

Half Yearly Report
December 31, 2005

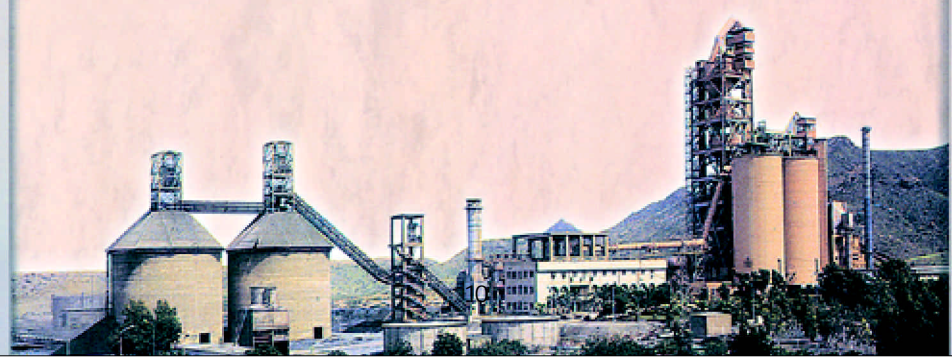


***ATTOCK CEMENT
PAKISTAN LIMITED***



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Company Information

■ Board of Directors

Dr. Ghaith R. Pharaon
Chairman

Babar Bashir Nawaz
Chief Executive

Laith G. Pharaon
Wael G. Pharaon
Shuaib A. Malik
Abdul Nayeem
Bashir Ahmad
Abdus Sattar

Alternate Directors

Sajid Nawaz
Fakhrul Islam Baig
Irfan Amanullah

■ Audit Committee of the Board

Abdus Sattar
Chairman

Sajid Nawaz
Fakhrul Islam Baig
Members

■ Company Secretary

Irfan Amanullah

■ Bankers

Faysal Bank Ltd.
Habib Bank Ltd.
National Bank of Pakistan
Allied Bank Ltd.
KASB Bank Ltd.
Pak Kuwait Investment Co. (Pvt) Ltd.
The Bank of Punjab
Bank Al Habib
First Women Bank Ltd.
First Credit & Discount Corporation Ltd.
NIB Bank Ltd.
Meezan Bank Ltd.
MCB Bank Ltd.
Bank Al-Falah Ltd.

■ Auditors

A.F. Ferguson & Co.
Chartered Accountants

■ Cost Auditors

Siddiqi & Co
Cost & Management Accountants

■ Registered Office

5th Floor, P.N.S.C. Building
M.T. Khan Road, Karachi.

■ Plant

Hub Chowki, Lasbella
Baluchistan

■ Legal Advisor

Sattar & Sattar
Attorneys at Law

■ Share Registrar

Noble Computer Services (Pvt.) Ltd.
2nd Floor, Sohni Centre, BS 5 & 6
Main Karimabad, Block-4
Federal B. Area, Karachi-75950
Tel: 6801880-82
Fax: 6801129



DIRECTORS' REVIEW

The directors are pleased to present the un-audited accounts of the Company for the half year ended December 31, 2005.

OPERATIONAL RESULTS

Production and sales volume figures for the first half of 2005-2006 are as follows:

	July-Dec. 2005	July-Dec. 2004
	(Quantities in Tons)	
Clinker Production	387,696	340,918
Cement Production	<u>411,697</u>	<u>334,868</u>
Cement Dispatches		
- Local	406,165	314,502
- Export	1,460	21,980
	<u>407,625</u>	<u>336,482</u>
Clinker Export	<u>-</u>	<u>63,190</u>
Clinker Capacity utilization	107.7%	94.7%
Cement Capacity utilization	108.9%	88.5%

The momentum of upbeat growth in the cement demand sustained during the first six months of fiscal year 2005-2006 and the industry achieved an overall growth of 12% over the same period last year. Consequently your company also achieved robust cement sales volume of 407,625 tons showing a surge of 21 percent over corresponding period last year. The continuous and sustained upswing in the economic activities especially on account of demand from mega infrastructure projects and prevailing construction boom in the country coupled with recurring demand from the regional markets has ensured increased sales volume for the local cement industry during the period under review.

As this demand-pull scenario persisted during the half year ended December 31, 2005, healthy improvement has been reflected in the company's financial results. The company's sales revenue increased by Rs. 298 million (24%), profit after tax rose by Rs. 132 million (57%) and in turn EPS improved by Rs. 1.82 per share over the corresponding period.

