclosure of information to the shareholders, besides saving of costs associated with printing and dispatch of the accounts by post.

The Company is maintaining a website www.thattacement.com. The website contains the latest results of the Company together with the Company's profile, corporate philosophy and information about major products.

Prior permission of the SECP would be sought for transmitting the quarterly accounts through Company's website after the approval of shareholders. The Company, however, will supply printed copies of the accounts to the shareholders on demand at their registered addresses free of charge.

The Directors of the Company have no interest in the above Special Business that would need a further disclosure.

For the said purpose, the Directors propose that the following resolution be passed as Ordinary Resolution:-

"RESOLVED that the company be and is hereby authorised to place its quarterly accounts on its website instead of sending the same to members by post, as allowed by the Securities and Exchange Commission of Pakistan.

Further resolved that Chief Executive Officer and Company Secretary are hereby authorized to comply all the requirement for approval of Securities and Exchange Commission of Pakistan and Karachi Stock Exchange (Guarantee) Limited"

STATUS OF SPECIAL RESOLUTIONS PASSED IN PREVIOUS EXTRA ORDINARY GENERAL MEETING

Investment in Associated Companies

Company has made Investment in the two of its associated companies up to Rs. 258 million as per the authority given through Special Resolution in the extra ordinary general meeting held on July 5, 2008. Company was able to make gain up to 1.5 million on disposal of such investment.

Due to volatile conditions of the market, Company has restricted itself from further investment. Company was not able to spare extra liquidity to avail the remaining approved limits of Rs. 250 million each for the associated companies.

Statement pursuant to section 218 of the Companies Ordinance 1984

Board of Directors in their meeting held on August 17, 2009, has decided and approved the revision of the remuneration of Mr. Muhammad Fazlullah Shariff, Chief Executive Officer (CEO) of Thatta Cement Company Limited with effect from July 1, 2009 and has passed the following resolution:

"Resolved that remuneration of Mr. Muhammad Fazlullah Shariff be and is hereby revised to Rs. 460,000/- per month gross inclusive of allowances. Other perquisites as per the Company policy, which include Company's contribution to provident fund, annual bonuses, leave fare assistance, encashment of annual leaves, medical and life insurance will be maximum up to Rs.1,800,000/- per annum and gratuity as per Company's rule.

In addition, he will be provided two company maintained cars for personal and official use."

Mr. Muhammad Fazlullah Shariff is concerned/interested to the extent of monitory benefits involved as mentioned above. No other director is concerned/interested in the above mentioned revision of the remuneration.

Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance as contained in Regulation No. 35 of listing regulation of Karachi Stock Exchange (Guarantee) Limited for the purpose of establishing a framework of good governance,
whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes six non-executive directors, four of whom are independent.

2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution or a Non Banking Financial Institution or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. All casual vacancies occurred during the year on the board were filled within 30 days.

5. The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the directors and management employees of the Company.

6. The Board has adopted a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO) and other executive directors, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The directors of Thatta Cement Company Limited are professionally qualified and experienced persons and are well aware of their duties and responsibilities. Further the directors have also attended talks, workshops and seminars on the subject of Corporate Governance.

10. The appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment have been duly approved by the Board.

11. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

13. The directors, CEO and other executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the Code.

15. The audit committee is constituted and it comprises three members, of whom two are non-executive directors including the chairman of the committee.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code.

17. The Board has set-up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and they are involved in the internal audit function on a full time basis.

18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review programme of the Institute of Chartered Accountants of Pakistan.

    The firm of external auditor or any of the partners, their spouses and minor children does not hold shares of the Company

    The firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

20. We confirm that all other material principles contained in the Code including the requirement of newly inserted clause (xiii a) relating to related party transactions have duly been complied with.

For and behalf of the Board

Muhammad Fazlullah Shariff
Chief Executive Officer

HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

Member of
KRESTON INTERNATIONAL
with affiliated offices worldwide

Standard Insurance House
I.I. Chundrigar Road
P.O. Box: 6904
Phone:2417585-87
Fax:92-21-2423954
Email: bhimji@multi.net.pk

Review Report to the Members on Statement of Compliance with the Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practice contained in the Code of Corporate Governance prepared by the Board of Directors of **M/s. THATTA CEMENT COMPANY LIMITED** to comply with the Listing Regulations of the Stock Exchanges where the company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personal and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's Statement on internal control covers all controls and the effectiveness of such internal controls.

Further Sub-Regulation (xiii a) of Listing Regulations 35 (Previously Regulation No.37) notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N269 dated January 19, 2009 requires the company to place before the Board of Directors for their consideration and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevailed in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price. Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the company.

Hyder Bhimji & Co

Hyder Bhimji & Co
Chartered Accountants

Karachi : August 17, 2009

Website:http://www.bhimji.com.pk www.kreston.com
LAHORE :Amin Building, 65 The Mall. Phone : 7353392, 7352661, 7321043 Fax: 92-42-7122378

HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

Member of
KRESTON INTERNATIONAL
with affiliated offices worldwide

Standard Insurance House
I.I. Chundrigar Road
P.O. Box: 6904
Phone:2417585-87
Fax:92-21-2423954
Email: bhimji@multi.net.pk

Auditors' Report to the Members

We have audited the annexed Balance Sheet of **M/S. THATTA CEMENT COMPANY LIMITED** as at June 30, 2009 and related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
b) in our opinion:
   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with the accounting policies consistently applied;
   ii) the expenditure incurred during the year was for the purpose of the Company's business; and
   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company.
c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet and profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required, and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2009 and of the profits, its cash flows and changes in equity for the year then ended; and
d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980(XVIII of 1980).

Hyder Bhimji & Co

Hyder Bhimji & Co
Chartered Accountants
Engagement Partner: Muhammad Hanif Razzak.

Karachi : August 17, 2009

Website:http://www.bhimji.com.pk www.kreston.com
LAHORE :Amin Building, 65 The Mall. Phone : 7353392, 7352661, 7321043 Fax: 92-42-7122378

Balance Sheet
As at June 30, 2009

	Note	June 30, 2009	June 30, 2008
		(Rupees in thousand)	
ASSETS			
NON CURRENT ASSETS			
Property, plant & equipment	5	**809,468**	728,992
Agricultural land	6	**15,297**	15,297
Long term deposits		**88**	2,708
		824,853	746,997
CURRENT ASSETS			
Stores, spare parts & loose tools	7	**218,895**	244,063
Stock-in-trade	8	**225,301**	128,416
Trade debts	9	**56,135**	134,212
Loans and advances	10	**16,694**	48,073
Trade deposits and short term prepayments	11	**6,910**	6,044
Other receivables		**1,225**	10,533
Short term investments	12	**38,597**	-
Sales tax refundable		**-**	8,230
Tax refunds due from the government		**-**	1,155
Taxation-net		**18,764**	12,262
Cash and bank balances	13	**11,815**	6,367
		594,336	599,355
		1,419,189	1,346,352
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital 90,000,000 (2008: 90,000,000) ordinary shares of Rs. 10/- each		**900,000**	900,000
Issued, subscribed and paid-up share capital	14	**797,745**	797,745
Unrealised loss on investment available for sale		**(3,810)**	-
Accumulated loss		**(23,124)**	(226,996)
		770,811	570,749
NON CURRENT LIABILITIES			
Long term financing	15	**83,333**	166,662
Deferred liabilities	16	**53,972**	17,514
Long term deposits	17	**3,962**	4,474
		141,267	188,650
CURRENT LIABILITIES			
Trade and other payables	18	**170,582**	332,780
Accrued markup	19	**10,095**	9,532
Short term borrowings	20	**243,102**	147,417
Current maturity of long term financing		**83,332**	97,224
		507,111	586,953
CONTINGENCIES & COMMITMENTS	21		
		1,419,189	1,346,352

The annexed notes from 1 to 37 form an integral part of these financial statements.

