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## Company Information

### BOARD OF DIRECTORS

Mr. Arif Habib	Chairman
Mr. Fazlullah Shariff	Chief Executive
Mr. Akmal Jameel	Director
Mr. Mohammad Khubail	Director
Mr. Syed Ajaz Ahmed	Director
Mr. Kashif A. Habib	Director
Mr. Salim Chamdia	Director
Mr. Mohammad Ejaz	Director

### AUDIT COMMITTEE

Mr. Salim Chamdia	Chairman
Mr. Syed Ajaz Ahmed	Members
Mr. Akmal Jameel	Members

### COMPANY SECRETARY & CHIEF FINANCIAL OFFICER

Mr. Ashiq Hussain

### AUDITORS

Hyder Bhimji & Company  
Chartered Accountants

### LEGAL ADVISORS

Usmani & Iqbal

### BANKERS

MCB Bank Limited  
Al-Baraka Islamic Bank  
Arif Habib Bank Limited  
National Bank of Pakistan  
Saudi Pak Commercial Bank Limited  
Standard Chartered Bank Pakistan Limited  
Royal Bank of Scotland (RBS)

### REGISTERED OFFICE

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

### SHARE REGISTRAR

Nobel Computer Services (Pvt) Limited  
2nd floor, Sohni Center, BS 5 & 6,  
Main Karimabad, Block - 4, F.B. Area, Karachi.

### FACTORY

Ghulamullah Road, Makli  
District Thatta, Sindh. 73160

## Directors' Review

On behalf of the Board of Directors of Thatta Cement Company Limited, I am pleased to present herewith condensed interim financial statements for the period ended December 31, 2008.

### OPERATING RESULTS

#### Production

Clinker production for the period under review had been higher by about 22% whereas cement production by 8% compared with the same period of previous year as given below:

	Half year ended	
	December 2008 (M.Tons)	December 2007 (M.Tons)
Clinker Production	<b>182,159</b>	148,891
Cement Production	<b>154,237</b>	142,679

#### Sales

Cumulative sale of cement and clinker during the period under review was 38% higher than the corresponding period of previous year as given below.

	December 2008 (M.Tons)	December 2007 (M.Tons)
Cement Sales		
-Local	<b>117,191</b>	110,632
-Export	<b>33,978</b>	29,464
	<b>151,170</b>	140,096
Clinker Sales		
-Local	<b>1,492</b>	9,987
-Export	<b>54,276</b>	-
	<b>55,768</b>	9,987
GGBFC - Local	<b>1,610</b>	1,060
<b>Total:</b>	<b>208,548</b>	151,142

### FINANCIAL RESULTS

A summary of comparative financial results is detailed below:

	December 2008 (Rupees in thousand)	December 2007
Local sales	<b>527,910</b>	350,719
Export sales	<b>464,823</b>	112,810
Total Sales	<b>992,733</b>	463,529
Gross Profit	<b>241,577</b>	60,984
Profit before taxation	<b>117,159</b>	9,908
Profit/ (Loss) after taxation	<b>88,941</b>	(1,340)
Profit / (Loss) per share	<b>1.11</b>	(0.02)

Net sales revenue for the period under review increased by Rs.529.204 million i.e.114% as compared to the corresponding period of previous year. This was made possible due to extra sales volume achieved through sale of clinker. Despite the favorable sales conditions cost of production kept rising due to rise in fuel prices, electricity charges and other inputs.

### **INVESTMENTS**

During the period, the Company has made an investment in two of its Associated Companies as per authority of 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. 6.61 million on investment in other than Associated Company. The loss has not been recognized in the profit & loss account using the option provided in S.R.O. 150(1)/2009, dated February 13,2009, whereas the amount has been charged directly to equity.

### **FUTURE OUTLOOK**

The sale price and liquidity has improved with reasonable improvement in margins. The Company has by the grace of God established its products in local and international markets. Despite global recession the momentum in export potential appears to continue due to rising demand in Iraq, Kuwait, African countries and Sri Lanka. Local sale of the Company had been higher than the corresponding period of previous year due to marketing strategy adopted by the Company and we expect the trend to continue for the remaining period of the financial year.

Inconsistent power supply from WAPDA and frequent gas shedding from SSGC are areas of concern, which may eventually restrict the company from achieving its production and sales targets for the remaining period. However, to tackle this situation , we are working on various options to arrange uninterrupted power supply to the plant so as to sustain production.

