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## Company Information

### BOARD OF DIRECTORS

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

### AUDIT COMMITTEE

|                      |          |
|----------------------|----------|
| Mr. Muhummad Khubaib | Chairman |
| Mr. Muhummad Kashif  | Member   |
| Mr. Nasim Beg        | Member   |

### COMPANY SECRETARY & CHIEF FINANCIAL OFFICER

Mr. Ashiq Hussain

### STATUTORY AUDITOR

Hyder Bhimji & Co.  
Chartered Accountants

### COST AUDITOR

Siddiqi & Co.  
Cost & Management Accountants

### LEGAL ADVISOR

Usmani & Iqbal

### BANKERS

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

### REGISTERED OFFICE

Pardesi House, Survey no. 2/1, R.Y. 16,  
Old Queens Road, Karachi -74000  
Ph. 021- 32423295, 32423478  
Fax no. 021-32400989  
Website: [www.thattacement.com](http://www.thattacement.com)  
E-mail : [info@thattacement.com](mailto: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 Shahr-e-Faisal, Karachi-75350.  
PABX: (92-21) 34325482-87 Fax: (92-21) 34325542

## Directors' Review

On behalf of the Board of Directors of Thatta Cement Company Limited, I am pleased to present herewith the Directors' Review together with the unaudited financial statements duly reviewed by external auditors for the half year ended December 31, 2010.

### OVERVIEW

The overall cement consumption in the country remained low due to the floods. During the period under review, overall cement sales of industry in terms of volume declined by 11.2% as compared to the same period of previous year. The local sales volume declined by 8.3%. Further the pressure on ex-factory price increased due to competition among cement manufacturers and slump in demand. Increase in fuel and power costs together with increase in sales tax from 16% to 17% also had adverse impact on the net retention available to the manufacturers.

Export of cement declined by nearly 17% badly affecting the cement industry and creating a glut like situation. Cement prices in the regional markets dropped sharply due to lower demand. Resumption of exports by some Gulf States also impacted negatively on our cement exports.

### FINANCIAL PERFORMANCE

Net sales revenue increased by Rs. 139.104 million i.e. 18.87 % as compared to the same period of the previous year. Gross profit increased 9.51% during the period as compared to the previous year. The Company was able to earn a profit after taxation of Rs. 0.734 million after incorporating accounting depreciation of Rs. 26.344 million.

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

|                               | December 31,<br>2010 | December 31,<br>2009 | Variance |
|-------------------------------|----------------------|----------------------|----------|
| -----Rupees in thousands----- |                      |                      |          |
| Sales - net                   | 878,883              | 739,356              | 18.87%   |
| Gross profit                  | 186,921              | 170,694              | 9.51%    |
| Profit before taxation        | 3,324                | 27,784               | (88.04)% |
| Profit after taxation         | 734                  | 16,177               | (95.46)% |
| Earnings per share            | 0.01                 | 0.20                 | (95.00)% |

### OPERATING PERFORMANCE

#### Production:

Clinker production during the period under review increased by 4.43% from the corresponding period of previous year. Whereas cement production increased by 17.75% as compared to the same period of the previous year.

The comparative figures of production are given as under:-

|                   | December 31,<br>2010 | December 31,<br>2009 | Variance |
|-------------------|----------------------|----------------------|----------|
| -----M. Tons----- |                      |                      |          |
| Clinker           | 170,846              | 163,591              | 4.43     |
| Cement            | 177,350              | 150,618              | 17.75    |
| GBFS              | 544                  | 2,011                | (72.95)  |

### Sales:

Local sales during the period under discussion increased by 13% in terms of volume as compared to the same period of previous year. Export of cement and clinker increased by 27.96% and 27.38% respectively.