The impairment loss on investments carried as available for sale as on December 31, 2008 of Rs. 6.610 million which has now increased to Rs. 6.910 million as on June 30, 2009. The Company has charged Rs. 3.100 million to profit and loss account and balance has been debited to equity amounting to Rs. 3.810 million using the option provided vide SRO 150(1)/2009 dated February 13, 2009.

CHIEF EXECUTIVE **DIRECTOR**

Profit & Loss Account
For the year ended June 30, 2009

	Note	June 30, 2009	June 30, 2008
		(Rupees in thousand)	
Turnover - net	22	**1,795,109**	1,415,463
Cost of sales	23	**(1,301,873)**	(1,208,151)
Gross profit		**493,236**	207,312
Distribution cost	24	**130,108**	100,231
Administrative expenses	25	**22,577**	27,116
		(152,685)	(127,347)
Operating profit		**340,551**	79,965
Other charges	26	**(28,644)**	(3,077)
Other operating income	27	**15,209**	62,336
Finance cost	28	**(63,718)**	(85,428)
		(77,153)	(26,169)
Profit before taxation		**263,398**	53,796
Taxation	29	**(59,526)**	(14,274)
Profit after taxation		**203,872**	39,522
		------------------rupees------------------	
Earning per share - basic & diluted	30	**2.56**	0.50

The annexed notes from 1 to 37 form an integral part of these financial statements.

The impairment loss on investments carried as available for sale as on December 31, 2008 of Rs. 6.610 million which has now increased to Rs. 6.910 million as on June 30, 2009. The Company has charged Rs. 3.100 million to profit and loss account and balance has been debited to equity amounting to Rs. 3.810 million using the option provided vide SRO 150(1)/2009 dated February 13, 2009.

CHIEF EXECUTIVE **DIRECTOR**

Cash Flow Statement
For the year ended June 30, 2009

		June 30, 2009	June 30, 2008
		(Rupees in thousand)	
A.	**CASH FLOWS FROM OPERATING ACTIVITIES**		
	Profit before taxation	**263,398**	53,796
	Adjustment for:		
	Depreciation	**46,009**	46,643
	Finance cost	**63,718**	85,428
	Amortization of intangible asset	**-**	159
	Unrealised gain on short term investments -net	**(6,904)**	-
	Gain on disposal of short-term investments	**(1,538)**	-
	Gain on disposal of operating fixed assets	**(146)**	-
	Employee benefits - gratuity	**3,759**	-
	Provision for slow moving / dead stores & spares	**4,130**	2,126
		109,028	134,356
	Operating cash flows before working capital changes	**372,426**	188,152
	(Increase) / decrease in current assets		
	Stores, spare parts & loose tools	**21,038**	(66,076)
	Stock-in-trade	**(96,885)**	57,749
	Trade debts	**78,077**	(85,776)
	Loans and advances	**31,379**	16,159
	Trade deposits and short term prepayments	**(866)**	57,919
	Other receivables / sales tax refundable	**17,538**	721,722
		50,281	701,697
	(Decrease) / increase in current liabilities		
	Trade and other payables	**(165,340)**	153,960
	Cash generated from operations	**257,367**	1,043,809
	Finance cost paid	**(63,155)**	(126,376)
	Gratuity (paid) / receipt of fund	**(8,312)**	7,694
	Taxes paid	**(20,718)**	(18,753)
		(92,185)	(137,435)
	Net cash from operating activities	**165,182**	906,374
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**		
	Capital expenditure	**(126,903)**	(12,316)
	Proceeds on disposal of property, plant and equipment	**564**	2,195
	Short term investments-net	**(33,965)**	-
	Long term deposits	**2,620**	(1,945)
	Net cash used in investing activities	**(157,684)**	(12,066)
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**		
	Repayment of long term financing	**(97,220)**	(749,722)
	(Refund) / receipts of long term deposits	**(515)**	116
	Net cash used in financing activities	**(97,735)**	(749,606)
	Net (decrease) / increase in cash and cash equivalents	**(90,237)**	144,702
	Cash and cash equivalents at beginning of the year	**(141,050)**	(285,752)
	Cash and cash equivalents at end of the year	**(231,287)**	(141,050)
	Cash and bank balances	**11,815**	6,367
	Short term borrowings	**(243,102)**	(147,417)
		(231,287)	(141,050)

The annexed notes from 1 to 37 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

Statement of Changes in Equity
For the year ended June 30, 2009

	Issued, subscribed and paid-up share capital	Unrealized loss on investment available for sale	Accumulated Loss	Total
	------(Rupees in thousand)------			
Balance as at July 01, 2007	797,745	-	(266,518)	531,227
Profit for the year	-	-	39,522	39,522
Balance as at June 30, 2008	797,745	-	(226,996)	570,749
Unrealized loss on investment available for sale	-	(3,810)	-	(3,810)
Profit for the year	-	-	203,872	203,872
Balance as at June 30, 2009	797,745	(3,810)	(23,124)	770,811

The annexed notes from 1 to 37 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

Notes to the Financial Statements
For the year ended June 30, 2009

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

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such international financial reporting standards, (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case the requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

3. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

Standard effective in 2008-2009

In the current year, the Company has adopted IFRS 7, Financial instruments: Disclosure Adoption of this standard only impacts the format and extent of disclosures as presented in the financial statements.

Standards, amendments and interpretations issued but not yet effective

		Effective for periods beginning on or after
IFRS 1	First time adoption of IFRS (Revised)	July 1,2009
IFRS 2	Share-based payment (Amendments)	January 1,2009
IFRS 3	Business combinations (Revised)	July 1,2009
IFRS 4	Insurance contracts (Amendments)	January 1,2009
IFRS 5	Non-current assets held-for-sale and discontinued operations (Amendments)	January 1,2009
IFRS 7	Financial instruments: Disclosure (Amendments)	January 1,2009
IFRS 8	Operating segments	January 1,2009
IAS 1	Presentation of financial statements (Revised)	January 1,2009
IAS 7	Statement of cash flows (Amendments)	January 1,2009
IAS 12	Income taxes (Amendments)	January 1,2009
IAS 16	Property, plant and equipment (Amendments)	January 1,2009
IAS 18	Revenue (Amendments)	January 1,2009
IAS 19	Employee benefits (Amendments)	January 1,2009
IAS 20	Government grants and disclosure of government assistance	January 1,2009
IAS 21	The effects of changes in foreign exchange rates (Amendments)	January 1,2009
IAS 23	Borrowing costs (Revised)	January 1,2009
IAS 27	Consolidated and separate financial statements (Amendments)	July 1,2009
IAS 28	Investments in associates (Amendments)	January 1,2009
IAS 31	Interests in joint ventures (Amendments)	January 1,2009

