THATTA CEMENT

THATTA CEMENT COMPANY LIMITED

Contents

Company Information

BOARD OF DIRECTORS

Mr. Mohammad Arif Habib	Chairman
Mr. Mohammad Fazlullah Shariff	Chief Executive
Mr. Mohammad Akmal Jameel	Director
Mr. Mohammad Khubaib	Director
Mr. Mohammad Kashif	Director
Mr. Salim Chamdia	Director
Mr. Mohammad Ejaz	Director

AUDIT COMMITTEE

Mr. Saleem Chamdia	Chairman
Mr. Mohammad Kashif	Member
Mr. Mohammad Akmal Jameel	Member

COMPANY SECRETARY & CHIEF FINANCIAL OFFICER
Mr. Ashiq Hussain

AUDITOR
Hyder Bhimji & Company
Chartered 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
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

The Board of Directors of your Company is pleased to present the unaudited financial statements for the nine month period ended March 31, 2009.

OVERVIEW

The business environment of the Country during the period under review was under tremendous pressure. Despite this and stiff competition in the market, your Company has shown an overall growth of 18.94% in sales with volume of 316,333 tons as compared to 265,963 tons same period of last year.

OPERATING RESULTS

Production & Sales:
During the period under review, the production of cement increased by 14.16% and clinker by 17.78% over the corresponding period of previous year. As a result of higher production and availability of facilities to move the cargo in bulk, the Company was able to penetrate more aggressively in both domestic and regional markets. The production & sales statistics are as below:

		July-March 2009 (M.Tons)	July-March 2008 (M.Tons)	Growth %
Clinker Production		**276,041**	234,360	17.78
Cement Production		**247,414**	215,873	14.16
Cement Sales				
-Local		**185,889**	179,191	3.74
-Export		**56,201**	33,251	69.02
	a	**242,090**	212,442	13.95
Clinker Sales				
-Local		**1,492**	-	
-Export		**54,376**	47,985	13.3
	b	**55,868**	47,985	16.43
GBFS & GGBFS - Local	c	**18,375**	5,536	231.92
	Total: a+b+c	**316,333**	265,963	18.94

FINANCIAL RESULTS

A summary of comparative financial results is detailed below:

	(Rupees in thousands)		
Local sales	**847,137**	603,048	40.47
Export sales	**588,231**	196,783	198.9
Total Sales	**1,435,368**	799,831	79.45
Gross Profit	**378,374**	75,108	403.77
Profit/(loss) before taxation	**212,234**	(7,135)	
Profit/(loss) after taxation	**176,051**	(14,145)	
Profit/(loss) per share in rupee	**2.21**	(0.18)	

Net sales revenue for the period under review increased by Rs.635.537 million i.e.79.45% as compared to the corresponding period of previous year. The ratio of sales revenue from local was 59% whereas sales revenue from exports accounted for 41%. The increase in sales revenue is attributed mainly to increase in export volume. The revenue from local sales has risen due to increase in GBFS & GGBFS demand and due to increase in the costs of major inputs such as raw & packing material and fuel & power which has been accordingly passed on to the end user.

INVESTMENTS:

There is a valuation loss of Rs. 4.870 million on revaluation of available for sale investment in other than associated company. The loss has been recognized in the profit & loss account upto the extent of 25% and the balance has been taken to equity using the option provided in S.R.O. 150(1)/2009, dated February 13,2009.

FUTURE OUTLOOK

The sale price of cement in the local market had remained relatively stable whereas export price gradually declined. The demand is expected to pick up in the remaining part of the financial year and the prices are also expected to go up which will improve 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. Thatta cement has an edge over other cements due to its low alkali content. Low alkali cement is preferred in the African continent. We are making inroads in the African market on this account. Due to marketing efforts, local sale of the Company had been higher than the corresponding period of previous year and we expect the trend to continue for the remaining period of the financial year.

As reported earlier in the half yearly report for the period ended December 31, 2008 about the frequent load shedding from WAPDA , the management has framed out different strategies and working on them to ensure uninterrupted power supply.

ACKNOWLEDGEMENT

The Board of Directors would like to place on record their appreciation for the financial institutions and customers for their continued cooperation, suppliers, Officers, staff and workers for their hard work in improving the Company's performance and hope their continued dedication shall bear better results and contribute towards the growth of the Company.

