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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 (Nominee-SLIC)
Mr. Khawaja Mohammad Salman Younis	Director
Mr. Asadullah Khawaja	Director
Mr. Wazir Ali Khoja	Director(Nominee-NIT)

AUDIT COMMITTEE

Mr. Nasim Beg	Chairman
Mr. Khawaja Mohammad Salman Younis	Member
Mr. Asadullah Khawaja	Member

COMPANY SECRETARY & CHIEF FINANCIAL OFFICER
Muhammad Taha Hamdani

STATUTORY AUDITOR
Hyder Bhimji & Co.
Chartered Accountants

COST AUDITOR
Siddiqi & Company
Cost & Management Accountants

LEGAL ADVISOR
Usmani & Iqbal

BANKERS
Al Baraka Islamic Bank
MCB Bank Limited
National Bank of Pakistan
Sindh Bank Limited
Summit Bank Limited

REGISTERED OFFICE
Pardesi House, Survey No. 2/I, R.Y. 16,
Old Queens Road, Karachi -74000
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Fax No. 021-32400989
Website: www.thattacement.com
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Ghulamullah Road, Makli
District Thatta, Sindh 73160

SHARE REGISTRAR
Nobel Computer Services (Private) Limited,
First Floor, House of Habib Building (Siddiqsons Tower),
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Main Shahrah-e-Faisal, Karachi-75350.
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Directors' Review

The Board of Directors of Thatta Cement Company Limited present herewith the Directors' Review together with the unaudited financial statements duly reviewed by external auditors for the half year ended December 31, 2011.

BUSINESS OVERVIEW

During the half year under review, overall cement sales of the country increased by 4.2% by volume as compared to the corresponding period of previous year. The cement sales remained depressed as local sales suffered on account of rains and the holy month of Ramazan during which construction activity gets curtailed.

During the half year ended December 31, 2011, several districts of Sindh were devastated by heavy rains and floods which affected the economy of the country badly on micro as well as macro levels. This natural disaster has rendered millions homeless and damaged property worth billions.

Curtailed public sector spending also affected the cement industry. Frequent load shedding from WAPDA adversely impacted plant operations so much so that the plant operations had to be stopped during September 2011 as well as in December 2011. Due to severity of power failures, dedicated captive power generation has become imperative. Cost of inputs also maintained an upward trend throughout the half year ended December 31, 2011. Cement prices during the half year under review improved as compared to the corresponding half year. However, the advantage was only marginal.

BUSINESS PERFORMANCE

(a) Production and Sales Volume Performance

The capacity utilization of the Company during the half year under review stood at 58% as compared to 76% for the same period of last year. Overall clinker production was lower by 24% as compared to the same period of last year due to frequent power break downs and availability of carry over stock.

Particulars	December 2011	December 2010		Variation
	------------------ Metric Tons	----------------------		%
Plant capacity – clinker	225,000	225,000		
Production				
Clinker	129,797	170,846	(41,049)	(24.03)
Cement	164,539	177,350	(12,811)	(7.22)
GBFS	4,803	544	4,259	783
Dispatches				
Cement				
-Local	131,015	118,768	12,247	10.31
-Export	34,837	58,647	(23,810)	(40.60)
	165,852	177,415	(11,563)	(6.52)
Clinker – Export	-	31,313	(31,313)	(100)
GBFS – Local	4,803	500	4,303	8,606
	170,655	209,228	(38,573)	(18.44)

During the half year under review, the overall cement dispatches were lower by 11,563 ton (6.52%) as compared to same period of last year due to significant decrease in exports. The Company was able to increase local dispatches of cement during the half year ended December 31, 2011 which stood at 135,818 (local cement dispatch and GBFS) metric tons as compared to 119,268 metric tons during the corresponding period showing an increase of 13.88%. Cement exports stood at 34,837 metric tons as compared to 58,647 metric tons during the corresponding period depicting a decline of 40.6%. Decline in exports was due to pressure on prices of cement as compared to corresponding period of last year.

