



**Third Quarter Report**  
March 31, 2010

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## Company Information

### BOARD OF DIRECTORS

Mr. Muhammad Arif Habib	Chairman
Mr. Muhammad Fazlullah Shariff	Chief Executive
Mr. Muhammad Kashif	Executive Director
Mr. Muhammad Akmal Jameel	Director
Mr. Muhammad Khubaib	Director
Mr. Nasim Beg	Director
Mr. Asadullah Khawaja	Director

### AUDIT COMMITTEE

Mr. Muhammad Khubaib	Chairman
Mr. Muhammad Kashif	Member
Mr. Muhammad Akmal Jameel	Member

### COMPANY SECRETARY & CHIEF FINANCIAL OFFICER

Mr. Ashiq Hussain

### STATUTORY AUDITOR

Hyder Bhimji & Co.  
Chartered Accountants

### COST AUDITOR

Siddiqi & Co.  
Cost & Management Accountants

### LEGAL ADVISOR

Usmani & Iqbal

### BANKERS

Al-Baraka Islamic Bank  
Arif Habib Bank Limited  
MCB Bank Limited  
National Bank of Pakistan  
Standard Chartered Bank Pakistan Limited

### REGISTERED OFFICE

Pardesi House, Survey No.2/1, R.Y. 16,  
Old Queens Road, Karachi - 74000  
Ph.(021) 32423295,32423478  
Fax No. 021-32400989  
Website: [www.thattacement.com](http://www.thattacement.com)  
E-mail: [info@thattacement.com](mailto:info@thattacement.com)

### SHARE REGISTRAR

Nobel Computer Services (Pvt) Limited  
Mezzanine Floor, House of Habib Building (Siddiqsons Tower)  
3- Jinnah Cooperative Housing Society, Main Shahr-e-Faisal, Karachi-753350  
PABX : (92-21) 34325482-87 Fax : (92-21) 34325542

### FACTORY

Ghulamullah Road, Makli  
District Thatta, Sindh 73160

## Directors' Review

On behalf of the Board of Directors of Thatta Cement Company Limited, I am pleased to present financial results for the nine months period ended March 31, 2010 along with unaudited financial statements.

### OVERVIEW

Although overall cement sales in the country rose by about 12% over the same period of previous year but the pressure on ex-factory price increased due to tough competition among cement manufacturers. Cement manufacturers are trying to secure market share by lowering prices.

Steep and regular increase in electricity tariff throughout the financial period has significantly increased the cost of doing business in general. Rising fuel prices in International market coupled with devaluation of Pak Rupee significantly impacted on the cost of production and profitability of the Cement sector negating the impact of exchange gain on export sales.

Cement export is continuing unabated with declined prices which have drastically lowered the margins.

### OPERATING RESULTS

Clinker and cement production for the nine months period ended fell short by 8.46% and 1.48% respectively as compared to the same period of the previous year.

#### Production:

The comparative figures of production are given as under:-

	March 31, 2010 M.Tons	March 31, 2009 M.Tons	Variance
Clinker	252,679	276,041	(8.46)%
Cement	243,742	247,414	(1.48)%
GBFS	3,415	4,375	(21.95)%

#### Sales:

Cement sales during the period under discussion were marginally lower than that for the same period of previous year. The Company tried to offset the deficit of local sale as much as possible through export of clinker and cement. However, due to the stiff competition the prices realized by the Company were low as compared to the same period of previous year. Comparative figures are given below:-

	March 31, 2010 M.Tons	March 31, 2009 M.Tons	Variance
Cement	155,724	185,889	(16.23)%
Cement	86,116	56,201	53.23 %
	<b>241,840</b>	<b>242,090</b>	<b>(0.10)%</b>
Clinker	-	1,492	(100.00)%
Clinker	49,493	54,376	(8.98)%
	<b>49,493</b>	<b>55,868</b>	
GBFS	3,415	4,375	(21.95)%
	<b>294,748</b>	<b>302,333</b>	<b>(2.51)%</b>

## FINANCIAL RESULTS

Average selling prices both local and export continued to decline due to stiff competition in the market and inverse relationship of supply & price. Increase in electricity tariff and inflationary trend in cost of other inputs additionally affected the margins of the Company.

Net sales revenue was lower by Rs. 232 million i.e. 16.16% as compared to the same period of the previous year. Gross profit went down during the period by 41.28%. Through better management of funds, your Company was able to reduce the finance cost despite increase in operating expenses. The Company was able to earn a profit before taxation of Rs. 1.787 million after incorporating accounting depreciation of Rs. 39.33 million.

