ANNUAL REPORT 2008

THE STRENGTH
KOHAT CEMENT

KOHAT CEMENT
COMPANY LIMITED

VISION

Widen the spectrum of cement usage in Pakistan.

MISSION

Excel and grow through continuous improvement.

Provide good returns and security to the shareholders.

Fulfill obligations towards employees and Society.

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COMPANY INFORMATION

Board of Directors

Mr. Aizaz Mansoor Sheikh
Chief Executive

Mr. Nadeem Atta Sheikh
Mr. Tariq Atta Sheikh
Mr. Omer Aizaz Sheikh
Mr. Ibrahim Tanseer Sheikh
Mrs. Ghazala Amjad
Mrs. Hafsa Nadeem

Audit Committee

Mr. Tariq Atta Sheikh
Chairman

Mr. Omer Aizaz Sheikh
Mrs. Ghazala Amjad

Company Secretary

Mohammad Hashim Khan

Legal Advisor

Qazi Waheed-ud-Din

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Shares Registrar

AZM Computers (Pvt.) Limited
24-Ferozepur Road,
Mozang Chungi, Lahore.
Tel: (042) 7552269
Fax: (042) 7576129

Registered Office and Works

Kohat Cement Company Limited
Rawalpindi Road, Kohat.
Tel: (0922) 560990
Fax: (0922) 560405
E-mail: financekccl@yahoo.com

Head Office

37 - P, Gulberg - II, Lahore.
Tel: (042) 11 111 5225
Fax: (042) 575 4084
E-mail: mis@kohatcement.com

Bankers of the Company

Standard Chartered Bank (Pak) Ltd.
The Bank of Khyber
Askari Bank Limited
Soneri Bank Limited
National Bank of Pakistan
KASB Bank Limited
The Bank of Punjab
Bank Alfalah Limited
Royal Bank of Scotland
MCB Bank Limited
Allied Bank Limited

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that 29th Annual General Meeting of the shareholders of **Kohat Cement Company Limited** for the financial year ended 30th June 2008 will be held on Friday, October 31, 2008, at its registered office Kohat Cement Factory, Rawalpindi Road, Kohat at 10:00 A.M., to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the Annual General Meeting held on October 24, 2007.
2. To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2008 together with Auditors' and Directors' Reports thereon.
3. To appoint Auditors for the year 2008-2009 and to fix their remuneration. The present Auditors M/s. KPMG Taseer Hadi & Co., Chartered Accountants, retires and being eligible, offers them for reappointment.
4. To approve issue of Bonus Shares @ 10% i.e. 10 (ten) ordinary shares for every 100 (hundred) ordinary shares held as recommended by the Board of Directors.

SPECIAL BUSINESS

5. To consider, and if thought fit, to pass the following resolution with or without modification as an Ordinary Resolution:

"RESOLVED that:

a) A sum of Rs. 117,052,030/= out of the Share Premium Account be capitalized and applied for issuing of 11,705,203/= ordinary shares of Rs. 10 each and allotted as fully paid bonus shares to the members of the Company whose names appear on the register of the members of the Company as at the close of business on October 23, 2008 in proportion of ten such new shares for every hundred existing ordinary shares held and that such new shares shall rank *pari passu* with the existing ordinary shares of the Company.

b) All fractional bonus shares be consolidated and sold in any Stock Exchange of Pakistan and the sale proceeds thereof be donated to; any non-profit organization listed in Clause 61 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, or to any other organization approved as a non-profit organization in terms of the provisions of Income Tax Ordinance, 2001.

c) For the purpose of giving effect to the foregoing, the Directors be and are hereby authorized to give such directions as may be necessary and as they deem fit to settle any question or any difficulties that may arise in the distribution of the said new shares or in the payment of the sale proceeds of the fractions.

