



**THATTA
CEMENT**

THATTA CEMENT COMPANY LIMITED

Contents

Company Information	2
Directors' Review	3
Condensed Interim Balance Sheet	5
Condensed Interim Profit and Loss Account	6
Condensed Interim Cash Flow Statement	7
Condensed Interim Statement of Changes in Equity	9
Notes to the Condensed Interim Financial Statements	10



Company Information

BOARD OF DIRECTORS

Mr. Arif Habib	Chairman
Mr. Fazlullah Shariff	Chief Executive
Mr. Haji Ghani Haji Usman	Director
Mr. Samad A. Habib	Director
Mr. Kashif A. Habib	Director
Mr. Shahid Ali Habib	Director
Mr. Salim Chamdia	Director
Mr. Aslam Motiwala	Director

AUDIT COMMITTEE

Mr. Salim Chamdia	Chairman
Mr. Kashif A. Habib	Member
Mr. Shahid Ali Habib	Member

COMPANY SECRETARY & CHIEF FINANCIAL OFFICER

Mr. Ashiq Hussain

AUDITOR

Hyder Bhimji & Company
Chartered Accountants

LEGAL ADVISOR

Usmani & Iqbal

BANKERS

Allied Bank Limited
Arif Habib Bank Limited
Al-Baraka Islamic Bank
MCB Bank Limited
National Bank of Pakistan
Saudi Pak Commercial Bank Limited
Standard Chartered Bank Pakistan Limited

REGISTERED OFFICE

Pardesi House, Survey No.2/1, R.Y. 16,
Old Queens Road, Karachi - 74000.
Ph.(021) 2423295,2423478
Fax No. 021-2400989
Website: www.thattacement.com
E-mail: info@thattacement.com

SHARE REGISTRAR

Nobel Computer Services (Pvt) Limited
2nd floor, Sohni Center, BS 5 & 6,
Main Karimabad, Block - 4, F.B. Area, Karachi.

FACTORY

Ghulamullah Road, Makli,
District Thatta, Sindh 73160

Directors' Review

DIRECTOR'S REVIEW

On behalf of the Board of Directors of Thatta Cement Company Limited, I am pleased to present herewith Quarterly Report of the company for the period July-Sept 30, 2008.

OPERATING RESULTS

Production:

Clinker production for the period under review had been higher by about 16% where as cement production fell short by about 3% compared with the same period of previous year. Cement production was lower as clinker was used for fulfilling export commitments. Comparative production data is given below:

	July-Sept 2008-2009 (M.Tons)	July-Sept 2007-2008 (M.Tons)
Clinker Production	106,323	91,730
Cement Production	86,151	88,506

Sales:

Cumulative sale of cement and clinker during the period under review were 23% higher than the corresponding period of previous year as given below.

	(M.Tons)	(M.Tons)
Cement Sales	79,903	87,681
Clinker Sales	28,370	-
Total:	<u>108,273</u>	<u>87,681</u>

FINANCIAL RESULTS

A summary of comparative financial results is detailed below:

	July-Sept 2008	July-Sept 2007
	(Rupees in thousands)	
Sales - net	501,452	277,849
Gross Profit	141,976	42,902
Profit / (loss) before taxation	87,578	(20,234)
Provision for taxation	(2,130)	(1,629)
Profit / (loss) after taxation	85,448	(21,863)
Profit / (loss) per share (rupees)	1.07	(0.27)



Net sales revenue for the period under review increased by Rs.223.603 million i.e.80% as compared to the corresponding period of previous year. This was made possible due to extra sales volume achieved through sales of clinker. Despite all the favorable sales conditions, cost of production kept rising due to exorbitant rise in fuel prices, electricity charges and other inputs.

FUTURE OUTLOOK

The sale price and liquidity has improved with reasonable improvement in margins. The company has by the grace of God established its products in local and international markets. Export potential appears to continue during the remaining period of the current financial year. However, inconsistent power supply from WAPDA and frequent gas shedding from SSGC are major areas of concern, which may eventually result in the company failing to achieve its production and sales targets for the remaining period.

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 bear better results and growth of the company.