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

Particulars	December 2011	December 2010	Variation	
	---------------- Million Metric Tons	---------------		%
Cement Industry				
Local sales	10.944	10.109	0.835	8.3
Export sales	4.458	4.672	(0.214)	(4.6)
	15.402	14.781	0.621	4.2
	---------------------------- Metric Tons	----------------------------		
Thatta Cement Company Limited				
Local sales	135,818	119,268	16,550	13.88
Export sales	34,837	89,960	(55,123)	(61.28)
	170,655	209,228	(38,573)	(18.44)

The above analysis provides a glimpse on the Company's performance as against the industry. The industry grew by 8.3% in respect of local sales whereas local sales of the Company increased by 13.88%. The Company's overall sales declined by 18.44% due to decline in exports by 61.28%.

(b) Financial Performance

A comparison of the key financial results of the Company for the half year ended December 31, 2011 with the same period last year is as under:

Particulars	December 2011	December 2010
	(Rupees in thousands)	
Turnover – net	893,219	878,883
Gross profit	61,524	186,921
(Loss) / profit before taxation	(72,652)	3,324
(Loss) / profit after taxation	(88,489)	734
(Loss) / earning per share	(0.89)	0.01

The prices in local market have shown improvement during the half year ended December 31, 2011, which is evident from the fact that the overall dispatch volume decreased by 18.44% whereas turnover has increased by 1.6%. However, the cost of inputs maintained an upward trend which resulted in dilution of gross profit margin.

Higher input costs including constant increase in coal prices in international markets, sustained increase in power cost owing to fuel price adjustments, raw and packing material and freight charges directly affected the margins available to the Company and overall profitability. Resultantly, the Company suffered a loss before tax of Rs. 72,652 million after providing depreciation of Rs. 25,658 million.

FUTURE OUTLOOK

The present industry business environment is quite challenging for the Company. However, the Company is striving to cope up with the challenges by adopting economy measures and improving plant efficiencies. Further, by adjusting the sales mix from export to local, the Company is mitigating the risk to the maximum extent.

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 cut down in discount rate by State Bank of Pakistan is attracting investment in real estate and may increase cement consumption in local market. Cement sales are expected to increase during the remaining period of the year as the Government has announced spending on infrastructure.

CAPTIVE POWER PLANT

Letter of credit has been established for procurement of 7 gas engines. EPC contract has also been concluded for completion of the project on fast track basis. Work on site preparation and plant layout is under progress. The captive power plant is expected to resume commercial operation during the last quarter of current calendar year.

CEMENT GRINDING AND PACKING PLANT IN HAMBANTOTA, SRI LANKA

The Company had planned a cement grinding and packing plant in Sri Lanka, near the port of Hambantota. This project will bring new horizons of opportunities and expansion for the Company together with increase in export of clinker. Sri Lanka Port Authority has granted approval for the said project. Currently discussions are under way for the involvement and selection of a Sri Lankan / International partner for the said project.

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

Muhammad Fazlullah Shariff
Chief Executive Officer

Karachi: February 17, 2012

HYDER BHIMJI & CO.
CHARTED ACCOUNTANTS

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AUDITORS REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

INTRODUCTION:

We have reviewed the accompanying condensed interim balance sheet of THATTA CEMENT COMPANY LIMITED as of December 31, 2011 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "condensed interim financial information") for the half year then ended. Management is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with the approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarter ended December 31, 2011 and December 31, 2010 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2011.

SCOPE OF REVIEW:

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

CONCLUSION:

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2011 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Hyder Bhimji & Co

HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS
ENGAGEMENT PARTNER: M. HANIF RAZZAK

Karachi: February 17, 2012

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Condensed Interim Balance Sheet
As at December 31, 2011