		Effective for periods beginning on or after
IAS 32	Financial Instruments: Presentation (Amendments)	January 1,2009
IAS 33	Earnings per share (Amendments)	January 1,2009
IAS 34	Interim financial reporting (Amendments)	January 1,2009
IAS 36	Impairment of assets (Amendments)	January 1,2009
IAS 38	Intangible assets (Amendments)	January 1,2009
IAS 39	Financial instruments: Recognition and measurement (Amendments)	January 1,2009
IAS 40	Investment property (Amendments)	January 1,2009
IAS 41	Agriculture (Amendments)	January 1,2009
IFRIC 1	Changes in existing decommissioning, restoration and similar liabilities (Amendments)	January 1,2009
IFRIC 2	Member's share in corporate entities and similar liabilities (Amendments)	January 1,2009
IFRIC 4	Determining whether an Arrangement contains a lease	July 1,2009
IFRIC 12	Service Concession Arrangements	July 1,2009
IFRIC 14	The limit on defined benefit asset, minimum funding requirements and their interaction (Amendments)	January 1, 2009
IFRIC 15	Agreements for the construction of real estate	January 1,2009
IFRIC 16	Hedges of a net investment in a foreign operation	October 1,2009
IFRIC 17	Distributions of non-cash assets to owners	July 1,2009

The management anticipates that adoption of above standards, amendments and interpretations in future periods will have no material impact on the Company's financial statements except for additional disclosures.

4. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below:

4.1 Basis of preparation and significant estimates

These financial statements have been prepared under the historical cost basis modified for short term investments which are carried at fair value and recognition of certain employee retirement benefits at present value.

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting polices. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In the process of applying the accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

a) Property, plant and equipment with respect to estimated useful life and related depreciation change and impairment.

b) Provisions for obsolescence and slow moving spares with respect to parameters set out by management.

c) Provision for income tax with respect to estimation of income tax based on income tax law and appellate decision.

d) Deferred taxation has been made based on estimate of future ratio of export and local sales.

e) Contingencies with respect to evaluation based to element of issue involved and opinion of legal counsel.

f) Gratuity with respect to actuarial valuation.

g) Stock valuation with respect to determination of net realizable value.

4.2 Property, plant and equipment

These are stated at cost less accumulated depreciation except freehold land and capital work-in-progress which are stated at cost whereas leasehold land is stated at cost less amortization.

Depreciation is charged to profit and loss account applying the reducing balance method at the rates specified in Operating asset - tangible note. Depreciation on additions is charged from the month in which the asset is put to use and on disposal upto the month the asset is in use. Assets, residual values and useful lives are reviewed, and adjusted, if appropriate at each balance sheet date.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Gain or loss, on disposal of assets is included in profit & loss account.

4.3 Stores, spare parts & loose tools

These are valued at cost calculated on moving average basis less provision for obsolescence and slow moving except for the items in transit, which are valued at cost accumulated to the balance sheet date.

4.4 Stock-in-trade

Stock in trade are valued at lower of weighted average cost and net realisable value except the raw and packing material which are valued at cost on moving average basis.

Materials-in-transit are stated at cost comprising invoice value plus other charges paid thereon.

Cost in relation to work in process and finished goods consists of annual average material cost, direct wages and applicable manufacturing overheads.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and cost necessarily to be incurred in order to make the sales.

4.5 Trade debts

Trade debts are recognized at fair value of consideration receivable. Debts considered irrecoverable are written off and appropriate provision is made where recovery is considered doubtful.

4.6 Investments

The investments of the Company are classified into the following categories:

4.6.1 At fair value through profit or loss

These include investments that are designated at fair value through profit or loss at inception. They are initially measured at fair value and changes on re-measurement are taken to profit and loss account.

4.6.2 Available for sale

They are included as current assets unless management intends to dispose off the investments after twelve months of the balance sheet date.

Available for sale investments are initially recognized at fair value plus transaction cost, and subsequently at fair value. Changes in fair value are recognized in equity.

4.7 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, with banks on current, savings and deposits accounts net of short term borrowings under mark-up arrangements, if any.

4.8 Employee benefits

4.8.1 Defined benefit plan

The Company operate approved funded gratuity scheme covering all permanent employees. The scheme is administered by the trustees nominated under the trust deed. The liabilities recognized in respect of gratuity are the present values of the Company's obligations under the scheme at the balance sheet date less the fair values of plan assets, together with adjustment for unrecognized actuarial gains or losses. Contribution is made to this scheme on the basis of actuarial recommendations. The actuarial valuation is carried out using the Project Unit Credit Method.

The present value of obligations are determined by discounting the estimated future cash outflows using interest rates of government bonds. The government bonds is consistent with the estimated term of the post-employment benefit obligations.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of the plan assets and 10% of the defined benefit obligation are changed or credited to profit or loss account over the employee's expected average remaining working lives.

4.8.2 Defined contribution plan

The Company also operate an approved contributory provident fund for all its permanent employees to which equal monthly contributions are made, both by the Company and the employees, to the fund at the rate of 10% of basic salary.

4.9 Borrowing cost

Loans and borrowings are recorded as and when the proceeds are received.

Borrowings costs are recognized as an expenses in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing cost, if any, are capitalized as part of the cost of that asset.

4.10 Taxation

Provision for current taxation is computed in accordance with the provisions of Income Tax Laws. The charge for current income tax is recorded after adjustment, if any, to the provision for tax made in prior year including those arising from assessment and amendments in assessments during the year in such years. The Company accounts for deferred taxation on all temporary differences using liability method. Deferred tax assets is recognized only to the extent that it is probable that future taxable profit will be available and the credits can be utilized.

4.11 Impairment

The carrying amounts of the Company's assets are reviewed at each financial year end to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated and impairment losses are recognized in the profit and loss account.

4.12 Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable. Revenue from sales is recognized upon passage of the title to the customers which generally coincides with physical delivery. Interest and rental income is recognized on accrual basis.

4.13 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized at the time when the Company loses control of the contractual rights that comprises the financial assets. All financial liabilities are derecognized at the time when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gains or losses on derecognizing of financial assets and financial liabilities are taken to profit and loss account currently.

4.14 Transactions with related parties

Transactions with related parties are carried out at arm's length basis determined in accordance with "Comparable Uncontrolled Price Method" except in the case of loan and advances to key management personnel which are free of any interest / markup in terms of the employment.

4.15 Offsetting of financial assets and financial liabilities

A financial asset and financial liability is offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the recognized amounts and the Company intends either to settle on a net basis or to realize the asset and discharge the liability simultaneously.

4.16 Provision

Provision are recognized when the Company has present, legal or constructive obligations as a result of past events, if it is probable that an outflow of resources will be required to settle the obligation, and reliable estimate of the amounts can be made.

4.17 Foreign currency translation

Foreign currency transaction are recorded into Pak Rupees using the exchange rate prevailing at the dates of the transaction. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date. Exchange gains and losses are taken to profit and loss account.

