Contents

Company Information

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

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

HUMAN RESOURCE COMMITTEE

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

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY
Muhammad Taha Hamdani

STATUTORY AUDITOR
Hyder Bhimji & Co., Chartered Accountants

COST AUDITOR
Siddiqi & Co., Cost & Management Accountants

INTERNAL AUDITOR
M. Yousuf Adil Saleem & Co., Chartered Accountants

LEGAL ADVISOR
Usmani & Iqbal

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

REGISTERED OFFICE
Pardesi House, Survey No. 2/I, R.Y. 16
Old Queens Road, Karachi -74000
Ph. 021- 32423295, 32423478, 32419827
Fax. 021-32400989
E-mail: info@thattacement.com
Website: www.thattacement.com

FACTORY
Ghulamullah Road, Makli
District Thatta, Sindh 73160

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

Directors' Report

The Board of Directors present herewith their review and the audited financial statements for the year ended June 30, 2012, together with auditors' report thereon.

BUSINESS OVERVIEW

The year under review witnessed the highest ever annual domestic sale in the history of the country with a volume of 23.95mt. Whereas the overall cement sales was recorded at 32.52mt which was higher by 3.59% as compared to the last year. The local sales volume increased by 8.96% whereas exports decreased by similar percentage. Improved prices in the local market led the manufacturers to focus more on local market. A lot more needs to be done through public sector spending during the current financial year to promote the cement industry as the cement industry requires more sales to utilize its idle production capacity.

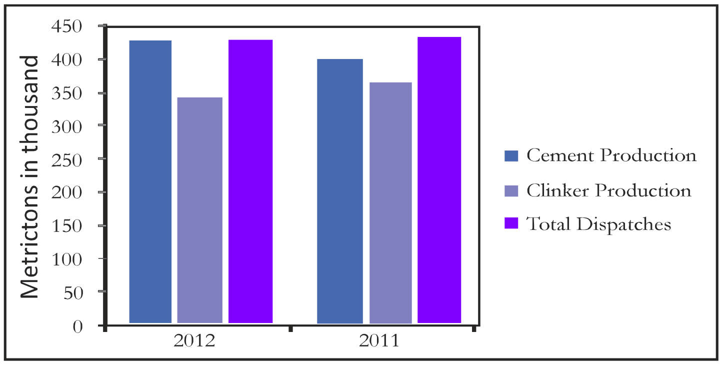
The plant operations could have faired better had frequent load shedding from WAPDA been avoided which resulted in forced plant shutdown during September, December 2011 and March 2012. The cost per ton of sales increased substantially on account of frequent stoppages and increase in cost of inputs throughout the financial year. The Government needs to address these issues so that construction industry could expand its activities which shall result in job creation. Cement prices in local market during the year under review improved as compared to the previous year. However, the advantage was partially offset due to increase in cost of inputs viz raw material, fuel and energy costs, salaries and wages, stores and spares etc.

BUSINESS PERFORMANCE

(a) Production and Sales Volume Performance

The Kiln capacity utilization of the Company during the year under review stood at 74.13% as compared to 79.08% in the previous year. Overall clinker production was lower by 6.26% as compared to the last year due to frequent power break downs and availability of carry over stock. However, cement production stood 3.93% higher than that of the previous year.

Particulars	2012	2011	Variation	
	----------------------- Metric Tons	-----------------------		%
Plant capacity - Clinker	**450,000**	450,000	-	-
Production				
Clinker	**333,601**	355,904	(22,303)	(6.26)
Cement	**406,651**	391,280	15,371	3.93
GBFS	**10,545**	3,960	6,585	166.28
Class G Cement	**150**	-	150	100.00
Dispatches				
Cement				
- Local	**330,742**	285,640	45,102	15.78
- Class G Cement - Local	**150**	-	150	100.00
- Export	**78,196**	102,337	(24,141)	(23.58)
	409,088	387,977	21,111	5.44
Clinker - Export	**-**	30,865	(30,865)	(100.00)
GBFS - Local	**10,545**	3,960	6,585	166.28
	419,633	422,802	(3,169)	(0.74)



During the year under review, the overall dispatches of your Company were lower by 0.74% as compared to the last year due to decline in exports. The Company was able to increase local dispatches of cement during the year substantially which stood at 341,437 tons against 289,600 tons during the last year depicting an increase of 17.89%. Cement exports including clinker stood at 78,196 metric tons as compared to 133,202 metric tons during the last year depicting a decline of 41.30%.

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

Description	2012	2011	Variation	%
	---- Million Metric Tons ----			
Cement Industry				
Local sales	**23.947**	21.977	1.970	8.96
Export sales	**8.568**	9.411	(0.843)	(8.96)
	32.515	31.388	1.127	3.59
	---- Metric Tons ----			
Thatta Cement Company Limited				
Local sales	**341,437**	289,600	51,837	17.89
Export sales	**78,196**	133,202	(55,006)	(41.30)
	419,633	422,802	(3,169)	(0.74)

The above analysis reflects the Company's performance as against the industry. The industry increased by 8.96% in respect of local sales whereas local sales of the Company increased by 17.89% mainly due to focused strategy over sales and marketing activities. The sales mix was deliberately altered in favor of local sales to get maximum benefit of better and stable prices in the domestic market. The Company's overall sales declined by 0.74% due to decline in exports by 41.30% as compared to exports of industry which declined by 8.96%.

(b) Financial Performance:

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

Particulars	2012	2011
	Rupees in thousand	Restated
Turnover - net	**2,314,211**	1,854,649
Gross profit	**250,092**	239,031
Loss before taxation	**(7,422)**	(64,188)
Loss after taxation	**(43,882)**	(74,495)
Loss per share(Rupee)	**(0.44)**	(0.93)

The prices in local market improved significantly during second half of the year which resulted in increase in local sales revenue. However, due to substantial increase in prices of raw materials, fuel, electricity and transportation charges, the Company incurred a loss before tax of Rs. 7.422 million after providing depreciation of Rs. 50.713 million.

An analysis of increase in average purchase prices is as under:

Items	Increase Rupees	Increase %
Iron ore	102	16.97
Gypsum	78	3.81
Granulated slag	87	10.33
Coal	1,410	12.44

During the current financial year, performance of the plant was affected by frequent interruptions in power supply by HESCO. Kiln tripped several times per day due to power breakdown which caused huge production loss of clinker on one hand and increased the fuel consumption on account of cooling and heating cycles to restore normal production followed by power breakdowns on other hand. Production loss has caused substantial loss of revenue whereas increase in fuel consumption has increased the fuel cost. Besides these major impacts there are other factors like increase in consumption of refractories, electrical and mechanical components which occur on account of frequent start/stop of the equipment and increased the production cost.

(i) Sales Performance

Sales revenue of the Company during the year under review increased by 24.77% due to increase in local sales volume by 17.89% i.e. from 289,600 metric tons in 2011 to 341,437 metric tons in 2012. Improved prices also contributed to the increase in revenue. Whereas the export sales declined to 78,196 metric tons from 133,202 metric tons in 2011 i.e. by 41.30%. The increase in sales volume is attributable to better marketing strategies and spread of our product in rural areas of Sindh as well. Further, the local sales to total sales ratio also improved to 81.36% in 2012 from 68.49% in 2011.

(ii) Cost of Sales

The cost of sales to sales ratio has risen to 89.19% during the year as compared to 87.11% last year. This increase is mainly attributable to increase in purchase price of raw materials as well as increase in fuel and power cost which increased by 35.16% as compared to last year and affected the gross margin of the Company. Further, salaries and wages also increased by 19% during the year.

(iii) Distribution Cost

The distribution cost during the year decreased to Rs. 108.276 million as compared to Rs. 224.608 million last year. The main reason for this decrease is decline in export related freight and logistics expenses which decreased by 56.72%.

(iv) Finance Cost

Finance cost during the current year increased by 22.47% as compared to the last year. This increase is mainly due to a long term loan of Rs. 120 million obtained by the Company during the year.

Cement Grinding & Packing Plant in Hambantota, Sri Lanka

The Company is setting up a cement grinding and packing plant in Sri Lanka, at the port of Hambantota. This project will bring new horizons of opportunities and expansion for the Company together with possibility for export of clinker. Sri Lanka Ports Authority has granted approval for the said project. Currently discussions/negotiations are under way with an international player for the said project which is planned to be concluded at an early date.

Negotiations are also being held with the Sri Lanka Ports Authority to conclude the Business Venture Agreement which happens to be the first step towards the project. Further the project has been registered in Sri Lanka in the name and style of Thatta Cement Company (Pvt.) Limited.

Future Outlook

Reduction in excise duty and sales tax announced in the budget 2012 - 2013 is likely to have a positive impact on the cement consumption in the country.

Reconstruction activities in the flood affected areas of the country have picked up. The reconstruction work is expected to last for a couple of years which would augur well for the growth in cement consumption in near term. With the mobilization of resources for rehabilitation and reconstruction work in flood affected areas and restart of projects that were on hold for some time, cement consumption is likely to grow further. The GoP has plans to expedite infrastructure work during the current year which will also have a positive impact. Renewed activity on Zulfikarabad project and extension of superhighway is quite promising to the future sales revenue of your Company.

The prices in local markets have improved which is a good sign for the Cement Industry. Improvement in law and order situation in Karachi together with reduction in discount rate by State Bank of Pakistan is attracting investment in real estate and may increase cement consumption in the local market.

The Company is making constant efforts in improving plant efficiencies and adopting cost cutting measures by using alternative fuels to substitute costly imported coal to reduce costs and to improve profitability of the Company. Further, by adjusting the sales mix from export to local, the Company is mitigating the risk as far as possible.

The management is fully aware of the challenges ahead and is devising marketing strategies to penetrate in far flung areas of Sindh. Special efforts are being made to promote use of slag cement as a cheaper cement to reduce construction cost.

The measures being adopted by your Company shall enable it to mitigate market risks, meet future challenges and maintain business growth.

Performance of Group

In compliance with section 236(5) of the Companies Ordinance, 1984 attached with this report are the consolidated financial statements of Thatta Cement Company Limited (the holding company) and M/s Thatta Power (Private)Limited (subsidiary company) and M/s Al-Abbas Cement Industries Limited (associated company) for the year ended June 30, 2012.

Operating Results

Balance Sheet	**June 30, 2012 (Rupees in thousand)**
Property, plant and equipment	1,214,654
Stock-in-Trade	229,279
Trade Debts	138,782
Paid-up share capital	997,181
Total Equity	977,321
Trade and other payables	498,286
Short Term Borrowings	416,346
Profit and Loss	
Revenue	2,314,211
Gross Profit	250,092
Selling & Distribution and Administrative expenses	181,551
Operating profit	68,541
Profit before taxation	17,175
Loss after taxation	(24,801)

Investment in Thatta Power (Private) Limited - Captive Power Plant

Thatta Cement Company Limited (TCCL) is the holding company of Thatta Power (Private) Limited (TPPL), a subsidiary of TCCL, which was incorporated in order to ensure uninterrupted power supply to the cement plant and sell surplus power to HESCO.

During the year, ordinary shares (number of shares: 2,991,581) having face value of Rs. 100/- each of TPPL, the subsidiary company, were allotted to the Company.

The investment in TPPL by the Company will bring benefits of cost efficiencies and cost reduction opportunities. TPPL will fulfill the power requirements of the Company; facilitate sustained plant operation as well as it will also help in reducing the substantial incremental power costs of re-starting the plant due to frequent power breakdowns.

Further, in the last quarter of financial year ended June 30, 2012, TPPL had offered right option having aggregate value of Rs. 180 million divided into 1.8 million shares which were subscribed by M/s Rotacast Engineering (Pvt.) Limited (REL), an Arif Habib Group Company.

Work on site preparation was started in January/February 2012 with the excavations of engine foundations. Construction of all the foundation pads and other civil works is substantially complete. Shipment of engines has been made by Jenbacher and the same have arrived as per schedule. Commercial operation is expected during November 2012.

Corporate Social Responsibility

Being a responsible corporate citizen, 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 operates. In this respect, the Company provides education facilities to school level students, operate free OPD facilities and provide other medical facilities to the local residents in Thatta.

Related Party Transactions

All related party transactions 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 in compliance with the Listing Regulations of the Karachi Stock Exchange 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 Stock Exchange. All necessary steps are being taken to ensure Good Corporate Governance in the Company as required under the Code.

a. The financial statements, prepared by the Company, 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 except for change in accounting policy as explained in Note 5.5 and 8.2 to the 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 therefrom.

e. The system of internal control has been effectively implemented and is continuously reviewed and monitored.

f. We have an Audit Committee, the members of which are amongst non-executive Directors of the 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. The Company has developed a Code of Conduct, which after approval of the Board will also be placed on website of the Company.

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 for its employees. Stated below are the amounts charged by the Company in profit and loss:

• Provident Fund	Rs. 3,774,982
• Gratuity Fund	Rs. 6,232,236

The value of investments of retirement benefit plans of Thatta Cement Company Limited as on June 30, 2012 are as follows:

• Provident Fund	Rs. 21,019,862
• Gratuity Fund	Rs. 19,066,082

m. Loss per share for the year was Re. 0.44 as against loss per share of Re. 0.93 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 shareholdings.

   ii. Key operating and financial statistics for the last six years.

   iii. Statement of number of Board and Audit Committee meetings held during the year and attendance by each director (Annexure I).

   iv. Statement of trading of shares by Directors, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer & Company Secretary and their spouses and minor children (Annexure II).

EXTERNAL AUDITORS

The Board of Directors, on the recommendation of Audit Committee of the Company has proposed the appointment of M/s. KPMG Taseer Hadi & Co., Chartered Accountants, as external auditors, for the year ending on June 30, 2013. The retiring auditors M/s. Hyder Bhimji & Co., Chartered Accountants being eligible have offered themselves for reapointment in the forthcoming Annual General Meeting. A notice under section 253(1) of the Companies Ordinance, 1984 has been received from a shareholder of the Company for the change in auditor.

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: September 18, 2012

Muhammad Fazlullah Shariff
Chief Executive Officer

ABSTRACT OF INCREASE IN REMUNERATION OF THE CHIEF EXECUTIVE OFFICER OF THE COMPANY

September 18, 2012
To : All Members of the Company

Subject: Increase in remuneration of the Chief Executive Officer (CEO) of the Company

Dear Member

This is to inform you that in terms of section 218 of Companies Ordinance, 1984, the Board of Directors of the Company have in the meeting held on September 18, 2012, increased the monthly remuneration of Mr. Muhammad Fazlullah Shariff - Chief Executive Officer (CEO) of your Company from Rs. 535,500/- to Rs. 615,825/- per month (gross), inclusive of allowances, with effect from July 1, 2012. 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 and gratuity as per Company rules.

No other Director of the Company has any interest in such variation.

Regards

Muhammad Taha Hamdani
Company Secretary

Annexure I

Attendance of Directors in Board Meetings held during the year ended June 30, 2012:

Name	No.of Meetings	Meeting attended
Mr. Muhammad Arif Habib – Chairman	5	4
Mr. Muhammad Fazlullah Shariff - Chief Executive Officer	5	4
Mr. Nasim Beg - Director	5	4
Mr. Asadullah Khawaja - Director (Resigned on February 17, 2012)	2	-
Mr. Muhammad Khubaib - Director (Resigned on September 30, 2011)	1	-
Mr. Shahid Aziz Siddiqui – Director	5	4
Mr. Wazir Ali Khoja - Director	5	3
Mr. Khawaja Mohammad Salman Younis (Appointed on October 1, 2011)	4	3
Mr. Naveed Rabbani (Appointed on Feburary 18, 2012)	2	2

Attendance of Audit Committee Meetings held during the year ended June 30, 2012:

Name	No.of Meetings	Meeting attended
Mr. Shahid Aziz Siddiqui - Chairman	2	2
Mr. Nasim Beg - Member	5	5
Mr. Khawaja Mohammad Salman Younis - Member (Appointed on October 1, 2011)	4	3
Mr. Naveed Rabbani - Member (Appointed on Feburary 18, 2012)	2	1
Mr. Asadullah Khawaja - Member (Resigned on Feburary 17, 2012)	2	-
Mr. Muhammad Khubaib - Member (Resigned on September 30, 2011)	1	-

Annexure II

A statement showing the Company's shares bought and sold by its Directors, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer & Company Secretary and their spouses and minor children.

