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## Vision

To transform the company into a Modern and dynamic cement manufacturing unit fully equipped to play a meaningful role on sustainable basis in the economy of Pakistan

## Mission

- To provide quality products to customers at competitive prices; and
- To generate sufficient profit to add to the shareholders value

## Company Information

### BOARD OF DIRECTORS

Mr. Muhammad Arif Habib  
 Mr. Muhammad Fazlullah Shariff  
 Mr. Nasim Beg  
 Mr. Shahid Aziz Siddiqui  
 Mr. Muhammad Khubaib  
 Mr. Asadullah Khawaja  
 Mr. Wazir Ali Khoja

Chairman  
 Chief Executive Officer  
 Director  
 Director (Nominee-SLIC)  
 Director  
 Director  
 Director(Nominee-NIT)

### AUDIT COMMITTEE

Mr. Muhammad Khubaib  
 Mr. Nasim Beg  
 Mr. Asadullah Khawaja

Chairman  
 Member  
 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  
 Ph. 021- 32423295, 32423478, 32419827  
 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,  
 First 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' Report

The Board of Directors present herewith Annual Report for the year ended June 30, 2011.

### Industry Overview

During the year overall cement sales of the industry in terms of volume declined by 8.24% as compared to the last year. The local sales volume declined by 6.68% whereas exports declined by 11.69% adversely affecting the cement industry and creating a glut like situation. As a result some cement plants suspended their operations temporarily.

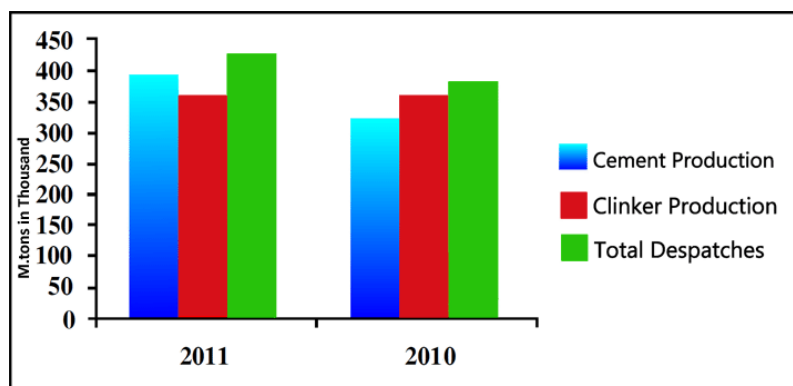
Drastic reduction in the public sector spending coupled with devastating flood in the country during the months of August-September 2010 badly affected the cement industry. Frequent load shedding from WAPDA adversely impacted plant operations. Cost of inputs also maintained an upward trend throughout the year. Whereas the price of cement in the local market remained low which affected the margins. Cement prices in the regional markets remained depressed due to lower demand.

### Business Performance

#### (a) Production and Sales Volume Performance:

In spite of the problems faced, your Company was able to achieve capacity utilization of 79.09%. Following is the comparative data of production and dispatches:

Particulars	2011	2010	Variation	
	----- M. Tons -----			%
Plant Capacity	450,000	450,000	-	-
<b>Production</b>				
Clinker Production	355,904	356,077	(173)	(0.05)
Cement Production	391,280	320,153	71,127	22.22
<b>Dispatches</b>				
Cement				
- Local	285,640	212,859	72,781	34.19
- Export	102,337	107,079	(4,742)	(4.43)
	387,977	319,938	69,327	21.67
Clinker - Export	30,865	57,197	(26,332)	(46.04)
GBFS - Local	3,960	4,306	(346)	(8.04)
	<u>422,802</u>	<u>381,441</u>	<u>41,361</u>	<u>10.84</u>



Your Company was able to increase local dispatches of cement during the year which stood at 289,600 tons as compared to 217,165 tons of last year showing an increase of 33.35%. Cement exports stood at 102,337 tons as compared to 107,079 tons during last year depicting a nominal decline of 4.43%. Further, the export of clinker decreased substantially by 46.04% during the year.

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

Particulars	2011	2010	Growth	
	-----Million Metric Tons-----		%	
Cement Industry				
Local sales	21.977	23.551	(1.57)	(6.68)
Export sales	9.411	10.657	(1.25)	(11.69)
	<u>31.388</u>	<u>34.208</u>	<u>(2.82)</u>	<u>(8.24)</u>
Thatta Cement Company Limited				
	-----Metric Tons-----			
Local sales	289,600	217,165	72,435	33.35
Export sales	133,202	164,276	(31,074)	(18.92)
	<u>422,802</u>	<u>381,441</u>	<u>41,361</u>	<u>10.84</u>

The above analysis provides an evidence of your Company's performance as against the industry. The industry declined by 6.68% in respect of local sales whereas local sales of the Company increased by 33.35%. Overall, the Company's sales increased by 10.84% only due to the reason that Company's exports declined by 18.92% as compared to exports of industry which declined by 11.69%.

(b) Financial Performance:

A comparison of the key financial results of the company for the year ended June 30, 2011 with last year is as under:

Particulars	2011	2010
	Rupees in thousand	
Turnover – net	1,854,649	1,544,124
Gross profit	238,968	277,353
(Loss) / Profit before taxation	(64,251)	1,769
(Loss) / Profit after taxation	(74,558)	942
(Loss) / Earning per share (Rupee)	(0.93)	0.01

The prices in local market have shown improvement only during the last quarter of the year but the cost of inputs maintained an upward trend. Export prices remained depressed during the year.

The cost of production during the year was higher than the previous year, mainly due to increase in prices of raw materials, electricity and transportation charges which impacted adversely on profitability. Resultantly, the Company suffered a loss before tax of Rs. 64.251 million after providing depreciation of Rs. 52.659 million.

An analysis of increase in average purchase prices of raw materials is as under:

Particulars	Increase	
	Rupees	%
Jungshahi shale	20	10.16
Iron ore	111	22.61
Gypsum	803	64.49
Converted slag	135	14.21
Coal	3,218	39.64

During the financial year ended June 30, 2011, performance of the plant was badly affected by frequent interruptions in power supply by HESCO. Kiln tripped 79 times due to power breakdown which caused production loss of 21,269 metric tons of clinker on one hand and increased the fuel consumption on account of cooling and heating cycles to restore normal production followed by power break downs on other hand. Production loss has caused substantial loss of revenue whereas increase in fuel consumption has increased the fuel cost by about Rs 12.5 million. Besides these major impacts there are other factors like increase in consumption of refractories, electrical and mechanical components which occur on account of frequent start/stop of the equipment and increase the production cost.

## (i) Sales Performance

The sales of the Company during the year increased by 20.11% mainly due to increase in local sales volume by 33.3% i.e. from 217,165 metric tons in 2010 to 289,600 metric tons in 2011. The increase in sales volume is attributable to penetration of our product in rural areas of Sindh as compared to in last year. Further, the local sales to total sales ratio also improved from 56.93% in 2010 to 68.50% in 2011.

## (ii) Cost of Sales

The cost of sales to sales ratio has risen to 87.12% during the year as compared to 82.04% in the last year. This increase is mainly attributable to increase in purchase price of raw materials as evident from aforementioned table as well as huge increase in fuel and power cost which increased by 21.26% as compared to last year and affected the gross margin of the Company. Further, packing material cost to cost of sales ratio also increased to 8.34% in the current year as compared to 6.77% in the last year. Salaries and wages also increased by 19.45% during the year.

## (iii) Distribution Cost

The distribution cost during the year increased to Rs. 225 million as compared to Rs. 191 million during last year. The main reason for this increase is appreciation in exports related freight and other charges which increased by 11.61% despite of decrease in sales volume of export by 18.13%.

## (iv) Finance Cost

Finance cost during the current year increased by 73.42% as compared to last year. This increase is due to the reason that the Company obtained a long term loan of Rs. 107.5 million as well as the average short term borrowings increased from Rs. 267.26 million in 2010 to Rs. 400.71 million during the year showing an increase of 49.93%.

## Right Issue

The Board of Directors in its meeting held on October 08, 2010 approved 25% rights at the premium of Rs. 5 to the existing shareholders of the Company in proportion to the shares held by them. The cumulative value of the right issue was Rs. 299.154 million divided into 19,943,625 ordinary shares of Rs. 15 each. The right issue was fully subscribed and subscription money amounting to Rs. 276.654 million was received by the year end. The balance amount has been received in full subsequent to the year end, whereas the shares have been allotted on July 08, 2011.

Right shares were issued for the purpose of establishing a wholly owned subsidiary i.e. Thatta Power (Private) Limited (TPPL). The introduction of TPPL in the Company will bring benefits of cost efficiencies and cost reduction opportunities. TPPL will fulfill the power requirements of the Company, facilitate sustained plant operation as well as it will also help in reducing the substantial incremental power costs of re-starting the plant due to power breakdowns.

## Future Outlook

Reduction in excise duty and sales tax announced in the budget 2011 – 2012 is likely to have a positive impact on the cement consumption in the country.

Domestic demand is picking up with the commencement of reconstruction activities in the flood affected areas of the country. These activities after resource mobilization and planning are now gearing up. The reconstruction work 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 some time, cement consumption is likely to grow further.

The demand for cement in the Middle East is also showing signs of improvement inspite of sizeable capacity additions in the region. The demand for cement in Sri Lanka and Africa continent has also picked up. The Thatta Cement brand is positioned well in Sri Lanka. 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.

The said project has a life of twenty five years. This project will import clinker from the Company resulting in increase in sales. Further, clinker will be ground and packed at a company to be formed at the Hambantota port which will be then sold in the Sri Lankan market. Currently the project is in the phase where the Company is working on financial and operating feasibilities of the project in consultation with Sri Lankan Port authorities and consultants.

In addition the Company has started work on setting up of a captive power plant i.e. Thatta Power (Private) Limited (TPPL – a wholly owned subsidiary) which is expected to come online next year. This measure would ensure uninterrupted power supply to the cement plant which would lower the cost of production. Any excess power available could be sold to HESCO which shall generate additional revenues. Planning for start of physical work has been completed. Further, in this respect the Company has issued right shares as mentioned above and the said proceeds has been transferred for the establishment and incorporation of the same. Currently, this project is going through the process of formal and legal procedures which will soon be completed.

The Company is making constant efforts in improving plant efficiencies and adopting cost cutting measures by 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 an 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 your Company shall enable it to mitigate market risks, meet future challenges and maintain business growth.

#### Investment

During the year, the Company extended an advance of Rs. 178 million to its associated undertaking Al Abbas Cement Industries Limited (AACIL) under the authority of special resolution passed in the last Annual General Meeting. The Company earned a profit on that advance of Rs. 18.89 million. Rs. 50 million were repaid before the year end. AACIL offered right shares prior to year end and the Company subscribed the full outstanding advance amount to the same in respect of which the Company was allotted 25.6 million shares at Rs. 5 each. The Company holds 7% shares in AACIL and due to the fact that AACIL and the Company has two directors in common, hence, AACIL became the associated company of Thatta Cement Company Limited.

#### Corporate Social Responsibility

Being a responsible member of the corporate community, the Company always strives to discharge its social responsibilities towards the society. The Company promotes and facilitates welfare of the local communities in the town where the Company works. In this respect, the Company provides education facilities to school level students, run free OPD facilities and provide other medical facilities to the local residents in Thatta.

During August & September 2010, the devastating flood in the country has badly affected human lives and properties. The Company being a responsible corporate citizen positively played its role in rescue and relief activities. The Company opened up its premises to shelter flood affectees of local towns of Thatta District. The Company contributed to relief work by providing these Internally Displaced People food and 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.

#### Related Party Transactions

All related party transactions entered into are at arm's length basis and are being placed before and reviewed and approved by the Audit Committee as well as the Board of Directors of the Company from time to time in compliance with the listing regulations of the Karachi Stock Exchange (Guarantee) Limited.

