Notice of Twenty-Eighth (28th) Annual General Meeting

Notice is hereby given that the 28th Annual General Meeting of Attock Cement Pakistan Limited will be held on Monday, October 22, 2007 at 3:00 p.m. at Sheraton Hotel, Karachi to transact the following business:

1. To receive, consider and adopt the Audited Accounts for the year ended June 30, 2007 together with the Report of Auditors and the Directors thereon.

2. To declare final cash dividend at the rate of 45% (Rs. 4.50 per share) as recommended by the Board of Directors for the year ended June 30, 2007.

3. To appoint Auditors for the financial year 2007-2008 and to fix their remuneration.

Special Resolution:

4. To authorise the Company to make investments in the associated companies and for this purpose to consider and pass the following resolution:

"Resolved that in pursuance to the requirements of Section 208 of the Companies Ordinance 1984, the Chief Executive and Company Secretary of the Company be and are hereby authorized to invest from time to time as may be considered appropriate, through the Stock Exchange(s), for purchase of the shares of Pakistan Oilfields Limited (POL), , Attock Refinery Limited (ARL), Attock Petroleum Limited (APL) and National Refinery Limited (NRL) (collectively called "Investee Companies") from the general public including shares held by any large shareholder(s), to the extent of a maximum of 2.5% of the paid up capital of each Investee Company with overall amount not exceeding Rs. 2,500/- Million at the price(s) ruling on the date of such purchase(s)."

"Further resolved that Chief Executive and Company Secretary be and are authorised to do all such acts, deeds and things as may be necessary for the execution of above investment transactions in the best interest of the Company and its members."

A statement under Section 160(1)(b) of the Companies Ordinance, 1984, pertaining to the Special Resolution is being sent to the shareholders alongwith this Notice.

By Order of the Board

IRFAN AMANULLAH
Company Secretary

Karachi: October 01, 2007

Notes:

1. The Register of members and Share Transfer Books of the Company will remain closed from Friday, October 12, 2007 to Monday October 22, 2007 (both days inclusive).

2. Only those members whose names appear in the Register of Members of the Company as on Thursday, October 11, 2007 are entitled to attend and vote at the meeting.

3. A member entitled to attend, and vote may appoint any other person as his/her proxy to attend and vote on his/her behalf. Proxies must be received at the Registered Office of the Company duly signed not later than 48 hours before the time of holding the meeting. Form of proxy is enclosed herewith.

4. Members who desire to stop deduction of Zakat from their dividends may submit a declaration on non-judicial stamp paper duly signed as required under the law.

5. Members are requested to provide by mail or fax their computerized National Identity Card (CNIC) number or Passport number, if foreigner (unless it has been provided earlier) to enable the Company to comply with relevant laws.

6. Members are requested to notify any changes in their addresses immediately.

CDC Account holders will have to further follow the under mentioned guidelines as laid down in Circular No.1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

A. For attending the meeting:

i) In case of individuals, the account holder or sub-account holder shall authenticate his/her identity by showing his/her original CNIC or original passport at the time of attending the meeting.

ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been produced earlier) at the time of meeting.

B. For appointing Proxies:

i) In case of individuals, the account holder or sub-account holder shall submit the proxy form as per the above requirement.

ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

iii) Attested copies of the CNIC or passport of the beneficial owners shall be furnished with the proxy form.

iv) The proxy shall produce his/her original CNIC or original Passport at the time of the meeting.

v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

STATEMENT UNDER SECTION 160(1)(b) OF THE COMPANIES ORDINANCE 1984

1.	Names of the Investee Companies	- Pakistan Oilfields Ltd. (POL) - Attock Refinery Ltd. (ARL) - Attock Petroleum Ltd. (APL) - National Refinery Ltd. (NRL)
2.	Nature, amount and extent of proposed investment	Equity Investment to the extent of maximum 2.5% of paid up capital of each Investee Company, with overall amount not exceeding Rs. 2,500 Million.

3. Average market price of the shares intended to be purchased during preceding six months. (Mar - Aug)

Name of the Company	Average market Price Rs.
POL	316.40
ARL	117.00
APL	444.50
NRL	337.50

4. Break-up value of the shares intended to be purchased on the basis of last published accounts (March-2007)

Name of the Company	Breakup Value Rs.
POL	92.30
ARL	90.62
APL	73.65
NRL	164.21

5. Price at which shares will be purchased — Prevailing market prices.

6. Earnings per share of investee Company in the last three years.

Name of the Company	2003-04	2004-05	2005-06
POL	18.99	28.63	31.08
ARL	13.44	34.94	6.68
APL	8.39	11.51	34.82
NRL	27.75	31.82	51.17

7.	Source of funds from where shares will be purchased.	Surplus funds / reserves of the Company.
8.	Period for which investment will be made.	Long term investment for indefinite period.
9.	Purpose of investment	Business diversification and expectations of higher returns.
10.	Benefits likely to accrue to the Company and the shareholders from the proposed investment	Long term sustainable profits which likely to enhance returns to shareholders.
11.	Interest of the directors and their relatives in the Investee Company.	There is no personal interest of the directors as all of them are nominee directors.

Statement of Compliance with the Code of Corporate Governance

For the year ended June 30, 2007

This statement is being presented to comply with the code of corporate governance contained in listing regulation # 37 of the Karachi Stock Exchange in Pakistan 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 seven 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.

3. All 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 an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred in board of directors during the year ended June 30, 2007.

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 developed 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 and determination of remuneration and terms and conditions of employment of the 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. The Board met at least once every quarter. Written notices of the board meetings, alongwith 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 company had conducted orientation course for its resident directors to apprise them of their duties and responsibilities.

10. The Board has approved appointment of CFO, who is also Company Secretary, and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO. The company believes that there are reasonable grounds that the same person can act as CFO and Company Secretary.

11. 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.

12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.

13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

14. The company has complied with all the corporate and financial reporting requirements of the Code.

15. The board has formed an audit committee. It comprises of three members, of whom two are non-executive directors including the Chairman of the committee.

16. The meetings of the audit committee were held at least once in 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.

17. The board has set-up an effective internal audit function.

18. 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 Institute of Chartered Accountants of Pakistan.

19. The statutory auditors or the person associated with them has 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.

20. We confirm that all other material principles contained in the Code have been complied with.

On behalf of the Board

Babar Bashir Nawaz
Chief Executive

Karachi
Date: September 14, 2007

Review report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Attock Cement Pakistan Limited to comply with the Listing Regulation No. 37 of the Karachi Stock Exchange 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 have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

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, 2007.