4.18 Functional and presentation currency

The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

5 PROPERTY, PLANT & EQUIPMENT

	Note	June 30, 2009	June 30, 2008
		(Rupees in thousand)	
Operating assets - tangible		**732,125**	728,992
Capital work-in-progress	5.3	**77,343**	-
		809,468	728,992

Operating assets - tangible

The following is a statement of operating assets:

Description	2 0 0 9 — COST: Cost at July 01, 2008	Additions/ (deletions)	Cost as at June 30, 2009	ACCUMULATED DEPRECIATION: Accumulated depreciation / amortization at July 01, 2008	Deletion Adjustment	Depreciation/ amortization for the year	Accumulated depreciation / amortization at June 30, 2009	Written down value as at June 30, 2009	Rate of depreciation/ amortization
	(Rupees in thousand)								
Leasehold land	6,266	-	6,266	1,774	-	45	1,819	4,447	1/99
Quarries and improvements	11,963	-	11,963	11,717	-	12	11,729	234	5%
Factory building on leasehold land	237,383	160	237,543	150,067	-	8,737	158,804	78,739	10%
Housing colonies	72,029	190	72,219	47,776	-	1,214	48,990	23,229	5%
Office building	22,007	274	22,281	16,512	-	282	16,794	5,487	5%
Plant and machinery	1,542,257	28,025	1,570,282	961,381	-	30,022	991,403	578,879	5%
Quarry equipments	47,302	-	47,302	46,530	-	154	46,684	618	20%
Railway sidings	14,905	-	14,905	11,671	-	324	11,995	2,910	10%
Vehicles	21,880	19,651 (581)	40,950	13,244	(567)	3,076	15,753	25,197	10 & 20%
Furniture and fixtures	17,498	154	17,652	10,430	-	719	11,149	6,503	10%
Office equipments	9,186	650 (616)	9,220	6,103	(212)	315	6,206	3,014	10%
Computers	8,132	456	8,588	4,611	-	1,109	5,720	2,868	30%
2009	**2,010,808**	**49,560 (1,197)**	**2,059,171**	**1,281,816**	**(779)**	**46,009**	**1,327,046**	**732,125**	

Description	2 0 0 8 — COST: Cost at July 01, 2007	Additions/ (deletions)	Cost as at June 30, 2008	ACCUMULATED DEPRECIATION: Accumulated depreciation / amortization at July 01, 2007	Deletion Adjustment	Depreciation/ amortization for the year	Accumulated depreciation / amortization at June 30, 2008	Written down value as at June 30, 2008	Rate of depreciation/ amortization
	(Rupees in thousand)								
Leasehold land	6,266	-	6,266	1,711	-	63	1,774	4,492	1/99
Quarries and improvements	11,963	-	11,963	11,704	-	13	11,717	247	5%
Factory building on leasehold land	237,383	-	237,383	140,366	-	9,701	150,067	87,316	10%
Housing colonies	72,029	-	72,029	46,500	-	1,276	47,776	24,254	5%
Office building	22,007	-	22,007	16,223	-	289	16,512	5,495	5%
Plant and machinery	1,520,830	21,427	1,542,257	930,807	-	30,574	961,381	580,877	5%
Quarry equipments	47,302	-	47,302	46,338	-	193	46,530	771	20%
Railway sidings	14,905	-	14,905	11,312	-	359	11,671	3,233	10%
Vehicles	22,590	1,997 (2,707)	21,880	12,566	(1,185)	1,863	13,244	8,636	20%
Furniture and fixtures	15,676	1,822	17,498	9,645	-	785	10,430	7,068	10%
Office and other equipments	8,365	821	9,186	5,760	-	343	6,103	3,082	10%
Computers	6,478	3,086 (1,432)	8,132	4,186	(758)	1,184	4,611	3,521	30%
2008	**1,985,794**	**29,153 (4,139)**	**2,010,808**	**1,237,118**	**(1,943)**	**46,643**	**1,281,816**	**728,992**	

	June 30, 2009	June 30, 2008
	(Rupees in thousand)	

5.1 Allocation of depreciation

The charge of depreciation for the year has been allocated as under:

	June 30, 2009	June 30, 2008
Cost of sales	**44,347**	46,410
Distribution cost	**1,212**	-
Administrative expenses	**450**	233
	46,009	46,643

5.2 Disposal of property plant & equipment - Tangible

	Mode of disposal	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain	Particular of purchasers
		(Rupees in thousand)					
Office equipment	Negotiation	616	212	404	404	-	Abid Khan
Items having written down value below Rs. 50,000							
Vehicles	Tender	581	567	14	160	146	Various
As on June 30, 2009		**1,197**	**779**	**418**	**564**	**146**	
As on June 30, 2008		4,139	1,943	2,196	2,196	-	

5.3 Capital work-in-progress

	Cost at July 01, 2008	Capital expenditure incurred during the year	Transferred to tangible fixed assets	Transferred to stores and spares	Cost at June 30, 2009
	(Rupees in thousand)				
Civil Work					
Advances to contractors	-	2,441	-	-	2,441
Plant and machinery					
Rehabilitation of power transmission Line	-	25,120	-	-	25,120
Diesel generator spares	-	23,684	-	-	23,684
Advance payments	-	2,616	-	-	2,616
Slag Mill Gear Box	-	23,482	-	-	23,482
As at June 30, 2009	**-**	**77,343**	**-**	**-**	**77,343**
As at June 30, 2008	16,837	1,759	(18,565)	(31)	-

6 AGRICULTURAL LAND

The Company has recovered Agricultural land valuing Rs. 15.297 million located in district Thatta through National Accountability Bureau (NAB) from former employee of the Company being involved to allow unauthorized excessive rebates by collusion of certain personnel of the Company whose services have been terminated, however no agricultural activities were carried out on such land.

		Note	June 30, 2009	June 30, 2008
7	**STORES, SPARE PARTS & LOOSE TOOLS**		(Rupees in thousand)	
	Stores	7.1	**141,885**	178,719
	Spare parts		**116,757**	100,913
	Loose tools		**134**	182
			258,776	279,814
	Less: Provision for dead stock		**(9,103)**	(5,987)
	Less: Provision for slow moving store and spares		**(30,778)**	(29,764)
		7.2	**(39,881)**	(35,751)
			218,895	244,063

7.1 This includes stores in transit of Rs. 31.085 million (2008: nil) as at the balance sheet date.

7.2 Certain dead and slow moving items have been reassessed valuing Rs. 9.103 million and Rs. 38.472 million respectively have been identified during the year. Dead items have been fully charged off whereas 80%, (2008: 70%) of the value of slow moving items has been earmarked and accounted for in the books.

		Note	June 30, 2009	June 30, 2008
7.2.1	Reconciliation of carrying amount of above provisions:			
	Opening balance		**35,751**	33,625
	Provision made during the year	23	**4,130**	2,126
	Closing balance		**39,881**	35,751

		Note	June 30, 2009	June 30, 2008
8	**STOCK-IN-TRADE**			
	Raw material		**35,830**	76,535
	Packing material		**31,955**	34,657
	Work-in-process / semi finished goods		**137,337**	9,065
	Finished goods		**20,179**	8,159
			225,301	128,416

		Note	June 30, 2009	June 30, 2008
9	**TRADE DEBTS**			
	Considered good			
	Exports proceeds receivable-secured		**17,649**	94,898
	Local - unsecured	9.1	**38,486**	39,314
			56,135	134,212
	Considered doubtful			
	Cement stockiest		**44,880**	44,880
	Excessive rebate allowed		**22,022**	22,022
	Controller Military Accounts		**5,126**	5,126
			72,028	72,028
	Less: Provision for doubtful debts	9.2	**(72,028)**	(72,028)
			-	-
			56,135	134,212

9.1 It includes Rs. nil (2008: Rs.0.163 million) due from related party.

9.2 This represent balances outstanding for more than 4 years. The management contends that the amount recoverable from cement stockiest were misappropriated and certain unauthorized excessive rebates were allowed by collusion of certain personnel of the Company whose services had been terminated. Accordingly, the management had lodged references for the recovery of misappropriated amount with the National Accountability Bureau (NAB). The NAB has recovered amount of Rs. 2.276 million in last year, whereas no recovery has been made during the year. However the recovery proceedings are continuing, therefore provision has been maintained in respect of outstanding amount as matter of prudence and abundant precaution.