Name of Director	Shares bought	Shares sold
Mr. Asadullah Khawaja	-	125
Mr. Muhammad Khubaib	-	125
Mr. Khawaja Mohammad Salman Younis	125	-
Mr. Naveed Rabbani	125	-

PATTERN OF SHAREHOLDINGS CDC AND PHYSICAL AS ON JUNE 30, 2012

Number of Shareholders	Shareholdings From	Shareholdings To	Total Shares Held
71	1	100	740
746	101	500	368,234
119	501	1,000	102,948
54	1,001	5,000	110,273
4	5,001	10,000	31,145
1	10,001	15,000	12,000
1	15,001	20,000	17,500
1	25,001	30,000	30,000
1	50,001	55,000	54,870
1	60,001	65,000	62,500
1	65,001	70,000	68,000
2	80,001	85,000	168,469
1	85,001	90,000	85,331
1	615,001	620,000	616,000
1	1,245,001	1,250,000	1,250,000
1	2,335,001	2,360,000	2,359,500
1	2,680,001	2,685,000	2,684,026
1	3,370,001	3,375,000	3,375,000
1	3,605,001	3,610,000	3,606,080
1	7,495,001	7,500,000	7,500,000
1	8,460,001	8,465,000	8,462,835
1	9,030,001	9,035,000	9,033,750
1	9,855,001	9,860,000	9,859,862
1	22,355,001	22,360,000	22,359,062
1	27,495,001	27,500,000	27,500,000
1,015			99,718,125

COMBINED PATTERN OF CDC AND PHYSICAL SHAREHOLDINGS AS AT JUNE 30, 2012

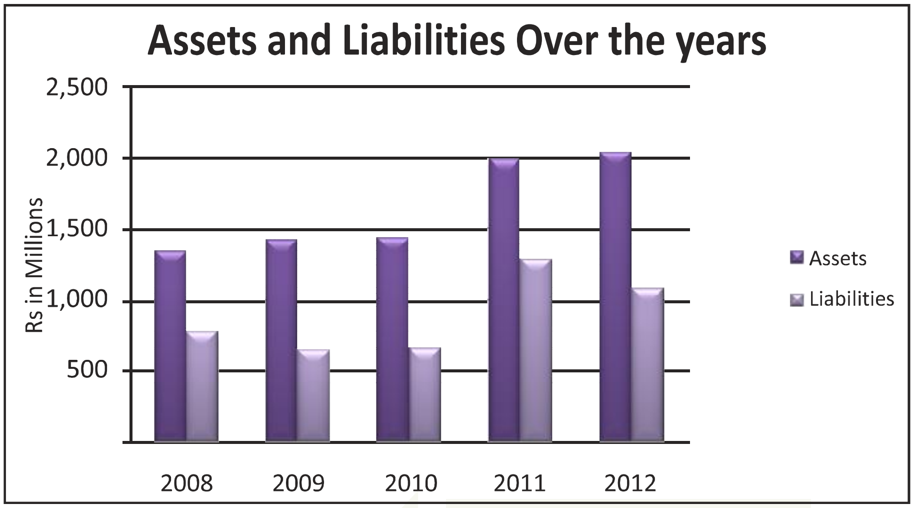
Category No.	Categories of Shareholders	No. of shares held	Category wise no. of shareholders	Category wise shares held	Percentage %
1	INDIVIDUALS		988	1,636,864	1.64
2	INVESTMENT COMPANIES		-	-	-
3	JOINT STOCK COMPANIES		10	27,646	0.03
4	DIRECTORS, CHIEF EXECUTIVE OFFICER, THEIR SPOUSE AND MINOR CHILDREN		5	63,000	0.06
	- MUHAMMAD ARIF HABIB	62,500			
	- MUHAMMAD FAZLULLAH SHARIFF	125			
	- NASIM BEG	125			
	- KHAWAJA MOHAMMAD SALMAN YOUNIS	125			
	- NAVEED RABBANI	125			
5	EXECUTIVES		-	-	-
6	MUTUAL FUNDS		3	7,215,580	7.24
	- CDC TRUSTEE - NAFA STOCK FUND	1,250,000			
	- NATIONAL BANK OF PAKISTAN - TRUSTEE DEPARTMENT NI(U)T FUND	3,606,080			
	- CDC TRUSTEE NIT - EQUITY MARKET OPPORTUNITY	2,359,500			
7	ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES		5	70,039,673	70.24
	- ARIF HABIB CORPORATION LIMITED	9,033,750			
	- SUMMIT BANK LIMITED	8,462,835			
	- ARIF HABIB LIMITED	2,684,026			
	- ARIF HABIB EQUITY (PVT) LIMITED	49,859,062			
8	PUBLIC SECTOR COMPANIES AND CORPORATIONS		-	-	-
9	BANKS, DFIs, NBFIs, INSURANCE COMPANIES, MODARBAS AND PENSION FUNDS		3	20,734,862	20.79
10	FOREIGN INVESTORS		1	500	-
11	CO-OPERATIVE SOCIETIES		-	-	-
12	CHARITABLE TRUSTS		-	-	-
13	OTHERS		-	-	-
	Total		**1,015**	**99,718,125**	**100.00**

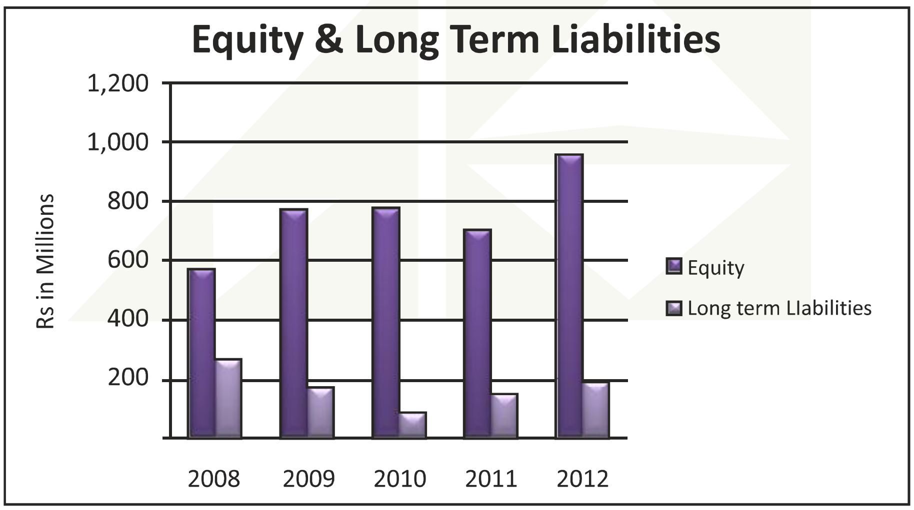
SHAREHOLDERS HOLDING FIVE PERCENT OR MORE VOTING INTEREST IN THE COMPANY			
TOTAL PAID-UP CAPITAL OF THE COMPANY		99,718,125	SHARES
5% OF THE PAID-UP CAPITAL OF THE COMPANY		4,985,906	SHARES
NAME(S) OF SHAREHOLDER(S)	**DESCRIPTION**	**NO. OF SHARES HELD**	**PERCENTAGE**
ARIF HABIB EQUITY (PVT) LTD	FALLS IN CATEGORY # 7	49,859,062	50.00
NATIONAL BANK OF PAKISTAN	FALLS IN CATEGORY # 9	9,859,862	9.89
ARIF HABIB CORPORATION LIMITED	FALLS IN CATEGORY # 7	9,033,750	9.06
SUMMIT BANK LIMITED	FALLS IN CATEGORY # 7	8,462,835	8.49
STATE LIFE INSURANCE CORPORATION OF PAKISTAN	FALLS IN CATEGORY # 9	7,500,000	7.52

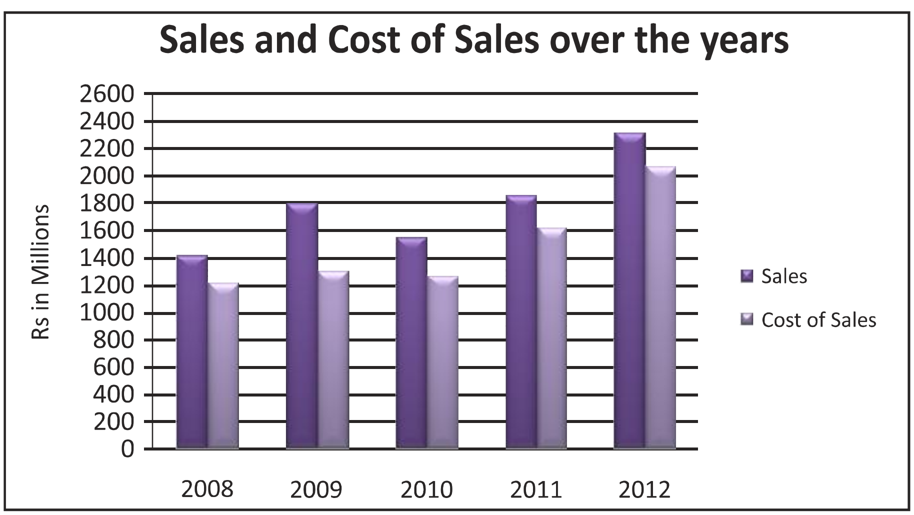
KEY OPERATING AND FINANCIAL STATISTICS OF SIX YEARS
For the year ended June 30, 2012

	2012	2011	2010	2009	2008	2007
	Rupees in thousand					
Assets Employed						
Property, plant and equipment	**793,874**	804,663	848,781	822,149	744,289	780,810
Intangible assets	**3,366**	3,216	3,116	2,616	-	159
Long term deposits	**792**	792	88	88	2,708	3,320
Long term investment in associate	**127,847**	127,847	-	-	-	-
Long term investment in subsidiary	**299,158**	-	-	-	-	-
Current assets	**816,950**	1,055,648	585,639	594,336	599,355	1,288,449
	2,041,987	1,992,166	1,437,624	1,419,189	1,346,352	2,072,738
Financed by						
Shareholders equity	**958,240**	702,968	775,563	770,811	570,749	531,227
Long term financing	**131,785**	103,037	41,666	83,333	166,662	263,886
Current portion of long term finance	**57,919**	46,147	41,667	83,332	97,224	749,724
	189,704	149,184	83,333	166,665	263,886	1,013,610
Long term deposits & deferred liabilities	**51,639**	39,222	48,681	57,934	21,988	6,456
Current liabilities	**900,323**	1,146,939	571,714	507,111	586,953	1,271,169
Current portion of long term finance	**(57,919)**	(46,147)	(41,667)	(83,332)	(97,224)	(749,724)
	842,404	1,100,792	530,047	423,779	489,729	521,445
Total funds invested	**2,041,987**	1,992,166	1,437,624	1,419,189	1,346,352	2,072,738
Turnover and Profit						
Turnover	**2,314,211**	1,854,649	1,544,124	1,795,109	1,415,463	1,039,436
Gross profit	**250,092**	239,031	277,353	496,977	207,312	211,807
Operating (loss) / profit	**71,419**	(37,762)	40,577	340,551	79,965	148,324
(Loss) / profit before tax	**(7,422)**	(64,188)	1,769	263,398	53,796	58,590
(Loss) / profit after tax	**(43,882)**	(74,495)	942	203,872	39,522	46,652
(Loss) carried forward	**(138,659)**	(94,777)	(22,182)	(23,124)	(226,996)	(266,518)
(Loss) / earning(s) per share (Rupees)	**(0.44)**	(0.93)	0.01	2.56	0.50	0.58
Breakup value per share (Rupees)	**9.61**	8.81	9.72	9.66	7.15	6.66
Ratio Analysis						
Profitability	In percentage %					
Gross profit to sales	**10.81**	12.89	17.96	27.69	14.65	20.38
Operating (loss) / profit to sales	**3.09**	(2.04)	2.63	18.97	5.65	14.27
(Loss) / profit before tax to sales	**(0.32)**	(3.46)	0.11	14.67	3.80	5.64
Net (loss) / profit after tax to sales	**(1.90)**	(4.02)	0.06	11.36	2.79	4.49
Solvency						
Working capital ratio	**0.91**	0.92	1.02	1.17	1.02	1.01
Acid test ratio	**0.28**	0.50	0.26	0.28	0.38	0.67
Inventory turnover (COGS) - times	**39.66**	51.75	66.87	49.73	54.69	71.83
Overall Assessment & Valuation						
Return on equity after tax	**(4.58)**	(10.60)	0.12	26.45	6.92	8.78
Long term debts to equity ratio	**16.53**	17.51	9.70	17.78	31.62	65.61
Return on assets	**(2.15)**	(3.74)	0.07	14.37	2.94	2.25

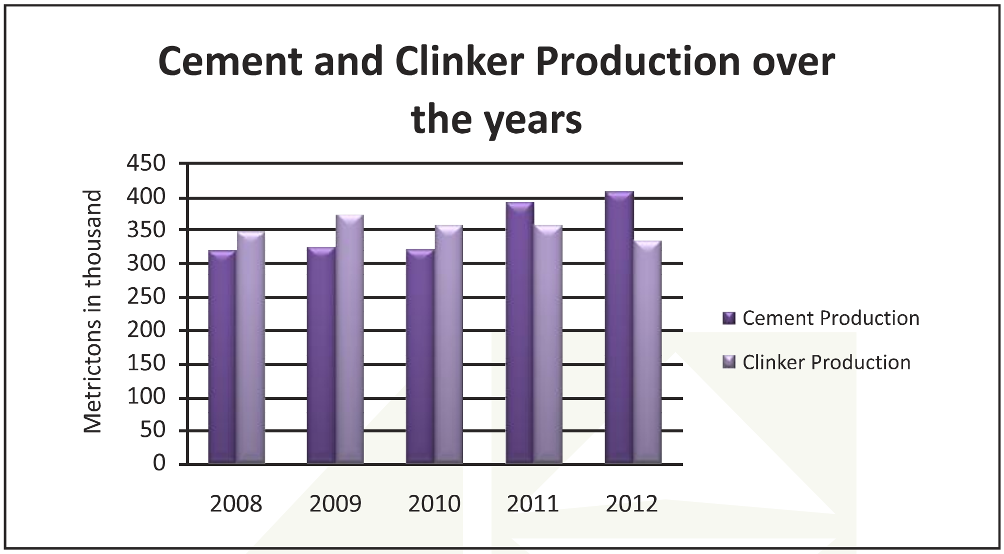
Financial Highlights

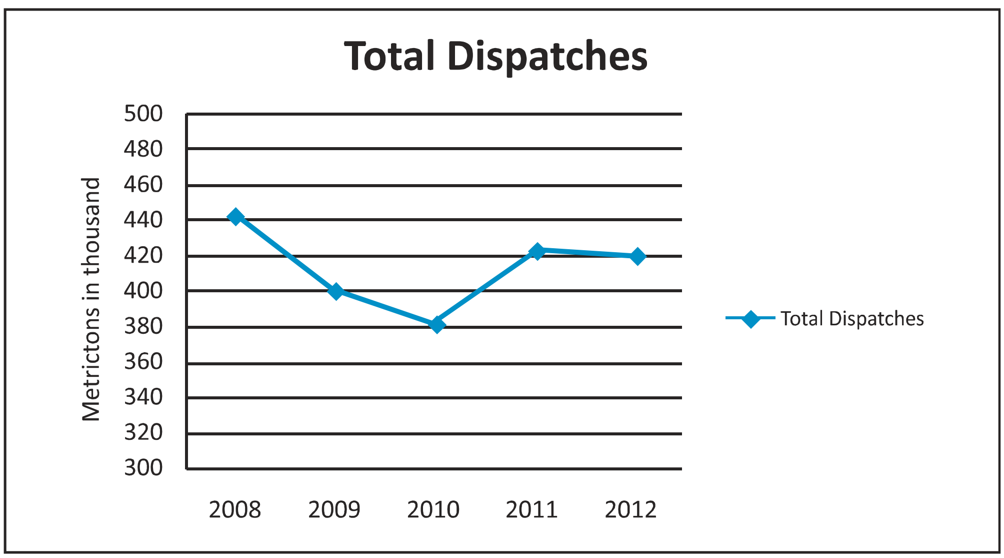






Financial Highlights





Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the shareholders of **Thatta Cement Company Limited** will be held at Beach Luxury Hotel, M. T. Khan Road, Karachi on Tuesday, October 16, 2012 at 3:00 pm to transact the following business:

A. Ordinary Business

1. To confirm the minutes of Annual General Meeting of the shareholders held on October 22, 2011.

2. To receive, consider and adopt Annual Audited Financial Statements of the Company together with the Directos' and the Auditors' reports thereon for the year ended June 30, 2012 together with the Audited Consolidated Financial Statements of the Company and the Auditors' report thereon for the year ended June 30, 2012.

3. To appoint external auditors of the Company for the year ending June 30, 2013 and fix their remuneration. The Board of Directors, on recommendation of the Audit Committee of the Company, has proposed appointment of M/s. KPMG Taseer Hadi & Co., Chartered Accountants as external auditors, for the year ending June 30, 2013. The retiring auditors M/s. Hyder Bhimji & Co., Chartered Accountants being eligible have offered themselves for re-appointment. A notice under section 253(1) of the Companies Ordinance, 1984 has been received from a shareholder of the Company for the change in auditor.

4. To elect seven (7) Directors of the Company as fixed by the Board for a term of three years commencing from October 17, 2012 in accordance with the provisions of Section 178(1) of the Companies Ordinance, 1984. Retiring Directors are Mr. Muhammad Arif Habib, Mr. Muhammad Fazlullah Shariff, Mr. Nasim Beg, Mr. Shahid Aziz Siddiqui, Mr. Wazir Ali Khoja, Mr. Khawaja Mohammad Salman Younis and Mr. Naveed Rabbani.

   The retiring directors are eligible for re-election.

B. Special Business

5. **Amendment in the Memorandum and Articles of Association of the Company for the increase in Authorised Share Capital**

   To consider and approve with or without any amendment the following resolution as special resolution:

   RESOLVED that Authorised Share Capital of Thatta Cement Company Limited be and hereby increased to Rs. 2,000,000,000/- (Rupees Two Billion Only) divided into 200,000,000 (Two Hundred Million) Ordinary Shares of Rs. 10/- each from existing Authorized Share Capital of Rs. 1,000,000,000/- (Rupees One Billion Only) divided into 100,000,000 (One Hundred Million) Ordinary Shares of Rs. 10/- each.

   FURTHER RESOLVED that Clause 53(iii) of the Memorandum of Association and Clause 7 of Articles of Association, be and is hereby altered and replaced to read as follows:

   "The Authorized Share Capital of Thatta Cement Company Limited is Rs. 2,000,000,000/- (Rupees Two Billion Only) divided into 200,000,000 (Two Hundred Million) Ordinary Shares of Rs. 10/- each with powers to increase or reduce the Capital and to divide the Shares for the time being into several classes, and to consolidate or sub-divide the Shares and issue Shares of the higher or lower denomination. However, that rights as between various classes of Ordinary Shares (if any) as to profits, votes and other benefits shall be strictly proportionate to the paid-up value of the Shares."

   FURTHER RESOLVED that the Chief Executive and / or Company Secretary, be and hereby authorized to complete all necessary formalities in this regard.

   A statement as required under section 160(1)(b) of the Companies Ordinance, 1984 is being sent to the members along with the notice.

6. **Investment under section 208 - Cement Grinding & Packing Plant in Sri Lanka**

   To consider and approve with or without any amendment the following resolution as special resolution:

   RESOLVED that the consent and approval be and is hereby accorded under section 208 of the Companies Ordinance, 1984 for investments in associated undertaking subject to the terms and conditions mentioned in the annexed statement under section 160(1)(b) of the Companies Ordinance, 1984.

Name of Company	Proposed amount for Equity Investment
Thatta Cement Company (Pvt.) Limited	USD 3.06 million

   FURTHER RESOLVED that the Chief Executive and / or the Company Secretary, be and hereby authorised to take and do and / or cause to be taken or done any / all necessary actions, deeds and things which are or may be necessary for giving effect to the aforesaid resolution and to do all acts, matters, deeds, and things which are necessary, incidental and / or consequential to the investment of the Company's funds as above as and when required at the time of investment.

A statement as required under section 160(1)(b) of the Companies Ordinance, 1984 is being sent to the members along with the notice.

7. To transact any other business with the permission of the Chair.

By Order of the Board

Karachi: September 18, 2012

Muhammad Taha Hamdani
Company Secretary

Notes:

1. The Share Transfer Books of the Company for Ordinary Shares will remain closed from October 9, 2012 to October 16, 2012 (both days inclusive) for determining the entitlement of shareholders to attend the Annual General Meeting.

a. Physical transfers and deposit requests under Central Depository System received at the close of business on October 8, 2012 by the Company's Registrar i.e. Noble Computer Services (Pvt.) Limited, Mezzanine Floor, House of Habib Building (Siddiqsons Tower), 3-Jinnah Cooperative Housing Society, Main Shahrah-e-Faisal, Karachi 75350, will be treated as being in time for entitlement to attend the meeting.

b. 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.

c. Duly completed forms of proxies must be received at the Head Office of the Company not less than 48 hours before the time of the meeting.

d. Beneficial owners of the physical shares and the shares registered in the name of Central Depository Company of Pakistan Ltd. (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, address and CNIC numbers must be mentioned on the form, along with attested copies of CNIC or 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 with the proxy form.

e. Every candidate contesting for election as a Director, whether he is a retiring Director or otherwise shall file with the Company not later than fourteen (14) days before the date of Annual General Meeting a notice of his intention to offer himself as a Director alongwith the consent to serve as a Director in the prescribed Form 28, a detailed profile alongwith his/her relevant declarations as required under the Code of Corporate Governance to his appointment as Director of the Company.

f. He/she should also confirm that:
   i) He/she is not ineligible to become a Director of the Company under any applicable laws and regulations (including Listing Regulations of Karachi Stock Exchange).
   ii) He/she is not serving as a Director in more than seven listed companies.
   iii) Neither he/she nor his/her spouse is engaged in the business of brokerage or is a sponsor, Director or officer of a corporate brokerage house.