A. F. Ferguson & Co.
Chartered Accountants

Karachi
Dated: September 14, 2007

Auditors' Report to the Members

We have audited the annexed balance sheet of Attock Cement Pakistan Limited as at June 30, 2007 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 a 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 account had been kept by the company as required by the Companies Ordinance, 1984. However, subsequent to the balance sheet date and after the audit field work had been completed, as stated in note 37 to the financial statements, all the records and assets of the Company maintained at its registered office were destroyed in a fire on August 19, 2007;

(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 were in agreement with the books of account prepared as of June 30, 2007 and which because of the occurrence of the subsequent event, as stated in paragraph (a) above are no longer available and are further in accordance with 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, 2007 and of the profit, its cash flows and changes in equity for the year then ended; and

(d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

A. F. Ferguson & Co.
Chartered Accountants

Karachi
Dated: September 14, 2007

FINANCIAL STATEMENTS

Balance Sheet

As at June 30, 2007

	Note	2007	2006
		Rupees '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	3	721,629	721,629
Unappropriated profit		2,674,462	2,238,843
Hedging reserve		(47)	(7,242)
		3,396,044	2,953,230
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance leases	4	109	1,185
Long term murabaha	5	822,500	1,000,000
Deferred taxation	6	554,213	172,071
		1,376,822	1,173,256
CURRENT LIABILITIES			
Trade and other payables	7	819,785	423,551
Accrued markup		14,413	15,682
Current maturity of liabilities against assets subject to finance leases	4	1,076	5,579
Current maturity of long term murabaha	5	177,500	-
Short term borrowings	8	-	298,173
Taxation		-	2,035
		1,012,774	745,020
CONTINGENCIES AND COMMITMENTS	9		
		5,785,640	4,871,506

	Note	2007	2006
		Rupees '000	
NON-CURRENT ASSETS			
Fixed assets	10	4,443,222	4,236,094
Long term investment	11	4,500	4,500
Long-term loans and advances	12	9,912	13,074
Long-term deposits	13	42,980	42,980
CURRENT ASSETS			
Stores, spares and loose tools	14	348,714	258,471
Stock-in-trade	15	276,428	167,171
Trade debts - considered good		19,897	23,124
Loans and advances	16	35,099	17,901
Short-term deposits and prepayments	17	2,894	3,243
Interest accrued		2,154	1,421
Other receivables	18	23,489	8,672
Taxation		107,073	-
Investments	19	203,502	-
Cash and bank balances	20	265,776	94,855
		1,285,026	574,858
		5,785,640	4,871,506

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

Babar Bashir Nawaz
Chief Executive

Abdus Sattar
Director

Profit and Loss Account

For the year ended June 30, 2007

	Note	2007	2006
		Rupees '000	
Net sales	21	**4,560,402**	3,472,581
Cost of goods sold	22	**3,005,726**	1,807,534
Gross profit		**1,554,676**	1,665,047
Distribution cost	23	**83,360**	32,748
Administrative expenses	24	**110,701**	118,821
Other operating expenses	25	**88,465**	103,292
Other operating income	26	**23,299**	8,546
Operating profit		**1,295,449**	1,418,732
Finance cost	27	**102,072**	25,387
Profit before taxation		**1,193,377**	1,393,345
Taxation	28	**396,944**	484,736
Profit after taxation		**796,433**	908,609
Earnings per share - Basic and diluted	29	**Rs 11.04**	Rs 12.59

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

Babar Bashir Nawaz
Chief Executive

Abdus Sattar
Director

Cash Flow Statement

For the year ended June 30, 2007

	Note	2007	2006
		Rupees '000	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	30	**1,624,978**	1,674,530
Finance cost paid		**(131,845)**	(125,797)
Income tax paid		**(123,910)**	(553,587)
Increase / (Decrease) in long-term loans and advances		**3,162**	(5,820)
(Decrease) in long-term deposits		**-**	(32,000)
Net cash from operating activities		**1,372,385**	957,326
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure incurred		**(552,607)**	(1,684,101)
Sale proceeds on disposal of fixed assets		**7,466**	86
Interest received		**8,142**	2,493
Net cash used in investing activities		**(536,999)**	(1,681,522)
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance obtained under long-term murabaha		**-**	450,000
Payments made under finance leases		**(5,579)**	(7,555)
Dividend paid		**(360,713)**	(90,189)
Net cash (used in) / from financing activities		**(366,292)**	352,256
Net increase / (decrease) in cash and cash equivalents		**469,094**	(371,940)
Cash and cash equivalents at the beginning of the year		**(203,318)**	168,622
Cash and cash equivalents at the end of the year	31	**265,776**	(203,318)

The annexed notes form an integral part of these financial statements

Babar Bashir Nawaz
Chief Executive

Abdus Sattar
Director

Statement of Changes in Equity

For the year ended June 30, 2007

	Share capital	Unappropriated profit	Hedging Reserve	Total
		Rupees '000		
Balance as at July 1, 2005	721,629	1,420,438	(20,066)	2,122,001
Final dividend for the year ended June 30, 2005	-	(90,204)	-	(90,204)
Losses arising on revaluation of forward exchange contracts under cash flow hedge capitalised in the cost of plant and machinery under capital work in progress	-	-	20,066	20,066
Loss arising on fair value of interest rate swap under cash flow hedge	-	-	(7,242)	(7,242)
Profit after taxation for the year ended June 30, 2006	-	908,609	-	908,609
Balance as at June 30, 2006	721,629	2,238,843	(7,242)	2,953,230
Final dividend for the year ended June 30, 2006	-	(360,814)	-	(360,814)
Reversal of loss arising on fair value of interest rate swap under cash flow hedge	-	-	7,195	7,195
Profit after taxation for the year ended June 30, 2007	-	796,433	-	796,433
Balance as at June 30, 2007	**721,629**	**2,674,462**	**(47)**	**3,396,044**

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 year ended June 30, 2007

1. THE COMPANY AND ITS OPERATIONS

The company was incorporated in Pakistan on October 14, 1981 as a public limited company and is listed on Karachi Stock Exchange. Its main business activity is manufacturing and sale of cement. The company's cement manufacturing plant is located in Tehsil Hub, District Lasbella, Baluchistan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirement of the Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards as notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirement of the Companies Ordinance, 1984 or the requirements of the said directives have been followed.

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The matters involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are provision for taxation and deferred taxation, provision for slow moving and obsolete stores and spares, provision for staff retirement benefits and determination of useful lives and residual values of assets.

Amendments to approved accounting standards and interpretations effective in current period

IAS 19 (Amendment) - Employee Benefits, is mandatory for the Company's accounting periods beginning on or after January 1, 2006. It introduces the option of an alternative recognition approach for actuarial gains and losses. It also adds new disclosure requirements. Presently, the Company does not intend to adopt the alternative approach for recognition of actuarial gains and losses.

The other new standards, amendments and interpretations are considered not relevant and have no significant impact on the Company's operations.

Amendments to approved accounting standards and interpretations not yet effective

Following amendments to approved accounting standards and interpretations have been published that are mandatory for the Company's accounting periods beginning on the dates mentioned below:

IAS 1 - Presentation of Financial Statements	
Capital Disclosures	effective from January 1, 2007

Adoption of this amendment may only impact the extent of disclosures presented in the financial statements.

IFRIC 14 - The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	effective from January 1, 2008
IAS 23 - Borrowing cost	effective from January 1, 2009

Adoption of the above standards and interpretations are considered not to have any significant effect on the Company's financial statements.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

2.3 Staff retirement benefits

Defined benefit plans

The company operates approved funded gratuity and pension schemes for its management and non-management employees. Contributions to the schemes are based on actuarial valuations.

The latest actuarial valuation of the schemes were carried out as at June 30, 2007 using the Projected Unit Credit method. Cumulative net unrecognised actuarial gains and losses at the beginning of the year which exceed 10% of the greater of the present value of the obligations and the fair value of the respective funds' assets are amortised over the average remaining working lives of the employees.

Retirement benefits are payable to employees on completion of prescribed qualifying period of service under the schemes.