Comparative figures are given below:-

|         |        | December 31,<br>2010 | December 31,<br>2009 | Variance      |
|---------|--------|----------------------|----------------------|---------------|
|         |        | -----M.Tons-----     |                      |               |
| Cement  | Local  | 118,768              | 105,100              | 13.00%        |
| Cement  | Export | 58,647               | 45,833               | 27.96%        |
|         |        | 177,415              | 150,933              | 17.55%        |
| Clinker | Export | 31,313               | 24,583               | 27.38%        |
| GBFS    | Local  | 500                  | 2,011                | (75.14)%      |
|         |        | <u>209,228</u>       | <u>177,527</u>       | <u>17.86%</u> |

### CORPORATE SOCIAL RESPONSIBILITY

The Company facilitates welfare of the employees and the local community in the proximity of its cement plant. During the period, the Company spent approximately Rs. 1.35 million on health care which include maintenance of full fledged dispensary managed by competent medical staff and ambulance facility to cater any emergency. In addition the Company provides education facilities to school level students and in this respect the Company has spent approximately Rs. 2.05 million during the period.

Furthermore, during the period under review the Company spent approximately Rs. 1.8 million on the provision of shelter, meals, pure drinking water and medical care to flood affectees of the area.

### FUTURE OUTLOOK

Domestic demand is likely to pick up gradually with the commencement of reconstruction activities in the flood affected areas of the country. These activities which got delayed on account of resource mobilization and massive planning requirement are now gearing up. Once the reconstruction work gains momentum it 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 sometime, cement consumption is likely to grow further. With the commencement of new year cement prices have started picking up in the local market by about 3% to 4% which have improved the margins available to manufacturers.

The demand for cement in the Middle East is expected to remain under pressure mainly due to sizeable capacity additions in the region. To meet future business challenges, the Company is contemplating to setup a Cement Grinding and Packing Plant in Sri Lanka. This measure would improve capacity utilization of the company to the maximum extent.

In addition the company has started work on setting up of a captive power plant which is expected to come online early next year. This measure would ensure uninterrupted power supply to the cement plant on the one hand and make available cheaper electric power for cement production on the other hand thereby making substantial savings in cost of production. Any excess power available could be sold to HESCO which shall generate additional revenues.

The company is making constant efforts in improving plant efficiencies and adopting cost cutting measures. In this connection the company has already started using alternative fuels and indigenous coal to substitute costly imported coal to reduce costs and to improve profitability of the company.

The proximity of our cement plant to the proposed Zulfikarabad project and coastal belt offers a unique opportunity to the company to augment its sale in these areas.

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

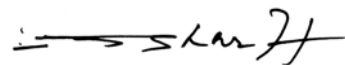
The measures being adopted by the company shall enable it to mitigate market risks, meet future challenges and maintain business growth.

#### **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: February 26, 2011

For and on behalf of the Board



**Muhammad Fazlullah Shariff**  
Chief Executive Officer

## 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 at December 31, 2010 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 presentation of this condensed interim financial information in accordance with 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 quarters ended December 31, 2010 and 2009 have not been reviewed, as we were required to review only the cumulative figures for the half year ended December 31, 2010.

### 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 identified 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, 2010 is not prepared, in all material respects in accordance with approved accounting standards as applicable in Pakistan.