6. To transact any other business with the permission of the Chair.

(By Order of the Board)

(MOHAMMAD HASHIM KHAN)
COMPANY SECRETARY

Kohat: October 09, 2008

Notes:

1. The register of members and the share transfer books of the Company will be closed from Friday, October 24, 2008 to Friday, October 31, 2008 (both days inclusive). Physical transfers / CDS transactions IDs received in order at the share department of the Company, AZM Computer Services (Pvt.) Limited, 24-Ferozepur Road, Mozang Chungi, Lahore, upto the close of business on Thursday, October 23, 2008 will be treated in time for entitlement of bonus shares and to attend Annual General Meeting.

2. A member entitled to attend and vote at the Meeting may appoint another member as his/her proxy to attend and vote on his/her behalf. Proxies, in order to be effective, must be received at the Registered Office of the Company 48 hours before the time of the holding of the Meeting. Form of proxy is enclosed herewith.

3. CDC shareholders are requested to bring their National Identity Card, Account and Participant's Number and will further have to follow the guidelines as laid down in the Securities & Exchange Commission of Pakistan's Circular No. 1 dated 26th January 2000 while attending the Meeting for identification.

4. The members should quote their folio number / CDS IDs in all correspondence with the Company and at the time of attending the Annual General Meeting.

5. The members are requested to notify immediately changes, if any, in their registered addresses.

STATEMENT U/S 160(1)(b) OF THE COMPANIES ORDINANCE, 1984

Item No. 5 To Issue Bonus Shares

Keeping in view the loss for the year and cash flow situation of the Company, the Board of Directors does not feel prudent to declare any cash divided; however the Board of Directors has recommended increasing the paid up capital by issue of 11,705,203/= ordinary shares as fully paid bonus shares by capitalization of Share Premium Account upto Rs. 117,052,030/= under Section 83(2)(d) of the Companies Ordinance, 1984. None of the directors are interested in this business except to the extent of their entitlement to bonus shares as ordinary members of the Company.

DIRECTORS' REPORT TO THE SHAREHOLDERS FOR THE FINANCIAL YEAR ENDED JUNE 30, 2008

Dear Members,

The Directors take pleasure in presenting the Annual Report and Audited Financial Statements of your Company for the year ended June 30, 2008.

Financial results - The net sales revenue for the year under review is Rs. 1,375.9 million (2007: Rs. 1,553.7 million) reflecting a decline of 11.44% from previous year. The Company has suffered a pre-tax loss of Rs. 279.573 million (2007: Pre-tax profit of Rs. 327.840 million) after accounting for all charges inclusive of depreciation of Rs. 103.949 million (2007: Rs. 111.88 million) and Golden Hand Shake (GHS) payments to all the unionized permanent workers under Voluntary Separation Scheme (VSS) of Rs. 267.286 million (2007: Rs. NIL). Downfall in the profitability of the Company is mainly attributable to the following factors:

- Lower capacity utilization due to irregular power supply from WAPDA;
- Increase in cost of input prices of coal, empty bags, diesel etc.
- Payment of GHS to all the unionized permanent workers under VSS.

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

	Rupees in Thousand	
	2008	2007
(Loss)/Profit before taxation and GHS under VSS	**(12,287)**	327,841
GHS payments under VSS	**(267,286)**	-
(Loss)/Profit before taxation	**(279,573)**	327,841
Taxation:		
- Current - for the year	**7,123**	23,932
- Deferred - for the year	**(64,256)**	(7,151)
- Deferred - for prior year	**-**	62,692
	(57,133)	79,473
(Loss)/Profit after taxation	**(222,440)**	248,368
(Loss)/Earnings per share (Rupees)	**(1.90)**	2.12

Plant Performance From its grey cement line the Company produced 428,937 tons of clinker by utilizing 79.43% of its production capacity (2007: 506,040 tons @ 93.71% capacity utilization). Resulting in reduced dispatches of 452,401 tons of grey cement (2007: 524,132 tons). These figures include in house consumption of 9,946 tons (2007: 28,332 tons). Decrease in production was due to irregular power supply from WAPDA.

