Attock Cement Pakistan Limited

FALCON CEMENT

Exploring new **Horizons**

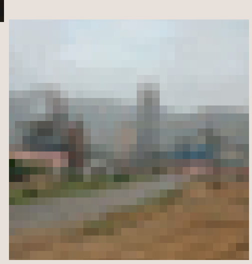
Annual Report 2010

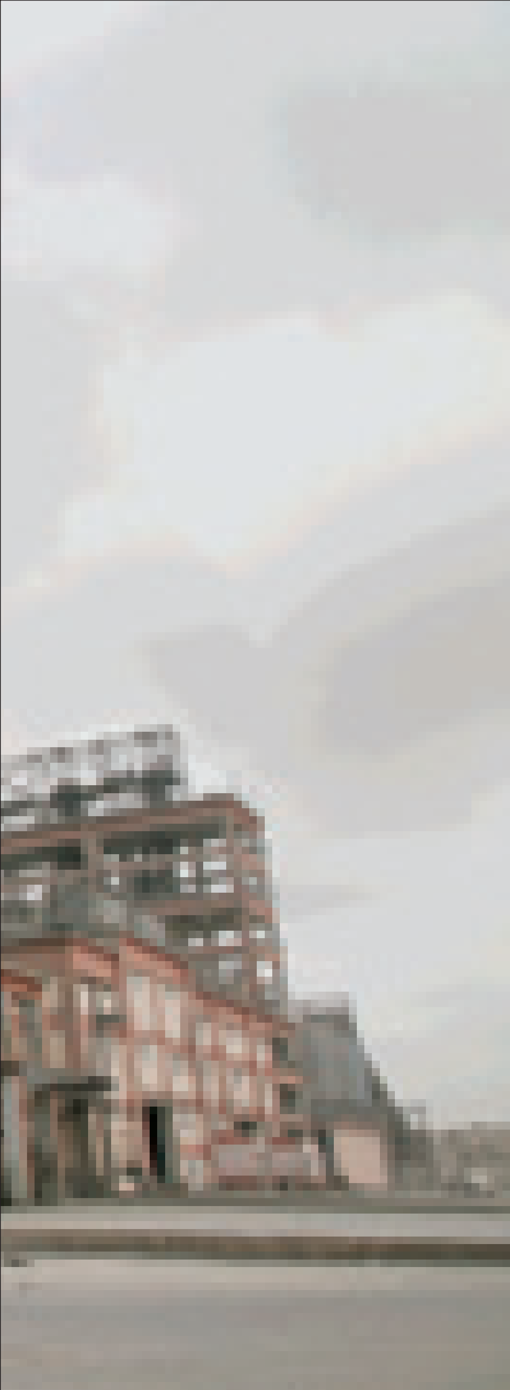
Vision

To be the leading organization continuously providing high quality cement, excelling in every aspect of its business and to remain market leader in Cement Industry.

Mission

To be a premier and reputable cement manufacturing company dedicated to become an industry leader by producing quality products, providing excellent services, enhancing customer satisfaction and maximizing shareholders' value through professionalism and dedicated teamwork.





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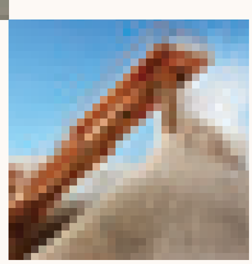
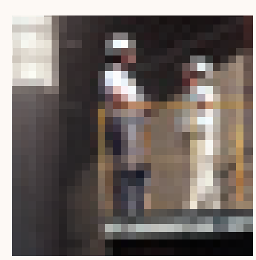




Company Information

Board of Directors
Dr. Ghaith R. Pharaon (Chairman)
Laith G. Pharaon
Wael G. Pharaon
Shuaib A. Malik
Abdus Sattar
Babar Bashir Nawaz
Fakhrul Islam Baig

Chief Executive
Babar Bashir Nawaz

Alternate Director
Irfan Amanullah

Audit Committee of the Board

Abdus Sattar	Chairman
Shuaib A. Malik	Member
Fakhrul Islam Baig	Member

Company Secretary
Irfan Amanullah

Bankers
Faysal Bank Limited
MCB Bank Limited
National Bank of Pakistan Ltd.
Bank Al-Falah Ltd.
Allied Bank Ltd.
Bank Al-Habib
JS Bank Limited.
NIB Bank Limited
United Bank Limited
Meezan Bank Limited
Barclays Bank PLC, Pakistan

Auditors
A.F. Ferguson & Co.
Chartered Accountants

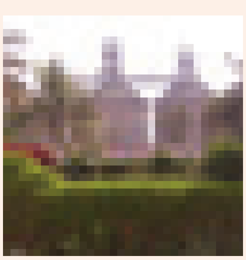
Cost Auditors
Siddiqi & Co
Cost & Management Accountants

Registered Office
D-70, Block-4, Kehkashan-5
Clifton, Karachi-75600
Tel: (92-21) 35309773-4
UAN: (92-21) 111 17 17 17
Fax: (92-21) 35309775
Email: acpl@attockcement.com
Website: www.attockcement.com

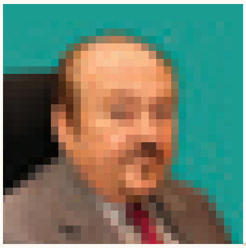
Plant
Hub Chowki Lasbella
Baluchistan

Legal Advisor
Sattar & Sattar
Attorneys at Law

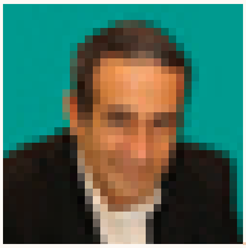
Share Registrar
Technology Trade (Pvt) Limited
Dagia House 241-C, Block-2
PECHS, Off: Shahrah-e-Quaideen,
Karachi.
Tel : (92-21) 34391316-17
Fax : (92-21) 34391318



Board of Directors



Dr. Ghaith R. Pharaon
Chairman

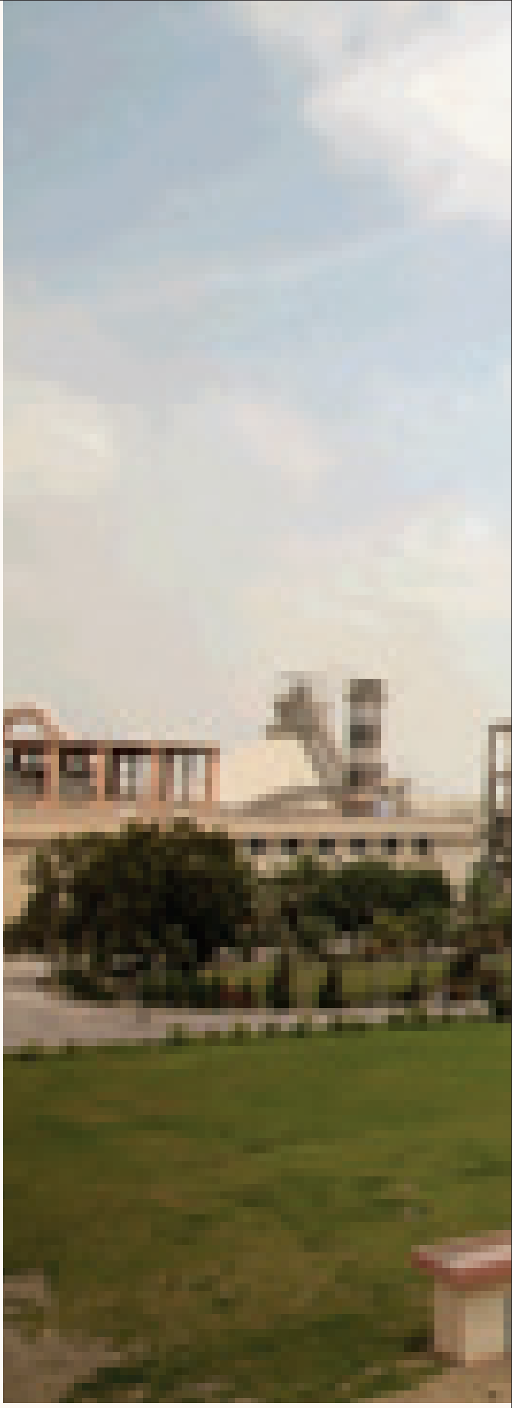


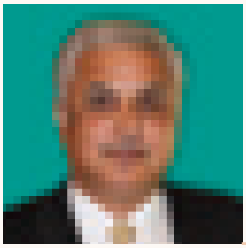
Laith G. Pharaon

Wael G. Pharaon

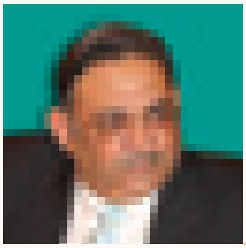
Shuaib A. Malik

Abdus Sattar





Babar Bashir Nawaz



Fakhrul Islam Baig

Our core values shape our corporate culture. They are the FUNDAMENTALS in developing our corporate strategy. They lead us in building relationships with our customers, shareholders, policy makers and other business networks.

Core Values

Ethics

The Company follows highest standards of ETHICS with special reference to business integrity and process transparency. All our standards and processes can stand the test of scrutiny. We maintain the highest level of integrity both as individuals and as a corporate organization.

Quality

The Company is committed to provide its customers QUALITY products that provide them best value for their money. We promote high standard and timely delivery of quality products.

People

The Company ensures that it operates in a safe environment conducive to efficient productivity. The Company is committed to provide an environment free from discrimination for its people. Open communication, participative decision making approach and nurturing of the leadership qualities are the values followed by the Company. An employee reward system has been developed guided by a transparent system of recognition. We encourage and respect team spirit among our human resources.

Business Excellence

The Company believes in maximizing shareholders' value through strategic investment, sustainable growth and application of best available technology to achieve desired results.

Quality Policy

- We are committed to produce high quality, FALCON CEMENT which not only meets but exceeds the international quality standards.
- We aim to maintain leadership of our Cement Industry providing premium quality products and excellent services to our consumers.
- We work as a team of dedicated Professionals who achieve excellence through training, development and continuous technological up-gradation.
- We aim to implement and continually improve the effectiveness of our Quality Management System.
- We provide safe and conducive work environment to our staff by ensuring stringent standards of safety and health.
- We make a contribution towards the uplift of our environment and inhabitants of the surroundings.

Environmental Policy

- ACPL is committed to produce premium quality cement while maintaining minimal environmental impact.
- Every endeavor will be made to effectively maintain and continually improve our processes/activities with respect to environment and maintain greenery within and around plant premises.
- As a responsible organization, ACPL will fulfill all the applicable legal, social and moral obligations related to environmental control.
- ACPL aims at contributing generously towards mitigating pollution effects and thus save this world for future generations.

Corporate Social Responsibility (CSR)

We define Corporate Social Responsibility (CSR) as our commitment to work as partners with all our stakeholders to effectively improve the quality of life of the members of our workforce, their families and the local communities around our facilities.

CSR is locally managed and specific responsibilities have been assigned for coordinating local projects, communicating CSR activities internally and to external stakeholders, establishing stakeholders' dialogue and relations, as well as participating in corporate monitoring, evaluation and reporting.

Our CSR approach focuses on six main pillars - business conduct, employment practices, occupational health and safety (OH&S), community involvement, customer and supplier relations, and monitoring and reporting.

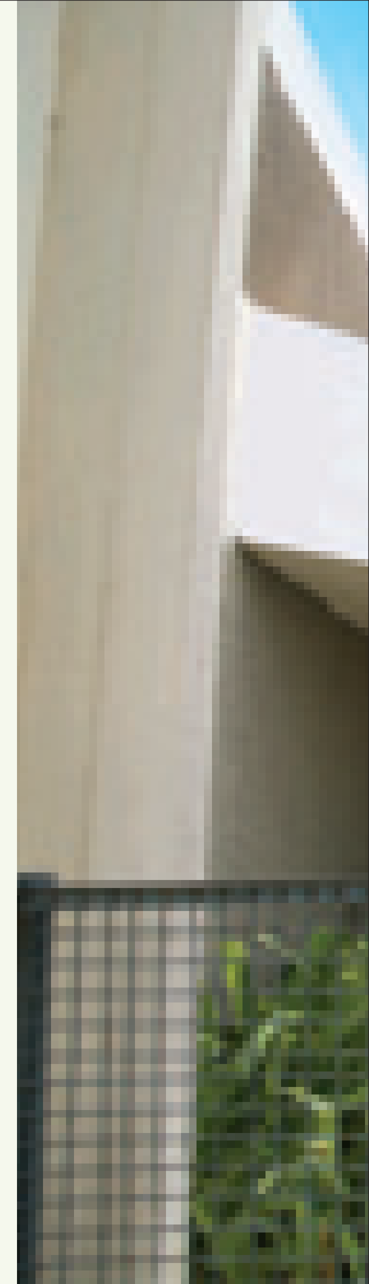
Employment Practices

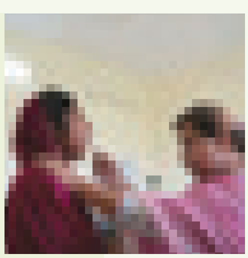
Attock Cement counted 711 employees as at June 30, 2010. A large share of this number live in Communities where we are a major employer and source of income.

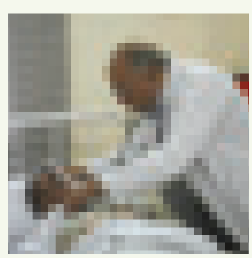
We pay competitive wages and offer employees numerous benefits, including professional development opportunities through internal training and payment of tuition for approved external programs.

