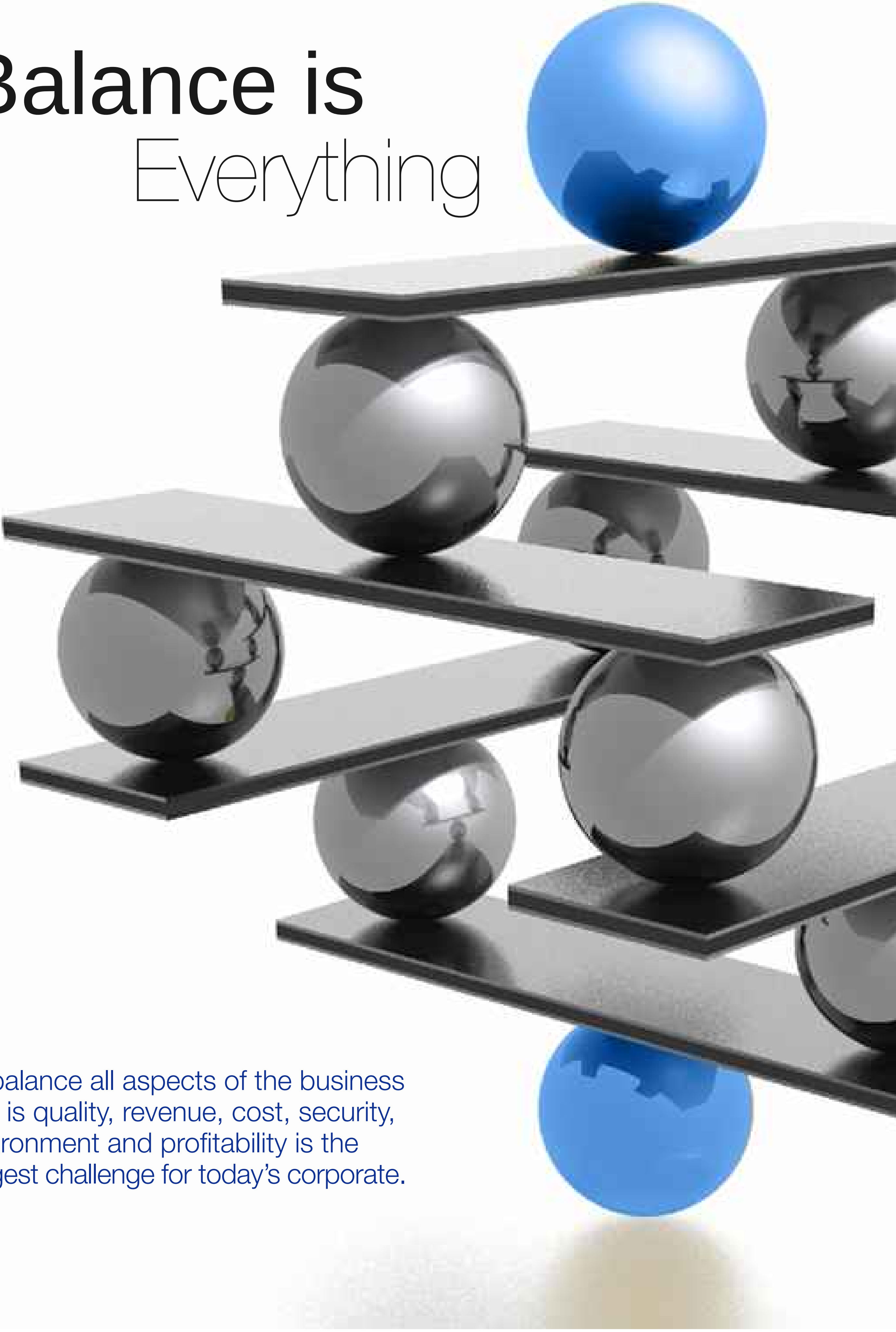
Attock Cement Pakistan Limited

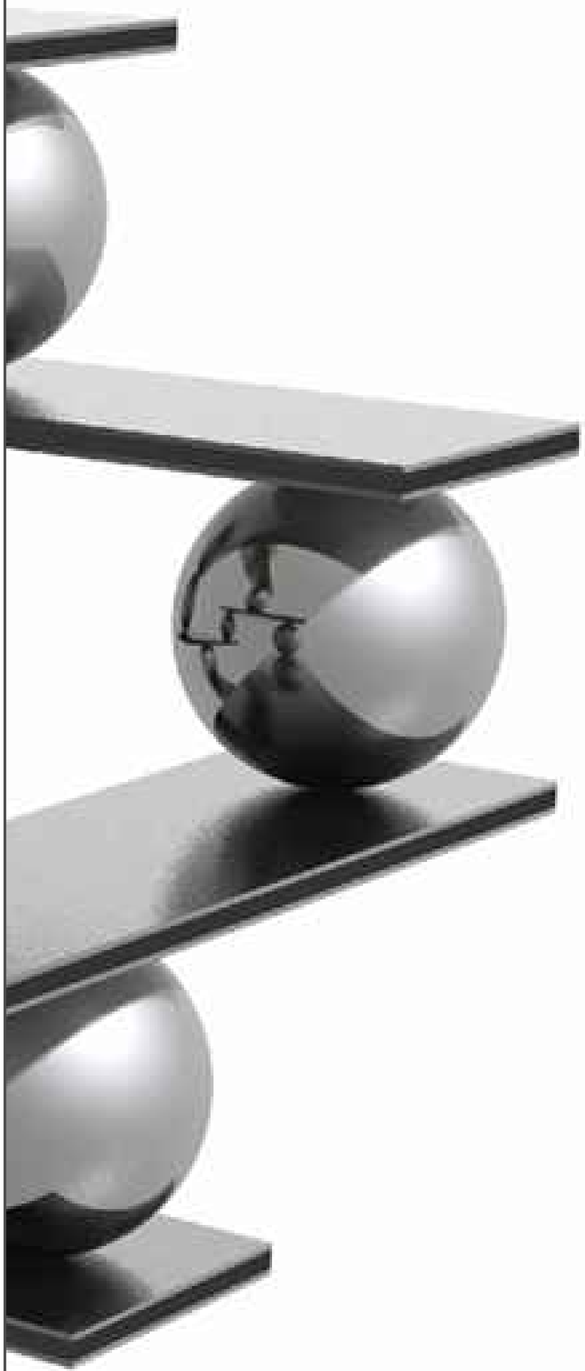
FALCON CEMENT

Annual Report 2011

Balance is Everything



To balance all aspects of the business that is quality, revenue, cost, security, environment and profitability is the biggest challenge for today's corporate.



Contents

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.

Core Values

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.

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.

Company Information

Board of Directors

Dr. Ghaith R. Pharaon (Chairman)
Laith G. Pharaon
Wael G. Pharaon
Shuaib A. Malik
Abdus Sattar
Babar Bashir Nawaz
Fakhr-ul-Islam Baig

Chief Executive

Babar Bashir Nawaz

Alternate Director

Irfan Amanullah

Audit Committee of the Board

Abdus Sattar	Chairman
Shuaib A. Malik	Member
Fakhr-ul-Islam Baig	Member

Company Secretary

Irfan Amanullah

Bankers

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

Auditors

A.F. Ferguson & Co.
Chartered Accountants

Cost Auditors

Nasir Javaid Maqsood Imran Ashfaq
Chartered 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

Fakhr-ul-Islam Baig

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.

Balancing the Environment

- Reducing carbon footprint

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 810 employees as on June 30, 2011. 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.

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 people.

The Company operates a 6 Bed Hospital in the area near the factory premises. The treatment is free for the local communities.

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

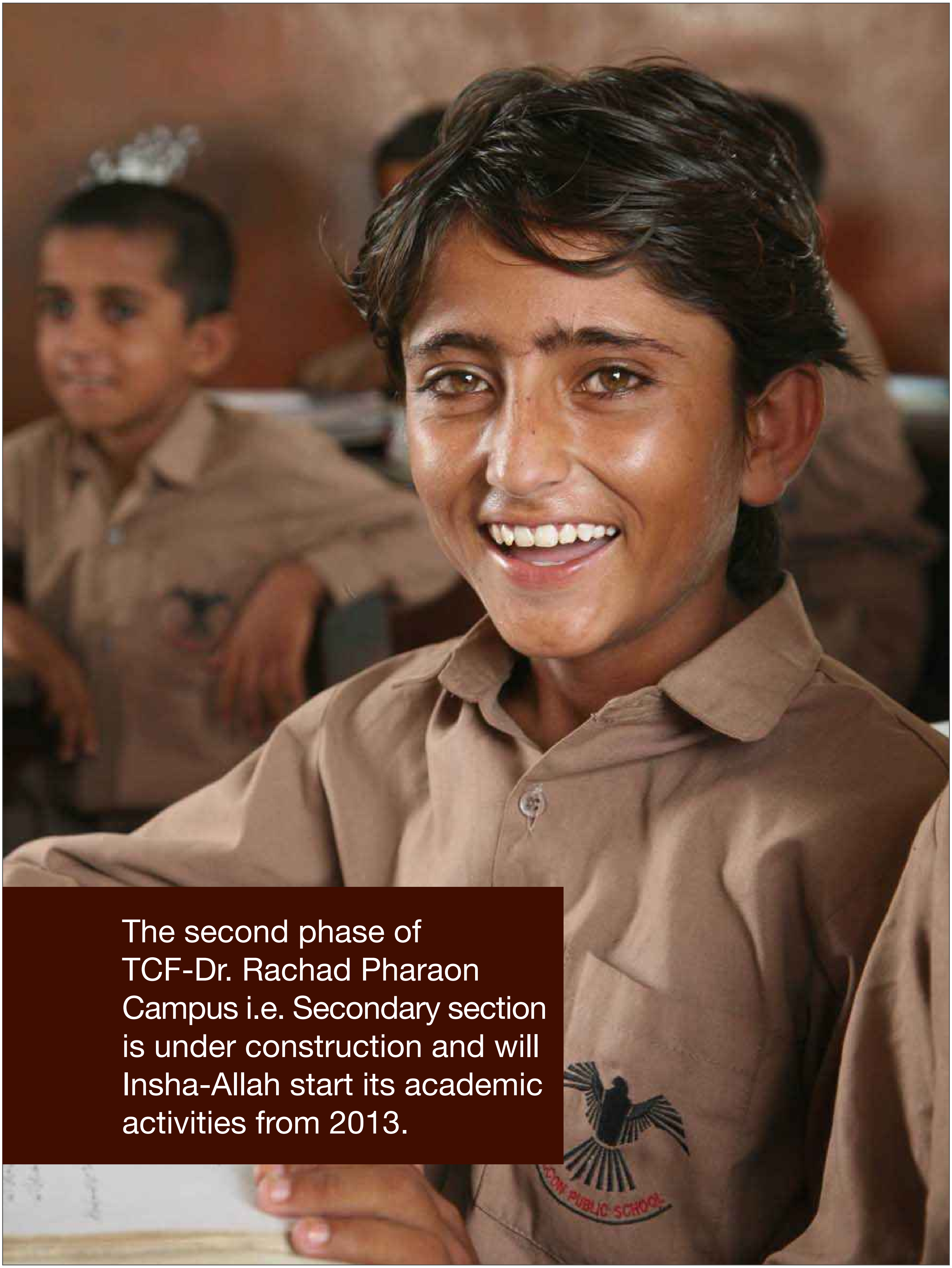
The Company currently operates a Primary level school that imparts education to children of both plant employees and also those from neighbouring villages.