### **ACKNOWLEDGEMENT**

The Directors are grateful to the Company's shareholders, financial institutions and customers for their continued cooperation, support and patronage. The Directors acknowledge the dedicated services, loyalty and hard work of all the employees of the Company and hope their continued dedication shall bear better results and growth of the Company.

Karachi: 27/2/2009

For and behalf of the Board

  
**Fazlullah Shariff**  
Chief Executive



## Auditors' Report

to the members on review of condensed interim financial information

### INTRODUCTION:

We have reviewed the accompanying condensed interim balance sheet of M/S. THATTA CEMENT COMPANY LIMITED as at December 31, 2008, and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (herein after referred to as the "condensed interim financial information") for the half year then ended. Management is responsible for the preparation and presentation of these condensed interim financial information in accordance with approved accounting standard as applicable in Pakistan. Our responsibility is to express a conclusion on these condensed interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended December 31, 2007 and 2008 have not been reviewed, as we were required to review only the cumulative figures for the half year ended December 31, 2008.

### SCOPE OF REVIEW:

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

### CONCLUSION:

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2008 is not prepared, in all material respects in accordance with approved accounting standards as applicable in Pakistan.

Karachi: 27/02/2009



HYDER BHIMJI & CO.  
Chartered Accountants

Engagement Partner : Mohammad Hanif Razzak

## Condensed Interim Balance Sheet

As at December 31, 2008

	Notes	Unaudited December 31, 2008	(Audited) June 30, 2008
------(Rupees in thousand)-----			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	745,797	728,992
Agricultural Land		15,297	15,297
Long term deposits		2,939	5,265
		<b>764,033</b>	<b>749,554</b>
<b>CURRENT ASSETS</b>			
Stores, spares & loose tools		167,852	196,600
Stock-in-trade		179,525	175,879
Trade debts		44,476	134,212
Loans and advances		51,257	48,073
Prepayments		2,469	3,487
Other receivables		22,452	18,763
Investments - available for sale		4,425	-
Income tax refundable - net of provision		26,061	13,417
Cash and bank balances		51,662	6,367
		<b>550,179</b>	<b>596,798</b>
<b>TOTAL ASSETS</b>		<b>1,314,212</b>	<b>1,346,352</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized		900,000	900,000
90,000,000 ordinary shares of Rs. 10/- each			
Issued, subscribed and paid-up		797,745	797,745
Unrealised loss on available for sale investment		(6,610)	-
Accumulated loss		(138,055)	(226,996)
		<b>653,080</b>	<b>570,749</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term financing		118,052	166,662
Deferred liabilities		42,630	17,514
Long term deposits		4,469	4,474
		<b>165,151</b>	<b>188,650</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		162,362	332,780
Accrued mark-up		14,791	9,532
Current portion of long term financing		97,224	97,224
Short term borrowings		221,604	147,417
		<b>495,981</b>	<b>586,953</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	5		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,314,212</b>	<b>1,346,352</b>

Impairment loss on listed equity security classified as available for sale aggregating to Rs. 6.610 million has not been recognized in the profit and loss account using the option provided in S.R.O. 150(1)/2009 dated February 13, 2009. Had the impairment loss been recognized in the profit and loss account, the profit would have been lower by Rs. 6.610 million.

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

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**



## Condensed Interim Profit and Loss Account (un-audited)

For the Half Year ended December 31, 2008

	Half Year Ended		Quarter Ended	
	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007
----- (Rupees in thousand) -----				
Sales - net	<b>992,733</b>	463,529	<b>491,281</b>	185,195
Cost of sales	<b>(751,156)</b>	(402,545)	<b>(391,680)</b>	(167,598)
Gross Profit	<b>241,577</b>	60,984	<b>99,601</b>	17,597
Other operating income	<b>6,949</b>	46,512	<b>473</b>	44,014
	<b>248,526</b>	107,496	<b>100,074</b>	61,611
Distribution cost	<b>(75,054)</b>	(25,450)	<b>(42,829)</b>	(6,949)
Administrative expenses	<b>(10,525)</b>	(15,898)	<b>(5,030)</b>	(4,372)
Other operating expenses	<b>(10,241)</b>	(521)	<b>(3,744)</b>	(521)
	<b>(95,820)</b>	(41,869)	<b>(51,603)</b>	(11,842)
	<b>152,706</b>	65,627	<b>48,471</b>	49,769
Finance cost	<b>(35,547)</b>	(55,719)	<b>(18,890)</b>	(19,627)
Profit before taxation	<b>117,159</b>	9,908	<b>29,581</b>	30,142
Taxation				
- Current	<b>(4,968)</b>	(3,559)	<b>(2,838)</b>	(5,188)
- Deferred	<b>(23,250)</b>	(7,689)	<b>(23,250)</b>	(7,689)
	<b>(28,218)</b>	(11,248)	<b>(26,088)</b>	(12,877)
Profit / (loss) for the period (a)	<b>88,941</b>	(1,340)	<b>3,493</b>	17,265
----- ( in rupees) -----				
Earning / (loss) per share				
- Basic & diluted	<b>1.11</b>	(0.02)	<b>0.04</b>	0.22