#### Code of Corporate Governance

The Directors of the Company are well aware of their responsibilities under the Code of Corporate Governance incorporated in the Listing Regulations of the Stock Exchange. All necessary steps are being taken to ensure Good Corporate Governance in the Company as required under the Code.

- a. The financial statements, prepared by the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- b. Proper books of account have been maintained by the Company.
- c. Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d. Applicable International Accounting Standards have been followed in preparation of financial statements and there has been no material departure therefrom.
- e. The system of internal control has been effectively implemented and is continuously reviewed and monitored.
- f. We have an Audit Committee, all of the members of which are non-executive directors of the Board.
- g. The Company is a going concern and there is no doubt at all about the Company's ability to continue as a going concern.
- h. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- i. The Board of Directors has adopted a mission statement and statement of overall corporate strategy.

- j. We have prepared and circulated a statement of Ethics and Business Practices which has been signed by all the Directors and employees of the Company.
- k. There is nothing outstanding against the Company on account of taxes, duties, levies and other charges except for those which are being made in the normal course of business.
- l. The Company maintains Provident and Gratuity Funds for its employees. Stated below are the amount charged by the Company in profit and loss:
- |                  |                 |
|------------------|-----------------|
| - Provident Fund | Rs. 3,105,868/- |
| - Gratuity Fund  | Rs. 5,065,116/- |
- The value of investments of retirement benefit plans of Thatta Cement Company Limited as on June 30, 2011 are as follows:
- |                  |                  |
|------------------|------------------|
| · Provident Fund | Rs. 12,489,104/- |
| · Gratuity Fund  | Rs. 13,055,499/- |
- m. Loss per share for the year was Re. 0.93 as against earning per share of Re. 0.01 last year.
- n. We have included the following information in the annual report, as required by the Code of Corporate Governance:
- Statement of pattern of shareholding.
  - Key operating and financial statistics for six years.
  - Statement of number of Board meetings held during the year and attendance by each Director (Annexure I).
  - Statement of trading of shares by Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouses and minor children (Annexure II).

#### EXTERNAL AUDITORS

The present auditors M/s. Hyder Bhimji & Co., Chartered Accountants, retire and being eligible, offered themselves for reappointment.

#### 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: September 30, 2011



## Annexure I

Attendance of Directors in Board Meetings held during the year ended June 30, 2011:

Name	No. of meetings	Meetings attended
Mr. Muhammad Arif Habib – Chairman	4	3
Mr. Fazlullah Shariff – Chief Executive Officer	4	4
Mr. Kashif Habib – Executive Director (Resigned on April 28, 2011)	4	3
Mr. Nasim Beg – Director	4	3
Mr. Asadullah Khawaja – Director	4	1
Mr. Muhammad Khubaib – Director	4	3
Mr. Shahid Aziz Siddiqui – Director	4	2
Mr. Wazir Ali Khoja – Director (Appointed on April 29, 2011)	-	-

## Annexure II

A statement showing the Company's shares bought and sold by its Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouse and minor children.

Name of Director	Shares sold
Mr. Muhammad Arif Habib – Chairman	4,721,400

## PATTERN OF SHAREHOLDINGS CDC AND PHYSICAL AS ON JUNE 30, 2011

Number of Shareholders	Shareholdings		Total Shares Held
	From	To	
61	1	100	1,400
900	101	500	446,059
106	501	1,000	102,665
62	1,001	5,000	136,299
5	5,001	10,000	37,123
1	10,001	15,000	10,500
1	15,001	20,000	17,500
1	25,001	30,000	30,000
1	45,001	50,000	50,000
1	65,001	70,000	68,000
1	255,001	260,000	257,310
1	640,001	645,000	641,000
1	995,001	1,000,000	1,000,000
1	1,500,001	1,505,000	1,500,500
1	1,885,001	1,890,000	1,887,600
1	2,695,001	2,700,000	2,700,000
1	2,880,001	2,885,000	2,884,864
1	5,995,001	6,000,000	6,000,000
1	6,995,001	7,000,000	7,000,000
1	7,225,001	7,230,000	7,227,000
1	7,885,001	7,890,000	7,889,430
1	39,885,001	39,890,000	39,887,250
<u>1,151</u>			<u>79,774,500</u>

## COMBINED PATTERN OF CDC AND PHYSICAL SHAREHOLDINGS AS AT JUNE 30, 2011

Category No.	Categories of Shareholders	No. of shares held	Category wise no. of share Holders	Category wise shares held	Percentage %
1	INDIVIDUALS		1,120	2,964,457	3.72
2	INVESTMENT COMPANIES		1	500	-
3	JOINT STOCK COMPANIES		14	25,189	0.03
4	DIRECTORS, CHIEF EXECUTIVE OFFICER, THEIR SPOUSE AND MINOR CHILDREN - MUHAMMAD ARIF HABIB - MUHAMMAD FAZLULLAH SHARIFF - NASIM BEG - MOHAMMAD KHUBAIB - ASADULLAH KHAWAJA	50,000 100 100 100 100	5	50,400	0.06
5	EXECUTIVES		-	-	-
6	NIT / ICP - NATIONAL BANK OF PAKISTAN - TRUSTEE DEPARTMENT NI(U)T FUND - CDC - TRUSTEE NIT - EQUITY MARKET OPPORTUNITY	2,884,864 1,887,600	2	4,772,464	5.98
7	ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES - ARIF HABIB CORPORATION LIMITED - SUMMIT BANK LIMITED - ARIF HABIB LIMITED - ARIF HABIB EQUITY (PVT) LIMITED	7,227,000 7,000,000 257,310 39,887,250	4	54,371,560	68.16
8	PUBLIC SECTOR COMPANIES AND CORPORATIONS		-	-	-
9	BANKS, DFIs, NBFIs, INSURANCE COMPANIES, MODARBAS AND MUTUAL FUNDS		4	17,589,430	22.05
10	FOREIGN INVESTORS		1	500	-
11	CO-OPERATIVE SOCIETIES		-	-	-
12	CHARITABLE TRUSTS		-	-	-
13	OTHERS		-	-	-
	Total		1,151	79,774,500	100.00

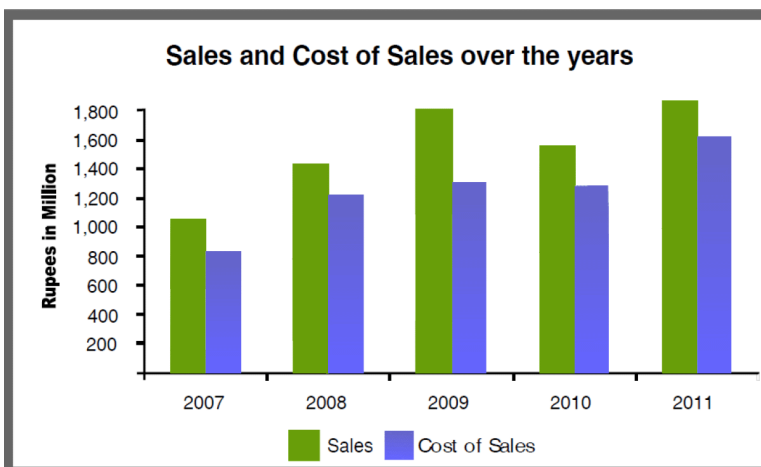
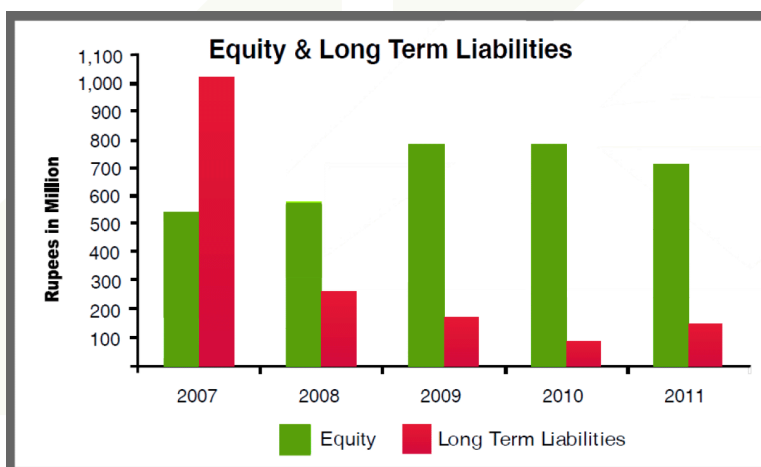
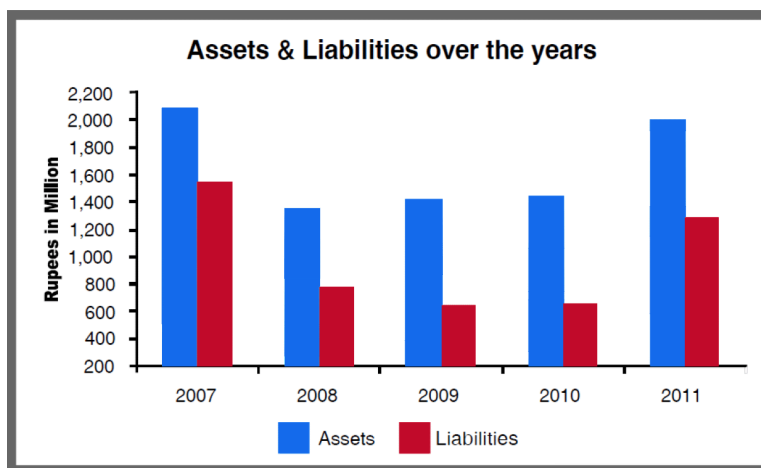
SHAREHOLDER(S) HOLDING TEN PERCENT OR MORE VOTING INTEREST IN THE COMPANY			
NAME(S) OF SHAREHOLDER(S)	DESCRIPTION	NO. OF SHARES HELD	PERCENTAGE
TOTAL PAID-UP CAPITAL OF THE COMPANY			
		79,774,500	SHARES
10% OF THE PAID-UP CAPITAL OF THE COMPANY			
		7,977,450	SHARES
ARIF HABIB EQUITY (PVT) LTD	FALLS IN CATEGORY # 7	39,887,250	50.00