Karachi: February 26, 2011



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

## Condensed Interim Balance Sheet

As at December 31, 2010

|   | Note | (Unaudited)<br>December 31,<br>2010 | (Audited)<br>June 30,<br>2010 |
|---|------|-------------------------------------|-------------------------------|
| (Rupees in thousands)   |      |                                     |                               |
| <b>ASSETS</b>   |      |                                     |                               |
| <b>NON CURRENT ASSETS</b>   |      |                                     |                               |
| Property, plant & equipment   | 4    | 841,826                             | 848,781                       |
| Intangible assets   |      | 3,216                               | 3,116                         |
| Long term deposits  |      | 91                                  | 88                            |
|   |      | <b>845,133</b>                      | <b>851,985</b>                |
| <b>CURRENT ASSETS</b>   |      |                                     |                               |
| Stores, spare parts & loose tools   |      | 266,790                             | 190,029                       |
| Stock-in-trade  |      | 220,692                             | 238,864                       |
| Trade debts   |      | 54,707                              | 49,649                        |
| Loans and advances  | 5    | 201,372                             | 12,918                        |
| Trade deposits and short term prepayments   |      | 12,079                              | 8,127                         |
| Accrued interest  |      | 83                                  | 54                            |
| Other receivables   |      | 10,341                              | 6,033                         |
| Sales tax refundable  |      | 43,097                              | 18,833                        |
| Taxation-net  |      | 54,993                              | 50,866                        |
| Cash and bank balances  |      | 1,956                               | 10,266                        |
|   |      | <b>866,110</b>                      | <b>585,639</b>                |
|   |      | <b>1,711,243</b>                    | <b>1,437,624</b>              |
| <b>EQUITY AND LIABILITIES</b>   |      |                                     |                               |
| <b>SHARE CAPITAL AND RESERVES</b>   |      |                                     |                               |
| Authorized capital<br>100,000,000 (June 30, 2010 : 90,000,000) ordinary shares of Rs. 10/- each |      | <b>1,000,000</b>                    | <b>900,000</b>                |
| Issued, subscribed and paid-up share capital  |      | <b>797,745</b>                      | <b>797,745</b>                |
| Accumulated loss  |      | <b>(21,448)</b>                     | <b>(22,182)</b>               |
|   |      | <b>776,297</b>                      | <b>775,563</b>                |
| <b>NON CURRENT LIABILITIES</b>  |      |                                     |                               |
| Long term financing   |      | 20,833                              | 41,666                        |
| Long term deposits  |      | 4,354                               | 4,249                         |
| Deferred taxation   | 6    | 37,302                              | 44,432                        |
|   |      | <b>62,489</b>                       | <b>90,347</b>                 |
| <b>CURRENT LIABILITIES</b>  |      |                                     |                               |
| Trade and other payables  |      | 264,077                             | 227,514                       |
| Accrued markup  |      | 20,698                              | 11,124                        |
| Short term borrowings   |      | 546,015                             | 291,409                       |
| Current maturity of long term financing   |      | 41,667                              | 41,667                        |
|   |      | <b>872,457</b>                      | <b>571,714</b>                |
| <b>CONTINGENCIES &amp; COMMITMENTS</b>  |      |                                     |                               |
|   | 7    | <b>1,711,243</b>                    | <b>1,437,624</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 Half Year ended December 31, 2010

|  | Note | For the half year ended |                      | For the quarter ended |                      |
|--|------|-------------------------|----------------------|-----------------------|----------------------|
|  |      | December 31,<br>2010    | December 31,<br>2009 | December 31,<br>2010  | December 31,<br>2009 |
| ------(Rupees in thousands)-----   |      |                         |                      |                       |                      |
| Turnover - net   | 8    | <b>878,883</b>          | 739,355              | <b>403,791</b>        | 388,444              |
| Cost of sales  |      | <b>(691,962)</b>        | (568,661)            | <b>(322,564)</b>      | (303,120)            |
| <b>Gross profit</b>  |      | <b>186,921</b>          | 170,694              | <b>81,227</b>         | 85,324               |
| Distribution cost  |      | <b>130,757</b>          | 89,771               | <b>56,936</b>         | 58,708               |
| Administrative expenses  |      | <b>26,949</b>           | 21,648               | <b>13,561</b>         | 13,404               |
|  |      | <b>(157,706)</b>        | (111,419)            | <b>(70,497)</b>       | (72,112)             |
| <b>Operating profit</b>  |      | <b>29,215</b>           | 59,275               | <b>10,730</b>         | 13,212               |
| Other charges  |      | <b>(3,086)</b>          | (8,589)              | <b>(1,504)</b>        | (115)                |
| Other operating income   |      | <b>12,927</b>           | 2,150                | <b>8,880</b>          | 946                  |
| Finance cost   |      | <b>(35,732)</b>         | (25,052)             | <b>(20,702)</b>       | (12,488)             |
|  |      | <b>(25,891)</b>         | (31,491)             | <b>(13,326)</b>       | (11,657)             |
| <b>Profit before taxation</b>  |      | <b>3,324</b>            | 27,784               | <b>(2,596)</b>        | 1,555                |
| <b>Taxation</b>  |      |                         |                      |                       |                      |
| Current  |      | <b>(9,721)</b>          | (3,697)              | <b>(4,887)</b>        | (1,136)              |
| Prior  |      | -                       | (15)                 | -                     | -                    |
| Deferred   |      | <b>7,131</b>            | (7,895)              | <b>7,592</b>          | 1,454                |
|  |      | <b>(2,590)</b>          | (11,607)             | <b>2,705</b>          | 318                  |
| <b>Profit after taxation</b>   |      | <b>734</b>              | 16,177               | <b>109</b>            | 1,873                |
| <b>Other Comprehensive income</b>  |      |                         |                      |                       |                      |
| Impairment loss on available<br>for sale investment<br>transferred to profit and loss<br>account |      | -                       | 3,810                | -                     | -                    |
| Total Comprehensive income<br>for the period   |      | <b>734</b>              | 19,987               | <b>109</b>            | 1,873                |
| ------(Rupees)-----  |      |                         |                      |                       |                      |
| Earning per share - basic & diluted  |      | <b>0.01</b>             | 0.20                 | <b>0.00</b>           | 0.02                 |