For and behalf of the Board

Karachi: 10/4/2009

Mohammad Fazlullah Shariff
Chief Executive

Condensed Interim Balance Sheet

As at March 31, 2009

	Note	(Unaudited) March 31, 2009	(Audited) June 30, 2008
		(Rupees in thousands)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	**735,672**	728,992
Capital work in progress		**872**	-
Agricultural Land		**15,297**	15,297
Long term deposits		**3,014**	5,265
		754,855	749,554
CURRENT ASSETS			
Stores, spares & loose tools		**169,293**	196,600
Stock-in-trade		**165,291**	175,879
Trade debts		**54,919**	134,212
Loans and advances		**167,431**	48,073
Prepayments		**1,254**	3,487
Other receivables		**1,188**	18,763
Investments		**48,901**	-
Income tax refundable - net of provision		**32,572**	13,417
Cash and bank balances		**7,654**	6,367
		648,503	596,798
TOTAL ASSETS		**1,403,358**	1,346,352
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized			
90,000,000 ordinary shares of Rs. 10/- each		**900,000**	900,000
Issued, subscribed and paid-up		**797,745**	797,745
Unrealised loss on available for sale investment		**(3,585)**	-
Accumulated loss		**(50,945)**	(226,996)
		743,215	570,749
NON-CURRENT LIABILITIES			
Long term financing		**93,747**	166,662
Deferred liabilities		**49,782**	17,514
Long term deposits		**4,269**	4,474
		147,798	188,650
CURRENT LIABILITIES			
Trade and other payables		**222,095**	332,780
Accrued mark-up		**13,347**	9,532
Current portion of long term financing		**97,224**	97,224
Short term borrowings		**179,679**	147,417
		512,345	586,953
CONTINGENCIES AND COMMITMENTS	5		
TOTAL EQUITY AND LIABILITIES		**1,403,358**	1,346,352

Impairment loss as at December 31, 2008 on listed equity security classified as available for sale aggregating to Rs. 6.610 million, has now been reduced to Rs. 4.780 million as per remeasurement as on March 31, 2009. This loss has been recognized in the profit & loss account upto the extent of 25% and the balance taken to equity using the option provided in S.R.O. 150(1)/2009 dated February 13, 2009. Had full impariment loss been recognized in the profit & loss account, the profit would have been lower by Rs. 3.585 million.

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

CHIEF EXECUTIVE | **DIRECTOR**

Condensed Interim Profit and loss Account (Unaudited)

For the third quarter and nine months period ended March 31, 2009

	Nine months Ended (July-March)		Quarter Ended (Jan-March)	
	March 31, 2009	March 31, 2008	March 31, 2009	March 31, 2008
	<-- -- ----- Rupees	in thousands	-----	---->
Sales - net	**1,435,368**	799,831	**442,635**	336,303
Cost of sales	**(1,056,994)**	(724,723)	**(305,838)**	(322,178)
Gross profit	**378,374**	75,108	**136,797**	14,125
Other operating income	**26,504**	47,579	**19,555**	1,067
	404,878	122,687	**156,352**	15,192
Distribution cost	**(106,410)**	(33,710)	**(31,356)**	(8,261)
Administrative expenses	**(16,354)**	(21,423)	**(5,829)**	(5,526)
Other operating expenses	**(18,482)**	-	**(8,241)**	521
	(141,246)	(55,133)	**(45,426)**	(13,266)
	263,632	67,554	**110,926**	1,926
Finance cost	**(51,398)**	(74,689)	**(15,851)**	(18,970)
Profit / (loss) before taxation	**212,234**	(7,135)	**95,075**	(17,044)
Taxation				
- Current	**(6,308)**	(4,099)	**(1,340)**	(540)
- Deferred	**(29,875)**	(2,911)	**(6,625)**	4,778
	(36,183)	(7,010)	**(7,965)**	4,238
Profit / (loss) for the period (a)	**176,051**	(14,145)	**87,110**	(12,806)
	<-- -- ----- In rupees	-----	---->	
Earning / (loss) per share - basic & diluted	**2.21**	(0.18)	**1.09**	(0.16)

(a) Impairment loss as at December 31, 2008 on listed equity security classified as available for sale aggregating to Rs. 6.610 million, has now been reduced to Rs. 4.780 million as per remeasurement as on March 31, 2009. This loss has been recognized in the profit & loss account upto the extent of 25% and the balance taken to equity using the option provided in S.R.O. 150(1)/2009 dated February 13, 2009. Had full impariment loss been recognized in the profit & loss account, the profit would have been lower by Rs. 3.585 million.