Defined contribution plan

The company also operates an approved provident fund for its permanent employees. Equal monthly contributions are made, both by the company and the employees, at the rate of 10% of basic salary.

2.4 Trade and other payables

Trade and other payables are carried at cost, which is the fair value of the consideration to be paid for goods and services.

2.5 Provisions

Provisions are recognised in the balance sheet when the company has a legal or constructive obligation as a result of past events, it is probable that outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

2.6 Taxation

Current

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any, or minimum tax at the rate of 0.5% of turnover, whichever is higher.

Deferred

Deferred tax is accounted for using the balance sheet liability method on all temporary differences arising between tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liability is generally recognised for all taxable temporary differences and deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is charged or credited in the profit and loss account.

2.7 Fixed Assets

These are stated at cost less accumulated depreciation / amortisation and impairment losses except freehold land, capital work-in-progress and stores held for capital expenditures which are stated at cost.

Depreciation is charged using the written down value method. Depreciation on acquisition is charged from the month of addition whereas no depreciation is charged in the month of disposal.

The assets residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

Company accounts for impairment, where indications exist, by reducing its carrying value to the estimated recoverable amount.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired.

Gains and losses on disposal of fixed assets are included in income currently.

2.8 Borrowings and their cost

Borrowings are recorded at the proceeds received. Borrowing costs are recognised 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 costs are capitalised as part of the cost of that asset.

2.9 Finance leases

The company accounts for fixed assets acquired under finance leases by recording the assets and related liability. These amounts are determined on the basis of discounted value of minimum lease payments. Finance charges are allocated to the accounting period in a manner so as to provide a constant periodic rate of charge on the outstanding liability. Finance cost is charged to the profit and loss account.

2.10 Investments

The Company determines the appropriate classification of its investment at the time of purchase.

Long-term investments

The investment in associated company is stated at cost. Impairment losses are recognised whenever the carrying amount of investment exceeds its recoverable amount. An impairment loss is recognised in income currently. The equity method of accounting has not been followed as the effect of applying this method is immaterial.

Investments - at fair value through profit or loss

Investment held for trading are classified as at fair value through profit and loss account. These are measured at fair value which is re-assessed at each reporting date. In the case of investments in open ended mutual funds, fair value is determined on the basis of period end Net Asset Value (NAV) as announced by the Asset Management Company.

2.11 Stores, spares and loose tools

These are valued at monthly weighted average cost less provision for slow moving and obsolete stores, spares and loose tools. Items in transit are stated at cost.

2.12 Stock-in-trade

Stocks are valued at the lower of cost and net realisable value except goods-in-transit which is stated at cost. Raw and packing materials, work-in-process and finished goods are valued at the weighted average cost. Cost of work-in-process and finished stocks comprise direct costs and appropriate production overheads.

Net realisable value is determined on the basis of estimated selling price of the product in the ordinary course of business less costs of completion and costs necessarily to be incurred in order to make the sale.

2.13 Trade debts

Trade debts are carried at original invoice amount less an estimate made for doubtful debts, if any, based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

2.14 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of cash flow statement, cash and cash equivalents comprise cash and cheques in hand and in transit, balances with banks on current and deposit accounts and finance under mark-up arrangements.

2.15 Foreign currencies

Transactions in foreign currencies are recorded in rupees at the rates approximating those prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated in rupees using the exchange rates approximating those prevailing at the balance sheet date. Exchange differences are included in income currently.

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

2.16 Revenue recognition

Sales are recorded on despatch of goods to customers and in case of export when the goods are shipped.

Return on deposits and investments is recognised on accrual basis.

Dividend is recognised as income when the right of receipt is established.

2.17 Derivative financial instruments and hedging activities

Company uses derivative financial instruments for hedging purposes only. Derivative financial instruments are initially recognised in the balance sheet at cost and subsequently re-measured at their fair value. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised directly in equity through statement of changes in equity. The gain or loss relating to the ineffective portion is recognised immediately in the profit and loss account.

2.18 Financial assets and liabilities

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortised cost or cost, as the case may be.

Financial assets and liabilities are set off and the net amount is reported in the balance sheet if the company has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.19 Dividend

Dividend distribution to shareholder is recognised as a liability in the period in which it is declared.

3. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2007	2006		2007	2006
Ordinary shares of Rs 10 each			Rupees '000	
29,747,965	29,747,965	Shares allotted for consideration paid in cash	**297,480**	297,480
4,132,510	4,132,510	Shares allotted for consideration other than cash - plant and machinery	**41,325**	41,325
38,282,391	38,282,391	Shares allotted as bonus shares	**382,824**	382,824
72,162,866	72,162,866		**721,629**	721,629

As at June 30, 2007 and 2006 Pharaon Investment Group Limited (Holding) S.A.L, Lebanon and its nominees held 60,662,866 ordinary shares of Rs 10 each.

4. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASES

The amounts of the future lease payments and the periods in which these payments will become due are:

	2007	2006
	Rupees '000	
Payable during:		
2006 - 2007	-	6,159
2007 - 2008	1,131	1,131
2008 - 2009	112	112
	1,243	7,402
Less: Finance charge not due	58	638
	1,185	6,764
Less: Current maturity shown under current liabilities	1,076	5,579
	109	1,185
Present value of finance lease liabilities		
Not later than one year	1,076	5,579
Later than one year and not later than 3 years	109	1,185
	1,185	6,764

4.1 Liabilities against assets subject to finance leases represent liabilities for vehicles acquired. Finance charge ranging from 7.75% to 14.75% (2006: 7.75% to 16.00%) per annum have been used as discounting factor.

	Note	2007	2006
		Rupees '000	
5. LONG TERM MURABAHA - SECURED			
Murabaha finance	5.1 - 5.4	1,000,000	1,000,000
Less: Current maturity of long term loan shown under current liabilities		(177,500)	-
Long term portion		822,500	1,000,000

5.1 This represents murabaha finance obtained from various banks and other financial institutions under syndicate murabaha finance agreement for Rs 2.5 billion.

5.2 Each murabaha obtained is repayable in 20 quarterly instalments, commencing from August 10, 2007. Mark-up is payable quarterly at the rate of 1.4% above six months KIBOR, at the date of disbursement and will subsequently be revised on semi-annual basis. The loan is secured by way of hypothecation against present and future fixed assets of the company to the extent of Rs 3.50 billion, equitable mortgage over land and building of the company to the extent of Rs 300 million and lien over all balances in collection accounts.

5.3 The company has entered into two 5 years interest rate swap agreements aggregating Rs 1 billion with a bank for notional amount of Rs 500 million each. Under the agreements, the company will receive 1.40% above six months KIBOR on notional amounts of Rs 500 million of each agreement and will pay 11.10% and 12.32% respectively on notional amounts which will be settled semi-annually. Parties to the agreements have option to unwind the swap transaction after two years from effective date and semi-annually thereafter with prior notice.

5.4 The reversal of loss on fair valuation of above swap as at June 30, 2007 of Rs 7.2 million has been taken to hedging reserve in statement of changes in equity and trade and other payables.

