Contents

Company Information

BOARD OF DIRECTORS

Mr. Muhammad Arif Habib	Chairman
Mr. Muhammad Fazlullah Shariff	Chief Executive Officer
Mr. Muhummad Kashif	Director
Mr. Muhummad Khubaib	Director
Mr. Nasim Beg	Director
Mr. Shahid Aziz Siddiqui	Director
Mr. Asadullah Khawaja	Director

AUDIT COMMITTEE

Mr. Muhummad Khubaib	Chairman
Mr. Muhummad Kashif	Member
Mr. Nasim Beg	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
MCB Bank Limited
National Bank of Pakistan
Standard Chartered Bank Pakistan limited
Summit Bank Limited (Formerly Arif Habib Bank limited)

REGISTERED OFFICE
Pardesi House, Survey no. 2/1, R.Y. 16,
Old Queens Road, Karachi -74000
Ph. 021- 32423295, 32423478
Fax no. 021-32400989
Website: www.thattacement.com
E-mail : info@thattacement.com

FACTORY
Ghulamullah Road, Makli,
District Thatta, Sindh 73160

SHARE REGISTRAR
Nobel Computer Services (Private) Limited, Mezzanine Floor,
House of Habib Building (Siddiqsons Tower), 3- Jinnah
Cooperative Housing Society, Main Shahrah-e-Faisal, Karachi-75350.
PABX: (92-21) 34325482-87 Fax: (92-21) 34325542

Directors' Review

The Board of Directors present herewith their review along with the unaudited financial statements for the nine months period ended March 31, 2011.

Overview

During the period under review, overall cement sales of the industry in terms of volume declined by 10% as compared to the same period of previous year. The local sales volume declined by 8% whereas exports declined by nearly 14% adversely affecting the cement industry and creating a glut like situation. Cement prices in the regional markets remained depressed due to lower demand.

Production and dispatches

During the period under review, the Company's capacity utilization remained at 74.02% as compared to 74.86% of the same period of last year.

Following is the comparative data of production and dispatches:

Particulars	Third quarter ended		Nine months ended	
	March 2011	March 2010	March 2011	March 2010
	Quantity in tons		Quantity in tons	
Clinker production	78,963	89,088	249,809	252,679
Cement production	91,451	93,124	268,801	243,742
Cement dispatches	90,133	90,139	267,554	241,840

Local dispatches of the Company improved during the period which stood at 193,059 tons as compared to 155,724 tons in the same period of last year showing an increase of 24%. Cement exports stood at 74,495 tons as compared to 86,116 tons during the corresponding period of last year depicting a decrease of 13.49%.

Operating performance

The summary of comparative financial results for the nine months period ended is as under:

Particulars	March 31, 2011	March 31, 2010
	Rupees in thousands	
Turnover - net	1,280,924	1,203,359
Gross profit	186,937	221,285
(Loss) /Profit before taxation	(61,814)	1,787
Loss after taxation	(69,359)	(12,888)

The increase in sales revenue is mainly attributed to increase in sales volume. Average retention prices also improved slightly from the previous quarter but the advantage of improvement eroded due to increase in cost of production. The cost of production during the period was higher than the same period of previous year, mainly due to increase in prices of coal, electricity and transportation charges which impacted adversely on profitability. Resultantly, the Company suffered a loss before tax of Rs. 61.814 million after providing depreciation of Rs. 39.544 million.

Future Outlook

The cement demand is gradually picking up in local market as forecasted earlier. Prices are also improving in the local market. The prices in regional markets are also showing some signs of improvement.

The challenge ahead is to cope up with the ever rising cost of production. To remain competitive, the Company has to reduce its production cost. The Company is making constant efforts in improving plant efficiencies and adopting cost cutting measures. In this connection the Company has started using alternative fuels and indigenous coal to substitute costly imported coal along with energy conservation measures.

To ensure uninterrupted power supply to the cement plant, work on setting up of a captive power plant has been started which is expected to come online early next year.

These measures shall enable the Company to meet the future challenges and move forward smoothly.