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 Half Year ended December 31, 2010

|  | December 31,<br>2010  | December 31,<br>2009 |
|--|-----------------------|----------------------|
|  | (Rupees in thousands) |                      |
| <b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>                 |                       |                      |
| Profit before taxation   | 3,324                 | 27,784               |
| Adjustment for:  |                       |                      |
| Depreciation   | 26,344                | 25,944               |
| Finance cost   | 35,732                | 25,052               |
| Loss on disposal of investments                                | -                     | 6,530                |
| Employee benefits - gratuity                                   | 2,293                 | 1,880                |
| (Reversal) / Provision for dead stores & spares                | (191)                 | 481                  |
|  | <u>64,178</u>         | <u>59,887</u>        |
| <b>Operating cash flows before working capital changes</b>     | <b>67,502</b>         | <b>87,671</b>        |
| <b>(Increase) / Decrease in current assets</b>                 |                       |                      |
| Stores, spare parts & loose tools                              | (76,570)              | 42,250               |
| Stock-in-trade   | 18,172                | 22,943               |
| Trade debts  | (5,058)               | 12,774               |
| Loans and advances   | (188,454)             | (9,495)              |
| Trade deposits and short term prepayments                      | (3,952)               | 2,689                |
| Other receivables / sales tax refundable                       | (28,601)              | (1,155)              |
|  | <u>(284,463)</u>      | <u>70,006</u>        |
| Increase / (Decrease) in current liabilities                   |                       |                      |
| Trade and other payables                                       | 37,921                | (16,553)             |
| Cash (used in) / generated from operations                     | <u>(179,040)</u>      | <u>141,124</u>       |
| Finance cost paid  | (26,158)              | (25,314)             |
| Gratuity paid  | (3,651)               | (3,235)              |
| Taxes paid   | (13,847)              | (25,599)             |
|  | <u>(43,656)</u>       | <u>(54,148)</u>      |
| Net cash (used in) / generated from operating activities 'A'   | <u>(222,696)</u>      | <u>86,976</u>        |
| <b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>                 |                       |                      |
| Capital expenditure  | (19,489)              | (60,913)             |
| Proceeds on disposal of property, plant and equipment          | -                     | 417                  |
| Short term investments - net                                   | -                     | 35,873               |
| Long term deposits   | (3)                   | -                    |
| Net cash used in investing activities 'B'                      | <u>(19,492)</u>       | <u>(24,623)</u>      |
| <b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>                 |                       |                      |
| Repayment of long term financing                               | (20,833)              | (48,611)             |
| Receipt / (Payment) of long term deposits                      | 105                   | (14)                 |
| Net cash used in financing activities 'C'                      | <u>(20,728)</u>       | <u>(48,625)</u>      |
| Net (decrease) / increase in cash and cash equivalents (A+B+C) | <u>(262,916)</u>      | <u>13,728</u>        |
| Cash and cash equivalents at beginning of the period           | <u>(281,143)</u>      | <u>(231,287)</u>     |
| Cash and cash equivalents at end of the period                 | <u>(544,059)</u>      | <u>(217,559)</u>     |
| Cash and bank balances   | 1,956                 | 8,733                |
| Short term borrowings  | (546,015)             | (226,292)            |
|  | <u>(544,059)</u>      | <u>(217,559)</u>     |