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.

The second phase of TCF-Dr. Rachad Pharaon Campus 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 second phase of TCF-Dr. Rachad Pharaon Campus i.e. Secondary section is under construction and will Insha-Allah start its academic activities from 2013.

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 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.

Committed to provide a secure and innovative workplace for all its Human Resources.

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

The 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.

Chairman's Review

بسم الله الرحمن الرحيم

I welcome you all in the 32nd Annual General Meeting of the Company.

OVERVIEW OF THE ECONOMY

The country faced the worst kind of natural calamity in the form of massive floods during the year under review. As a result of these devastating floods the economy of the country came under tremendous stress. This coupled with rising energy deficit and poor law and order situation, there remained major challenges to handle for the economic managers of the country in 2010-2011. However, improved foreign remittances, continuous flow of foreign aid in the aftermath of floods and the ongoing fiscal reforms kept the momentum going and as a result the economy achieved a modest GDP growth of 2.4%. Though this growth is much below the potential still it shows the resilience of the economy under the most adverse circumstances.

BUSINESS & INDUSTRY REVIEW

In the back drop of cataclysmic floods that affected the major part of the country in 3rd quarter of the year 2010, rising inflation and higher interest rates a vague sense of uncertainty prevailed in the economy of the country and cement sector was no exception.

As a result of this uncertainty, coupled with the other challenges as narrated above the local dispatches declined by 7% as compared to last year and recorded at 22 million tones.

Due to higher interest rates, a visible slow down in investments was witnessed in otherwise robust housing sector of the country. Furthermore, poor law and order situation forced the economic managers of the country to shift the financial resources from public sector development program to ongoing war on terror. This shifting also contributed negatively towards cement consumption in the country.

In the regional markets with new capacities coming in, the prices of cement declined significantly and at one point in time the prices of bulk and bag cement reduced to US $ 35 per ton and US $ 50 per ton FOB Karachi respectively. As a result the overall exports also reduced by 12% as compared to previous year and closed at 9.4 million tones.

OPERATIONAL AND FINANCIAL PERFORMANCE

Though the sales performance of your Company, both in volumes and value, continued to reflect sustained growth in the year under review; it is the margins of the Company which

Major cost reduction projects like Alternate Fuel Project, Waste Heat Recovery Project and Captive Power Project are under process.

have been diluted owing to significant increase in production cost. Higher coal prices in international markets, exorbitant increase in electricity tariff and significant upward revision in diesel prices increased the overall production cost per ton by 17%. Though part of which, around 9%, was recovered by increasing the net retention and through changes in market mix; however remainder had to be absorbed by the Company due to fragile conditions in both local and regional markets because of excess supply situation and stiff competition.

The Management has devised various strategies to overcome the impact of rising cost and at present the Waste Heat Recovery System is in the final stages of completion. Once this project is completed it is anticipated that the power cost will be reduced by 25% which hopefully would contribute positively towards the profitability of the Company. Besides this the Management is also working on alternate fuel project and captive power project, feasibilities of which are in final stages.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to acknowledge the valuable contribution and commitments made by all staff members including CBA in achieving the company's objectives. I also acknowledge the support that has been extended to the Company by its customers, suppliers, bankers, shareholders and various federal and provincial government functionaries.

Dr. Ghaith R. Pharaon
Chairman

September 11, 2011
Damascus, Syria

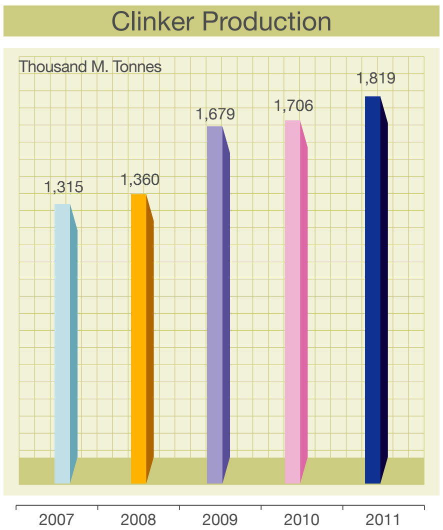
Directors' Report

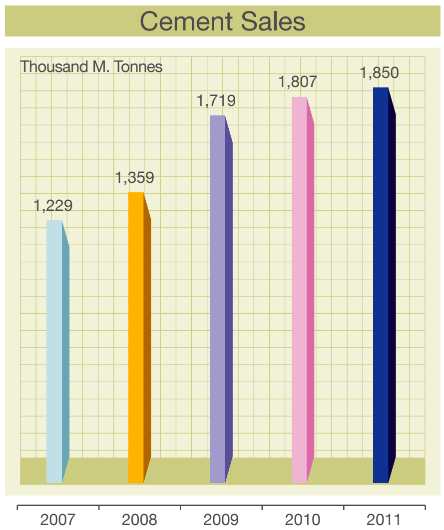
In the Name of Allah, The Most Gracious, The Most Benevolent & The Most Merciful.

PRODUCTION & SALES

During the year 2010-2011, your Company achieved all time record volume of production and sales. The detailed data is enumerated in the table below:

	2010 - 2011	2009 - 2010	Increase	Increase %
	Tons			
Clinker Production	1,819,458	1,706,299	113,159	7%
Cement Production	1,862,201	1,792,619	69,582	4%
Cement Dispatches	1,849,851	1,807,077	42,774	2%
Capacity Utilization	106%	100%		





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, 2011.

During the year under review, the Company achieved an average rated capacity of 106%. Line 1 operated at 108% of its rated capacity and Line 2 operated at 105% of its rated capacity. In fact the kiln run factor of Line 2 was 330 working days which is the highest kiln working days since the commencement of operations by line 2.

The volumetric sales for the year increased by 2%. This is the highest volumetric sales ever achieved by the Company, a significant milestone keeping in view the highly uncertain economic and political conditions in local and regional markets.

It has been the strategy of the Company during the last couple of years to export only surplus quantities in regional markets and sell maximum quantities in the local market without disturbing the price mechanism. Accordingly, during the year the Company sold 534,376 tones of cement in the regional markets of Iraq, Sri Lanka and South Africa. South Africa was the latest destination for the Company's products. The Company is now managing both its local market sales mix and export sales mix in such a manner so that it can achieve maximum sales revenue.

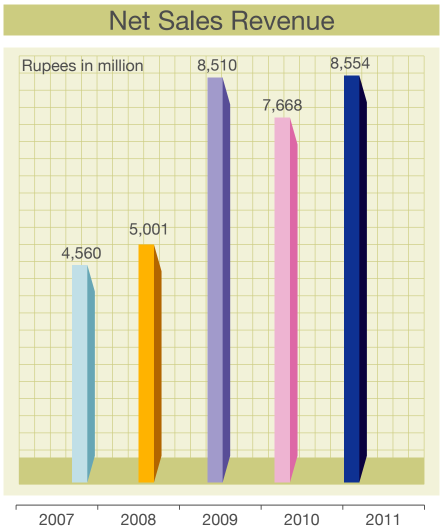
FINANCIAL PERFORMANCE

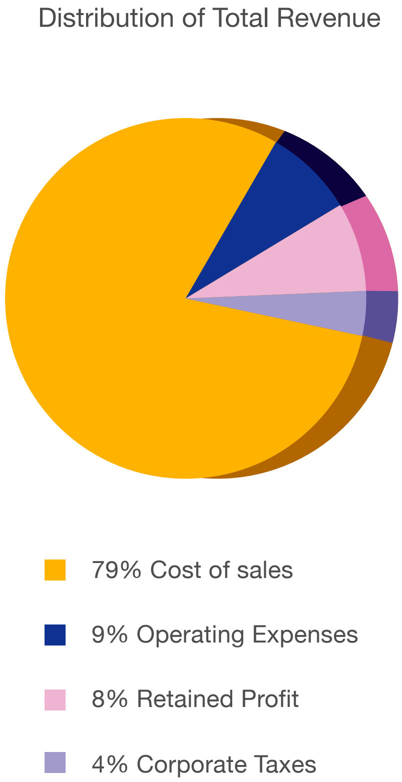
A comparison of the key financial results of your Company for the year ended June 30, 2011 with the same period last year is as under:

	2010 - 2011	2009 - 2010	Increase / (Decrease)	Increase / (Decrease) %
	Rs. in million			
Net Sales	8,554	7,668	886	12%
Gross Profit	1,731	1,958	(227)	(12%)
Profit Before Tax	1,034	1,388	(354)	(26%)
Profit After Tax	684	1,017	(333)	(33%)
EPS in Rupees	7.90	11.74	(3.84)	(33%)

(i) Sales Performance

The overall sales revenue is increased by Rs. 886 million (12%) as compared to last year. This is mainly attributable to increase in net retention by Rs. 381 per ton of cement sold as compared to same period last year. This is the highest ever sales revenue achieved by the Company.



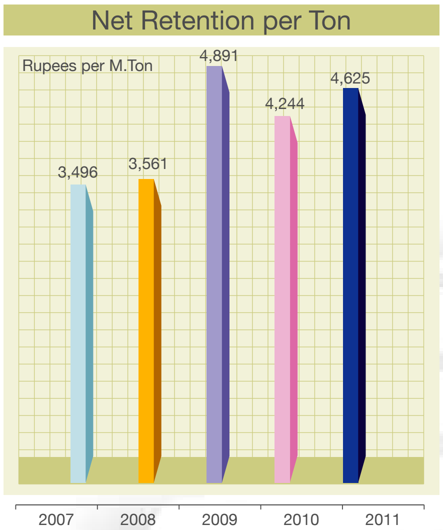


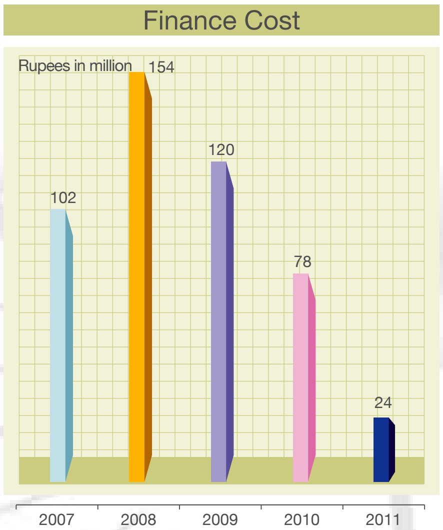
(ii) Profitability

Company earned a net profit after tax of Rs. 684 million as compared to Rs. 1,017 million earned during the corresponding period, showing a decline of Rs. 333 million (33%).