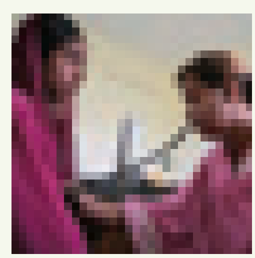
Occupational Health & Safety

We are committed to provide healthy and safe workplaces. Towards this end, we have embarked on a comprehensive assessment and renewal of our approach to the management of occupational health and safety and all production facilities are fully compliant with quality standards.









We are committed to provide healthy and safe workplaces. Towards this end, we have embarked on a comprehensive assessment and renewal of our approach to the management of occupational health and safety and all production facilities are fully compliant with quality standards.

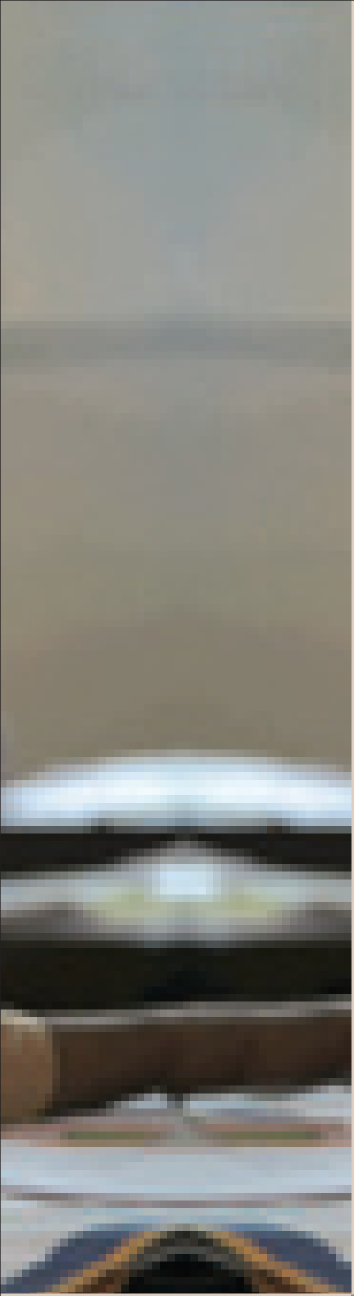
The Company operates a 6 beds hospital in the area near its factory premises. The treatment is free for the local communities. Medical camps are also organised in nearby goths to provide general medical treatment and medicines to sick and needy peoples.

Community Relations

We are committed to be responsible neighbours. This means operating in compliance with applicable regulations and being an integral part of the life of our communities. We accomplish this through support for local non-profit organizations, providing access to our properties and engaging in constant dialogue with residents to inform them of our activities and listen and respond to their concerns.

Through these and other actions, we seek to make a difference in our community. Our presence has a measurable positive economic impact on our community.

Our products are essential to the construction industry, a key driver of economic activity that generates significant direct and indirect benefits early in the value chain. Because our cement is generally consumed in proximity to their source, their utilization benefits local communities.



Combined with the salaries and benefits, direct and indirect taxes that we pay annually, as well as our capital expenditures, our presence has a measurable positive economic impact not only on our communities but also on the country as a whole.

Education

The Company currently operates a Primary level school that imparts education to children of both plant employees and also those from neighbouring villages.

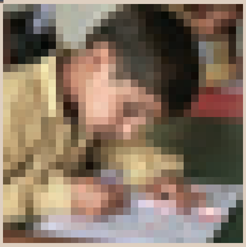
The company has also signed an agreement with The Citizen Foundation (TCF) a non-profit organization for the construction of standard two unit TCF primary and secondary school located near to factory premises, which is in close proximity to the surrounding villages.

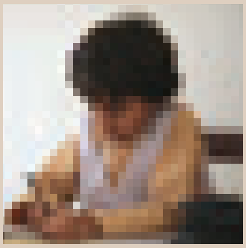
The Company sponsored TCF-Dr. Rachad Pharaon Campus and primary section has started its academic activities from April, 2010.

Primary section has the capacity of over 300 students, having ten class rooms and so far 86 students have been enrolled as first batch.

The second phase i.e Secondary section is under construction and will Insha-Allah start its academic activities from 2013.

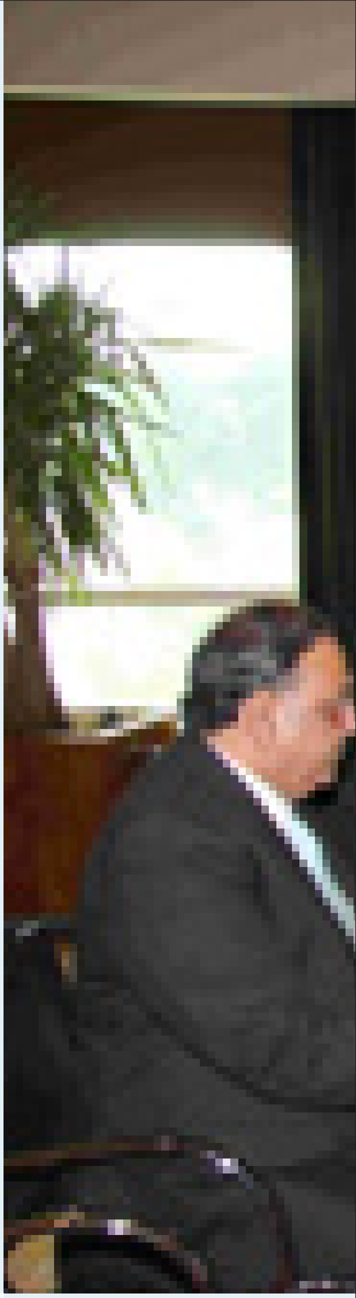
This school has been equipped with all modern facilities.





The Company sponsored TCF-DR. RACHAD PHARAON CAMPUS and primary section has started its academic activities from April, 2010.

Corporate Strategy



Corporate Objectives

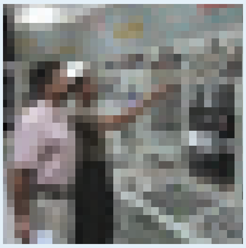
The Company follows a duly approved Corporate Strategy, which consists of the following main points.

- To maintain its position as a leading manufacturer of quality products that surpass both national and international standards.
- Growth, expansion and sustained profitability are the guiding principles of ACPL's business model. Focusing on the strategic plans to grow the business beyond the borders, while enhancing the market share locally in South.
- To retain its lines of processes at highest level of operational efficiency.
- To achieve competitive operating margins with continuous growth both in productivity and profitability.
- To provide competitive rate of return to its shareholders on their investments.
- To remain committed in delivering quality and value to its customers and providing high quality cement products suitable for all construction purposes. To embrace consistency in high standards of service delivery.
- To continue with the commitment to provide a secure and innovative workplace for all its human resources.
- To remain committed by producing products in an environmentally and socially responsible manner.

To achieve these strategic corporate objectives, the Company generally follows the following broad and approved strategy.

Corporate Strategy

The Company would continue to invest in the product quality by enhancing and upgrading its production and quality facilities through strategic investments in its plant operations and ensure that



Committed in delivering quality and value to its customers and providing high quality cement products suitable for all construction purposes.

such investment results in cost-effective operations. The company would also invest in continuous product development pegged on changing global and national market trends, industrial and hi-tech progression and dynamic customer needs. The company is dedicated to discover and implement change to achieve continuous customer satisfaction.

The Company would supply its products in diverse markets to achieve a healthy and growth oriented sales mix, focus towards a strong presence of its products in all the markets to achieve dynamic financial results, with maximum returns to all the stakeholders.

The Company would continue to invest in projects which ensure a healthy and safer environment for its employees. It would also continue to demonstrate its commitment to better and brighten lives for the community by sponsoring a wide range of community development projects. ACPL has played a major role and it will continue its contribution in building the nation.

Management

Management Committee

The Committee meets under the chairmanship of the Group Regional Chief Executive to coordinate the activities and operations of the Company.

Executive Committee

CEO leads the Executive Committee. The Committee is responsible for preparing the strategic plan for the future growth of the Company. The Committee also reviews major projects and formulates recommendations after evaluation from technical and commercial aspects.

Procurement Committee

The Procurement Committee is responsible for ensuring that procurement of assets, goods and services is made in accordance with Company policies and procedures on competitive and transparent terms.

Risk Management Committee

The Risk Management Committee is responsible for ensuring that procedures to identify and continuously update risks are in place. The Committee oversees the process of assessment of the

possible impact and likelihood of occurrence of identified risks. The Committee is also responsible for formulating a risk management response to effectively address and manage risks.

System and Technology Committee

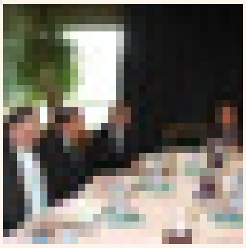
The System and Technology Committee is responsible for developing and implementing an IT strategy for the Company. The Committee oversees the automation of processes and systems in line with latest technology. The Committee is also responsible for development of contingency and disaster recovery plans.

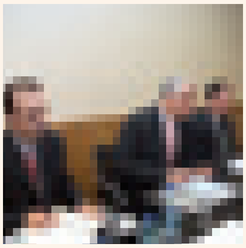
Budget Committee

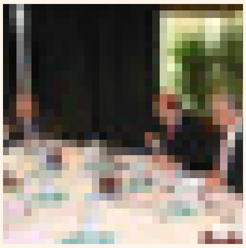
The Budget Committee reviews and approves the annual budget proposals prior to being presented for the approval of the Board. The Committee also monitors utilization of the approved budget.

Safety Committee

The Safety Committee reviews and monitors company wide safety practices. It oversees the safety planning function of the Company and is responsible for safety training and awareness initiatives.







Various committees have been constituted to look after the operational and financial matters of the Company.

Chairman's Review

بسم ٱللّٰه الرّحمٰن ٱلرّحيمُ

I welcome you all in the 31st Annual General Meeting of the Company.

OVERVIEW OF THE ECONOMY

The fiscal year 2009-2010 saw a modest upturn in the economy despite the domestic security concern, poor law and order situation, energy deficit, continued decline in PKR against US $ and higher interest rates.

Despite severe challenges the economy growth has been recorded at 4.1% in the outgoing year, after a modest growth of 1.2% in 2008 - 09. All the major contributors i.e Agriculture, Industrial and Service sectors have shown positive growth which is a good sign for the economy. However, the recovery is still fragile and stabilization so far achieved needs to be consolidated.

BUSINESS REVIEW

The year 2009-2010 was a challenging year for the cement industry in Pakistan. The industry, because of excess supply situation, was highly focused on export markets and during the current year around 11 million tones of cement was exported to different regional markets. Though export did not show any growth as compared to previous year but its contribution in terms of capacity utilization is almost 24% of overall cement capacity available in the country.

The local demand increased to 23.5 million tones showing a growth of 14.6% as compared to last year. However, the growth was only seen in Northern Region at around 18% and while the Southern Region witnessed decline of around 3%.

At present the Cement sector of the country is facing multi faceted pressures. Lower domestic demand, which is suffering due to poor law and order situation, higher interest rates, record increase in electricity charges and weak currency have significantly reduced the margins. One of the main earning source is the exports and though the cumulative average growth of cement exported from Pakistan was around 58% over the last 5 years but because of the global financial melt down the prices have witnessed a steep fall of around 40% during the year under review as compared to previous year and export is now stagnated at 11 million tonnes per annum. The cumulative average domestic demand of last 5 years has been stagnant at 10% as compared to higher double-digit growth witnessed in earlier years. This is because of lack of interest in investments from both domestic and foreign players. Furthermore, government's spending through Public Sector Development Program has been severely affected due to on going war on terror and this is further affecting the confidence of the investors.

The Company achieved a volumetric sales growth of around 4% and managed to sell its entire production capacity, second year in a row.

OPERATIONAL AND FINANCIAL PERFORMANCE

Under the circumstances as narrated above the Operational and Financial performance of your Company was commendable during the year 2009-10. The Company achieved a volumetric sales growth of around 4% and managed to sell its entire production capacity, second year in a row. During the year, the company was able to export 504,541 tones of cement both in bag and bulk to different regional markets, which shows volumetric growth of 9% over the corresponding period. The overall profit after tax of the company decreased by Rs. 476 million due to significant decline in prices in both local and regional markets and substantial increase in electricity cost.

Because of well-executed marketing strategies the company was able to sell its product at a premium both in domestic and export markets. In the export markets, Iraq has become the corner stone of company's exports where FALCON has become a premium brand because of its superior quality.

The Company deeply acknowledges and expresses its gratitude for the efforts and dedication of its human resources that has enabled the Management to run the operation smoothly. The Company also acknowledges the support it has received from CBA on various matters.

I also take this opportunity to express my sincere thanks to the government, our customers and suppliers for their continuing support, cooperation and patronage.

Dr. Ghaith R. Pharaon
Chairman

September 30, 2010
Damascus, Syria

Directors' Report

In the name of Allah, The Most Gracious, The Most Benevolent & The Most Merciful.

The Directors' of your Company have pleasure to present before you the annual report of your Company with audited financial statements for the year ended June 30, 2010.