(a) Impairment loss on listed equity security classified as available for sale aggregating to Rs. 6.610 million has not been recognized in the profit and loss account using the option provided in S.R.O. 150(1)/2009 dated February 13, 2009. Had the impairment loss been recognized in the profit and loss account, the profit would have been lower by Rs. 6.610 million.

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

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**



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

For the Half Year ended December 31, 2008

	December 31, 2008	December 31, 2007
	----- (Rupees in thousand) -----	
<b>A CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	117,159	9,908
Adjustment for:		
Depreciation	22,893	22,664
Finance cost	35,547	55,719
Gain on sale of investment	(1,539)	-
Provision for dead stores & spares	1,558	-
Amortization of intangible asset	-	80
Profit on disposal of Property, Plant & Equipment	(147)	-
Provision for gratuity	1,880	-
	<u>60,192</u>	<u>78,463</u>
Profit before working capital changes	<u>177,351</u>	<u>88,371</u>
Working capital Changes		
Decrease in current assets	107,425	701,326
Decrease in current liabilities	(170,418)	(65,999)
	<u>(62,993)</u>	<u>635,327</u>
Cash from operations	<u>114,358</u>	<u>723,698</u>
Finance cost paid	(30,287)	(90,501)
Income tax paid	(17,613)	(1,197)
Gratuity paid	(14)	-
	<u>(47,914)</u>	<u>(91,698)</u>
Net cash generated from operating activities	<u>A 66,444</u>	<u>632,000</u>
<b>B CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property, Plant & Equipment	(40,112)	(4,627)
Proceeds from disposal of property, plant & equipment	564	-
Purchase of investment	(268,679)	-
Sale proceeds from the sale of investment	259,181	-
Long term deposits-assets	2,326	(2,462)
Long term deposits - liabilities	(5)	2,174
Net cash used in investing activities	<u>B (46,725)</u>	<u>(4,915)</u>
<b>C CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long term financing	(48,611)	(701,111)
Net cash used in financing activities	<u>C (48,611)</u>	<u>(701,111)</u>
Net decrease in cash and cash equivalents (A+B+C)	<u>(28,892)</u>	<u>(74,026)</u>
Cash and cash equivalents at beginning of the period	<u>(141,050)</u>	<u>(285,752)</u>
Cash and cash equivalents at end of the period	<u>(169,942)</u>	<u>(359,778)</u>
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	51,662	13,334
Short term borrowings	(221,604)	(373,112)
	<u>(169,942)</u>	<u>(359,778)</u>

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

  
CHIEF EXECUTIVE

  
DIRECTOR



## Condensed Interim Statement of Changes in Equity (un-audited)

For the Half Year ended December 31, 2008

	Issued, subscribed and paid-up share capital	Unrealised loss on available for sale investment	Accumulated (loss)	Total
----- (Rupees in thousand) -----				
Balance as at July 1, 2007	797,745	-	(266,518)	531,227
Loss for the half year ended December 31, 2007	-	-	(1,340)	(1,340)
Balance as at December 31, 2007	797,745	-	(267,858)	529,887
Profit for the half year ended June 30, 2008	-	-	40,862	40,862
Balance as at June 30, 2008	797,745	-	(226,996)	570,749
Profit for the half year ended December 31, 2008	-	-	88,941	88,941
Unrealised loss on remeasurement of investment	-	(6,610)	-	(6,610)
Balance as at December 31, 2008	797,745	(6,610)	(138,055)	653,080

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

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

## Notes to the Condensed Interim Financial Statements (un-audited)

For the Half Year ended December 31, 2008

### 1. LEGAL STATUS AND NATURE OF BUSINESS

Thatta Cement Company Limited (the Company) was incorporated in Pakistan in 1980 as a Public Limited Company under the Companies Ordinance, 1984. The registered office of the Company is located at Pardesi House, Survey No. 2/1, R.Y.16, Old Queens Road, Karachi. The Company is listed on Karachi Stock Exchange. The Company is principally engaged in manufacture and marketing of cement.