Dispatches of white cement were reduced to 20,325 tons (2007: 22,902 tons) due to low market demand.

Appropriations Keeping in view the loss for the year and cash flow situation of the Company in mind the Directors do not feel prudent to declare any cash dividend; however, the Directors have proposed issuing of Bonus Shares in proportion of 10 (ten) ordinary shares for every 100 (hundred) ordinary shares held (i.e. @ 10%) by capitalizing the Share Premium Account by an amount of Rs. 117,052,030 as permitted under Section 83(2)(d) of the Companies Ordinance, 1984.

Market review Domestic consumption of cement during the year under review was 22.4 million tons showing a growth of 6.47% over the previous year, while export sales boosted to 7.72 million tons showing growth rate of 142 % over the previous year. There was an overall increase of 24.32% in cement sales.

Exports During the year under review, the company exported 163,308 tons of grey cement and 5,493 tons of white cement.

Exports to India In order to supply cement to India, the Company has obtained BIS Certification for Grey Cement from Indian Government and has started exports to India. Whereas, the requisite registration process for white cement is under process.

Future prospects The local demand has dampened in the current year but export demand is strong. There is a shortage of transport for Karachi ports and the freight charges have sky rocketed resulting in reduced profits for the manufacturers in the north. Instability in the country along with reduced local demand and unprecedented inflation are all negative factors for the cement sector. Your management expects tough times ahead and is planning accordingly.

Debt Obligations and Credit Rating The Company is current with its debt obligations. According to the Pakistan Credit Rating Agency (PACRA) latest rating report, the long term rating of the entity is A- (Single A minus) and the short term rating is A2 (A Two). The rating denotes a low expectation of credit risk emanating from a strong capacity for timely payment of financial commitments.

Significant plans and decisions

- ***Grey Cement Expansion Project*** By the Grace of Almighty Allah, Trial production from the new grey cement line of '6,700 TPD clinker capacity' started on September 26, 2008 during the holy month of Ramadan.

- ***Refinancing/Swapping of Long Term Debt*** During the year under review, the Company has swapped its existing higher cost Term Finance facilities of Rs. 3,640 million with low cost Redeemable Capital (Sukuk Certificates) of Rs. 2,500 million and new term finance facility of Rs. 1,140 million. This exercise is going to result in substantial saving in borrowing costs.

- ***Voluntary Separation Scheme (VSS)*** During the year under review, the Company offered VSS to all its permanent unionized workers. The offer was accepted by all the workers and subsequently an amount of Rs. 267.286 million was paid to these workers as GHS.

Compliance with code of corporate governance

The management is fully aware of the Company's obligations for compliance with the Code of Corporate Governance as incorporated in the Listing Regulations of all Stock Exchanges of Pakistan and steps are being taken for its effective implementation within the allowed time frame. The various statements, as required by the Code, are given below:

- ***Presentation of financial statements*** - The financial statements prepared by the management present fairly the Company's state of affairs, the results of its operations, cash flows and changes in equity.

- ***Books of account*** - The Company have maintained proper books of account.

- ***Accounting policies*** - Appropriate accounting policies have been consistently applied, except for change stated in note no. 3.9, in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

- ***Compliance with International Financial Reporting Standards (IFRS)*** - International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements to ensure the true and fair view of the Company's financial position.

- ***Internal control system*** - The system of internal control is sound in design and has been effectively implemented and is being monitored continuously. The review will continue in future for the improvement in controls.

- ***Going concern*** - There are no significant doubts upon the Company's ability to continue as a going concern.

- ***Best Practices of Corporate Governance*** - There has been no material departure from the Best Practices of Corporate Governance, as detailed in the Listing Regulations wherever applicable to the Company for the year ended June 30, 2008.

Financial highlights - Key operating & financial data of last eight years is included in this report.

Outstanding statutory dues - The outstanding statutory dues on account of taxes, duties, levies and charges are disclosed in note no. 10.