LINE 2 PROJECT

The work on line 2 project construction is progressing satisfactorily. Due to untiring efforts of our project team we are currently well ahead of our planned target completion date of January 01, 2007 and it is anticipated that commercial production may commence well before this date.

So far the Company has spent a sum of Rs. 2.9 billion on this project, out of which Rs. 1.9 billion has been paid through company's own cash resources.



ATTOCK CEMENT PAKISTAN LIMITED

COMPANY'S CONTRIBUTION TO EARTH QUAKE RELIEF FUND

The tragic event of October 8, 2005 has significantly affected large number of population of our country. Attock Cement being a responsible corporate citizen also made its due voluntary contribution toward the earth quake victims by donating Rs. 10 million in the President's Earth Quake Relief Fund. Besides this the staff of your company also contributed their one day salary to the President's Earth Quake Relief Fund.

FUTURE OUTLOOK

Last two years history has portrayed a very rosy picture for the cement industry in absolute terms and we anticipate that this trend will exist in the very near future as well. The Government has already announced the construction of 5 big dams which in due course of time would further enhance the local cement consumption. However, as the planned expansion in cement manufacturing capacities would hit the market from 2nd - 3rd quarter of year 2006, we foresee a slight stress on the demand/supply parity of cement in the later part of the year 2006. The management is fully aware of the current situation and is taking appropriate measures to limit the above mentioned risks to bare minimum and optimize the company's overall profitability.

On behalf of the Board

Shuaib A. Malik
Director

Karachi: February 24, 2006



REVIEW REPORT TO THE MEMBERS

We have reviewed the annexed balance sheet of Attock Cement Pakistan Limited as at December 31, 2005 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "financial statements"), for the half year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to issue a report on these financial statements based on our review. The figures of the profit and loss account for the quarters ended December 31, 2004 and 2005 and the notes forming part thereof have not been reviewed as we are required to review only the cumulative figures for the half year ended December 31, 2005.

We conducted our review in accordance with the International Standard on Review Engagements 2400. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the annexed financial statements are not presented fairly, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

A. F. Ferguson & Co.
Chartered Accountants

Karachi: February 24, 2006



ATTOCK CEMENT PAKISTAN LIMITED

BALANCE SHEET AS AT DECEMBER 31, 2005

BALANCE SHEET

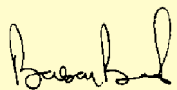
	Note	(Unaudited) December 31, 2005	(Audited) June 30, 2005
		-----Rs. '000-----	
SHARE CAPITAL AND RESERVES			
Authorised capital 125,000,000 ordinary shares of Rs 10 each		1,250,000	1,250,000
Issued, subscribed and paid-up capital		721,629	721,629
Unappropriated profit		1,692,090	1,420,438
Hedging reserve		-	(20,066)
		2,413,719	2,122,001
 NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance leases		3,523	6,764
Long term murabaha		1,000,000	550,000
Deferred taxation		165,927	174,335
		1,169,450	731,099
 CURRENT LIABILITIES			
Trade and other payables		491,154	471,667
Accrued markup		18,178	6,243
Short term borrowings		325,000	-
Current maturity of liabilities against assets subject to finance leases		6,898	7,555
Taxation		146,144	68,622
		987,374	554,087
 CONTINGENCIES AND COMMITMENTS	 3	 4,570,543	 3,407,187



	Note	(Unaudited) December 31, 2005	(Audited) June 30, 2005
-----Rs. '000-----			
FIXED ASSETS			
Property, plant and equipment	4	1,014,191	1,052,192
Capital work-in-progress		2,824,411	1,459,314
Stores held for capital expenditure		33,600	35,520
		3,872,202	2,547,026
LONG-TERM INVESTMENT		4,500	4,500
LONG-TERM LOANS AND ADVANCES		11,815	7,254
LONG-TERM DEPOSITS		42,980	10,980
		3,931,497	2,569,760
CURRENT ASSETS			
Stores, spares and loose tools		333,373	369,924
Stock-in-trade		162,693	162,285
Trade debts		5,774	3,925
Short-term loans and advances		21,212	12,454
Short-term deposits and prepayments		73,146	98,563
Interest accrued		1,218	549
Other receivables		13,603	21,105
Cash and bank balances		28,027	168,622
		639,046	837,427
		4,570,543	3,407,187