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

	March 31, 2010 M.Tons	March 31, 2009 M.Tons	Variance
Rupees in thousands			
Sales -net	1,203,359	1,435,368	(16.16)%
Gross profit	221,285	376,816	(41.28)%
Profit before taxation	1,787	212,234	(99.16)%
(Loss) / profit after taxation	(12,888)	176,051	(107.32)%
(Loss) / earnings per share	(0.16)	2.21	(107.32)%

## FUTURE OUTLOOK

Domestic demand is likely to pick up during the last quarter as demand is picking up in urban areas due to increased construction activities. Local prices are expected to improve going forward. Improved law and order position could further augment construction activity boosting local sales. Through effective measures and use of alternative fuels the Company has managed to curtail cost of production. To ensure maximum utilization of capacity the management is making efforts to explore new markets. The Company through promotional strategies aims to boost sales while maintaining reasonable margins.

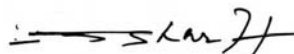
Allocation of Rs.1 billion by the Government under the head of inland freight subsidy to exporters augers well for the industry. Rising prices of utilities and other inputs however, need to be addressed through cost effective measures. The Company is planning certain projects, which when implemented, would contribute towards further reduction in the cost of production.

## ACKNOWLEDGEMENT

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

Karachi: April 27, 2010

For and behalf of the Board



**Muhammad Fazlullah Shariff**  
Chief Executive Officer

## Condensed Interim Balance Sheet

As at March 31, 2010

	Note	(Unaudited) March 31, 2010	(Audited) June 30, 2009
(Rupees in thousands)			
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant & equipment	4	833,045	809,468
Agricultural land		15,297	15,297
Long term deposits		88	88
		<b>848,430</b>	<b>824,853</b>
<b>CURRENT ASSETS</b>			
Stores, spare parts & loose tools		170,539	218,895
Stock-in-trade		154,683	225,301
Trade debts		38,462	56,135
Loans and advances		14,446	16,694
Trade deposits and short term prepayments		8,947	6,910
Other receivables		3,223	1,225
Short term investments		-	38,597
Tax refundable		27,673	-
Taxation-net		31,203	18,764
Cash and bank balances		4,814	11,815
		<b>453,990</b>	<b>594,336</b>
		<b>1,302,420</b>	<b>1,419,189</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized capital</b>			
90,000,000 (June 30, 2009 : 90,000,000) ordinary shares of Rs. 10/- each		900,000	900,000
Issued, subscribed and paid-up share capital		797,745	797,745
Unrealised loss on investment available for sale		-	(3,810)
Accumulated loss		(36,012)	(23,124)
		<b>761,733</b>	<b>770,811</b>
<b>NON CURRENT LIABILITIES</b>			
Long term financing		52,083	83,333
Deferred taxation	5	62,625	53,972
Long term deposits		4,338	3,962
		<b>119,046</b>	<b>141,267</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		206,493	170,582
Accrued markup		6,063	10,095
Short term borrowings		167,418	243,102
Current maturity of long term financing		41,667	83,332
		<b>421,641</b>	<b>507,111</b>
<b>CONTINGENCIES &amp; COMMITMENTS</b>			
	6	<b>1,302,420</b>	<b>1,419,189</b>

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


  
**CHIEF EXECUTIVE OFFICER**

  
**DIRECTOR**

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

For the third quarter and nine months period ended March 31, 2010

Note	Nine months ended		Quarter ended		
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	
------(Rupees in thousands)-----					
Turnover - net	7	1,203,359	1,435,368	464,004	442,635
Cost of sales		(982,074)	(1,058,552)	(413,413)	(307,396)
<b>Gross profit</b>		<b>221,285</b>	376,816	<b>50,591</b>	135,239
Distribution cost		148,988	106,410	59,217	31,356
Administrative expenses		33,065	16,354	11,417	5,829
		(182,053)	(122,764)	(70,634)	(37,185)
<b>Operating profit /(loss)</b>		<b>39,232</b>	254,052	<b>(20,043)</b>	98,054
Other charges		(6,881)	(16,924)	1,708	(6,683)
Other operating income		3,184	26,504	1,034	19,555
Finance cost		(33,748)	(51,398)	(8,696)	(15,851)
		(37,445)	(41,818)	(5,954)	(2,979)
<b>Profit / (loss) before taxation</b>		<b>1,787</b>	212,234	<b>(25,997)</b>	95,075
<b>Taxation</b>					
Current		(6,008)	(6,055)	(2,311)	(1,087)
Prior		(15)	(253)	-	(253)
Deferred		(8,652)	(29,875)	(757)	(6,625)
		(14,675)	(36,183)	(3,068)	(7,965)
<b>(Loss) / profit after taxation</b>		<b>(12,888)</b>	176,051	<b>(29,065)</b>	87,110
Other comprehensive income for the period		-	-	-	-
Total comprehensive (loss) / income for the period		<b>(12,888)</b>	176,051	<b>(29,065)</b>	87,110
------(Rupees)-----					
<b>(Loss) / earning per share - basic &amp; diluted</b>		<b>(0.16)</b>	2.21	<b>(0.36)</b>	1.09