	Note	2007	2006
		Rupees '000	
6. DEFERRED TAXATION			
Credit balances arising in respect of:			
- Accelerated tax depreciation allowances		751,467	171,574
- Finance lease arrangements		498	2,292
		751,965	173,866
Debit balances arising in respect of provision for:			
- Slow moving and obsolete stores and spares		(1,676)	(1,717)
- Carry forward tax losses		(178,198)	-
- Carry forward turnover tax		(17,800)	-
- Doubtful other receivables		(78)	(78)
		(197,752)	(1,795)
		554,213	172,071
7. TRADE AND OTHER PAYABLES			
Creditors	7.1	103,737	112,246
Accrued liabilities		214,010	132,997
Sales tax payable		22,398	21,428
Excise duty payable		-	3,359
Advances from customers		114,960	61,038
Retention money	7.3	255,217	27,555
Taxes deducted at source and payable to statutory authorities		2,234	2,832
Security deposits		5,398	5,106
Workers' Profits Participation Fund	7.2	64,107	14,837
Workers' Welfare Fund		26,953	30,468
Payable to Gratuity Fund	18.1	1,954	431
Unclaimed dividend		203	102
Fair value of interest rate swap	5.4	47	7,242
Others	7.1	8,567	3,910
		819,785	423,551

7.1 Creditors and Other liabilities include Rs 1.64 million (2006: Nil) and Rs 5.16 million (2006: Rs 1.05 million) respectively in respect of amounts due to related parties.

	Note	2007	2006
		Rupees '000	

7.2 Workers' Profits Participation Fund

	Note	2007	2006
At the beginning of the year		14,837	44,350
Allocation for the year	25	64,107	74,837
		78,944	119,187
Interest on funds utilised in company's business	27	302	208
		79,246	119,395
Less: Amount paid to the Fund		15,139	104,558
		64,107	14,837

7.3 These include retention money of Rs 236 million (2006: Nil) payable to Hefei Cement Research and Design Institute China.

	Note	2007	2006
		Rupees '000	

8. SHORT TERM BORROWINGS

	Note	2007	2006
Short term murabaha	8.1	-	200,000
Short term running finance	8.2	-	98,173
		-	298,173

8.1 The facilities for short term murabaha and export refinance available amounted to Rs 700 million (2006: Rs 700 million). The rate of mark-up is three months KIBOR plus 2% (2006: six months KIBOR plus 2%) and 1% above the State Bank of Pakistan Export Refinance rate (2006: Nil) per annum respectively. The arrangement is secured by equitable mortgage over factory land.

8.2 The facility for short term running finance available amounted to Rs 300 million (2006: Rs 300 million). The rate of mark-up is three months KIBOR plus 1.5% (2006: three months KIBOR plus 1.5%) per annum. The arrangement is secured by way of first pari-passu charge over stocks and book debts of the company.

8.3 The facilities for opening letters of credit and guarantee as at June 30, 2007 amounted to Rs 625 million (2006: Rs 750 million) of which unutilised balance at year end amounted to Rs 68.87 million (2006: Rs 570.29 million).

9. CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

The Taxation Officer while finalising the re-assessment for the assessment year 1999-2000 had raised additional demand of Rs 37.56 million on account of enhanced gross profit. Upon company's appeal, the Commissioner of Income Tax (Appeals) (CITA) maintained the additional demand. The company has filed an appeal to the Income Tax Appellate Tribunal (ITAT) against the order of the CITA. The company's tax consultant and the management are hopeful that the ultimate decision will be in favour of the company, therefore, no provision has been made, in respect of aforementioned additional tax demand in these financial statements.

9.2 Commitments

Commitments for capital expenditure outstanding as at June 30, 2007 amounted to Rs 12.33 million (2006: Rs 388.69 million).

	Note	2007	2006
		Rupees '000	

10. FIXED ASSETS

Property, plant and equipment	10.1	**4,308,194**	1,005,033
Capital work-in-progress	10.5	**13,269**	3,198,048
Stores held for capital expenditure		**121,759**	33,013
		4,443,222	4,236,094

10.1 Property, Plant and Equipment

	Cost as at July 1, 2006	Additions / (Disposals) / Transfers*	Cost as at June 30, 2007	Accumulated depreciation as at July 1, 2006	Depreciation for the year / (on disposals)/ transfers*	Accumulated depreciation as at June 30, 2007	Book value as at June 30, 2007	Rate of depreciation %
	Rupees '000							
Freehold land	4,554	-	4,554	-	-	-	4,554	-
Buildings and roads on freehold land	180,102	789,069	969,171	61,172	38,596	99,768	869,403	5
Plant and machinery	2,518,664	2,848,310 12,035*	5,379,009	1,759,126	310,852 5,959*	2,075,937	3,303,072	10
Quarry transport and equipments	168,865	2,162	171,027	108,115	6,093	114,208	56,819	10
Cement transport and equipments	8,202	-	8,202	7,932	54	7,986	216	20
Furniture and fittings	9,443	3,564	13,007	6,991	503	7,494	5,513	20
Office equipments	49,645	14,614 (250)	64,009	27,217	3,765 (232)	30,750	33,259	10 - 25
Vehicles	47,776	19,425 (16,153) 9,597*	60,645	24,978	5,927 (9,379) 6,474*	28,000	32,645	20
Assets subject to finance leases								
Plant and machinery	12,035	- (12,035)*	-	5,639	320 (5,959)*	-	-	10
Vehicles	17,413	- (9,597)*	7,816	10,496	1,081 (6,474)*	5,103	2,713	20
June 30, 2007	3,016,699	3,677,144 (16,403)	6,677,440	2,011,666	367,191 (9,611)	2,369,246	4,308,194	
June 30, 2006	2,960,639	57,723 (1,663)	3,016,699	1,908,447	104,683 (1,464)	2,011,666	1,005,033	

10.1.1 Additions to building and roads on freehold land and plant and machinery include borrowing cost capitalised of Rs 144.14 million including Rs 28.50 million during the year.

10.2 Reconciliation of opening and closing Net Book Value (NBV)

	Cost	Accumulated depreciation	NBV	Cost of additions / transfers*	NBV of disposals	Depreciation / transfers* for the year	NBV as at June 30, 2007
	As at July 1, 2006						
	Rupees '000						
Freehold land	4,554	-	4,554	-	-	-	4,554
Buildings and roads on freehold land	180,102	61,172	118,930	789,069	-	38,596	869,403
Plant and machinery	2,518,664	1,759,126	759,538	2,848,310 12,035*	-	310,852 5,959*	3,303,072
Quarry transport and equipments	168,865	108,115	60,750	2,162	-	6,093	56,819
Cement transport and equipments	8,202	7,932	270	-	-	54	216
Furniture and fittings	9,443	6,991	2,452	3,564	-	503	5,513
Office equipments	49,645	27,217	22,428	14,614	(18)	3,765	33,259
Vehicles	47,776	24,978	22,798	19,425 9,597*	(6,774)	5,927 6,474*	32,645
Assets subject to finance leases							
Plant and machinery	12,035	5,639	6,396	- (12,035)*	-	320 (5,959)*	-
Vehicles	17,413	10,496	6,917	- (9,597)*	-	1,081 (6,474)*	2,713
June 30, 2007	3,016,699	2,011,666	1,005,033	3,677,144	(6,792)	367,191	4,308,194