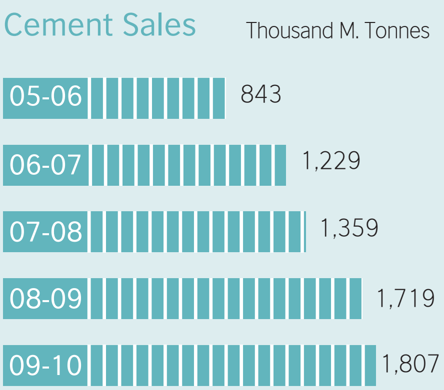
Production & Sales

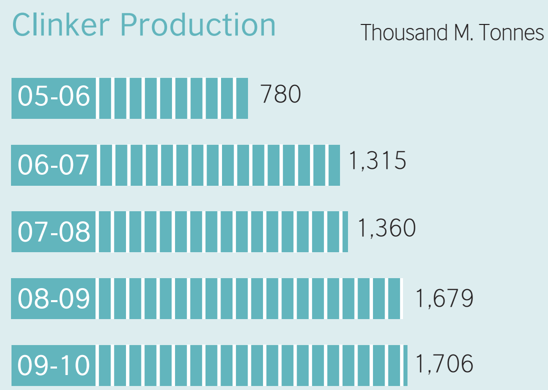
During the year 2009-2010, your Company achieved all time record volume of production and sales. The detailed data is enumerated in the table below:

	2009 - 2010	2008 - 2009	Increase	Increase
	Tons			
Clinker Production	1,706,299	1,678,619	27,680	2%
Cement Production	1,792,619	1,721,665	70,954	4%
Cement Dispatches	1,807,077	1,719,162	87,915	5%

During the year under review the Company produced clinker at its full capacity. This is second year in a row that the Company has been able to produce and sell clinker and cement at its full capacity, which is very significant keeping in view the sluggish economic conditions prevailing both in domestic and regional markets.

Despite the contraction in local market of south by 3% as compared to last year, your Company showed a positive growth of around 4% with overall market share of 38%. The Company continued to explore regional markets and during the year exported large quantities in the new markets of Sudan and Sri Lanka with Iraq continued to remain the premier market of company's products. The company's strategy is very well defined and the surplus cement available is being sold in different regional markets.





Financial Performance

A comparison of the key financial results of your Company for the year ended June 30, 2010 with the same period last year is as under:

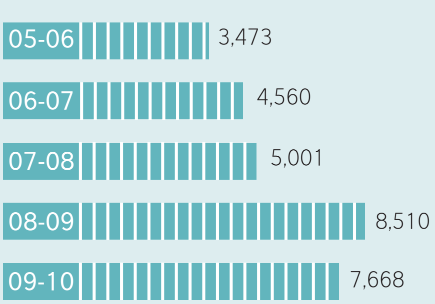
	2009 - 2010	2008 - 2009	Decrease	Decrease
	---------------------Rs. in million---------------------			
Net Sales	7,668	8,510	842	10%
Gross Profit	1,958	2,709	751	28%
Profit Before Tax	1,388	1,989	601	30%
Profit After Tax	1,017	1,493	476	32%
EPS in Rupees	11.74	17.24	5.5	32%

(i) Sales Performance

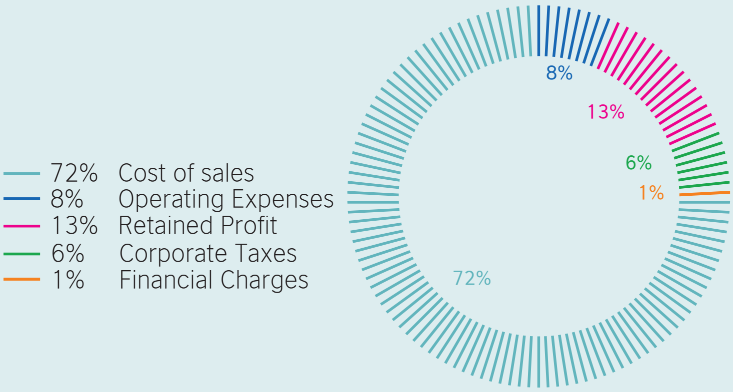
Despite achieving the volumetric growth of 4% the overall sales revenue declined by Rs. 842 million due to significant reduction in net retention achieved during the year under review. Because of surplus capacity available in the country the local sales prices showed a significant decline during the year and due to global financial meltdown export prices were also reduced considerably. As a result, the overall average net retention reduced by Rs 656 per ton as compared to same period last year.

Net Sales Revenue

Rs. in Million



Distribution of Total Revenue



(ii) Profitability

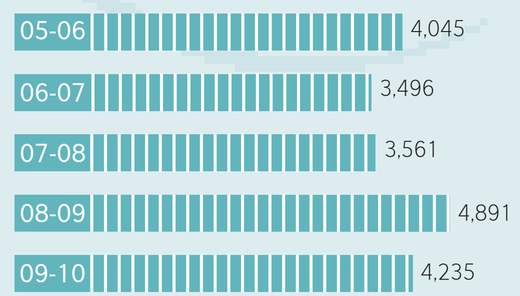
Company earned a net profit after tax of Rs. 1.017 million as compared to Rs. 1,493.0 million earned during the corresponding period, showing a decline of Rs. 476 million (32 %). Despite the highest ever sales in terms of volume achieved by the Company, the overall profit significantly reduced mainly due to following reasons:

- Decline in average net retention by Rs 656 (13%) as compared to last year; and
- Substantial increase in electricity tariff that increased the production cost by Rs. 149 per ton of cement sold.

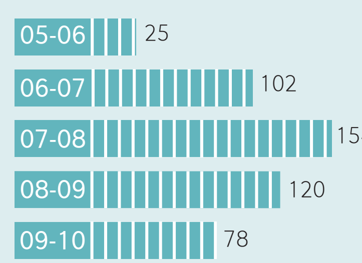
The decline in profit has however partially been offset by the following factors:

- Decrease in fuel cost due to effective procurement of coal at lower prices;
- Reduction in finance cost from Rs 120 million to Rs.78 million during the current year; and
- Generation of interest income of Rs. 175 million (2009: Rs 95 million) on surplus funds available which contributed positively towards overall profitability of the Company.

Net Retention per Ton Rupees



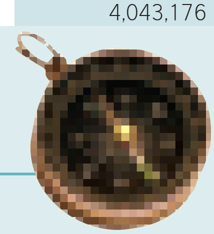
Finance Cost Rs. in Million



(iii) Appropriation

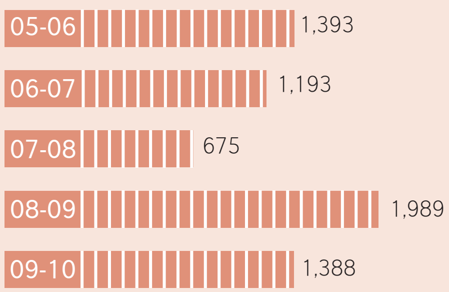
The financial results for the year under review are as follows:

	2010	2009
	-----------------Rs. in '000-----------------	
Profit after tax	1,016,685	1,492,951
Un-appropriated profit b/f	4,043,176	2,784,754
Profit available for appropriation	5,059,861	4,277,705
Appropriation:		
Final Cash Dividend paid for the year 2009: Rs. 3.25 per share (2008:Rs.1.50 per share)	234,529	108,244
Interim Cash Dividend paid for the year 2010: Rs. 1.75 per share (2009:Rs. 1.75 per share)	151,542	126,285
Issuance of 1 Bonus Shares for every 5 Shares held for the year 2009	144,326	-
Un-appropriated profit c/f	4,529,464	4,043,176

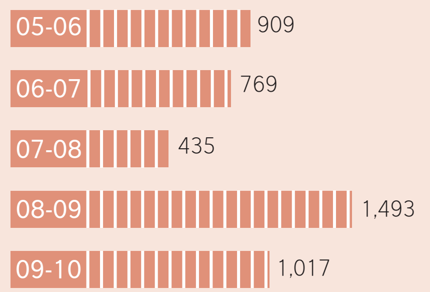


For the year ended June 30, 2010 the Board in its meeting held on September 30, 2010 has proposed a final cash dividend of Rs. 3.25 per share (32.5 %) amounting to Rs. 281.4 million. This is in addition to interim dividend of Rs. 1.75 per share (17.5%) amounting to Rs. 151.5 Million already announced and paid by the Company.

Profit Before Tax   Rs. in Million



Profit After Tax   Rs. in Million



CONTRIBUTION TO NATIONAL EXHCHEQUER

The Company contributed Rs. 2,364 million during the year to the national exchequer on account of payments towards Sales Tax, Income tax, Excise duty and statutory levies. An amount of approximately Rs.128 million was also paid as withholding income tax deducted by the Company from shareholders, employees, suppliers and contractors. In addition to that your Company earned precious foreign exchange of approximate US$ 28 million during the year under review from exports.

MARKETING

The year 2009-2010 was a year of consolidation for both domestic and regional economies. With higher capacity available in the local market, the choice remaining with the Company was to search for more and more export markets. By the grace of Allah, the Company during the year under review continued its premium brand position in the local market with highest market share in the market of South.

In the regional market, Iraq remained the key export market for the Company, with almost 74% of its exports being made to this market, followed by Sudan (9%) and Sri Lanka (4%). During the year under review the Company obtained certification from Sri Lankan Standard Institution and South Africa Board of Standards besides successfully renewing its certificate from Board of Indian Standards.

The company's strategy of meeting the demand of regional customers to the extent it did not affect the appetite in local market has worked favorably for the Company. However, export prices have shown significant decline due to turmoil in the regional markets and prices declined by almost 30% as compared to same period last year.

The Company contributed Rs. 2,364 million during the year to the national exchequer on account of payments towards Sales Tax, Income tax, Excise duty and statutory levies.

FREIGHT SUBSIDY

Ministry of Commerce and Trade Development Authority of Pakistan (TDAP) took a positive measure by announcing freight subsidy for cement exports through sea route in order to compensate the rising inland freight costs. In the said notification, the TDAP set a minimum distance limit of atleast 100 kms for cement plants to avail this benefit which effectively disqualified ACPL to claim that benefit.

The Company filed a petition under article 199 of the Constitution of Pakistan against the said notification and successfully managed to amend the said notification, thereby including all the cement manufacturers without any discrimination of whatsoever.

However, so far the TDAP has not released any amount against the freight subsidy claims filed by the Company. The total amount outstanding till June 30, 2010 is Rs. 12.9 million. The Company is aggressively pursuing this matter with the relevant government authorities.

HUMAN RESOURCES

The Company as part of its core HR policies continued to focus on recruiting quality manpower and paid special attention on their training and development. The staff was also nominated on numerous local courses and workshops organized by various technical and professional organizations for various disciplines. During the year, the Company also arranged two in house workshops on topics of professional interests.

Besides this the Company has been effectively carrying on with the unique program of Management development for the youth belonging to Baluchistan. The trainees were given hands-on-experience along with theoretical classroom sessions. The most competent trainees completing their training periods are offered the employment with the Company, giving them a chance to boost their career planning. During the year the Company also established its own technical library with internet facility where management trainees and other staff can refer to books of professional interest.

Similarly an apprenticeship programme introduced last year to provide quality training to local youths and sons of company's employees, is also working efficiently and through this program lot of talented youth have been inducted in various technical disciplines.

We term ATTOCK as a community rather than an organization. The growth of the Company as well as its people goes sideways. The Management has always given priority to its cordial relations with the CBA and has always taken prosperous steps to benefit the workers in the most effective manner. The productivity achieved during the year under review clearly reflects the sincere efforts on the part of both CBA and the Management.

CORPORATE SOCIAL RESPONSIBILITY

The Management's policy of continuing and improving the Corporate Social Sector saw an increased activity in supporting the uplift of local community considering them as an integral part of ACPL. Basic education facilities, medical treatment and provision of potable water remained the focus of activity during the year. Medical Camps were organized in nearby Goths to provide general medical treatment and medication to sick and needy people. The attendance on these Camps was well over 5000 cases. Additionally, various Hepatitis Awareness Programs were held in different Goths. In these indoctrination lectures were held regarding awareness about causes of Hepatitis B & C and precautionary measures to be adopted.

In addition to this the Company also provide OPD facilities to the residents of nearby Goths free of cost from company's medical center besides sponsoring a medical dispensary in Sakran.

The Company believes Education is the essential ingredient to nurture a child and to develop him as a responsible citizen. The Company is continuously contributing to improve the educational activities in villages located around Plant.

We are very pleased to inform our shareholders that the company sponsored TCF school- Dr Rachad Pharaon Campus - Primary Section built at an initial cost of over Rs. 11 million have started its academic activities from April 2010. The second phase i.e. secondary section is under construction and will Insha-Allah start its academic activities from 2013. The total cost of this entire project is approximately Rs. 40 million.

SAFETY, HEALTH AND ENVIRONMENT (SHE)

We, at ATTOCK believe in providing a safe, healthy and accident free working environment to the workforce. The Management carries ultimate accountability for health and safety of not only its employees, but also of other people of the area. All production facilities were remained fully compliant with safety standards.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

The Directors hereby confirm that:

a) The annexed financial statements present fairly the state of the affairs of the Company, the result of its operations, cash flows and changes in equity;

b) Proper books of accounts have been maintained by the Company;

c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;

d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements;

e) The system of internal control is sound in design and has been effectively monitored and implemented;

f) There are no significant doubts upon the Company's ability to continue as a going concern;

g) There has been no material departure from the best practices of corporate governance as detailed in the listing regulations;

h) The following is the value of investments of terminal benefit schemes based on their respective latest accounts:

	Rupees	Year Ended
Provident Fund (audited)	216,720,317	December 2009
Gratuity Funds (unaudited)	99,017,788	June 2010
Pension Funds (unaudited)	142,580,610	June 2010

i) During the year five (5) meetings of the Board of Directors were held. Attendance of Directors and Chief Executive is as follows:

Name of the Director / Chief Executive	No. of meetings attended
Dr. Ghaith R. Pharaon	4
Mr. Laith G. Pharaon	3
Mr. Wael G. Pharaon	5
Mr. Shuaib A. Malik	4
Mr. Bashir Ahmad	nil
Mr. Abdus Sattar	5
Mr. Babar Bashir Nawaz	5
Mr. Fakhrul Islam Baig	2

Leave of absence was granted to those Directors who could not attend some of the Board Meetings due to their other pre-occupations.

j) The details of shares transacted by Directors, Chief Executive, Chief Financial Officer and Company Secretary and their spouses and minor children during the year 2009-2010 have been given on page 77.

k) The key operating and financial data for the last 6 years is set out on page 75.