10 LOANS AND ADVANCES

	Note	June 30, 2009	June 30, 2008
		(Rupees in thousand)	
Loans - secured			
Chief Executive Officer		**-**	4,925
Others employees		**235**	376
		235	5,301
Advance - unsecured			
- to suppliers		**15,458**	42,471
- to employees for expenses		**1,001**	301
		16,459	42,772
		16,694	48,073

Reconciliation of carrying amount of loan to the Chief Executive Officer

Balance at the beginning of the year	**4,925**	14,000
Disbursements	**-**	-
Received / adjusted during the year	**(4,925)**	(9,075)
Balance at the end of the year	**-**	4,925

11 TRADE DEPOSITS & SHORT TERM PREPAYMENTS

Trade deposits	**4,189**	2,557
Short term prepayments	**2,721**	3,487
	6,910	6,044

12 SHORT TERM INVESTMENTS

	Note		
Other investments			
Investment in listed shares at fair value through profit or loss		**34,472**	-
Available-for-sale investment in listed shares	12.1	**4,125**	-
		38,597	-

12.1 The impairment loss on investments carried as available for sale as on December 31, 2008 of Rs. 6.610 million which has now increased to Rs. 6.910 million as on June 30, 2009. The Company has charged Rs. 3.100 million to profit and loss account and balance has been debited to equity amounting to Rs. 3.810 million using the option provided vide SRO 150(1)/2009 dated February 13, 2009.

13 CASH AND BANK BALANCES

	Note		
Cash in hand		**150**	147
Balances with banks			
in current accounts		**10,915**	5,991
in PLS accounts	13.1	**636**	115
in term deposit accounts	13.2	**114**	114
		11,665	6,220
	13.3	**11,815**	6,367

13.1 At June 30, 2009 the mark-up rates on PLS accounts and deposits ranges from 4% to 7%.(2008: 1% to 5%) and 5% to 11% (2008: nil) per annum, respectively.

13.2 The rates of mark-up on these deposit account is 9% (2008: 9%) per annum.

13.3 It includes Rs. 0.144 million (2008: 0.031 million) on account of related party.

		Note	June 30, 2009	June 30, 2008
			(Rupees in thousand)	
14	**ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL**			
	Ordinary shares of Rs. 10/- each			
	69,474,500 shares allotted for consideration paid in cash		**694,745**	694,745
	10,300,000 shares allotted for consideration other than cash		**103,000**	103,000
			797,745	797,745

Associated Companies held 69,340,600 (2008: 52,631,250) ordinary shares in the Company at year end.

		Note	June 30, 2009	June 30, 2008
15	**LONG TERM FINANCING-SECURED**			
	National Bank of Pakistan	15.1	**41,665**	97,220
	National Bank of Pakistan	15.2	**125,000**	166,666
			166,665	263,886
	Current maturity		**(83,332)**	(97,224)
			83,333	166,662

15.1 The above facility is secured by first pari passu charge over fixed assets including land, building, plant and machinery amounting to Rs. 333.334 million. The facility carries a floating mark-up linked to the 6 months KIBOR as base rate plus 1.75% per annum (with no floor and no cap) chargeable and payable quarterly. The tenure of financing is 6 years including 1.5 years grace period for the principal repayment. The above term finance facility is repayable in 18 equal quarterly instalments of PKR 13.887 million each starting from November 2005 to February 2010.

15.2 The above facility is secured by first pari passu hypothecation charge over fixed assets including land, building, plant and machinery amounting to Rs. 333.334 million. The facility carries a floating mark-up linked to the 6 months KIBOR as base rate plus 1.5% per annum chargeable and payable quarterly. The tenure of financing is 7 years including 12 month grace period for the principal repayment. The above term finance facility is repayable in 24 equal quarterly instalment of PKR 10.417 million each starting from July 2006 to July 2010.

		Note	June 30, 2009	June 30, 2008
16	**DEFERRED LIABILITIES**			
	Deferred tax	16.1	**53,972**	9,820
	Employee benefit - gratuity	16.2	**-**	7,694
			53,972	17,514
16.1	**Deferred tax**			
	Credit balances arising in respect of:			
	-accelerated tax depreciation allowances		**86,859**	109,657
	Debit balance arising in respect of:			
	- on account of provisions		**(32,887)**	(26,406)
	- unabsorbed tax losses		**-**	(58,761)
	- minimum tax adjustments		**-**	(14,670)
			53,972	9,820

	Note	June 30, 2009	June 30, 2008
		(Rupees in thousand)	
16.2 Employee benefit - gratuity			
16.2.1 Movement in liabilities / (assets)			
Opening balance		**7,694**	(41,423)
Charge for the year	16.3	**3,759**	(3,256)
Contribution to the fund		**(7,694)**	-
Transferred to Company during the year		**-**	52,373
Payment to employees		**(618)**	-
Closing balance - shown in current liabilities		**3,141**	7,694
16.2.2 Balance sheet reconciliation			
Fair value of plan assets		**(7,694)**	-
Present value of defined benefit obligation		**11,453**	7,694
Payment to employee on behalf of fund		**(618)**	-
		3,141	7,694
16.2.3 Charge to profit and loss account			
Current service cost		**2,867**	2,383
Interest cost		**892**	824
Expected return on plan assts		**-**	(9,322)
Liabilities charged due to application of IAS-19		**-**	2,859
		3,759	(3,256)
16.2.4 Obligation			
Balance at beginning of the year		**7,694**	6,870
Current service cost		**2,867**	2,383
Interest cost		**892**	825
Benefit paid		**-**	(2,384)
Balance at end		**11,453**	7,694
16.2.5 Movement in fair value of plan asset			
Balance at beginning of the year		**-**	45,435
Expected return on plan assets		**-**	9,322
Employer contribution		**7,694**	-
Amount transfer to Company		**-**	(52,373)
Benefits paid		**-**	(2,384)
Balance at end		**7,694**	-
16.2.6 Principal actuarial assumptions used are as follows:			
Expected rate of increase in salary level		**11%**	11%
Valuation discount rate		**12%**	12%
16.2.7 Comparisons for past years			
Present value of defined benefit obligation		**11,453**	7,694
16.3 The charge for the year has been allocated as follows:			
Manufacturing expenses		**3,045**	-
Distribution cost		**225**	-
Administrative expenses		**489**	-
		3,759	-

17	LONG TERM DEPOSITS - UNSECURED	Note	June 30, 2009	June 30, 2008
			(Rupees in thousand)	
	Dealers	17.1	**1,810**	2,110
	Suppliers and contractors	17.2	**2,152**	2,364
			3,962	4,474

17.1 This represents interest free security deposits, received from agency holders and are repayable/adjustable on cancellation or withdrawal of agency agreement.

17.2 This represent interest free earnest money retained from suppliers and contractors invoices and are payable after satisfactory execution of the agreements.