2. SECP has also directed vide SRO No. 831(1)/2012 dated July 05, 2012 to issue dividend warrant only crossed as "A/c Payee only" and should bear the Computerised National Identity Card (CNIC) of the registered member. Members, who have not yet submitted photocopy of their valid CNIC are requested to send the same at the earliest directly to the Company's Share Registrar.

3. As directed by SECP vide Circular No. 18 of 2012 dated June 5, 2012, we give you (the shareholder) the opportunity to authorize the Company to directly credit in your bank account with cash dividend, if any, declared by the Company in future. If you wish that the cash dividend if declared by the Company be directly credited into your bank account, instead of issuing a dividend warrant, please provide the following details:

Title of Bank Account	
Bank Account Number	
Bank's Name	
Branch Name and Address	
Landline number of Shareholder, if any	

4. Shareholders are requested to notify immediately to Share Registrar of any change in their address.

Statement under section 160(1)(b) of the Companies Ordinance, 1984

Material facts concerning special business at the Annual General Meeting are given below:

1. Amendment in the Memorandum and Articles of Association of the Company for the increase in Authorised Share Capital

The existing Authorized Share Capital of the Company is Rs. 1,000,000,000/- (Rupees One Billion Only). Company needs additional funds to cater its business growth. Additionally, with great potentials for strategic investments in new and existing projects, the Company would need additional funds. The increase in Authorized Share Capital would be in the interest of the Company and its shareholders, whereas no prejudice will be caused to any shareholder. The interest of the Directors and Chief Executive Officer is only limited to the extent of their being Director and Chief Executive Officer and ordinary shareholders of the Company. It is therefore proposed to increase the Authorized Share Capital so as to enable the Company to increase its paid-up capital by offering right shares and / or bonus shares to members, in future as and when decided by the Board after fulfilling necessary regulatory requirements.

Comparative statement of proposed changes in Memorandum and Articles of Association is as follows:

Existing clause 53(iii) of the Memorandum of Association

The Authorized Capital of the Company is Rs. 1,000,000,000/- (Rupees One Billion Only) divided into 100,000,000 (One Hundred Million) Ordinary shares of Rs. 10/- each with powers to increase or reduce the Capital or to divide the Shares for the time being into several classes, and to consolidate or sub-divide the Shares and issue Shares of the higher or lower denomination.

Clause 53(iii) of the Memorandum of Association after amendment

The Authorized Share Capital of Thatta Cement Company Limited is Rs. 2,000,000,000/- (Rupees Two Billion Only) divided into 200,000,000 (Two Hundred Million) Ordinary Shares of Rs. 10/- each with powers to increase or reduce the Capital and to divide the Shares for the time being into several classes, and to consolidate or sub-divide the Shares and issue Shares of the higher or lower denomination. However, that rights as between various classes of Ordinary Shares (if any) as to profits, votes and other benefits shall be strictly proportionate to the paid-up value of the Shares.

Existing clause 7 of the Articles of Association

The Authorized Capital of the Company is Rs. 1,000,000,000/- (Rupees One Billion Only) divided into 100,000,000 (One Hundred Million) Ordinary shares of Rs. 10/- each with powers to increase or reduce the Capital and to divide the Shares for the time being into several classes provided however, that rights as between various classes of ordinary shares (if any) as to profits, votes and other benefits shall be strictly proportionate to the paid-up value of the shares.

Clause 7 of the Articles of Association after amendment

The Authorized Share Capital of Thatta Cement Company Limited is Rs. 2,000,000,000/- (Rupees Two Billion Only) divided into 200,000,000 (Two Hundred Million) Ordinary Shares of Rs. 10/- each with powers to increase or reduce the Capital and to divide the Shares for the time being into several classes, and to consolidate or sub-divide the Shares and issue Shares of the higher or lower denomination. However, that rights as between various classes of Ordinary Shares (if any) as to profits, votes and other benefits shall be strictly proportionate to the paid-up value of the Shares.

2. Investment under section 208 - Cement Grinding & Packing Plant in Sri Lanka

2.1 The Board of Directors of Thatta Cement Company Limited has proposed the limits for equity investment along with other particulars for investment in its associated company subject to the consent of members under section 208 of the Companies Ordinance, 1984. The principle purpose of this special resolution is to obtain consent of shareholders to expand the business and increase its revenue through business venture in Sri Lanka to avail the business opportunities that exists in the overseas market.

2.2 A cement grinding and packing plant having a capacity of 1,000,000 tons per annum will be established in Sri Lanka near the port of Hambantota and a new entity will be formed and registered in Sri Lanka for this purpose under the name and style of Thatta Cement Company (Private) Limited. Total project cost is estimated to be USD 20 million which will be finance in a debt to equity ratio of 70:30. The project will be a joint venture between Thatta Cement Company Limited and an International business group and the former will be investing 51% (USD 3.06 million) equity in the project.

2.3 At present, the process for registration of Thatta Cement Company (Private) Limited has been initiated and Articles of Association has been submitted with the Registrar of Companies in Sri Lanka. Also the Business Venture Agreement (BVA) has been submitted with the Sri Lanka Ports Authority (SLPA) which is under their consideration.

2.4 Further, the tenure of the project is 25 years. The construction / commissioning of the project will be completed within 24 months of signing of BVA with SLPA. This project will open new horizons of success for the Company and will result in wealth maximization of the shareholders by appreciation in market capitalization as well as in the form of regular stream of dividends.

Equity Investment

S.No.	Description	Information
1.	Name of associated company or undertaking along with criteria based on which the associated relationship is established.	Thatta Cement Company (Private) Limited, a company to be registered in Sri Lanka.
2.	Purpose, Benefits and period of investment.	To setup the cement grinding, storing and packing facility in Sri Lanka at the port of Hambantota for the benefit of the Company and to earn better returns in the long run on strategic investment by capturing the opportunities at the right time.
3.	Maximum amount of investment.	An aggregate limit of equity investment of USD 3.06 million.
4.	Maximum price at which securities will be acquired.	At par.
5.	Maximum number of securities to be acquired.	Please refer the paragraph no 2.1 to 2.4 above.
6.	Number of securities and percentage thereof held before and after the proposed investment.	Please refer the paragraph no 2.1 to 2.4 above.
7.	In case of investment in listed securities, average of the preceding twelve weekly average price of the security intended to be acquired.	Not applicable.
8.	In case of investment in unlisted securities, fair market value of such securities determined in terms of regulation 6(1).	Not applicable.
9.	Break-up value of securities intended to be acquired on the basis of latest audited financial statements.	Not applicable.
10.	Earnings per share of the associated company or undertaking for last three years.	Not applicable.
11.	Sources of funds from which securities will be acquired.	Company intends to offer right shares after approval from Board of Directors as well as necessary regulatory approvals.
12. i) ii)	Where the securities are intended to be acquired using borrowed funds: Justification for investment through borrowings ; and Detail of guarantees and assets pledged for obtaining such funds.	Not applicable.
13.	Salient features of agreements if any entered into with its associated company with regard to proposed investment.	Not applicable.
14.	Direct and indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated undertaking or the transaction under consideration.	None, except to the extent to their shareholding in the company.
15.	Any other important details necessary for the members to understand the transaction.	None.

S.No.	Description	Information
16.	In case of investment in securities of a project of an associated undertaking that has not commenced operations. In addition to above, the following further information is required:	
i)	description of project and its history since its conceptualization;	Please refer the paragraph no. 2.1 to 2.4 above.
ii)	starting and expected date of completion of work;	Please refer the paragraph no. 2.1 to 2.4 above.
iii)	Time by which such project shall become commercially operational;	Please refer the paragraph no. 2.1 to 2.4 above.
iv)	expected time by which the project shall start paying return on investment; and	After the start of commercial operation date.
v)	funds invested or to be invested by the promoters distinguishing between cash and non-cash amounts.	Please refer the paragraph no. 2.1 to 2.4 above.

The Directors have no additional interest except to the extent of their shareholding in the Company.

UNDERTAKING:

The Directors of the Company hereby undertake that before presenting the aforesaid special resolution for making investments in the above referred new entity that will be formed and registered in the name and style of Thatta Cement Company (Private) Limited under the laws of Sri Lanka, that they have carried out necessary due diligence for the proposed investment.

Statement of Compliance with the Code of Corporate Governance
For the year ended June 30, 2012

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 35 of Listing Regulations 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:

Category	Names
Independent Directors	Mr. Wazir Ali Khoja, Mr. Shahid Aziz Siddiqui, Mr. Naveed Rabbani & Mr. Khawaja Mohammad Salman Younis
Executive Director	Mr. Muhammad Fazlullah Shariff
Non-Executive Directors	Mr. Muhammad Arif Habib & Mr. Nasim Beg

The independent directors meet the criteria of independence under clause (i)(b) of the CCG.

2. The Directors have confirmed that none of them is serving as a Director in more than seven listed companies, including this Company, except for Mr. Wazir Ali Khoja and Mr. Shahid Aziz Siddiqui who have been given Letter of Dispensation of Clause III of Code of Corporate Governance, 2002 (CCG, 2002) by SECP vide letter dated January 28, 2011 valid till January 28, 2014 and Clause II of Code of Corporate Governance, 2012(CCG, 2012) by SECP vide letter dated September 4, 2012 respectively. In addition to that, one of the Director is serving as a Director in more than seven listed companies, including this Company. Compliance in this respect in line with the requirements of CCG will be made at the time of next election of Directors in accordance with the 'Implementation deadlines of Code of Corporate Governance 2012'.

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 DFI or NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. Two casual vacancies occurred during the year on Board on September 30, 2011 and February 17, 2012 which were filled up by the Directors within 1 day in both the cases.

5. The Company has prepared a 'Code of Conduct' and it will be ensured that appropriate steps have been taken to disseminate it throughout the company alongwith its supporting policies and procedures.

6. The Board has developed 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, 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. Mr. Shahid Aziz Siddiqui, one of the Director of the Company is already certified under Corporate Governance training program in December 2010, whereas training of remaining Directors will be undertaken in due course as per the requirement of clause xi of the CCG.

10. No new appointment of Chief Financial Officer (CFO) & Company Secretary has been made after revised CCG has taken affect. However, his remuneration and terms and conditions of employment have been duly approved by the Board. The Internal Audit function has been outsourced to a professional firm which has also been 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 disclosed in the pattern of shareholdings.

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

15. The Board has formed an Audit Committee. It comprises of four members, all are non-executive Directors and the Chairman of the committee is an independent Director.

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 as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has formed an HR and Remuneration Committee. It comprises of three members of whom majority are non-executive Directors and the Chairman of the committee is an independent Director.

18. The Board has outsourced the internal audit function to M/s M. Yousuf Adil Saleem & Co., Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programe of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.

20. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to Directors, employees and stock exchange.

21. 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.

22. Material/price sensitive information has been disseminated among all the participants at once through stock exchange.

23. We confirm that all other material principles contained in the Code have been duly complied with.

For and on behalf of the Board

Karachi: September 18, 2012

Muhammad Fazlullah Shariff
Chief Executive Officer

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CHARTED ACCOUNTANTS

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REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance, for the year ended June 30, 2012, prepared by the Board of Directors of **M/S. Thatta Cement Company Limited** to comply with the listing Regulations No. 35 of the Karachi Stock Exchange Limited, 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, where 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's personnel 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 (x) of Listing Regulation 35 of Karachi Stock Exchange Limited requires the company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail 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 to check the approval of the related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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 for the year ended June 30, 2012.

Karachi: September 18, 2012

HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of **M/S. THATTA CEMENT COMPANY LIMITED** as at June 30, 2012 and the 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 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 except for the change as explained in note 5.5 of the annexed financial statements with which we concur;

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, 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, 2012 and of the loss, 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
Mohammad Hanif Razzak

Karachi: September 18, 2012

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Balance Sheet
As on June 30, 2012

	Note	June 30, 2012	June 30, 2011
		(Rupees in thousand)	Restated
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	**793,874**	804,663
Intangible assets	7	**3,366**	3,216
Long term investment in associate	8	**127,847**	127,847
Long term investment in subsidiary	9	**299,158**	-
Long term deposits		**792**	792
		1,225,037	936,518
CURRENT ASSETS			
Stores, spare parts and loose tools	10	**330,306**	262,106
Stock-in-trade	11	**229,279**	219,291
Trade debts	12	**138,782**	88,672
Loans and advances	13	**36,558**	26,720
Trade deposits and short term prepayments	14	**9,118**	6,209
Accrued interest	15	**63**	18,986
Other receivables	16	**5,471**	40,577
Sales tax refundable		**-**	39,183
Taxes refundable due from government		**56,897**	51,349
Income Tax refundable net of provision		**7,241**	5,799
Cash and bank balances	17	**3,235**	296,756
		816,950	1,055,648
		2,041,987	1,992,166
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital 100,000,000 (2011: 100,000,000) ordinary shares of Rs. 10/- each		**1,000,000**	1,000,000
Issued, subscribed and paid-up capital	18	**997,181**	797,745
Share premium		**99,718**	-
Accumulated loss		**(138,659)**	(94,777)
		958,240	702,968
ADVANCE AGAINST SUBSCRIPTION FOR RIGHT SHARES		**-**	276,654
		958,240	979,622
NON-CURRENT LIABILITIES			
Long term financing	19	**131,785**	103,037
Long term deposits	20	**3,581**	3,701
Deferred taxation	21	**48,058**	35,521
		183,424	142,259
CURRENT LIABILITIES			
Trade and other payables	22	**414,242**	297,417
Accrued markup	23	**11,816**	17,989
Current maturity of long term financing	19	**57,919**	46,147
Short term borrowings	24	**416,346**	508,732
		900,323	870,285
CONTINGENCIES AND COMMITMENTS	25		
		2,041,987	1,992,166

The annexed notes 1 to 42 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER **DIRECTOR**

PROFIT AND LOSS ACCOUNT
For the year ended June 30, 2012

	Note	June 30, 2012	June 30, 2011
		(Rupees in thousand)	Restated
Turnover - net	26	**2,314,211**	1,854,649
Cost of sales	27 & 6.5	**(2,064,119)**	(1,615,618)
Gross profit		**250,092**	239,031
Selling and distribution cost	28	**(108,276)**	(224,608)
Administrative expenses	29	**(70,397)**	(52,185)
		(178,673)	(276,793)
Operating profit / (loss)		**71,419**	(37,762)
Other operating expenses	30	**(2,626)**	(6,015)
Finance cost	31	**(96,498)**	(78,789)
		(99,124)	(84,804)
Share of loss from associate	8.2	**-**	(153)
Other operating income	32	**20,283**	58,531
Loss before taxation		**(7,422)**	(64,188)
Taxation			
- Current	33	**(23,606)**	(19,218)
- Prior		**(317)**	-
- Deferred		**(12,537)**	8,911
		(36,460)	(10,307)
Loss after taxation		**(43,882)**	(74,495)
Other comprehensive income		**-**	-
Total comprehensive loss for the year		**(43,882)**	(74,495)
Loss per share - basic and diluted	34	**(0.44)**	(0.93)

The annexed notes 1 to 42 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER **DIRECTOR**

CASH FLOW STATEMENT

For the year ended June 30, 2012

		Note	June 30, 2012	June 30, 2011
			(Rupees in thousand)	Restated
A.	**CASH FLOWS FROM OPERATING ACTIVITIES**			
	Loss before taxation		**(7,422)**	(64,188)
	Adjustment for:			
	Depreciation	6.3	**50,713**	52,596
	Finance cost	31	**96,498**	78,789
	Share of loss from associate	8	**-**	153
	Provision for doubtful debts		**-**	179
	Employee deferred benefits - gratuity	22.2.3	**6,232**	5,065
	Profit on disposal of property, plant and equipment	6.4	**(5,823)**	(24,086)
	Fixed assets written off	6.2	**1,252**	-
	Provision for slow moving / dead stores and spares		**-**	(300)
			148,872	112,396
	Operating cash flows before working capital changes		**141,450**	48,208
	(Increase) / decrease in current assets			
	Stores, spare parts and loose tools		**(68,200)**	(71,777)
	Stock-in-trade		**(9,988)**	19,575
	Trade debts		**(50,110)**	(39,202)
	Loans and advances and accrued interest		**9,085**	(32,734)
	Trade deposits and short term prepayments		**(2,909)**	1,918
	Other receivable & sales tax refundable		**74,289**	(18,895)
			(47,833)	(141,115)
	Increase in current liabilities			
	Trade and other payables excluding gratuity payable		**117,602**	65,493
	Gratuity payable - transferred from other liability	22.2	**41**	-
	Cash generated from / (used in) operations		**211,260**	(27,414)
	Finance cost paid		**(102,671)**	(71,924)
	Gratuity paid	22.2.1	**(7,050)**	(659)
	Taxes paid		**(30,913)**	(25,499)
			(140,634)	(98,082)
	Net cash generated from / (used in) operating activities	A	**70,626**	(125,496)
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
	Capital expenditure		**(42,575)**	(25,343)
	Addition in intangible assets		**(150)**	(100)
	Proceeds from disposal of property, plant and equipment		**7,222**	6,854
	Long term investment in associate		**-**	(128,000)
	Long term investment in subsidiary company		**(299,158)**	-
	Long term deposits - assets		**-**	(704)
	Net cash used in investing activities	B	**(334,661)**	(147,293)

		Note	June 30, 2012	June 30, 2011
			(Rupees in thousand)	Restated
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
	Repayment of long term financing		**(79,480)**	(41,667)
	Long term finance obtained		**120,000**	107,517
	Proceeds from issuance of right shares		**22,500**	276,654
	Long term deposits - liabilities		**(120)**	(548)
	Net cash generated from financing activities	C	**62,900**	341,956
	Net decrease in cash and cash equivalents (A + B +C)		**(201,135)**	69,167
	Cash and cash equivalents at beginning of the year		**(211,976)**	(281,143)
	Cash and cash equivalents at end of the year		**(413,111)**	(211,976)
	CASH AND CASH EQUIVALENTS			
	Cash and bank balances		**3,235**	296,756
	Short term borrowings		**(416,346)**	(508,732)
			(413,111)	(211,976)

The annexed notes 1 to 42 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER **DIRECTOR**

STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2012

	Note	Issued, subscribed and paid-up share capital	Share Premium	Accumulated loss	Total
		................(Rupees in thousand)................			
Balance as at July 1, 2010 - as originally stated		797,745	-	(22,182)	775,563
Impact of correction of error - restatement	6.5	-	-	1,900	1,900
Balance as at July 1, 2010 - as restated		797,745	-	(20,282)	777,463
Total comprehensive loss for the year ended June 30, 2011- restated		-	-	(74,495)	(74,495)
Balance as at June 30, 2011 - restated		797,745	-	(94,777)	702,968
Balance as at July 1, 2011 - restated		797,745	-	(94,777)	702,968
Total comprehensive loss for the year ended June 30, 2012				(43,882)	(43,882)
Ordinary shares issued at premium of Rs. 5/- per share		199,436	99,718	-	299,154
Balance as at June 30, 2012		997,181	99,718	(138,659)	958,240

The annexed notes 1 to 42 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER	DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

1 THE COMPANY AND ITS OPERATIONS

Thatta Cement Company Limited was incorporated in Pakistan in 1980 as a public limited Company. The shares of the Company are quoted at the Karachi Stock Exchange. The Company is a subsidiary of Arif Habib Equity (Private) Limited. The Company's main business activity is manufacturing and marketing of cement. The registered office of the Company is situated at Pardesi House, Survey No. 2/I, R. Y. 16, Old Queens Road, Karachi. The production facility of the Company is located at Ghulamullah Road, Makli, District Thatta, Sindh.