### 2. BASIS OF PREPARATION

These unaudited interim financial statements have been prepared in accordance with the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and in compliance with requirement of Section 245 of the Companies Ordinance, 1984. The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2008.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation followed in the preparation of these financial statements are the same as those applied in the preparation of the Company's annual financial statements for the year ended June 30, 2008. Beside this the policy in respect of investments is stated below.

#### Investments

All purchases and sales of investment that require delivery within the time frame established by regulation or market convention are recognised at the trade date. Trade date is the date on which the Company commits to purchase or sell the investment.

#### Available for sale investments

Investment that may be sold in response to needs for liquidity or changes in interest rates or equity prices are classified as available for sale. These investments are initially recognised at cost plus transaction cost and subsequently re-measured at fair value. Gains and losses arising from re-measurement at fair value is recognised directly in the equity under fair value reserve until sold, collected, or otherwise disposed off at which time, the cumulative gain or loss previously recognised in equity is included in profit and loss account.

### 4. PROPERTY, PLANT AND EQUIPMENT

Details of additions & deletions are as under

#### Additions

Plant and machinery  
Vehicles  
Furniture and fixtures  
Office equipments  
Computer equipment

**Half year ended December 31**  
**2008**                      **2007**  
**----- (Rupees in thousand) -----**

	<b>22,042</b>	-
	<b>17,257</b>	79
	<b>59</b>	1,340
	<b>686</b>	648
	<b>68</b>	2,213
	<b>40,112</b>	4,280

#### Deletions

Office & other equipments  
Computers  
Vehicles

	<b>615</b>	-
	<b>-</b>	1,432
	<b>581</b>	2,673
	<b>1,196</b>	4,105

**5 CONTINGENCIES AND COMMITMENTS**

**5.1 Contingencies**

There is no change in the status of contingencies and they are same as disclosed in the last published annual financial statements for the year ended June 30, 2008.

**5.2 Commitments**

	<b>December 31, 2008</b>	June 30, 2008
	----(Rupees in thousand)----	
Commitments in respect of irrevocable letter of credit	<b>17,800</b>	48,736

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

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

**7 TRANSACTIONS WITH RELATED PARTIES**

Related parties of the Company comprise associated undertakings, directors and key management personnel. Transactions with related parties during the period are as follows:

		<b>Half year ended December 31</b>	
		<b>2008</b>	2007
		----(Rupees in thousand)----	
<b>Nature of Transaction</b>			
a	Associated companies		
	Purchase of shares	<b>257,644</b>	-
	Sale of shares	<b>259,182</b>	-
	Markup on short term borrowings	<b>9,666</b>	-
b	Benefits to key management personnels	<b>4,407</b>	1,487

**8 CORRESPONDING FIGURES**

Following prior period's figures have been reclassified for the purpose of comparison and better presentation.

Reclassification from component	Reclassification to component	Nature
Sales - net	Distribution Cost	Commission

**9 APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were approved by the Board of Directors of the Company and authorized for issue on February 27, 2009.

**10 FIGURES**

Have been rounded off nearest to thousand Rupee.

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**



THATTA CEMENT COMPANY LIMITED

**TO ALL MEMBERS OF THE COMPANY  
STATEMENT PURSUANT TO SECTION 218 OF  
THE COMPANIES ORDINANCE 1984**

February 24, 2009

This is to inform you that Mr. Mohammed Kashif Habib s/o Arif Habib has been appointed as Executive Director of Thatta Cement Company Limited w.e.f 1st February, 2009 by the Board of Directors.

The Board of Director has decided that his remuneration will be Rs. 300,000/- per month in addition to the provision of the Company maintained car, other incidentals relating to his office and medical expenses in accordance with the Service Rules of the Company including the retirement benefits.

The above remuneration shall be subject to such increments, bonuses, adjustments and other entitlements as may be granted at any time and from time to time by the Board of Directors of the Company and in accordance with the policies and services Rules of the Company for the time being in force, subject to maximum of 25% per annum.

Mr. Mohammed Kashif Habib is concerned / interested in the appointment to the extent mentioned above and upto the extent of his shareholding in Thatta Cement Company Limited. No other director except Mr. Arif Habib who is father of Mr. Mohammed Kashif Habib is concerned / interested in this appointment.