Acknowledgement

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

On behalf of the Board

Karachi: April 28, 2011

Muhammad Fazlullah Shariff
Chief Executive Officer

Condensed Interim Balance Sheet
AS AT MARCH 31, 2011

	Note	(Unaudited) March 31, 2011	(Audited) June 30, 2010
		(Rupees in thousands)	
ASSETS			
NON CURRENT ASSETS			
Property, plant & equipment	4	831,960	848,781
Intangible assets		3,216	3,116
Long term deposits		292	88
		835,468	851,985
CURRENT ASSETS			
Stores, spare parts & loose tools		287,140	190,029
Stock-in-trade		164,216	238,864
Trade debts		36,614	49,649
Loans and advances	5	189,767	12,918
Trade deposits and short term prepayments		14,893	8,127
Other receivables		17,621	6,087
Sales tax refundable		31,407	18,833
Taxation-net		54,088	50,866
Cash and bank balances		109,069	10,266
		904,815	585,639
		1,740,283	1,437,624
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
100,000,000 (June 30, 2010 : 90,000,000) ordinary shares of Rs. 10/- each.		1,000,000	900,000
Issued, subscribed and paid-up share capital		797,745	797,745
Accumulated loss		(91,541)	(22,182)
		706,204	775,563
NON CURRENT LIABILITIES			
Long term financing	6	117,933	41,666
Long term deposits		3,706	4,249
Deferred taxation	7	37,469	44,432
		159,108	90,347
CURRENT LIABILITIES			
Trade and other payables		329,523	227,514
Accrued markup		20,010	11,124
Short term borrowings		483,771	291,409
Current maturity of long term financing		41,667	41,667
		874,971	571,714
CONTINGENCIES & COMMITMENTS	8		
		1,740,283	1,437,624

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

CHIEF EXECUTIVE OFFICER **DIRECTOR**

Condensed Interim Profit and Loss Account (unaudited)

FOR THE NINE MONTHS PERIOD AND THIRD QUARTER ENDED MARCH 31, 2011

	Note	Nine months ended		Quarter ended	
		March 31, 2011	March 31, 2010	**March 31, 2011**	March 31, 2010
		---(Rupees in thousands)---			
Turnover - net	9	**1,280,924**	1,203,359	**402,041**	464,004
Cost of sales		**(1,093,987)**	(982,074)	**(402,025)**	(413,413)
Gross profit		**186,937**	221,285	**16**	50,591
Distribution cost		**172,361**	148,988	**41,604**	59,217
Administrative expenses		**37,686**	33,065	**10,737**	11,417
		(210,047)	(182,053)	**(52,341)**	(70,634)
Operating (loss)/ profit		**(23,110)**	39,232	**(52,325)**	(20,043)
Other charges		**(3,419)**	(6,881)	**(333)**	1,708
Other operating income		**20,744**	3,184	**7,817**	1,034
Finance cost		**(56,029)**	(33,748)	**(20,297)**	(8,696)
		(38,704)	(37,445)	**(12,813)**	(5,954)
(Loss)/profit before taxation		**(61,814)**	1,787	**(65,138)**	(25,997)
Taxation					
Current	10	**(14,508)**	(6,008)	**(4,787)**	(2,311)
Prior		**-**	(15)	**-**	-
Deferred		**6,963**	(8,652)	**(168)**	(757)
		(7,545)	(14,675)	**(4,955)**	(3,068)
Loss after taxation		**(69,359)**	(12,888)	**(70,093)**	(29,065)
Other Comprehensive income					
Impairment loss on available for sale investment transferred to profit and loss account		**-**	3,810	**-**	-
Total Comprehensive loss for the period		**(69,359)**	(9,078)	**(70,093)**	(29,065)
		---(Rupees)---			
Loss per share - basic & diluted		**(0.87)**	(0.16)	**(0.88)**	(0.36)

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

CHIEF EXECUTIVE OFFICER **DIRECTOR**

Condensed Interim Cash Flow Statement (unaudited)