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 Half Year ended December 31, 2010

|   | Issued, subscribed<br>and paid-up<br>share capital | (Unrealised) /<br>Realized<br>loss on<br>investment<br>available for sale | Accumulated<br>loss | Total          |
|---|--|---|---------------------|----------------|
| ----- <b>(Rupees in thousands)</b> -----                                |  |   |                     |                |
| Balance as at July 1, 2009  | 797,745  | (3,810)   | (23,124)            | 770,811        |
| Total comprehensive income for the<br>half year ended December 31, 2009 | -  | 3,810   | 16,177              | 19,987         |
| Balance as at December 31, 2009   | <u>797,745</u>                                     | <u>-</u>  | <u>(6,947)</u>      | <u>790,798</u> |
| Balance as at July 1, 2010  | 797,745  | -   | (22,182)            | 775,563        |
| Total comprehensive income for the<br>half year ended December 31, 2010 | -  | -   | 734                 | 734            |
| Balance as at December 31, 2010   | <u>797,745</u>                                     | <u>-</u>  | <u>(21,448)</u>     | <u>776,297</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 Half Year ended December 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 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 six months period ended December 31, 2010 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 of or directives issued under the Companies Ordinance, 1984 have been followed.

The figures of the condensed interim profit and loss account for the quarters ended December 31, 2009 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, 2009 and 2010. These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2010.

### 3. SIGNIFICANT ACCOUNTING POLICIES

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

| <b>(Unaudited)</b>           | <b>(Audited)</b> |
|------------------------------|------------------|
| <b>December</b>              | <b>June</b>      |
| <b>31, 2010</b>              | <b>30, 2010</b>  |
| <b>(Rupees in thousands)</b> |                  |

### 4. PROPERTY, PLANT AND EQUIPMENT

|                                   |     |                       |                |
|-----------------------------------|-----|-----------------------|----------------|
| Operating fixed assets - tangible | 4.1 | <b>839,514</b>        | 848,781        |
| Capital work in progress          | 4.2 | <b>2,312</b>          | -              |
|                                   |     | <b><u>841,826</u></b> | <u>848,781</u> |

|  | (Unaudited)<br>December<br>31, 2010          | (Audited)<br>June<br>30, 2010 |
|--|--|-------------------------------|
| <b>(Rupees in thousands)</b>   |  |                               |
| <b>4.1 Operating fixed assets - tangible</b>   |  |                               |
| The following is the movement in operating fixed assets - tangible during the period / year: |  |                               |
| Opening Balance (WDV)  | 848,781                                      | 747,422                       |
| Add: Additions during the period / year  | 4.1.1 <u>17,077</u>                          | <u>156,296</u>                |
|  | <b>865,858</b>                               | <b>903,718</b>                |
| Less: Disposals during the period / year (WDV)   | -  | 4,206                         |
| Depreciation charge for the period / year  | <u>26,344</u>                                | <u>50,731</u>                 |
| Operating fixed assets-tangible (WDV)  | <u><b>839,514</b></u>                        | <u><b>848,781</b></u>         |
|  | <b>(Unaudited)<br/>December<br/>31, 2010</b> |                               |

**4.1.1 Details of additions made during the period are as under:**

|                                   |                      |
|-----------------------------------|----------------------|
| Plant and machinery               | 7,385                |
| Leasehold structural improvements | 771                  |
| Housing Colonies                  | 74                   |
| Computers                         | 327                  |
| Office equipments                 | 6,913                |
| Furniture and fixtures            | 26                   |
| Vehicles                          | <u>1,581</u>         |
|                                   | <u><b>17,077</b></u> |

**4.2 Capital work in progress**

The following is the movement in capital work in progress during the period / year:

|                               |                     |                  |
|-------------------------------|---------------------|------------------|
| Opening balance               | -                   | 74,727           |
| Additions                     | 2,312               | 47,086           |
| Transfers to operating assets | -                   | <u>(121,813)</u> |
| Closing balance               | <u><b>2,312</b></u> | <u><b>-</b></u>  |

**5 LOANS AND ADVANCES****Loans-secured**

|                |     |     |
|----------------|-----|-----|
| - to employees | 276 | 118 |
|----------------|-----|-----|