10.3 The following fixed assets were disposed of during the year:

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of purchaser
	Rupees '000					
Vehicles	765	585	180	180	Company policy	Zahid Malik Executive
	765	585	180	180	Company policy	S. M. Wasi Zaidi Executive
	765	585	180	180	Company policy	Masroor Pervez Executive
	765	588	177	177	Company policy	Nasir Khan Executive
	765	601	164	164	Company policy	S. Tanveer Hussain Executive
	499	383	116	116	Company policy	Atta Mohammad Shakir Executive
	499	383	116	116	Company policy	Zahid Nazeer Executive
	692	602	90	90	Company policy	Sheikh Tariq Jamil Executive
	3,630	363	3,267	3,300	Insurance claim	EFU General insurance 8th floor, Business Plaza, Mumtaz Hassan Road, Off: I. I. Chundrigar Road, Karachi
	4,650	2,904	1,746	1,800	Tender	Syed Akhter Ali C/o M. Arif, H.No. B-30, Sector 11-C/1, North Karachi
	924	702	222	450	Tender	Muhammad Asif H. No. 288, Street 5, Sector D, Akhter Colony, Jamshed Town, Karachi
	879	710	169	380	Tender	Shoaib Iqbal H. No. 4, Street - 12, DHA Phase I, Islamabad
	555	388	167	325	Tender	Nishat Fatima Building 9-C, Bukhari Commercial, Phase VI, DHA, Karachi
Computers	250	232	18	8	Negotiation	Ilyas & Co. 28, Fancy Goods Selection, Frere Market, Shahrah-e-Liaquat, Karachi
	16,403	9,611	6,792	7,466		

	Note	2007	2006
		Rupees '000	

10.4 The depreciation charge for the year has been allocated as follows:

	Note	2007	2006
Cost of goods sold	22	358,029	99,969
Distribution cost	23	72	343
Administrative expenses	24	9,090	4,371
		367,191	104,683

10.5 Capital Work-in-progress

	2007	2006
Building and roads on freehold land	-	11,466
Plant and machinery	12,375	1,876
Advances to suppliers	358	-
Office Equipment	536	-
Expansion project - Line 2		
Plant and machinery	-	1,828,858
Civil works	-	637,544
Electrical and mechanical works	-	492,628
Advances to suppliers	-	30,729
Stores and spares	-	20,366
Borrowing cost	-	115,917
Others	-	58,664
	-	3,184,706
	13,269	3,198,048

11. LONG TERM INVESTMENT

Investment in related party (associated company)

	2007	2006
Attock Information Technology Services (Private) Limited 450,000 (2006: 450,000) fully paid ordinary shares of Rs 10 each	4,500	4,500
	4,500	4,500

11.1 The Company holds 10% (2006: 10%) of the investee's total equity.

	Note	2007	2006
		Rupees '000	

12. LONG-TERM LOANS AND ADVANCES – Considered Good

	Note	2007	2006
Chief executive		**1,468**	2,644
Directors		**804**	2,637
Executives		**1,560**	4,138
Other employees		**18,044**	17,076
		21,876	26,495
Recoverable within one year	16	**(11,964)**	(13,421)
Long term portion		**9,912**	13,074

12.1 Reconciliation of the carrying amount of loans and advances to Chief Executive, Directors and Executives:

	Chief Executive		Directors		Executives	
	2007	2006	2007	2006	2007	2006
	Rupees '000					
Opening balance	**2,644**	-	**2,637**	-	**4,138**	4,746
Disbursements	**-**	3,526	**-**	3,727	**1,946**	2,317
Repayments	**(1,176)**	(882)	**(1,833)**	(1,090)	**(4,524)**	(2,925)
	1,468	2,644	**804**	2,637	**1,560**	4,138

12.2 Amounts receivable from Chief Executive, Directors and Executives represent advances given for house rent according to the company's service rules. Executives and other employees are also provided with car, motor cycle, marriage and welfare loans. These advances and loans are recoverable in twelve to sixty monthly equal instalments and are interest free.

12.3 The maximum amount due from Chief Executive, Directors and Executives at the end of any month during the year was Rs 2.55 million (2006: Rs 3.53 million), Rs 2.50 million (2006: Rs 3.56 million) and Rs 2.89 million (2006: Rs 4.70 million) respectively.

13. LONG TERM DEPOSITS

These are security deposits held with The Karachi Electric Supply Corporation Limited (KESC) and carry interest at the rate of 5% (2006: 5%) per annum.

	Note	2007	2006
		Rupees '000	

14. STORES, SPARES AND LOOSE TOOLS

	2007	2006
Bricks	**18,357**	15,233
Stores and spares	**296,682**	229,306
Loose tools	**1,011**	854
Stores-in-transit	**37,802**	17,985
	353,852	263,378
Less: Provision for slow moving and obsolete items	**5,138**	4,907
	348,714	258,471

	Note	2007	2006
		Rupees '000	

15. STOCK-IN-TRADE

Raw and packing materials		90,898	76,132
Work-in-process		129,824	56,775
Finished goods		55,706	34,264
		276,428	167,171

16. LOANS AND ADVANCES - Considered Good

Current portion of long-term loans and advances			
Chief Executive, Directors and executives		3,148	5,396
Other employees		8,816	8,025
	12	11,964	13,421
Other advances - employees		703	72
Advances to suppliers		22,432	4,408
		35,099	17,901

17. SHORT-TERM DEPOSITS AND PREPAYMENTS

Deposits - considered good		2,301	2,862
Prepayments		593	381
		2,894	3,243

18. OTHER RECEIVABLES

Due from pension funds	18.1	17,858	2,639
Due from provident fund		2,077	2,180
Excise duty refundable		1,077	1,583
Due from related parties		2,679	1,933
Less: Provision against doubtful receivables		(223)	(223)
		2,456	1,710
Others		21	560
		23,489	8,672

	2007		2006	
	Pension funds	Gratuity funds	Pension funds	Gratuity funds
	Rupees '000		Rupees '000	
18.1 Retirement benefits				
18.1.1 Movement in liability / (asset)				
Balance at July 1	(2,639)	431	(5,670)	(753)
Charge / (Reversal) for the year (note - 18.3)	(5,073)	9,863	5,648	5,449
Payments to the fund	(10,146)	(8,340)	(2,617)	(4,265)
Balance at June 30	(17,858)	1,954	(2,639)	431
18.1.2 Balance sheet reconciliation as at June 30				
Present value of obligations	110,439	82,287	104,004	67,052
Less: Fair value of assets	(118,460)	(73,643)	(96,953)	(62,738)
	(8,021)	8,644	7,051	4,314
Unrecognised actuarial loss	(12,375)	(6,854)	(5,645)	(3,883)
Unrecognised past service cost	2,538	164	(4,045)	-
	(17,858)	1,954	(2,639)	431
18.2 Movement in the present value of defined benefit obligation and fair value of plan assets				
18.2.1 The movement in the present value of defined benefit obligation during the year is as follows:				
Balance at July 1	104,004	67,052	85,773	52,570
Current service cost	7,127	5,036	5,717	3,834
Past service cost - vested	(13,171)	(4,808)	-	-
Past service cost - unvested	(6,294)	(164)	-	-
Interest cost	10,400	6,705	8,570	5,245
Actuarial losses	9,554	13,202	4,897	7,435
Benefits paid	(1,181)	(4,736)	(953)	(2,032)
Balance at June 30	110,439	82,287	104,004	67,052
18.2.2 The movement in the fair value of plan assets during the year is as follows:				
Balance at July 1	96,953	62,738	87,838	53,756
Expected return on plan assets	9,695	6,273	8,784	5,376
Actuarial gains / (losses)	2,847	1,028	(1,333)	1,373
Employer contributions	10,146	8,340	2,617	4,265
Benefits paid	(1,181)	(4,736)	(953)	(2,032)
Balance at June 30	118,460	73,643	96,953	62,738
18.3 Charge for the year				
Current service cost	7,127	5,036	5,717	3,834
Interest cost	10,400	6,705	8,570	5,245
Expected return on assets	(9,695)	(6,273)	(8,784)	(5,376)
Net actuarial (gain) / loss recognised	(23)	9,203	(144)	1,746
Past service cost recognised	(12,882)	(4,808)	289	-
	(5,073)	9,863	5,648	5,449
18.4 Actual return on plan assets	12,542	7,301	8,325	7,268