	Note	(Un audited) December 31, 2011	(Audited) June 30, 2011
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and euqipment	5	792,975	802,700
Intangible assets		3,216	3,216
Investment in associated company	6	127,847	127,847
Investment in subsidiary company	7	299,158	-
Long term deposits		792	792
		1,223,988	934,555
CURRENT ASSETS			
Stores, spare parts and loose tools		290,269	262,106
Stock-in-trade		230,581	219,291
Trade debts		68,559	88,672
Loans and advances		30,778	26,720
Trade deposits and short term prepayments		3,635	6,209
Other receivables		8,869	40,577
Accrued interest		18,891	18,986
Sales tax refundable		19,585	39,183
Taxation - net		61,908	57,148
Cash and bank balances		6,404	296,756
		739,479	1,055,648
		1,963,467	1,990,203
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 100,000,000 (June 30, 2011: 100,000,000) ordinary shares of Rs. 10/- each		1,000,000	1,000,000
Issued, subscribed and paid-up capital	8	997,181	797,745
Share premium		99,718	-
Accumulated loss		(185,229)	(96,740)
		911,670	701,005
Advance against subscription of right issue		-	276,654
		911,670	977,659
NON-CURRENT LIABILITIES			
Long term financing		160,743	103,037
Deferred taxation	9	42,238	35,521
Long term deposits		4,914	3,701
		207,895	142,259
CURRENT LIABILITIES			
Trade and other payables		269,065	297,417
Accrued markup		19,655	17,989
Current maturity of long term financing		74,270	46,147
Short term borrowings		480,912	508,732
		843,902	870,285
CONTINGENCIES AND COMMITMENTS	10		
		1,963,467	1,990,203

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

Condensed Interim Profit & Loss Account (Unaudited)

For the half year ended December 31, 2011

	Note	For the half year ended December 31, 2011	December 31, 2010	For the quarter ended December 31, 2011	December 31, 2010
		(Rupees in thousand)			
Turnover - net	11	893,219	878,883	464,725	403,791
Cost of sales		(831,695)	(691,962)	(457,135)	(322,564)
Gross profit		61,524	186,921	7,590	81,227
Selling and distribution cost		(55,526)	(130,757)	(21,731)	(56,936)
Administrative expenses		(31,599)	(26,949)	(16,784)	(13,561)
		(87,125)	(157,706)	(38,515)	(70,497)
Operating (loss) / profit		(25,601)	29,215	(30,925)	10,730
Other operating expenses		(86)	(3,086)	-	(1,504)
Finance cost		(54,706)	(35,732)	(28,572)	(20,702)
		(54,792)	(38,818)	(28,572)	(22,206)
Other operating income		7,741	12,927	4,454	8,880
(Loss) / profit before taxation		(72,652)	3,324	(55,043)	(2,596)
Taxation					
- Current	12	(9,120)	(9,721)	(4,767)	(4,887)
- Deferred		(6,717)	7,131	(13,320)	7,592
		(15,837)	(2,590)	(18,087)	2,705
(Loss) / profit after taxation		(88,489)	734	(73,130)	109
Other comprehensive income		-	-	-	-
Total comprehensive (loss) / income for the period		(88,489)	734	(73,130)	109
		Rupee			
(Loss) / earning per share - basic and diluted		(0.89)	0.01	(0.73)	0.00

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

Condensed Interim Cash Flow Statement (Unaudited)

For the half year ended December 31, 2011

		For the half year ended December 31, 2011	December 31, 2010
		(Rupees in thousand)	
A	CASH FLOWS FROM OPERATING ACTIVITIES		
	(Loss) / profit before taxation	(72,652)	3,324
	Adjustment for:		
	Depreciation	25,658	26,344
	Finance cost	54,706	35,732
	Employee benefits - gratuity	3,116	2,293
	Profit on disposal of property, plant and equipment	(3)	-
	Provision / (reversal) for dead stores and spares	-	(191)
		83,477	64,178
	Operating cash flows before working capital changes	10,825	67,502
	(Increase) / decrease in current assets		
	Stores, spare parts and loose tools	(28,163)	(76,570)
	Stock-in-trade	(11,290)	18,172
	Trade debts	20,114	(5,058)
	Loans and advances and accrued interest	(3,963)	(188,454)
	Trade deposits and short term prepayments	2,566	(3,952)
	Other receivables / sales tax refundable	51,306	(28,601)
		30,570	(284,463)
	(Decrease) / increase in current liabilities		
	Trade and other payables excluding gratuity payable	(29,869)	37,921
	Cash generated from / (used in) operations	11,526	(179,040)
	Finance cost paid	(53,039)	(26,158)
	Gratuity paid	(1,600)	(3,651)
	Taxes paid	(13,879)	(13,847)
		(68,518)	(43,656)
	Net cash used in operating activities A	(56,992)	(222,696)