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

CHIEF EXECUTIVE | **DIRECTOR**

Condensed Interim Cash Flow Statement (Unaudited)

For the nine months period ended March 31, 2009

		March 31, 2009	March 31, 2008
		(Rupees in thousands)	
A CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before taxation		**212,234**	(7,135)
Adjustment for:			
Depreciation		**34,150**	34,246
Finance cost		**51,398**	74,689
Valuation adjustment on investment		**(16,983)**	
Gain on sale of investment		**(1,538)**	-
Provision for dead stores & spares		**1,558**	-
Amortization of intangible asset		**-**	119
Profit on disposal of property , plant & equipment		**(147)**	-
Provision for gratuity		**2,819**	-
		71,256	109,054
Profit before working capital changes		**283,490**	101,919
Working capital changes			
Decrease in current assets		**16,080**	625,881
Decrease in current liabilities		**(110,685)**	53,304
		(94,605)	679,185
Cash from operations		**188,885**	781,104
Finance cost paid		**(47,582)**	(108,803)
Income tax paid		**(25,460)**	(5,271)
Gratuity paid		**(426)**	-
		(73,468)	(114,074)
Net cash generated from operating activities	A	**115,416**	667,030
B CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant & equipment		**(42,121)**	(5,584)
Proceeds from disposal of property, plant & equipment		**564**	2,195
Purchase of investment		**(293,146)**	-
Sale proceeds from the sale of investment		**259,181**	-
Long term deposits-assets		**2,251**	(1,945)
Long term deposits - liabilities		**(205)**	635
Net cash used in investing activities	B	**(73,476)**	(4,699)

		March 31, 2009	March 31, 2008
		(Rupees in thousands)	
C CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		**(72,915)**	(725,417)
Net cash used in financing activities	C	**(72,915)**	(725,417)
Net decrease in cash and cash equivalents (A+B+C)		**(30,975)**	(63,086)
Cash and cash equivalents at beginning of the period		**(141,050)**	(285,721)
Cash and cash equivalents at end of the period		**(172,025)**	(348,807)
CASH AND CASH EQUIVALENTS			
Cash and bank balances		**7,654**	12,785
Short term borrowings		**(179,679)**	(361,592)
		(172,025)	(348,807)

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

CHIEF EXECUTIVE

DIRECTOR

THATTA CEMENT

THATTA CEMENT COMPANY LIMITED

Condensed Interim Statement of Changes in Equity (Unaudited)

For the nine months period ended March 31, 2009

	Issued, subscribed and paid-up share capital	Unrealised loss on available for sale investment	Accumulated (loss)	Total
	<-- -- ----- Rupees in thousands ----- ---->			
Balance as at July 1, 2007	797,745	-	(266,518)	531,227
Loss for the period ended March 31, 2008	-	-	(14,145)	(14,145)
Balance as at March 31, 2008	797,745	-	(280,663)	517,082
Profit for the period April to June 30, 2008	-	-	53,667	53,667
Balance as at June 30, 2008	797,745	-	(226,996)	570,749
Profit for the period ended March 31, 2009	-	-	176,051	176,051
Unrealized loss on remeasurement of available-for -sales investment	-	(3,585)	-	(3,585)
Balance as at March 31, 2009	797,745	(3,585)	(50,945)	743,215

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

CHIEF EXECUTIVE **DIRECTOR**

Notes to the Condensed Interim Financial Statements (Unaudited)

For the nine month ended March 31, 2009

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.

Investment at fair value through profit or loss

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

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

	March 31	
	2009	2008
4.1 Details of additions & deletions are as under	(Rupees in thousands)	
Addition		
Plant and machinery	**22,332**	-
Building	**272**	400
Vehicles	**17,594**	118
Furniture and fixtures	**59**	1,684
Office equipments	**687**	686
Computer equipment	**305**	3,050
	41,249	5,938
Deletion - at cost		
Office and other equipments	**616**	-
Computers	**-**	1,432
Vehicles	**581**	3,304
	1,197	4,736
4.2 Capital work in progess		
Additions - Civil work	**872**	-

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*

	March 31, 2009	June 30, 2008
	(Rupees in thousands)	
Commitments in respect of irrevocable letter of credit	**31,416**	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 other than remuneration and benefits to key management personnel under the terms of their employment, are as follows:

		Nature of Transaction	March 31 2009	2008
			(Rupees in thousands)	
a	Associated companies	Purchase of shares	**257,644**	-
		Sale of shares	**259,182**	-
	Markup on short term borrowings		**13,555**	-
b	Benefits to key management personnels		**8,524**	2,850

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 April 10, 2009.

10 FIGURES

Have been rounded off nearest to thousand rupee.

CHIEF EXECUTIVE **DIRECTOR**