Decrease in net profit is mainly attributable to the following factors:

- Production cost per ton increased by around 17% per ton as compared to same period last year; whereas net retention increased by only 9% as compared to corresponding period. As a result of this Gross Margins declined by Rs. 227 million (12%) as compared to same period last year.
- Fuel and electricity which constitute around 64% of the production cost increased by Rs. 527 per ton (29%) as compared to same period last year. This is mainly due to continuous increase in electricity tariff and major increase in prices of coal by almost US$ 40 per ton of coal compared to the last year.
- The profitability of the Company during the year under review was further affected because of a reduction in other income by Rs.157 million as compared to same period last year mainly because of utilization of surplus funds towards ongoing project of Waste Heat Recovery System.



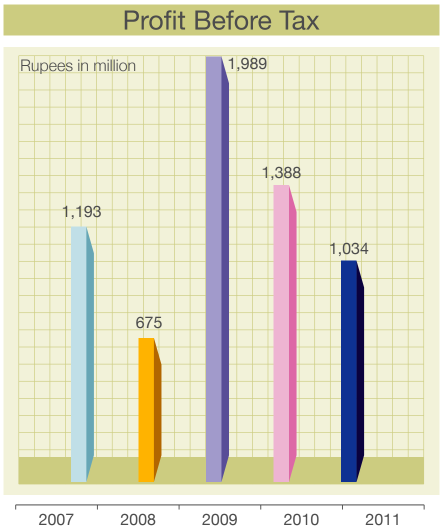


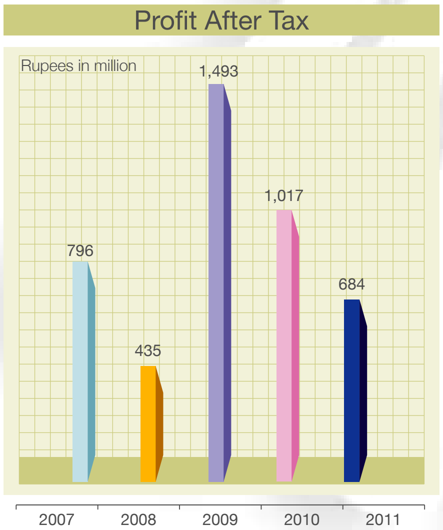
(iii) Appropriation

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

	2011	2010
	Rs. in '000	
Profit after tax	684,429	1,016,685
Un-appropriated profit b/f	4,529,464	4,043,176
Profit available for appropriation	5,213,893	5,059,861
Appropriation:		
Final Cash Dividend paid for the year 2010:		
Rs. 3.25 per share (2009:Rs. 3.25 per share)	281,436	234,529
Interim Cash Dividend paid for the year 2011:		
Rs. Nil per share (2010:Rs. 1.75 per share)	-	151,542
Issuance of 1 Bonus Share for every 5 Shares	-	144,326
Un-appropriated profit c/f	4,932,457	4,529,464

For the year ended June 30, 2011 the Board in its meeting held on September 11, 2011 has proposed a final cash dividend of Rs. 4.50 per share 45% amounting to Rs. 390 million.





The Company was able to make 100% sales of its rated capacity through an effective sales mix in both local and regional markets.

CONTRIBUTION TO NATIONAL EXCHEQUER

The Company contributed Rs. 2,596 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. 121 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 2010-2011 was a very challenging year for the cement sector. The economic growth was badly affected due to devastating flood, poor law and order situation, high interest rates and reduction in Public Sector Development Program by the Government.

Under such adverse conditions, by the grace of Allah, the Company was able to make 100% sales of its rated capacity through an effective sales mix in both local and regional markets. Falcon as a brand remained the preferred choice of quality conscious consumers in the local market and it kept its brand leadership position in the market of Karachi, which is the core market of our brand.

HUMAN RESOURCES

The Company believes in hiring quality manpower to run its technical and commercial operations in utmost professional manner. The Company, as a part of its HR policies, is proactive in providing employment opportunities in one of the least developed areas of Pakistan i.e. Sakran Hub where the manufacturing facilities of the Company are located.

The Company has established its own state of the art training centre with its own roaster of training for the entire year which contains training program covering all trades. The company follows the principle to invest in the future of employees and train them in such a manner so that they can assume the leadership role in their future activities. The Company has devised a performance based reward mechanism which recognizes the efforts of quality manpower in the shape of higher increments and performance based cash incentives.

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 (CSR)

The Company's CSR program is poor friendly and it covers broad spectrum of provisions for education and medical facilities, health awareness programs and training in different trades to local youth so that they can pursue their careers.

The Company manages a two unit primary school The Citizen Foundation - Dr. Rachad Pharaon Campus for the local children. Besides this the Company has its own state of the art 24 hours medical centre where qualified doctors have been deputed which provide free treatment to local population.

The Company as a result of its CSR initiatives enjoys immense reputation among the local communities. The Company's policies to engage local stakeholders in its CSR initiatives have been widely appreciated and acknowledged by the local press and intellectuals.

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. The company operates a 6 Bed Hospital in the area near the factory premises. The treatment is free for the local communities. All production facilities remained fully compliant with safety standards. A full fledge safety department along with trained manpower has been deputed round the clock at the factory with state of art fire alarm system.

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 in Million	Year Ended
Provident Fund (audited)	254	December 2010
Gratuity Funds (unaudited)	121	June 2011
Pension Funds (unaudited)	162	June 2011

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	5
Mr. Laith G. Pharaon	2
Mr. Wael G. Pharaon	5
Mr. Shuaib A. Malik	5
Mr. Abdus Sattar	5
Mr. Babar Bashir Nawaz	5
Mr. Fakhrul Islam Baig	4

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

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 2010-2011 have been given on page 69.

k) The key operating and financial data for the last 6 years is set out on page 70.

Believe in providing a Safe, Healthy and accident free working Environment.

PATTERN OF SHAREHOLDING

The pattern of shareholding of the Company as at June 30, 2011 is given on page 68.

AUDITORS

The retiring auditors, Messrs. A.F. Ferguson & Co., Chartered Accountants retire at the conclusion of the 32nd Annual General Meeting and offer themselves for reappointment. The Audit Committee has recommended for 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

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:

- o Judgmental areas;
- o Significant adjustments resulting from the audit;
- o Going concern assumption;
- o Changes in accounting policies and practices;
- o Compliance with applicable accounting standards; and
- o 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.

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

13. External Auditors

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

Waste Heat Recovery System (WHRS)

As informed earlier, the company is installing WHRS, which will have the installed capacity of 12 MW. The progress on the project is right on track and the complete machinery of the plant has arrived at site. Construction work is in the final stages and the inter-facing of WHRS with existing two production lines is in the process. The plant is expected to commence trial operation by end September 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, Used Tyres, Biomass etc in place of existing primary fuel source i.e. coal and gas. With the use of alternate fuel, the production cost will reduce significantly. The progress on this project has been expedited and the Company is now negotiating with the suppliers for an effective technical cum operational solution.

Captive Power Project (CPP)

The Company is actively working on its captive power project and has approached Sui Southern Gas Company Limited for the approval of gas supply for this project. Once the Company gets the approval of gas, the project will be kicked off immediately. Meanwhile, the Management is finalizing the technical cum commercial offer of this project which has been received from renowned suppliers.

FUTURE OUTLOOK

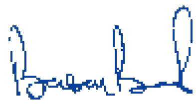
Since the last quarter of 2010-2011, the prices in both local and regional markets have started to increase and they are now relatively stable. However, rising electricity tariff and constant increase in coal prices in international market have posed a direct threat to the margins of the Company. The threat has been further aggravated as most of the time Company is unable to pass on the impact of these higher costs to end users because of fragile market conditions. However, the Company through an effective sales mix is making every effort to maximize its sales revenue and mitigate this risk factor to a maximum extent. During the last couple of months the extremely poor law and order situation has been witnessed in the core market of Karachi which is by far the best market for the brand both in terms of quantity and price. This alarming situation has created an altogether new business challenge for the Company. These extra ordinary conditions are beyond the control of the management but still your management is devising strategies to sustain the business growth under the most difficult circumstances.

With local prices being relatively better, the Company, in future, will concentrate more on local market and would restrict its export volume wherever possible.

Another significant challenge is the rising production cost. Major increase has been witnessed in power tariff, diesel related cost components and higher coal prices. The Management has already initiated various cost reduction projects and a major initiative i.e. WHRS project is about to commence its trial operation. The work on remaining two projects i.e. RDF and CPP has already been initiated and hopefully after technical and operational studies the projects would be launched very soon.

Your management is fully geared up to meet the significant challenges and address business risks through effective and workable strategies.