1.1 The Group comprises of:

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

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 and 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 BASIS OF PREPARATION

These financial statements have been prepared under the historical cost basis modified for certain employee retirement benefits and export trade debts which are stated as reported in their respective notes.

4 STANDARDS, AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARD AND INTERPRETATIONS

4.1 The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described below:

New and amended standards and interpretations

During the year, the following amendments, interpretations and improvements to the accounting standards became effective:

IFRS 7	Financial Instruments: Disclosures - (Amendment)
IAS 24	Related Party Disclosures (Revised)
IFRIC 14	Prepayments of a Minimum Funding Requirement (Amendment)

In May 2010, International Accounting Standards Board (IASB) issued amendments to various standards primarily with a view to removing inconsistencies and clarifying wordings. These improvements are listed below:

IFRS 7	Financial Instruments: Disclosures - Clarification of disclosures
IAS 1	Presentation of Financial Statements - Clarification of Statement of Changes in Equity
IAS 34	Interim Financial Reporting - Significant events and transactions
IFRIC 13	Customer Loyalty Programmes - Fair value of award credits

The adoption of aforesaid amendments and revisions have no material effect on financial statements except for disclosures.

4.2 Standards, interpretations and amendments to approved accounting standards that are not yet effective:

Standards, interpretations and amendments with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards or interpretations.

Standard, interpretation or amendment		Effective Date (accounting periods beginning on or after)
IFRS 7	Amendments enhancing disclosures about offsetting of financial assets and liabilities	January 1, 2013

Standard, interpretation or amendment		Effective Date (accounting periods beginning on or after)
IAS 1	Presentation of financial Statements - Presentation of items of comprehensive income	July 1, 2012
IAS 12	Income Taxes (Amendment) - Recovery of Underlying Asset	January 1, 2012
IAS 19	Employee Benefits - (Amendment)	January 1, 2013
IAS 32	Offsetting Financial Assets and Financial Liabilities - (Amendments)	January 1, 2014
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	January 1, 2013

The Company expects that the adoption of the above revisions, amendments and interpretations of the standards will not have any material impact on the Company's financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by Securities and Exchange Commission of Pakistan (SECP) for the purpose of the applicability in Pakistan.

Standard		Effective Date (accounting periods beginning on or after)
IFRS 9	Financial Instruments: Classification and Measurement	January 1, 2015
IFRS 10	Consolidated Financial Statements	January 1, 2013
IFRS 11	Joint Arrangements	January 1, 2013
IFRS 12	Disclosure of Interests in Other Entities	January 1, 2013
IFRS 13	Fair Value Measurement	January 1, 2013

5 SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Significant accounting estimates and judgments

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 policies. 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. Revision 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 Company's accounting policies, management has made the following estimates and judgments which are significant to these financial statements:

a) Property, plant and equipment; with respect to estimated useful life, residual value and related depreciation charge and impairment, if any.

b) Stores, spare parts and loose tools; with respect to provisions for obsolescence and slow moving stores and spares in accordance with the parameters set out by the management.

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

d) Deferred taxation; with respect to ratio of export and local sales.

e) Contingencies; The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non-occurrence of the uncertain future events with respect to evaluation based to element of issue involved and opinion of legal counsel.

f) Gratuity; with respect to actuarial valuation.

g) Stock-in-trade; with respect to determination of net realizable value.

h) Trade debts; with respect to its provision for doubtful debts.

i) Investment; with respect to their classification, valuation and impairment, if any.

5.2 Accounting policies and disclosures

The accounting policies adopted in preparation of these financial statements and disclosures are consistent with those of the previous financial year ended June 30, 2011 except in case of investment in associates as stated in note 5.5 and 8.2.

5.3 Property, plant and equipment

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except freehold land and capital work-in-progress which are stated at cost.

Depreciation is charged to profit and loss account applying the reducing balance method at the rates specified in note 6.1 except leasehold structural improvements which is depreciated / amortized on straight line basis. Depreciation on addition is charged from the month in which the asset is available for 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.

Normal maintenance and repairs are charged to profit and loss account as and when incurred whereas major renewals and improvements are capitalized.

Gain or loss on disposal of assets is included in profit and loss account.

5.4 Intangible assets

Intangible assets are recognized when it is probable that the expected future economic benefits will flow to the entity and the cost of the asset can be measured reliably. Cost of intangible asset includes purchase cost and directly attributable expenses incidental to bring the asset for its intended use.

Costs associated with maintaining computer software are recognized as an expense as and when incurred.

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged over the estimated useful life of the asset on a systematic basis applying the straight line method.

Useful lives of all intangible assets are reviewed, at each balance sheet date and adjusted if the impact of amortization is significant.

5.5 Investment in Subsidiary and Associated Company

The Company considers its subsidiary companies to be such entities in which the Company has control and / or ownership of fifty percent or more of the voting power.

The Company considers its associates to be such entities in which the Company has ownership of not less than twenty percent but not more than fifty percent, of the voting power and / or has significant influence through common directorship, but not control.

Change in accounting policy

Investment in subsidiaries and associates are carried at cost in accordance with IAS 27 'Consolidated and Separate Financial Statements'. Previously the same has been reported under equity method. This is a change in accounting policy in respect of investment in associate. The effect of change in accounting policy in prior year presented is immaterial hence the comparative amounts have not been restated. Had there been no change in accounting policy, loss after tax including share of profit from that associate would have been at Rs. 33.142 million.

5.6 Stores, spare parts and loose tools

These are stated at cost (calculated on moving average basis at monthly rest) less provision for dead and slow moving stores and spares except for the items in transit, which are valued and reported at cost.

5.7 Stock-in-trade

Stock-in-trade are valued at lower of weighted average cost and net realizable value except for raw and packing material which are valued at cost on moving average basis at monthly rest.

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

Work-in-process and finished goods are valued at weighted average cost comprising of material quarrying / purchase price, transportation, labour cost 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.

5.8 Trade debts

Local debts are recognized at fair value of consideration receivable less provision for doubtful debts. Export debts are initially recognized at the exchange rate prevailing on the date of dispatch and subsequently remeasured at each balance sheet date. Exchange gain / (loss) on remeasurement is taken to profit and loss. Debts considered irrecoverable are written off and appropriate provisions are made where recovery is considered doubtful.

5.9 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 in current, PLS and deposit accounts net of short term borrowings under markup arrangements, if any.

5.10 Employee benefits

5.10.1 Defined benefit plan

The Company operates an 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 value of the Company's obligations under the scheme at the balance sheet date less the fair value 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 Projected Unit Credit Actuarial Cost Method.

The present value of obligations are determined by discounting the estimated future cash outflows using interest rates of government bond. The government bonds are 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% or the value of the plan assets or 10% of the defined benefit obligation are credited or debited to profit and loss account over the employees' expected average remaining working lives.

5.10.2 Defined contribution plan

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

5.11 Borrowings and finance cost

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

Borrowing costs are recognized as an expense 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, is capitalized as part of the cost of that asset.

5.12 Taxation

Provision for current taxation is computed in accordance with the provisions of Income Tax Ordinance, 2001. 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 asset is recognized only to the extent that it is probable that future taxable profit will be available and the credits can be utilized.

5.13 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 as expense in the profit and loss account.

5.14 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 usually on dispatch of goods. Interest and rental / other income is recognized on accrual basis.

5.15 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 looses 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 derecognition of financial assets and financial liabilities are taken to profit and loss account.

5.16 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.

5.17 Provision

Provisions 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.

5.18 Foreign currency transactions

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

5.19 Functional and presentation currency

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

6 PROPERTY, PLANT AND EQUIPMENT

	Note	June 30, 2012	June 30, 2011
		(Rupees in thousand)	Restated
Operating fixed assets	6.1	**785,066**	803,767
Capital work-in-progress	6.6	**8,808**	896
		793,874	804,663

6.1 Operating fixed assets

Description	Cost at June 30, 2012	Accumulated depreciation at June 30, 2012	Net book value as at June 30, 2012	Cost at June 30, 2011	Accumulated depreciation at June 30, 2011	Net book value as at June 30, 2011	Rate
	--------- (Rupees in thousand) -------			--------- (Rupees in thousand) -------- Restated			
Freehold land	**6,186**	**-**	**6,186**	6,266	-	6,266	-
Leasehold improvements	**45,656**	**12,555**	**33,101**	45,656	7,989	37,667	10%
Quarries & improvements	**11,963**	**11,763**	**200**	11,963	11,752	211	5%
Factory building on freehold land	**237,543**	**180,145**	**57,398**	237,543	173,767	63,776	10%
Electrical installation	**25,657**	**3,660**	**21,997**	25,657	2,502	23,155	5%
Housing colonies	**72,294**	**52,310**	**19,984**	72,293	51,257	21,036	5%
Office building on freehold land	**22,281**	**17,577**	**4,704**	22,281	17,329	4,952	5%
Plant and machinery	**1,642,569**	**1,066,886**	**575,683**	1,630,332	1,037,166	593,166	5%
Quarry equipments	**18,040**	**18,012**	**28**	47,302	46,906	396	20%
Railway sidings	**14,905**	**12,784**	**2,121**	14,905	12,548	2,357	10%
Vehicles	**39,742**	**19,560**	**20,182**	39,789	18,131	21,658	10% & 20%
Furniture and fixtures	**6,264**	**4,918**	**1,346**	18,052	12,414	5,638	10%
Office equipments	**6,319**	**3,459**	**2,860**	3,995	3,278	717	10%
Laboratory & medical equipment	**50,551**	**14,902**	**35,649**	25,723	5,664	20,059	10%
Computers	**10,260**	**6,633**	**3,627**	10,626	7,913	2,713	30%
	2,210,230	**1,425,164**	**785,066**	2,212,383	1,408,616	803,767	

6.2 The following is the operating fixed assets schedule for the year:

-- 2011 - 2012 --

Description	Net book value as on July 01, 2011	Addition - cost	Written off	Deletion - WDV	Depreciation	Net book value as on June 30, 2012	Rate
	------------------ Rupees in thousand ------------------						
Freehold land	**6,266**	**-**	**-**	**(80)**	**-**	**6,186**	-
Leasehold improvements	**37,667**	**-**	**-**	**-**	**(4,566)**	**33,101**	10%
Quarries and improvements	**211**	**-**	**-**	**-**	**(11)**	**200**	5%
Factory building on freehold land	**63,776**	**-**	**-**	**-**	**(6,378)**	**57,398**	10%
Electrical installation	**23,155**	**-**	**-**	**-**	**(1,158)**	**21,997**	5%
Housing colonies	**21,036**	**-**	**-**	**-**	**(1,052)**	**19,984**	5%
Office building on freehold land	**4,952**	**-**	**-**	**-**	**(248)**	**4,704**	5%
Plant and machinery	**593,166**	**12,211**	**25**	**-**	**(29,719)**	**575,683**	5%
Quarry equipments	**396**	**-**	**(84)**	**(233)**	**(51)**	**28**	20%
Railway sidings	**2,357**	**-**	**-**	**-**	**(236)**	**2,121**	10%
Vehicles	**21,658**	**3,480**	**(441)**	**(1,057)**	**(3,458)**	**20,182**	10% & 20%
Furniture and fixtures	**5,638**	**405**	**(4,047)**	**-**	**(650)**	**1,346**	10%
Office equipments	**717**	**2,324**	**-**	**-**	**(181)**	**2,860**	10%
Laboratory & medical equipment	**20,059**	**13,414**	**3,993**	**-**	**(1,817)**	**35,649**	10%
Computers	**2,713**	**2,829**	**(698)**	**(29)**	**(1,188)**	**3,627**	30%
	803,767	**34,663**	**(1,252)**	**(1,399)**	**(50,713)**	**785,066**	

Description	Net book value as on July 1, 2010	Addition - cost	Deletion - WDV	Depreciation	Net book value as on June 30, 2011	Rate
	2010 - 2011					
	(Rupees in thousand) Restated					
Freehold land	6,266	-	-	-	6,266	-
Agricultural land	15,297	715	(16,012)	-	-	-
Leasehold improvements	41,519	771	-	(4,623)	37,667	10%
Quarries and improvements	222	-	-	(11)	211	5%
Factory building on freehold land	70,864	-	-	(7,088)	63,776	10%
Electrical installation	24,374	-	-	(1,219)	23,155	5%
Housing colonies	22,068	74	-	(1,106)	21,036	5%
Office building on freehold land	5,213	-	-	(261)	4,952	5%
Plant and machinery	613,254	10,924	-	(31,012)	593,166	5%
Quarry equipments	495	-	-	(99)	396	20%
Railway sidings	2,619	-	-	(262)	2,357	10%
Vehicles	23,178	4,319	(2,722)	(3,117)	21,658	10% & 20%
Furniture and fixtures	5,974	272	-	(608)	5,638	10%
Office equipments	778	30	(34)	(57)	717	10%
Laboratory & medical equipment	15,533	6,658	-	(2,132)	20,059	10%
Computers	3,027	687	-	(1,001)	2,713	30%
	850,681	24,450	(18,768)	(52,596)	803,767	

6.3 Allocation of depreciation

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

	Note	June 30, 2012	June 30, 2011
		(Rupees in thousand)	
Cost of sales	27	**44,430**	46,028
Selling & distribution cost	28	**1,359**	1,477
Administrative expenses	29	**4,924**	5,091
		50,713	52,596

6.4 Details of disposal of property, plant & equipment

Description	Mode of disposal	Cost	Written down value	Sales proceeds	Gain/ (loss)	Particulars of purchaser
		(Rupees in thousand)				
Assets above book value of Rs. 50,000/-						
Quarry equipments						
Dumper truck Uclid R32	Tender	7,099	72	883	811	M/s National Transport Company
Front showell - Caterpillar 245 B Series	------ do ------	13,930	119	2,164	2,045	------ do ------
Vehicle						
Suzuki Liana - ALE 672	Negotiation	669	580	415	(165)	Mr. M. Mustakeem
Suzuki Cultus - AHT 509	As per Company Rules	604	145	145	-	Mr. Abdul Rehman - Manager Mechanical-KMP
Suzuki Liana - ALS 165	------ do ------	883	292	292	-	Mr. Sher Ali Baloch - DGM Admin & Mining - KMP
Freehold land - 3 acres	At agreed price	80	80	1,684	1,604	Thatta Power (Pvt.) Ltd - a related party
Assets below book value of Rs. 50,000/-						
Quarry equipments	Tender	4,924	42	1,401	1,359	Various
Vehicles	------ do ------	764	40	216	176	------ do ------
Computer equipments	Negotiation	91	29	22	(7)	------ do ------
As on June 30, 2012		**29,044**	**1,399**	**7,222**	**5,823**	
As on June 30, 2011		21,518	18,768	42,854	24,086	

6.5 Restatement from Leasehold land to Freehold land

During the year land of the Company is re-classified as freehold, which was inadvertently treated as leasehold and was amortized over 99 years since 1984 in prior years. For correcting the error in accordance with the requirement of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', the opening balances of assets and equity have been restated for effecting of error in prior period presented, and comparative amounts have also been restated for the effecting in prior year presented. The effect of restatement on each financial statement line item is as follows:

	Opening accumulated loss as on July 01, 2011	Property, plant and equipment 2011	Amortization expense for 2011	Amortization expense in cost of sales in 2011
	------------------------ Rupees in thousand ------------------------			
Amounts as originally stated	(22,182)	802,700	52,659	46,091
Effect of restatement - amortization of leasehold land	1,900	1,963	(63)	(63)
Amounts as restated	(20,282)	804,663	52,596	46,028

Effect on comparative basic and diluted EPS is negligible.

6.6 Capital work-in-progress

	Cost at July 01, 2011	Capital expenditure incurred during the year	Transferred to tangible fixed assets	Cost at June 30, 2012
	------------------------ Rupees in thousand ------------------------			
Plant and machinery under erection	896	1,578	-	**2,474**
Advance for purchase of office equipment and furniture and fixtures	-	6,334	-	**6,334**
As on June 30, 2012	**896**	**7,912**	**-**	**8,808**
As on June 30, 2011	-	896	-	**896**

	Note	June 30, 2012	June 30, 2011
		(Rupees in thousand)	
7 INTANGIBLE ASSETS			
Capital work-in-progress	7.1	**3,366**	3,216
		3,366	3,216
7.1 Capital work-in-progress			
Opening balance		**3,216**	3,116
Addition during the year	7.1.1	**150**	100
Closing balance		**3,366**	3,216

7.1.1 This represents progress payments made in respect of acquisition of computer software and its implementation.

8 LONG TERM INVESTMENT IN ASSOCIATE

Al Abbas Cement Industries Limited - holding 7% (2011: 7%)
25,600,000 shares of Rs. 10/- each issued at
Rs. 5/- discount (2011: 25,600,000)

	Note	June 30, 2012	June 30, 2011
Cost of investment		**127,847**	128,000
Proportionate share of post acquisition loss	8.2	**-**	(153)
		127,847	127,847

8.1 Investment in shares of associate M/s Al Abbas Cement Industries Limited (AACIL), represents 25.6 million (2011: 25.6 million) fully paid shares of face value Rs. 10/- each, representing 7% (2011: 7%) of share capital of AACIL having cost of Rs. 128 million at Rs. 5/- per share.

8.2 For the year ended June 30, 2011, the Company had investment in associate and hence only separate financial statements were presented in accordance with IAS 27 'Consolidated and Separate Financial Statements' where the investment in associate is reported at cost of investment less share in post acquisition profit / loss from associate. The share of profit / loss from associate was taken to the profit and loss account. Whereas, for the year ended June 30, 2012, the Company has presented both stand alone and consolidated financial statements. Hence in stand alone financial statements, the investment in associate is reported at carrying amount of the investment as at June 30, 2011, whereas in consolidated financial statements the same is reported using the equity method in accordance with IAS 28 'Investment in Associates and Joint Ventures'.