## KEY OPERATING AND FINANCIAL STATISTICS OF SIX YEARS

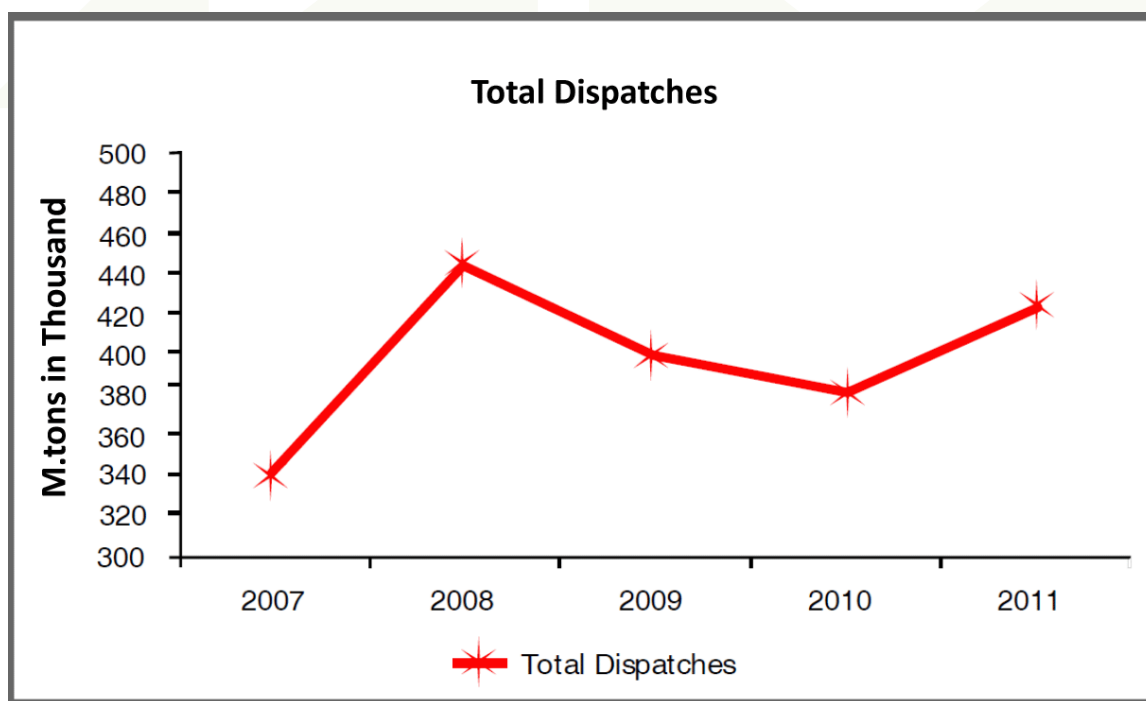
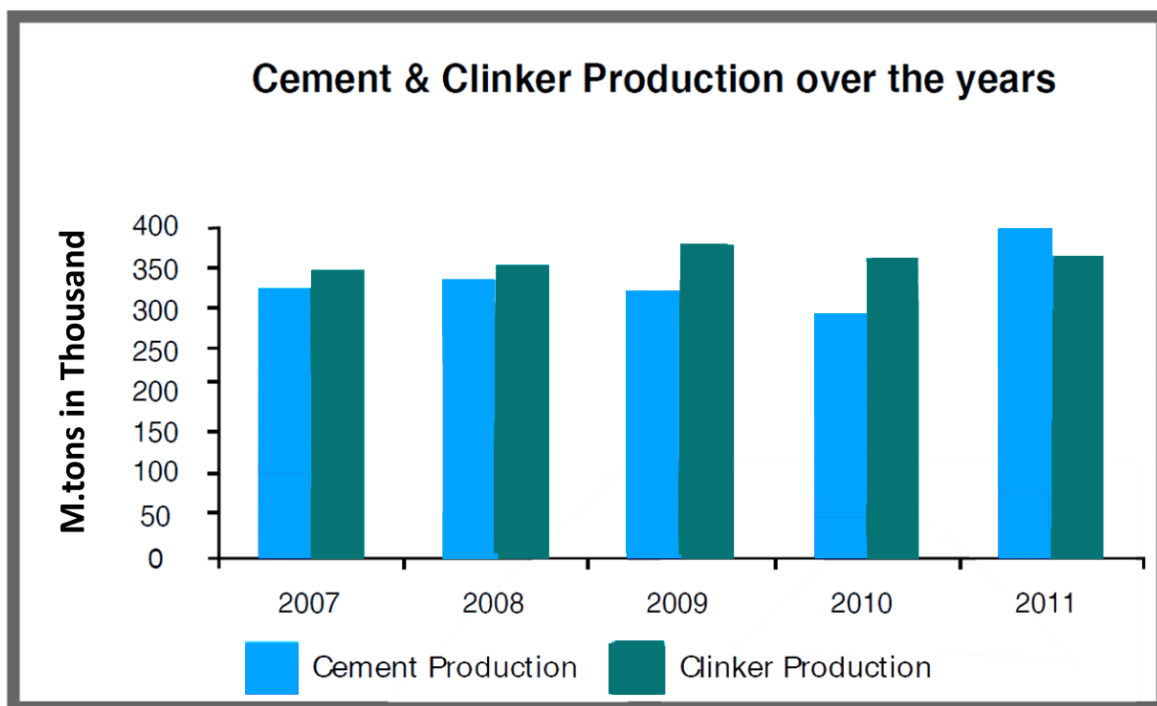
### For the year ended June 30, 2011

	2011	2010	2009	2008	2007	2006
	----- Rupees in thousand -----					
<b>Assets Employed</b>						
Property, plant and equipment	802,700	848,781	822,149	744,289	780,810	798,281
Intangible assets	3,216	3,116	2,616	-	159	374
Long term deposits	792	88	88	2,708	3,320	2,087
Long term investment in associate	127,847	-	-	-	-	-
Deferred taxation	-	-	-	-	-	4,471
Current assets	1,055,648	585,639	594,336	599,355	1,288,449	313,801
	<b>1,990,203</b>	<b>1,437,624</b>	<b>1,419,189</b>	<b>1,346,352</b>	<b>2,072,738</b>	<b>1,119,014</b>
<b>Financed by</b>						
Shareholders equity	701,005	775,563	770,811	570,749	531,227	484,576
Long term financing	103,037	41,666	83,333	166,662	263,886	360,686
Current portion of long term finance	46,147	41,667	83,332	97,224	749,724	97,647
	149,184	83,333	166,665	263,886	1,013,610	458,333
Long term deposits & deferred liabilities	39,222	48,681	57,934	21,988	6,456	4,395
Current liabilities	1,146,939	571,714	507,111	586,953	1,271,169	269,357
Current portion of long term finance	(46,147)	(41,667)	(83,332)	(97,224)	(749,724)	(97,647)
	1,100,792	530,047	423,779	489,729	521,445	171,710
<b>Total funds invested</b>	<b>1,990,203</b>	<b>1,437,624</b>	<b>1,419,189</b>	<b>1,346,352</b>	<b>2,072,738</b>	<b>1,119,014</b>
<b>Turnover and Profit</b>						
Turnover	1,854,649	1,544,124	1,795,109	1,415,463	1,039,436	1,537,777
Gross profit	238,968	277,353	496,977	207,312	211,807	405,932
Operating (loss) / profit	(37,825)	40,577	340,551	79,965	148,324	357,925
(Loss) / Profit before tax	(64,252)	1,769	263,398	53,796	58,590	337,052
(Loss) / Profit after tax	(74,558)	942	203,872	39,522	46,652	221,698
(Loss) carried forward	(96,740)	(22,182)	(23,124)	(226,996)	(266,518)	(373,000)
(Loss) / Earning(s) per share (Rupees)	(0.93)	0.01	2.56	0.50	0.58	2.78
Breakup value per share (Rupees)	8.79	9.72	9.66	7.15	6.66	6.07
<b>Ratio Analysis</b>						
<b>Profitability</b>	----- In percentage % -----					
Gross profit to sales	12.88	17.96	27.69	14.65	20.38	26.40
Operating (loss) / profit to sales	(2.04)	2.63	18.97	5.65	14.27	23.28
(Loss) / Profit before tax to sales	(3.46)	0.11	14.67	3.80	5.64	21.92
Net (loss) / profit after tax to sales	(4.02)	0.06	11.36	2.79	4.49	14.42
<b>Solvency</b>						
Working capital ratio	0.92	1.02	1.17	1.02	1.01	1.17
Acid test ratio	0.50	0.26	0.28	0.38	0.67	0.25
Inventory turnover (COGS) – times	51.75	66.87	49.73	54.69	71.83	34.41
<b>Overall Assessment &amp; Valuation</b>						
Return on equity after tax	(10.64)	0.12	26.45	6.92	8.78	45.75
Long term debts to equity ratio	17.55	9.70	17.78	31.62	65.61	48.61
Return on assets	(3.75)	0.07	14.37	2.94	2.25	19.81

# Financial Highlights



# Financial Highlights



## Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the shareholders of Thatta Cement Company Limited will be held at Beach Luxury Hotel, M. T. Khan Road, Karachi on Saturday, October 22, 2011 at 3:00 pm to transact the following business:

### Ordinary Business

1. To confirm the minutes of Annual General Meeting of the shareholders held on October 29, 2010.
2. To receive, consider and adopt Annual Audited Financial Statements for the year ended June 30, 2011, together with the Reports of the Auditor and Directors thereon.
3. To appoint Auditors for the ensuing year, and to fix their remuneration. Hyder Bhimji & Co. Chartered Accountants, retire and being eligible, have offered themselves for re-appointment.
4. To transact any other business with the permission of the Chair.

By Order of the Board

Karachi: September 30, 2011

Muhammad Taha Hamdani  
Company Secretary

### Notes:

- (i) The Share Transfer Books of the Company for Ordinary Shares will remain closed from October 15, 2011 to October 22, 2011 (both days inclusive) for determining the entitlement of shareholders to attend the Annual General Meeting.
- (ii) Physical transfers and deposit requests under Central Depository System received at the close of business on October 14, 2011 by the Company's Registrar i.e. Noble Computer Services (Pvt.) Ltd., First Floor, House of Habib Building (Siddiqsons Tower), 3-Jinnah Cooperative Housing Society, Main Shahrah-e-Faisal, Karachi 75350, will be treated as being in time for entitlement to attend the meeting.
- (iii) A member of the Company entitled to attend and vote may appoint another member as his / her proxy to attend and vote instead of him / her.
- (iv) Proxy form must be received at the Head Office of the Company not less than 48 hours before the time of the meeting.
- (v) Beneficial owners of the physical shares and the shares registered in the name of Central Depository Company of Pakistan Ltd. (CDC) and / or their proxies are required to produce their original Computerized National Identity Card (CNIC) or Passport for identification purpose at the time of attending the meeting. The form of proxy must be submitted with the Company within the stipulated time, duly witnessed by two persons whose names, address and CNIC numbers must be mentioned on the form, along with attested copies of CNIC or Passport of the beneficial owner and the proxy. In case of corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signature(s) shall be submitted with the proxy form.
- (vi) Shareholders are requested to notify immediately of any change in their address.

## Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35 of Listing Regulations of Karachi Stock Exchange (Guarantee) Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes six non-executive Directors.
2. The Directors have confirmed that none of them is serving as a Director in more than ten listed companies, including this Company, except for Mr. Wazir Ali Khoja who has been given Letter of Dispensation of Clause III of Code of Corporate Governance by SECP dated January 28, 2011.
3. All the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. All casual vacancies occurred during the year on the Board were filled within 30 days.
5. The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the Directors and employees of the Company.
6. The Board has adopted a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment of, determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO) and other Executive Directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment as proposed by the CEO have been duly approved by the Board.
10. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
11. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
12. The Directors, CEO and other executives do not hold any interest in the shares of the Company other than disclosed in the pattern of shareholding.
13. The Company has complied with all the corporate and financial reporting requirement of the Code.
14. The Audit Committee is constituted and it comprises of three members, all of whom are non-executive directors including the Chairman of the committee.
15. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
16. The Board has set-up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and they are involved in the internal audit function on a full time basis.



17. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
18. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
19. The related party transactions have been placed before the Audit Committee and approved by the Board of Directors along with the pricing methods for such transactions.
20. We confirm that all other material principles contained in the Code have been duly complied with.

For and on behalf of the Board

A handwritten signature in black ink, appearing to read 'Fazlullah Shariff'.

Muhammad Fazlullah Shariff  
Chief Executive Officer

Karachi: September 30, 2011

**HYDER BHIMJI & CO.**  
 CHARTERED ACCOUNTANTS

Member of  
**KRESTON INTERNATIONAL**  
 with affiliated offices worldwide

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**REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE  
 WITH BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE**

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance for the year ended June 30, 2011 prepared by the Board of Directors of Thatta Cement Company Limited to comply with the Listing Regulations No. 35 of the Karachi Stock Exchange(Guarantee) Limited, where the company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Sub-Regulation (xiii a) of Listing Regulations No. 35 (Previously Regulation No.37) notified by the Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires the Company to place before the Board of Directors for their consideration and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevailed in arm's length transactions and transaction which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance, as applicable to the Company for the year ended June 30, 2011.



HYDER BHIMJI & CO.  
 Chartered Accountants

Karachi: September 30, 2011

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**AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed Balance Sheet of M/s. THATTA CEMENT COMPANY LIMITED as at June 30, 2011 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on test basis evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
  - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with the accounting policies consistently applied;
  - ii) the expenditure incurred during the year was for the purpose of the company's business; and
  - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company.
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required, and respectively give a true and fair view of the state of the company's affairs as at June 30, 2011 and of the loss, cash flows and changes in equity for the year then ended; and
- d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).