On behalf of the Board

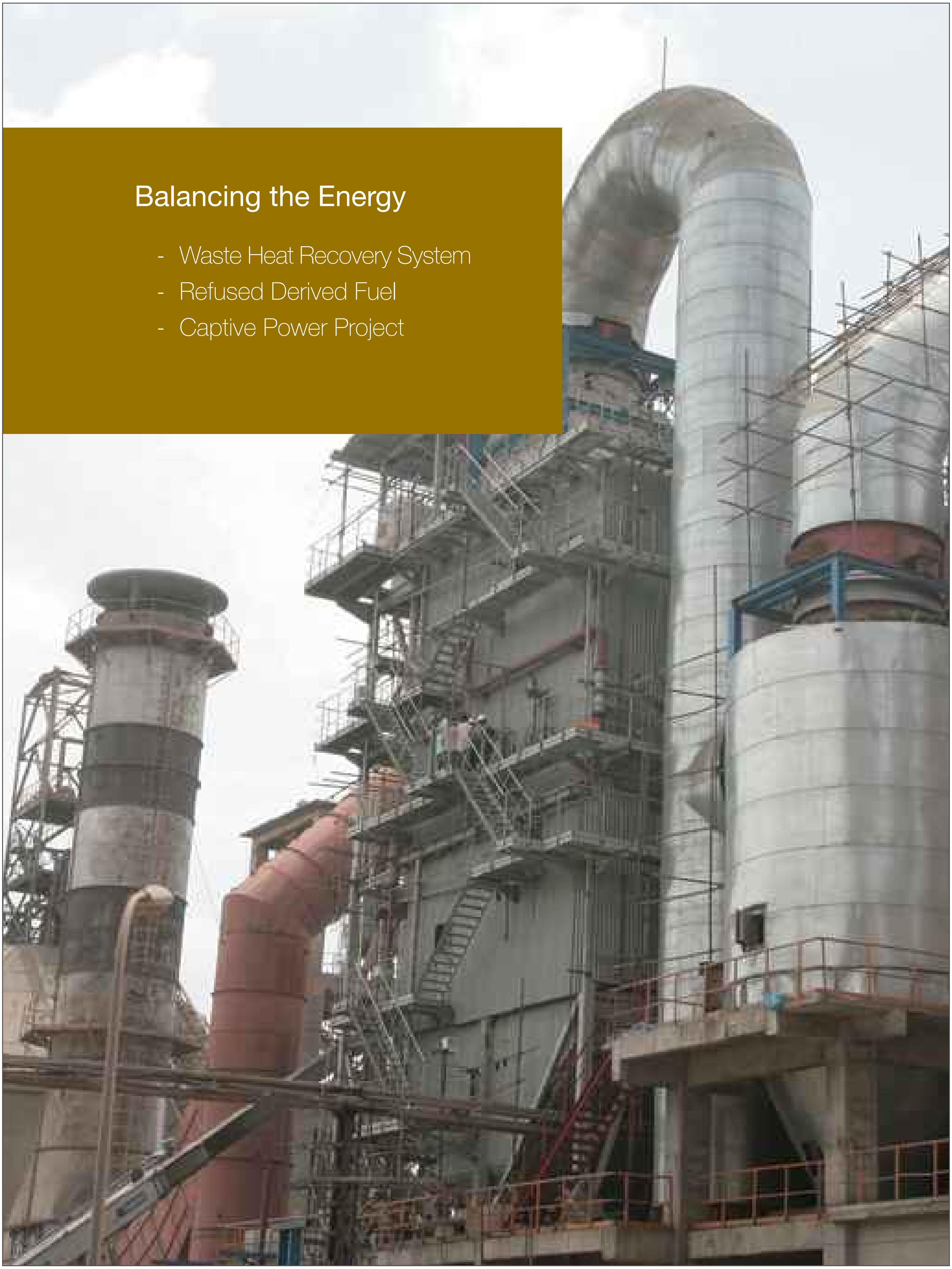


Babar Bashir Nawaz
Chief Executive

September 11, 2011
Damascus, Syria

Balancing the Energy

- Waste Heat Recovery System
- Refused Derived Fuel
- Captive Power Project



Notice of the Thirty-Second (32nd) Annual General Meeting

Notice is hereby given that the 32nd Annual General Meeting of Attock Cement Pakistan Limited will be held on Thursday, October 20, 2011 at 12:30 p.m. at Hotel Marriott, Karachi to transact the following:

1. To receive, consider and adopt the Audited Accounts of the company for the year ended June 30, 2011 together with the Report of Auditors and the Directors thereon.

2. To consider and if thought fit, approve final cash dividend of 45% (Rs. 4.50 per share) as recommended by the Board of Directors for the year ended June 30, 2011.

3. To appoint auditors for the financial year 2011-2012 and to fix their remuneration.

4. To elect seven (7) Directors of the Company as fixed by the Board of Directors in its meeting held on June 20, 2011, for a period of three (3) years. The names of retiring directors are;

i)	Dr. Ghaith R. Pharaon	ii)	Mr. Laith G. Pharaon
iii)	Mr. Wael G. Pharaon	iv)	Mr. Shuaib A. Malik
v)	Mr. Abdus Sattar	vi)	Mr. Babar Bashir Nawaz
vii)	Mr. Fakhr-ul-Islam Baig		

The retiring directors are eligible for re-election.

Special Business

5. 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: September 27, 2011

Notes:

1. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday October 13, 2011 to Thursday October 20, 2011 (both days inclusive).

2. Only those members whose names appear in the register of members of the Company as on October 12, 2011 are entitled to attend and vote at the meeting.

3. Any person who seeks to contest an election to the office of Director shall, whether he / she is a retiring Director or otherwise, file with the Company at its Registered Office not later than fourteen days before the date of the meeting, the following:

   (a) a notice of his / her intention to offer himself / herself for election as a Director;
   (b) a declaration (copy may be obtained from Registered Office) on the matters required by the Code of Corporate Governance;
   (c) a consent on Form 28; and
   (d) a copy of Computerized National Identity Card (CNIC).

4. 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.

5. 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.

6. 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.

7. 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 Original 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 form 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 constitute 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 POL, ARL, APL and NRL.

Statement of Compliance
with the code of corporate governance
For the year ended June 30, 2011

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. No casual vacancy occurred in the Board of Directors during the year June 30, 2011.

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 was destroyed in fire incident. However, most of these records have been retrieved by the company and for the remaining policies and their records company management is in the process of recompiling the policy manual.

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

September 11, 2011
Damascus, Syria

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, 2011.

A. F. Ferguson & Co.
Chartered Accountants

Karachi
September 21, 2011

Auditors' Report To The Members

We have audited the annexed balance sheet of Attock Cement Pakistan Limited as at June 30, 2011 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on 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;

  (ii) the expenditure incurred during the year was for the purpose of the company's business; and

  (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company.

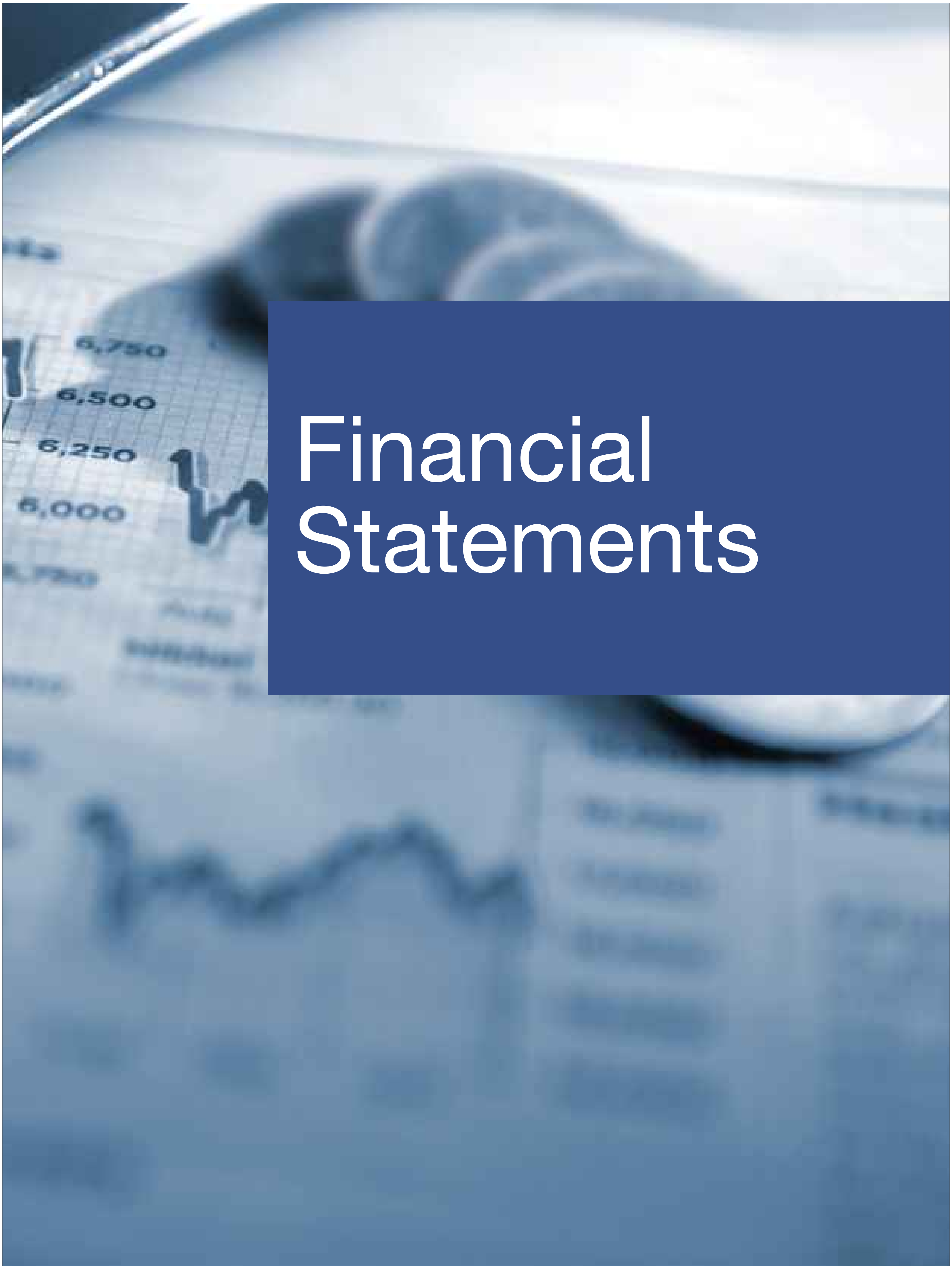
(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2011 and of the 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
September 21, 2011

Name of the engagement partner: Syed Fahim ul Hasan



Financial Statements

Balance Sheet

As at June 30, 2011

	Note	2011	2010
		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	865,955
Unappropriated profit		4,932,457	4,529,464
		5,798,412	5,395,419
NON-CURRENT LIABILITIES			
Deferred taxation	4	566,358	598,300
CURRENT LIABILITIES			
Trade and other payables	5	1,311,132	1,015,724
Accured mark-up		3,980	-
Taxation		63,267	49,466
		1,378,379	1,065,190
CONTINGENCY AND COMMITMENTS	6		
		7,743,149	7,058,909

	Note	2011	2010
		Rupees '000	
NON-CURRENT ASSETS			
Fixed assets	7	5,331,951	4,201,944
Long-term investment	8	4,500	4,500
Long-term loans and advances	9	16,237	16,922
Long-term deposits	10	42,980	42,980
		5,395,668	4,266,346
CURRENT ASSETS			
Stores, spares and loose tools	11	1,342,341	646,494
Stock-in-trade	12	541,028	366,170
Trade debts - considered good		50,772	55,366
Loans and advances	13	25,754	46,132
Short-term deposits and prepayments	14	11,789	10,538
Accrued interest		2,149	2,646
Other receivables	15	47,419	28,836
Investments	16	116,064	1,194,272
Cash and bank balances	17	210,165	442,109
		2,347,481	2,792,563
		7,743,149	7,058,909

The annexed notes 1 to 34 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, 2011