CHANGE IN DIRECTORS

In the 83rd meeting of Board of Directors, the Board accepted the resignation submitted by Mr. Bashir Ahmed and appointed Mr. Fakhrul Islam Baig as director in his place for the remaining term. Board appreciated the efforts put in by Mr. Bashir Ahmad during his tenure as a director.

PATTERN OF SHAREHOLDING

The pattern of shareholding of the Company as at June 30, 2010 is given on page 76.

AUDITORS

The retiring auditors, Messrs. A.F. Ferguson & Co., Chartered Accountants retire at the conclusion of the 31st Annual General Meeting and offer themselves for reappointment. The Audit Committee has recommended their reappointment.

AUDIT COMMITTEE

The Board of Directors has established an Audit Committee in compliance with the Code of Corporate Governance with the following members:

Abdus Sattar	Chairman	Non-Executive Director
Shuaib A. Malik	Member	Non-Executive Director
F. I. Baig	Member	Executive Director

Re- constitution of Audit Committee

The Directors of the Company reconstituted the Audit Committee of the Board of Directors and appointed Mr. Shuaib A. Malik as member of the said Committee in place of Mr. Bashir Ahmed.

Terms of Reference

1. Determination of appropriate measures to safeguard the assets.

2. Review of preliminary announcements of results prior to publication.

3. Review of quarterly, half yearly and annual financial statements prior to the approval by the Board of Directors, major focus on:

   - Judgmental areas;
   - Significant adjustments resulting from the audit;
   - Going concern assumption;
   - Changes in accounting policies and practices;
   - Compliance with applicable accounting standards; and
   - Compliance with the listing regulations and other statutory and regulatory requirements.

4. Review of management letter issued by external auditors and management response thereto.

5. Ensuring coordination between the internal and external auditors.

6. Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed.

7. Consideration of major findings of internal investigations and management's response thereto

8. Ascertaining that the internal control system includes financial and operational controls, accounting system and reporting structure are adequate and effective.

9. Review of statement on internal control systems prior to the endorsement by the Board of Directors.

10. Instituting special projects, value for money studies or other investigations on any matters specified by the Board of Directors, in consultation with the Chief Executive and to consider remittance of any matter to the external auditors or to any other external body.

11. Determination of compliance with relevant statutory requirements.

12. Consideration of any other issue or matter as may be assigned by the Board of Directors.

13. External Auditors

- Recommendations regarding the appointment of External Auditors.
- Resignation and removal of External Auditors.
- Audit fees.
- Provision by external auditors of any services to the company in addition to the audit of the Financial Statements.

- Facilitating external audit and discussion with external auditors of major observations arising from interim and final audits and any other matter that auditors wish to highlight.

PROJECTS

Without the cost reduction projects and improvement in production efficiencies no company would remain competitive in this depressed market.

During the year the Company has initiated two projects: Waste Heat Recovery System (WHRS) and Refused Derived Fuel Source (RDF).

Waste Heat Recovery System (WHRS)

Due to ever increasing cost of energy day by day as well as increased risk of energy supply security, ACPL decided to explore different alternates and technological solutions adopted by different cement plants in the world as well as other industrial sectors. One alternate available is to generate electricity through the use of waste heat of the cement process. Electrical Energy generated by utilizing waste heat of cement process will reduce about 25% to 28% of total electricity requirement from existing grid station. The Company has signed an agreement with M/s HEFEI CEMENT RESEARCH & DESIGN INSTITUTE (HCRDI) for the installation of WHRS, which will have the installed capacity of 12 MW. Letter of Credit has already been established and plant shall be operational by July 2011.

Refused Derived Fuel Source (RDF)

The Company is actively exploring RDF solutions by generating energy through the use of alternate fuels like Municipal Waste / Biomass etc in place of existing fuel source i.e coal/gas. Due to continuous increase in coal prices and depreciation of Pakistani rupee against US Dollar, it became imperative to evaluate different sources of fuel and explore cheaper fuel options. With the use of alternate fuel like Municipal Waste, the fuel cost will reduce significantly

At present, the Company is in process of finalizing the financial and technical feasibility of RDF project in consultation with technical advisors.

FUTURE OUTLOOK

The industry is in need of Government support in the form of continuation of inland freight subsidy and higher spending on Public Sector Development Program to stimulate the economy.

During June 2010, the price of cement has shown upward movement in the backdrop of rising demand. However subsequent to year end the country has witnessed the worst kind of flood in northern and central part of the country which would have a devastating effect on the economy. Though the accurate extent of flood damage will be known after completion of a Comprehensive Damage Assessment exercise to be conductedby the government, However every indication is there that this natural calamity would adversely effects the economy of the country in short to medium terms. Any stand still in

economy will have a direct impact on the cement consumption in local market and with one or two more capacities coming in next six months, the management foresee a tough competition in local markets.

Beside this, rising coal prices in international markets, continuous depreciation of PKR against major currencies and significant increase in electricity charges would further affect already depressed margins in months to come.

On export front, company's strategy to explore more new markets is working effectively and during the year Sudan and Srilanka have been added as new destinations for company's products. The Company has obtained licenses to market its product in South Africa and first consignment will reach South Africa in next couple of months.

The management is fully aware of the challenges ahead and is devising strategy to sustain the business growth and mitigate the risks which are looming on the company's business.

On behalf of the Board

BABAR BASHIR NAWAZ
Chief Executive
Date: September 30, 2010

Notice of the thirty-first (31st) Annual General Meeting

Notice is hereby given that the 31st Annual General Meeting of Attock Cement Pakistan Limited will be held on Wednesday, October 27, 2010 at 2:30 p.m. at Hotel Marriott, Karachi to transact the following business:

1. To receive, consider and adopt the Audited Accounts of the company for the year ended June 30, 2010 together with the Report of Auditors and the Directors thereon.

2. To consider and if thought fit, approve final cash dividend of 32.5 % (Rs. 3.25 per share) as recommended by the Board of Directors for the year ended June 30, 2010. This is in addition to the interim cash dividend of 17.5% (Rs. 1.75 per share) already paid during the year.

3. To appoint auditors for the financial year 2010-2011 and to fix their remuneration.

Special Business

4. The Company in its 28th Annual General Meeting had obtained approval of the shareholders for investments under Section 208 of the Companies Ordinance, 1984 and accordingly the shareholders of the Company are presented with the statement under Section 160(1)(b) of the Companies Ordinance, 1984 in compliance with the SRO 865(I)/2000 dated December 06, 2000 in case of decisions to make investments that have been made by the shareholders previously and have not yet been implemented.

   A statement under SRO 865(I)/2000 dated December 06, 2000 is being enclosed with this notice.

By Order of the Board

IRFAN AMANULLAH
Company Secretary

Karachi: October 05, 2010

Notes:

1. The Register of members and share transfer books of the Company will remain closed from Wednesday October 20, 2010 to Wednesday October 27, 2010 (both days inclusive).

2. Only those members whose names appear in the register of members of the Company as on October 19, 2010 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 Computerised 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 & 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 CNIC 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 nominees shall be produced (unless it has been provided earlier) at the time of the 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 requirements.

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

   iii) Attested copies of CNIC or the 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 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 SRO 865(I)/2000 DATED DECEMBER 06, 2000

In the 28th Annual General Meeting held on October 22, 2007 shareholders approved investments in following associated companies:

- Pakistan Oilfields Ltd. (POL)
- Attock Refinery Ltd. (ARL)
- Attock Petroleum Ltd. (APL)
- National Refinery Ltd. (NRL)

No investment so far has been made in any of the above-mentioned associated concern.

1. Reasons for not making investment

   The company is considering few more investment proposals which would contribute favourably towards its cost of production.

2. Major Change in financial position of investee companies since the date of last resolution

   There has been no major change in financial position of the POL, ARL, APL and NRL.

Statement Of Compliance with the code of corporate governance

For the year ended June 30, 2010

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35 of listing regulation 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 interest on its board of directors. At present the Board includes five non-executive directors and two 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 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 an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. A casual vacancy occuring in the Board of Directors on February 10, 2010 was filled up by the directors on the same day.

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 complied, 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 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 Company had arranged orientation courses 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, including his 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. 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 outsourced the internal audit function to Ernst & Young Ford Rhodes Sidat Hyder & Co., Chartered Accountants, 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.

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 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.

20. The related party transactions have been placed before the audit committee and approved by the Board of Directors alongwith pricing methods. The transactions were carried out on terms equivalent to those that prevail in the arm's length transactions.

21. 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

Dated: September 30, 2010

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. 35 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 controls covers all controls and the effectiveness of such internal controls.

Further, Sub-Regulation (xiii) of Listing Regulation 35 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 related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions 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, 2010.

A. F. Ferguson & Co.
Chartered Accountants

Karachi
Dated: October 01, 2010

Auditors' Report To The Members

We have audited the annexed balance sheet of Attock Cement Pakistan Limited as at June 30, 2010 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 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 accounting policies consistently applied except for the changes as stated in Note. 2.1, with which we concur;

  (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;

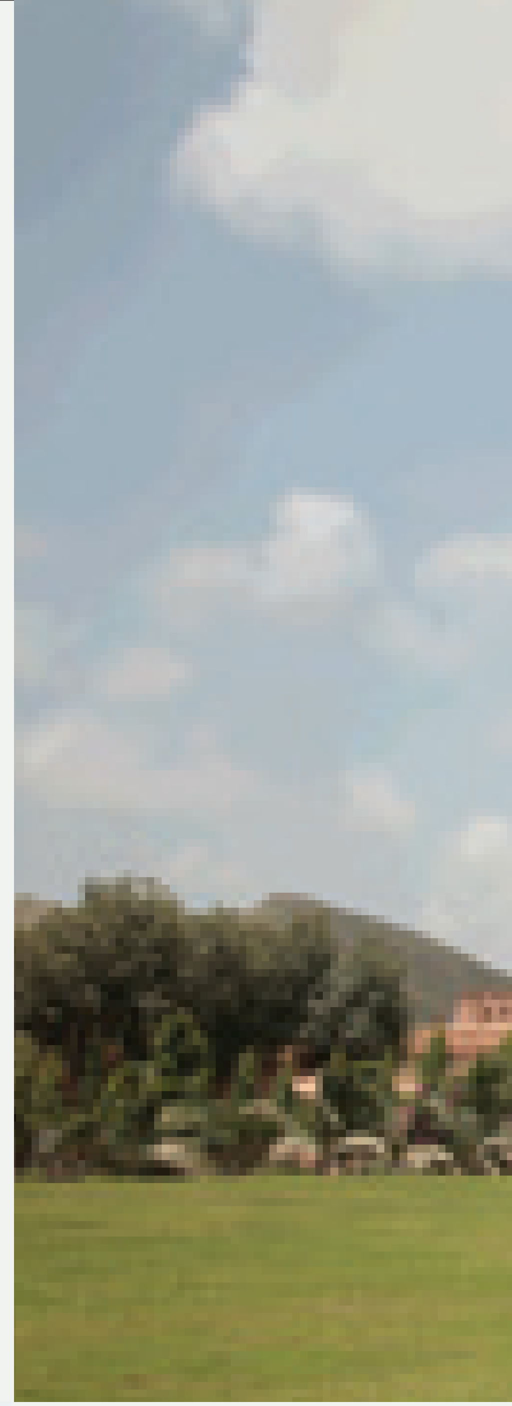
(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable 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, 2010 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.

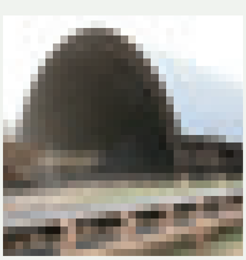
A. F. Ferguson & Co.
Chartered Accountants

Karachi
Dated: October 01, 2010

Name of the engagement partner: Syed Fahim ul Hasan



Financial Statements



ANNUAL REPORT 2010

Balance Sheet

As at June 30, 2010

	Note	2010	2009
		(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	865,955	721,629
Unappropriated profit		4,529,464	4,043,176
Hedging reserve		-	13,062
		5,395,419	4,777,867
NON-CURRENT LIABILITIES			
Long term murabaha		-	422,500
Deferred taxation	4	598,300	636,870
		598,300	1,059,370
CURRENT LIABILITIES			
Trade and other payables	5	1,015,724	856,330
Accrued markup		-	8,914
Taxation		49,466	70,320
Current maturity of long term murabaha		-	200,000
		1,065,190	1,135,564
CONTINGENCY AND COMMITMENTS	6		
		7,058,909	6,972,801

	Note	2010	2009
		(Rupees '000)	
NON-CURRENT ASSETS			
Fixed assets	7	4,201,944	4,143,534
Long-term investment	8	4,500	4,500
Long-term loans and advances	9	16,922	19,438
Long-term deposits	10	42,980	42,980
		4,266,346	4,210,452
CURRENT ASSETS			
Stores, spares and loose tools	11	646,494	599,605
Stock-in-trade	12	366,170	613,934
Trade debts - considered good		55,366	46,485
Loans and advances	13	46,132	26,208
Short-term deposits and prepayments	14	10,538	12,362
Accrued interest		2,646	7,676
Other receivables	15	28,836	26,988
Investments	16	1,194,272	557,265
Cash and bank balances	17	442,109	871,826
		2,792,563	2,762,349
		7,058,909	6,972,801

The annexed notes 1 to 35 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, 2010