8.3 Aggregate market value as at June 30, 2012 is Rs. 122.88 millions, whereas book value based on net assets attributable to the investment, as per audited financial statements of AACIL as at June 30, 2012 is Rs. 78.778 million, while value in use based on valuation of investee is more than the cost of investment.

	Note	June 30, 2012	June 30, 2011
		(Rupees in thousand)	
9 LONG TERM INVESTMENT IN SUBSIDIARY			
Thatta Power (Private) Limited - holding 100% 2,991,581 shares of Rs. 100/- each		**299,158**	-
		299,158	-

Thatta Power (Private) Limited (TPPL) is a wholly owned subsidiary of Thatta Cement Company Limited. The principal business of the subsidiary is generation, supply and transmission of electrical power. The subsidiary was incorporated under the Companies Ordinance, 1984 on November 12, 2010. TPPL has authorized and issued capital of Rs. 500 million and Rs. 299.158 million divided into 5,000,000 and 2,991,581 ordinary shares respectively. The allotment of these shares was made on July 28, 2011. The subsidiary is expected to achieve its commercial operation in the last quarter of the current calendar year.

	Note	June 30, 2012	June 30, 2011
10 STORES, SPARE PARTS AND LOOSE TOOLS			
Stores	10.1	**254,323**	188,792
Spare parts		**115,894**	113,256
Loose tools		**151**	120
		370,368	302,168
Less: Provision for dead stock		**(8,803)**	(8,803)
Provision for slow moving stores and spare parts		**(31,259)**	(31,259)
	10.2	**(40,062)**	(40,062)
		330,306	262,106

10.1 This includes stores in transit of Rs. 25.932 million (2011: Rs. 8.43 million) at the balance sheet date.

10.2 Reconciliation of carrying amount of above provision:

	June 30, 2012	June 30, 2011
Opening balance	**40,062**	40,362
(Reversal) made during the year	**-**	(300)
Closing balance	**40,062**	40,062

		Note	June 30, 2012	June 30, 2011
			(Rupees in thousand)	
11	**STOCK - IN - TRADE**			
	Raw material		**42,061**	21,624
	Packing material		**23,994**	29,259
	Work-in-process		**124,450**	130,557
	Finished goods		**38,774**	37,851
			229,279	219,291
12	**TRADE DEBTS**			
	Considered good			
	Export proceeds receivable - secured		**80,370**	14,766
	Local - unsecured		**58,412**	73,906
			138,782	88,672
	Considered doubtful			
	Cement stockiests	12.1	**60,801**	44,880
	Excessive rebate allowed	12.1	**6,101**	22,022
	Controller Military Accounts		**5,126**	5,126
	Other customers		**241**	421
			72,269	72,449
	Less: Provision for doubtful debts	12.2	**(72,269)**	(72,449)
			138,782	88,672

12.1 This includes balances outstanding for more than 5 years. The management contends that the amount recoverable from cement stockiests were misappropriated and certain unauthorized excessive rebates were allowed by collusion of certain personnel of the Company, when the Company was operating under State Cement Corporation of Pakistan (SCCP), 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 an amount of Rs. 2.276 million in the preceding years. Due to promulgation of NRO, the recoveries were stopped / held up. The matter has however been discussed with the NAB authorities who have informed that after finalization of case against alleged personnel, they will start recoveries, therefore provision has been maintained in respect of outstanding amount as a matter of prudence and abundant precaution.

12.2 Reconciliation of carrying amount of above provision:

		June 30, 2012	June 30, 2011
	Opening balance	**72,449**	72,270
	(Reversal) / provision made during the year - other customers	**(180)**	179
	Closing balance	**72,269**	72,449

		June 30, 2012	June 30, 2011
13	**LOANS AND ADVANCES**		
	Considered good		
	To employees	**104**	198
	Advances		
	- against letter of credit	**177**	4,876
	- bid bond - margin held by bank	**4,500**	4,500
	- guarantee margin	**3,165**	-
	- advance to suppliers	**24,732**	6,862
	- advance to contractors	**548**	4,396
	- others	**3,332**	5,888
		36,454	26,522
		36,558	26,720

			June 30, 2012	June 30, 2011
			(Rupees in thousand)	
14	**TRADE DEPOSITS AND SHORT TERM PREPAYMENTS**			
	Trade deposits		**6,089**	3,360
	Short term prepayments		**3,029**	2,849
			9,118	6,209
15	**ACCRUED INTEREST**			
	Interest on advance to Al Abbas Cement Industries Limited		**-**	18,890
	Other - from Banks	15.1	**63**	96
			63	18,986

15.1 This includes Rs. 0.006 million (2011: Rs. 0.001 million) receivable from Summit Bank Limited, a related party.

16	**OTHER RECEIVABLE**			
	Rebate receivable		**-**	2,198
	Others	16.1	**5,471**	38,379
			5,471	40,577

16.1 It includes receivable amounting to Rs. 2.054 million (2011: Rs. 2.029 million) and Rs. 1.613 million (2011: Rs. 1.659 million) from Thatta Power (Pvt.) Limited, a wholly owned subsidiary and Al Abbas Cement Industries Limited, an associated company respectively.

17	**CASH AND BANK BALANCES**			
	Cash in hand		**230**	105
	Balances with banks			
	in current accounts		**593**	15,052
	in PLS accounts	17.1 & 17.3	**1,403**	3,936
	in term deposit accounts	17.2	**1,009**	1,009
			3,005	19,997
	Right shares subscription account		**-**	276,654
			3,235	296,756

17.1 At June 30, 2012 the markup rates on PLS accounts ranges between 5% to 6% (2011: 5% to 6%) per annum.

17.2 The rates of markup on these deposit accounts were 5% (2011: 5%) per annum. It includes a deposit of Rs. 1 million (2011: Rs. 1 million) which is pledged against bank guarantee.

17.3 It includes an amount of Rs. 1.027 million (2011: Rs. 0.077 million) in PLS account of Summit Bank Limited, a related party.

18	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL**			
	Ordinary shares of Rs. 10/- each 89,418,125 (2011: 69,474,500) shares allotted for consideration paid in cash		**894,181**	694,745
	10,300,000 (2011: 10,300,000) shares allotted for consideration other than cash		**103,000**	103,000
			997,181	797,745

18.1 During the year ended June 30, 2012, the Company issued 19,943,625 ordinary shares of Rs. 10/- each at a premium of Rs. 5/- each. The shares were allotted on July 8, 2011.

18.2 M/s Arif Habib Equity (Pvt.) Limited, the Holding Company and other associated companies hold 49,859,062 shares (50%) and 20,180,611 shares (20.24%) {2011:39,887,250 (50%) and 14,484,310 (18.15%)} respectively in the share capital of the Company at respective year ends.

	Note	June 30, 2012	June 30, 2011
		(Rupees in thousand)	
19 LONG TERM FINANCING			
Loan from Banking companies			
National Bank of Pakistan - Secured 1	19.1	**103,037**	107,517
National Bank of Pakistan - Secured 2		**-**	41,667
National Bank of Pakistan - Secured 3	19.2	**86,667**	-
		189,704	149,184
Current maturity		**(57,919)**	(46,147)
		131,785	103,037

19.1 This facility is secured by first 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 Rs. 372 million inclusive of 30% margin. The facility carries a floating markup linked to 6 months KIBOR as base rate plus 2% on annualized basis. The tenure of financing is 7 years with 12 months grace period starting from the date of first disbursement. The facility is payable in 24 equal quarterly installments of Rs. 4.48 million each starting from 15th month from the date of first disbursement. The aggregate facility sanctioned is Rs. 260 million.

19.2 This facility is the second disbursement of Rs. 120 million from the above mentioned facility (note 19.1). The tenure of financing is 3 years from the date of first disbursement and this term finance facility is payable in 36 equal monthly installments of Rs. 3.33 million each starting from following month in which first disbursement was made. All other terms and conditions and markup rates are same as mentioned in note 19.1.

20 LONG TERM DEPOSITS

	Note	June 30, 2012	June 30, 2011
Dealers	20.1	**3,110**	2,109
Suppliers and contractors	20.1	**471**	1,592
		3,581	3,701

20.1 This represents interest free security deposits, received from dealers, suppliers and contractors and are repayable / adjustable on cancellation or withdrawal of dealership and completion of contract in case of suppliers and contractors.

21 DEFERRED TAXATION - NET

		June 30, 2012	June 30, 2011
Liability arising in respect of accelerated tax depreciation allowance		**119,186**	116,518
Assets arising in respect of			
provision for gratuity		**(1,644)**	(1,820)
other provisions - for doubtful debts and stores		**(34,383)**	(34,446)
minimum tax		**(35,101)**	(44,731)
		48,058	35,521

	Note	June 30, 2012	June 30, 2011
		(Rupees in thousand)	

22 TRADE AND OTHER PAYABLES

	Note	June 30, 2012	June 30, 2011
Trade creditors		**36,093**	21,602
Accrued liabilities		**131,274**	105,416
Bills payable		**179,860**	88,527
Advances from customers	22.1	**32,056**	47,771
Contractors retention money		**180**	2,536
Excise duty and sales tax payable		**25,727**	22,259
Employee deferred benefit - gratuity	22.2	**7,244**	8,021
Workers' Welfare Fund		**663**	-
Other liabilities		**1,145**	1,285
		414,242	297,417

22.1 It includes Rs. 0.357 million (2011: Rs. 0.284 million) payable to Safe Mix Concrete Products Limited, a related party.

22.2 Employee benefit - gratuity

22.2.1 Movement in liabilities

	June 30, 2012	June 30, 2011
Opening balance	**8,021**	3,615
Charge for the year	**6,232**	5,065
Contribution to the fund	**(7,050)**	(659)
Benefits payable - transferred from other liability	**41**	-
Closing balance	**7,244**	8,021

22.2.2 Balance Sheet Reconciliation

	June 30, 2012	June 30, 2011
Fair value of Plan Assets	**(19,066)**	(13,173)
Present value of defined benefit obligation	**26,246**	21,684
Actuarial gain / (loss) to be recognized in later period	**64**	(490)
	7,244	8,021

22.2.3 Charge to Profit and Loss

	June 30, 2012	June 30, 2011
Current service cost	**5,041**	4,481
Interest cost	**3,035**	1,965
Expected return on plan assets	**(1,844)**	(1,381)
	6,232	5,065

22.2.4 Obligation

	June 30, 2012	June 30, 2011
Opening balance	**21,684**	16,377
Current service cost	**5,041**	4,481
Interest cost	**3,035**	1,965
Benefit paid	**(2,238)**	(659)
Actuarial (loss) on PVDBO	**(1,317)**	(480)
Benefits payable - transferred from other liability	**41**	-
Closing balance	**26,246**	21,684

	Note	June 30, 2012	June 30, 2011
		(Rupees in thousand)	

22.2.5 Movement in fair value of Plan Assets

Opening balance	**13,173**	11,955
Expected return on plan assets	**1,844**	1,381
Employer contribution	**7,050**	659
Benefits paid	**(2,238)**	(659)
Actuarial (gain) on plan assets	**(763)**	(163)
Closing balance	**19,066**	13,173

22.2.6 Principal actuarial assumptions used are as follows

Expected rate of increase in salary level	**12%**	13%
Valuation discount rate	**13%**	14%
Expected rate of return on plan assets	**14%**	12%

22.2.7 Analysis of PVDBO and Fair Value of Plan Assets for current and previous four years

As at June 30	2012	2011	2010	2009	2008
		---------------------- Rupees in thousand -----------------------			
Present Value of Defined Benefit Obligation	**(26,246)**	(21,684)	(16,377)	(11,453)	(7,694)
Fair value of Plan Assets	**19,066**	13,173	11,955	7,694	-
(Deficit)	**(7,180)**	(8,511)	(4,422)	(3,759)	(7,694)

22.2.8 The charge for the year has been allocated as follows:

Cost of sales	**4,570**	3,714
Selling and distribution cost	**634**	515
Administrative expenses	**1,028**	836
	6,232	5,065

23 ACCRUED MARKUP

	Note	June 30, 2012	June 30, 2011
Long term financing		**172**	1,508
Short term borrowing	23.1	**11,644**	16,481
		11,816	17,989

23.1 This includes Rs. 2.637 million (2011: Rs. 3.574 million) due to Summit Bank Limited, a related party.

24 SHORT TERM BORROWINGS - SECURED

	Note	June 30, 2012	June 30, 2011
Running finance	24.1, 24.2 & 24.5	**343,183**	447,732
Export refinance	24.3	**73,163**	-
Money market loan	24.4	**-**	61,000
		416,346	508,732

24.1 The aggregate running finance and export refinance available from Banks as at June 30, 2012 amounted to Rs. 500 million of which Rs. 83.654 million remain unutilized at the year end. These facilities are renewable and secured by way of hypothecation of fixed assets, stock-in-trade and trade debts.

24.2 The rate of markup on these facilities ranges between 14.41% to 16.53% (2011: 14.29% to 16.54%) per annum chargeable and payable quarterly.

24.3 The export refinance facility carries markup of 11 % per annum.

24.4 The rate of markup was 15.74% on this loan and is paid during the year .

24.5 This includes outstanding balance of Rs. 99.051 million (2011: Rs. 90.555 million) due to Summit Bank Limited, a related party.

25 CONTINGENCIES AND COMMITMENTS

25.1 Contingencies

25.1.1 Cases are pending with National Accountability Bureau (NAB) Courts for the misappropriation of recoveries from debtors and allowing excessive unauthorized rebate amounting to Rs. 66.902 million by the former employees and stockiests of the State Cement Corporation of Pakistan. The recovery proceedings are in progress under NAB law.

25.1.2 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. 5.385 million. The matter has been heard and in view of the Company's legal counsel, the demand is against the applicable labour laws and will not materialize. Besides this an ex-employee filed a suit for recovery of Rs. 4.95 million but the same stood rejected by the court on 02-03-2012 against which he has preferred an appeal which is pending. As the demand in all these cases is not likely to materialize eventually, hence no provision has been made in the accounts.

25.1.3 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. The hearing of the suit is pending and the 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.

25.2 Commitments

25.2.1 Guarantee given by a commercial bank to Sui Southern Gas Company Limited on behalf of the Company amounts to Rs. 45 million (2011: Rs. 45 million).

25.2.2 Other outstanding guarantees given on behalf of the Company by banks in normal course of business amounting to Rs. 49.982 million (2011: Rs. 46.569 million).

25.2.3 Irrevocable letter of credit under revenue expenditure outstanding as on balance sheet date amounts to Rs. 5.214 million (2011: 207.139 million).

25.2.4 Commitment in respect of capital expenditure as on balance sheet date was Rs. 43.567 million (2011: Nil).

		June 30, 2012	June 30, 2011
		(Rupees in thousand)	
26	**TURNOVER - NET**		
Sales	- Local	**2,303,467**	1,659,893
	- Export	**494,274**	652,491
		2,797,741	2,312,384
Less:	- Federal Excise Duty	**165,447**	199,948
	- Sales Tax	**318,083**	238,396
	- Special Excise Duty	**-**	19,391
		483,530	457,735
		2,314,211	1,854,649

	Note	June 30, 2012	June 30, 2011
		(Rupees in thousand)	Restated
27 COST OF SALES			
Raw material consumed		**158,644**	127,525
Manufacturing expenses			
Packing material consumed		**136,993**	134,699
Stores and spare parts consumed		**122,707**	92,111
Fuel and power		**1,427,804**	1,056,366
Salaries, wages and other benefits	27.1	**140,070**	117,662
Insurance		**3,412**	3,945
Repairs and maintenance		**4,436**	3,244
Depreciation	6.3 & 6.5	**44,430**	46,028
Provision / (reversal) for dead stores and spares	10.2	**-**	(300)
Other production overheads		**20,439**	16,712
		1,900,291	1,470,467
Cost of production		**2,058,935**	1,597,992
Work-in-process - opening		**130,557**	164,241
- closing		**(124,450)**	(130,557)
		6,107	33,684
Cost of goods manufactured		**2,065,042**	1,631,676
Finished goods - opening		**37,851**	21,793
- closing		**(38,774)**	(37,851)
		(923)	(16,058)
		2,064,119	1,615,618

27.1 This includes employees' retirement benefits amounting to Rs. 7.352 million (2011: Rs. 5.582 million).

	Note	June 30, 2012	June 30, 2011
28 SELLING AND DISTRIBUTION COST			
Salaries, wages and other benefits	28.1	**5,495**	5,563
Vehicle running expenses		**563**	434
Travelling and conveyance		**158**	953
Communication		**524**	214
Printing and stationery		**58**	28
Entertainment		**144**	547
Advertisements		**229**	317
Freight charges - local sale		**14,207**	22,812
Export logistics and related charges		**75,303**	174,008
Commission		**7,380**	15,118
Depreciation	6.3	**1,359**	1,477
Miscellaneous		**2,856**	3,137
		108,276	224,608

28.1 This includes employees' retirement benefits amounting to Rs. 1.02 million (2011: Rs. 0.515 million).

	Note	June 30, 2012	June 30, 2011
		(Rupees in thousand)	

29 ADMINISTRATIVE EXPENSES

	Note	2012	2011
Salaries, wages and other benefits	29.1	**27,540**	21,361
Vehicle running expenses		**1,925**	1,685
Travelling and conveyance		**1,399**	718
Advertisements		**166**	72
Communication, postage, telegram		**1,274**	1,417
Printing and stationery		**1,483**	766
Rent, rates and taxes		**11,493**	9,573
Entertainment		**622**	583
Legal and professional charges		**9,410**	1,851
Insurance		**295**	387
Repairs and maintenance		**3,731**	2,729
Utilities		**7**	2
Fees and subscription		**1,363**	751
Corporate expenses		**1,464**	2,181
Charity and donation	29.2	**93**	1,932
Auditors' remuneration	29.3	**600**	583
Other auditors' remuneration	29.4	**612**	110
Depreciation	6.3	**4,924**	5,091
Bad debts / Provision for doubtful debts		**221**	179
Fixed assets written off		**1,252**	-
Miscellaneous		**523**	214
		70,397	52,185

29.1 This includes employees' retirement benefits amounting to Rs. 1.654 million (2011: Rs. 2.074 million).

29.2 None of the Directors or their spouses have any interest in any donee's fund to which donation was made.

29.3 Auditors' remuneration

Hyder Bhimji & Co. - Statutory Auditor	2012	2011
Annual audit fee	**450**	450
Half yearly review fee	**50**	50
Out of pocket expenses	**100**	83
	600	583

29.4 Other auditors' remuneration

	2012	2011
Siddiqui & Co. - Cost Auditor		
Cost audit fee	**100**	100
Out of pocket expenses	**10**	10
	110	110
M.Yousuf Adil Saleem & Co. - Internal Auditor		
Internal audit fee	**470**	-
Out of pocket expenses	**32**	-
	502	-
	612	110

		Note	June 30, 2012	June 30, 2011
			(Rupees in thousand)	
30	**OTHER OPERATING EXPENSES**			
	Workers' Welfare Fund		**638**	-
	Exchange loss		**1,988**	1,814
	Agricultural expenses		**-**	4,201
			2,626	6,015
31	**FINANCE COST**			
	Markup on long term financing		**31,603**	11,983
	Markup on short term borrowings		**63,333**	64,995
	Interest on Worker's Profit Participation Fund		**-**	16
	Bank charges and commission		**1,562**	1,795
			96,498	78,789
32	**OTHER OPERATING INCOME**			
	Income from financial assets			
	Income on bank deposit accounts		**2,396**	174
	Markup earned on advance to associates		**-**	18,890
			2,396	19,064
	Income from non-financial assets			
	Gain on disposal of operating fixed assets	6.4	**5,823**	24,086
	Sale of store items		**372**	-
			6,195	24,086
	Others			
	Scrap sales		**6,867**	2,450
	Rental income		**4,111**	4,081
	Others		**714**	8,850
			11,692	15,381
			20,283	58,531

33 TAXATION

The Company incurred loss during the year and is accordingly liable to minimum tax on turnover and tax on rental income, therefore no tax reconciliation is given.