	2007		2006	
	Pension funds	Gratuity funds	Pension funds	Gratuity funds

18.5 Principal actuarial assumptions

Expected return on plan assets (% per annum)	10	10	10	10
Expected rate of increase in salaries (% per annum)	8	8	8	8
Discount factor used (% per annum)	10	10	10	10
Retirement age (years)	60	60	60	60

As per actuarial recommendation, the expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy.

18.6 Plan assets

	2007		2006	
	Pension funds %	Gratuity funds %	Pension funds %	Gratuity funds %
Plan assets are comprised of the following:				
Equity	19.31	31.51	25.80	40.74
Bonds	76.39	67.28	70.12	54.96
Others	4.30	1.21	4.08	4.30
	100	100	100	100

18.7 For the year ending June 30, 2008 expected contribution to pension funds would be Rs 5.09 million and expected contribution to gratuity funds would be Rs 6.18 million.

18.8 Comparison for five years

	2007	2006	2005	2004	2003
	Rupees '000				
Pension funds					
Fair value of plan assets	118,460	96,953	87,838	75,538	69,029
Present value of defined benefit obligation	(110,439)	(104,004)	(85,773)	(79,878)	(64,053)
Surplus / (Deficit)	8,021	(7,051)	2,065	(4,340)	4,976
Experience gain / (loss) on plan liabilities	(9,554)	(4,897)	12,941	(6,097)	(1,836)
Experience gain / (loss) on plan assets	2,847	(1,333)	(3,700)	(2,998)	(596)
Gratuity funds					
Fair value of plan assets	73,643	62,738	53,756	40,537	(48,220)
Present value of defined benefit obligation	(82,287)	(67,052)	(52,570)	(34,676)	31,939
Surplus / (Deficit)	(8,644)	(4,314)	1,186	5,861	(16,281)
Experience gain / (loss) on plan liabilities	(13,202)	(7,435)	(3,853)	(2,472)	(128)
Experience gain / (loss) on plan assets	1,028	1,373	(1,649)	3,118	4,799

	2007
	Rupees '000

19. INVESTMENTS

Units		
454,703	AMZ Plus Income Fund	50,990
984,405	AKD Income Fund	50,957
2,295,663	NAFA Cash Fund	25,421
229,232	KASB Liquid Fund	25,449
500,000	Faysal Savings Growth Fund	50,685
		203,502

19.1 The fair value of these investments is the Net Asset Value (NAV) as at June 30, 2007 as quoted by the respective Asset Management Company.

19.2 There were no investments as at June 30, 2006.

	Note	2007	2006
		Rupees '000	
20. CASH AND BANK BALANCES			
Cash at bank			
- On deposit accounts	20.1	79,256	26,948
- On current accounts	20.2	186,499	67,407
Cash and cheques in hand		21	500
		265,776	94,855

20.1 At June 30, 2007 the mark-up rates on PLS saving accounts and on term deposit accounts range from 6.5% to 7.5% (2006: 1.2% to 5%) and 8.35% to 8.7% (2006: 6.5% to 7.5%) per annum respectively.

20.2 This includes Rs 5.4 million (2006: Rs 5.11 million) maintained in a separate bank account for security deposits obtained, as required under section 226 of the Companies Ordinance, 1984.

	2007	2006
	Rupees '000	
21. NET SALES		
Sales	6,237,210	4,703,775
Less: Excise duty and sales tax	(1,676,808)	(1,231,194)
	4,560,402	3,472,581

	Note	2007	2006
		Rupees '000	

22. COST OF GOODS SOLD

	Note	2007	2006
Raw materials consumed		356,545	179,665
Packing materials consumed		245,202	150,302
Cement packaging and loading charges		9,463	5,449
Salaries, wages and benefits	22.1	304,770	233,489
Electricity and water		649,915	398,553
Fuel		943,004	529,550
Stores and spares consumed		111,793	72,057
Repairs and maintenance		35,255	18,532
Insurance		22,140	12,387
Vehicle running and maintenance		37,230	31,510
Travelling and entertainment		2,201	5,317
Communication		926	1,563
Printing and stationary		2,336	2,269
Security expenses		8,854	6,044
Depreciation	10.4	358,029	99,969
Provision for slow moving and obsolete stores, spares and loose tools		231	2,000
Other expenses		12,323	9,764
		3,100,217	1,758,420
Add: Opening work-in-process		56,775	104,854
Less: Closing work-in-process		(129,824)	(56,775)
Cost of goods manufactured		3,027,168	1,806,499
Add: Opening stock of finished goods		34,264	35,299
		3,061,432	1,841,798
Less: Closing stock of finished goods		(55,706)	(34,264)
		3,005,726	1,807,534

22.1 Salaries, wages and benefits include Rs 2.96 million and Rs 7.32 million (2006: Rs 7.41 million and Rs 5.40 million) in respect of defined benefit plans and contributory provident fund respectively.

	Note	2007	2006
		Rupees '000	

23. DISTRIBUTION COST

	Note	2007	2006
Salaries, wages and benefits	23.1	19,603	15,600
Export expenses		52,478	11,372
Advertisement and sales promotion		6,392	1,153
PSI marking fee		2,889	1,912
Travelling and entertainment		745	706
Vehicle running and maintenance		651	643
Depreciation	10.4	72	343
Printing and stationery		333	500
Communication		107	129
Other expenses		90	390
		83,360	32,748

23.1 Salaries, wages and benefits include Rs 0.58 million and Rs 0.62 million (2006: Rs 0.67 million and Rs 0.48 million) in respect of defined benefit plans and contributory provident fund respectively.

	Note	2007	2006
		Rupees '000	

24. ADMINISTRATIVE EXPENSES

	Note	2007	2006
Salaries, wages and benefits	24.1	68,928	63,208
Travelling and entertainment		2,915	4,117
Vehicle running and maintenance		5,538	4,631
Depreciation	10.4	9,090	4,371
Rent, rates and taxes		6,453	5,459
Utilities		1,549	1,551
Insurance		1,054	1,100
Repairs and maintenance		1,904	1,502
Printing and stationery		1,670	1,487
Legal and professional charges		4,365	6,248
Auditors' remuneration	24.2	1,095	972
Donations	24.3	40	10,050
Communication		2,176	1,533
Advertising		1,134	418
Training		110	192
Subscription		1,292	1,478
Other expenses		1,388	10,504
		110,701	118,821

24.1 Salaries, wages and benefits include Rs 1.05 million and Rs 1.94 million (2006: Rs 3.02 million and Rs 1.67 million) in respect of defined benefit plans and contributory provident fund respectively.