	Note	2010	2009
		(Rupees '000)	
Net sales	18	7,668,133	8,510,071
Cost of sales	19	(5,710,166)	(5,801,099)
Gross profit		1,957,967	2,708,972
Distribution cost	20	(466,659)	(437,194)
Administrative expenses	21	(183,933)	(182,420)
Other operating expenses	22	(102,969)	(147,402)
Other operating income	23	261,539	166,533
Operating profit		1,465,945	2,108,489
Finance cost	24	(77,628)	(119,763)
Profit before taxation		1,388,317	1,988,726
Taxation	25	(371,632)	(495,775)
Profit after taxation		1,016,685	1,492,951
Other comprehensive income			
Fair value (loss) / gain on interest rate swap under cash flow hedge		(3,531)	12,134
Net gain realised on termination of interest rate swap reclassified to profit and loss account		(9,531)	-
Total comprehensive income		1,003,623	1,505,085
Earnings per share	26	Rs. 11.74	Rs. 17.24

The annexed notes 1 to 35 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, 2010

	Note	2010	2009
		(Rupees '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	28	1,877,393	2,397,639
Finance cost paid		(86,542)	(123,580)
Income tax paid		(431,056)	(341,084)
Decrease / (Increase) in long-term loans and advances		2,516	(9,663)
Net cash from operating activities		1,362,311	1,923,312
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure incurred		(331,317)	(286,642)
Proceeds on disposal of fixed assets		4,121	6,043
Purchase of open ended mutual fund units		(3,779,814)	(1,360,000)
Proceeds from sale of open ended mutual fund units		3,136,227	955,501
Purchase of Certificates of Investment		(503,028)	(100,000)
Proceeds from sale of Certificates of Investment		603,028	-
Interest received		86,811	57,177
Net cash used in investing activities		(783,972)	(727,921)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term murabaha		(622,500)	(200,000)
Payments made under finance lease		-	(109)
Dividend paid		(385,556)	(234,413)
Net cash used in financing activities		(1,008,056)	(434,522)
Net (decrease) / increase in cash and cash equivalents		(429,717)	760,869
Cash and cash equivalents at the beginning of the year		871,826	110,957
Cash and cash equivalents at the end of the year	17	442,109	871,826

The annexed notes 1 to 35 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, 2010

	Share capital	Unappropriated profit	Hedging reserve	Total
	Rupees ('000)			
Balance as at July 1, 2008	721,629	2,784,754	25,196	3,531,579
Final dividend for the year ended June 30, 2008 @ Rs 1.5 per share	-	(108,244)	-	(108,244)
Interim dividend for the year ended June 30, 2009 @ Rs 1.75 per share	-	(126,285)	-	(126,285)
Net loss arising on change in fair value of interest rate swap under cash flow hedge	-	-	(12,134)	(12,134)
Profit after taxation for the year ended June 30, 2009	-	1,492,951	-	1,492,951
Balance as at June 30, 2009	721,629	4,043,176	13,062	4,777,867
Final dividend for the year ended June 30, 2009 @ Rs 3.25 per share	-	(234,529)	-	(234,529)
Transfer to reserve for issue of bonus shares	-	(144,326)	-	(144,326)
Issue of 1 Bonus share for every 5 shares held	144,326	-	-	144,326
Interim dividend for the year ended June 30, 2010 @ Rs 1.75 per share	-	(151,542)	-	(151,542)
Loss arising on change in fair value of interest rate swap under cash flow hedge	-	-	(3,531)	(3,531)
Net gain realised on termination of interest rate swap reclassified to profit and loss account	-	-	(9,531)	(9,531)
Profit after taxation for the year ended June 30, 2010	-	1,016,685	-	1,016,685
Balance as at June 30, 2010	865,955	4,529,464	-	5,395,419

The annexed notes 1 to 35 form an integral part of these financial statements.

Babar Bashir Nawaz
Chief Executive

Abdus Sattar
Director

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, Balochistan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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 (IFRS) 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 requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

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 matter involving a higher degree of judgement or complexity, or area where assumptions and estimates are significant to the financial statements is provision for staff retirement benefits.

Changes in accounting policies and disclosures

(a) New standards, amendments to published standards and new interpretations effective in current year and adopted by the company

i. IAS 1 (revised) 'Presentation of financial statements', requires presentation of transactions with owners in Statement of Changes in Equity and with non-owners in the Statement of Comprehensive Income. The revised standard requires an entity to opt for presenting such transactions either in a single statement of comprehensive income or in an income statement and a separate statement of comprehensive income. The company has applied IAS 1 (revised) from July 1, 2009 and preferred to present one performance statement (i.e. profit and loss account).

ii. IAS 23 (amendment) - 'Borrowing Costs' requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of cost of that asset. The option of immediately expensing those borrowing costs is removed. The company's current accounting policy is in compliance with this amendment, and therefore there is no impact on the company's financial statements.

iii. IFRS 8 'Operating segments' replaces IAS 14 and requires an entity to determine and present operating segments based on the information that is provided internally to the Chief Operating Decision Maker who is responsible for allocating resources and assessing performance of the operating segments. Further, it also requires certain entity-wide information to be presented in the financial statements. The company has no reportable segments under IFRS 8. However, certain disclosures as required under IFRS 8 have been included in note 18 to these financial statements. The change in accounting policy only impacts the extent of disclosures presented in these financial statements.

(b) **Standards, amendments and interpretations to existing standards effective in current year but not relevant to the company**

i. IFRS 3 (revised), 'Business combinations', and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates', and IAS 31, 'Interest in joint ventures', are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after July 1, 2009.

ii. IFRIC 17, 'Distributions of non-cash assets to owners' effective for annual periods beginning on or after July 1, 2009.

iii. IFRIC 18, 'Transfers of assets from customers', effective for transfer of assets received on or after July 1, 2009.

(c) **Standards, interpretations and amendments to published approved accounting standards that are not yet effective**

Standards, amendments to existing approved accounting standards and new interpretations have been published that are mandatory for future years are not expected to affect materially the financial statements of the company for the accounting periods beginning on the dates prescribed therein.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except where stated otherwise 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 valuations of the schemes have been carried out as at June 30, 2010 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 fund's assets are amortised over the average remaining working life 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.

Notes to the Financial Statements

For the year ended June 30, 2010

2.4 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

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 an 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, rebates available, if any.

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

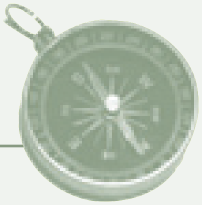
These are stated at cost less accumulated depreciation / amortisation and impairment losses (if any) except freehold land, capital work-in-progress and stores held for capital expenditures which are stated at cost. Depreciation is calculated using the straight-line method on all assets in use to charge off their cost excluding residual value, if not insignificant, over their estimated useful lives.

Depreciation on acquisition is charged from the month of addition whereas no depreciation is charged in the month of disposal.

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 recognised initially at fair value and subsequently at amortised cost using the effective interest method. 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. Borrowings payable within next twelve months are classified as current liabilities.

2.9 Investments

The company determines the appropriate classification of its investment at the time of purchase as follows:

2.9.1 Long-term investments

The investment in associated company is stated at cost. Impairment loss is 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.

2.9.2 Investments - held to maturity

These are investments with fixed or determinable payments and fixed maturity with the company having positive intent and ability to hold till maturity. These are stated at amortised cost.

2.9.3 Investments - at fair value through profit or loss

Investments held for trading are classified at fair value through profit or loss account. These are measured at fair value which is re-assessed at each reporting date. In 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. Changes in fair value are recognised in profit and loss account.

2.10 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.

2.11 Stock-in-trade

Stocks are valued at 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 of direct costs and appropriate portion of 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.

2.12 Trade debts and other receivables

Trade debts and other receivables are recognised and carried at original invoice amount less a provision for impairment. A provision for impairment is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. Trade debts and other receivables considered irrecoverable are written-off.

2.13 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 comprised of cash and cheques in hand and in transit, balances with banks on current and deposit accounts and finance under mark-up arrangements.

2.14 Foreign currencies

Transactions in foreign currencies are recorded in rupees at the rates of exchange approximating those prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into 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.

2.15 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 using the effective interest method.

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

2.16 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 off set 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.

2.17 Dividend

Dividend distribution to shareholders is accounted for in the period in which the dividend is declared.

3. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

Ordinary shares of Rs 10 each 2010	2009		2010 (Rupees '000)	2009
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
52,714,964	38,282,391	Shares allotted as bonus shares	527,150	382,824
86,595,439	72,162,866		865,955	721,629

As at June 30, 2010 Pharaon Investment Group Limited (Holding) S.A.L, Lebanon and its nominees held 72,795,437 (2009: 60,662,866) ordinary shares of Rs 10 each.

3.1 RECONCILIATION OF NUMBER OF ORDINARY SHARES OUTSTANDING

	2010 Number of shares	2009
At the beginning of the year	72,162,866	72,162,866
Issue of 1 bonus share for every 5 (2009: nil) shares held	14,432,573	-
At the end of the year	86,595,439	72,162,866

	2010 (Rupees '000)	2009
4. DEFERRED TAXATION		
Credit balances arising in respect of accelerated tax depreciation allowances	602,800	642,263
Debit balances arising in respect of provision for:		
- Slow moving and obsolete stores and spares	(4,422)	(5,315)
- Doubtful other receivables	(78)	(78)
	(4,500)	(5,393)
	598,300	636,870
5. TRADE AND OTHER PAYABLES		
Creditors - note 5.1	216,956	176,370
Accrued liabilities	428,928	287,187
Sales tax payable	9,723	26,815
Excise duty payable	86,733	96,135
Advances from customers	142,652	86,154
Retention money	4,684	6,650
Security deposits	14,956	6,210
Workers' Profits Participation Fund - note 5.2	74,588	106,816
Workers' Welfare Fund	28,381	57,634
Payable to Gratuity Funds - note 15.1	673	70
Payable to Provident Funds	430	-
Taxes deducted at source and payable to statutory authorities	140	-
Unclaimed dividend	1,119	604
Others - note 5.1	5,761	5,685
	1,015,724	856,330

5.1 Creditors and other liabilities include Rs 4.6 million (2009: Rs 5.51 million) and Rs 5.76 million (2009: Rs 3.74 million) respectively in respect of amounts due to related parties.

	2010	2009
	(Rupees '000)	
5.2 Workers' Profits Participation Fund		
At the beginning of the year	106,816	36,288
Allocation for the year - note 22	74,588	106,816
	181,404	143,104
Interest on funds utilised in company's business - note 24	467	194
	181,871	143,298
Less: Amount paid to the Fund	107,283	36,482
	74,588	106,816

6. CONTINGENCY AND COMMITMENTS

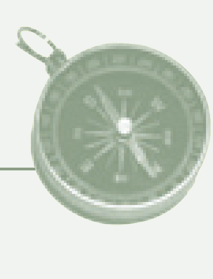
6.1 The Competition Commission of Pakistan (CCP) passed an order on August 27, 2009 levying penalty of Rs 374 million on the company alleging that it was involved with other cement manufacturing companies in price fixing arrangements. The company alongwith other cement manufacturers challenged the vires of CCP order before the Lahore High Court which directed the CCP not to take any adverse action against the company under the aforementioned order passed by CCP till the completion of the case proceedings in the Lahore High Court.

Simultaneously, the company also filed a writ petition against CCP before the Sindh High Court contending that the CCP order is illegal, issued without lawful authority and is corum non-judice. The Sindh High Court has granted an ad-interim injunction suspending the operation of CCP order. The company has also filed an appeal against CCP's order in the Supreme Court of Pakistan.

Based on the opinion of the company's legal advisors, the management is hopeful that the ultimate outcome of these petitions / appeal will be in favour of the company and hence no provision has been recognised in these financial statements for the aforementioned amount of penalty.

6.2 Commitments for capital expenditure outstanding as at June 30, 2010 amounted to Rs 910.29 million (2009: Rs 5.97 million).

	2010	2009
	(Rupees '000)	
7. FIXED ASSETS		
Property, plant and equipment - note 7.1	3,729,761	3,830,953
Capital work-in-progress	209,298	2,009
Stores held for capital expenditures	262,885	310,572
	4,201,944	4,143,534



7.1 Property, plant and equipment

	Cost as at July 1, 2009	Additions / (Disposals) (Transfers)*	Cost as at June 30, 2010	Accumulated depreciation as at July 1, 2009	Depreciation for the year / (on disposals) (on transfers)*	Accumulated depreciation as at June 30, 2010	Book value as at June 30, 2010	Rate of depreciation %
	Rupees '000							
Freehold land	4,554	-	4,554	-	-	-	4,554	-
Buildings and roads on freehold land	988,425	17,135	1,005,560	215,526	47,560	263,086	742,474	5
Plant and machinery	5,692,326	137,517 - (2,823)*	5,827,020	2,767,555	189,332 - (632)*	2,956,255	2,870,765	5
Quarry transport and equipments	188,119	1,443 (190)	189,372	127,891	9,443 (186)	137,148	52,224	10
Furniture and fittings	20,537	2,079	22,616	8,150	3,286	11,436	11,180	20
Office equipments	66,164	4,862 (10) (19)*	70,997	46,980	10,450 (3) (19)*	57,408	13,589	25
Vehicles	77,482	10,870 (9,223)	79,129	40,552	10,723 (7,121)	44,154	34,975	20
June 30, 2010	7,037,607	173,906 (9,423) (2,842)*	7,199,248	3,206,654	270,794 (7,310) (651)*	3,469,487	3,729,761	
June 30, 2009	6,808,664	252,492 (23,549)	7,037,607	2,753,732	474,439 (21,517)	3,206,654	3,830,953	