Statement on value of staff retirement funds - The value of investments as at June 30, 2008 in respect of retirement funds is as under:

- Provident fund	Rs. 40.782 million	Un-audited
- Gratuity fund	Rs. 3.727 million	Un-audited

Actuarial valuation of Gratuity as required under IAS 19 has been carried out.

Board meetings - During the year four meetings of the Board of Directors were held. Attendance by each director at the Board meeting is as under:

Name of director	No. of meetings attended
Mrs. Khawar Sultana	4
Mr. Aizaz Mansoor Sheikh	2
Mr. Nadeem Atta Sheikh	4
Mr. Tariq Atta Sheikh	4
Mrs. Ghazala Amjad	4
Mr. Omer Aizaz Sheikh	2
Mrs. Hafsa Nadeem	4

The Directors who could not attend the Board Meeting were duly granted leave of absence from the meeting by the Board in accordance with the law.

Trading in Company's shares - Movement in Directors, CEO and their spouses and minor children shareholding is given as under:

			Bonus Shares allotted	Shares Sold
i)	Mrs. Khawar Sultana	Chairperson/Director	138,348	-
ii)	Mr. Aizaz Mansoor Sheikh	CEO / Director	3,071,004	-
iii)	Mr. Tariq Atta Sheikh	Director	1,576,412	100,000
iv)	Mr. Nadeem Atta Sheikh	Director	3,216,745	-
v)	Mr. Omer Aizaz Sheikh	Director	202,820	-
vi)	Mrs. Ghazala Amjad	Director	825,454	-
vii)	Mrs. Hafsa Nadeem	Director	224,835	-
viii)	Mrs. Hijab Tariq	Director's Spouse	170,455	-
ix)	Mr. Sheikh Amjad Latif	Director's Spouse	812,034	-

Pattern of shareholding - The Pattern of Shareholding and additional information as required by the Code of Corporate Governance are included in this report.

External auditors - The present auditors, M/s. KPMG Taseer Hadi and Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment. As suggested by the Audit Committee, the Board of Directors has recommended the re-appointment of present auditors of the Company for the ensuing year.

Management and employees relations - The Board would like to record its appreciation for the valuable contribution made by all its employees. The management is quite confident that these cordial relations and cooperation will continue in the years to come.

For and on behalf of the Board

AIZAZ MANSOOR SHEIKH
Chief Executive

Lahore : 30 September 2008

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

Kohat Cement Company Limited
Year ended June 30, 2008

This statement is being presented to comply with the Code of Corporate Governance contained in Listing Regulation No. 37 of the Karachi Stock Exchange, Chapter XIII of the Listing Regulations of the Lahore Stock Exchange and Chapter XI of the Listing Regulations of the Islamabad Stock Exchange 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 on its Board of Directors. At present the Board includes four non-executive directors.

2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.

3. To the best of our knowledge 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 during the year.

5. The Company has prepared a "Statement of Ethics and Business Practices", which has been adopted 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.

7. All the powers of the Board have been duly exercised and decisions on material transactions have been taken by the Board. There was no new appointment of CEO or other executive director during the year.

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, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Board arranged orientation courses for its certain directors during the year to apprise them of their duties and responsibilities.

10. There was no new appointment of Chief Financial Officer (CFO), Head of Internal Audit or Company Secretary during the year.

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 the CEO and the CFO before approval by the Board.

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

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

15. The Board has formed an audit committee. It comprises 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 every quarter prior to approval of interim and final results of the Company. The terms of reference of the committee have been formulated and advised to the committee for compliance.

17. The Board has set-up an effective internal audit function and personnel involved 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 persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

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

Lahore: September 30, 2008

AIZAZ MANSOOR SHEIKH
(CHIEF EXECUTIVE)

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 **Kohat Cement Company Limited ("the Company")** to comply with the Listing Regulations of the respective Stock Exchanges, 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 system sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review, nothing has come to our attention, which causes us to believe that the statement of compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance.

