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Company Information

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

Mr. Muhammad Khubaib	Chairman
Mr. Muhammad Kashif	Member
Mr. Nasim Beg	Member

COMPANY SECRETARY & CHIEF FINANCIAL OFFICER

Mr. Ashiq Hussain

STATUTORY AUDITOR

Hyder Bhimji & Co.
Chartered Accountants

COST AUDITOR

Siddiqi & Co.
Cost & Management Accountants

LEGAL ADVISOR

Usmani & Iqbal

BANKERS

AL- Baraka Islamic Bank
Habib Bank Limited
MCB Bank Limited
National Bank of Pakistan
Standard Chartered Bank Pakistan limited
Summit Bank Limited (Formerly Arif Habib Bank limited)

RESITERED OFFICE

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

FACTORY

Ghulamullah Road, Makli
District Thatta, Sindh 73160

SHARE REGISTRAR

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

Directors' Review

The Board of Directors of Thatta Cement Company Limited present herewith the Directors' Review together with the unaudited financial statements for the first quarter ended September 30, 2010.

OVERVIEW

During the quarter under review the country was devastated with worst kind of floods in the Southern, northern and central part of the country which would have an adverse affect on the economy of the Country. This natural disaster has affected human lives and property rendering millions homeless.

The Company being a responsible corporate citizen played its role in rescue and relief activities diligently. The Company accommodated on its premises hundreds of flood affectees of local towns of Thatta District. The Company contributed to relief work by providing these Internally Displaced People food and safe drinking water and medical care as well. Beside this, the Company has fully cooperated and facilitated the District Government and National Armed Forces and coordinated with them for support of flood affectees.

The overall cement consumption in the country remained under pressure due to the flood. During the quarter under review cement sales in the country registered a negative growth of 17.7%. Further the pressure on ex-factory price increased due to competition among cement manufacturers and slump in demand. Increase in sales tax from 16% to 17% also has its impact on the net retentions available to the manufacturers.

FINANCIAL PERFORMANCE

Net sales revenue increased by Rs. 124 million i.e. 35.39% as compared to the same period of the previous year. Gross profit increased by 23.81% during the period as compared to the previous period. The Company was able to earn a profit before taxation of Rs. 0.625 million after incorporating accounting depreciation of Rs. 13 million.

The summary of comparative financial result for the quarter under review is as under:

	September 30, 2010	September 30, 2009
	Rupees in thousands	
Sales - net	475,092	350,911
Gross Profit	105,694	85,370
Profit before taxation	5,920	26,229
Profit after taxation	625	14,304
Earning per share	0.01	0.18

OPERATING PERFORMANCE

Production:

Clinker production for the quarter fell short by 18.14%, whereas cement production for the quarter rose by 5.84% as compared to the same quarter of the previous year.

The comparative figures of production are given as under:-

	September 30, 2010	September 30, 2009
	-----M.Tons-----	
Clinker	68,116	83,210
Cement	84,840	80,155
GBFS	70	998

Sales:

Cement sales during the period under discussion increased by 7.79% in terms of volume as compared to the same period of previous year. The Company has managed to export 31,313 tons of clinker during the period. Comparative figures are given below:-

	September 30, 2010	September 30, 2009
	-----M.Tons-----	
Cement Local	53,764	53,693
Cement Export	30,871	24,829
	<u>84,635</u>	<u>78,522</u>
Clinker Export	31,313	-
GBFS Local	70	998
	<u>116,018</u>	<u>79,520</u>

FUTURE OUTLOOK

Domestic demand is likely to pick up gradually with the commencement of reconstruction activities in the flood affected areas of the country. Improved law and order situation could also improve construction activity boosting local sales.

The demand of cement in the Middle East is expected to remain under pressure mainly due to capacity addition in the region. To meet future business challenges, the Company is contemplating to set up a Cement Grinding plant in Srilanka.

The management is fully aware of the challenges ahead and is devising strategies to optimise its operations so as to further improve efficiencies.