* Assets tranferred to stores held for capital expenditures

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

	Cost	Accumulated depreciation as at July 1, 2009	NBV	Additions	NBV of disposals/ Transfers	Depreciation for the year	NBV as at June 30, 2010
	Rupees '000						
Freehold land	4,554	-	4,554	-	-	-	4,554
Buildings and roads on freehold land	988,425	215,526	772,899	17,135	-	47,560	742,474
Plant and machinery	5,692,326	2,767,555	2,924,771	137,517	(2,191)	189,332	2,870,765
Quarry transport and equipments	188,119	127,891	60,228	1,443	(4)	9,443	52,224
Furniture and fittings	20,537	8,150	12,387	2,079	-	3,286	11,180
Office equipments	66,164	46,980	19,184	4,862	(7)	10,450	13,589
Vehicles	77,482	40,552	36,930	10,870	(2,102)	10,723	34,975
June 30, 2010	**7,037,607**	**3,206,654**	**3,830,953**	**173,906**	**(4,304)**	**270,794**	**3,729,761**

7.3 The details of operating assets sold, having net book value in excess of Rs 50,000 each are as follows:

Description	Cost	Accumulated depreciation	Net book value	Sale proceed	Mode of disposal	Particulars of purchaser
	Rupees '000					
Vehicles	1,810	1,629	181	711	Tender	Mr. Muhammad Arif B-30, Sector 11-C/1 North Karachi.
"	1,248	1,123	125	125	Company Policy	Mr. Irfan Amanullah Executive
"	1,100	807	293	523	Company Policy	Mr. Ziauddin Ahmed Khan Executive
"	1,028	802	226	458	Company Policy	Mr. Akhter Hussain Executive
"	997	625	372	556	Company Policy	Mr. Arif Mirza Executive
"	922	830	92	650	Tender	Mr. Muhammad Arif B-30, Sector 11-C/1 North Karachi.
"	818	135	683	732	Insurance	EFU General Insurance Ltd. Business Plaza Mumtaz Hasan Road, Karachi.
"	785	706	79	79	Company Policy	Mr. Tariq Saeed Butt Executive
"	515	464	51	51	Company Policy	Mr. Naseem Siddiqui Executive
	9,223	7,121	2,102	3,885		

	2010	2009
	(Rupees '000)	
8. LONG-TERM INVESTMENT		
Investment in related party (associated company)		
Attock Information Technology Services (Private) Limited - 450,000 (2009: 450,000) fully paid ordinary shares of Rs 10 each - at cost	4,500	4,500

The company holds 10% (2009: 10%) of investee's total equity.

	2010	2009
	(Rupees '000)	
9. LONG-TERM LOANS AND ADVANCES – Considered good		
Chief Executive	3,842	6,403
Director	648	1,944
Executives	11,590	8,957
Other Employees	24,764	24,087
	40,844	41,391
Recoverable within one year - note 13	(23,922)	(21,953)
Long term portion	16,922	19,438

9.1 Reconciliation of the carrying amount of loans and advances to Chief Executive, Director and Executives:

	Chief Executive		Directors		Executives	
	2010	2009	2010	2009	2010	2009
	(Rupees '000)					
Opening balance	6,403	294	1,944	-	8,957	2,931
Disbursements	-	7,684	-	2,592	11,106	10,987
Repayments	(2,561)	(1,575)	(1,296)	(648)	(8,473)	(4,961)
	3,842	6,403	648	1,944	11,590	8,957

9.2 Amounts receivable from Chief Executive, Director and Executives represent house rent advances given according to the company's service rules. Executives and other employees are also provided with car, motor cycle, marriage and welfare loans. These loans and advances are recoverable in twelve to sixty monthly installments and are interest free. These loans and advances are secured against the retirement fund balances of employees.

9.3 The maximum amount due from Chief Executive, Director and Executives at the end of any month during the year was Rs 6.19 million (2009: Rs 7.47 million), Rs 1.84 million (2009: Rs 2.48 million) and Rs 12.67 million (2009: Rs 10.29 million) respectively.

10. LONG-TERM DEPOSITS

These are security deposits held with The Karachi Electric Supply Company Limited (KESC) and carry interest at the rate of 5% (2009: 5%) per annum.

Notes to the Financial Statements
For the year ended June 30, 2010

	2010	2009
	(Rupees '000)	
11. STORES, SPARES AND LOOSE TOOLS		
Bricks	37,366	28,160
Coal	119,485	177,550
Stores and spares	400,371	287,622
Loose tools	1,277	1,061
Stores and Coal-in-transit	104,370	123,242
	662,869	617,635
Less: Provision for slow moving and obsolete items	16,375	18,030
	646,494	599,605
12. STOCK-IN-TRADE		
Raw materials	69,324	92,187
Packing materials	29,626	51,787
Work-in-process	221,139	368,670
Finished goods	46,081	101,290
	366,170	613,934
13. LOANS AND ADVANCES - Considered good		
Current portion of long-term loans and advances		
Chief Executive, Director and Executives	10,285	9,271
Other Employees	13,637	12,682
	23,922	21,953
Other advances - employees	5,507	351
Advances to suppliers	16,703	3,904
	46,132	26,208
14. SHORT-TERM DEPOSITS AND PREPAYMENTS		
Deposits - considered good	2,840	2,850
Prepayments	7,698	9,512
	10,538	12,362

Notes to the Financial Statements

For the year ended June 30, 2010

	2010	2009
	(Rupees '000)	
15. OTHER RECEIVABLES		
Due from pension funds - note 15.1	1,794	7,937
Due from provident funds	-	398
Export rebate receivable	5,329	4,814
Inland freight subsidy receivable	12,877	-
Fair value of interest rate swap	-	13,062
Due from related parties	1,483	695
Less: Provision against doubtful receivables	(223)	(223)
	1,260	472
Others	7,576	305
	28,836	26,988

	2010		2009	
	Pension funds	Gratuity funds	Pension funds	Gratuity funds
	(Rupees '000)		(Rupees '000)	
15.1 Retirement benefits				
15.1.1 Movement in (asset) / liability				
Balance at July 1	(7,937)	70	(12,737)	(1,277)
Charge for the year	6,143	13,944	4,800	6,806
Payments to the fund	-	(13,341)	-	(5,459)
Balance at June 30	(1,794)	673	(7,937)	70
15.1.2 Balance sheet reconciliation as at June 30				
Present value of obligations	151,528	130,580	121,278	108,733
Less: Fair value of assets	(145,943)	(101,084)	(143,619)	(80,393)
	5,585	29,496	(22,341)	28,340
Unrecognised actuarial gain / (loss)	4,740	(28,823)	20,580	(28,270)
Unrecognised past service cost	(12,119)	-	(6,176)	-
	(1,794)	673	(7,937)	70

	2010		2009	
	Pension funds	Gratuity funds	Pension funds	Gratuity funds
	(Rupees '000)		(Rupees '000)	
15.1.3 Movement in the present value of defined benefit obligations and fair value of plan assets				
The movement in the present value of defined benefit obligations during the year is as follows:				
Balance at July 1	121,278	108,733	107,665	89,322
Current service cost	6,730	6,397	7,475	6,197
Past service cost - vested	2,420	1,413	1,113	-
Past service cost - unvested	5,925	-	6,144	-
Interest cost	16,415	14,684	11,823	9,188
Actuarial losses / (gain)	2,224	3,704	(9,889)	18,003
Benefits paid	(3,464)	(4,351)	(3,053)	(13,977)
Balance at June 30	151,528	130,580	121,278	108,733
The movement in the fair value of plan assets during the year is as follows:				
Balance at July 1	143,619	80,393	127,091	82,557
Expected return on plan assets	18,446	11,036	13,980	9,081
Actuarial (losses) / gain	(12,658)	665	5,601	(2,727)
Employer contributions	-	13,341	-	5,459
Benefits paid	(3,464)	(4,351)	(3,053)	(13,977)
Balance at June 30	145,943	101,084	143,619	80,393
15.1.4 Charge for the year				
Current service cost	6,730	6,397	7,475	6,197
Interest cost	16,415	14,684	11,823	9,188
Expected return on assets	(18,446)	(11,036)	(13,980)	(9,081)
Net actuarial (gain) / loss recognised	(961)	2,485	(346)	584
Past service cost recognised	2,405	1,414	(172)	(82)
	6,143	13,944	4,800	6,806
15.1.5 Actual return on plan assets	5,788	11,701	19,581	6,354

Notes to the Financial Statements

For the year ended June 30, 2010

	2010		2009	
	Pension funds	Gratuity funds	Pension funds	Gratuity funds
15.1.6 Principal actuarial assumptions				
Expected return on plan assets % per annum	12	12	13	13
Expected rate of increase in salaries % per annum	11	11	11	11
Discount factor used (% per annum)	13	13	13	13
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.

	2010		2009	
	Pension funds %	Gratuity funds %	Pension funds %	Gratuity funds %
15.1.7 Plan assets				
Plan assets are comprised of the following:				
Equity	5.58	6.12	24.57	36.45
Bonds	6.93	10.00	32.90	19.77
Others	87.49	83.88	42.53	43.78
	100	100	100	100

15.1.8 Based on actuarial advice for the year ending June 30, 2011 expected contribution to pension funds would be Rs 10.67 million and expected contribution to gratuity funds would be Rs 16.22 million.

15.1.9 Comparision for five years

	2010	2009	2008	2007	2006
	(Rupees '000)				
Pension funds					
Fair value of plan assets	145,943	143,619	127,091	118,460	96,953
Present value of defined benefit obligation	(151,528)	(121,278)	(107,665)	(110,439)	(104,004)
Surplus / (Deficit)	(5,585)	22,341	19,426	8,021	(7,051)
Experience gain / (loss) on plan liabilities	(2,224)	9,889	18,741	(9,554)	(4,897)
Experience gain / (loss) on plan assets	(12,658)	5,601	(1,300)	2,847	(1,333)
Gratuity funds					
Fair value of plan assets	101,084	80,393	82,557	73,643	62,738
Present value of defined benefit obligation	(130,580)	(108,733)	(89,322)	(82,287)	(67,052)
(Deficit) / Surplus	(29,496)	(28,340)	(6,765)	(8,644)	(4,314)
Experience loss on plan liabilities	(3,704)	(18,003)	(16)	(13,202)	(7,435)
Experience gain / (loss) on plan assets	665	(2,727)	(1,254)	1,028	1,373

The above information is based on actuarial advice.

	Note	2010	2009
		(Rupees '000)	
16. INVESTMENTS			
Investments - at fair value through profit or loss	16.1	1,194,272	457,265
Held to maturity - Certificates of Investment		-	100,000
		1,194,272	557,265

16.1 These represent investments in open ended mutual funds (quoted). The details of investments are as follows:

2010	2009		2010	2009
Unit			(Rupees '000)	
30,532,359	15,602,890	ABL Income Fund	305,823	156,288
3,104,832	1,495,446	Pakistan Cash Management Fund	157,355	75,759
2,135,822	-	MCB Cash Management Optimizer	217,567	-
1,981,549	471,076	IGI Income Fund	210,103	50,165
1,968,014	1,700,185	Faysal Saving Growth Fund	202,942	175,051
-	23	MCB Dynamic Cash Fund	-	2
500,000	-	HBL Money Market Fund	50,000	-
499,871	-	IGI Money Market Fund	50,482	-
			1,194,272	457,265

16.1.1 The fair value of these investments is the Net Asset Value (NAV) as at June 30, 2010 as quoted by the respective Asset Management Company.

	Note	2010	2009
		(Rupees '000)	
17. CASH AND BANK BALANCES			
Cash at bank			
- On deposit accounts	17.1	150,000	650,000
- On PLS savings accounts	17.2	170,791	61,637
- On current accounts		120,939	160,050
Cash and cheques in hand		379	139
		442,109	871,826

17.1 At June 30, 2010 the mark-up rates on PLS savings accounts range from 5% to 11.75% (2009: 5% to 13%) per annum and on deposit accounts range from 10.6% to 13.25% (2009: 12% to 13.25%) per annum.

17.2 This includes Rs 14.63 million (2009: Rs 10.92 million) placed in a separate bank account in respect of security deposits obtained, as required under section 226 of the Companies Ordinance, 1984.

	2010	2009
	(Rupees '000)	
18. NET SALES		
Local sales	7,463,281	8,326,673
Export sales	2,190,854	2,489,209
	9,654,135	10,815,882
Sales tax	(1,021,541)	(1,138,013)
Special excise duty	(54,836)	(60,150)
Federal excise duty	(909,625)	(1,107,648)
	(1,986,002)	(2,305,811)
	7,668,133	8,510,071

18.1 The revenue from two customers which individually exceeded 10% of the net revenue amount to Rs 1.6 billion and Rs 1 billion (2009: Rs 0.6 billion and Rs 0.8 billion) respectively.

18.2 Export sales comprise of sale made in the following regions:

	2010	2009
	(Rupees '000)	
Middle East Asia	1,777,507	2,364,206
Africa	347,509	54,308
Others	65,838	70,695
	2,190,854	2,489,209

	Note	2010	2009
		(Rupees '000)	
19. COST OF SALES			
Raw materials consumed		543,407	580,717
Packing materials consumed		537,457	501,149
Cement packaging and loading charges		15,267	13,457
Salaries, wages and benefits	19.1	474,618	513,333
Fuel		1,906,268	2,382,407
Electricity and water		1,380,902	1,058,377
Stores and spares consumed		225,521	263,656
Repairs and maintenance		49,546	60,570
Insurance		28,201	34,594
Vehicle running and maintenance		49,556	53,037
Travelling and entertainment		5,354	4,369
Communication		1,061	1,065
Printing and stationery		2,713	2,784
Security expenses		26,335	30,132
Depreciation		261,760	463,580
(Reversal of) / provision for slow moving and obsolete stores, spares and loose tools		(1,655)	12,171
Other expenses		1,115	2,674
		5,507,426	5,978,072
Add: Opening work-in-process		368,670	215,161
Less: Closing work-in-process		(221,139)	(368,670)
Cost of goods manufactured		5,654,957	5,824,563
Add: Opening stock of finished goods		101,290	77,826
		5,756,247	5,902,389
Less: Closing stock of finished goods		(46,081)	(101,290)
		5,710,166	5,801,099

19.1 Salaries, wages and benefits include Rs 14.56 million and Rs 11.36 million (2009: Rs 8.42 million and Rs 10.33 million) in respect of defined benefit plans and contributory provident fund respectively.