		For the half year ended December 31, 2011	December 31, 2010
		(Rupees in thousand)	
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(16,389)	(19,489)
Proceeds on disposal of property, plant and equipment		455	-
Investment in subsidiary company		(299,158)	-
Long term deposits - assets		-	(3)
Net cash used in investing activities	B	(315,092)	(19,492)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(34,167)	(20,833)
Long term loan obtained		120,000	-
Proceeds from issuance of shares		22,504	-
Long term deposits - liabilities		1,215	105
Net cash generated from / (used in) financing activities	C	109,552	(20,728)
Net decrease in cash and cash equivalents (A + B +C)		(262,532)	(262,916)
Cash and cash equivalents at beginning of the period		(211,976)	(281,143)
Cash and cash equivalents at end of the period		(474,508)	(544,059)
CASH AND CASH EQUIVALENTS			
Cash and bank balances		6,404	1,956
Short term borrowings		(480,912)	(546,015)
		(474,508)	(544,059)

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

Condensed Interim Statement of Changes in Equity (Unaudited)
For the half year ended December 31, 2011

	Issued, subscribed and paid-up share capital	Share Premium	Accumulated loss	Total
	....................................(Rupees in thousand)................................			
Balance as at July 1, 2010	797,745	-	(22,182)	775,563
Total comprehensive income for the half year ended December 31, 2010	-	-	734	734
Balance as at December 31, 2010	797,745	-	(21,448)	776,297
Balance as at July 1, 2011	797,745	-	(96,740)	701,005
Total comprehensive loss for the half year ended December 31, 2011	-	-	(88,489)	(88,489)
Ordinary shares issued	199,436	99,718	-	299,154
Balance as at December 31, 2011	997,181	99,718	(185,229)	911,670

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

Notes to the Condensed Interim Financial Statements (Unaudited)
For the half year ended December 31, 2011

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

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 condensed interim financial statements are un-audited but subject to limited scope review by the auditors. These condensed interim financial statements of the Company for the half year ended December 31, 2011 have been prepared in accordance with the requirements of the International Accounting Standard (IAS) - 34 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where the requirements differ, the provisions and directives issued under the Companies Ordinance, 1984 shall prevail.

The figures of the condensed interim profit and loss account for the quarters ended December 31, 2011 and 2010 have not been reviewed by the auditors of the Company as they have reviewed the cumulative figures for the half years ended December 31, 2011 and 2010. These condensed interim financial statements do not include all the information and disclosures requried in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2011.

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 note in annual audited financial statements for the year ended June 30, 2011.

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation followed in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the Company's annual financial statements for the year ended June 30, 2011.

4.1 Investment in Subsidiary and Associated Company

The Company considers its subsidiary companies to be such enterprise 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.

Investment in subsidiaries and associates are carried at cost in accordance with IAS 27 - 'Consolidated and Separate Financial Statements'.

	Note	(Unaudited) December 31, 2011	(Audited) June 30, 2011
		(Rupees in thousand)	
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	790,500	801,804
Capital work in progress	5.3	2,475	896
		792,975	802,700

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

Opening balance (WDV)	801,804	848,781
Add: Additions during the period	14,810	24,450
Less: Disposals during the period (WDV)	(456)	(18,768)
Depreciation charge for the period	(25,658)	(52,659)
Closing balance (WDV)	790,500	801,804

5.2 Details of additions and disposals are as under:

Additions (at cost)

Agricultural land	-	715
Leasehold improvements	-	771
Housing colonies	-	74
Plant and machinery	9,087	10,924
Computers	1,955	687
Furniture and fixtures	283	272
Office equipments	50	6,688
Vehicle	3,435	4,319
	14,810	24,450

Disposal (at written down value)

Agricultural land	-	16,012
Furniture and fixtures	-	2,722
Office equipments	-	34
Vehicles	437	-
Computers	19	-
	456	18,768

5.3 Capital work in progress

Opening balance	896	-
Additions	1,579	896
Closing balance	2,475	896

6 INVESTMENT IN ASSOCIATED COMPANY

Investment in shares of related party M/s Al Abbas Cement Industries Limited (quoted) represents 25.6 million (June 30, 2011: 25.6 million) fully paid ordinary shares of Rs. 10 each, representing 7%