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: October 28, 2010

FIRST QUARTER REPORT

For and behalf of the Board



Muhammad Fazlullah Shariff
Chief Executive Officer

Condensed Interim Balance Sheet

As at September 30, 2010

	Note	(Unaudited) September 30, 2010 (Rupees in thousands)	(Audited) June 30, 2010
ASSETS			
NON CURRENT ASSETS			
Property, plant & equipment	4	849,295	848,781
Intangible assets		3,116	3,116
Long term deposits		88	88
		852,499	851,985
CURRENT ASSETS			
Stores, spare parts & loose tools		313,136	190,029
Stock-in-trade		131,728	238,864
Trade debts		54,747	49,649
Loans and advances		211,227	12,918
Trade deposits and short term prepayments		7,535	8,127
Accrued interest		13	54
Other receivables		4,660	6,033
Tax refunds due from the Government		48,315	32,328
Taxation-net		38,656	37,371
Cash and bank balances		6,981	10,266
		816,998	585,639
		1,669,497	1,437,624
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital 90,000,000 (June 30, 2010 : 90,000,000) ordinary shares of Rs. 10/- each		900,000	900,000
Issued, subscribed and paid-up share capital		797,745	797,745
Accumulated loss		(21,557)	(22,182)
		776,188	775,563
NON CURRENT LIABILITIES			
Long term financing		31,250	41,666
Long term deposits		4,349	4,249
Deferred taxation	5	44,893	44,432
		80,492	90,347
CURRENT LIABILITIES			
Trade and other payables		201,009	227,514
Accrued markup		12,328	11,124
Short term borrowings		557,813	291,409
Current maturity of long term financing		41,667	41,667
		812,817	571,714
CONTINGENCIES & COMMITMENTS			
	6	1,669,497	1,437,624

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



CHIEF EXECUTIVE OFFICER

FIRST QUARTER REPORT



DIRECTOR

Condensed Interim Profit and loss Account (Unaudited)

For the first quarter ended September 30, 2010

	Note	For the quarter ended	
		September 30, 2010	September 30, 2009
(Rupees in thousands)			
Turnover - net	7	475,092	350,911
Cost of sales		(369,398)	(265,541)
Gross profit		105,694	85,370
Distribution cost		73,821	31,063
Administrative expenses		13,388	8,244
		(87,209)	(39,307)
Operating profit		18,485	46,063
Other charges		(1,582)	(8,474)
Other operating income		4,047	1,204
Finance cost		(15,030)	(12,564)
		(12,565)	(19,834)
Profit before taxation		5,920	26,229
Taxation			
Current		(4,834)	(2,561)
Prior		-	(15)
Deferred		(461)	(9,349)
		(5,295)	(11,925)
Profit after taxation		625	14,304
Other comprehensive income for the period		-	-
Total comprehensive income for the period		625	14,304
----- Rupees -----			
Earning per share - basic & diluted		0.01	0.18

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 first quarter ended September 30, 2010

	September 30, 2010	September 30, 2009
	(Rupees in thousands)	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	5,920	26,229
Adjustment for:		
Depreciation	13,029	12,388
Finance cost	15,030	12,564
Provision for doubtful debts	-	-
Loss on disposal of investments	-	6,530
Employee benefits - gratuity	1,147	940
Provision for slow moving stores & spares	-	481
	29,206	32,903
Operating cash flows before working capital changes	35,126	59,132
(Increase)/decrease in current assets		
Stores, spare parts & loose tools	(123,107)	16,484
Stock-in-trade	107,136	(13,404)
Trade debts	(5,098)	8,059
Loans and advances	(198,309)	1,042
Trade deposits and short term prepayments	592	2,610
Other receivables / sales tax refundable	(14,575)	(1,562)
	(233,361)	13,229
(Decrease)/ increase in current liabilities		
Trade and other payables	(27,616)	11,067
Cash (used in) / generated from operations	(225,851)	83,428
Finance cost paid	(13,826)	(11,166)
Gratuity paid	(36)	-
Taxes paid	(6,119)	(11,585)
	(19,981)	(22,751)
Net cash (used in) /generated from operating activities	'A' (245,832)	60,677

September 30, September 30,
2010 2009
(Rupees in thousands)

B. CASH FLOWS FROM INVESTING ACTIVITIES

Capital expenditure	(13,541)	(22,722)
Proceeds on disposal of property, plant and equipment	-	417
Short term investments - net	-	35,873
Net cash (used in) / generated from investing activities 'B'	(13,541)	13,568

C. CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of long term financing	(10,416)	(24,306)
Receipts / (refund) of long term deposits	100	(3)
Net cash used in financing activities 'C'	(10,316)	(24,309)
Net (decrease) / increase in cash and cash equivalents (A+B+C)	(269,689)	49,936
Cash and cash equivalents at beginning of the period	(281,143)	(231,287)
Cash and cash equivalents at end of the period	(550,832)	(181,351)
Cash and bank balances	6,981	4,268
Short term borrowings	(557,813)	(185,619)
	(550,832)	(181,351)