	Note	2011	2010
		Rupees '000	
Net sales	18	8,553,921	7,668,133
Cost of sales	19	(6,823,346)	(5,710,166)
Gross profit		1,730,575	1,957,967
Distribution cost	20	(512,936)	(466,659)
Administrative expenses	21	(186,365)	(183,933)
Other operating expenses	22	(76,722)	(102,969)
Other operating income	23	104,221	261,539
Operating profit		1,058,773	1,465,945
Finance cost	24	(24,287)	(77,628)
Profit before taxation		1,034,486	1,388,317
Taxation	25	(350,057)	(371,632)
Profit after taxation		684,429	1,016,685
Other comprehensive income			
Fair value loss on interest rate swap under cash flow hedge		-	(3,531)
Net loss realised on termination of interest rate swap reclassified to profit and loss account		-	(9,531)
Total comprehensive income		684,429	1,003,623
Earnings per share	26	Rs 7.90	Rs 11.74

The annexed notes 1 to 34 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, 2011

	Note	2011	2010
		Rupees '000	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	28	693,318	1,877,393
Finance cost paid		(20,307)	(86,542)
Income tax paid		(368,198)	(431,056)
Decrease in long-term loans and advances		685	2,516
Net cash from operating activities		305,498	1,362,311
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure incurred		(1,403,212)	(331,317)
Proceeds on disposal of fixed assets		2,324	4,121
Purchase of open ended mutual fund units		(630,000)	(3,779,814)
Proceeds from sale of open ended mutual fund units		1,751,290	3,136,227
Purchase of Certificates of Investment		-	(503,028)
Proceeds from sale of Certificates of Investment		-	603,028
Interest received		23,244	86,811
Net cash used in investing activities		(256,354)	(783,972)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term murabaha		-	(622,500)
Dividend paid		(281,088)	(385,556)
Net cash used in financing activities		(281,088)	(1,008,056)
Net decrease in cash and cash equivalents		(231,944)	(429,717)
Cash and cash equivalents at the beginning of the year		442,109	871,826
Cash and cash equivalents at the end of the year	17	210,165	442,109

The annexed notes 1 to 34 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, 2011

	Share capital	Unappropriated profit	Hedging reserve	Total
	Rupees '000			
Balance as at July 1, 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
Final dividend for the year ended June 30, 2010 @ Rs 3.25 per share	-	(281,436)	-	(281,436)
Profit after taxation for the year ended June 30, 2011	-	684,429	-	684,429
Balance as at June 30, 2011	**865,955**	**4,932,457**	**-**	**5,798,412**

The annexed notes 1 to 34 form an integral part of these financial statements.

Babar Bashir Nawaz
Chief Executive

Abdus Sattar
Director

Notes to the Financial Statements

For the year ended June 30, 2011

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

2.1.1 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.

2.1.2 Changes in accounting standards, interpretations and pronouncements

a) Standards, interpretations and amendments to published approved accounting standards effective in current year but not relevant

Certain standards, amendments and new interpretations to existing approved accounting standards are applicable from the current year. However, as these did not affect the financial statements, these have not been detailed here.

b) Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant

IAS 19 (Amendment) 'Employee Benefits' is effective for the periods beginning on or after January 1, 2013. This ammendment requires an entity to recognise actuarial gains and losses (renamed as remeasurements) immediately in other comprehensive income. Actuarial gains and losses will no longer be deferred using the corridor approach or recognised in profit or loss. Past service costs will be recognised in the period of a plan ammendment and will no longer be spread over a future-service period. A curtailment now occurs only when an entity significantly reduces the number of employees. Curtailment gains / losses are accounted for as past-service cost. Further, presentation and disclosure requirements have also changed. Due to these ammendments there will be a change in company's accounting policy regarding retirement benefits and will also change disclosure requirements.

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 certain management and non-management employees. Contributions to the schemes are based on actuarial valuations.

Notes to the Financial Statements

For the year ended June 30, 2011

The latest actuarial valuations of the schemes have been carried out as at June 30, 2011 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.

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.

Notes to the Financial Statements

For the year ended June 30, 2011

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:

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.

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.

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 are 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.

Notes to the Financial Statements

For the year ended June 30, 2011

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 comprise 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 Pakistan Rupee at the rates of exchange approximating those prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistan Rupee 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 Rupee, 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 rate 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.

Notes to the Financial Statements

For the year ended June 30, 2011

2.18 Significant accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The matters involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statments are:

(i) Taxation - notes 4.1 & 25

(ii) Stores, spares & loose tools - note 11.1

(iii) Stock-in-trade - note 12.1

Estimates and judgements are continually evaluated and adjusted based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

Ordinary shares of Rs 10 each			2011	2010
2011	2010		Rupees '000	
29,747,965	29,747,965	Shares allotted for consideration paid in cash	297,480	297,480
4,132,510	4,132,510	Shares allotted for consideration other than cash - plant and machinery	41,325	41,325
52,714,964	52,714,964	Shares allotted as bonus shares	527,150	527,150
86,595,439	86,595,439		865,955	865,955

As at June 30, 2011, Pharaon Investment Group Limited (Holding) S.A.L, Lebanon and its nominees held 72,795,426 (2010: 72,795,426) ordinary shares of Rs 10 each.

3.1 RECONCILIATION OF NUMBER OF ORDINARY SHARES OUTSTANDING

	2011	2010
	Number of shares	
At the beginning of the year	86,595,439	72,162,866
Issue of 1 bonus share for every 5 shares held	-	14,432,573
At the end of the year	86,595,439	86,595,439

Notes to the Financial Statements

For the year ended June 30, 2011

	2011	2010
	Rupees '000	
4. DEFERRED TAXATION		
Credit balances arising in respect of accelerated tax depreciation allowances	570,655	602,800
Debit balances arising in respect of provision for:		
- Slow moving and obsolete stores and spares	(4,297)	(4,422)
- Doubtful other receivables	-	(78)
	(4,297)	(4,500)
	566,358	598,300

4.1 Deferred tax liability is restricted to 71.20% (2010: 77.14%) of the total deferred tax liability based on the following assumptions:

- Export sales will continue to fall under Final Tax Regime.
- Historical trend of export and local sales ratio will continue to be the same in foreseeable future.

	Note	2011	2010
		Rupees '000	
5. TRADE AND OTHER PAYABLES			
Creditors	5.1	174,840	97,484
Accrued liabilities		393,011	270,512
Electricity charges payable		173,349	207,472
Royalty payable		71,427	70,416
Sales tax payable		-	9,723
Excise duty payable		90,525	86,733
Advances from customers		140,095	142,652
Retention money		164,457	4,684
Security deposits		15,585	14,956
Workers' Profits Participation Fund	5.2	55,610	74,588
Workers' Welfare Fund		21,159	28,381
Payable to Gratuity Funds	5.3	1,133	673
Payable to Provident Funds		225	430
Payable to Pension Funds	5.3	1,562	-
Taxes deducted at source and payable to statutory authorities		-	140
Unclaimed dividend		1,467	1,119
Others	5.1	6,687	5,761
		1,311,132	1,015,724

5.1 Creditors and other liabilities include Rs 6.04 million (2010: Rs 4.6 million) and Rs 5.76 million (2010: Rs 5.76 million) respectively in respect of amounts due to related parties.

Notes to the Financial Statements

For the year ended June 30, 2011

	Note	2011	2010
		Rupees '000	
5.2 Workers' Profits Participation Fund			
At the beginning of the year		74,588	106,816
Allocation for the year	22	55,610	74,588
		130,198	181,404
Interest on funds utilised in company's business	24	983	467
		131,181	181,871
Less: Amount paid to the Fund		75,571	107,283
		55,610	74,588

	2011		2010	
5.3 Retirement benefits	Pension Funds	Gratuity Funds	Pension Funds	Gratuity Funds
	Rupees '000			
5.3.1 Movement in liability / (asset)				
Balance at July 1	(1,794)	673	(7,937)	70
Charge for the year	12,077	16,452	6,143	13,944
Payments to the fund	(8,721)	(15,992)	-	(13,341)
Balance at June 30	1,562	1,133	(1,794)	673
5.3.2 Balance sheet reconciliation as at June 30				
Present value of obligations	169,002	139,448	151,528	130,580
Less: Fair value of assets	(167,023)	(123,914)	(145,943)	(101,084)
	1,979	15,534	5,585	29,496
Unrecognised actuarial gain / (loss)	10,538	(14,401)	4,740	(28,823)
Unrecognised past service cost	(10,955)	-	(12,119)	-
	1,562	1,133	(1,794)	673

Notes to the Financial Statements

For the year ended June 30, 2011

	2011		2010	
	Pension Funds	Gratuity Funds	Pension Funds	Gratuity Funds
	Rupees '000			
5.3.3 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	151,528	130,580	121,278	108,733
Current service cost	9,870	9,976	6,730	6,397
Past service cost - vested	-	-	2,420	1,413
Past service cost - unvested	-	-	5,925	-
Interest cost	19,364	16,497	16,415	14,684
Actuarial (gain) / loss	(5,793)	(10,249)	2,224	3,704
Benefits paid	(5,967)	(7,356)	(3,464)	(4,351)
Balance at June 30	169,002	139,448	151,528	130,580
The movement in the fair value of plan assets during the year is as follows:				
Balance at July 1	145,943	101,084	143,619	80,393
Expected return on plan assets	17,678	12,649	18,446	11,036
Actuarial gain / (loss)	648	1,545	(12,658)	665
Employer contributions	8,721	15,992	-	13,341
Benefits paid	(5,967)	(7,356)	(3,464)	(4,351)
Balance at June 30	167,023	123,914	145,943	101,084
5.3.4 Charge for the year				
Current service cost	9,870	9,976	6,730	6,397
Interest cost	19,364	16,497	16,415	14,684
Expected return on assets	(17,678)	(12,649)	(18,446)	(11,036)
Net actuarial (gain) / loss recognised	(643)	2,628	(961)	2,485
Past service cost recognised	1,164	-	2,405	1,414
	12,077	16,452	6,143	13,944
5.3.5 Actual return on plan assets	18,326	14,194	5,788	11,701
5.3.6 Principal actuarial assumptions				
Expected return on plan assets % per annum	13	13	12	12
Expected rate of increase in salaries % per annum	11	11	11	11
Discount factor used (% per annum)	14	14	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.

Notes to the Financial Statements

For the year ended June 30, 2011

5.3.7 Plan assets

	2011		2010	
	Pension Funds %	Gratuity Funds %	Pension Funds %	Gratuity Funds %
Plan assets are comprised of the following:				
Equity	3.79	5.68	5.58	6.12
Bonds	6.06	8.16	6.93	10.00
Others	90.15	86.16	87.49	83.88
	100.00	100.00	100.00	100.00

5.3.8 Based on actuarial advice for the year ending June 30, 2012 expected contribution to pension funds would be Rs 12.98 million and expected contribution to gratuity funds would be Rs 16.29 million.