34 LOSS PER SHARE - BASIC AND DILUTED

	June 30, 2012	June 30, 2011
Loss after taxation (Rupees in thousand)	**(43,882)**	(74,495)
Weighted average number of ordinary shares	**99,336,690**	79,774,500
Loss per share - basic and diluted (Rupee)	**(0.44)**	(0.93)

	Note	June 30, 2012	June 30, 2011

35 CAPACITY AND ACTUAL PRODUCTION

	Note	June 30, 2012	June 30, 2011
		------------ Metric Tons ------------	
Production capacity - Clinker		**450,000**	450,000
Actual production - Clinker	35.1	**333,601**	355,904
Actual production - Cement	35.2	**406,801**	391,280

35.1 The production capacity utilization during the year has remained at 74.13% (2011: 79.09%). The underutilization is mainly due to hard hitting competition in the industry and excessive supply and lesser demand.

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

36 RELATED PARTY TRANSACTIONS

The related parties comprise of companies with common directorship and key management personnel. Details of transactions with related parties during the year ended June 30, 2012, other than those which have been disclosed elsewhere in these financial statements are as follows, while for outstanding balances please refer the below stated note numbers:

Relationship	Nature of transaction	Note	June 30, 2012	June 30, 2011
			----- Rupees in thousand -----	
Associated undertakings				
Summit Bank Limited	Markup on running finance, export proceed realization charges and commission as Banker to Right Issue	23.1 & 24.5	**13,392**	16,880
	Guarantee on behalf of Company as per normal banking terms	25.2.1	**45,000**	45,000
	Income on bank deposit accounts	15.1	**2,233**	174
International Complex Project Limited	Sale of Cement		**3,044**	5,711
Al Abbas Cement Industries Limited	Advance - net		**-**	50,000
	Investment in shares	8.1	**-**	128,000
	(Receipt) / Accrual of markup	15	**(18,890)**	18,890
	Common shared expenses	16.1	**232**	329
	Purchase of coal		**125,596**	-
	Sale of cement		**-**	61,002
Safe Mix Concrete Products Limited	Sale of cement	22.1	**805**	5,048
Aisha Steel Mills Limited	Sale of cement		**-**	4,017
Subsidiary				
Thatta Power (Pvt.) Limited	Common shared expenses	16.1	**3,718**	64
	Investment in shares	9	**299,158**	-
	Sale of Land	6.4	**1,684**	-
Key management personnel	Sale of vehicle - sale proceeds	6.4	**437**	606
	Salaries and Benefits	37	**37,051**	27,129
Other related parties	Contribution to Employees' Gratuity Fund	22.2.1	**7,050**	659
	Contribution to Employees' Provident Fund		**3,794**	3,106

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

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

37 REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for the year in respect of remuneration to the Chief Executive, Directors and Executives are as follows:

	2012			2011		
	Chief Executive	Director	Executives	Chief Executive	Director	Executives
	---------- Rupees in thousand ----------					
Managerial remuneration	**6,426**	**-**	**22,804**	6,120	1,200	14,482
Bonus and LFA	**926**	**-**	**2,788**	1,276	-	1,487
Other benefits	**1,285**	**-**	**2,112**	968	62	1,134
Leave encashment	**520**	**-**	**190**	315	-	85
	9,157	**-**	**27,894**	8,679	1,262	17,188
Number of persons	**1**	**-**	**13**	1	1	11

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

37.2 An aggregate amount of Rs. 350,375 (2011: Rs. 115,000) was paid to Non-Executive Directors during the year on account of Board Meeting Fee.

38 OPERATING SEGMENTS

For management purposes the business is organized as a single reportable operating segment and Company's performance is evaluated on an overall basis based on single segment.

39 FINANCIAL INSTRUMENTS BY CATEGORY

The Company finances its operations through equity, borrowing and management of working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk. Taken as a whole the Company's risk arising from financial instruments is limited as there is no significant exposure to price and cash flow risk in respect of such instruments. Financial instruments of the Company are as under:

	June 30, 2012	June 30, 2011
	----- Rupees in thousand -----	
Financial Assets		
Long term deposits	**792**	792
Trade debts	**138,782**	88,672
Loans and advances	**36,558**	26,720
Trade deposits	**6,089**	3,360
Accrued interest	**63**	18,986
Other receivables	**5,471**	38,379
Bank balances	**3,005**	296,651
	190,760	473,560
Financial Liabilities		
Long term financing	**189,704**	149,183
Long term deposits	**3,581**	3,701
Trade and other payables	**382,186**	249,646
Accrued markup	**11,816**	17,989
Short term borrowings	**416,346**	508,732
	1,003,633	929,251

39.1 Financial instruments and related disclosures

a. 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.

b. 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 and provision is made for doubtful debts.

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

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 historical counterparty default rates.

As at June 30, 2012, trade debts of Rs. 3.591 million (2011: Rs. 2.9 million) were past due but not impaired. These relates to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade debts is as follows:

	June 30, 2012	June 30, 2011
	(Rupees in thousand)	
Not past due	**130,954**	85,772
Past due but not impaired		
within 90 days	**4,237**	-
91 to 180 days	**-**	-
over 180 days	**3,591**	2,900
	138,782	88,672

The credit quality of cash at bank (in Current, PLS and deposit accounts) as per credit rating agencies are as follows:

Credit ratings

A1+	**1,602**
A2	**1,403**
	3,005

Due to Company's long standing relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company.

For trade debts, internal risk assessment process determines the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are fixed based on internal or external ratings in accordance with limits set by the management. The utilization of said limits is regularly monitored.

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 12. The aging analysis of these impaired trade debts is as follows:

One year to five years	**72,269**	72,449

c. 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.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient cash on demand to meet expected working capital requirements. Following are the contractual maturities of financial liabilities, including interest payments excluding the impact of netting arrangements.

2012

	Carrying Amount	Contractual Cash Flows	Six months or less	Six to twelve months	One to five years
	---------- Rupees in thousand ----------				
Non-derivative					
Financial liabilities					
Long term financing	**189,704**	**(189,704)**	**(28,960)**	**(28,959)**	**(131,785)**
Trade and other payables	**414,242**	**(414,242)**	**(414,242)**	**-**	**-**
Short term borrowings	**416,346**	**(416,346)**	**(416,346)**	**-**	**-**
Accrued Markup	**11,816**	**(11,816)**	**(11,816)**	**-**	**-**
	1,032,108	**(1,032,108)**	**(871,364)**	**(28,959)**	**(131,785)**

2011

	Carrying Amount	Contractual Cash Flows	Six months or less	Six to twelve months	One to five years
Non-derivative					
Financial liabilities					
Long term financing	149,184	(149,184)	(23,074)	(23,074)	(103,037)
Trade and other payables	297,417	(297,417)	(297,417)	-	-
Short term borrowings	508,732	(508,732)	(508,732)	-	-
Accrued Markup	17,989	(17,989)	(17,989)	-	-
	973,322	(973,322)	(847,212)	(23,074)	(103,037)

The contractual cash flows relating to the above financial liabilities have been determined on the basis of markup rate effective as at 30th June. The rate of markup have been disclosed in the respective notes of the financial statements.

d. 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.

e. Interest/ Markup Rate Risk Management

Interest / markup rate risk management arises from the possibility of changes in interest / markup 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 holding "Prepayment option" which can be exercised upon any adverse movement in the underlying interest rates. At the balance sheet date the interest rate profile of the Company's interest bearing financial instruments is:

	Carrying Amount June 30, 2012	Carrying Amount June 30, 2011
	----- Rupees in thousand -----	
Fixed rate instruments		
Financial assets	**1,000**	1,000
Financial liabilities	**-**	-
Variable rate instruments		
Financial assets	**1,403**	4,945
Financial liabilities	**606,050**	657,915

Fair Value Sensitivity Analysis for Fixed Rate instruments:

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, change in interest rates at the reporting date would not affect profit and loss account.

Cash Flow Sensitivity Analysis for Variable Rate instruments:

Financial Assets:

If interest rate had been fluctuated by +1% with all other variables held constant, loss before tax for the year would have been Rs 0.014 million (2011: Rs. 0.049 million) higher/lower, mainly as a result of higher/lower interest income from these financial assets.

Financial Liabilities:

If interest rate had been fluctuated by +1% with all other variables held constant, loss before tax for the year would have been Rs. 6.06 million (2011: Rs. 6.58 million) higher/lower, mainly as a result of higher/lower interest expense from these financial liabilities.

f. Foreign Exchange Risk Management

Foreign exchange risk is the risk that the fair value of future cash flows of financial instruments 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. The Company's exposure to foreign currency risk is as follows:

	2012		2011	
	Rupees	US Dollars	Rupees	US Dollars
	-------- in thousand --------		-------- in thousand --------	
Trade debts	**80,370**	**853**	14,766	172
Trade and other payables	**(179,860)**	**(1,909)**	(88,527)	(1,029)
Balance sheet exposure	**(99,490)**	**(1,056)**	(73,761)	(857)

The following significant rates applied during the year:

	2012	2011	2012	2011
	Average Rates		Balance Sheet Date Rate	
US Dollar to PKR	**89.23**	85.46	**94.20**	85.97

Sensitivity Analysis

A 10 percent strengthening / weakening of the Rupee against US Dollar at 30th June would have increased / decreased equity and profit and loss account by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2011.

	Profit and Loss Account	
	June 30, 2012	June 30, 2011
	----- Rupees in thousand -----	
Effects in US Dollars gain / (loss)	**(9,965)**	(7,322)

g. Fair value of financial instruments

The carrying value of all the financial assets & liabilities reflected in the financial statements approximates their fair value except for the Investment in Associate (note 8) which has been based upon cost in accordance with IAS 27. The methods used for in determining fair values of each class of financial assets and liabilities are disclosed in respective policy notes.

h. 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 business.

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 payable to the shareholders or issue new shares.

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

40 CORRESPONDING FIGURES

40.1 Comparative figures of prior period presented have been restated as described in note 6.5.

40.2 For better presentation and disclosure following reclassifications have been made in comparative figures:

	From	To	Rs. in thousand
Laboratory Equipments	Office Equipments	Laboratory and Medical Equipments	**20,059**
Other Auditors Remuneration	Auditors Remuneration	Other Auditors Remuneration	**110**

41 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on September 18, 2012 by the Board of Directors of the Company.

42 GENERAL

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

CHIEF EXECUTIVE OFFICER **DIRECTOR**

Thatta Cement Company Limited
Consolidated Financial Statements
For the year ended June 30, 2012

HYDER BHIMJI & CO.
CHARTED ACCOUNTANTS

Member of
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AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

We have audited the annexed consolidated financial statements comprising consolidated Balance Sheet of **THATTA CEMENT COMPANY LIMITED** (the Holding Company) and **THATTA POWER (PRIVATE) LIMITED** (the Subsidiary) as at June 30, 2012 and the related consolidated Profit and Loss Account, consolidated Cash Flow Statement and consolidated Statement of Changes in Equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinion on the financial statements of the Holding Company. The financial statements of the subsidiary has been audited by other firm of auditors, whose report have been furnished to us and our opinion, in so for as it relates to the amounts included for such subsidiary, is based solely on the report of such other auditors. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

Our audit was conducted in accordance with the International standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the consolidated financial statements present fairly the financial position of THATTA CEMENT COMPANY LIMITED and its subsidiary as at June 30, 2012 and the consolidated results of its operations, consolidated cash flow and consolidated changes in equity for the year then ended are in accordance with the approved accounting standards as applicable in Pakistan.

Hyder Bhimji & Co

HYDER BHIMJI & CO.
Chartered Accountants
Mohammad Hanif Razzak

Karachi: September 18, 2012

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CONSOLIDATED BALANCE SHEET
As on June 30, 2012

	Note	June 30, 2012 (Rupees in thousand)
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	7	1,214,654
Intangible assets	8	3,534
Long term investment in associate	9	138,587
Long term deposits		792
		1,357,567
CURRENT ASSETS		
Stores, spare parts and loose tools	10	330,466
Stock-in-trade	11	229,279
Trade debts	12	138,782
Loans and advances	13	36,808
Trade deposits and short term prepayments	14	9,118
Accrued interest	15	111
Other receivables	16	3,417
Taxes refundable due from government		56,897
Income tax refundable net of provision		3,556
Cash and bank balances	17	6,111
		814,545
		2,172,112
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized capital 100,000,000 ordinary shares of Rs. 10/- each		1,000,000
Issued, subscribed and paid-up capital	18	997,181
Share premium		99,718
Accumulated loss		(119,578)
		977,321
Advance against subscription for right shares		27,000
		1,004,321
NON-CURRENT LIABILITIES		
Long term financing	19	131,785
Long term deposits	20	3,581
Deferred taxation	21	48,058
		183,424
CURRENT LIABILITIES		
Trade and other payables	22	498,286
Accrued markup	23	11,816
Current maturity of long term financing	19	57,919
Short term borrowings	24	416,346
		984,367
CONTINGENCIES AND COMMITMENTS	25	
		2,172,112

The annexed notes 1 to 42 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER **DIRECTOR**

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended June 30, 2012

	Note	June 30, 2012 (Rupees in thousand)
Turnover - net	26	2,314,211
Cost of sales	27	(2,064,119)
Gross profit		250,092
Selling and distribution cost	28	(108,276)
Administrative expenses	29	(73,275)
		(181,551)
Operating profit		68,541
Other operating expenses	30	(2,626)
Finance cost	31	(96,507)
		(99,133)
Share of profit from associate	9	10,740
Other operating income	32	37,027
Profit before taxation		17,175
Taxation		
- Current	33	(29,122)
- Prior		(317)
- Deferred		(12,537)
		(41,976)
Loss after taxation		(24,801)
Other comprehensive income		-
Total comprehensive loss for the year		(24,801)
Loss per share - basic and diluted	34	(0.25)

The annexed notes 1 to 42 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER **DIRECTOR**

CONSOLIDATED CASH FLOW STATEMENT

For the year ended June 30, 2012

		Note	June 30, 2012 (Rupees in thousand)
A.	**CASH FLOWS FROM OPERATING ACTIVITIES**		
	Profit before taxation		17,175
	Adjustment for:		
	Depreciation	7.3	50,761
	Finance cost	31	96,507
	Share of profit from associate	9	(10,740)
	Employee deferred benefits - gratuity	22.2	6,232
	Profit on disposal of property, plant and equipment	7.4	(4,219)
	Fixed assets written off	7.2	1,252
			139,793
	Operating cash flows before working capital changes		156,968
	(Increase) / decrease in current assets		
	Stores, spare parts and loose tools		(68,360)
	Stock-in-trade		(9,988)
	Trade debts		(50,110)
	Loans and advances and accrued interest		8,788
	Trade deposits and short term prepayments		(2,909)
	Other receivable & sales tax refundable		76,343
			(46,236)
	Increase in current liabilities		
	Trade and other payables excluding gratuity payable		201,645
	Gratuity payable - transferred from other liability	22.2	4 1
	Cash generated from operations		312,418
	Finance cost paid		(102,679)
	Gratuity paid	22.2	(7,050)
	Taxes paid		(32,745)
			(142,474)
	Net cash generated from operating activities	**A**	**169,944**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**		
	Capital expenditure		(463,281)
	Addition in intangible assets		(360)
	Proceeds from disposal of property, plant and equipment	7.4	5,538
	Net cash used in investing activities	**B**	**(458,103)**

	Note	June 30, 2012 (Rupees in thousand)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing		(79,480)
Long term finance obtained		120,000
Proceeds from issuance of right shares		22,500
Long term deposits - liabilities		(120)
Advance against subscription of right shares		27,000
Net cash generated from financing activities	C	89,900
Net decrease in cash and cash equivalents (A + B +C)		(198,259)
Cash and cash equivalents at beginning of the year		(211,976)
Cash and cash equivalents at end of the year		(410,235)
CASH AND CASH EQUIVALENTS		
Cash and bank balances		6,111
Short term borrowings		(416,346)
		(410,235)

The annexed notes 1 to 42 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER **DIRECTOR**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2012

	Issued, subscribed and paid-up capital	Share Premium	Accumulated loss	Total
	------------------------------- Rupees in thousand			-------------------------------
Balance as at July 1, 2011	**797,745**	**-**	**(94,777)**	**702,968**
Total comprehensive loss for the year ended June 30, 2012	-	-	(24,801)	(24,801)
Ordinary shares issued at premium of Rs. 5/- per share	199,436	99,718	-	299,154
Balance as at June 30, 2012	**997,181**	**99,718**	**(119,578)**	**977,321**

The annexed notes 1 to 42 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended June 30, 2012

1 THE GROUP AND ITS OPERATIONS

Thatta Cement Company Limited was incorporated in Pakistan in 1980 as a public limited Company. The shares of the Company are quoted at the Karachi Stock Exchange. The Company is a subsidiary of Arif Habib Equity (Private) Limited. The Company's main business activity is manufacturing and marketing of cement. The registered office of the Company is situated at Pardesi House, Survey No. 2/I, R. Y. 16, Old Queens Road, Karachi. The production facility of the Company is located at Ghulamullah Road, Makli, District Thatta, Sindh.

1.1 The Group comprises of:

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

1.2 Thatta Power (Private) Limited

Thatta Power (Private) Limited is a wholly owned subsidiary of Thatta Cement Company Limited. The principle business of the subsidiary is generation, supply and transmission of electrical power. The subsidiary was incorporated under the Companies Ordinance, 1984 on November 12, 2010 as a private limited company, having registered office at Ghulamullah Road, Makli, District Thatta, Sindh. with authorized capital of Rs. 500 million.

2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the holding company and its subsidiary - "The Group".

The financial statements of subsidiary are included in the consolidated financial statements from the date on which more than 50% voting rights are transferred to the holding company or power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Upon the loss of control, the holding company derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to subsidiary. Any surplus or deficit arising on the loss of control is recognized in profit or loss.

The financial statements of the subsidiary are prepared for the same reporting period as of the holding company.