For and behalf of the Board

M. Fazlullah Shariff
Chief Executive

Karachi: October 25, 2008



THATTA CEMENT COMPANY LIMITED

Condensed Interim Balance Sheet

As at September 30, 2008

	Note	(Unaudited) September 30, 2008 (Rupees in thousands)	(Audited) June 30, 2008
NON-CURRENT ASSETS			
Property, plant and equipment	4	738,728	728,992
Agricultural Land		15,297	15,297
Long term deposits		3,407	5,265
		757,432	749,554
CURRENT ASSETS			
Stores, spares and loose tools		179,500	196,600
Stock-in-trade		230,192	175,879
Trade debts		77,671	134,212
Loans and advances		68,210	48,073
Prepayments		2,942	3,487
Other receivables		29,414	18,763
Investments - available for sale		110,670	-
Income tax refundable - net of provision		23,949	13,417
Cash and bank balances		9,026	6,367
		731,574	596,798
		1,489,006	1,346,352
SHARE CAPITAL AND RESERVES			
Authorized 90,000,000 ordinary shares of Rs.10 each		900,000	900,000
Issued, subscribed and paid-up		797,745	797,745
Unrealised loss on available for sale investment		(958)	-
Accumulated loss		(141,548)	(226,996)
		655,239	570,749
NON-CURRENT LIABILITIES			
Long term financing		142,360	166,662
Deferred liabilities		18,440	17,514
Long term deposits		4,474	4,474
		165,274	188,650
CURRENT LIABILITIES			
Trade and other payables		263,836	332,780
Accrued mark-up		13,883	9,532
Current portion of long term financing		97,224	97,224
Short term borrowings		293,550	147,417
		668,493	586,953
CONTINGENCIES AND COMMITMENTS			
	5		
		1,489,006	1,346,352

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

CHIEF EXECUTIVE

DIRECTOR



THATTA CEMENT COMPANY LIMITED

Condensed Interim Profit and loss Account (Unaudited)

For the quarter ended September 30, 2008

	September 30, 2008	September 30, 2007
	(Rupees in thousands)	
Sales - net	501,452	277,849
Cost of sales	359,476	234,947
Gross profit	141,976	42,902
Other operating income	6,476	2,498
	<u>148,452</u>	<u>45,400</u>
Distribution cost	32,225	18,016
Administrative expenses	5,495	11,526
Other operating expenses	6,497	-
	<u>44,217</u>	<u>29,542</u>
	104,235	15,858
Finance cost	16,657	36,092
Profit / (loss) before taxation	<u>87,578</u>	<u>(20,234)</u>
Taxation	2,130	1,629
Profit / (loss) for the period	<u>85,448</u>	<u>(21,863)</u>
Earning / (loss) per share - Basic and diluted (in rupees)	<u>1.07</u>	<u>(0.27)</u>

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


CHIEF EXECUTIVE


DIRECTOR



THATTA CEMENT COMPANY LIMITED

Condensed Interim Cash Flow Statement (Unaudited)

For the quarter ended September 30, 2008

September 30, 2008 September 30, 2007
(Rupees in thousands)

A. CASH FLOWS FROM OPERATING ACTIVITIES

Profit / (loss) before taxation	87,578	(20,234)
Adjustments for :		
Depreciation	10,990	18,769
Gratuity Expenses	940	-
Finance cost	16,657	36,091
Amortization of intangible assets	-	375
	28,587	55,235
Operating cash flow before working capital changes	116,165	35,001
(Increase) / decrease in current assets		
Stores, spares and loose tools	17,100	(26,651)
Stock-in-trade	(54,313)	(25,284)
Trade debts	56,541	(33,360)
Loans and advances	(20,137)	21,273
Prepayments & other receivables	(10,101)	755,229
	(10,910)	691,207
Increase / (decrease) in current liabilities		
Trade and other payables	(68,944)	(12,291)
Changes in working capital	(79,854)	678,916
Cash from operations	36,311	713,917
Finance cost paid	(12,306)	(61,224)
Income tax paid	(12,662)	(1,880)
Gratuity paid	(14)	-
	(24,982)	(63,104)
Net cash from operating activities	11,329	650,813

B. CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of property, plant and equipment	(20,730)	(2,214)
Long term deposits	1,858	(621)
Investments	(111,628)	-
Net cash used in investing activities	(130,500)	(2,835)



THATTA CEMENT COMPANY LIMITED

September 30, 2008 September 30, 2007
(Rupees in thousands)

C. CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of long term financing		<u>(24,303)</u>	(676,805)
Net cash used in financing activities	C	<u>(24,303)</u>	(676,805)
Net decrease in cash and cash equivalents (A+B+C)		(143,474)	(28,827)
Cash and cash equivalents at beginning of the period		<u>(141,050)</u>	(285,752)
Cash and cash equivalents at end of the period		<u>(284,524)</u>	<u>(314,579)</u>

CASH AND CASH EQUIVALENTS

Cash and bank balances		9,026	3,569
Short term borrowings		<u>(293,550)</u>	(318,148)
		<u>(284,524)</u>	<u>(314,579)</u>

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


CHIEF EXECUTIVE


DIRECTOR



THATTA CEMENT COMPANY LIMITED

Condensed Interim Statement of Changes in Equity (Unaudited)

For the quarter ended September 30, 2008

	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, 2007	797,745	-	(266,518)	531,227
Loss for the quarter ended September 30, 2007	-	-	(21,863)	(21,863)
Balance as at September 30, 2007	797,745	-	(288,381)	509,364
Profit for the period from Oct' 2007 to June' 2008	-	-	61,385	61,385
Balance as at June 30, 2008	797,745	-	(226,996)	570,749
Profit for the quarter ended September 30, 2008	-	-	85,448	85,448
Unrealised loss on revaluation of investment classified as "available for sale"	-	(958)	-	(958)
Balance as at September 30, 2008	797,745	(958)	(141,548)	655,239

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


CHIEF EXECUTIVE


DIRECTOR

Notes to the Condensed Interim Financial Statements (Unaudited)

For the quarter ended September 30, 2008

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 the Companies Ordinance, 1984. The registered office of the Company is located at Pardesi House, Survey No. 2/1, R.Y.16, Old Queens Road, Karachi. The Company is listed on Karachi stock exchange. The Company is principally engaged in manufacture and marketing of cement.

2. BASIS OF PREPARATION

These unaudited 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, 2008.

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, 2008. Beside this the policy in respect of investments is stated below.

Investments

All purchases and sales of investment that require delivery within the time frame established by regulation or market convention are recognised at the trade date. Trade date is the date on which the Company commits to purchase or sell the investment.

Available for sale investments

Investment that may be sold in response to needs for liquidity or changes in interest rates or equity prices are classified as available for sale. These investments are initially recognised at cost plus transaction cost and subsequently re-measured at fair value. Gains and losses arising from re-measurement at fair value is recognised directly in the equity under fair value reserve until sold, collected, or otherwise disposed off at which time, the cumulative gain or loss previously recognised in equity is included in profit and loss account.

4. PROPERTY, PLANT AND EQUIPMENT

Detail of additions are as under

	Quarter ended September 30	
	2008	2007
	(Rupees in thousands)	
Plant and machinery	20,548	-
Vehicles	-	79
Computer equipment	68	1,948
Office equipment	10	116
Furniture and fixtures	104	71
	<u>20,730</u>	<u>2,214</u>

5. CONTINGENCIES AND COMMITMENTS
5.1 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, 2008

	September 30, 2008	June 30, 2008
	(Rupees in thousands)	
5.2 Commitments		
Commitments in respect of irrevocable letter of credit	35,294	48,736

6. 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.

7. TRANSACTIONS WITH RELATED PARTIES

The related parties comprised of associated companies, directors and key management personnels. Transactions with related parties are as follows:

		Quarter ended September 30.	
		2008	2007
Nature of Transaction		(Rupees in thousands)	
a.	Associated companies		
	Purchase of shares	257,644	-
	Sale of shares	159,547	-
	Markup on short term borrowings	4,753	-
b.	Benefits to key management personnels	2,003	826

8. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors of the Company and authorized for issue on October 25, 2008.

9. FIGURES

Have been rounded off nearest to thousand Rupee.



CHIEF EXECUTIVE



DIRECTOR