 HYDER BHIMJI & CO.  
 CHARTERED ACCOUNTANTS  
 Muhammad Hanif Razzak

Karachi: September 30, 2011

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## Balance Sheet

### As at June 30, 2011

	Note	June 30, 2011 (Rupees in thousand)	June 30, 2010
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant & equipment	6	802,700	848,781
Intangible assets	7	3,216	3,116
Long term investment - related party	8	127,847	-
Long term deposits		792	88
		934,555	851,985
<b>CURRENT ASSETS</b>			
Stores, spare parts & loose tools	9	262,106	190,029
Stock-in-trade	10	219,291	238,864
Trade debts	11	88,672	49,649
Loans and advances	12	26,720	12,918
Trade deposits & short term prepayments	13	6,209	8,127
Accrued interest	14	18,986	54
Other receivables	15	40,577	6,033
Sales tax refundable		39,183	32,328
Taxation-net		57,148	37,371
Cash and bank balances	16	296,756	10,266
		1,055,648	585,639
		<u>1,990,203</u>	<u>1,437,624</u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized Capital 100,000,000 (2010: 90,000,000) ordinary shares of Rs. 10/- each		1,000,000	900,000
Issued, subscribed and paid-up share capital	17	797,745	797,745
Accumulated loss		(96,740)	(22,182)
Total Equity		701,005	775,563
<b>ADVANCE AGAINST SUBSCRIPTION FOR RIGHT SHARES</b>	18	276,654	-
		977,659	775,563
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	19	103,037	41,666
Long term deposits	20	3,701	4,249
Deferred taxation	21	35,521	44,432
		142,259	90,347
<b>CURRENT LIABILITIES</b>			
Trade and other payables	22	297,417	227,514
Accrued markup	23	17,989	11,124
Short term borrowings	24	508,732	291,409
Current maturity of long term financing	19	46,147	41,667
		870,285	571,714
<b>CONTINGENCIES &amp; COMMITMENTS</b>	25		
		<u>1,990,203</u>	<u>1,437,624</u>

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

  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR

## PROFIT & LOSS ACCOUNT

For the year ended June 30, 2011

	Note	June 30, 2011 (Rupees in thousand)	June 30, 2010
Turnover - net	26	1,854,649	1,544,124
Cost of sales	27	(1,615,681)	(1,266,771)
Gross profit		238,968	277,353
Selling & distribution cost	28	(224,608)	(190,965)
Administrative expenses	29	(52,185)	(45,811)
		(276,793)	(236,776)
Operating (loss) / profit		(37,825)	40,577
Other operating expenses	30	(6,015)	(9,338)
Finance cost	32	(78,789)	(45,532)
		(84,804)	(54,870)
Other operating income	31	58,531	16,062
		(64,098)	1,769
Share of loss of associate	8	(153)	-
(Loss) / Profit before taxation		(64,251)	1,769
Taxation			
- Current	33	(19,218)	(11,692)
- Prior year		-	1,325
- Deferred		8,911	9,540
		(10,307)	(827)
(Loss) / Profit after taxation		(74,558)	942
Other comprehensive income			
Impairment gain/loss on available for sale investment		-	3,810
Total comprehensive (loss)/income for the year		(74,558)	4,752
		-----Rupee-----	
(Loss) / earning per share - basic & diluted	34	(0.93)	0.01

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



CHIEF EXECUTIVE OFFICER



DIRECTOR

## CASH FLOW STATEMENT

For the year ended June 30, 2011

	June 30, 2011 (Rupees in thousand)	June 30, 2010
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit before taxation	(64,251)	1,769
Adjustment for:		
Depreciation	52,659	50,731
Finance cost	78,789	45,532
Loss on disposal of investments	-	6,530
Share of loss of associate	153	-
Provision for doubtful debts	179	242
Gain / (loss) on disposal of operating fixed assets	(24,086)	60
Employee benefits - gratuity	5,065	4,058
Provision for slow moving / dead stores & spares	(300)	481
	112,459	107,634
Operating cash flows before working capital changes	48,208	109,403
(Increase) / decrease in current assets		
Stores, spare parts & loose tools	(71,777)	28,385
Stock-in-trade	19,575	(13,563)
Trade debts	(39,202)	6,245
Loans and advances	(13,802)	3,776
Trade deposits and short term prepayments	1,918	(1,217)
Accrued markup	(18,932)	-
Other receivables / sales tax refundable	(18,895)	(23,695)
	(141,115)	(69)
Increase in current liabilities		
Trade and other payables	65,493	56,460
Cash (used in) / generated from operations	(27,414)	165,794
Finance cost paid	(71,924)	(44,503)
Gratuity paid	(659)	(3,584)
Taxes paid	(25,499)	(42,468)
	(98,082)	(90,555)
Net cash (used in) / from operating activities	(125,496)	75,239
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(25,443)	(82,069)
Proceeds on disposal of property, plant and equipment	6,854	4,146
Long term investment - related party	(128,000)	-
Short term investments -net	-	35,873
Long term deposits	(704)	-
Net cash used in investing activities	(147,293)	(42,050)

June 30, 2011  
June 30, 2010  
(Rupees in thousand)


## C. CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of long term financing	(41,667)	(83,332)
Long term financing obtained	107,517	-
Right subscription money	276,654	-
(Refund) / receipts of long term deposits	(548)	287
Net cash from / (used in) financing activities	341,956	(83,045)
Net increase / (decrease) in cash and cash equivalents	69,167	(49,856)
Cash and cash equivalents at beginning of the year	(281,143)	(231,287)
Cash and cash equivalents at end of the year	(211,976)	(281,143)

## CASH AND CASH EQUIVALENTS

Cash and bank balances	296,756	10,266
Short term borrowings	(508,732)	(291,409)
	(211,976)	(281,143)

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



CHIEF EXECUTIVE OFFICER



DIRECTOR

## STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2011

	Issued, subscribed and paid-up share capital .....	Accumulated loss .....	Unrealized loss on available for sale investments .....	Total .....
.....(Rupees in thousand).....				
Balance as at July 1, 2009	797,745	(23,124)	(3,810)	770,811
Total comprehensive income for the year ended June 30, 2010	-	942	3,810	4,752
Balance as at June 30, 2010	797,745	(22,182)	-	775,563
Total comprehensive loss for the year ended June 30, 2011	-	(74,558)	-	(74,558)
Balance as at June 30, 2011	797,745	(96,740)	-	701,005

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 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.

### 2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case the requirements differ, the provisions of directives of 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 which are stated as reported in their respective notes.

### 4. STANDARDS, AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARD AND INTERPRETATIONS

#### 4.1 Standards, interpretations and amendments to approved accounting standards that are not yet effective :

The following revised standards, amendments and interpretations with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards or interpretation:

Standard or Interpretation	Effective Date (accounting periods beginning on or after)
IAS 1 Presentation of Financial Statements - Amendments to revise the way other comprehensive income is presented	July 01, 2012
IFRS 7 Financial Instruments: Disclosures - Amendments enhancing disclosures about transfers of financial assets	July 01, 2011
IAS 12 Income Tax (Amendment) - Deferred Taxes: Recovery of underlying assets	January 01, 2012
IAS 19 Employee Benefits - Amended Standard resulting from the post-employment benefits and termination benefits projects	January 01, 2013
IAS 24 Related Party Disclosures (Revised)	January 01, 2011
IFRIC 14 Prepayments of a Minimum Funding Requirement (Amendment)	January 01, 2011

The Company expect that the adoption of the above revisions, amendments and interpretations of the standards will not have any material impact on the Company's financial statements in the period of initial application.

In addition to the above, amendments to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 January 2011. The Company expect that such improvements to the standards will not have any material impact on the company's financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the Securities & Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan.

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 9 Financial Instruments	January 01, 2015
IFRS 10 Consolidated Financial Statements	January 01, 2013
IFRS 11 Joint Agreements	January 01, 2013
IFRS 12 Disclosure of Interests in Other Entities	January 01, 2013
IFRS 13 Fair Value Measurement	January 01, 2013

#### 4.2 Standards, amendments and interpretations adopted during the year New and amended standards and interpretations

The Company has adopted the following new and amended IFRS and IFRIC interpretations which became effective during the year:

IFRS 2	Share-based Payment Transactions
IAS 32	Financial Instruments: Presentation - Classification of Rights Issues (Amendment)
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

Improvements to various standards issued by IASB

Issued in 2009

IFRS 5	Non-Current Assets Held for Sale and Discontinued Operations
IFRS 8	Operating Segments
IAS 1	Presentation of Financial Statements
IAS 7	Statement of Cash flows: Presentation of Financial Statements
IAS 17	Leases
IAS 36	Impairment of Assets
IAS 39	Financial Instruments: Recognition and Measurement

Issued in May 2010

IFRS 3	Business Combinations (Revised)
IAS 27	Consolidated and Separate Financial Statements (Amendments)

The adoption of the above standards, amendments and interpretations did not have any effect on the financial statements except for IAS 1 (revised).

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

#### 5. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below:

##### 5.1 Significant accounting estimates and judgments

In the process of applying the accounting policies, management has made the following estimates and judgments which are significant to the financial statements.

- Property, plant and equipment with respect to estimated useful life and related depreciation charge and impairment.
- Provisions for obsolescence and slow moving spares with respect to parameters set out by management.
- Provision for income tax with respect to estimation of income tax based on income tax law and appellate decision.
- Deferred taxation has been made based on estimate of future ratio of export and local sales.
- Contingencies with respect to evaluation based to element of issue involved and opinion of legal counsel.
- Gratuity with respect to actuarial valuation.
- Stock valuation with respect to determination of net realizable value.
- Trade debts with respect to its provision for doubtful debts.
- Investment with respect to their classification.

##### 5.2 Accounting policies and disclosures

The accounting policies adopted in preparation of these financial statements are consistent with those of the previous financial year ended June 30, 2010.

##### 5.3 Property, plant and equipment

These are stated at cost less accumulated depreciation except freehold land and capital work in progress which are stated at cost whereas leasehold land is stated at cost less amortization.

Depreciation is charged to profit and loss account applying the reducing balance method at the rates specified in Operating fixed asset - tangible note 6.1 except leasehold structural improvements and leasehold land which are depreciated/amortized on straight line basis. Depreciation on additions is charged from the month in which the asset is available for use and on disposal upto the month the asset is in use. Assets, residual values and useful lives are reviewed, and adjusted, if appropriate at each balance sheet date.

Normal maintenance and repairs are charged to profit and loss account as and when incurred where as major renewals and improvements are capitalized.

Gain or loss, on disposal of assets is included in profit & loss account.

#### 5.4 Intangible assets

Intangible assets are recognised when it is probable that the expected future economic benefits will flow to the entity and the cost of the asset can be measured reliably. Cost of other intangible asset includes purchase cost and directly attributable expenses incidental to bring the asset for its intended use.

Costs associated with maintaining computer software are recognised as an expense as and when incurred.

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is charged over the estimated useful life of the asset on a systematic basis applying the straight line method.

Useful lives of all intangible assets are reviewed, at each balance sheet date and adjusted if the impact of amortisation is significant.

#### 5.5 Investment in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not controlled or joint control over those policies. The results and assets and liabilities of the associate have been incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the balance sheet at cost as adjusted for post acquisition changes in the Company's share of net assets of the associate, less any impairment in the value of investment. Losses of an associate in excess of the Company's interest in that associate (which includes any long term interest that, in substance, form part of the Company's net investment in the associate) are recognized only to the extent that the Company has incurred legal or constructive obligation or made payment on behalf of the associate.

#### 5.6 Stores, spare parts & loose tools

These are stated at cost (calculated on moving average basis) less provision for dead and slow moving stores and spares except for the items in transit, which are valued and stated at cost.

#### 5.7 Stock in trade

Stock in trade are valued at lower of weighted average cost and net realizable value except the raw and packing material which are valued at cost on moving average basis.

Materials in transit are stated at cost comprising invoice value plus other charges paid thereon.