18 TRADE AND OTHER PAYBLES

Trade creditors		**22,849**	35,612
Accrued liabilities		**55,029**	111,938
Advances from customers		**44,070**	157,870
Contractors retention money		**4,587**	4,348
Excise duty payable - net		**19,513**	19,178
Sales tax payable - net		**1,466**	-
Employee benefit - gratuity	16.2.1	**3,141**	-
Workers' Profit Participation Fund	18.1	**14,146**	3,009
Workers' Welfare Fund		**5,376**	246
Other liabilities		**405**	579
		170,582	332,780

18.1 Workers' Profit Participation Fund

Opening	**3,009**	3,261
Allocation for the period	**14,146**	2,831
	17,155	6,092
Interest on funds utilised in company's business	**201**	252
	17,356	6,344
Less. Amount paid	**(3,210)**	(3,335)
	14,146	3,009

19 ACCRUED MARKUP

Long term financing		**4,771**	6,091
Short term borrowings	19.1	**5,324**	3,441
		10,095	9,532

19.1 It includes Rs. 2.248 million (2008: 2.630 million) due to related party.

20 SHORT TERM BORROWINGS - SECURED

Running finance	20.1 & 20.2	**74,164**	147,417
Export refinance	20.1 & 20.3	**168,938**	-
	20.4	**243,102**	147,417

20.1 The financing facilities available from banks as at June 30, 2009 amounted to Rs. 400 million (2008: Rs. 500 million), of which Rs157 million (2008: Rs 353 million) remained unutilized at the year end. These facilities are renewable and are secured by way of hypothecation of stock and trade debts amounting to Rs. 666 million.

20.2 The rate of mark-up on theses facilities ranges between 13% to 18 % (2008: 12% to 16%) per annum chargeable and payable quarterly.

20.3 The export refinance facilities carries mark-up rate of 7.5% per annum as per State Bank of Pakistan rules.

20.4 It includes Rs. 124.793 million (2008: 59.043 million) due to related party.

21 CONTINGENCIES AND COMMITMENTS

21.1 Contingencies

21.1.1 Cases pending with National Accountability Bureau (NAB) for the misappropriation of recoveries from debtors and allowing excessive unauthorised rebate amounting to Rs. 66.902 million. The recovery proceedings are in progress.(also refer note no. 9)

21.1.2 Certain employees of the Company contested the Company's gratuity policy and filed suit against the Company demanding 60 days gratuity instead of 30 days applicable to the employees of former holding Company having impact of Rs. 1.071 million. In view of the Company's legal counsel, the demand is against the present labour laws and will not materialize, hence no provision has been made in the accounts in this context. The decision in this case is pending till to date.

21.1.3 One of the bidder has filed suit against Privatization Commission and four other parties including the Company for restraining Privatization Commission to forfeit their earnest money. Company's legal advisor contend that this is not relevant to the Company and will not bring any liability to the Company.

21.1.4 Two cement dealers being defaulter had filed suit against the Company for Rs. 6.5 million and Rs. 1.5 million respectively being value of trucks which were handed over to the Company in lieu of outstanding dues. Company's legal counsel is of the opinion that this is the matter of settlement and there will be no liability to the Company against the suit, hence no provision has been made in the financial statements.

21.2 Commitments

21.2.1 Guarantees given by the commercial bank to Sui Southern Gas Company Limited on behalf of the Company amounts to Rs. 45 million (2008 : Rs.45 million).

21.2.2 Other outstanding guarantees given on behalf of the Company by banks in normal course of business amounting to Rs.0.563 million (2008 : Rs.3 million).

21.2.3 Irrevocable letter of credit outstanding as on balance sheet date amounts to Rs.87.838 million (2008 : Rs.48.736 million).

22 TURNOVER - NET

	June 30, 2009	June 30, 2008
	(Rupees in thousand)	
Sales - local	**1,554,741**	1,313,319
- export	**685,126**	507,547
	2,239,867	1,820,866
Less:		
Federal excise duty	**220,715**	226,281
Sales tax	**212,941**	170,216
Special excise duty	**11,102**	8,906
	444,758	405,403
	1,795,109	1,415,463

23 COST OF SALES

	Note	June 30, 2009	June 30, 2008
		(Rupees in thousand)	
Raw material consumed		**123,118**	81,305
Manufacturing expenses:			
Packing material consumed		**93,571**	71,790
Stores and spares parts consumed		**49,869**	24,258
Fuel and power		**895,984**	658,738
Salaries, wages and other benefits	23.1	**90,563**	77,096
Rent, rates and taxes		**100**	100
Insurance		**3,565**	4,566
Repairs and maintenance		**2,578**	3,180
Indirect material		**42,799**	78,630
Depreciation	5.1	**44,347**	46,410
Provision for slow moving / dead stores and spares	7.2.1	**4,130**	2,126
Other production overheads		**23,727**	23,309
		1,251,233	990,203
		1,374,351	1,071,508
Work-in-process / semi finished goods			
At the beginning of the year		**9,065**	125,719
Clinker purchased		**67,814**	13,451
At the end of the year		**(137,337)**	(9,065)
		(60,458)	130,105
Cost of goods manufactured		**1,313,893**	1,201,613
Finished goods			
At the beginning of the year		**8,159**	14,697
At the end of the year		**(20,179)**	(8,159)
		(12,020)	6,538
		1,301,873	1,208,151

23.1 This includes employees' retirement benefits amounting to Rs 3.659 million (2008: Rs nil).

24 DISTRIBUTION COST

	Note	2009	2008
Salaries and other benefits	24.1	**2,323**	708
Vehicle running expenses		**145**	28
Traveling and conveyance		**504**	196
Communication		**473**	161
Printing and stationery		**5**	5
Entertainment		**195**	2
Advertisements		**497**	886
Freight charges - local sale		**1,553**	4,163
Export logistic and related charges		**103,303**	89,339
Commission		**18,548**	4,445
Depreciation	5.1	**1,212**	-
Others		**1,350**	298
		130,108	100,231

24.1 This includes employees' retirement benefits amounting to Rs 0.238 million (2008: nil).

25 ADMINISTRATIVE EXPENSES

	Note	June 30, 2009	June 30, 2008
		(Rupees in thousand)	
Salaries, wages and other benefits	25.1	**8,281**	6,523
Vehicle running expenses		**1,278**	1,242
Traveling and conveyance		**201**	467
Advertisement		**121**	552
Communication		**826**	771
Postage, telegram etc.		**204**	319
Printing and stationery		**793**	938
Rent, rates and taxes		**1,320**	1,168
Entertainment		**188**	325
Legal and professional charges		**1,163**	570
Consultancy charges		**345**	380
Insurance		**1,977**	1,922
Repairs and maintenance		**339**	1,425
Utilities		**3,412**	3,089
Fees & subscription		**170**	1,603
Corporate expenses		**597**	2,970
Charity and donation	25.2	**157**	33
Auditors' remuneration	25.3	**423**	341
Depreciation	5.1	**450**	233
Amortization of intangible assets		**-**	159
Others		**332**	2,086
		22,577	27,116

25.1 This includes employees' retirement benefits amounting to Rs 0.591 million (2008: Rs nil).

25.2 No directors or their spouses have any interest in any donee's fund to which donation was made.

25.3 Auditors' remuneration

	June 30, 2009	June 30, 2008
Hyder Bhimji & Co.		
Audit fee	**200**	200
Half yearly review	**50**	40
Out of pocket expenses	**73**	11
	323	251
Siddiqui & Co.		
Cost audit fee	**80**	80
Out of pocket expenses	**20**	10
	100	90
	423	341