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


  
**CHIEF EXECUTIVE OFFICER**

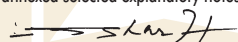
  
**DIRECTOR**

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

For the nine months period ended March 31, 2010

	March 31, 2010	March 31, 2009
	(Rupees in thousands)	
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	<b>1,787</b>	212,234
Adjustment for:		
Depreciation	39,334	34,150
Finance cost	33,748	51,398
Provision for doubtful debts	241	-
Loss/(gain) on disposal of investments	6,530	(1,539)
Unrealised gain on short term investments - net	-	(16,983)
Loss / (gain) on disposal of operating fixed assets	219	(147)
Employee benefits - gratuity	2,822	2,819
Provision for slow moving stores & spares	481	1,558
	<b>83,375</b>	71,256
Operating cash flows before working capital changes	<b>85,162</b>	283,490
<b>Decrease/(increase) in current assets</b>		
Stores, spare parts & loose tools	47,875	25,750
Stock-in-trade	70,618	10,588
Trade debts	17,431	79,293
Loans and advances	2,248	(119,358)
Trade deposits and short term prepayments	(2,037)	2,233
Other receivables / sales tax refundable	(10,903)	17,573
	<b>125,232</b>	16,079
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	36,615	(110,685)
Cash generated from operations	<b>247,009</b>	188,884
Finance cost paid	(37,780)	(47,582)
Gratuity paid	(3,519)	(426)
Taxes paid	(37,230)	(25,460)
	<b>(78,529)</b>	(73,468)
<b>Net cash generated from operating activities 'A'</b>	<b>168,480</b>	115,416
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(67,102)	(42,121)
Proceeds on disposal of operating fixed assets	3,971	564
Short term investments - net	35,873	(33,965)
Long term deposits	-	2,251
<b>Net cash used in investing activities 'B'</b>	<b>(27,258)</b>	(73,271)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long term financing	(72,915)	(72,915)
Receipt / (refund) of long term deposits	376	(205)
<b>Net cash used in financing activities 'C'</b>	<b>(72,539)</b>	(73,120)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	<b>68,683</b>	(30,975)
Cash and cash equivalents at beginning of the period	<b>(231,287)</b>	(141,050)
Cash and cash equivalents at end of the period	<b>(162,604)</b>	(172,025)
<b>Cash and bank balances</b>	<b>4,814</b>	7,654
<b>Short term borrowings</b>	<b>(167,418)</b>	(179,679)
	<b>(162,604)</b>	(172,025)

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 (un-audited)

For the nine months period ended March 31, 2010

	Issued, subscribed and paid-up share capital	Unrealised loss on investment available for sale	Accumulated (loss)	Total
----- (Rupees in thousands) -----				
<b>Balance as at July 1, 2008</b>	797,745	-	(226,996)	570,749
Unrealised loss on available for sale investments for the period	-	(3,585)	-	(3,585)
Total Comprehensive income for the period ended March 31, 2009	-	-	176,051	176,051
<b>Balance as at March 31, 2009</b>	<u>797,745</u>	<u>(3,585)</u>	<u>(50,945)</u>	<u>743,215</u>
<b>Balance as at July 1, 2009</b>	797,745	(3,810)	(23,124)	770,811
Loss realized on available for sale investments	-	3,810	-	3,810
Total Comprehensive loss for the period ended March 31, 2010	-	-	(12,888)	(12,888)
<b>Balance as at March 31, 2010</b>	<u>797,745</u>	<u>-</u>	<u>(36,012)</u>	<u>761,733</u>

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 (un-audited)

For the nine months period ended March 31, 2010

### 1. LEGAL STATUS AND NATURE OF BUSINESS

Thatta Cement Company Limited (the Company) was incorporated in Pakistan in 1980 as a public limited company under Companies Ordinance, 1984. The shares of the Company are quoted at the Karachi Stock Exchange (Guarantee) Limited. The Company's main business activity is manufacturing and marketing of cement. The registered office of the Company is situated at Pardesi House, Survey no. 2/1, R.Y.16, Old Queens Road, Karachi. The production facility of the Company is located at Ghulamullah Road, Makli District Thatta, Sindh.