(June 30, 2011: 7%) of share capital of that related party as at December 31, 2011, having cost of Rs. 128 million (June 30, 2011: Rs. 128 million). The allotment of these shares were made on June 30, 2011 by subscription of shares issue. Market value per share as at the close of the half year ended December 31, 2011 was Rs. 2.50, whereas book value based on net assets, as per audited financial statements, as at June 30, 2011 was negative Rs. 3.02 while value in use based on valuation of that investee is more than the cost of investment.

7 INVESTMENT IN SUBSIDIARY COMPANY

Thatta Power (Private) Limited (TPPL) is a wholly owned subsidiary company of Thatta Cement Company Limited (TCCL). 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. The subsidiary is expected to achieve its commercial operation in the last quarter of the current calendar year.

			(Unaudited) December 31, 2011	(Audited) June 30, 2011
			(Rupees in thousand)	
8	ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL			
	Ordinary shares of Rs. 10 each 89,418,125 (June 2011: 69,474,500) shares alloted for consideration paid in cash	8.1	894,181	694,745
	10,300,000 (June 2011: 10,300,000) shares alloted for consideration other than cash		103,000	103,000
			997,181	797,745

8.1 During the period, Company issued 19,943,625 ordinary shares of Rs. 10 each at a premium of Rs. 5 each as right issue. The shares were alloted on July 08, 2011.

9	DEFERRED TAXATION		
	Credit balance arising in respect of - Accelerated tax depreciation allowances	117,464	116,518
	Debit balances arising on account of		
	- Provisions	(34,471)	(34,446)
	- Provision for gratuity	(2,170)	(1,820)
	- Unabsorbed tax losses and minimum tax	(38,585)	(44,731)
		(75,226)	(80,997)
		42,238	35,521

10 CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

There is no change in the status of contingencies and they are same as disclosed in the last published annual financial statements for the year ended June 30, 2011.

10.2 Commitments

Commitments in respect of irrevocable letter of credits	123,802	207,139
Guarantees given by banks on behalf of the Company	119,916	91,569
Commitment in respect of rent	-	2,621
	243,718	301,329

		Half year ended December 31, 2011	Half year ended December 31, 2010	Quarter ended December 31, 2011	Quarter ended December 31, 2010
		(Rupees in thousand)			

11 TURNOVER

Local	692,585	455,694	400,580	251,239
Export	200,634	423,189	64,145	152,552
	893,219	878,883	464,725	403,791

12 WORKERS' PROFIT PARTICIPATION FUND, WORKERS' WELFARE FUND AND TAXATION

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

13 (LOSS) / EARNING PER SHARE - BASIC AND DILUTED

	Note				
(Loss) / profit after taxation (Rupees in thousand)		(88,489)	734	(73,130)	109
Weighted average number of ordinary shares	13.1	98,959,400	79,774,500	99,718,125	79,774,500
(Loss) / profit per share - basic and diluted (Rupee)		(0.89)	0.01	(0.73)	0.00

13.1 Weighted average number of ordinary shares have been calculated from the date of allotment i.e. July 8, 2011.

14 RELATED PARTY TRANSACTIONS / OUTSTANDING BALANCES

The related parties comprise of Companies with common directorship and key management personnel. Details of transactions and outstanding balances with related parties during the / as at half year ended December 31, 2011, are as follows:

a) Associated companies

NAME OF RELATED PARTIES	NATURE OF TRANSACTION	Half year ended December 31, 2011	Half year ended December 31, 2010
		(Rupees in thousand)	
Summit Bank Limited	Markup on short term borrowings and commission as Banker to Right issue	8,000	9,239
International Complex Project Limited	Sale of cement	2,185	2,438
Al Abbas Cement Industries Limited	Down payment	-	178,000
Al Abbas Cement Industries Limited	Various expenses	56	-
Al Abbas Cement Industries Limited	Purchase of coal (inclusive of GST)	125,596	-