5.3.9 Comparison for five years

	2011	2010	2009	2008	2007
	Rupees '000				
Pension funds					
Fair value of plan assets	167,023	145,943	143,619	127,091	118,460
Present value of defined benefit obligation	(169,002)	(151,528)	(121,278)	(107,665)	(110,439)
(Deficit) / Surplus	(1,979)	(5,585)	22,341	19,426	8,021
Experience gain / (loss) on plan liabilities	5,793	(2,224)	9,889	18,741	(9,554)
Experience gain / (loss) on plan assets	648	(12,658)	5,601	(1,300)	2,847
Gratuity funds					
Fair value of plan assets	123,914	101,084	80,393	82,557	73,643
Present value of defined benefit obligation	(139,448)	(130,580)	(108,733)	(89,322)	(82,287)
Deficit	(15,534)	(29,496)	(28,340)	(6,765)	(8,644)
Experience gain / (loss) on plan liabilities	10,249	(3,704)	(18,003)	(16)	(13,202)
Experience gain / (loss) on plan assets	1,545	665	(2,727)	(1,254)	1,028

The above information is based on actuarial advice.

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.

Notes to the Financial Statements

For the year ended June 30, 2011

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, 2011 amounted to Rs 166.93 million (2010: Rs 910.29 million).

	Note	2011	2010
		Rupees '000	
7. FIXED ASSETS			
Property, plant and equipment	7.1	3,670,788	3,729,761
Capital work-in-progress	7.3	1,281,828	209,298
Stores held for capital expenditures		379,335	262,885
		5,331,951	4,201,944

7.1 Property, plant and equipment

	Freehold land	Buildings and roads on freehold land	Plant and machinery	Quarry transport and equipment	Furniture and fittings	Office equipments	Vehicles	Total
	Rupees '000							
At 1 July 2010								
Cost	4,554	1,005,560	5,827,020	189,372	22,616	70,997	79,129	7,199,248
Accumulated depreciation	-	(263,086)	(2,956,255)	(137,148)	(11,436)	(57,408)	(44,154)	(3,469,487)
Net book value	4,554	742,474	2,870,765	52,224	11,180	13,589	34,975	3,729,761
Year ended 30 June 2011								
Opening net book value	4,554	742,474	2,870,765	52,224	11,180	13,589	34,975	3,729,761
Additions	-	4,976	220,587	8,027	1,806	5,465	5,458	246,319
Disposals	-	-	-	-	-	-	(3,541)	(3,541)
Transfers to stores	-	-		(34,724)-	-	-	-	(34,724)
Depreciation charge	-	(47,591)	(189,834)	(9,113)	(3,568)	(8,312)	(8,609)	(267,027)
Closing net book value	4,554	699,859	2,866,794	51,138	9,418	10,742	28,283	3,670,788
At 30 June 2011								
Cost	4,554	1,010,536	6,012,883	197,399	24,422	76,462	81,046	7,407,302
Accumulated depreciation	-	(310,677)	(3,146,089)	(146,261)	(15,004)	(65,720)	(52,763)	(3,736,514)
Net book value	4,554	699,859	2,866,794	51,138	9,418	10,742	28,283	3,670,788
At 1 July 2009								
Cost	4,554	988,425	5,692,326	188,119	20,537	66,164	77,482	7,037,607
Accumulated depreciation	-	(215,526)	(2,767,555)	(127,891)	(8,150)	(46,980)	(40,552)	(3,206,654)
Net book value	4,554	772,899	2,924,771	60,228	12,387	19,184	36,930	3,830,953
Year ended 30 June 2010								
Opening net book value	4,554	772,899	2,924,771	60,228	12,387	19,184	36,930	3,830,953
Additions	-	17,135	137,517	1,443	2,079	4,862	10,870	173,906
Disposals	-	-	-	(190)	-	(10)	(9,223)	(9,423)
Transfers to stores		-		(2,823)	-	(19)	-	(2,842)
Depreciation charge	-	(47,568)	(188,700)	(9,257)	(3,286)	(10,428)	(3,602)	(262,833)
Closing net book value	4,554	742,474	2,870,765	52,224	11,180	13,589	34,975	3,729,761
Rate of depreciation %	-	5%	5%	10%	20%	25%	20%	

Notes to the Financial Statements

For the year ended June 30, 2011

7.2 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					
Vehicle	1,027	872	155	800	Tender	Mr. Muhammad Yamin House No. 875/3, Block 3 F.B.Area, Hussainabad Karachi
"	1,100	990	110	110	Company Policy	Mr. Shakir Ali Executive
"	1,414	85	1,329	1,414	Insurance	EFU General Insurance Ltd. 8th Floor, Business Plaza Mumtaz Hasan Road Off I.I.Chundrigar Road Karachi
	3,541	1,947	1,594	2,324		

	2011	2010
	Rupees '000	
7.3 Capital work-in-progress		
Plant and machinery	1,030,633	207,004
Civil works	157,736	715
Electrical and mechanical works	68,125	-
Advances to suppliers		
- civil works	1,129	-
- electrical and mechanical works	4,439	-
Borrowing cost	11,632	-
Others	8,134	1,579
	1,281,828	209,298

8. LONG-TERM INVESTMENT

	2011	2010
Investment in related party (associated company)		
Attock Information Technology Services (Private) Limited - 450,000 (2010: 450,000) fully paid ordinary shares of Rs 10 each - at cost	4,500	4,500

8.1 The company holds 10% (2010: 10%) of investee's total equity. The break-up value per share is Rs. 18.18 (2010: Rs.15.79).

Notes to the Financial Statements

For the year ended June 30, 2011

	Note	2011	2010
		Rupees '000	
9. LONG-TERM LOANS AND ADVANCES – Considered good			
Chief Executive		1,281	3,842
Director		-	648
Executives		13,868	11,590
Other Employees		22,964	24,764
		38,113	40,844
Recoverable within one year	13	(21,876)	(23,922)
Long term portion		16,237	16,922

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

	Chief Executive		Directors		Executives	
	2011	2010	2011	2010	2011	2010
	Rupees '000					
Opening balance	3,842	6,403	648	1,944	11,590	8,957
Disbursements	-	-	-	-	9,985	11,106
Repayments	(2,561)	(2,561)	(648)	(1,296)	(7,706)	(8,473)
	1,281	3,842	-	648	13,869	11,590

9.2 Amounts receivable from Chief Executive 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 3.62 million (2010: Rs 6.19 million), Rs 0.54 million (2010: Rs 1.84 million) and Rs 14.36 million (2010: Rs 12.67 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% (2010: 5%) per annum.

Notes to the Financial Statements

For the year ended June 30, 2011

	Note	2011	2010
		Rupees '000	
11. STORES, SPARES AND LOOSE TOOLS			
Bricks		44,900	37,366
Coal (including in transit Rs. 83.6 million; 2010: Rs. 104.4 million)	11.1	976,226	223,855
Stores and spares (including in transit Rs. 28.3 million; 2010: nil)		336,968	400,371
Loose tools		1,490	1,277
		1,359,584	662,869
Less: Provision for slow moving and obsolete items		17,243	16,375
		1,342,341	646,494

11.1 The value of coal stock as at June 30, 2011 is based on physical verification carried out by an independent surveyor.

	Note	2011	2010
		Rupees '000	
12. STOCK-IN-TRADE			
Raw materials	12.1	52,354	69,324
Packing materials		62,165	29,626
Work-in-process	12.1	328,384	221,139
Finished goods	12.1	98,125	46,081
		541,028	366,170

12.1 The values of raw materials, work-in-process and finished goods as at June 30, 2011 are based on the physical verification carried out by an independent surveyor.

	2011	2010
	Rupees '000	
13. LOANS AND ADVANCES - Considered good		
Current portion of long-term loans and advances		
Chief Executive and Executives	10,004	10,285
Other Employees	11,872	13,637
	21,876	23,922
Other advances - employees	104	5,507
Advances to suppliers	3,774	16,703
	25,754	46,132
14. SHORT-TERM DEPOSITS AND PREPAYMENTS		
Deposits - considered good	3,736	2,840
Prepayments	8,053	7,698
	11,789	10,538

Notes to the Financial Statements

For the year ended June 30, 2011

15. OTHER RECEIVABLES

	Note	2011	2010
		Rupees '000	
Sales tax recoverable		20,232	-
Inland freight subsidy receivable		12,056	12,877
Export rebate receivable		8,760	5,329
Due from Pension Funds	5.3	-	1,794
Due from related parties		3,956	1,483
Less: Provision against doubtful receivables		-	(223)
		3,956	1,260
Others		2,415	7,576
		47,419	28,836

16. INVESTMENTS

	Note	2011	2010
Investments - at fair value through profit or loss	16.1	116,064	1,194,272

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

2011	2010		2011	2010
Units			Rupees '000	
500,439	-	Lakson Money Market Fund	50,534	-
5,034,614	-	ABL Cash Fund	50,492	-
150,000	-	MCB Islamic Income Fund	15,038	-
-	30,532,359	ABL Income Fund	-	305,823
-	2,135,822	MCB Cash Management Optimizer	-	217,567
-	1,981,549	IGI Income Fund	-	210,103
-	1,968,014	Faysal Saving Growth Fund	-	202,942
-	3,104,832	Pakistan Cash Management Fund	-	157,355
-	499,871	IGI Money Market Fund	-	50,482
-	500,000	HBL Money Market Fund	-	50,000
			116,064	1,194,272

16.1.1 The fair value of these investments is the Net Asset Value (NAV) as at June 30, 2011 as quoted by the respective Asset Management Company.

17. CASH AND BANK BALANCES

	Note	2011	2010
		Rupees '000	
Cash at bank			
- On deposit accounts		-	150,000
- On PLS savings accounts	17.1	155,423	170,791
- On current accounts		54,581	120,939
Cash and cheques in hand		161	379
		210,165	442,109

17.1 At June 30, 2011 the mark-up rates on PLS savings accounts range from 5% to 11.30% (2010: 5% to 11.75%) per annum.

Notes to the Financial Statements

For the year ended June 30, 2011

18. NET SALES

	2011	2010
	Rupees '000	
Local sales	8,311,061	7,463,281
Export sales	2,445,639	2,190,854
	10,756,700	9,654,135
Sales tax	(1,193,656)	(1,021,541)
Special excise duty	(93,131)	(54,836)
Federal excise duty	(915,992)	(909,625)
	(2,202,779)	(1,986,002)
	8,553,921	7,668,133

18.1 The revenue from customers which individually exceeded 10% of the net revenue amounted to Rs 1.9 billion, Rs 1.4 billion and Rs. 1.3 billion (2010: Rs 1.6 billion and Rs 1 billion) respectively.