		Note	2010	2009
			(Rupees '000)	
20.	**DISTRIBUTION COST**			
	Salaries, wages and benefits	20.1	35,165	32,725
	Export expenses		363,659	311,071
	Commission on export sales		45,465	43,548
	Advertisement and sales promotion		650	1,364
	PSI marking fee		4,831	27,275
	Carriage outward		11,722	16,376
	Travelling and entertainment		3,629	1,783
	Vehicle running and maintenance		575	747
	Depreciation		-	819
	Printing and stationery		468	458
	Communication		410	284
	Other expenses		85	744
			466,659	437,194

20.1 Salaries, wages and benefits include Rs 1.25 million and Rs 0.899 million (2009: Rs 0.67 million and Rs 0.83 million) in respect of defined benefit plans and contributory provident fund respectively.

		Note	2010	2009
			(Rupees '000)	
21.	**ADMINISTRATIVE EXPENSES**			
	Salaries, wages and benefits	21.1	100,575	114,926
	Travelling and entertainment		6,796	5,836
	Vehicle running and maintenance		4,908	6,293
	Depreciation		9,034	10,040
	Rent, rates and taxes		7,053	6,758
	Utilities		3,561	3,676
	Communication		4,275	3,402
	Insurance		8,968	3,601
	Repairs and maintenance		3,370	5,621
	Printing and stationery		3,039	3,004
	Advertising		1,504	1,053
	Subscription		610	1,376
	Legal and professional charges		14,582	5,856
	Auditors' remuneration	21.2	3,625	1,600
	Donations	21.3	8,914	6,856
	Training		239	195
	Other expenses		2,880	2,327
			183,933	182,420

21.1 Salaries, wages and benefits include Rs 4.16 million and Rs 2.87 million (2009: Rs 2.52 million and Rs 2.79 million) in respect of defined benefit plans and contributory provident fund respectively.

Notes to the Financial Statements

For the year ended June 30, 2010

	Note	2010	2009
		(Rupees '000)	
21.2 Auditors' remuneration			
Audit fee		1,000	885
Fee for review of half yearly financial statements and Statement of Code of Corporate Governance		530	505
Taxation services		108	-
Other certifications attestations and other services		1,680	70
Out-of-pocket expenses		307	140
		3,625	1,600

21.3 None of the Directors or their spouses had any interest in donees.

22. OTHER OPERATING EXPENSES

	Note	2010	2009
Workers' Profits Participation Fund	5.2	74,588	106,816
Workers' Welfare Fund		28,381	40,586
		102,969	147,402

23. OTHER OPERATING INCOME

	Note	2010	2009
Income from financial assets			
Interest income on:			
- deposit accounts		32,590	23,449
- PLS savings accounts		28,513	35,821
- investment in Certificates of Investment		18,529	1,280
- security deposit with KESC		2,149	2,149
		81,781	62,699
Gain on sale of open ended mutual fund units		93,420	25,255
Gain on re-measurement of fair value of open ended mutual fund units		-	7,265
		93,420	32,520
Exchange gain		6,630	-
Income from non-financial assets			
Gain on disposal of fixed assets		2,008	4,011
Others			
Retention money no longer payable written back		-	52,696
Reversal of provision for Workers' Welfare Fund		36,936	-
Scrap sales		5,885	5,772
Export rebate		11,834	8,348
Inland freight subsidy		12,877	-
Net gain realised on termination of interest rate swap		9,531	-
Others		637	487
		261,539	166,533

		2010	2009
		(Rupees '000)	
24.	**FINANCE COST**		
	Mark-up on long term murabaha	66,005	94,016
	Bank charges and commission	11,156	14,596
	Exchange loss	-	10,957
	Interest on Workers' Profits Participation Fund	467	194
		77,628	119,763
25.	**TAXATION**		
	Current year	422,091	595,354
	Prior year	(11,889)	-
	Deferred	(38,570)	(99,579)
		371,632	495,775
25.1	**Relationship between tax expense and accounting profit**		
	Profit before taxation	1,388,317	1,988,726
	Tax at the applicable rate of 35%	485,911	696,054
	Effect of final tax regime	(20,117)	(116,332)
	Prior period effect	(11,889)	-
	Tax effect of permanent differences	(49,576)	(72,565)
	Tax effect of income exempt from tax	(32,697)	(11,382)
		371,632	495,775
26.	**EARNINGS PER SHARE**		
	Profit after taxation	1,016,685	1,492,951
	Number of ordinary shares outstanding at the end of year (in thousands)	86,595	86,595
	Earnings per share	Rs. 11.74	Rs. 17.24

26.1 A diluted earnings per share has not been presented as the company did not have any convertible instruments in issue as at June 30, 2010 and 2009 which would have any effect on the earnings per share if the option to convert is exercised.

For the purposes of calculating earnings per share, number of shares outstanding as at June 30, 2009 have been increased to reflect the bonus shares issued during the year.

27. CREDIT FACILITIES

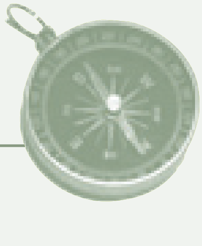
The facilities for short term running finance available amounted to Rs 687.35 million (2009: Rs 800 million). The rate of mark-up is one month KIBOR plus 1.25 % (2009: three months KIBOR plus 1.25%) per annum.

The facilities for opening letters of credit and guarantee as at June 30, 2010 amounted to Rs 2.14 billion (2009: Rs 2 billion) of which unutilised balance at year end amounted to Rs 647.70 million (2009: Rs 1.72 billion).

The above arrangements are secured by way of charge over stocks and book debts and equitable mortgage of fixed assets.

28. CASH GENERATED FROM OPERATIONS

	2010	2009
	(Rupees '000)	
Profit before taxation	1,388,317	1,988,726
Add / (Less): Adjustments for non-cash charges and other items		
Depreciation	270,794	474,439
Gain on disposal of fixed assets	(2,008)	(4,011)
Gain on re-measurement of fair value of open ended mutual fund units	-	(7,265)
Gain on sale of open ended mutual fund units	(93,420)	(25,255)
Interest income	(81,781)	(62,699)
Finance cost	77,628	119,763
	171,213	494,972
Profit before working capital changes	1,559,530	2,483,698
Effect on cash flow due to working capital changes		
(Increase) / Decrease in current assets		
Stores, spares and loose tools	(46,889)	23,153
Stock-in-trade	247,764	(204,436)
Trade debts	(8,881)	3,314
Loans and advances	(19,924)	(4,995)
Short term deposits and prepayments	1,824	(2,011)
Other receivables	(14,910)	10,281
	158,984	(174,694)
Increase in current liabilities		
Trade and other payables	158,879	88,635
	317,863	(86,059)
Cash generated from operations	1,877,393	2,397,639



29. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Directors		Executives	
	2010	2009	2010	2009	2010	2009
	(Rupees '000)					
Managerial remuneration	9,605	8,538	8,182	8,096	56,918	47,264
Housing allowance	3,362	2,988	3,269	3,241	21,286	17,841
Utility allowance	1,281	1,138	672	667	4,346	3,602
Bonus	3,795	2,779	3,850	3,490	21,900	15,923
Retirement benefits	1,377	1,087	697	550	9,345	6,879
Others	1,832	863	2,118	1,229	9,668	6,526
	21,252	17,393	18,788	17,273	123,463	98,035
Number of person(s)	1	1	2	2	48	38

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

A sum of Rs 0.32 million (2009: Rs 0.92 million) was paid to a non-executive Director in respect of advisory services.

30. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties during the year are as follows:

	2010	2009
	(Rupees '000)	
Holding company		
Dividend paid	324,546	90,994
Bonus share issued	12,133	-
Recovery of expenses	1,378	808
Associated companies		
Purchases of goods	166,785	153,063
Reimbursement of expenses	2,878	1,445
Reimbursement of staff cost on secondment	186	362
Recovery of expenses from related parties	12,454	21,433
Recovery of staff cost on secondment	694	1,762
Payments made to Prime Minister Relief Fund through The Attock Oil Company Limited	-	2,500
Other related parties		
Sale of vehicle to an alternate director	125	242
Payments made to retirement benefit funds	30,448	19,410
Key management compensation		
Salaries and other short-term employee benefits	47,094	40,806
Post-employment benefits	2,747	2,169

The related party status of outstanding balances as at June 30, 2010 is included in other receivables, loans and advances and trade and other payables.

31. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

31.1 Financial risk factors

The company's activities expose it to variety of financial risks namely market risk (including interest rate risk, currency risk and other price risk), credit risk and liquidity risk. The company's overall risk management programme focuses on having cost effective funding as well as manage financial risk to minimise earnings volatility and provide maximum return to shareholders.

31.2 Financial assets and liabilities by category and their respective maturities

	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							
Loans and receivables							
Loans and advances	-	-	-	29,429	16,922	46,351	46,351
Deposits	-	42,980	42,980	2,840	-	2,840	45,820
Trade debts	-	-	-	55,366	-	55,366	55,366
Interest accrued	-	-	-	2,646	-	2,646	2,646
Other receivables	-	-	-	27,042	-	27,042	27,042
Cash and bank balances	320,791	-	320,791	121,318	-	121,318	442,109
Long term investment	-	-	-	-	4,500	4,500	4,500
Fair value through profit or loss							
Investments	-	-	-	1,194,272	-	1,194,272	1,194,272
June 30, 2010	320,791	42,980	363,771	1,432,913	21,422	1,454,335	1,818,106
June 30, 2009	811,637	42,980	854,617	715,422	23,938	739,360	1,593,977
Financial liabilities							
At amortised cost							
Trade and other payables	-	-	-	641,096	-	641,096	641,096
June 30, 2010	-	-	-	641,096	-	641,096	641,096
June 30, 2009	200,000	422,500	622,500	479,540	-	479,540	1,102,040
On balance sheet date gap							
June 30, 2010	320,791	42,980	363,771	791,817	21,422	813,239	1,177,010
June 30, 2009	611,637	(379,520)	232,117	235,882	23,938	259,820	491,937

a) Market Risk

(i) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. As at June 30, 2010, the company is not exposed to interest rate risk as company's significant interest bearing assets and liabilities are on fixed interest rates.

(ii) Foreign exchange risk

Foreign currency risk arises mainly where payables and receivables exist due to transactions in foreign currencies. At June 30, 2010, trade and other payables of Rs 8.29 million (2009: Rs 26 million) and trade debts of Rs 32.74 million (2009: Rs 14 million) are exposed to foreign currency risk.

(iii) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the fund, or its management company.

The company limits price risk by maintaining a diversified portfolio and by continuous monitoring of developments in open ended income funds. In addition, the company actively monitors the key factors that affect the open ended income funds. The maximum exposure to price risk as at June 30, 2010 amounts to Rs 1.194 billion (2009: Rs 457 million).

b) Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counterparts failed to perform as contracted. The maximum exposure to credit risk is equal to the carrying amount of financial assets. Out of the total financial assets of Rs 1.82 billion the financial assets exposed to the credit risk amounts to Rs 1.81 billion. The carrying values of financial assets which are neither past due nor impaired are as under:

	2010	2009
	(Rupees '000)	
Trade debts	55,366	46,485
Deposits, loans, advances and other receivables	122,238	100,978
Investments at fair value through profit or loss	1,194,272	457,265
Held to maturity investments - Certificate of investment	-	100,000
Bank balances	441,730	871,687
	1,813,606	1,576,415

Trade debts of the company are not exposed to significant credit risk as the company trades with credit worthy third parties and obtains bank guarantees from its credit customers. As of June 30, 2010 there is no past due or impaired balance and the carrying amount of trade debts relates to number of independent customers for whom there is no history of default.

Deposits, loans, advances and other receivables are not exposed to any material credit risk as deposits of Rs 43 million are maintained with The Karachi Electric Supply Company Limited (KESC) and advances to employees amounting to Rs 41 million (2009: Rs 42 million) are secured against their retirement benefits.

The fair value through profit or loss investments represent investments in open ended mutual funds. The company manages its credit and price risk by investing in income based diversified mutual funds.

The cash and bank balances and Certificates of Investment represent low credit risk as they are placed with banks and other financial institutions having good credit ratings assigned by credit rating agencies.

c) 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 bank balances and the availability of financing through banking arrangements. As at June 30, 2010 there is no maturity mismatch between financial assets and liabilities that expose the company to liquidity problems as described in maturity table.

d) Fair values of the financial instruments

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

31.3 Capital Risk Management

The company's objectives when managing capital are to safeguard company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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.

The debt to equity ratios at June 30, 2009 and 2010 were as follows:

	2010	2009
	(Rupees '000)	
Total Borrowings	-	622,500
Cash and bank	(442,109)	(871,826)
Net debt	-	-
Equity	5,395,419	4,777,867
Debt to equity ratio	-	-

Notes to the Financial Statements

For the year ended June 30, 2010

32. CAPACITY AND PRODUCTION

	2010	2009
	(Metric tons)	
Production capacity		
- Clinker	1,710,000	1,710,000
- Cement	1,795,500	1,795,500
Actual production		
- Clinker	1,706,299	1,678,619
- Cement	1,792,619	1,721,665

33. DIVIDEND

The Board of Directors in their meeting held on September 30, 2010 proposed a final cash dividend of 32.5 % (Rs. 3.25 per share) (2009: Rs 3.25 per share) amounting to Rs. 281.4 million (2009: Rs 234.5 million) in addition to 17.5% (Rs. 1.75 per share) (2009: Rs 1.75 per share) interim cash dividends declared earlier. This makes a total of 50 % (Rs. 5.00 per share) (2009: Rs 5.00 per share) for the year ended June 30, 2010.The dividend declared is subject to the approval by the members in the forthcoming annual general meeting.