	Note	2007	2006
		Rupees '000	

24.2 Auditors' remuneration

	2007	2006
Audit fee	520	470
Fee for limited review of half yearly financial statements and special certifications	455	415
Out-of-pocket expenses	120	87
	1,095	972

24.3 None of the directors or their spouses had their interest in donees.

25. OTHER OPERATING EXPENSES

	Note	2007	2006
Workers' Profits Participation Fund	7.2	64,107	74,837
Workers' Welfare Fund		24,358	28,342
Loss on disposal of fixed assets		-	113
		88,465	103,292

	2007	2006
	Rupees '000	

26. OTHER OPERATING INCOME

	2007	2006
Income from financial assets		
Mark-up income on:		
- term deposit / PLS savings account	5,889	2,034
- security deposit with KESC	2,986	1,331
Gain on re-measurement of fair value of open ended mutual fund units	3,502	-
Exchange gain	-	545
Income from non-financial assets		
Gain on disposal of fixed assets	674	-
Others		
Scrap sales	9,377	1,846
Liabilities no longer payable written back	-	100
Refund of sales tax	-	1,003
Others	871	1,687
	23,299	8,546

27. FINANCE COST

	2007	2006
Mark-up on long term murabaha	88,833	-
Mark-up on short term murabaha	4,161	19,241
Mark-up on running finance	2,985	2,406
Mark-up on export refinance	1,419	-
Finance lease charges	430	1,357
Bank charges and commission	3,942	2,175
Interest on Workers' Profits Participation Fund - note 7.2	302	208
	102,072	25,387

28. TAXATION

	2007	2006
Current - for the year	22,802	487,000
- for prior years	(8,000)	-
	14,802	487,000
Deferred	382,142	(2,264)
	396,944	484,736

28.1 In view of tax loss for the year, provision for current taxation represents the minimum tax under section 113 of the Income Tax Ordinance, 2001.

	2007	2006
	Rupees '000	

28.2 Relationship between tax expense and accounting profit

	2007	2006
Profit before taxation	1,193,377	1,393,345
Tax at the applicable rate of 35%	417,682	487,671
Effect of final tax regime	(9,184)	(3,884)
Tax effect of permanent differences	(2,328)	949
Tax effect of income exempt from tax	(1,226)	-
Prior years' tax	(8,000)	-
	396,944	484,736

	2007	2006
	Rupees '000	

29. EARNINGS PER SHARE - BASIC AND DILUTED

	2007	2006
Profit after taxation	796,433	908,609
Number of ordinary shares outstanding at the end of year (in thousands)	72,163	72,163
Basic and diluted earnings per share	Rs 11.04	Rs 12.59

30. CASH GENERATED FROM OPERATIONS

	2007	2006
Profit before taxation	1,193,377	1,393,345
Add / (Less): Adjustments for non-cash charges and other items		
Depreciation	367,191	104,683
(Gain) / Loss on disposal of fixed assets	(674)	113
Gain on re-measurement of fair value of open ended mutual fund units	(3,502)	-
Mark-up income	(8,875)	(3,365)
Finance cost	102,072	25,387
	456,212	126,818
Profit before working capital changes	1,649,589	1,520,163
Effect on Cash Flow Due to working Capital Changes		
(Increase) / Decrease in current assets		
Stores, spares and loose tools	(90,243)	111,453
Stock-in-trade	(109,257)	(4,886)
Trade debts	3,227	(19,199)
Loans and advances	(17,198)	(5,447)
Short term deposits and prepayments	349	95,320
Other receivables	(14,817)	12,433
Investments	(200,000)	-
	(427,939)	189,674
Increase / (Decrease) in trade and other payables	403,328	(35,307)
	(24,611)	154,367
Cash generated from operations	1,624,978	1,674,530

31. CASH AND CASH EQUIVALENTS

	2007	2006
Cash and bank balances	265,776	94,855
Short term borrowings - note 8	-	(298,173)
	265,776	(203,318)

32. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in these financial statements for remuneration to the Chief Executive, Directors and executives of the company are as follows:

	Chief Executive		Directors		Executives	
	2007	2006	2007	2006	2007	2006
	Rupees '000					
Managerial remuneration	5,866	5,003	6,523	5,664	26,392	21,872
Housing allowance	2,053	1,761	2,362	2,051	9,845	8,199
Utility allowance	782	667	450	391	1,955	1,615
Bonus	1,955	1,372	2,249	1,953	9,775	7,743
Retirement benefits	566	911	651	1,066	2,829	4,409
Others	700	700	785	777	4,106	4,123
	11,922	10,414	13,020	11,902	54,902	47,961
Number of person(s)	1	1	2	2	24	23

The Chief Executive, working Directors and executives are provided with free use of company maintained cars. The Chief Executive, working Directors and executives are also provided with medical facilities in accordance with their entitlements.

A sum of Rs 0.92 million (2006: Rs 0.92 million) was paid to two non-executive Directors in respect of advisory services.

33. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties during the year are as follows:

	2007	2006
	Rupees '000	
Holding company		
Recovery of expenses from holding company	4,204	5,121
Dividend paid	303,314	75,829
Other related parties		
Purchases of goods	55,015	46,953
Reimbursement of expenses to related party	3,881	4,895
Recovery of expenses from related party	9,275	4,310
Reimbursement of staff cost on secondment to related party	284	649
Recovery of staff cost on secondment from related party	1,477	2,496
Payment made to retirement benefit funds	28,263	26,406

Transactions with related parties are carried out on commercially negotiated terms.

33.1 Key management compensation

	2007	2006
Salaries and other short-term employee benefits	31,126	27,697
Post-employment benefits	1,607	2,620
	32,733	30,317

The related party status of outstanding balances as at June 30, 2007 is included in other receivables, loans and advances and trade and other payables.

34. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial assets and liabilities

	Interest bearing			Non-interest bearing			Total
	Maturity up to one year	Maturity after one year	Total	Maturity up to one year	Maturity after one year	Total	
	Rupees '000						
Financial Assets							
Long-term investment	-	-	-	-	4,500	4,500	4,500
Loans and advances	-	-	-	12,667	9,912	22,579	22,579
Deposits	-	42,980	42,980	2,301	-	2,301	45,281
Trade debts	-	-	-	19,897	-	19,897	19,897
Interest accrued	-	-	-	2,154	-	2,154	2,154
Other receivables	-	-	-	2,477	-	2,477	2,477
Investments	-	-	-	203,502	-	203,502	203,502
Cash and bank balances	79,256	-	79,256	186,520	-	186,520	265,776
As at June 30, 2007	**79,256**	**42,980**	**122,236**	**429,518**	**14,412**	**443,930**	**566,166**
As at June 30, 2006	26,948	42,980	69,928	111,401	17,574	128,975	198,903
Financial Liabilities							
Liabilities against assets subject to finance leases	1,076	109	1,185	-	-	-	1,185
Long term murabaha	177,500	822,500	1,000,000	-	-	-	1,000,000
Trade and other payables	-	-	-	576,843	-	576,843	576,843
Accrued mark-up	-	-	-	14,413	-	14,413	14,413
As at June 30, 2007	**178,576**	**822,609**	**1,001,185**	**591,256**	**-**	**591,256**	**1,592,441**
As at June 30, 2006	331,618	973,319	1,304,937	299,157	-	299,157	1,604,094
Off Balance Sheet items							
Letters of credit							520,939
June 30, 2006							171,844
Letters of guarantee							35,192
June 30, 2006							7,864

(i) Interest / mark-up rate risk

The company's income and operating cash flows are substantially independent of changes in market interest rates. The company has no significant interest bearing assets. Company's liabilities against finance leases and short term borrowings are at fixed and variable rates respectively. In case of long term borrowings, taking view of rising interest rates in the economy, company has hedged the future cash flows relating to the interest payments, which have the economic effect of converting borrowings from floating rates to fixed rates. Under the interest rate swaps, the company agrees with other parties to exchange, at specified intervals (mainly semi-annually) the difference between fixed contract rates and floating interest rate calculated by reference to the agreed notional principal amounts.