The assets and liabilities of subsidiary company has been consolidated on a line-by-line basis. The carrying value of investments held by the holding company is eliminated against the subsidiary's shareholders' equity in the consolidated financial statements. Intra-group balances and transactions are eliminated.

3 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 and 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.

4 BASIS OF PREPARATION

These financial statements have been prepared under the historical cost basis modified for certain employee retirement benefits, export trade debts and investment in associate which are stated as reported in their respective notes.

5 STANDARDS, AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARD AND INTERPRETATIONS

New and amended standards and interpretations

During the year, the following amendments, interpretations and improvements to the accounting standards became effective:

IFRS 7	Financial Instruments: Disclosures - (Amendment)
IAS 24	Related Party Disclosures (Revised)
IFRIC 14	Prepayments of a Minimum Funding Requirement (Amendment)

In May 2010, International Accounting Standards Board (IASB) issued amendments to various standards primarily with a view to removing inconsistencies and clarifying wordings. These improvements are listed below:

IFRS 7	Financial Instruments: Disclosures - Clarification of disclosures
IAS 1	Presentation of Financial Statements - Clarification of Statement of Changes in Equity
IAS 34	Interim Financial Reporting - Significant events and transactions
IFRIC 13	Customer Loyalty Programmes - Fair value of award credits

The adoption of aforesaid amendments and revisions have no material effect on financial statements except for disclosures.

5.1 Standards, interpretations and amendments to approved accounting standards that are not yet effective:

Standards, interpretations and amendments with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards or interpretations.

Standard, interpretation or amendment		Effective Date (accounting periods beginning on or after)
IFRS 7	Amendments enhancing disclosures about offsetting of financial assets and liabilities	January 1, 2013
IAS 1	Presentation of Financial Statements - Presentation of items of comprehensive income	July 1, 2012
IAS 12	Income Taxes (Amendment) - Recovery of Underlying Asset	January 1, 2012
IAS 19	Employee Benefits - (Amendment)	January 1, 2013
IAS 32	Offsetting Financial Assets and Financial Liabilities - (Amendments)	January 1, 2014
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	January 1, 2013

The Company expects that the adoption of the above revisions, amendments and interpretations of the standards will not have any material impact on the Company's financial statements in the period of initial application.

In addition to the above, amendments to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after January 1, 2013. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by Securities and Exchange Commission of Pakistan (SECP) for the purpose of the applicability in Pakistan.

Standard		Effective Date (accounting periods beginning on or after)
IFRS 9	Financial Instruments: Classification and Measurement	January 1, 2015
IFRS 10	Consolidated Financial Statements	January 1, 2013
IFRS 11	Joint Arrangements	January 1, 2013
IFRS 12	Disclosure of Interests in Other Entities	January 1, 2013
IFRS 13	Fair Value Measurement	January 1, 2013

6 SIGNIFICANT ACCOUNTING POLICIES

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

6.1 Significant accounting estimates and judgments

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 policies. 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. Revision to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to these financial statements:

a) Property, plant and equipment; with respect to estimated useful life, residual value and related depreciation charge and impairment, if any.

b) Stores, spare parts and loose tools; with respect to provisions for obsolescence and slow moving spares in accordance with the parameters set out by the management.

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

d) Deferred taxation; with respect to ratio of export and local sales.

e) Gratuity; with respect to actuarial valuation.

f) Stock-in-trade; with respect to determination of net realizable value.

g) Contingencies; The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non occurrence of the uncertain future events with respect to evaluation based on element of issue involved and opinion of legal counsel.

h) Trade debts; with respect to its provision for doubtful debts.

i) Investment; with respect to their classification, valuation and impairment, if any.

6.2 Accounting policies and disclosures

The accounting policies adopted in preparation of these financial statements and disclosures are consistent with those of the previous financial year‘s stand alone financial statements and accounting policies of the subsidiary are consistent with those of the holding company.

6.3 Property, plant and equipment

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for freehold land and capital work-in-progress which are stated at cost.

Depreciation is charged to profit and loss account applying the reducing balance method at the rates specified in note 7.1 except leasehold structural improvements which is depreciated / amortized on straight line basis. Depreciation on addition is charged from the month in which the asset is available for 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.

Normal maintenance and repairs are charged to profit and loss account as and when incurred whereas major renewals and improvements are capitalized.

Gain or loss on disposal of assets is included in profit and loss account.

6.4 Intangible assets

Intangible assets are recognized when it is probable that the expected future economic benefits will flow to the entity and the cost of the asset can be measured reliably. Cost of intangible asset includes purchase cost and directly attributable expenses incidental to bring the asset for its intended use.

Costs associated with maintaining computer software are recognized as an expense as and when incurred.

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged over the estimated useful life of the asset on a systematic basis applying the straight line method.

Useful lives of all intangible assets are reviewed, at each balance sheet date and adjusted if the impact of amortization is significant.

6.5 Investment in Associated Company

The Parent considers its associate to be such entities in which the Parent has ownership of not less than twenty percent but not more than fifty percent of the voting power and / or has significant influence through common directorship, but not control.

Investment in associates are accounted for under the equity method, less impairment losses, if any. Such investments are carried in the balance sheet at cost, plus post-acquisition changes in the Parent's share of net assets of the associates, less any impairment in value. The profit and loss account reflects the Parent's share of the results of its associates. The equity method for investment in associates is applied from the date when significant influence commence until the date when that significant influence ceases.

6.6 Stores, spare parts and loose tools

These are stated at cost (calculated on moving average basis at monthly rest) less provision for dead and slow moving stores and spares except for the items in transit, which are valued and reported at cost.

6.7 Stock-in-trade

Stock-in-trade are valued at lower of weighted average cost and net realizable value except for raw and packing material which are valued at cost on moving average basis at monthly rest.

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

Work in process and finished goods are valued at weighted average cost comprising of material quarrying / purchase price, transportation, labour cost 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.

6.8 Trade debts

Local debts are recognized at fair value of consideration receivable less provision for doubtful debts. Export debts are initially recognized at the exchange rate prevailing on the date of dispatch and subsequently remeasured at each balance sheet date. Exchange gain / (loss) on remeasurement is taken to profit and loss. Debts considered irrecoverable are written off and appropriate provisions are made where recovery is considered doubtful.

6.9 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 in current, PLS and deposit accounts net of short term borrowings under markup arrangements, if any.

6.10 Employee benefits

6.10.1 Defined benefit plan

The Company operates an 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 value of the Company's obligations under the scheme at the balance sheet date less the fair value 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 Projected Unit Credit Actuarial Cost Method.

The present value of obligations are determined by discounting the estimated future cash outflows using interest rates of government bond. The government bonds are 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% or the value of the plan assets or 10% of the defined benefit obligation are credited or debited to profit and loss account over the employees' expected average remaining working lives.

6.10.2 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 at the rate of 10% of basic salary.

6.11 Borrowings and finance cost

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

Borrowing costs are recognized as an expense 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, is capitalized as part of the cost of that asset.

6.12 Taxation

Provision for current taxation is computed in accordance with the provisions of Income Tax Ordinance, 2001. 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 asset is recognized only to the extent that it is probable that future taxable profit will be available and the credits can be utilized.

6.13 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 as expense in the profit and loss account.

6.14 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 usually on dispatch of goods. Interest and rental / other income is recognized on accrual basis.

6.15 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 looses 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 derecognition of financial assets and financial liabilities are taken to profit and loss account.

6.16 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.

6.17 Provision

Provisions 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.

6.18 Foreign currency transactions

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

6.19 Functional and presentation currency

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

	Note	June 30, 2012 (Rupees in thousand)
7 PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets	7.1	**785,397**
Capital work-in-progress	7.5	**429,257**
		1,214,654

7.1 Operating fixed assets

Description	Cost at June 30, 2012	Accumulated depreciation at June 30, 2012	Net book value as at June 30, 2012	Rate
	------------------ Rupees in thousand ------------------			
Freehold land	**6,421**	**-**	**6,421**	-
Leasehold improvements	**45,656**	**12,555**	**33,101**	10%
Quarries and improvements	**11,963**	**11,763**	**200**	5%
Factory building on freehold land	**237,543**	**180,145**	**57,398**	10%
Electrical installation	**25,657**	**3,660**	**21,997**	5%
Housing colonies	**72,294**	**52,310**	**19,984**	5%
Office building on freehold land	**22,281**	**17,577**	**4,704**	5%
Plant and machinery	**1,642,569**	**1,066,886**	**575,683**	5%
Quarry equipments	**18,040**	**18,012**	**28**	20%
Railway sidings	**14,905**	**12,784**	**2,121**	10%
Vehicles	**39,788**	**19,565**	**20,223**	
Furniture and fixtures	**6,264**	**4,918**	**1,346**	10%
Office equipments	**6,319**	**3,459**	**2,860**	10%
Laboratory & medical equipment	**50,551**	**14,902**	**35,649**	10%
Computers	**10,316**	**6,634**	**3,682**	30%
	2,210,567	**1,425,170**	**785,397**	

7.2 The following is the operating fixed assets schedule for the year:

Description	Net book value as on July 1, 2011	Additions - cost	Written off	Deletion - WDV	Depreciation	Net book value as on June 30, 2012	Rate
	---------------------------------- 2011 - 2012 ----------------------------------						
	---------------------------------- Rupees in thousand ----------------------------------						
Freehold land	6,266	155	-	-	-	6,421	-
Leasehold improvements	37,667	-	-	-	(4,566)	33,101	10%
Quarries and improvements	211	-	-	-	(11)	200	5%
Factory building on freehold land	63,776	-	-	-	(6,378)	57,398	10%
Electrical installation	23,155	-	-	-	(1,158)	21,997	5%
Housing colonies	21,036	-	-	-	(1,052)	19,984	5%
Office building on freehold land	4,952	-	-	-	(248)	4,704	5%
Plant and machinery	593,166	12,211	25	-	(29,719)	575,683	5%
Quarry equipments	396	-	(84)	(233)	(51)	28	20%
Railway sidings	2,357	-	-	-	(236)	2,121	10%
Vehicles	21,658	3,526	(441)	(1,057)	(3,463)	20,223	10% & 20%
Furniture and fixtures	5,638	405	(4,047)	-	(650)	1,346	10%
Office equipments	717	2,324	-	-	(181)	2,860	10%
Laboratory & medical equipment	20,059	13,414	3,993	-	(1,817)	35,649	10%
Computers	2,713	2,885	(698)	(29)	(1,189)	3,682	30%
	803,767	34,920	(1,252)	(1,319)	(50,719)	785,397	

	Note	June 30, 2012 (Rupees in thousand)

7.3 Allocation of depreciation

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

	Note	June 30, 2012
Cost of sales	27	**44,430**
Selling and distribution cost	28	**1,359**
Administrative expenses (depreciation of fixed assets plus amortization of intangible assets - note 8)	29	**4,972**
		50,761

7.4 Details of disposal of property, plant and equipment

Description	Mode of disposal	Cost	Written down value	Sales proceeds	Gain / (loss)	Particulars of purchaser
		--------------- Rupees in thousand			---------------	
Assets above book value of Rs. 50,000/-						
Quarry equipments						
Dumper truck Uclid R32	Tender	7,099	72	883	811	M/s National Transport Company
Front showell - Caterpillar 245 B Series	------ do ------	13,930	119	2,164	2,045	------ do ------
Vehicle						
Suzuki Liana - ALE 672	Negotiation	669	580	415	(165)	Mr. M. Mustakeem
Suzuki Cultus - AHT 509	As per Company Rules	604	145	145	-	Mr. Abdul Rehman - Manager Mechanical-KMP
Suzuki Liana - ALS 165	------ do ------	883	292	292	-	Mr. Sher Ali Baloch-DGM Admin & Mining-KMP
Assets below book value of Rs. 50,000/-						
Quarry equipments	Tender	4,924	42	1,401	1,359	Various
Vehicles	------ do ------	764	40	216	176	------ do ------
Computer equipments	Negotiation	91	29	22	(7)	------ do ------
As on June 30, 2012		28,964	1,319	5,538	4,219	

7.5 Capital work-in-progress

	Cost as at July 01, 2011	Capital expenditure incurred during the year	Transferred to tangible fixed assets	Cost at June 30, 2012
	------------------------ Rupees in thousand			------------------------
Plant and machinery under erection	896	1,578	-	**2,474**
Advance for purchase office equipment and furniture and fixtures	-	6,334	-	**6,334**
Construction of power plant facility	-	420,449	-	**420,449**
As on June 30, 2012	896	428,361	-	**429,257**

8 INTANGIBLE ASSETS

	Note	June 30, 2012 (Rupees in thousand)
Software		**210**
Less: Amortization		**(42)**
		168
Capital work-in-progress	8.1	**3,366**
		3,534

		Note	June 30, 2012 (Rupees in thousand)
8.1	**Capital work-in-progress**		
	Opening balance		**3,216**
	Addition during the year	8.1.1	**150**
	Closing balance		**3,366**

8.1.1 This represents progress payments made in respect of acquisition of computer software and its implementation.

9 LONG TERM INVESTMENT IN ASSOCIATE

Al Abbas Cement Industries Limited - holding 7%	
25,600,000 shares of Rs. 10/- each issued at Rs. 5/- discount (2011: 25,600,000)	
Cost of investment	**127,847**
Proportionate share of post acquisition profit	**10,740**
	138,587

9.1 Investment in shares of associate M/s Al Abbas Cement Industries Limited (AACIL), represents 25.6 million fully paid shares of face value Rs. 10/- each, representing 7% of share capital of AACIL having cost of Rs. 128 million at Rs. 5/- per share.

9.2 Aggregate market value as at June 30, 2012 is Rs. 122.88 million, whereas book value based on net assets attributable to the investment, as per audited financial statements of AACIL as at June 30, 2012 is Rs. 78.778 million, while value in use based on valuation of investee is more than the cost of investment.

10 STORES, SPARE PARTS AND LOOSE TOOLS

	Note	
Stores	10.1	**254,483**
Spare parts		**115,894**
Loose tools		**151**
		370,528
Less: Provision for dead stock		**(8,803)**
Provision for slow moving stores and spare parts		**(31,259)**
		(40,062)
		330,466

10.1 This includes stores in transit of Rs. 25.932 million at the balance sheet date.

11 STOCK - IN - TRADE

Raw material	**42,061**
Packing material	**23,994**
Work-in-process	**124,450**
Finished goods	**38,774**
	229,279

12 TRADE DEBTS

Considered good	
Export proceeds receivable - secured	**80,370**
Local - unsecured	**58,412**
	138,782

	Note	June 30, 2012 (Rupees in thousand)
Considered doubtful		
Cement stockiests	12.1	60,801
Excessive rebate allowed	12.1	6,101
Controller Military Accounts		5,126
Other customers		241
		72,269
Less: Provision for doubtful debts	12.2	(72,269)
		138,782

12.1 This includes balances outstanding for more than 5 years. The management contents that the amount recoverable from cement stockiests were misappropriated and certain unauthorized excessive rebates were allowed by collusion of certain personnel of the Company, when the Company was operating under State Cement Corporation of Pakistan (SCCP), whose services had been termineted. Accordingly, the management had lodged references for the recovery of misappropriated amount with the National Accountability Bureau (NAB). The NAB has recovered an amount of Rs. 2.276 million in the preceding years. Due to promulgation of NRO, the recoveries were stoped / held up. The matter has however been discussed with the NAB authorities who have informed that after finalization of case against alleged personnel, they will start recoveries, therefore provision has been maintained in respect of outstanding amount as a matter of prudence and abundant precaution.

12.2 Reconciliation of carrying amount of above provision:

Opening balance	72,449
Reversal made during the year - other customers	(180)
Closing balance	72,269

13 LOANS AND ADVANCES

Considered good	
To employees - secured	104
Advances	
- against letter of credit	177
- bid bond - margin held by bank	4,500
- guarantee margin	3,165
- advance to suppliers	24,732
- advance to contractors	548
- others	3,582
	36,704
	36,808

14 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

Trade deposits	6,089
Short term prepayments	3,029
	9,118

		Note	June 30, 2012 (Rupees in thousand)
15	**ACCRUED INTEREST**		
	Other - from Banks	15.1	**111**
			111

15.1 This includes Rs. 0.054 million receivable from Summit Bank Limited, a related party.

16	**OTHER RECEIVABLE**		
	Others	16.1	**3,417**
			3,417

16.1 It includes receivable amounting to Rs. 1.613 million from Al Abbas Cement Industries Limited, an associated company.

17	**CASH AND BANK BALANCES**			
	Cash in hand			**308**
	Balances with banks			
	in current accounts		**792**	
	in PLS accounts	17.1 & 17.3	**4,002**	
	in term deposit accounts	17.2	**1,009**	
				5,803
				6,111

17.1 At June 30, 2012 the markup rates on PLS accounts ranges between 5% to 6% per annum.

17.2 The rates of markup on these deposit accounts were 5% per annum. It includes a deposit of Rs. 1 million which is pledged against bank guarantee.

17.3 It includes an amount of Rs. 3.063 million in PLS account of Summit Bank Limited, a related party.

18	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL**	
	Ordinary shares of Rs. 10/- each 89,418,125 shares allotted for consideration paid in cash	**894,181**
	10,300,000 shares allotted for consideration other than cash	**103,000**
		997,181

18.1 During the year ended June 30, 2012, the Company issued 19,943,625 ordinary shares of Rs. 10/- each at a premium of Rs. 5/- each. The shares were allotted on July 8, 2011.

18.2 M/s Arif Habib Equity (Pvt.) Limited, the holding company and other associated companies hold 49,859,062 shares (50%) and 20,180,611 shares (20.24%) respectively in the share capital of the Company as on June 30, 2012.

19 LONG TERM FINANCING

	Note	June 30, 2012 (Rupees in thousand)
Loan from Banking companies		
National Bank of Pakistan - Secured 1	19.1	103,037
National Bank of Pakistan - Secured 2	19.2	86,667
		189,704
Current maturity		(57,919)
		131,785

19.1 This facility is secured by first 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 Rs. 372 million inclusive of 30% margin. The facility carries a floating markup linked to 6 months KIBOR as base rate plus 2% on annualized basis. The tenure of financing is 7 years with 12 months grace period starting from the date of first disbursement. The facility is payable in 24 equal quarterly installments of Rs. 4.48 million each starting from 15th month from the date of first disbursement. The aggregate facility sanctioned is Rs. 260 million.

19.2 This facility is the second disbursement of Rs. 120 million from the above mentioned facility (note 19.1). The tenure of financing is 3 years from the date of first disbursement. This term finance facility is repayable in 36 equal monthly installments of Rs. 3.33 million each starting from following month in which first disbursement was made. All other terms and conditions and markup rates are same as mentioned in 19.1.

20 LONG TERM DEPOSITS

	Note	
Dealers	20.1	3,110
Suppliers and contractors	20.1	471
		3,581

20.1 This represents interest free security deposits, received from dealers, suppliers and contractors and are repayable / adjustable on cancellation or withdrawal of dealership and completion of contract in case of suppliers and contractors.