34. CORRESPONDING FIGURES

There has been no significant reclassification made in these financial statements.

35. DATE OF AUTHORISATION FOR ISSUE

These financial statements were approved and authorised for issue on September 30, 2010 by the Board of Directors.

Babar Bashir Nawaz
Chief Executive

Abdus Sattar
Director

Six Years at a Glance

	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
	-------------------Rupees in million unless otherwise stated-------------------					
PRODUCTION AND SALES						
CLINKER PRODUCTION (IN TONNES)	1,706,299	1,678,619	1,359,766	1,314,666	780,014	740,476
CAPACITY UTILIZATION %	100%	98%	80%	76%	108%	103%
CEMENT PRODUCTION (IN TONNES)	1,792,619	1,721,665	1,364,511	1,234,878	842,296	728,487
CEMENT SALES (INTONNES)	1,807,077	1,719,162	1,359,487	1,228,793	843,137	730,704
PROFIT & LOSS						
NET SALES	7,668	8,510	5,001	4,560	3,473	2,587
COST OF SALES	5,710	5,801	3,887	3,006	1,808	1,560
GROSS PROFIT	1,958	2,709	1,114	1,555	1,665	1,027
OTHER INCOME	262	167	28	23	9	385
OPERATING PROFIT	1,466	2,108	829	1,295	1,419	1,172
PROFIT BEFORE TAX	1,388	1,989	675	1,193	1,393	1,161
PROFIT AFTER TAX	1,017	1,493	435	796	909	862
BALANCE SHEET						
PAID-UP CAPITAL	866	722	722	722	722	722
UNAPPROPRIATED PROFIT	4,529	4,043	2,785	2,674	2,239	1,420
LONG TERM & DEFERRED LIABILITIES	598	1,059	1,359	1,377	1,173	731
CURRENT LIABILITIES	1,065	1,136	980	1,012	745	554
FIXED ASSETS LESS DEPRECIATION	4,202	4,144	4,333	4,443	4,236	2,547
OTHER LONG TERM ASSETS	64	67	58	57	61	23
CURRENT ASSETS	2,793	2,762	1,480	1,285	575	837
KEY FINANCIAL RATIOS						
GROSS PROFIT %	25.53	31.83	22.28	34.10	47.94	39.70
OPERATING PROFIT %	19.12	24.77	16.58	28.40	40.90	45.30
NET PROFIT %	13.26	17.54	8.70	17.46	26.20	33.32
RETURN ON EQUITY %	18.85	31.24	12.32	23.45	30.77	40.61
RETURN ON CAPITAL EMPLOYED %	24.46	36.12	16.95	27.13	34.62	41.08
NO. OF DAYS IN INVENTORY	23.40	38.63	38.40	33.57	33.76	37.97
NO. OF DAYS IN RECEIVABLES	2.64	1.99	3.58	1.59	2.43	0.55
FIXED ASSETS TURNOVER RATIO (TIMES)	1.82	2.05	1.15	1.03	0.82	1.02
CURRENT RATIO (TIMES)	2.62	2.43	1.51	1.27	0.74	1.50
PRICE EARNING RATIO (TIMES)	5.62	4.06	12.79	11.07	7.22	5.70
DIVIDEND YIELD RATIO %	7.57	7.14	1.95	3.69	5.49	1.84
DIVIDEND PAYOUT RATIO %	42.59	29.00	24.88	40.77	39.71	10.47
DIVIDEND COVER RATIO (TIMES)	2.35	3.45	4.02	2.45	2.52	9.55
DEBT: EQUITY RATIO	-	0.13	0.23	0.29	0.44	0.27
INTEREST COVER RATIO (TIMES)	18.88	17.60	5.38	12.69	56.76	106.55
SHARES AND EARNINGS						
MARKET PRICE /SHARE AS AT JUNE 30 (Rs.)	66	70	77	122	91	68
EARNINGS PER SHARE (Rs.)	11.74	17.24	6.03	11.02	12.59	11.94
CASH DIVIDEND PER SHARE	5.0	5.0	1.5	4.5	5	1.25
BONUS SHARES ISSUED %	-	20.0	-	-	-	-
BREAK-UP VALUE PER SHARE	62.31	66.21	48.99	47.06	40.92	29.41

Pattern of Shareholding

As at June 30, 2010

No. of Shareholders	Shareholdings From	Shareholdings To	Total Shares Held
188	1	100	7,351
251	101	500	72,998
292	501	1000	205,119
280	1001	5000	623,069
62	5001	10000	431,702
19	10001	15000	231,029
16	15001	20000	289,719
10	20001	25000	221,421
8	25001	30000	228,380
4	30001	35000	133,896
8	35001	40000	305,164
6	40001	45000	256,916
1	45001	50000	48,528
3	50001	55000	157,006
2	55001	60000	116,000
1	60001	65000	64,559
3	75001	80000	233,949
3	80001	85000	254,500
1	90001	95000	92,000
1	110001	115000	112,261
1	115001	120000	120,000
1	120001	125000	125,000
2	130001	135000	269,150
2	145001	150000	295,305
1	165001	170000	165,007
1	170001	175000	170,736
1	185001	190000	186,922
1	190001	195000	193,200
2	215001	220000	438,634
1	220001	225000	223,456
1	235001	240000	240,000
1	395001	400000	400,000
1	425001	430000	426,620
1	495001	500000	500,000
1	500001	505000	502,151
1	595001	600000	600,000
1	600001	605000	600,600
1	860001	865000	862,585
1	975001	980000	978,840
1	1115001	1120000	1,116,240
1	1295001	13000000	1,300,000
1	72795001	72800000	72,795,426
1184			**86,595,439**

	Categories of shareholder		Shares held	Percentage
1	DIRECRTORS, CHIEF EXECUTIVE OFFICER AND THEIR SPOUSE AND MINOR CHILDERN		11	0.00
2	ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES		-	-
3	NIT AND ICP		-	-
4	BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS		710,965	0.82
5	INSURANCE COMPANIES		1,927,160	2.23
6	MODARABA AND MUTUAL FUNDS		2,810,417	3.25
7	SHAREHOLDERS HOLDING 10% OR MORE		72,795,426	84.06
8	OTHERS	- Institutions	4,969,145	5.74
		- Foreign	77,469	0.09
		- Individuals	3,304,846	3.82
			86,595,439	**100.00**

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

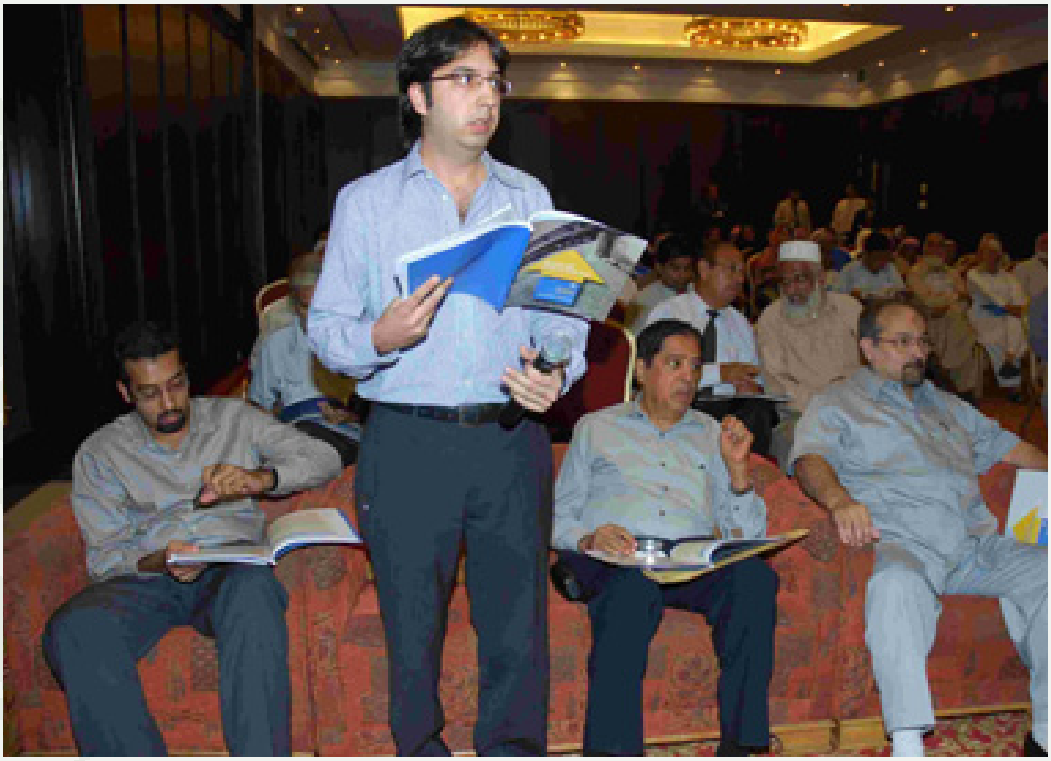
Total Paid-up Capital of the Company	86,595,439	Shares
10% of the paid-up capital of the Company	8,659,544	Shares

Name of Shareholder	Description	No. of Shares held	Percentage
Pharaon Investment Group Limited, Holding S.A.L. Beirut, Lebanon	Falls in Category # 7	72,795,426	84.06

No Shares were transacted by the Chief Executive, Directors, Executives and their spouses and minor Childern from July 01, 2009 to June 30, 2010 in the shares of the Company.

Events of the year

30th Annual General Meeting of the Company in Progress.



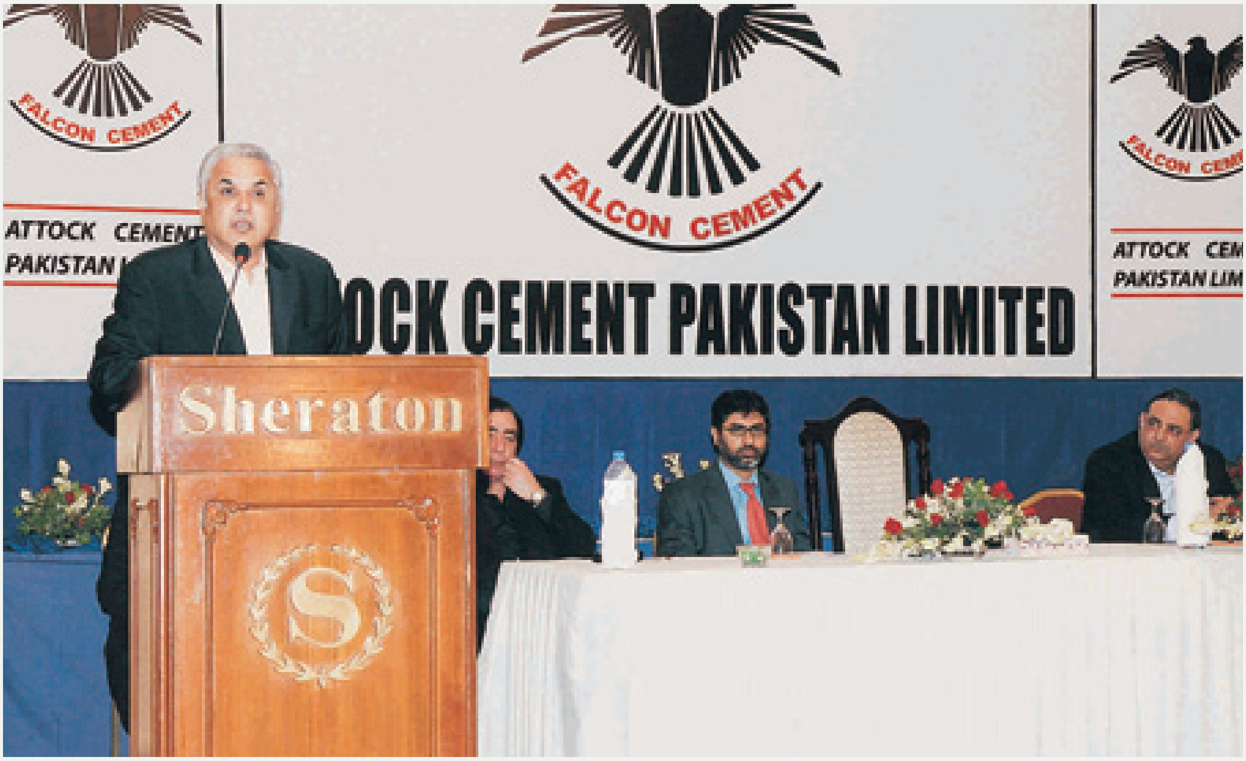
Question & Answer session in the 30th Annual General Meeting of the Company.

Mr. Irfan Amanullah, General Manager (Finance & Coordination) presenting the best performance Award in export market of Iraq during the year 2008-2009 to Mr. A. Latheef Al-Keetan.

Representation of Attock Cement in the Training Workshop on Developing Interpersonal Skills

Long Service Award Ceremony

Annual Sales Convention



From of Proxy

31st Annual General Meeting of Attock Cement Pakistan Limited

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 31st Annual General Meeting of the Company to be held on October 27, 2010 and at any adjournment thereof.

Signed this .... day of .... 2010.

Signature
(Signature must agree with the specimen signature registeredwith 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 CNIC / 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.

Attock Cement Pakistan Limited

D-70, Block-4, Kehkashan-5 Clifton, Karachi-75600
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Email: acpl@attockcement.com

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