Work in process and finished goods are valued at weighted average cost comprising of material quarrying/purchase price, transportation, labour cost and applicable manufacturing overheads.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and cost necessarily to be incurred in order to make the sales.

#### 5.8 Trade debts

Local debts are recognised at fair value of consideration receivable. Export debts are initially recognised at the exchange rate prevailing on the date of dispatch and subsequently remeasured at each year end. Exchange gain / (loss) on remeasurement is taken to profit and loss. Debts considered irrecoverable are written off and appropriate provision is made where recovery is considered doubtful.

#### 5.9 Investments

The investments of the Company are classified into the following categories:

#### 5.9.1 At fair value through profit or loss

These include investments that are designated at fair value through profit or loss at inception. They are initially measured at fair value and changes on re-measurement or disposal are taken to profit & loss account of the same year.

#### 5.9.2 Available for sale

They are included as current assets unless management intends to dispose off the investments after twelve months of the balance sheet date.

Available for sale investments are initially recognized at fair value plus transaction cost, and subsequently at fair value. Changes in fair value are recognised in equity and on disposal all gains or losses are transferred from equity to profit & loss account along with such gain or loss on disposal.

#### 5.10 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, with Banks in current, saving and deposit accounts net of short term borrowings under mark-up arrangements, if any.

#### 5.11 Employee benefits

##### 5.11.1 Defined benefit plan

The Company operate approved funded gratuity scheme covering all permanent employees. The scheme is administered by the trustees nominated under the trust deed. The liabilities recognized in respect of gratuity are the present values of the Company's obligations under the scheme at the balance sheet date less the fair values of plan assets, together with adjustment for unrecognized actuarial gains or losses. Contribution is made to this scheme on the basis of actuarial recommendations. The actuarial valuation is carried out using the Project Unit Credit Method on June 30, 2011.

The present value of obligations are determined by discounting the estimated future cash outflows using interest rates of government bond. The government bonds are consistent with the estimated term of the post-employment benefit obligations.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of the plan assets or 10% of the defined benefit obligation are credited or debited to profit & loss account over the employee's expected average remaining working lives.

##### 5.11.2 Defined contribution plan

The Company also operate an approved contributory Provident Fund for all its permanent employees to which equal monthly contributions are made, both by the Company and the employees, to the fund at the rate of 10% of basic salary.

#### 5.12 Borrowing cost

Loans and borrowings are recorded as and when the proceeds are received.

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing cost, if any, are capitalized as part of the cost of that asset.

#### 5.13 Taxation

Provision for current taxation is computed in accordance with the provisions of Income Tax Law. The charge for current income tax is recorded after adjustment, if any, to the provision for tax made in prior year including those arising from assessment and amendments in assessments during the year in such years. The Company accounts for deferred taxation on all temporary differences using liability method. Deferred tax asset is recognized only to the extent that it is probable that future taxable profit will be available and the credits can be utilized.

#### 5.14 Impairment

The carrying amounts of the Company's assets are reviewed at each financial year end to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated and impairment losses are recognized as expense in the profit and loss account.

#### 5.15 Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable. Revenue from sales is recognized upon passage of the title to the customers usually on dispatch of goods. Interest and rental / other income is recognized on accrual basis.

#### 5.16 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized at the time when the Company loses control of the contractual rights that comprises the financial assets. All financial liabilities are derecognized at the time when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gains or losses on derecognizing of financial assets and financial liabilities are taken to profit & loss account.

#### 5.17 Transactions with related parties

Transactions with related parties are carried out at arm's length basis determined in accordance with "Comparable uncontrolled price method" except in the case of loan and advances to Key management personnel which are free of any interest / markup in terms of the employment.

#### 5.18 Offsetting of financial assets and financial liabilities

A financial asset and financial liability is offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the recognized amounts and the Company intends either to settle on a net basis or to realize the asset and discharge the liability simultaneously.

#### 5.19 Provision

Provisions are recognized when the Company has present, legal or constructive obligations as a result of past events, if it is probable that an outflow of resources will be required to settle the obligation, and reliable estimate of the amounts can be made.

#### 5.20 Foreign currency transactions

Foreign currency transactions are recorded into Pak Rupee using the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into Pak Rupee at the rates of exchange prevailing at the balance sheet date. Exchange gains and losses are taken to profit & loss account.

#### 5.21 Functional and presentation currency

The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

6 PROPERTY, PLANT & EQUIPMENT

	Note	June 30, 2011 (Rupees in thousand)	June 30, 2010
Operating fixed assets	6.1	801,804	848,781
Capital work-in- progress	6.5	896	-
		<u>802,700</u>	<u>848,781</u>

6.1 Operating fixed assets

Description	Cost at June 30, 2011	Accumulated depreciation/ amortization at June 30, 2011	Net book value as at June 30, 2011	Cost at June 30, 2010	Accumulated depreciation/ amortization at June 30, 2010	Net book value as at June 30, 2010	Rate
	----- (Rupees in thousand) -----			----- (Rupees in thousand) -----			
Leasehold land	6,266	1,963	4,303	6,266	1,900	4,366	1/99
Agricultural land	-	-	-	15,297	-	15,297	-
Leasehold improvements	45,656	7,989	37,667	44,885	3,366	41,519	10%
Quarries and improvements	11,963	11,752	211	11,963	11,741	222	5%
Factory building	237,543	173,767	63,776	237,543	166,679	70,864	10%
Electrical installation	25,657	2,502	23,155	25,657	1,283	24,374	5%
Housing Colonies	72,293	51,257	21,036	72,219	50,151	22,068	5%
Office Building	22,281	17,329	4,952	22,281	17,068	5,213	5%
Plant and machinery	1,630,332	1,037,166	593,166	1,619,408	1,006,154	613,254	5%
Quarry equipments	47,302	46,906	396	47,302	46,807	495	20%
Railway sidings	14,905	12,548	2,357	14,905	12,286	2,619	10%
Vehicles	39,789	18,131	21,658	40,936	17,758	23,178	10 & 20%
Furniture and fixtures	18,052	12,414	5,638	17,780	11,806	5,974	10%
Office equipments	29,718	8,942	20,776	23,070	6,759	16,311	10%
Computers	10,626	7,913	2,713	9,939	6,912	3,027	30%
	<u>2,212,383</u>	<u>1,410,579</u>	<u>801,804</u>	<u>2,209,451</u>	<u>1,360,670</u>	<u>848,781</u>	

6.2 The following is the operating fixed assets for the year:

Description	----- 2010 - 2011 -----					Rate
	Net book value as on July 1, 2010	Addition- cost	Deletion/ Adjustments -WDV	Depreciation /Amortization	Net book value as on June 30, 2011	
	.....(Rupees in thousand).....					
Leasehold land	4,366	-	-	63	4,303	1/99
Agricultural land	15,297	715	(16,012)	-	-	-
Leasehold improvements	41,519	771	-	4,623	37,667	10%
Quarries and improvements	222	-	-	11	211	5%
Factory building	70,864	-	-	7,088	63,776	10%
Electrical installation	24,374	-	-	1,219	23,155	5%
Housing Colonies	22,068	74	-	1,106	21,036	5%
Office Building	5,213	-	-	261	4,952	5%
Plant and machinery	613,254	10,924	-	31,012	593,166	5%
Quarry equipments	495	-	-	99	396	20%
Railway sidings	2,619	-	-	262	2,357	10%
Vehicles	23,178	4,319	(2,722)	3,117	21,658	10 & 20%
Furniture and fixtures	5,974	272	-	608	5,638	10%
Office equipments	16,311	6,688	(34)	2,189	20,776	10%
Computers	3,027	687	-	1,001	2,713	30%
	<u>848,781</u>	<u>24,450</u>	<u>(18,768)</u>	<u>52,659</u>	<u>801,804</u>	

----- 2009 - 2010 -----

Description	Net book value as on July 1, 2009	Addition-cost	Deletion/ Adjustments- WDV	Depreciation /Amortization	Net book value as on June 30, 2010	Rate
.....(Rupees in thousand).....						
Leasehold land	4,447	-	-	81	4,366	1/99
Agricultural land	15,297	-	-	-	15,297	-
Leasehold improvements	-	44,885	-	3,366	41,519	10%
Quarries and improvements	234	-	-	12	222	5%
Factory building	78,739	-	-	7,875	70,864	10%
Electrical Installation	-	25,657	-	1,283	24,374	5%
Housing Colonies	23,229	-	-	1,161	22,068	5%
Office Building	5,487	-	-	274	5,213	5%
Plant and machinery	578,879	68,075	(3,773)	29,927	613,254	5%
Quarry equipments	618	-	-	123	495	20%
Railway sidings	2,910	-	-	291	2,619	10%
Vehicles	25,197	2,350	(433)	3,936	23,178	10% & 20%
Furniture and fixtures	6,503	128	-	657	5,974	10%
Office equipments	3,014	13,850	-	553	16,311	10%
Computers	2,868	1,351	-	1,192	3,027	30%
	<u>747,422</u>	<u>156,296</u>	<u>(4,206)</u>	<u>50,731</u>	<u>848,781</u>	

6.3 Allocation of depreciation

The charge of depreciation for the year has been allocated as under:

	Note	June 30, 2011 (Rupees in thousand)	June 30, 2010
Cost of sales	27	46,091	45,294
Selling & distribution cost	28	1,477	1,611
Administrative expenses	29	5,091	3,826
		<u>52,659</u>	<u>50,731</u>

6.4 Disposal of property, plant & equipment - Tangible

Particulars	Mode of disposal	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain	Particulars of Purchaser
----- (Rupees in thousand) -----							
Vehicle - Alto AHU-349	Negotiation	705	35	670	670	-	Al Abbas Cement Industries Ltd.
Vehicle - Cultus AFW-063	Sold as per Company's policy on written down value	681	526	155	155	-	Arshad Kamal - Manager Electrical & Instrument
Vehicle - Altis AKY-702	Sold as per Company's policy on written down value	1,344	893	451	451	-	Aslam Sheikh - G.M. Works
Vehicle - Altis ARP-230	Negotiation	2,028	590	1,438	1,438	-	Al Abbas Cement Industries Ltd.
Agricultural Land	Negotiation	16,012	-	16,012	39,966	23,954	M/S Agro Farms Thatta
Office and other equipments	Negotiation	38	4	34	34	-	M/S Agro Farms Thatta
Assets below book value of Rs 50,000	Negotiation	710	702	8	140	132	M/S Kissan Traders
As on June 30, 2011		<u>21,518</u>	<u>2,750</u>	<u>18,768</u>	<u>42,854</u>	<u>24,086</u>	
As on June 30, 2010		<u>21,312</u>	<u>17,107</u>	<u>4,206</u>	<u>4,146</u>	<u>(60)</u>	

## 6.5 CAPITAL WORK-IN-PROGRESS

	Cost at July 01, 2010	Capital expenditure incurred during the year	Transferred to tangible fixed assets	Cost at June 30, 2011
	----- (Rupees in thousand) -----			
Plant and machinery Pakistan WAPDA Foundation, Lahore	-	896	-	896
As on June 30, 2011	-	896	-	896
As at June 30, 2010	74,727	47,086	(121,813)	-

## 7 INTANGIBLE ASSET

	Note	June 30, 2011 (Rupees in thousand)	June 30, 2010 (Rupees in thousand)
Capital work-in- progress	7.1	3,216	3,116
		3,216	3,116
7.1 Capital work in progress			
Opening balance		3,116	2,616
Addition	7.1.1	100	500
Closing balance		3,216	3,116

7.1.1 This represents progress payments made in respect of acquisition of computer software and its implementation.

## 8 LONG TERM INVESTMENT -RELATED PARTY

Al-Abbas Cement Industries Limited - holding 7% 25,600,000 shares of Rs. 5 per share (2010: nil)		128,000	-
Cost of investment		(153)	-
Proportionate Share of post acquisition loss - based on holding period		-	-
		127,847	-

8.1 Investment in shares of related party M/s Al-Abbas Cement Industries Limited (quoted) represents 25.600 million (2010: nil) fully paid ordinary shares of face value of Rs 10 each, representing 7% (2010: nil) of share capital of that related party as at June 30, 2011, having cost of Rs 128 million (2010: nil). The allotment of these shares were made on June 30, 2011 by subscription of share issue. Market value per share as at June 30, 2011 is Rs 2.64, whereas book value based on net assets, as per unaudited financial statements, as at June 30, 2011 is Rs 3.02 while value in use based on valuation of that investee is more than the cost of investment.