**Advances - unsecured**

|                    |                       |                      |
|--------------------|-----------------------|----------------------|
| - to related party | 178,000               | -                    |
| - others           | <u>23,096</u>         | <u>12,800</u>        |
|                    | <u><b>201,096</b></u> | <u><b>12,800</b></u> |
|                    | <u><b>201,372</b></u> | <u><b>12,918</b></u> |

|   | (Unaudited)<br>December<br>31, 2010 | (Audited)<br>June<br>30, 2010 |
|---|-------------------------------------|-------------------------------|
| Note  | (Rupees in thousands)               |                               |
| <b>6 DEFERRED TAXATION</b>  |                                     |                               |
| Credit balances arising in respect of accelerated tax depreciation allowances   | 89,416                              | 88,698                        |
| Debit balance arising on account of provisions  | <u>(52,114)</u>                     | <u>(44,266)</u>               |
|   | <u><b>37,302</b></u>                | <u><b>44,432</b></u>          |
| <b>7 CONTINGENCIES AND COMMITMENTS</b>  |                                     |                               |
| <b>7.1 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, 2010.                        |                                     |                               |
| <b>7.2 Commitments</b>  |                                     |                               |
| Commitments in respect of irrevocable letter of credit  | -                                   | 22,954                        |
| Other commitments   | <u>7,148</u>                        | <u>2,683</u>                  |
|   | <u><b>7,148</b></u>                 | <u><b>25,637</b></u>          |
| <b>Half year ended<br/>December 31</b>  |                                     |                               |
|   | <b>2010</b>                         | <b>2009</b>                   |
| <b>(Rupees in thousands)</b>  |                                     |                               |
| <b>8 TURNOVER - NET</b>   |                                     |                               |
| Local   | 455,694                             | 422,462                       |
| Export  | <u>423,189</u>                      | <u>316,893</u>                |
|   | <u><b>878,883</b></u>               | <u><b>739,355</b></u>         |
| <b>9 WORKERS' PROFIT PARTICIPATION FUND, WORKERS' WELFARE FUND AND TAXATION</b>   |                                     |                               |
| 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. |                                     |                               |

## 10 TRANSACTIONS WITH RELATED PARTIES

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

| Name of Related Parties                        | Nature of Transaction                     | Half year ended<br>December 31, |        |
|--|---|---------------------------------|--------|
|  |   | 2010                            | 2009   |
|  |   | (Rupees in thousands)           |        |
| <b>a. Associated companies</b>                 |   |                                 |        |
| Summit Bank Limited                            | Markup on short term borrowings           | 9,239                           | 6,702  |
| Arif Habib Limited                             | Brokerage & commission on shares          | -                               | 321    |
| Rotocast Engineering (Private) Limited         | Cost of leasehold structural improvements | 771                             | 44,885 |
| Rotocast Engineering (Private) Limited         | Rent and maintenance                      | 6,091                           | 2,864  |
| Javedan Cement Limited                         | Purchase of raw material                  | 1,586                           | -      |
| Rotocast Engineering (Private) Limited         | Sale of cement                            | 269                             | -      |
| International Complex Project Limited          | Sale of cement                            | 2,438                           | 1,225  |
| Fatima Fertilizer Company Limited              | Sale of cement                            | -                               | 1,312  |
| Safemix Concrete Products Limited              | Sale of cement                            | 4,652                           | 8,786  |
| Aisha Steel Mills Limited                      | Sale of cement                            | 3,537                           | -      |
| Al-Abbas Cement Industries Limited             | Sale of cement                            | 34,473                          | -      |
| Al-Abbas Cement Industries Limited             | Down payment                              | 178,000                         | -      |
| <b>b. Chief Executive Officer</b>              | Sale of vehicle                           | -                               | 417    |
| <b>c. Benefits to key management personnel</b> |   | 13,837                          | 10,794 |

**11 CORRESPONDING FIGURES**

Following prior period's items have been reclassified for the purpose of comparison and better presentation. Major reclassifications are as follows:

| <b>Reclassification from</b>        | <b>Reclassification to</b> | <b>Nature</b>         |
|-------------------------------------|----------------------------|-----------------------|
| Tax refunds due from the government | Sales tax refundable       | Input sales tax       |
| Tax refunds due from the government | Taxation - net             | Income tax refundable |

**12 DATE OF AUTHORIZATION**

These financial statements were authorised for issue on February 26, 2011 by the Board of Directors of the Company.

**13 GENERAL**

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

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