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2011

		March 31, 2011	March 31, 2010
		(Rupees in thousands)	
A. CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / Profit before taxation		**(61,814)**	1,787
Adjustment for:			
Depreciation		**39,544**	39,334
Finance cost		**56,029**	33,748
Provision for doubiful debts		**-**	241
Loss on disposal of investments		**-**	6,530
Gain on disposal of operating fixed assets		**-**	219
Employee benefits - gratuity		**3,439**	2,822
(Reversal) / Provision for dead stores & spares		**(191)**	481
		98,821	83,375
Operating cash flows before working capital changes		**37,007**	85,162
(Increase) / Decrease in current assets			
Stores, spare parts & loose tools		**(96,920)**	47,875
Stock-in-trade		**74,648**	70,618
Trade debts		**13,035**	17,431
Loans and advances		**(176,849)**	2,248
Trade deposits and short term prepayments		**(6,766)**	(2,037)
Other receivables / sales tax refundable		**(23,439)**	(10,903)
		(216,291)	125,232
Increase in current liabilities			
Trade and other payables		**102,844**	36,615
Cash (used in) / generated from operations		**(76,440)**	247,009
Finance cost paid		**(47,143)**	(37,780)
Gratuity paid		**(4,274)**	(3,519)
Taxes paid		**(17,730)**	(37,230)
		(69,147)	(78,529)
Net cash (used in) / generated from operating activities	'A'	**(145,587)**	168,480

		March 31, 2011	March 31, 2010
		(Rupees in thousands)	
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		**(23,647)**	(67,102)
Proceeds on disposal of property, plant and equipment		**155**	3,971
Short term investments - net		**-**	35,873
Long term deposits		**(204)**	-
Net cash used in investing activities	**'B'**	**(23,696)**	(27,258)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Receipt of long term financing		**107,517**	-
Repayment of long term financing		**(31,250)**	(72,915)
(Payment) / receipt of long term deposits		**(543)**	376
Net cash flows from / (used in) financing activities	**'C'**	**75,724**	(72,539)
Net (decrease) / increase in cash and cash equivalents (A+B+C)		**(93,559)**	68,683
Cash and cash equivalents at beginning of the period		**(281,143)**	(231,287)
Cash and cash equivalents at end of the period		**(374,702)**	(162,604)
Cash and bank balances		**109,069**	4,814
Short term borrowings		**(483,771)**	(167,418)
		(374,702)	(162,604)

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

CHIEF EXECUTIVE OFFICER | **DIRECTOR**

Condensed Interim Statement of Changes in Equity (unaudited)

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2011

	Issued, subscribed and paid-up share capital	(Unrealised) / Realized loss on investment available for sale	Accumulated (loss)	Total
	----------------------(Rupees in thousands)---------------------			
Balance as at July 1, 2009	797,745	(3,810)	(23,124)	770,811
Loss realized on available for sale investment	-	3,810	-	3,810
Total comprehensive loss for the period ended March 31, 2010	-	-	(12,888)	(12,888)
Balance as at March 31, 2010	797,745	-	(36,012)	761,733
Balance as at July 1, 2010	797,745	-	(22,182)	775,563
Total comprehensive loss for the period ended March 31, 2011	-	-	(69,359)	(69,359)
Balance as at March 31, 2011	**797,745**	**-**	**(91,541)**	**706,204**

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

Notes to the Condensed Interim Financial Statements (unaudited)

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2011

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 Companies Ordinance, 1984. 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. BASIS OF PREPARATION

These unaudited condensed interim financial statements of the company for the nine months period ended March 31, 2011 have been prepared in accordance with the requirements of the International Accounting Standard (ISA) - 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where the requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. The condensed interim financial information do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2010.

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, 2010.

		Unaudited March 31, 2011	Audited June 30, 2010
		(Rupees in thousands)	
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets - tangible	4.1	**828,411**	848,781
Capital work in progress	4.2	**3,549**	-
		831,960	848,781

4.1 Operating fixed assets - tangible

The following is the movement in operating fixed assets - tangible during the period / year:

Opening Balance (WDV)		**848,781**	747,422
Add: Additions during the period / year (cost)	4.1.1	**19,998**	156,296
		868,779	903,718
Less: Disposals during the period / year (WDV)		**824**	4,206
Depreciation charge for the period / year		**39,544**	50,731
Operating fixed assets-tangible (WDV)		**828,411**	848,781

		Nine months period ended March 31, 2011	
		Additions	Disposals
		(Rupees in thousands)	
4.1.1 Details of additions and disposals made during the period are as under (at cost):			
Plant and machinery		**8,261**	-
Leasehold structural improvements		**771**	-
Housing Colonies		**74**	-
Computers		**1,759**	-
Office & laboratory equipments		**6,686**	-
Furniture and fixtures		**92**	-
Vehicle		**2,355**	1,385
		19,998	1,385