BALANCE SHEET

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


Babar Bashir Nawaz
 Chief Executive


Abdus Sattar
 Director

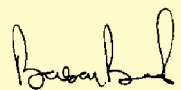


ATTOCK CEMENT PAKISTAN LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE HALF YEAR ENDED DECEMBER 31, 2005 - UNAUDITED

	Quarter ended		Half year ended	
	December 31, 2005	December 31, 2004	December 31, 2005	December 31, 2004
	-----Rs. '000-----			
Sales	1,047,500	702,096	2,134,998	1,669,788
Less: Sales tax and excise duty	292,960	204,071	578,515	410,921
Net sales	<u>754,540</u>	<u>498,025</u>	<u>1,556,483</u>	<u>1,258,867</u>
Cost of goods sold	<u>383,445</u>	<u>282,615</u>	<u>849,685</u>	<u>810,472</u>
	371,095	215,410	706,798	448,395
Distribution cost	6,199	11,620	13,812	77,853
Administrative expenses	34,255	17,740	57,017	35,167
Other operating expenses	21,125	20,226	43,125	27,076
Other operating income	2,934	10,196	3,811	39,307
Operating profit	<u>312,450</u>	<u>176,020</u>	<u>596,655</u>	<u>347,606</u>
Finance cost	14,214	4,134	15,036	5,875
Profit before taxation	<u>298,236</u>	<u>171,886</u>	<u>581,619</u>	<u>341,731</u>
Taxation				
Current	117,172	48,000	228,172	110,000
Deferred	(12,909)	168	(8,409)	1,668
	<u>104,263</u>	<u>48,168</u>	<u>219,763</u>	<u>111,668</u>
Profit after taxation	<u>193,973</u>	<u>123,718</u>	<u>361,856</u>	<u>230,063</u>
Earnings per share - Basic and diluted	<u>Rs. 2.68</u>	<u>Rs. 1.71</u>	<u>Rs. 5.01</u>	<u>Rs. 3.19</u>

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


Babar Bashir Nawaz
Chief Executive


Abdus Sattar
Director



CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED DECEMBER 31, 2005 - UNAUDITED

December 31, December 31,
2005 2004

-----Rs. '000-----

CASH FLOW FROM OPERATING ACTIVITIES

Cash generated from operations - note 5	744,226	401,514
Staff retirement benefits paid	-	(18,437)
Finance cost paid	(3,101)	(4,805)
Income tax paid	(150,650)	(93,723)
Increase in long-term loans and advances	(4,561)	(3,528)
Increase in long term deposits	(32,000)	(3,600)
Net cash from operating activities	<u>553,914</u>	<u>277,421</u>

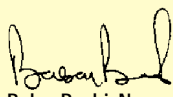
CASH FLOW FROM INVESTING ACTIVITIES

Fixed capital expenditure	(1,376,564)	(389,186)
Investment in unlisted company - related party	-	(2,250)
Sale proceeds on disposal of fixed assets	-	5,737
Interest received	894	1,053
Net cash used in investing activities	<u>(1,375,670)</u>	<u>(384,646)</u>

CASH FLOW FROM FINANCING ACTIVITIES

Borrowings under finance lease (net)	(3,898)	(4,730)
Finance received under long-term murabaha	450,000	-
Increase in short-term borrowings	325,000	140,000
Dividend paid	(89,941)	(90,144)
Net cash from financing activities	<u>681,161</u>	<u>45,126</u>
Net decrease in cash and cash equivalents	(140,595)	(62,099)
Cash and cash equivalents at the beginning of the period	168,622	107,741
Cash and cash equivalents at the end of the period	<u><u>28,027</u></u>	<u><u>45,642</u></u>

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


Babar Bashir Nawaz
Chief Executive


Abdus Sattar
Director

CASH FLOW STATEMENT

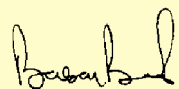


ATTOCK CEMENT PAKISTAN LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED DECEMBER 31, 2005 - UNAUDITED

	Issued, subscribed and paid-up share capital	Unappropriatd profit	Hedging reserve	Total
	-----Rs. '000-----			
Balance as at June 30, 2004	721,629	648,915	-	1,370,544
Profit for the half year ended December 31, 2004	-	230,063	-	230,063
Final dividend for the year ended June 30, 2004	-	(90,204)	-	(90,204)
Balance as at December 31, 2004	<u>721,629</u>	<u>788,774</u>	<u>-</u>	<u>1,510,403</u>
Balance as at June 30, 2005	721,629	1,420,438	(20,066)	2,122,001
Final dividend for the year ended June 30, 2005	-	(90,204)	-	(90,204)
Profit for the half year ended December 31, 2005	-	361,856	-	361,856
Losses arising on revaluation of forward exchange contracts capitalised in the cost of plant and machinery	-	-	20,066	20,066
Balance as at December 31, 2005	<u>721,629</u>	<u>1,692,090</u>	<u>-</u>	<u>2,413,719</u>