## 9 STORES, SPARE PARTS &amp; LOOSE TOOLS

Stores	9.1	188,792	105,255
Spare parts		113,256	125,003
Loose tools		120	133
		302,168	230,391
Less: Provision for dead stock		(8,803)	(9,103)
Less: Provision for slow moving stores and spare parts		(31,259)	(31,259)
	9.2	(40,062)	(40,362)
		262,106	190,029

9.1 This includes stores in transit of Rs. 8.43 million (2010: Rs. 5.74 million) at the balance sheet date.



9.2 Dead items have been fully provided for while the value of slow moving items has been substantially provided and accounted for in the books keeping in view the usefulness of slow moving items.

	Note	June 30, 2011 (Rupees in thousand)	June 30, 2010
9.3 Reconciliation of carrying amount of above provision:			
Opening balance		40,362	39,881
Provision / (reversal) made during the year	27	(300)	481
Closing balance		<u>40,062</u>	<u>40,362</u>

#### 10 STOCK-IN-TRADE

Raw material		21,624	26,307
Packing material		29,259	26,523
Work-in-process / semi finished goods		130,557	164,241
Finished goods		37,851	21,793
		<u>219,291</u>	<u>238,864</u>

#### 11 TRADE DEBTS

Considered good			
Export proceeds receivable -secured		14,766	33,274
Local - Unsecured	11.1	73,906	16,375
		<u>88,672</u>	<u>49,649</u>
Considered doubtful			
Cement Stockist		44,880	44,880
Excessive Rebate allowed		22,022	22,022
Controller Military Accounts		5,126	5,126
Other customers		421	242
Local - Unsecured	11.2	72,449	72,270
Less: Provision for doubtful debts	11.3	(72,449)	(72,270)
		<u>88,672</u>	<u>49,649</u>

11.1 It includes Rs. 0.736 million ( 2010: Rs. 0.789 million) due from related parties as stated below:

International Complex Projects Limited		736	151
Safe Mix Concrete Products (Private) Limited		-	589
Rotocast Engineering (Private) Limited		-	49
		<u>736</u>	<u>789</u>

11.1.1 The maximum aggregate amount due from related party at the end of any month during the year was Rs.1.426 million (2010: Rs. 2.6 million)

11.2 This includes balances outstanding for more than 4 years. The management contends that the amount recoverable from cement stockist were misappropriated and certain unauthorized excessive rebates were allowed by collusion of certain personnel of the Company, when the Company was operating under State Cement Corporation of Pakistan (SCCP), whose services had been terminated. Accordingly, the management had lodged references for the recovery of misappropriated amount with the National Accountability Bureau (NAB). The NAB has recovered an amount of Rs.2.276 million in preceding years, whereas no recovery has been made during the year. However, the recovery proceedings are continuing, therefore provision has been maintained in respect of outstanding amount as matter of prudence and abundant precaution.

11.3 Reconciliation of carrying amount of above provisions:

		June 30, 2011 (Rupees in thousand)	June 30, 2010
Opening balance		72,270	72,028
Provision made during the year-Other customers		179	242
Closing balance		<u>72,449</u>	<u>72,270</u>

		June 30, 2011 (Rupees in thousand)	June 30, 2010
12	LOANS AND ADVANCES		
	Considered good		
	To employees - secured	198	118
	Advance		
	- against letter of credit	4,876	3,505
	- Bid bond (guarantee) - held by bank	4,500	-
	- Others -unsecured	17,146	9,295
		26,522	12,800
		<u>26,720</u>	<u>12,918</u>
13	TRADE DEPOSITS & SHORT TERM PREPAYMENTS		
	Trade deposits	3,360	4,641
	Short term prepayments	2,849	3,486
		<u>6,209</u>	<u>8,127</u>
14	ACCRUED INTEREST		
	From Related Party:		
	Interest on advance to Al-Abbas Cement Industries Limited	18,890	-
	Others-From Banks	96	54
		<u>18,986</u>	<u>54</u>
15	OTHER RECEIVABLES		
	Rebate receivable	2,198	4,800
	Insurance claim receivable	-	233
	Others	38,379	1,000
		<u>40,577</u>	<u>6,033</u>
15.1	Other receivable includes receivable from Al Abbas Cement Industries Ltd. - a related party amounting to Rs. 1.659 million .		
16	CASH AND BANK BALANCES		
	Cash in hand	105	150
	Balances with banks		
	in current accounts	15,052	8,715
	in PLS accounts	3,936	392
	in term deposit accounts	1,009	1,009
		19,997	10,116
	Right shares subscription money	276,654	-
		<u>296,756</u>	<u>10,266</u>
16.1	At June 30, 2011 the mark-up rates on PLS accounts ranges between 5% to 6% (2010: 5% to 7%) per annum.		
16.2	The rates of mark-up on these deposit account were 5% (2010: 5%) per annum. It includes a deposit of Rs. 1 million which is pledged against bank guarantee.		
16.3	It includes a balance of Rs. 0.077 million (2010: Rs. 0.089 million) in PLS account and Rs 276.65 million in respect of right subscription money which are maintained with Summit Bank Limited - a related party.		

		June 30, 2011	June 30, 2010
		(Rupees in thousand)	
17	ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL		
	Ordinary shares of Rs. 10 each		
	69,474,500 (2010: 69,474,500) shares allotted for consideration paid in cash	694,745	694,745
	10,300,000 (2010: 10,300,000) shares allotted for consideration other than cash	103,000	103,000
		<u>797,745</u>	<u>797,745</u>

Associated Companies held 54,371,560 - 68.16% (2010: 52,631,250 - 65.97%) ordinary shares in the capital of the Company at year end.

18 ADVANCE AGAINST SUBSCRIPTION FOR RIGHT SHARES

The Board of Directors in its meeting held on October 08, 2010 had approved 25% right shares at the premium of Rs. to the existing shareholders of the Company in proportion to the shares held by them. The cumulative value of the right issue is Rs. 299.154 million divided into 19,943,625 ordinary shares of Rs. 15 each. The right issue was subscribed and subscription money amounting to Rs. 276.654 million was received by the year end. The balance amount was received in full subsequent to the year end, whereas the shares were allotted on July 08, 2011.

		June 30, 2011	June 30, 2010
		(Rupees in thousand)	
19	LONG TERM FINANCING		
	Loan from Banking Companies		
	National Bank of Pakistan - Secured 1	19.1	107,517
	National Bank of Pakistan - Secured 2	19.2	41,667
			-
			83,333
	Current maturity	149,183	83,333
		(46,147)	(41,667)
		<u>103,037</u>	<u>41,666</u>

19.1 This facility is secured by First equitable mortgage over land and building of the Company and first charge by way of hypothecation over all present and future plant and machinery of the Company to the extent of Rs 372 million inclusive of 30% margin. The facility carries a floating mark-up linked to 6 months KIBOR as base rate plus 2% on annualized basis. The tenure of financing is 7 years with 12 months grace period starting from the date of first disbursement. The facility is payable in 24 equal quarterly installments of Rs 4.48 million each starting from 15th month from the date of first disbursement. The aggregate facility sanctioned is Rs.260 million.

19.2 The facility is secured by first pari passu hypothecation charge over fixed assets including land, building, plant and machinery amounting to Rs. 333.334 million. The facility carries a floating mark-up linked to the 6 months KIBOR as base rate plus 1.5% per annum chargeable and payable quarterly. The tenure of financing is 7 years including 12 months grace period for the principal repayment. The above term finance facility is repayable in 24 equal quarterly installments of Rs. 10.417 million each starting from July 2006 to April 2012.

		June 30, 2011	June 30, 2010
		(Rupees in thousand)	
20	LONG TERM DEPOSITS - UNSECURED		
	Dealers	20.1	2,109
	Suppliers and contractors	20.2	2,110
		1,592	2,139
		<u>3,701</u>	<u>4,249</u>

- 20.1 This represents interest free security deposits, received from dealers and are repayable/adjustable on cancellation or withdrawal of dealership.
- 20.2 This represent interest free earnest money retained from suppliers and contractors invoices and are payable after satisfactory execution of the agreements.

	Note	June 30, 2011 (Rupees in thousand)	June 30, 2010 (Rupees in thousand)
21 DEFERRED TAXATION	21.1	35,521	44,432
21.1 Deferred tax			
Credit balances arising in respect of:			
-Accelerated tax depreciation allowances		116,518	88,698
Debit balance arising in respect of:			
- on account of provisions		(34,446)	(32,357)
- provision for gratuity		(1,820)	(710)
- unabsorbed tax losses and minimum tax		(44,731)	(11,199)
		<u>35,521</u>	<u>44,432</u>
22 TRADE AND OTHER PAYABLES			
Trade creditors		21,602	41,870
Accrued liabilities	22.1	105,416	94,973
Bills payable		88,527	17,156
Advances from customers		47,771	52,305
Contractors retention money		2,536	2,539
Excise duty payable - net	22.2	22,259	14,151
Employee benefit - gratuity	22.3	8,021	3,615
Worker's Profit Participation Fund	22.4	-	162
Worker's Welfare Fund		-	61
Other liabilities		1,285	682
		<u>297,417</u>	<u>227,514</u>
22.1 It includes Rs. 0.598 million (2010: Rs. 0.193 million) due to Rotocast Engineering (Pvt) Limited, a related party. Moreover, it also includes Rs. 0.567 million (2010: Rs 0.442 million) due to Employees Provident Fund for the month of June 2011.			
22.2 This represents output excise duties payable for the month of June 2011. The duty is payable along with the sales tax declaration in subsequent month.			
22.3 Employee benefit - gratuity		June 30, 2011 (Rupees in thousand)	June 30, 2010 (Rupees in thousand)
22.3.1 Movement in liabilities / (assets)			
Opening Balance		3,615	3,141
Charge for the year		5,065	4,058
Contribution to the Fund		(659)	(3,141)
Payment to employees on behalf of Fund		-	(443)
Closing balance - shown in current liabilities		<u>8,021</u>	<u>3,615</u>
22.3.2 Balance Sheet Reconciliation			
Fair Value of Plan assets		(13,173)	(11,512)
Present value of defined benefit obligation		21,684	16,377
Actuarial gain / (loss) to be recognised in later period		(490)	(807)
Payment to employee on behalf of Fund		-	(443)
		<u>8,021</u>	<u>3,615</u>

	June 30, 2011 (Rupees in thousand)	June 30, 2010
<b>22.3.3 Charge to P&amp;L</b>		
Current Service Cost	4,481	3,607
Interest Cost	1,965	1,374
Expected return on plan assets	(1,381)	(923)
	<u>5,065</u>	<u>4,058</u>
<b>22.3.4 Obligation</b>		
Balance at beginning of the year	16,377	11,453
Current Service Cost	4,481	3,607
Interest Cost	1,965	1,374
Benefit Paid	(659)	(1,058)
Actuarial (Gain)/Loss on PVDBO	(480)	1,001
Balance at end	<u>21,684</u>	<u>16,377</u>
<b>22.3.5 Movement in Fair value of Plan asset</b>		
Balance at beginning of the year	11,955	7,694
Expected return on plan assets	1,381	923
Employer contribution	659	3,584
Benefits paid	(659)	(1,058)
Actuarial (Gain)/Loss on Plan Assets	(163)	812
Balance at end	13,173	11,955
<b>22.3.6 Principal actuarial assumptions used are as follows:</b>		
Expected rate of increase in salary level	13%	11%
Valuation discount rate	14%	12%
Expected rate of return on plan assets	12%	11%
<b>22.3.7 Comparisons for past years</b>		
Year	Present Value of defined benefit obligation (Rupees in thousand)	
2011	21,684	
2010	16,377	
2009	11,453	
2008	7,694	
<b>22.3.8 The Charge for the year has been allocated as follows:</b>		
Manufacturing expenses	3,714	3,287
Selling & distribution cost	515	243
Administrative expenses	836	528
	<u>5,065</u>	<u>4,058</u>
<b>22.4 Workers' Profit Participation Fund</b>		
Opening	162	14,146
Allocation for the year	-	162
	<u>162</u>	<u>14,308</u>
Interest on funds utilised in company's business	16	732
	<u>178</u>	<u>15,040</u>
Less: Amount paid during the year	(178)	(14,878)
	<u>-</u>	<u>162</u>