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

	Note	2011	2010
		Rupees '000	
Middle East Asia		1,882,010	1,777,507
Africa		446,592	347,509
Others		117,037	65,838
		2,445,639	2,190,854

19. COST OF SALES

	Note	2011	2010
Raw materials consumed		646,211	543,407
Packing materials consumed		663,606	537,457
Cement packaging and loading charges		17,526	15,267
Salaries, wages and benefits	19.1	582,731	474,618
Fuel		2,691,772	1,906,268
Electricity and water		1,647,920	1,380,902
Stores and spares consumed		270,187	225,521
Repairs and maintenance		51,449	49,546
Insurance		28,822	28,201
Vehicle running and maintenance		63,987	49,556
Travelling and entertainment		3,825	5,354
Communication		932	1,061
Printing and stationery		2,356	2,713
Security expenses		44,544	26,335
Depreciation		262,930	261,760
Provision for / (reversal of) slow moving and obsolete stores, spares and loose tools		868	(1,655)
Other expenses		2,969	1,115
		6,982,635	5,507,426
Add: Opening work-in-process		221,139	368,670
Less: Closing work-in-process		(328,384)	(221,139)
Cost of goods manufactured		6,875,390	5,654,957
Add: Opening stock of finished goods		46,081	101,290
		6,921,471	5,756,247
Less: Closing stock of finished goods		(98,125)	(46,081)
		6,823,346	5,710,166

Notes to the Financial Statements

For the year ended June 30, 2011

19.1 Salaries, wages and benefits include Rs 21.03 million and Rs 13.23 million (2010: Rs 14.56 million and Rs 11.36 million) in respect of defined benefit plans and contributory provident fund respectively.

20. DISTRIBUTION COST

	Note	2011	2010
		Rupees '000	
Salaries, wages and benefits	20.1	43,804	35,165
Handling and other export related expenses		206,709	184,935
Commission on export sales		50,210	45,465
Advertisement and sales promotion		695	650
PSI marking fee		8,559	4,831
Carriage outward			
- on export sales		189,784	178,724
- on local sales		9,410	11,722
Travelling and entertainment		2,404	3,629
Vehicle running and maintenance		723	575
Printing and stationery		226	468
Communication		126	410
Other expenses		286	85
		512,936	466,659

20.1 Salaries, wages and benefits include Rs 1.72 million and Rs 1.06 million (2010 Rs 1.25 million and Rs 0.899 million) in respect of defined benefit plans and contributory provident fund respectively.

21. ADMINISTRATIVE EXPENSES

	Note	2011	2010
		Rupees '000	
Salaries, wages and benefits	21.1	115,498	100,575
Travelling and entertainment		6,207	6,796
Vehicle running and maintenance		5,827	4,908
Depreciation		8,681	9,034
Rent, rates and taxes		7,945	7,053
Utilities		4,312	3,561
Communication		3,635	4,275
Insurance		9,279	8,968
Repairs and maintenance		2,942	3,370
Printing and stationery		4,568	3,039
Advertising		1,461	1,504
Subscription		744	610
Legal and professional charges		4,584	14,582
Auditors' remuneration	21.2	2,187	3,625
Donations	21.3	5,595	8,914
Training		320	239
Other expenses		2,580	2,880
		186,365	183,933

21.1 Salaries, wages and benefits include Rs 5.61 million and Rs 3.14 million (2010: Rs 4.16 million and Rs 2.87 million) in respect of defined benefit plans and contributory provident fund respectively.

Notes to the Financial Statements

For the year ended June 30, 2011

	2011	2010
	Rupees '000	
21.2 Auditors' remuneration		
Audit fee	1,100	1,000
Fee for review of half yearly financial statements and Statement of Code of Corporate Governance	610	530
Taxation services	87	108
Other certifications attestations and other services	90	1,680
Out-of-pocket expenses	300	307
	2,187	3,625

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

	Note	2011	2010
		Rupees '000	
22. OTHER OPERATING EXPENSES			
Workers' Profits Participation Fund	5.2	55,610	74,588
Workers' Welfare Fund		21,112	28,381
		76,722	102,969
23. OTHER OPERATING INCOME			
Income from financial assets			
Interest income on:			
- deposit accounts		6,934	32,590
- PLS savings accounts		13,664	28,513
- investment in Certificates of Investment		-	18,529
- security deposit with KESC		2,149	2,149
		22,747	81,781
Gain on sale of open ended mutual fund units		42,018	93,420
Gain on re-measurement of fair value of open ended mutual fund units		1,064	-
		43,082	93,420
Exchange gain		6,419	6,630
Income from non-financial assets			
Gain on disposal of fixed assets		730	2,008
Others			
Export rebate		15,767	11,834
Scrap sales		14,638	5,885
Reversal of provision against doubtful receivable		223	-
Reversal of provision for Workers' Welfare Fund		-	36,936
Inland freight subsidy		-	12,877
Net gain realised on termination of interest rate swap		-	9,531
Others		615	637
		104,221	261,539

Notes to the Financial Statements

For the year ended June 30, 2011

24. FINANCE COST

	2011	2010
	Rupees '000	
Mark-up on long term murabaha	-	66,005
Mark-up on short term loan	1,587	-
Mark-up on running finance	6,176	-
Bank charges and commission	15,541	11,156
Interest on Workers' Profits Participation Fund	983	467
	24,287	77,628

25. TAXATION

	2011	2010
Current year	382,000	422,091
Prior year	-	(11,889)
Deferred	(31,943)	(38,570)
	350,057	371,632

25.1 Relationship between tax expense and accounting profit

	2011	2010
Profit before taxation	1,034,486	1,388,317
Tax at the applicable rate of 35%	362,070	485,911
Tax effect of permanent differences	(43,596)	(49,576)
Flood surcharge	24,500	-
Effect of final tax regime	7,083	(20,117)
Tax effect of income exempt from tax	-	(32,697)
Prior period effect	-	(11,889)
	350,057	371,632

26. EARNINGS PER SHARE

	2011	2010
Profit after taxation	684,429	1,016,685
Number of ordinary shares outstanding at the end of year (in thousands)	86,595	86,595
Earnings per share	Rs 7.90	Rs 11.74

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, 2011 and 2010 which would have any effect on the earnings per share if the option to convert is exercised.

27. CREDIT FACILITIES

The facilities for short term running finance available amounted to Rs 1.23 billion (2010: Rs 687.35 million). The rate of mark-up range between one month KIBOR minus 0.5% and 3 months KIBOR plus 0.25% (2010: one months KIBOR plus 1.25%) per annum.

The facilities for opening letters of credit and guarantee as at June 30, 2011 amounted to Rs 3.17 billion (2010: Rs 2.14 billion) of which unutilised balance at year end amounted to Rs 2.61 billion (2010: Rs 647.70 million).

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

Notes to the Financial Statements

For the year ended June 30, 2011

	2011	2010
	Rupees '000	
28. CASH GENERATED FROM OPERATIONS		
Profit before taxation	1,034,486	1,388,317
Add / (Less): Adjustments for non-cash charges and other items		
Depreciation	271,611	270,794
Gain on disposal of fixed assets	(730)	(2,008)
Gain on sale of open ended mutual fund units	(42,018)	(93,420)
Gain on re-measurement of fair value of open ended mutual fund units	(1,064)	-
Interest income	(22,747)	(81,781)
Finance cost	24,287	77,628
	229,339	171,213
Profit before working capital changes	1,263,825	1,559,530
Effect on cash flow due to working capital changes		
(Increase) / Decrease in current assets		
Stores, spares and loose tools	(695,847)	(46,889)
Stock-in-trade	(174,858)	247,764
Trade debts	4,594	(8,881)
Loans and advances	20,378	(19,924)
Short term deposits and prepayments	(1,251)	1,824
Other receivables	(18,583)	(14,910)
	(865,567)	158,984
Increase in current liabilities		
Trade and other payables	295,060	158,879
	(570,507)	317,863
Cash generated from operations	693,318	1,877,393

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	
	2011	2010	2011	2010	2011	2010
			Rupees '000			
Managerial remuneration	10,566	9,605	8,652	8,182	68,039	56,918
Housing allowance	3,698	3,362	3,439	3,269	25,486	21,286
Utility allowance	1,409	1,281	705	672	5,203	4,346
Bonus	4,350	3,795	3,550	3,850	26,045	21,900
Retirement benefits	1,719	1,377	870	697	12,695	9,345
Others	2,435	1,832	4,144	2,118	10,648	9,668
	24,177	21,252	21,360	18,788	148,116	123,463
Number of person(s)	1	1	2	2	57	48

Notes to the Financial Statements

For the year ended June 30, 2011

The Chief Executive, Executive 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 (2010: Rs 0.32 million) was paid to a non-executive Director in respect of advisory services.

	2011	2010
	Rupees '000	
30. TRANSACTIONS WITH RELATED PARTIES		
Transactions with related parties during the year are as follows:		
Holding company		
Dividend paid	236,585	324,546
Bonus shares issued	-	12,133
Recovery of expenses	765	1,378
Associated companies		
Purchase of goods	216,235	166,785
Reimbursement of expenses	3,740	2,878
Reimbursement of staff cost on secondment	405	186
Recovery of expenses from related parties	8,152	12,454
Recovery of staff cost on secondment	763	694
Other related parties		
Sale of vehicle to an alternate director	-	125
Payments made to retirement benefit funds	42,686	30,448
30.1 Key management compensation		
Salaries and other short-term employee benefits	53,054	47,094
Post-employment benefits	3,429	2,747

The related party status of outstanding balances as at June 30, 2011 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.

Notes to the Financial Statements

For the year ended June 30, 2011

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	-	-	-	21,980	16,237	38,217	38,217
Deposits	-	42,980	42,980	3,736	-	3,736	46,716
Trade debts	-	-	-	50,772	-	50,772	50,772
Interest accrued	-	-	-	2,149	-	2,149	2,149
Other receivables	-	-	-	27,187	-	27,187	27,187
Cash and bank balances	155,423	-	155,423	54,742	-	54,742	210,165
Long term investment	-	-	-	-	4,500	4,500	4,500
Fair value through profit or loss Investments	-	-	-	116,064	-	116,064	116,064
June 30, 2011	155,423	42,980	198,403	276,630	20,737	297,367	495,770
June 30, 2010	320,791	42,980	363,771	1,432,913	21,422	1,454,335	1,818,106
Financial liabilities							
At amortised cost							
Trade and other payables	-	-	-	1,001,015	-	1,001,015	1,001,015
Accured mark-up	-	-	-	3,980	-	3,980	3,980
June 30, 2011	-	-	-	1,004,995	-	1,004,995	1,004,995
June 30, 2010	-	-	-	641,096	-	641,096	641,096
On balance sheet date gap							
June 30, 2011	155,423	42,980	198,403	(728,365)	20,737	(707,628)	(509,225)
June 30, 2010	320,791	42,980	363,771	791,817	21,422	813,239	1,177,010

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, 2011, 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, 2011, trade and other payables of Rs 35.26 million (2010: Rs 9.14 million) and trade debts of Rs 6.10 million (2010: Rs 32.74 million) are exposed to foreign currency risk.