26 OTHER CHARGES

	June 30, 2009	June 30, 2008
Workers' Profit Participation Fund	**14,146**	2,831
Workers' Welfare Fund	**5,376**	246
Exchange Loss on foreign currency transaction	**9,122**	-
	28,644	3,077

27 OTHER OPERATING INCOME

	Note	June 30, 2009	June 30, 2008
		(Rupees in thousand)	
Income from financial assets			
Income on bank deposit accounts		**704**	5
Gain on disposal of short-term investments		**1,538**	41,575
Unrealised gain on short term investments - net		**6,904**	-
Recovery of doubtful debts		**-**	2,276
		9,146	43,856
Income from non-financial assets			
Gain on disposal of operating fixed assets		**146**	-
Other			
Sale of scrap		**3,073**	12,165
Rental income		**2,551**	2,437
Others		**293**	3,878
		5,917	18,480
		15,209	62,336

28 FINANCE COST

	Note	June 30, 2009	June 30, 2008
Markup on long term financing		**33,656**	54,819
Markup on short term borrowings	28.1	**29,157**	29,359
Interest on Workers' Profit Participation Fund		**201**	252
Bank charges and commission		**704**	998
		63,718	85,428

28.1 It includes Rs.15.803 million (2008:15.178 million) on account of markup on borrowings from related party.

29 TAXATION

	June 30, 2009	June 30, 2008
Current - for the year	**15,040**	6,552
- prior years	**334**	-
Deferred	**44,152**	7,722
	59,526	14,274

Relationship between tax expense and accounting profit

	June 30, 2009	June 30, 2008
Accounting profit before tax	**263,398**	53,796
Tax rate	**35%**	35%
Tax thereon	**92,189**	18,828
Effect of recognition of timing difference:		
Permanent difference - expenses	**1,140**	-
Permanent difference - income	**(5,178)**	(15,282)
Temporary differences	**(1,153)**	-
Exports	**(13,135)**	11,439
Prior year tax adjustments	**334**	(711)
Minimum tax	**(14,671)**	-
	59,526	14,274

30 EARNING PER SHARE - BASIC AND DILUTED

	Note	June 30, 2009	June 30, 2008
		(Rupees in thousand)	
Profit attributable to shareholders		**203,872**	39,522
Number of ordinary shares in issue		**79,774,500**	79,774,500
Basic earning per share		**2.56**	0.50

There is no dilutive impact on the earning of the Company.

31 CAPACITY AND ACTUAL PRODUCTION

	Note	June 30, 2009	June 30, 2008
		------Metric tons ------	
			(Restated)
Production capacity - Clinker - (installed)	31.1	**450,000**	450,000
Actual production - Clinker		**371,900**	346,537
Actual production - Cement	31.2	**324,788**	318,825

31.1 The installed capacity has been restated according to the guarantees offered by the contractor/supplier responsible for major modifiaction carried out during the previous years.

Production capacity remained low on account of trial run and commissioning of the plant in phases. In addition production suffered due to inadeqate power supply from WAPDA, unplanned gas shedding etc.

31.2 Cement from clinker is produced in accordance with the market demand.

32 RELATED PARTY TRANSACTIONS

The related parties comprise of companies with common directorship, directors and key management personal. Detail of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

Relationship	Nature of transaction	June 30, 2009	June 30, 2008
		(Rupees in thousand)	
Associated undertakings			
Arif Habib Bank Limited	Mark-up on running & export finances	**15,803**	15,178
Arif Habib Bank Limited	Guarantee on behalf of Company as per normal banking terms	**45,000**	-
Javedan Cement Limited	Purchase of computers	**-**	394
Arif Habib Investment Management Limited	Subscription of shares	**157,050**	-
Arif Habib Limited	Brokerage & commission on shares	**1,073**	-
Other related parties	Contribution to employee benefit - Gratuity fund	**7,694**	-
	Contribution to employee benefit - Provident fund	**1,458**	-

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

32.2 All transactions with related parties have been carried out on commercial terms and conditions.

33 REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

The aggregate amount charged in the financial statements are as follows:

	2009			2008		
	Chief Executive	**Director**	**Executive**	Chief Executive	Director	Executive
Managerial remuneration	**4,200**	**1,500**	**4,440**	3,566	-	3,048
Perquisites etc.	**2,007**	**-**	**843**	370	-	401
Retirement benefits	**350**	**-**	**370**	350	-	278
	6,557	**1,500**	**5,653**	4,286	-	3,727
Number of person	**1**	**1**	**4**	1	-	3

33.1 The Chief Executive, Executive Director and Executives are provided with free use of Company maintained cars and other benefits in accordance with their entitlements as per rules of the Company.

33.2 An aggregate amount of Rs.260,000 (2008: nil) was paid to Non-Executive Directors during the year on account of Board meeting fee.

34 FINANCIAL INSTRUMENTS

Financial Risk Management Objectives

The Company's activities expose it to a variety of financial risks; credit risk, liquidity risk and market risk (including interest rate risk, currency risk and other price risk). The Company's overall risk management programs focuses on the under predictability of financial markets and seek to minimize potential adverse effects on the Company's financial performance.

34.1 Credit Risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed to perform as contracted. The Company manages credit risk by limiting significant exposure to any individual customer by obtaining advance against sales and does not have significant exposure to any individual customer.

The Company's credit risk is primarily attributable to its trade debts and balances at banks. There is no significant risk exposure to loan & advances and other receivables.

a Financial assets that are neither past due nor impaired

The credit quality of assets that are neither past due nor impaired can be assessed by reference to historical information and external credit ratings or to history about counterparty default rates:

	2009	2008
	(Rupees in thousand)	
Trade debts		
Customer with no defaults in the past one year	**56,135**	134,212
Cash at banks	**11,665**	6,220

b Financial assets that are past due or impaired

The credit quality of financial assets that are past due or impaired can be assessed by reference to note no. 9.2 & 21.1.1

34.2 Liquidity Risk Management

Liquidity risk reflects the company's inability in raising funds to meet commitments. Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customer.

34.3 Market Risk

Market risk refers to fluctuation in value of financial instruments as a result of changes in market prices. The Company manages market risk through binding contracts.

a Interest/ mark-up rate risk management

Interest / mark-up rate risk management arises from the possibility of changes in interest / mark-up rates which may affect the value of financial instruments. The Company has long term finance and short term borrowing at variable rates. Company is exposed to interest / markup rates risk on long term financing, interest rate risk for short term borrowing is covered by "Prepayment option" which can be exercised upon any adverse movement in the underlying interest rates.

Financial assets include balances of Rs. 0.750 million (2008: 0.229 million) which are subject to interest rate risk. Financial liabilities includes balances of Rs. 240.829 million (2008: 411.303 million) which are subject to interest rate risk. Applicable interest rates for financial assets and liabilities are given in respective notes.

Financial Assets

If interest rate had been fluctuate by +1% with all other variables held constant, profit after tax for the year would have been Rs.0.008 million (2008: 0.002 million) higher/lower, mainly as a result of higher/lower interest income from these financial assets.

Financial Liabilities

If interest rate had been fluctuate by +1% with all other variables held constant, profit after tax for the year would have been Rs.2.408 million (2008: 4.113 million) higher/lower, mainly as a result of higher/lower interest expense from these financial liabilities.

b Interest/ mark-up rate risk exposure

Interest/mark-up rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest/mark-up rates. The Company is not exposed to significant yield/mark-up rate risk. The effective interest/mark-up rates for the financial instruments are mentioned in the respective notes to the financial statements.