NAME OF RELATED PARTIES	NATURE OF TRANSACTION	Half year ended December 31, 2011 (Rupees in thousand)	Half year ended December 31, 2010 (Rupees in thousand)
Al Abbas Cement Industries Limited	Payment on account of purchase of coal	78,500	-
Al Abbas Cement Industries Limited	Sale of cement	-	34,473
Safe Mix Concrete Products (Pvt.) Ltd.	Sale of cement	805	4,652
Aisha Steel Mills Limited	Sale of Cement	-	3,537
Thatta Power (Pvt.) Limited	Various expenses	1,683	-
Thatta Power (Pvt.) Limited	Investment in shares	299,158	-

b)	Benefits to key management personnel		17,720	13,837
c)	Other related parties	Contribution to Employees' Gratuity Fund	1,600	3,615
		Contribution to Employees' Provident Fund	1,844	1,407

Name of related party	Outstanding balances	(Unaudited) December 31, 2011 (Rupees in thousand)	(Audited) June 30, 2011 (Rupees in thousand)
Summit Bank Limited	Accrued markup	3,663	3,574
Summit Bank Limited	PLS Account balance	1,029	7 7
Summit Bank Limited	Running finance	102,109	90,555
Thatta Power (Pvt.) Limited	Receivable against various expenses	22	2,029
Al Abbas Cement Industries Limited	Receivable against various expenses and accrued interest	20,515	20,549
Al Abbas Cement Industries Limited	Payable on account of purchase of coal	47,096	-
International Complex Project Limited	Receivable on account of sale of cement	43	736
Safe Mix Concrete Products (Pvt.) Ltd.	Advance against sale of cement	337	284

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

14.2 All transactions with related parties have been carried out on commercial terms.

15 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on February 17, 2012 by the Board of Directors of the Company.

16 GENERAL

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

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CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2011

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Condensed Interim Consolidated Balance Sheet (Unaudited)

As at December 31, 2011

	Note	December 31, 2011 (Rupees in thousand)
ASSETS		
NON-CURRENT ASSETS		
Property, plant and euqipment	5	945,939
Intangible assets		3,376
Investment in associated company		104,881
Long term deposits		792
		1,054,988
CURRENT ASSETS		
Stores, spare parts and loose tools		290,269
Stock-in-trade		230,581
Trade debts		68,559
Loans and advances		30,756
Trade deposits and short term prepayments		3,635
Other receivables		8,869
Accrued interest		21,863
Sales tax refundable		20,572
Taxation - net		58,377
Cash and bank balances		160,663
		894,144
		1,949,132
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorised capital 100,000,000 ordinary shares of Rs. 10/- each		1,000,000
Issued, subscribed and paid-up capital	6	997,181
Share premium		99,718
Accumulated loss		(199,564)
		897,335
NON-CURRENT LIABILITIES		
Long term financing		160,743
Deferred taxation	7	42,238
Long term deposits		4,914
		207,895
CURRENT LIABILITIES		
Trade and other payables		269,065
Accrued markup		19,655
Current maturity of long term financing		74,270
Short term borrowings		480,912
		843,902
CONTINGENCIES AND COMMITMENTS	8	
		1,949,132

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

Condensed Interim Consolidated Profit & Loss Account (Unaudited)

For the half year ended December 31, 2011

	Note	Half year ended December 31, 2011	Quarter ended December 31, 2011
		(Rupees in thousand)	
Turnover - net	9	893,219	464,725
Cost of sales		(831,695)	(457,135)
Gross profit		61,524	7,590
Selling and distribution cost		(55,526)	(21,731)
Administrative expenses		(33,912)	(17,178)
		(89,438)	(38,909)
Operating loss		(27,914)	(31,319)
Other operating expenses		(86)	-
Finance cost		(54,706)	(28,572)
		(54,792)	(28,572)
Other operating income		23,493	13,850
Share of loss of associate		(22,966)	(10,829)
Loss before taxation		(82,179)	(56,870)
Taxation	10		
- Current		(13,928)	(8,939)
- Deferred		(6,717)	(13,320)
		(20,645)	(22,259)
Loss after taxation		(102,824)	(79,129)
Other comprehensive income		-	-
Total comprehensive loss for the period		(102,824)	(79,129)
		--------------- Rupee	---------------
Loss per share - basic and diluted		(1.04)	(0.79)