Notes to the Financial Statements

For the year ended June 30, 2011

(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, 2011 amounts to Rs 116 million (2010: Rs 1.194 billion).

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 495.7 million the financial assets exposed to the credit risk amounts to Rs 491.3 million. The carrying values of financial assets which are neither past due nor impaired are as under:

	2011	2010
	Rupees '000	
Trade debts	50,772	55,366
Deposits, loans, advances and other receivables	114,430	122,238
Investments at fair value through profit or loss	116,064	1,194,272
Bank balances	210,004	441,730
	491,270	1,813,606

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, 2011 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 38 million (2010: Rs 41 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 represent low credit risk as they are placed with banks 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, 2011 there is no maturity mismatch between financial assets and liabilities that expose the company to liquidity problems as described in maturity table.

Notes to the Financial Statements

For the year ended June 30, 2011

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. However, as at June 30, 2010 & 2011 there were no borrowings.

32. CAPACITY AND PRODUCTION

	2011	2010
	Metric Tons	
Production capacity		
- Clinker	1,710,000	1,710,000
- Cement	1,795,500	1,795,500
Actual production		
- Clinker	1,819,458	1,706,299
- Cement	1,862,201	1,792,619

33. DIVIDEND AND BONUS ISSUE

The Board of Directors in their meeting held on September 11, 2011 proposed a final cash dividend of 45% (Rs 4.50 per share) (2010: Rs 3.25 per share) amounting to Rs 389.7 million (2010: Rs 281.4 million). The dividend declared is subject to the approval by the members in the forthcoming annual general meeting.

34. DATE OF AUTHORISATION FOR ISSUE

These financial statements were approved and authorised for issue by the Board of Directors on September 11, 2011.

Babar Bashir Nawaz
Chief Executive

Abdus Sattar
Director

Pattern of Shareholding

As on June 30, 2011

No. of Shareholders	Shareholdings From	Shareholdings To	Total Shares Held
227	1	100	9,145
228	101	500	69,756
256	501	1000	178,176
266	1001	5000	606,607
73	5001	10000	510,529
15	10001	15000	178,784
13	15001	20000	231,519
8	20001	25000	177,697
7	25001	30000	198,474
3	30001	35000	97,905
5	35001	40000	192,526
4	40001	45000	169,952
3	45001	50000	145,384
1	50001	55000	53,441
2	55001	60000	116,000
1	60001	65000	62,209
1	65001	70000	67,001
1	70001	75000	72,056
1	75001	80000	76,480
2	80001	85000	169,500
1	85001	90000	90,000
1	90001	95000	94,000
1	115001	120000	116,592
1	125001	130000	125,305
1	130001	135000	134,400
1	140001	145000	143,640
1	165001	170000	170,000
1	175001	180000	178,195
1	185001	190000	186,922
1	190001	195000	193,200
1	200001	205000	200,736
1	235001	240000	237,280
1	275001	280000	278,840
1	300001	305000	304,725
1	380001	385000	384,913
1	420001	425000	421,069
1	425001	430000	426,620
1	590001	595000	594,299
1	595001	600000	600,000
1	705001	710000	707,488
1	865001	870000	869,311
1	975001	980000	978,840
1	1190001	1195000	1,191,240
1	1785001	1790000	1,789,257
1	72795001	72800000	72,795,426
1142			86,595,439

	Categories of Shareholders		Shares Held	Percentage
1	Directors, chief executive officer and their spouse and minor children		11	0.00
2	Associated companies, undertakings and related parties		-	-
3	NIT and ICP		-	-
4	Banks, development financial institutions, non banking financial institutions		1,833,729	2.11
5	Insurance companies		1,401,560	1.62
6	Modaraba and mutual funds		4,105,985	4.74
7	Shareholders holding 10% or more		72,795,426	84.06
8	Others	- Institutions	3,815,612	4.41
		- Foreign	38,735	0.04
		- Individuals	2,604,381	3.02
			86,595,439	100

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 Children from July 01, 2010 to June 30, 2011 in the shares of the Company.

Six years at a Glance

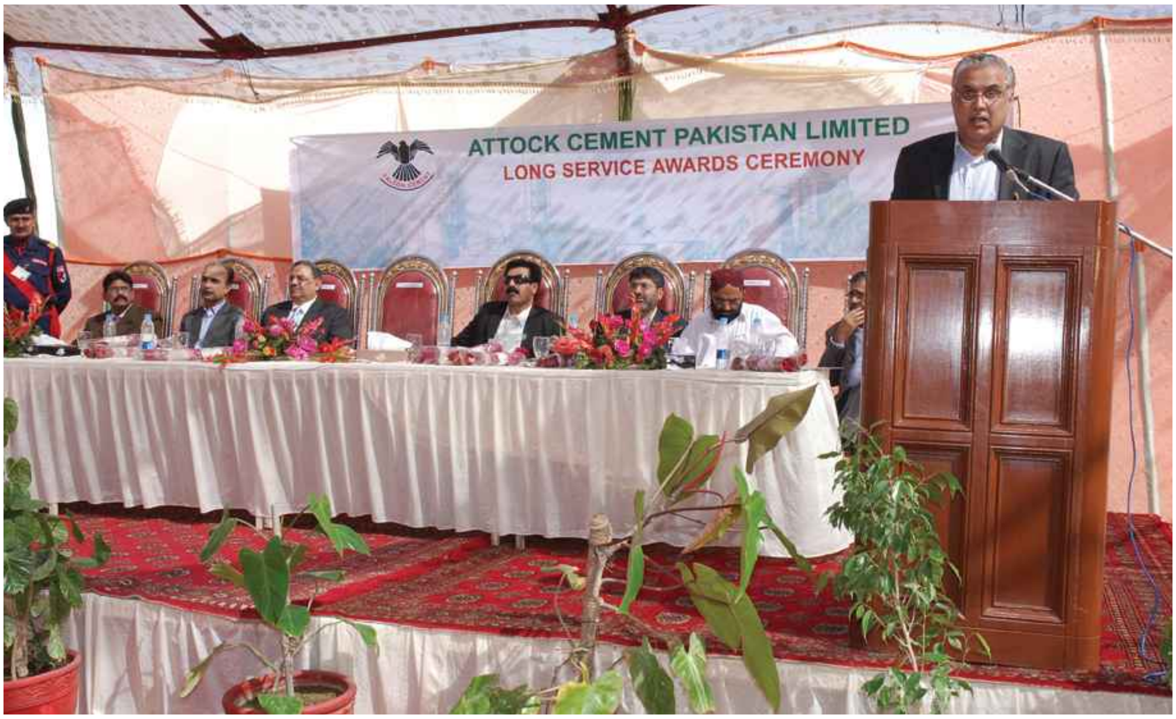
	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
	Rupees in million unless otherwise stated					
Production and Sales						
Clinker production (in tonnes)	1,819,458	1,706,299	1,678,619	1,359,766	1,314,666	780,014
Capacity utilization %	106	100	98	80	76	108
Cement production (in tonnes)	1,862,201	1,792,619	1,721,665	1,364,511	1,234,878	842,296
Cement sales (in tonnes)	1,849,851	1,807,077	1,719,162	1,359,487	1,228,793	843,137
Profit & Loss						
Net sales	8,554	7,668	8,510	5,001	4,560	3,473
Cost of sales	6,823	5,710	5,801	3,887	3,006	1,808
Gross profit	1,731	1,958	2,709	1,114	1,555	1,665
Other income	104	262	167	28	23	9
Operating profit	1,059	1,466	2,108	829	1,295	1,419
Profit before tax	1,034	1,388	1,989	675	1,193	1,393
Profit after tax	684	1,017	1,493	435	796	909
Balance Sheet						
Paid-up capital	866	866	722	722	722	722
Unappropriated profit	4,932	4,529	4,043	2,785	2,674	2,239
Long term & deferred liabilities	566	598	1,059	1,359	1,377	1,173
Current liabilities	1,378	1,065	1,136	980	1,012	745
Fixed assets less depreciation	5,332	4,202	4,144	4,333	4,443	4,236
Other long term assets	64	64	67	58	57	61
Current assets	2,347	2,793	2,762	1,480	1,285	575
Key Financial Ratios						
Gross profit %	20.23	25.53	31.83	22.28	34.10	47.94
Operating profit %	12.38	19.12	24.77	16.58	28.40	40.90
Net profit after tax %	8.00	13.26	17.54	8.70	17.46	26.20
Return on equity %	11.80	18.85	31.24	12.32	23.45	30.77
Return on capital employed %	18.26	24.46	36.12	16.95	27.13	34.62
No. of days in inventory	12.61	23.40	38.63	38.40	33.57	33.76
No. of days in receivables	2.17	2.64	1.99	3.58	1.59	2.43
Fixed assets turnover ratio (times)	1.60	1.82	2.05	1.15	1.03	0.82
Current ratio (times)	1.70	2.62	2.43	1.51	1.27	0.74
Price earning ratio (times)	6.20	5.62	4.06	12.79	11.07	7.22
Dividend yield ratio %	9.18	7.57	7.14	1.95	3.69	5.49
Dividend payout ratio %	56.96	42.59	29.00	24.88	40.77	39.71
Dividend cover ratio (times)	1.76	2.35	3.45	4.02	2.45	2.52
Debt: equity ratio	-	-	0.13	0.23	0.29	0.44
Interest cover ratio (times)	43.59	18.88	17.60	5.38	12.69	56.76
Shares and Earnings						
Market price / share as at June 30 (Rs.)	49	66	70	77	122	91
Earnings per share (Rs.)	7.90	11.74	17.24	6.03	11.02	12.59
Cash dividend per share	4.5	5.0	5.0	1.5	4.5	5.0
Bonus shares issued %	-	-	20	-	-	-
Break-up value per share	66.96	62.31	66.21	48.99	47.06	40.92

Events of the Year

31st Annual General Meeting

Annual Sales Convention

Long Service Award Ceremony



Form of proxy

32nd 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 32nd Annual General Meeting of the Company to be held on October 20, 2011 and at any adjournment thereof.

Signed this ______________________ day of ______________ 2011.

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

Witness:

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

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

Important:

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

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

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

For CDC Account Holders / Corporate Entities:

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

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

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

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

Attock Cement Pakistan Limited
D-70, Block-4, Kehkashan-5 Clifton, Karachi-75600
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Email: acpl@attockcement.com
Website: www.attockcement.com