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


Babar Bashir Nawaz
Chief Executive


Abdus Sattar
Director



NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2005 - UNAUDITED

1. INTRODUCTION

The company was incorporated in Pakistan on October 14, 1981 as a public limited company and is listed on Karachi Stock Exchange with effect from June 28, 2002. Its main business activity is manufacturing and sale of cement.

2. BASIS OF PRESENTATION

2.1 These financial statements have been prepared in accordance with the requirements of the International Accounting Standard No. 34 'Interim Financial Reporting' and are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984 and the listing regulations of the Karachi Stock Exchange.

2.2 Accounting policies adopted for the preparation of these financial statements are the same as those applied in the preparation of the preceding annual published financial statements of the company except for the change in accounting policy for investment in associated company from cost method to equity method as a result of changes made in International Accounting Standard No. 28 'Investments in Associates'. However, the change in accounting policy has no material impact on these financial statements.

3. CONTINGENCIES AND COMMITMENTS

3.1 The status of the contingencies which were reported in note 9 to the financial statements for the year ended June 30, 2005 has remained unchanged.

3.2 Commitments in respect of letters of credit issued by banks aggregate to Rs. 320.64 million (June 30, 2005 Rs. 1.16 billion) and in respect of letters of guarantee Rs. 6.74 million (June 30, 2005 Rs. 110.54 million).

3.3 Subsequent to period end, Monopoly Control Authority (MCA) has levied a penalty of Rs. 100,000 and a continuing penalty of Rs. 10,000 per day for non-compliance with its order dated October 27, 2005 wherein the MCA has alleged that the Company has indulged in unduly restrictive trade practices in terms of Sections 3 and 6 of the Monopolies and Restrictive Trade Practices (Control and Prevention) Ordinance, 1970. The amount of penalty till December 31, 2005 is Rs. 610,000 approximately. The company has filed an appeal in the High Court of Sindh against the above order. The company's lawyers are of the opinion that the company has a fair chance of success and therefore no provision has been made in these financial statements.

4. FIXED ASSETS - PROPERTY, PLANT AND EQUIPMENT

	December 31, 2005	December 31, 2004
	-----Rs. '000-----	
Additions	13,387	22,966
Disposals	-	(26,626)



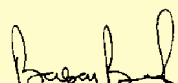
ATTOCK CEMENT PAKISTAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

	December 31, 2005	December 31, 2004
	-----Rs. '000-----	
5. CASH GENERATED FROM OPERATIONS		
Profit before taxation	581,619	341,731
Adjustment for non cash charges and other items :		
Depreciation	51,388	51,869
Gain on disposal of fixed assets	-	(3,447)
Provision for staff retirement benefits	-	334
Interest income	(1,563)	(1,148)
Finance cost	15,036	5,875
Working capital changes - note 5.1	<u>97,746</u>	<u>6,300</u>
	<u>744,226</u>	<u>401,514</u>
5.1 Working capital changes		
(Increase)/decrease in current assets:		
Stores, spares and loose tools	36,551	(69,405)
Stock-in-trade	(408)	61,699
Trade debts	(1,849)	4,251
Short-term loans and advances	(8,758)	(6,211)
Deposits and short-term prepayments	25,417	46,892
Other receivables (net)	<u>7,502</u>	<u>12,873</u>
	58,455	50,099
Increase/(decrease) in current liabilities:		
Trade and other payables	39,291	(43,799)
	<u>97,746</u>	<u>6,300</u>
6. SUMMARY OF TRANSACTIONS WITH RELATED PARTIES		
Purchases of goods	20,635	12,874
Sale of goods	-	518
Dividend income	-	17,760
Reimbursement of expenses to related party	2,299	759
Recovery of expenses from related parties	7,102	976
Reimbursement of cost to related party on secondment of staff	211	205
Recovery of cost from related parties on secondment of staff	1,526	490
Payment made to retirement benefit funds	7,176	27,515

7. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on February 24, 2006 by the Board of Directors of the company.


Babar Bashir Nawaz
 Chief Executive


Abdus Sattar
 Director

***ATTOCK CEMENT
PAKISTAN LIMITED***

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