		2009					2008				
		Rupees in thousands					Rupees in thousands				
		Interest bearing					Interest bearing				
		Maturity within one year	Maturity more than one year	Sub total	Non interest bearing	Total	Maturity within one year	Maturity more than one year	Sub total	Non interest bearing	Total
Financial assets		------------------ (Rupees in thousand) ------------------									
Long term deposits		-	-	-	88	88	-	-	-	2,708	2,708
Trade debts		-	-	-	56,135	56,135	-	-	-	134,212	134,212
Loan and advances		-	-	-	235	235	-	-	-	5,301	5,301
Trade deposits		-	-	-	4,189	4,189	-	-	-	2,557	2,557
Other receivables		-	-	-	1,225	1,225	-	-	-	10,533	10,533
Short term investments		-	-	-	38,597	38,597	-	-	-	-	-
Cash and bank balances	4% to 11%	750	-	750	11,065	11,815	229	-	229	6,138	6,367
		750	-	750	111,534	112,284	229	-	229	161,449	161,678
Financial liabilities											
Long term financing	6 month KIBOR plus 1.5% to 1.75%	83,332	83,333	166,665	-	166,665	97,224	166,662	263,886	-	263,886
Long term deposits		-	-	-	3,962	3,962	-	-	-	4,474	4,474
Trade and other payables		-	-	-	126,512	126,512	-	-	-	174,910	174,910
Accrued mark-up		-	-	-	10,095	10,095	-	-	-	9,532	9,532
Short term borrowings	3 month KIBOR plus 2.5% & 7.5%	243,102	-	243,102	-	243,102	147,417	-	147,417	-	147,417
		326,434	83,333	409,767	140,569	550,336	244,641	166,662	411,303	188,916	600,219

c Foreign exchange risk management

Foreign exchange risk is the risk that the fair value of future cash flows of financial statements will fluctuate because of changes in foreign exchange rates.

Foreign exchange risk arises mainly from future economical transactions or receivables and payables that exist due to transactions in foreign currencies.

Currently, the Company's foreign exchange risk exposure is restricted to the amounts receivables/payable from / to the foreign entities and outstanding letters of credit and bills payable. In appropriate cases, the Company takes out forward contracts to mitigate risk.

34.4 Fair Value of Financial Instruments

The carrying value of all the financial assets and liabilities reflected in the financial statements approximates their fair value. The methods used for in determining fair values of each class of financial assets and liabilities are disclosed in respective policy notes.

34.5 Capital Risk Management

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain a strong base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to the shareholders or issue new shares.

The Company finances its expansions projects through equity, borrowings and management of its working capital with a view to maintaining an appropriate mix between various sources of finance to minimise risk.

35 CORRESPONDING FIGURES

Certain prior year's figures have been reclassified for the purpose of better presentation. Major re-classifications are as follows:

Nature of reclassification	Note	Reclassification from	Reclassification to	Rupees in thousands
Deposits - assets	11	Long term deposits	Trade deposits and short term prepayments	2,557
Fuel	7	Stock-in-trade	Stores, spare parts & loose tools	47,463
Sales tax receivable		Deposits & prepayments	Sales tax refundable	8,230
Provision for dead and slow moving store & spares	23	Other operating expenses	Cost of sales	2,126

36 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue on August 17, 2009 by the Board of Directors of the Company.

37 GENERAL

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

CHIEF EXECUTIVE **DIRECTOR**

Pattern of Share Holdings CDC and Physical as on June 30, 2009

Number of Shareholders	Shareholdings From	Shareholdings To	Total Shares Held
15	1-	100	418
1129	101-	500	562,934
154	501-	1,000	153,600
111	1,001-	5,000	257,147
20	5,001-	10,000	151,201
3	10,001-	15,000	36,000
3	15001-	20,000	52,000
2	20,001-	25,000	50,000
1	25,001-	30,000	29,500
1	50,001-	55,000	52,500
1	65,001-	70,000	68,000
1	805,001-	810,000	807,500
1	1,395,001-	1,400,000	1,400,000
1	1,500,001-	1,505,000	1,500,500
1	2,000,001-	2,005,000	2,000,100
1	3,310,001-	3,315,000	3,312,500
1	4,995,001-	5,000,000	5,000,000
1	7,740,001-	7,745,000	7,744,000
1	16,705,001-	16,710,000	16,709,350
1	39,885,001-	39,890,000	39,887,250
1,449			79,774,500

Combined Pattern of CDC and Physical Share Holdings as at June 30, 2009

Category No.	Categories of Share Holders	Number of Shares Held	Category Wise No. of Share Holders	Category Wise Shares Held	Percentage %
1	Individuals		1,413	4,119,579	5.16
2	Investment companies		1	1,500	0.00
3	Joint stock companies		24	98,749	0.12
4	Directors ,Chief Executive Officer and their spouce and minor children		4	6,213,100	7.79
	Mr. Muhammad Arif Habib	4,712,500			
	Mr. Muhammad Kashif	1,500,500			
	Mr. Salim Chamdia	100			
5	Executives				-
6	NIT / ICP		1	275	0.00
7	Associated companies, undertakings and related parties		4	69,340,600	86.92
	Arif Habib Bank Ltd	5,000,000			
	Arif Habib Securities Ltd	7,744,000			
	Arif Habib Limited	16,709,350			
	Arif Habib Equity (Pvt) Limited	39,887,250			
8	Public Sector Companies and Corporations	-	-	-	-
9	Banks, DFIs, NBFIs, Insurance Companies, Modarabas & Mutual Funds		1	197	0.00
10	Foreign Investors		1	500	0.00
11	Co-operative Societies				-
12	Charitable Trusts				-
13	Others		-	-	-
	Totals		1,449	79,774,500	100

Share-holders holding ten percent or more voting interest in the Company

Total paid-up capital of the Company	79,774,500 shares
10% of the paid-up capital of the Company	7,977,450 shares

Name(s) of Share-Holder(s)	Description	No. of Shares Held	Percentage %
Arif Habib Equity (Pvt) Limited.	falls in category # 07	39,887,250	50.00
Arif Habib Limited	falls in category # 07	16,709,350	20.95

FORM OF PROXY

The Secretary,
TheThatta Cement Company Limited
Pardesi House, Survey No. 2/1,
R.Y. 16,
Old Queens Road,
Karachi

Please quote:
No. of shares held ____________________
Folio No. ____________________________

I/We ____

of ____

Member(s) of the **Thatta Cement Company Limited**, hereby appoint ___________________________

____ of ____

or failing him ____

of ____

as proxy in my/our behalf at the Annual General Meeting of the Company to be held at Beach Luxury Hotel, M.T. Khan Road, Lalazar Karachi, on Saturday, October 17, 2009 at 10:30 am and at any adjournment thereof.

As witness my hand this ______________________________________ day of ___________2009

Signed by ____

in the presence of ______________________

Signature

Rupees five revenue stamp

Important:

1. This Form of Proxy duly completed must be deposited at our Share Registrar Office M/s. Nobel Computer Services (Pvt) Limited, Mazzanine floor, House of Habib Building (Siddiq Sons Tower), 3- Jinnah Coorperative Housing Society, Main Shahrah-e-Faisal, Karachi, not later than 48 hours before the time of holding the meeting.

2. A Proxy should also be a shareholder of the Company.