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants

Lahore: September 30, 2008

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Kohat Cement Company Limited** ("the Company") as at 30 June 2008 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion:

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for a change referred to in note 3.9 to the financial statements with which we concur;

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

   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2008 and of the loss, 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.

KPMG Taseer Hadi & Co.

Lahore: September 30, 2008

KPMG Taseer Hadi & Co.
Chartered Accountants

BALANCE SHEET

	Note	2008 Rupees	2007 Rupees Restated
SHARE CAPITAL AND RESERVES			
Authorised share capital			
150,000,000 (2007: 150,000,000) ordinary shares of Rs. 10 each		1,500,000,000	1,500,000,000
Issued, subscribed and paid up capital	4	1,170,520,370	1,017,843,800
Reserves	5	235,805,586	396,306,773
Accumulated profit		922,803,191	1,145,242,557
		2,329,129,147	2,559,393,130
NON CURRENT LIABILITIES			
Long term finances - secured	6	2,981,785,715	2,703,308,354
Liabilities against assets subject to finance lease - secured	7	3,686,712	-
Long term security deposits and retention money	8	135,837,621	106,808,320
Deferred liabilities	9	155,732,831	228,068,951
		3,277,042,879	3,038,185,625
CURRENT LIABILITIES			
Trade and other payables	10	244,465,133	178,982,959
Mark up payable on secured loans		50,719,344	12,260,606
Short term running finances - secured	11	1,096,066,075	146,434,421
Current portion of long term liabilities:			
Long term finances - secured	6	625,022,321	218,120,218
Liabilities against assets subject to finance lease - secured	7	1,475,601	-
		2,017,748,474	555,798,204
Contingencies and commitments	12	-	-
		7,623,920,500	6,153,376,959

The annexed notes 1 to 39 form an integral part of these financial statements.

CHIEF EXECUTIVE
Lahore: September 30, 2008

AS AT 30 JUNE 2008

	Note	2008 Rupees	2007 Rupees Restated
NON CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	13	941,431,201	1,023,528,041
Capital work-in-progress	14	5,307,288,753	4,495,377,648
		6,248,719,954	5,518,905,689
Long term loans and advances	15	38,142,100	45,731,201
Long term deposits	16	4,429,440	3,879,440
		6,291,291,494	5,568,516,330
CURRENT ASSETS			
Stores, spares and loose tools	17	699,954,682	185,856,546
Stock in trade	18	174,317,806	125,147,740
Trade debts	19	15,341,081	21,381,453
Advances, deposits, prepayments and other receivables	20	406,020,470	120,072,947
Cash and bank balances	21	36,994,967	132,401,943
		1,332,629,006	584,860,629
		7,623,920,500	6,153,376,959

DIRECTOR

AS AT 30 JUNE 2008

	Note	2008 Rupees	2007 Rupees Restated
NON CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	13	**941,431,201**	1,023,528,041
Capital work-in-progress	14	**5,307,288,753**	4,495,377,648
		6,248,719,954	5,518,905,689
Long term loans and advances	15	**38,142,100**	45,731,201
Long term deposits	16	**4,429,440**	3,879,440
		6,291,291,494	5,568,516,330
CURRENT ASSETS			
Stores, spares and loose tools	17	**699,954,682**	185,856,546
Stock in trade	18	**174,317,806**	125,147,740
Trade debts	19	**15,341,081**	21,381,453
Advances, deposits, prepayments and other receivables	20	**406,020,470**	120,072,947
Cash and bank balances	21	**36,994,967**	132,401,943
		1,332,629,006	584,860,629
		7,623,920,500	6,153,376,959