21 DEFERRED TAXATION

Liability arising in respect of accelerated tax depreciation allowance	119,186
Assets arising in respect of	
provision for gratuity	(1,644)
other provisions - for doubtful debt and stores	(34,383)
minimum tax	(35,101)
	48,058

22 TRADE AND OTHER PAYABLES

	Note	
Trade creditors		36,093
Accrued liabilities		216,634
Bills payable		179,860
Advances from customers	22.1	32,056
Contractors retention money		180
Excise duty and sales tax payable		24,411
Employee deferred benefit - gratuity	22.2	7,244
Workers' Welfare Fund		663
Other liabilities		1,145
		498,286

22.1 It includes Rs. 0.357 million payable to Safe Mix Concrete Products Limited, a related party.

	Note	June 30, 2012 (Rupees in thousand)
22.2 Employee benefit - gratuity		
22.2.1 Movement in liabilities		
Opening balance		**8,021**
Charge for the year		**6,232**
Contribution to the fund		**(7,050)**
Benefits payable - transferred from other liability		**41**
Closing balance		**7,244**
22.2.2 Balance Sheet Reconciliation		
Fair value of Plan Assets		**(19,066)**
Present value of defined benefit obligation		**26,246**
Actuarial gain to be recognized in later period		**64**
		7,244
22.2.3 Charge to Profit and Loss		
Current service cost		**5,041**
Interest cost		**3,035**
Expected return on plan assets		**(1,844)**
		6,232
22.2.4 Obligation		
Opening balance		**21,684**
Current service cost		**5,041**
Interest cost		**3,035**
Benefit paid		**(2,238)**
Actuarial (loss) on PVDBO		**(1,317)**
Benefits payable - transferred from other liability		**41**
Closing balance		**26,246**
22.2.5 Movement in fair value of Plan Assets		
Opening balance		**13,173**
Expected return on plan assets		**1,844**
Employer contribution		**7,050**
Benefits paid		**(2,238)**
Actuarial (gain) on plan assets		**(763)**
Closing balance		**19,066**
22.2.6 Principal actuarial assumptions used are as follows		
Expected rate of increase in salary level		**12%**
Valuation discount rate		**13%**
Expected rate of return on plan assets		**14%**

	Note	June 30, 2012 (Rupees in thousand)
22.2.7 The charge for the year has been allocated as follows:		
Cost of sales		**4,570**
Selling and distribution cost		**634**
Administrative expenses		**1,028**
		6,232

23 ACCRUED MARKUP

	Note	June 30, 2012 (Rupees in thousand)
Long term financing		**172**
Short term borrowing	23.1	**11,644**
		11,816

23.1 This includes Rs. 2.637 million due to Summit Bank Limited, a related party.

24 SHORT TERM BORROWINGS - SECURED

	Note	June 30, 2012 (Rupees in thousand)
Running finance	24.1, 24.2 & 24.4	**343,183**
Export refinance	24.1 & 24.3	**73,163**
		416,346

24.1 The aggregate running finance and export refinance available from Banks as at June 30, 2012 amounted to Rs. 500 million of which Rs. 83.654 million remain unutilized at the year end. These facilities are renewable upon expiry and are secured by way of hypothecation of fixed assets, stock-in-trade and trade debts.

24.2 The rate of markup on these facilities ranges between 14.41% to 16.53% per annum chargeable and payable quarterly.

24.3 The export refinance facility carries markup of 11 % per annum.

24.4 This includes outstanding balance of Rs. 99.051 million due to Summit Bank Limited, a related party.

25 CONTINGENCIES AND COMMITMENTS

25.1 Contingencies

25.1.1 Cases are pending with National Accountability Bureau (NAB) Courts for the misappropriation of recoveries from debtors and allowing excessive unauthorized rebate amounting to Rs. 66.902 million by the former employees and stockiests of the State Cement Corporation of Pakistan. The recovery proceedings are in progress under NAB law.

25.1.2 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. 5.385 million. The matter has been heard and in view of the Company's legal counsel, the demand is against the applicable labour laws and will not materialize. Besides this an ex-employee filed a suit for recovery of Rs. 4.95 million but the same stood rejected by the court on 02-03-2012 against which he has preferred an appeal which is pending. As the demand in all these cases is not likely to materialize eventually, hence no provision has been made in the accounts.

25.1.3 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. The hearing of the suit is pending and the 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.

25.2 Commitments

25.2.1 Guarantee given by a commercial bank to Sui Southern Gas Company Limited on behalf of the Company amounts to Rs. 45 million.

25.2.2 Other outstanding guarantees given on behalf of the Company by banks in normal course of business amounting to Rs. 49.982 million.

25.2.3 Irrevocable letter of credit under revenue expenditure outstanding as on balance sheet date amounts to Rs. 5.214 million.

25.2.4 Commitment in respect of capital expenditure as on balance sheet date was Rs. 43.567 million.

25.2.5 A Deferred Payment Letter of Credit has been established amounting to $ 9,152,500 for supply of gas fired engines by GE Jenbacher, Austria through National Bank of Pakistan against guarantee furnished by Sindh Bank Limited on behalf of TPPL. TPPL has provided a counter guarantee to Sindh Bank Limited and has also registered hypothecation charge on all present and future fixed assets, current assets and lien and right of set-off for accounts maintained with the Bank. However, an advance of $ 1,372,875 has been paid to the supplier and the remaining amount is payable in 6 half yearly installments starting 9 months after the date of the last bill of lading or 6 months after the commissioning of the last engine, whichever is earlier.

25.2.6 TPPL has also entered into an agreement with Orient Energy Systems (Pvt.) Limited for the engineering, procurement and construction of the gas fired power project for total cost of Rs. 480 million. As per the term of agreement, TPPL has paid 25% of the cost i.e. Rs. 120 million being advance payment against the advance payment guarantee.

		Note	June 30, 2012 (Rupees in thousand)
26	**TURNOVER - NET**		
	Sales - Local		2,303,467
	- Export		494,274
			2,797,741
	Less: - Federal Excise Duty		165,447
	- Sales Tax		318,083
			483,530
			2,314,211
27	**COST OF SALES**		
	Raw material consumed		158,644
	Manufacturing expenses		
	Packing material consumed		136,993
	Stores and spare parts consumed		122,707
	Fuel and power		1,427,804
	Salaries, wages and other benefits	27.1	140,070
	Insurance		3,412
	Repairs and maintenance		4,436
	Depreciation	7.3	44,430
	Other production overheads		20,439
			1,900,291
	Cost of production		2,058,935
	Work-in-process - opening		130,557
	- closing		(124,450)
			6,107
	Cost of goods manufactured		2,065,042
	Finished goods - opening		37,851
	- closing		(38,774)
			(923)
			2,064,119

27.1 This includes employees' retirement benefits amounting to Rs. 7.352 million.

28 SELLING AND DISTRIBUTION COST

	Note	June 30, 2012 (Rupees in thousand)
Salaries, wages and other benefits	28.1	**5,495**
Vehicle running expenses		**563**
Travelling and conveyance		**158**
Communication		**524**
Printing and stationery		**58**
Entertainment		**144**
Advertisements		**229**
Freight charges - local sale		**14,207**
Export logistics and related charges		**75,303**
Commission		**7,380**
Depreciation	7.3	**1,359**
Miscellaneous		**2,856**
		108,276

28.1 This includes employees' retirement benefits amounting to Rs. 1.02 million.

29 ADMINISTRATIVE EXPENSES

	Note	June 30, 2012 (Rupees in thousand)
Salaries, wages and other benefits	29.1	**27,540**
Vehicle running expenses		**1,931**
Travelling and conveyance		**1,399**
Advertisements		**166**
Communication, postage, telegram		**1,275**
Printing and stationery		**1,485**
Rent, rates and taxes		**11,493**
Entertainment		**646**
Legal and professional charges		**9,804**
Insurance		**295**
Repairs and maintenance		**3,731**
Utilities		**7**
Fees and subscription		**3,384**
Corporate expenses		**1,464**
Charity and donation	29.2	**127**
Auditors' remuneration	29.3	**650**
Other auditors' remuneration	29.4	**612**
Depreciation	7.3	**4,972**
Bad debts / Provision for doubtful debts		**221**
Fixed assets written off		**1,252**
Miscellaneous		**821**
		73,275

29.1 This includes employees' retirement benefits amounting to Rs. 1.654 million.

29.2 None of the directors or their spouses have any interest in any donee's fund to which donation was made.

29.3 Auditors' remuneration

Hyder Bhimji & Co. - Statutory Auditor	
Annual audit fee	**450**
Half yearly review fee	**50**
Out of pocket expenses	**100**
	600
Shekha & Mufti	
Annual audit fee - Thatta Power (Pvt.) Limited	**50**
	650

		Note	June 30, 2012 (Rupees in thousand)
29.4	**Other auditors' remuneration**		
	Siddiqui & Co. - Cost Auditor		
	Cost audit fee		100
	Out of pocket expenses		10
			110
	M. Yousuf Adil Saleem & Co. - Internal Auditor		
	Internal audit fee		470
	Out of pocket expenses		32
			502
			612
30	**OTHER OPERATING EXPENSES**		
	Workers' Welfare Fund		638
	Exchange loss		1,988
			2,626
31	**FINANCE COST**		
	Markup on long term financing		31,603
	Markup on short term borrowings		63,333
	Bank charges and commission		1,571
			96,507
32	**OTHER OPERATING INCOME**		
	Income from financial assets		
	Income on bank deposit accounts	32.1	20,744
	Income from non-financial assets		
	Gain on disposal of operating fixed assets	7.4	4,219
	Sale of store items		372
			4,591
	Others		
	Scrap sales		6,867
	Rental income		4,111
	Others		714
			11,692
			37,027

32.1 It includes markup income of Rs. 18.246 million from Summit Bank Limited, a related party.

33 TAXATION

The company incurred loss during the year and is accordingly liable to minimum tax on turnover and tax on rental income, therefore no tax reconciliation is given.

	Note	June 30, 2012 (Rupees in thousand)
34 LOSS PER SHARE - BASIC AND DILUTED		
Loss after taxation		**(24,801)**
Weighted average number of ordinary shares		**99,336,690**
Loss per share - basic and diluted (Rupee)		**(0.25)**

35 CAPACITY AND ACTUAL PRODUCTION

	Note	Metric Tons
Production capacity - Clinker		**450,000**
Actual production - Clinker	35.1	**333,601**
Actual production - Cement	35.2	**406,801**

35.1 The production capacity utilization during the year has remained at 74.13%. The underutilization is mainly due to hard hitting competition in the industry and excessive supply and lesser demand.

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

35.3 The subsidiary in the first phase is in the process of installing a 23.1 MW gas fired captive power plant to generate and supply electric power to the holding company. The subsidiary has also arrangment to sell power generated in excess of the holding company's requirements, to public utility company.

36 RELATED PARTY TRANSACTIONS

The related parties comprise of Companies with common directorship and key management personnel. Details of transactions with related parties during the year ended June 30, 2012, other than those which have been disclosed elsewhere in these financial statements are as follows, while for outstanding balances please refer the below stated note numbers:

Relationship	**Nature of transaction**		
Associated undertakings			
Summit Bank Limited	Markup on running finance, export proceeds realization charges and commission as Banker to Right Issue	23.1 & 24.4	**13,392**
	Guarantee on behalf of Company as per normal banking terms	25.2.1	**45,000**
	Mark up Income	15.1	**18,246**
International Complex Project Limited	Sale of Cement		**3,044**
Al Abbas Cement Industries Limited	(Receipt) / Accrual of markup		**(18,890)**
	Common shared expenses	16.1	**232**
	Purchase of coal		**125,596**
Safe Mix Concrete Products Limited	Sale of cement	22.1	**805**
Key management personnel	Sale of vehicle - sale proceeds	7.4	**437**
	Salaries and Benefits	37	**37,051**
Other related parties	Contribution to Employees' Gratuity Fund	22.2	**7,050**
	Contribution to Employees' Provident Fund		**3,794**

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

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

37 REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for the year in respect of remuneration to the Chief Executive, Directors and Executives are as follows:

	2012		
	Chief Executive	**Director**	**Executives**
	---------------- Rupees in thousands ----------------		
Managerial remuneration	6,426	-	22,804
Bonus and LFA	926	-	2,788
Other benefits	1,285	-	2,112
Leave encashment	520		190
	9,157	-	27,894
Number of persons	1	-	13

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

37.2 An aggregate amount of Rs. 350,375 was paid to Non-Executive Directors during the year on account of Board Meeting Fee.

38 OPERATING SEGMENTS

For management purposes the business is organized as a single reportable operating segment and Company's performance is evaluated on an overall basis based on single segment.

39 FINANCIAL INSTRUMENTS BY CATEGORY

The Company finances its operations through equity, borrowing and management of working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk. Taken as a whole the Company's risk arising from financial instruments is limited as there is no significant exposure to price and cash flow risk in respect of such instruments. Financial Instruments of the Company are as under:

	June 30, 2012 (Rupees in thousand)
Financial Assets	
Long term deposits	792
Trade debts	138,782
Loans and advances	36,808
Trade deposits	6,089
Accrued interest	111
Other receivables	3,417
Bank balances	5,803
	191,802
Financial Liabilities	
Long term financing	189,704
Long term deposits	3,581
Trade and other payables	466,230
Accrued markup	11,816
Short term borrowings	416,346
	1,087,677

39.1 Financial instruments and related disclosures

a. 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.

b. 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 and provision is made for doubtful debts.

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.

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 historical counterparty default rates.

As at June 30, 2012, trade debts of Rs. 3.591 million were past due but not impaired. These relates to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade debts is as follows:

	June 30, 2012 (Rupees in thousand)
Not past due	130,954
Past due but not impaired	
within 90 days	4,237
91 to 180 days	-
over 180 days	3,591
	138,782

The credit quality of cash at bank (in Current, PLS and deposit accounts) as per credit rating agencies are as follows:

Credit ratings

A1+	4,400
A2	1,403
	5,803

Due to Company's long standing relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company.

For trade debts, internal risk assessment process determines the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are fixed based on internal or external ratings in accordance with limits set by the management. The utilization of said limits is regularly monitored.

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 12. The aging analysis of these impaired trade debts is as follows:

One year to five years	72,269

c. **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.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient cash on demand to meet expected working capital requirements. Following are the contractual maturities of financial liabilities, including interest payments excluding the impact of netting arrangements.

	2012				
	Carrying Amount	**Contractual Cash Flows**	**Six months or less**	**Six to twelve months**	**One to five years**
	---------------------- Rupees in thousands ---------------------------------				
Non-derivative					
Financial liabilities					
Long term financing	189,704	(189,704)	(28,960)	(28,959)	(131,785)
Trade and other payables	498,286	(498,286)	(498,286)	-	-
Short term borrowings	416,346	(416,346)	(416,346)	-	-
Accrued markup	11,816	(11,816)	(11,816)	-	-
	1,116,152	**(1,116,152)**	**(955,408)**	**(28,959)**	**(131,785)**

The contractual cash flows relating to the above financial liabilities have been determined on the basis of markup rate effective as at June 30, 2012. The rate of markup have been disclosed in the respective notes of the financial statements.

d. **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.

e. **Interest / Markup Rate Risk Management**

Interest / markup rate risk management arises from the possibility of changes in interest / markup 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 holding "Prepayment option" which can be exercised upon any adverse movement in the underlying interest rates. At the balance sheet date the interest rate profile of the Company's interest bearing financial instruments is:

	Carrying Amount June 30, 2012 (Rupees in thousand)
Fixed rate instruments	
Financial assets	**1,000**
Financial liabilities	**-**
Variable rate instruments	
Financial assets	**4,002**
Financial liabilities	**606,050**

Fair Value Sensitivity Analysis for Fixed Rate instruments:

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, change in interest rates at the reporting date would not affect profit and loss account.

Cash Flow Sensitivity Analysis for Variable Rate instruments:

Financial Assets:

If interest rate had been fluctuated by +1% with all other variables held constant, loss before tax for the year would have been Rs. 0.04 million higher / lower, mainly as a result of higher/lower interest income from these financial assets.

Financial Liabilities:

If interest rate had been fluctuated by +1% with all other variables held constant, loss before tax for the year would have been Rs. 6.06 million higher / lower, mainly as a result of higher/lower interest expense from these financial liabilities.

f. Foreign Exchange Risk Management

Foreign exchange risk is the risk that the fair value of future cash flows of financial instruments 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. The Company's exposure to foreign currency risk is as follows:

	2012	
	Rupees	**US Dollars**
	(in thousand)	
Trade debts	**80,370**	**853**
Trade and other payables	**(179,860)**	**(1,909)**
Balance sheet exposure	**(99,490)**	**(1,056)**

The following significant rates applied during the year:

	2012 Average Rates	**2012 Balance Sheet Date Rate**
US Dollar to PKR	**89.23**	**94.20**

Sensitivity Analysis

A 10 percent strengthening / weakening of the Rupee against US Dollar at June 30, 2012 would have increased / decreased equity and profit and loss account by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Profit and Loss Account June 30, 2012 (Rupees in thousand)
Effects in US Dollars gain / (loss)	**(9,965)**

g. Fair value of financial instruments

The carrying value of all the financial assets and liabilities reflected in the financial statements approximates their fair value except for the Investment in Associate (note 9) which has been based upon equity method in accordance with IAS 28. The methods used for determining fair values of each class of financial assets and liabilities are disclosed in respective policy notes.

h. 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 business.

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 payable 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 maintain an appropriate mix between various sources of finance to minimize risk.

40 CORRESPONDING FIGURES

Thatta Cement Company Limited acquired/subscribed the 100% shares offered by Thatta Power (Private) Limited, subsidiary, on July 29, 2011 and hence the Company is preparing the consolidated financial statements for the first time. Therefore, corresponding figures have not been reported.

41 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on September 18, 2012 by the Board of Directors of the Company.

42 GENERAL

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

CHIEF EXECUTIVE OFFICER **DIRECTOR**

FORM OF PROXY

The Secretary
Thatta Cement Company Ltd.
1st Floor, Arif Habib Center
23 M. T. Khan Road
Karachi

Please quote:
No. of shares held ____________
Folio No. ____________

I / We ____

of ____

member (s) of **Thatta Cement Company Limited,** hereby appoint ____________________

____________________ or failing him ____________________

____________________ of ____________________

____________________ as proxy in my / our behalf at the Annual General Meeting to be held at Beach Luxury Hotel, M.T. Khan Road, Lalazar Karachi, on Tuesday, October 16, 2012 at 03:00 p.m. and at any adjournment thereof.

As witness my hand this ____________ day of ____________ 2012 ____________

signed by ____.

In the presence of ____________________

Signature

Rupees five revenue stamp

Important:

1. This Form of Proxy duly completed must be deposited at our Head Office or Company's Registrar office M/s. Nobel Computer Services (Pvt.) Limited, First Floor, House of Habib Building (Siddqsons Tower), 3-Jinnah Cooperative Housing Society, Main Sharah-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.