		(Unaudited) March 31, 2011	(Audited) June 30, 2010
		(Rupees in thousands)	
4.2 Capital work in progress			
The following is the movement in capital work in progress during the period / year:			
Opening balance		**-**	74,727
Additions		**3,549**	47,086
Transfers to operating fixed assets		**-**	(121,813)
Closing balance		**3,549**	-
5 LOANS AND ADVANCES			
Loans-secured			
- to employees		**216**	118
Advances - unsecured			
- to related party		**158,000**	-
- others		**31,551**	12,800
		189,551	12,800
		189,767	12,918
6 LONG TERM FINANCING			
Banking Company -Secured 1	6.1	**107,517**	-
Banking Company -Secured 2		**52,083**	83,333
		159,600	83,333
Current maturity		**(41,667)**	(41,667)
		117,933	41,666

6.1 During the period the company has obtained new long term financing facility of Rs.260 Million against which first disbursement of Rs. 107.517 Million has been made. The above facility is secured through first charge by way of Equitable mortgage over land and building of the Company and first charge by way of Hypothecation over all present and future plant and machinery of the company to the extent of PKR 372 million inclusive of 30% margin. The facility carries a floating mark-up linked to the 6 months KIBOR as base rate plus 2% per annum chargeable and payable quarterly. The tenure of financing is 7 years including 12 months grace period for the principal repayment. The above term finance facility is repayable in 24 equal quarterly installments of PKR 10.834 million each starting from 15th month from the date of first disbursement.

	(Unaudited) March 31, 2011	(Audited) June 30, 2010
	(Rupees in thousands)	
7 DEFERRED TAXATION		
Credit balances arising in respect of accelerated tax depreciation allowances	**107,208**	88,698
Debit balance arising on account of provisions and tax losses	**(69,739)**	(44,266)
	37,469	44,432

8 CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

There is no change in the status of contingencies and they are same as disclosed in the last published annual financial statements for the year ended June 30, 2010.

8.2 Commitments

Commitments in respect of irrevocable letter of credit	**9,444**	22,954
Other commitments	**4,765**	2,683
	14,209	25,637

	Nine months period ended March 31	
	2011	2010
	(Rupees in thousands)	
9 TURNOVER - NET		
Local	**771,064**	616,258
Export	**509,860**	587,101
	1,280,924	1,203,359

10 TAXATION

Taxation charge has been accounted for in the books on provisional basis. Final liability would be determined on the basis of annual results.

11 TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are carried out by the Company on agreed terms. The related parties comprise of companies with common directorship, directors and key management personnel. Transactions with related parties are as follows:

			Nine months period ended March 31	
			2011	2010
	Name of Related Parties	**Nature of Transaction**	(Rupees in thousands)	
a.	**Associated companies**			
	Summit Bank Ltd	Markup on short term borrowings	**13,306**	8,472
	Rotocast Engineering (Private) Limited	Cost of leasehold structural improvements	**771**	44,885
	Rotocast Engineering (Private) Limited	Rent and maintenance	**8,987**	5,901
	Rotocast Engineering (Private) Limited	Sale of cement	**269**	-
	International Complex Project Limited	Sale of cement	**4,514**	2,335
	Fatima Fertilizer Company Limited	Sale of cement	**-**	1,312

	Name of Related Parties	Nature of Transaction	Nine months period ended March 31 2011	2010
			(Rupees in thousands)	
	Safe mix Concrete Products Limited	Sale of cement	**5,048**	10,073
	Aisha Steel Mills Limited	Sale of cement	**3,537**	162
	Al-Abbas Cement Industries Limited	Sale of cement	**34,473**	-
	Al-Abbas Cement Industries Limited	Advance - net	**158,000**	-
	Al-Abbas Cement Industries Limited	Markup on advance	**13,901**	-
	Al-Abbas Cement Industries Limited	Sale of Vehicle	**669**	-
	Javedan Cement Limited	Purchase of raw material	**1,586**	6,468
b	**Key management personnel**	**Sale of vehicle**	**155**	417
c	**Benefits to key management personnel**		**18,910**	15,540

12 CORRESPONDING FIGURES

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

Reclassification from	Reclassification to	Nature
Tax refunds due from the government	Sales tax refundable	Input sales tax
Tax refunds due from the government	Taxation - net	Income tax refundable

13 DATE OF AUTHORIZATION

These financial statements were authorised for issue on April 28, 2011 by the Board of Directors of the Company.

14 GENERAL

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

CHIEF EXECUTIVE OFFICER **DIRECTOR**