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

Condensed Interim Consolidated Cash Flow Statement (Unaudited)
For the half year ended December 31, 2011

		Half year ended December 31, 2011 (Rupees in thousand)
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation		(82,179)
Adjustment for:		
Depreciation		25,658
Finance cost		54,706
Employee benefits - gratuity		3,116
Profit on disposal of property, plant and equipment		(3)
Share of loss of associated company		22,966
		106,443
Operating cash flows before working capital changes		24,264
(Increase) / decrease in current assets		
Stores, spare parts and loose tools		(28,163)
Stock-in-trade		(11,290)
Trade debts		20,114
Loans and advances and accrued interest		(6,912)
Trade deposits and short term prepayments		2,566
Other receivables / sales tax refundable		50,319
		26,634
Decrease in current liabilities		
Trade and other payables excluding gratuity payable		(29,869)
Cash generated from operations		21,029
Finance cost paid		(53,039)
Gratuity paid		(1,600)
Taxes paid		(15,157)
		(69,796)
Net cash used in operating activities	A	(48,767)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure		(169,513)
Proceeds on disposal of property, plant and equipment		455
Net cash used in investing activities	B	(169,058)

		Half year ended December 31, 2011 (Rupees in thousand)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing		(34,167)
Long term loan obtained		120,000
Proceeds from issuance of shares		22,504
Long term deposits - liabilities		1,215
Net cash generated from financing activities	C	109,552
Net decrease in cash and cash equivalents (A + B +C)		(108,273)
Cash and cash equivalents at beginning of the period		(211,976)
Cash and cash equivalents at end of the period		(320,249)
CASH AND CAH EQUIVALENTS		
Cash and bank balances		160,663
Short term borrowings		(480,912)
		(320,249)

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

Condensed Interim Consolidated Statement of Changes in Equity (Unaudited)
For the half year ended December 31, 2011

	Issued, subscribed and paid-up share capital	Share Premium	Accumulated loss	Total
	........................(Rupees in thousand)........................			
Balance as at July 1, 2011	797,745	-	(96,740)	701,005
Total comprehensive loss for the half year ended December 31, 2011	-	-	(102,824)	(102,824)
Ordinary shares issued	199,436	99,718	-	299,154
Balance as at December 31, 2011	997,181	99,718	(199,564)	897,335

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
For the half year ended December 31, 2011

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

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 condensed interim consolidated financial statements are un-audited. These condensed interim consolidated financial statements of the Company for the half year ended December 31, 2011 have been prepared in accordance with the requirements of the International Accounting Standard (IAS) - 34 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where the requirements differ, the provisions and directives issued under 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.

4 SIGNIFICANT ACCOUNTING POLICIES

Accounting policies and methods of computation followed in the preparation of these financial statements except for subsidiary and associate, are the same as those applied in the preparation of Company's annual financial statements for the year ended June 30, 2011. Further, the accounting policies of TPPL are same as of the Company.

4.1 Investment in Subsidiary

Subsidiaries are entities in which the Parent has control and / or ownership of fifty percent or more of the voting power. Control exists when the parent has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exerciseable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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

Non-controlling interest is that portion of equity in a subsidiary that is not attributable, directly or indirectly, to the Parent. Non-controlling interests are presented as a separate item in the consolidated financial statements.

Upon the loss of control, the Parent 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 recognised in profit or loss.

The financial year of the Parent and its subsidiary are the same.

4.2 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 investments in associates is applied from the date when significant influence commence until the date when that significant influence ceases.