DIRECTOR

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 Rupees	2007 Rupees Restated
Sales - net	22	1,375,972,754	1,553,733,256
Cost of goods sold	23	1,288,570,903	1,210,466,340
Gross profit		87,401,851	343,266,916
Selling and distribution expenses	24	24,878,363	18,701,815
Administrative and general expenses	25	40,894,043	46,338,529
		65,772,406	65,040,344
Operating profit		21,629,445	278,226,572
Other operating expenses	26	20,958,970	7,640,715
		670,475	270,585,857
Other operating income	27	35,978,496	75,624,748
		36,648,971	346,210,605
Finance cost	28	48,935,320	18,370,018
Voluntary separation scheme (VSS)	29	267,286,401	-
(Loss)/profit before taxation		(279,572,750)	327,840,587
Taxation	30	(57,133,384)	79,472,319
(Loss)/profit after taxation		(222,439,366)	248,368,268
(Loss)/earnings per share - basic and diluted	31	(1.90)	2.12

Appropriations have been reflected in the statement of changes in equity.

The annexed notes 1 to 39 form an integral part of these financial statements.

CHIEF EXECUTIVE

Lahore: September 30, 2008

DIRECTOR

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 Rupees	2007 Rupees Restated
CASH FLOW FROM OPERATING ACTIVITIES			
(Loss)/profit before taxation		(279,572,750)	327,840,587
Adjustments for non cash expenses and other items:			
Depreciation on property, plant and equipment		103,948,754	111,880,044
Profit on sale of property, plant and equipment		(1,809,652)	(4,045,353)
Exchange loss		18,897,875	-
Book value of property, plant and equipment written off		-	34,929
Provision for staff retirement benefits		4,090,841	3,197,012
Provision for compensated absences		922,829	931,244
Profit/mark-up on bank deposits		(5,177,086)	(42,497,909)
Profit on sale of available-for-sale investment		-	(54,945)
Finance cost		48,935,320	18,370,018
		169,808,881	87,815,040
Operating (loss)/profit before working capital changes		(109,763,869)	415,655,627
(Increase)/decrease in current assets			
Stores, spares and loose tools		(514,098,136)	(39,841,097)
Stock in trade		(49,170,066)	(37,277,745)
Trade debts		6,040,372	260,626
Advances, deposits, prepayments and other receivables		(106,049,305)	(53,045,577)
(Decrease)/increase in current liabilities			
Trade and other payables		64,233,563	(36,259,533)
		(599,043,572)	(166,163,326)
Cash (used in)/generated from operations		(708,807,441)	249,492,301
Finance cost paid		(460,208,247)	(270,335,133)
Contribution to staff retirement benefit (gratuity fund)		(6,023,320)	(898,100)
Compensated absences paid		(4,611,747)	(766,417)
Income tax paid		(15,785,358)	(70,418,116)
		(486,628,672)	(342,417,766)
Net cash (outflow) from operating activities		(1,195,436,113)	(92,925,465)
Cash flow from investing activities			
Fixed capital expenditure		(568,372,102)	(3,302,597,142)
Sale proceeds of property, plant and equipment		9,892,975	15,861,002
Profit/mark-up on bank deposits		6,007,077	43,267,558
Decrease in long term loans and advances		10,032,082	(865,567)
Increase in long term security deposits		2,847,637	101,357,220
Sale proceeds of available-for-sale investment		-	6,690,600
Increase in long term deposits		(550,000)	-
Net cash outflow from investing activities		(540,142,331)	(3,136,286,329)
Cash flow from financing activities			
Proceeds from long term finances		4,323,559,522	2,683,928,572
Repayments of long term finances		(3,638,180,058)	(44,148,330)
Proceeds from lease finance		5,500,000	-
Payment of finance lease liabilities		(337,689)	(24,083,082)
Dividend paid		(1,961)	(6,568)
Net cash inflow from financing activities		690,539,814	2,615,690,592
Net (decrease) in cash and cash equivalents		(1,045,038,630)	(613,521,202)
Cash and cash equivalents at the beginning of the year		(14,032,478)	599,488,724
Cash and cash equivalents at the end of the year	32	(1,059,071,108)	(14,032,478)

The annexed notes 1 to 39 form an integral part of these financial statements.