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 first quarter ended September 30, 2010

	Issued, subscribed and paid-up share capital	Unrealised loss on available for sale investment	Accumulated loss	Total
< - - - - - Rupees in thousands - - - - - >				
Balance as at July 1, 2009	797,745	(3,810)	(23,124)	770,811
Loss realized on available for sale investments	-	3,810	-	3,810
Total Comprehensive income for the period ended September 30, 2009	-	-	14,304	14,304
Balance as at September 30, 2009	<u>797,745</u>	<u>-</u>	<u>(8,820)</u>	<u>788,925</u>
Balance as at July 1, 2010	797,745	-	(22,182)	775,563
Total Comprehensive income for the period ended September 30, 2010	-	-	625	625
Balance as at September 30, 2010	<u>797,745</u>	<u>-</u>	<u>(21,557)</u>	<u>776,188</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 (Unaudited)

For the first quarter ended September 30, 2010

1. THE COMPANY AND ITS OPERATIONS

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, 2010.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation followed in the preparation of these financial statements are the same as those applied in the preparation of the Company's annual financial statements for the year ended June 30, 2010.

4. PROPERTY, PLANT AND EQUIPMENT

	(Unaudited) September 30, 2010	(Audited) June 30, 2010
	(Rupees in thousands)	
Operating assets - tangible	847,313	848,781
Capital work in progress	4.2 1,982	-
	<u>849,295</u>	<u>848,781</u>
	First quarter ended September 30, 2010 2009 (Rupees in thousands)	

4.1 Details of additions & disposals are as under

Additions:

Plant and machinery	5,912	61,072
Electrical installations	-	25,120
Computers	208	915
Office equipments	4,551	53
Vehicle	888	-
	<u>11,559</u>	<u>87,160</u>

Disposals (written down value):

Vehicle	-	417
	<u>-</u>	<u>417</u>

(Unaudited) September 30, 2010	(Audited) June 30, 2010
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(Rupees in thousands)

4.2 Capital work in progress

Opening balance	-	74,727
Additions	1,982	47,086
Transfers to operating assets	-	(121,813)
Closing balance	<u>1,982</u>	<u>-</u>

5 DEFERRED TAXATION

Credit balances arising in respect of accelerated tax depreciation allowances	81,736	88,698
Debit balance arising on account of provisions	<u>(36,843)</u>	<u>(44,266)</u>
	<u>44,893</u>	<u>44,432</u>

6 CONTINGENCIES AND COMMITMENTS**6.1 Contingencies**

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

(Unaudited) September 30, 2010	(Audited) June 30, 2010
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(Rupees in thousands)

6.2 Commitments

Commitments in respect of irrevocable letter of credit	63,139	22,954
Other commitments	300	2,683

**First quarter ended
September 30,
2010** 2009

(Rupees in thousands)

7 TURNOVER - NET

Local	204,455	225,035
Export	<u>270,637</u>	<u>125,876</u>
	<u>475,092</u>	<u>350,911</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	First quarter ended September 30,	
		2010	2009
a. Associated companies			
Summit Bank Limited	Markup on short term borrowings	4,848	3,005
Summit Bank Limited	Brokerage & commission on shares	-	321
Rotocast Engineering (Private) Limited	Cost of leasehold structural improvements	-	10,000
Rotocast Engineering (Private) Limited	Rent and maintenance	2,950	-
Al - Abbas Cement Industries Limited	Down payment	178,000	-
Javedan Cement Limited	Purchase of raw material	804	-
Rotocast Engineering (Private) Limited	Sale of cement	216	-
International Complex Project Limited	Sale of cement	688	695
Fatima Fertilizer Company Limited	Sale of cement	-	1,123
Safemix Concrete Products Limited	Sale of cement	2,343	5,316
Aisha Steel Mills Limited	Sale of cement	2,151	-
b Chief Executive Officer		-	417
c Benefits to key management personnel		7,156	5,901

10 CORRESPONDING FIGURES

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

Reclassification to	Reclassification from	Nature	Amount
Administrative cost	Cost of sales	Remuneration of Chief Executive Officer	1,380
Cost of sales	Administrative cost	Staff utilities	1,078

11 DATE OF AUTHORIZATION

These financial statements were authorised for issue on October 28, 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