The effective mark-up rates for the financial assets and liabilities are mentioned in the respective notes.

(ii) **Concentration of credit risk**

Credit risk represents the accounting loss that would be recognised if counterparties failed to perform as contracted. The company believes that it is not exposed to major concentration of credit risk.

(iii) **Foreign exchange risk management**

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. Payables exposed to foreign currency risks included in trade and other payables as at June 30, 2007 amounted to Rs 236 million (2006: Rs 1.81 million)

(iv) **Liquidity risk**

Liquidity risk reflects the company's inability in raising funds to meet commitments. The company manages liquidity risk by maintaining sufficient cash and the availability of financing through banking arrangements.

(v) **Fair values of financial instruments**

The carrying value of all the financial instruments reported in the financial statements approximate their fair value.

(vi) **Market risk**

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices.

The company is exposed to market risk with respect to its investments in open ended mutual funds.

The company limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in open end mutual funds. In addition, the company actively monitors the key factors that affect the open end mutual funds.

	2007	2006
	(Metric tons)	
35. CAPACITY AND PRODUCTION		
Production capacity		
- Clinker	**1,620,000**	720,000
- Cement	**1,701,000**	756,000
Actual production		
- Clinker	**1,314,666**	780,014
- Cement	**1,234,878**	842,296

Actual production is lower than plant maximum capacity as the operations of Line 2 were commenced at the end of first quarter of the year.

36. DIVIDEND

The Board of Directors in their meeting held on September 11, 2007 proposed a cash dividend of Rs 4.5 per share amounting to Rs 324.73 million (2006: Rs 5 per share amounting to Rs 360.81 million).

37. EVENT AFTER THE BALANCE SHEET DATE

On August 19, 2007 subsequent to the balance sheet date and after the finalisation of the financial statements by the management, the assets and records maintained at the registered office of the company were completely destroyed by fire. An estimate of the expected loss cannot at presently be quantified. However, cash in hand, furniture and fixtures and office equipment are insured.

38. CORRESPONDING FIGURES

Corresponding figures have been rearranged, wherever necessary, for the purpose of comparison. The major change made for more appropriate presentation is in respect of current maturity of long term murabaha of Rs 27.5 million, which has been reclassified under the head long term murabaha in note 5. The other changes are insignificant.

39. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 11, 2007 by the Board of Directors.

Babar Bashir Nawaz
Chief Executive

Abdus Sattar
Director

Pattern of Shareholding

As on June 30, 2007

No. of Shareholders	Shareholdings From	Shareholdings To	Total Shares Held
47	1	100	2,700
204	101	500	91,211
54	501	1000	50,800
115	1001	5000	353,700
24	5001	10000	201,500
6	10001	15000	76,400
7	15001	20000	139,000
6	20001	25000	145,500
3	25001	30000	86,838
4	35001	40000	156,500
1	40001	45000	45,000
2	45001	50000	100,000
2	50001	55000	108,662
1	65001	70000	67,500
1	70001	75000	75,000
1	75001	80000	79,600
1	80001	85000	85,000
6	95001	100000	600,000
1	110001	115000	111,100
1	115001	120000	120,000
2	120001	125000	247,700
1	145001	150000	150,000
1	150001	155000	155,000
1	155001	160000	157,800
1	180001	185000	183,600
1	220001	225000	222,700
1	245001	250000	250,000
1	255001	260000	258,700
1	295001	300000	299,800
1	330001	335000	331,000
2	345001	350000	698,000
1	390001	395000	392,100
1	760001	765000	764,000
1	860001	865000	861,500
1	930001	935000	930,200
1	1100001	1105000	1,101,900
1	1795001	1800000	1,800,000
1	60660001	60665000	60,662,855
507			72,162,866

	Categories of shareholders	Shares held	Percentage
1.	DIRECTORS, CHIEF EXECUTIVE OFFICER, AND THEIR SPOUSE AND MINOR CHILDREN	7	0.00
2.	ASSOCIATED COMPANIES, UNDERTAKING AND RELATED PARTIES	-	-
3.	NIT AND ICP	80,500	0.11
4.	BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS	556,200	0.77
5.	INSURANCE COMPANIES	1,441,300	2.00
6.	MODARABAS AND MUTUAL FUNDS	4,894,100	6.78
7.	SHAREHOLDERS HOLDING 10% OR MORE	60,662,855	84.06
8.	GENERAL PUBLIC		
	a. **Local**		
	Individuals	3,647,019	5.05
	Joint Stock Companies	179,500	0.25
	Investment Companies	479,085	0.66
	b. **Foreign**	45,000	0.06
9.	**Others (to be specified)**		
	Charitable Trust	500	-
	Educational Foundation	122,700	0.17
	Pension Fund	54,100	0.07

Shareholders holding Ten Percent or more voting interest in the listed Company

Total Paid-up capital of the Company	72,162,866 Shares
10% of the paid-up Capital of the Company	7,216,286 Shares

Name of Shareholder	Description	No. of shares held	Percentage
Pharaon Investment Group Limited Holding S.A.L. Beirut, Lebanon	Falls in Category # 7	60,662,855	84.06

No shares were transacted by the Chief Executive, Directors, Executives and their spouses and minor children from July 01, 2006 to June 30, 2007 in the shares of the Company.

Form of Proxy

I / We ....
of ....
being a member(s) of Attock Cement Pakistan Limited holding ....
ordinary shares as per share register folio No. ....or CDC participant ID No. and
sub-account No. .... hereby appoint ....
of .... Or failing him / her .... of
.... as my / our Proxy in my / our absence to attend and vote for me / us and on my / our behalf at the 28th Annual General Meeting of the Company to be held on October 22, 2007 and at any adjournment thereof.

Signed this .... day of .... 2007.

____
Signature
(Signature must agree with
the specimen registered
with the Company)

Witness:

1. Name: ....
   Address: ....
   CNIC / Passport No. ....

2. Name: ....
   Address: ....
   CNIC / Passport No. ....

Important:

1. This Proxy Form, duly completed and signed, must be received at the Registered Office of the Company, D-70, Block-4, Kehkashan-5, Clifton, Karachi-75600, not less than 48 hours before the time of holding the meeting and must be duly signed and witnessed.

2. A Proxy need not be a member of the Company.

3. If a member appoints more than one proxy and more than one instrument of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

For CDC Account Holders/ Corporate Entities:

1. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

2. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

3. The proxy shall produce his/her original passport at the time of the meeting.

4. In case of Government of Pakistan, State Bank of Pakistan, Corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted along with proxy form to the Company.