		Note	(Unaudited) December 31, 2011 (Rupees in thousand)
5	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets	5.1	790,546
	Capital work in progress	5.3	155,393
			945,939
5.1	The following is the movement in operating fixed assets - tangible during the period:		
	Opening balance (WDV)		801,804
	Add: Additions during the period		14,856
	Less: Disposals during the period (WDV)		(456)
	Depreciation charge for the period		(25,658)
	Closing balance (WDV)		790,546
5.2	Details of additions and disposal are as under:		
	Additions (at cost)		
	Plant and machinery		9,087
	Computers		1,955
	Furniture and fixtures		283
	Office equipments		50
	Vehicle		3,481
			14,856
	Disposal (at written down value)		
	Vehicles		437
	Computers		19
			456
5.3	Capital work in progress		
	Opening balance		896
	Additions		154,497
	Closing balance		155,393

			Unaudited December 31, 2011 (Rupees in thousand)
6	ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL		
	Ordinary shares of Rs. 10 each 89,418,125 shares alloted for consideration paid in cash	6.1	894,181
	10,300,000 shares alloted for consideration other than cash		103,000
			997,181

6.1 During the period Company issued 19,943,625 ordinary shares of Rs. 10 each at a premium of Rs. 5 each as right issue. The shares were alloted on July 08, 2011.

7	DEFERRED TAXATION	
	Credit balance arising in respect of - Accelerated tax depreciation allowances	117,464
	Debit balances arising on account of	
	- Provisions	(34,471)
	- Provision for gratuity	(2,170)
	- Unabsorbed tax losses and minimum tax	(38,585)
		(75,226)
		42,238

8 CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

There is no change in the status of contingencies and they are same as disclosed in the last published annual financial statements for the year ended June 30, 2011.

8.1	Commitments	
	Commitments in respect of irrevocable letter of credits	123,802
	Guarantees given by banks on behalf of the Company	119,916
		243,718

		Half year December 31, 2011	Quarter December 31, 2011
		(Rupees in thousand)	
9	TURNOVER		
	Local	692,585	400,580
	Export	200,634	64,145
		893,219	464,725

10 TAXATION

Charge for taxation is provisional and final liability would be determined on the basis of annual results.

			Half year December 31, 2011	Quarter December 31, 2011
			(Rupees in thousand)	
11	LOSS PER SHARE - BASIC AND DILUTED			
	Loss after taxation (Rupees in thousand)		(102,824)	(79,129)
	Weighted average number of ordinary shares	11.1	98,959,400	99,718,125
	Loss per share - basic and diluted (Rupee)		(1.04)	(0.79)

11.1 Weighted average number of ordinary shares have been calculated from the date of allotment i.e. July 8, 2011.

12 RELATED PARTY TRANSACTIONS / OUTSTANDING BALANCES

The related parties comprise of Companies with common directorship and key management personnel. Details of transactions and outstanding balances with related parties during the / as at half year ended December 31, 2011, are as follows:

			Half year December 31, 2011 (Rupees in thousand)
a)	ASSOCIATED COMPANIES		
	Name of related party	Nature of transaction	
	Summit Bank Limited	Markup on short term borrowings and commission as Banker to Right issue	8,000
	International Complex Project Limited	Sale of cement	2,185
	Al Abbas Cement Industries Limited	Purchase of coal (inclusive of GST)	125,596
	Al Abbas Cement Industries Limited	Payment on account of purchase of coal	78,500
	Al Abbas Cement Industries Limited	Various expenses	56
	Safe Mix Concrete Products (Pvt.) Ltd.	Sale of cement	805
b)	Benefits to key management personnel		17,720
c)	Other related parties	Contribution to Employees' Gratuity Fund	1,600
		Contribution to Employees' Provident Fund	1,844
	Name of related party	Outstanding balances	
	Summit Bank Limited	Accrued markup	3,663
	Summit Bank Limited	PLS Account balance	1,029
	Summit Bank Limited	Running finance	102,109
	Al Abbas Cement Industries Limited	Receivable against various expenses and accrued interest	20,515

Name of related party	Outstanding balances	Half year December 31, 2011 (Rupees in thousand)
Al Abbas Cement Industries Limited	Payable on acccount of purchase of coal	47,096
International Complex Project Limited	Receivable on account of sale of cement	43
Safe Mix Concrete Products (Pvt.) Ltd.	Advance against sale of cement	337

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

12.2 All transactions with related parties have been carried out on commercial terms.

13 CORRESPONDING FIGURES

Thatta Cement Company Limited acquired / subscribed 100% shares of Thatta Power (Private) Limited 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.

14 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on February 17, 2012 by the Board of Directors of the Company.

15 GENERAL

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

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