	Note	June 30, 2011 (Rupees in thousand)	June 30, 2010
<b>23 ACCRUED MARKUP</b>			
Long term financing		1,508	2,658
Short term borrowings	23.1	16,481	8,466
		<u>17,989</u>	<u>11,124</u>
23.1	It includes Rs. 3.574 million (2010: Rs. 3.021 million) due to Summit Bank Limited, a related party.		
<b>24 SHORT TERM BORROWINGS - SECURED</b>			
Running finance	24.1, 24.2 & 24.5	447,732	134,836
Export refinance	24.3	-	102,055
Import finance		-	54,518
Money market loan	24.4	61,000	-
		<u>508,732</u>	<u>291,409</u>
24.1	The aggregate running finance facilities available from Banks as at June 30, 2011 amounted to Rs. 507 million (2010: Rs. 400 million), of which Rs 59.3 million (2010: Rs 108.591 million) remained unutilized at the year end. These facilities are renewable and are secured by way of hypothecation of stock and trade debts.		
24.2	The rate of mark-up on these facilities ranges between 14.29% to 16.54% (2010: 13.73% to 15.04%) per annum chargeable and payable quarterly.		
24.3	The export refinance facilities carries mark up ranging from 8.5% to 10% (2010: 7.5% to 9%) per annum as per SBP rules.		
24.4	The rate of mark-up was 15.74% on this loan and was paid subsequent to year end.		
24.5	It includes Rs. 90.55 million (2010: Rs. 97.70 million) due to Summit Bank Limited, a related party.		
<b>25 CONTINGENCIES AND COMMITMENTS</b>			
<b>25.1 CONTINGENCIES</b>			
25.1.1	Cases are pending with National Accountability Bureau (NAB) Courts for the misappropriation of recoveries from debtors and allowing excessive unauthorised rebate amounting to Rs. 66.902 million by the former employees and stockists. The recovery proceedings are in progress under NAB law. (also refer note no. 11)		
25.1.2	Certain employees of the Company contested the Company's gratuity policy and filed suit against the company demanding 60 days gratuity instead of 30 days applicable to the employees of former holding company having impact of Rs. 1.071 million. The matter has been heard and in view of the Company's legal counsel, the demand is against the applicable labour laws and will not materialize, hence no provision has been made in the accounts in this context. The decision in this case is pending till to date.		
25.1.3	One of the bidder has filed suit against Privatization Commission and four other parties including the Company for restraining Privatization Commission to forfeit their earnest money. Company's legal advisor contended that this is not relevant to the Company and will not bring any liability to the Company.		
25.1.4	Two cement dealers being defaulter had filed suit against the Company for Rs. 6.5 million and Rs. 1.5 million respectively being value of trucks which were handed over to the Company in lieu of outstanding dues. The hearing of the cases is in the stage of arguments and the Company's legal counsel is of the opinion that this is the matter of settlement and there will be no liability to the Company against the suit, hence no provision has been made in the financial statements.		
<b>25.2 COMMITMENTS</b>			
25.2.1	Guarantees given by a commercial bank to Sui Southern Gas Company Limited on behalf of the Company amounts to Rs. 45 million ( 2010 : Rs. 45 million).		

25.2.2 Other outstanding guarantees given on behalf of the Company by banks in normal course of business amounting to Rs. 46.569 million (2010 : Rs. 29.768 million).

25.2.3 Irrevocable letter of credit under non expenditure outstanding as on balance sheet date amounts to Rs. 207.139 million (2010 : Rs. 22.954 million).

25.2.4 Commitment in respect of capital expenditure as on balance sheet date was Nil (2010: Rs. 0.3 million).

25.2.5 Commitment in respect of rent not later than one year as on balance date amounts to Rs. 2.621 million (2010: Rs. 2.383).

	Note	June 30, 2011 (Rupees in thousand)	June 30, 2010 (Rupees in thousand)
<b>26 TURNOVER - NET</b>			
Sales - Local		1,659,893	1,136,168
- Export		652,491	720,820
		2,312,384	1,856,988
Less:			
Federal Excise Duty		199,948	149,001
Sales tax		238,396	155,626
Special Excise Duty		19,391	8,237
		457,735	312,864
		<u>1,854,649</u>	<u>1,544,124</u>
<b>27 COST OF SALES</b>			
Raw material consumed		127,525	98,429
Manufacturing Expenses:			
Packing material consumed		134,699	85,851
Stores and spare parts consumed		92,111	72,708
Fuel & Power		1,056,366	871,123
Salaries, wages and other benefits	27.1	117,662	98,507
Insurance		3,945	4,025
Repairs and maintenance		3,244	1,135
Depreciation	6.3	46,091	45,294
(Reversal) / Provision for dead stores & spares	9	(300)	481
Other production overheads		16,712	17,736
		1,470,531	1,196,860
		1,598,055	1,295,289
Work-in-process / semi finished goods			
At the beginning of the year		164,241	137,337
At the end of the year		(130,557)	(164,241)
		33,684	(26,904)
Cost of goods manufactured		1,631,739	1,268,385
Finished goods			
At the beginning of the year		21,793	20,179
At the end of the year		(37,851)	(21,793)
		(16,058)	(1,614)
		<u>1,615,681</u>	<u>1,266,771</u>

27.1 This includes employees' retirement benefits amounting to Rs. 5.582 million (2010: Rs 4.687 million).

	Note	June 30, 2011 (Rupees in thousand)	June 30, 2010 (Rupees in thousand)
<b>28 SELLING &amp; DISTRIBUTION COST</b>			
Salaries, wages and other benefits	28.1	5,563	3,916
Vehicle running expenses		434	227
Traveling and conveyance		953	1,184
Communication		214	217
Printing and stationery		28	34
Entertainment		547	263
Advertisements		317	368
Freight Charges - Local Sale		22,812	9,251
Export logistics and related charges		174,008	155,911
Commission		15,118	15,308
Depreciation	6.3	1,477	1,611
Miscellaneous		3,137	2,675
		<u>224,608</u>	<u>190,965</u>
28.1	This includes employees' retirement benefits amounting to Rs 0.515 million (2010: Rs. 0.188 million).		
<b>29 ADMINISTRATIVE EXPENSES</b>			
Salaries, wages and other benefits	29.1	21,361	20,869
Vehicle running expenses		1,685	1,634
Traveling and conveyance		718	548
Communication		1,169	1,212
Advertisement		72	216
Postage, telegram etc.		248	233
Printing and stationery		766	712
Rent, rates and taxes		9,573	7,335
Entertainment		545	341
Legal and professional charges		1,851	512
Insurance		387	1,641
Repairs and maintenance		2,729	2,515
Utilities		143	326
Fees & Subscription		751	138
Corporate Expenses		2,181	876
Charity and donation	29.2	1,932	156
Auditor's remuneration	29.3	693	447
Depreciation	6.3	5,091	3,826
Provision for doubtful debt		179	242
Miscellaneous		111	2,032
		<u>52,185</u>	<u>45,811</u>
29.1	This includes employees' retirement benefits amounting to Rs 2.074 million (2010: Rs 1.748 million).		
29.2	No directors or their spouses have any interest in any donee's fund to which donation was made.		
29.3	Auditor's remuneration		
Hyder Bhimji & Co.			
Audit fee		450	200
Half yearly review		50	50
Out of pocket expenses		83	67
		<u>583</u>	<u>317</u>
Siddiqui & Co.			
Cost audit fee		100	100
Out of pocket expenses		10	30
		<u>110</u>	<u>130</u>
		<u>693</u>	<u>447</u>



	Note	June 30, 2011 (Rupees in thousand)	June 30, 2010
<b>30 OTHER OPERATING EXPENSES</b>			
Worker's Profit Participation Fund		-	162
Worker's Welfare Fund - prior		-	1,237
Worker's Welfare Fund - current		-	61
Exchange loss - export receivables		1,814	-
Loss on disposal of investments		-	6,530
Agricultural expenses		4,201	1,288
Loss on disposal of operating fixed assets		-	60
		<u>6,015</u>	<u>9,338</u>
<b>31 OTHER OPERATING INCOME</b>			
Income from financial assets			
Income on bank deposit accounts		174	498
Markup earned on advance to related party		18,890	-
Exchange gain		-	2,779
		19,065	3,277
Income from non-financial assets			
Gain on disposal of operating fixed assets	6.4	24,086	-
Others			
Scrap sales		2,450	6,574
Rental income		4,081	3,238
Others		8,850	2,973
		15,381	12,785
		<u>58,531</u>	<u>16,062</u>
<b>32 FINANCE COST</b>			
Markup on long term financing		11,983	16,394
Markup on short term borrowings	32.1	64,995	27,259
Interest on worker's profit participation fund		16	732
Bank charges and commission		1,795	1,147
		<u>78,789</u>	<u>45,532</u>
32.1 It includes Rs. 16.88 million (2010: Rs. 11.55 million) on account of markup on borrowings from Summit Bank Limited - a related party.			
<b>33 TAXATION</b>			
This represents minimum tax on turnover, therefore no numerical tax reconciliation is given. Moreover, an amount of Rs. 0.256 million is charged on account of Surcharge imposed vide section 4A (amended) of the Income Tax Ordinance, 2001.			
<b>34 (LOSS) / EARNING PER SHARE - BASIC AND DILUTED</b>			
(Loss) / Profit attributable to shareholders (Rupees in thousand)		(74,558)	942
Number of ordinary shares in issue		<u>79,774,500</u>	<u>79,774,500</u>
Basic (loss) / earning per share (Rupee)		<u>(0.93)</u>	<u>0.01</u>

There is no dilutive impact on the earning of the Company.

## 35 CAPACITY AND ACTUAL PRODUCTION

	Note	June 30, 2011 -----Metric tons -----	June 30, 2010
Production capacity - Clinker - Installed		450,000	450,000
Actual production - Clinker	35.1	355,904	356,077
Actual production - Cement	35.2	391,280	320,153

35.1 The production capacity utilization during the year has remained at 79.09% (2010: 79.1%). The under utilization is mainly due to hard hitting competition in the industry and excessive supply.

35.2 Cement from clinker is produced in accordance with the market demand.

## 36 RELATED PARTY TRANSACTIONS

The related parties comprise of Companies with common directorship and key management personnel. Detail of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows, while for outstanding balances please refer the below stated note numbers:

Relationship	Nature of transaction	Note	June 30, 2011 (Rupees in thousand)	June 30, 2010
<b>Associated Undertakings</b>				
Summit Bank Limited	Markup on running & export finances	23.1	16,880	11,550
Summit Bank Limited	Guarantee on behalf of Company as per normal banking terms	-	86,775	73,273
Summit Bank 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	22.1	12,176	9,014
Rotocast Engineering (Private) Limited	Sale of Cement	11.1	269	106
Javedan Cement Limited	Purchase of raw material	-	1,578	26,276
Fatima Fertilizer Co. Limited	Sale of Cement	-	-	1,312
Al Abbas Cement Industries Limited	Advance - net	-	50,000	-
Al Abbas Cement Industries Limited	Investments in shares	8	128,000	-
Al Abbas Cement Industries Limited	Sale of Cement	-	61,002	-
Safe Mix Concrete Products (Pvt) Limited	Sale of Cement	11.1	5,048	11,482
Aisha Steel Mills Limited	Sale of Cement	-	4,017	450
International Complex Projects Limited	Sale of Cement	11.1	5,711	2,553
Chief Executive Officer	Sale of vehicle	-	-	417
Other related parties	Contribution to Employee benefit - Gratuity fund	22.3	659	3,141
	Contribution to Employee benefit - Provident fund	22.1	6,212	5,105

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

36.2 Disposals of vehicles to Executives (key management personnel) is disclosed in note 37.4 and other related parties are disclosed in note 6.4.