### 2. BASIS OF PREPARATION

These unaudited condensed interim financial statements have been prepared in accordance with the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and in compliance with requirement of Section 245 of the Companies Ordinance, 1984. The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2009.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation followed in the preparation of these financial statements are the same as those applied in the preparation of the Company's annual financial statements for the year ended June 30, 2009.

IAS 1 (Revised) "Presentation of financial statements" which became effective from January 01, 2009 which requires presentation of non-owner changes in equity separately from owner's changes in equity. Companies can choose whether to present one performance statement (Statement of Comprehensive Income) or as other comprehensive income either in one statement or two statements (the Profit & Loss account and the Statement of Comprehensive Income). The Company has chosen to present all non-owner changes in equity in one performance income (Profit & Loss account) and accordingly presentation has been made.

	<b>March 31, 2010</b>	June 30, 2009
	(Rupees in thousands)	

### 4. PROPERTY, PLANT AND EQUIPMENT

Operating assets - tangible	4.1	830,029	732,125
Capital work in progress	4.2	<u>3,016</u>	<u>77,343</u>
		<b><u>833,045</u></b>	<b><u>809,468</u></b>

	<b>Nine month period ended March 31,</b>	
	<b>2010</b>	<b>2009</b>
	(Rupees in thousands)	
<b>4.1 Details of additions &amp; disposals are as under</b>		
<b>Additions:</b>		
Plant and machinery	64,094	22,332
Electrical installations	25,657	-
Leasehold structural improvements	44,885	-
Building	-	272
Computers	1,282	305
Office equipments	3,095	687
Furniture and fixtures	66	59
Vehicle	2,350	17,594
	<u>141,429</u>	<u>41,249</u>
<b>Disposals (written down value):</b>		
Office equipment	-	616
Plant & machinery	3,774	-
Vehicle	417	581
	<u>4,191</u>	<u>1,197</u>
<b>4.2 Capital work in progress</b>		
Opening balance	77,343	-
Additions	47,486	872
Transfers to operating assets	(121,813)	-
Closing balance	<u>3,016</u>	<u>872</u>
<b>5. DEFERRED TAXATION</b>	<b>March 31, 2010</b>	June 30, 2009
	(Rupees in thousands)	
Credit balances arising in respect of accelerated tax depreciation allowances	95,689	86,859
Debit balance arising on account of provisions	(33,064)	(32,887)
	<u>62,625</u>	<u>53,972</u>
<b>6 CONTINGENCIES AND COMMITMENTS</b>		
<b>6.1 Contingencies</b>		
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, 2009.		
<b>6.2 Commitments</b>		
Commitments in respect of irrevocable letter of credit	<u>154,107</u>	<u>87,838</u>

**Nine month period ended**  
**March 31,**  
**2010**                      **2009**  
(Rupees in thousands)

**7 TURNOVER - NET**

Local	616,258	847,137
Export	587,101	588,231
	<u>1,203,359</u>	<u>1,435,368</u>

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

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

**9 TRANSACTIONS WITH RELATED PARTIES**

The related parties comprise of companies with common directorship, directors and key management personnel. Transactions with related parties are as follows:

Name of Related Parties	Nature of Transaction	Nine month period ended	
		2010	2009
		March 31, (Rupees in thousands)	
<b>a. Associated companies</b>			
Arif Habib Investment Management Limited	Subscription of shares	-	157,050
Arif Habib Bank Limited	Markup on short term borrowings	8,472	13,555
Arif Habib Limited	Brokerage & commission on shares	-	1,073
Rotocast Engineering (Private) Limited	Cost of leasehold structural improvements	44,885	-
Rotocast Engineering (Private) Limited	Rent and maintenance	5,901	-
Javedan Cement Limited	Purchase of raw material	6,468	-
International Complex Project Limited	Sale of cement	2,335	-
Fatima Fertilizer Company Limited	Sale of cement	1,312	-
Safemix Concrete Products Limited	Sale of cement	10,073	-
Aisha Steel Mills Limited	Sale of cement	162	-
<b>b. Chief Executive Officer</b>	Sale of vehicle	417	-
<b>c. Benefits to key management personnel</b>		15,540	8,524

**10 CORRESPONDING FIGURE**

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

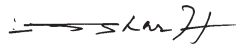
<b>Reclassification from</b>	<b>Reclassification to</b>	<b>Nature</b>
Other operating expenses	Cost of sales	Provision for dead and slow moving store and spares.

**11 DATE OF AUTHORIZATION**

These financial statements were authorised for issue on April 27, 2010 by the Board of Directors of the Company.

**12 GENERAL**

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

**CHIEF EXECUTIVE OFFICER****DIRECTOR**