36.3 All transactions with related parties have been carried out on commercial terms and conditions.

## 37 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for the year in respect of remuneration to the Chief Executive, Executive Director and Executives are as follows:

	2011			2010		
	Chief Executive	Director	Executives	Chief Executive	Director	Executives
	(Rupees in thousand)			(Rupees in thousand)		
Managerial remuneration	6,120	1,200	14,482	5,520	3,600	6,900
Bonus & LFA	1,276	-	1,487	1,268	445	1,039
Other benefits	968	62	1,134	1,068	152	762
	<b>8,364</b>	<b>1,262</b>	<b>17,103</b>	<b>7,856</b>	<b>4,197</b>	<b>8,701</b>
Number of persons	1	1	11	1	1	6

37.1 The Chief Executive and Executives are provided with free use of company maintained cars and other benefits in accordance with their entitlement as per rules of the company. The Executive Director resigned w.e.f. 30 October, 2010, hence his remuneration reflect the period of his directorship with the Company.

37.2 An aggregate amount of Rs. 115,000 (2010: Rs. 225,000) was paid to Non Executive Directors during the year on account of Board Meeting Fee.

37.3 Certain assets were sold to key management personnel during the year. The details are set out below:

Particulars	Mode of disposal	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain	Particulars of Purchasers
		----- (Rupees in thousand) -----					
Vehicles	As per Company's policy	681	526	155	155	-	Arshad Kamal-Manager Electrical & Instrument
	As per Company's policy	1,344	893	451	451	-	Aslam Sheikh-G.M. Works
		<b>2,025</b>	<b>1,419</b>	<b>606</b>	<b>606</b>	<b>-</b>	

### 38 OPERATING SEGMENTS

For management purposes the business is organised as a single reportable operating segment and the Company's performance is evaluated on an overall basis based on single segment.

### 39 FINANCIAL INSTRUMENTS BY CATEGORY

The Company finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix between various sources of finance to minimise risk. Taken as a whole, the Company's risk arising from financial instruments is limited as there is no significant exposure to price and cash flow risk in respect of such instruments.

	Note	June 30, 2011	June 30, 2010
		(Rupees in thousand)	
<b>FINANCIAL ASSETS:</b>			
Long term deposits		792	88
Trade debts	11	88,672	49,649
Loans and advances	12	26,720	12,918
Trade deposits		3,360	4,641
Accrued interest		18,986	54
Other receivables		38,379	1,000
Bank balances		296,651	10,116
		<b>473,561</b>	<b>78,466</b>
<b>FINANCIAL LIABILITIES:</b>			
Long term financing		149,183	83,333
Long term deposits		3,701	4,249
Trade and other payables		249,646	175,209
Accrued markup		17,989	11,124
Short term borrowings		508,732	291,409
		<b>929,251</b>	<b>565,324</b>

## 39.1 FINANCIAL INSTRUMENTS &amp; RELATED DISCLOSURES

## a Financial Risk Management Objectives

The Company's activities expose it to a variety of financial risks; credit risk, liquidity risk and market risk (including interest rate risk, currency risk and other price risk). The Company's overall risk management programs focuses on the under predictability of financial markets and seek to minimize potential adverse effects on the Company's financial performance.

## b Credit Risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed to perform as contracted. The Company manages credit risk by limiting significant exposure to any individual customer by obtaining advance against sales and does not have significant exposure to any individual customer.

The Company's credit risk is primarily attributable to its trade debts and balances at banks. There is no significant risk exposure to loans & advances and other receivables.

Financial assets that are neither past due nor impaired

The credit quality of assets that are neither past due nor impaired can be assessed by reference to historical information and external credit ratings or to historical counterparty default rates.

As at June 30, 2011, trade debts of Rs. 2.9 million (2010: Rs. 2.703 million) were past due but not impaired. These relates to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade debts is as follows:

	June 30, 2011 (Rupees in thousand)	June 30, 2010
Not past due	85,772	46,946
Past due but not impaired		
Within 90 days	-	151
91 to 180 days	-	2
Over 180 days	2,900	2,550
	<u>88,672</u>	<u>49,649</u>

The credit quality of cash at bank (in Current, PLS and deposit accounts) as per credit rating agencies are as follows:

	June 30, 2011 (Rs. in thousand)
Credit Ratings	
A 1 +	19,795
A 1	114
A 2	276,742
	<u>296,651</u>

Due to Company's long standing relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company.

For trade debts, internal risk assessment process determines the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are fixed based on internal or external ratings in accordance with limits set by the management. The utilisation of said limits is regularly monitored.

Financial assets that are past due or impaired

The credit quality of financial assets that are past due or impaired can be assessed by reference to note no. 11. The aging analysis of these impaired trade debts is as follows:

	June 30, 2011 (Rupees in thousand)	June 30, 2010
One year to five years	<u>72,449</u>	<u>72,270</u>

c Liquidity Risk Management

Liquidity risk reflects the Company's inability in raising funds to meet commitments. Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customer.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient cash on demand to meet expected working capital requirements. Following are the contractual maturities of financial liabilities, including interest payments excluding the impact of netting arrangements.

	2011				
	Carrying Amount	Contractual Cash flows	Six months or less	Six to twelve months	One to five years
----- (Rupees in '000) -----					
Non-derivative					
Financial Liabilities					
Long Term Financing	149,183	(149,183)	(20,838)	(25,310)	(103,035)
Trade and Other Payables	297,417	(297,417)	(297,417)	-	-
Short Term Borrowings	508,732	(508,732)	(508,732)	-	-
	955,332	(955,332)	(826,987)	(25,310)	(103,035)
-----					
Non-derivative					
Financial Liabilities					
Long Term Financing	83,333	(83,333)	(20,833)	(20,833)	(41,667)
Trade and Other Payables	227,514	(227,514)	(227,514)	-	-
Short Term Borrowings	291,409	(291,409)	(291,409)	-	-
	602,256	(602,256)	(539,756)	(20,833)	(41,667)
-----					

The contractual cash flows relating to the above financial liabilities have been determined on the basis of markup rate effective as at 30 June. The rate of mark-up have been disclosed in the respective notes of the financial statements.

d Market Risk

Market risk refers to fluctuation in value of financial instruments as a result of changes in market prices. The Company manages market risk through binding contracts.

e Interest/ mark-up rate risk management

Interest / mark-up rate risk management arises from the possibility of changes in interest / mark-up rates which may affect the value of financial instruments. The Company has long term finance and short term borrowing at variable rates. Company is exposed to interest / mark-up rates risk on long term financing, interest rate risk for short term borrowing is covered by holding "Prepayment option" which can be exercised upon any adverse movement in the underlying interest rates. At the balance sheet date the interest rate profile of the Company's interest bearing financial instruments is:

	Carrying Amount	
	June 30, 2011	June 30, 2010
	(Rupees in thousand)	
Fixed Rate Instruments		
Financial Assets	1,000	-
Financial Liabilities	-	102,055
Variable Rate Instruments		
Financial Assets	4,945	1,401
Financial Liabilities	657,915	272,687

## Fair Value Sensitivity Analysis for Fixed Rate instruments:

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit & loss. Therefore, change in interest rates at the reporting date would not affect profit and loss account.

## Cash Flow Sensitivity Analysis for Variable Rate instruments:

## Financial Assets:

If interest rate had been fluctuated by +1% with all other variables held constant, profit before tax for the year would have been Rs 0.049 million (2010: Rs. 0.014 million) higher/lower, mainly as a result of higher/lower interest income from these financial assets.

## Financial Liabilities:

If interest rate had been fluctuated by +1% with all other variables held constant, profit before tax for the year would have been Rs. 6.58 million (2010: Rs. 2.7 million) higher/lower, mainly as a result of higher/lower interest expense from these financial liabilities.

## f. Foreign exchange risk management

Foreign exchange risk is the risk that the fair value of future cash flows of financial instrument will fluctuate because of changes in foreign exchange rates.

Foreign exchange risk arises mainly from future economical transactions or receivables and payables that exist due to transactions in foreign currencies.

Currently, the Company's foreign exchange risk exposure is restricted to the amounts receivables / payable from / to the foreign entities and outstanding letters of credit & bills payable. The Company's exposure to foreign currency risk is as follows:

	2011		2010	
	Rupees ----- (in thousand)	US Dollars ----- (in thousand)	Rupees ----- (in thousand)	US Dollars ----- (in thousand)
Trade Debts	14,766	172	33,274	390
Trade and Other Payables	(88,527)	(1,029)	(17,156)	(199)
Balance Sheet Exposure	(73,761)	(857)	16,118	190

The following significant rates applied during the year:

	2011		2010	
	Average Rates	Balance Sheet Date Rate	Average Rates	Balance Sheet Date Rate
US Dollar to PKR	85.46	84.50	85.97	85.35

## Sensitivity Analysis

A 10 percent strengthening / weakening of the Rupee against US Dollar at 30 June would have increased / decreased equity and profit and loss account by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2010.

	Profit and Loss Account	
	June 30, 2011	June 30, 2010
	Rupees in thousand	
Effects in US Dollars (gain / loss)	(7,322)	1,609

g Fair value of financial instruments

The carrying value of all the financial assets & liabilities reflected in the financial statements approximates their fair value except for the Investment in Associate (Note No. 8) which has been based upon lower of cost and recoverable amount. The methods used for in determining fair values of each class of financial assets and liabilities are disclosed in respective policy notes.

h Capital risk Management

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain a strong base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to the shareholders or issue new shares.

The Company finances its expansion projects through equity, borrowings and management of its working capital with a view to maintain an appropriate mix between various sources of finance to minimise risk.

40 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue on September 30, 2011 by the Board of Directors of the Company.

41. GENERAL

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



CHIEF EXECUTIVE OFFICER



DIRECTOR

## FORM OF PROXY

The Secretary  
Thatta Cement Company Ltd.  
1st Floor, Arif Habib Center  
23 M. T. Khan Road  
Karachi

Please quote:  
No. of shares held \_\_\_\_\_  
Folio No. \_\_\_\_\_

I / We \_\_\_\_\_  
of \_\_\_\_\_  
member (s) of Thatta Cement Company Limited, hereby appoint \_\_\_\_\_  
\_\_\_\_\_ or failing him \_\_\_\_\_  
\_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_ as proxy in my / our behalf at the Annual General Meeting of the \_\_\_\_\_  
to be held at Beach Luxury Hotel, M.T. Khan Road, Lalazar Karachi, on Saturday, October 22, 2011 at 03:00 p.m. and at any  
adjournment thereof. \_\_\_\_\_  
As witness my hand this \_\_\_\_\_ day of \_\_\_\_\_ 2011 \_\_\_\_\_  
signed by \_\_\_\_\_

In the presence of \_\_\_\_\_

Signature

Rupees five revenue stamp
---------------------------------

**Important:**

1. This Form of Proxy duly completed must be deposited at our Head Office or Company's Registrar office M/s. Nobel Computer Services (Pvt.) Limited, First Floor, House of Habib Building (Siddqsons Tower), 3-Jinnah Cooperative Housing Society, Main Sharah-e-Faisal, Karachi, not later than 48 hours before the time of holding the meeting.
2. A Proxy should also be a shareholder of the Company.