CHIEF EXECUTIVE
Lahore: September 30, 2008

DIRECTOR

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2008

	Share Capital	Share Premium	Fair Value Reserve	General Reserve	Hedging Reserve	Accumulated Profit	Total
	Rupees						
Balance as at 30 June 2006	925,312,540	319,433,561	(35,656)	70,000,000	-	969,229,248	**2,283,939,693**
Effect of change in accounting policy of borrowing costs [net off income tax expense of Rs. 6.64 million]	-	-	-	-	-	20,176,301	**20,176,301**
Balance as at 30 June 2006 (restated)	925,312,540	319,433,561	(35,656)	70,000,000	-	989,405,549	**2,304,115,994**
Net profit for the year	-	-	-	-	-	48,807,582	**48,807,582**
Effect of change in accounting policy of borrowing costs [net off income tax expense of Rs. 62.69 million]	-	-	-	-	-	199,560,686	**199,560,686**
Issuance of bonus shares	92,531,260	-	-	-	-	(92,531,260)	**-**
Fair value reserve transferred to profit and loss account on disposal of available for sale investment	-	-	35,656	-	-	-	**35,656**
Unrealized gain on derivative financial instrument (net off deferred tax of Rs. 2.16 million)	-	-	-	-	6,873,212	-	**6,873,212**
Balance as at 30 June 2007 (restated)	1,017,843,800	319,433,561	-	70,000,000	6,873,212	1,145,242,557	**2,559,393,130**
Net loss for the year	-		-	-	-	(222,439,366)	**(222,439,366)**
15,267,657 ordinary shares of Rs. 10 each issued as bonus shares	152,676,570	(152,676,570)	-	-	-	-	**-**
Unrealized loss on derivative financial instrument (net off deferred tax of Rs. 2.45 million)	-	-	-	-	(7,824,617)	-	**(7,824,617)**
Balance as at 30 June 2008	1,170,520,370	166,756,991	-	70,000,000	(951,405)	922,803,191	**2,329,129,147**

The annexed notes 1 to 39 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

Lahore: September 30, 2008

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2008

1 Status and nature of the business

The Company is a public limited company incorporated in Pakistan under the Companies Act, 1913 (now Companies Ordinance, 1984) and is listed on Karachi, Lahore and Islamabad Stock Exchanges. The Company is engaged in the production and sale of cement. The registered office is situated at Rawalpindi Road, Kohat, Pakistan.

2 Statement of compliance

2.1 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 (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Standards, interpretations and amendments to published approved accounting standards

New accounting standards and IFRIC interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards , effective for accounting periods beginning on or after 1 July 2008 are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain increased disclosures:

IFRS 7 - Financial Instruments: Disclosures

IFRS 8 - Operating Segments

Revised IAS 1 - Presentation of financial statements

IFRS 2 (amendment) - Share based payments

IFRS 3 (amendment) - Business Combinations and consequential amendments to IAS 27 - Consolidated and separate financial statements, IAS 28 - Investment in associates and IAS 31-Interest in Joint Ventures.

Revised IAS 23 - Borrowing costs

IAS 32 (amendment) - Financial instruments: Presentation and consequential amendment to IAS 1- Presentation of Financial Statements

IFRIC 10 – Interim Financial Reporting and Impairment

IFRIC 11 – Group and Treasury Share Transactions

IFRIC 12 – Service Concession Arrangements

IFRIC 13 - Customer Loyalty Programme

IFRIC 14 - The Limit on Defined Benefit Asset, Minimum Funding Requirements and their interaction

3 Significant accounting policies

3.1 Accounting convention and basis of preparation

These financial statements have been prepared under the historical cost convention, except for revaluation of certain financial investments and derivative financial instruments at fair value and recognition of certain staff retirement benefits at present value.

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgment about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if revision affects both current and future periods. The areas where various assumptions and estimates are significant to Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

- Useful life of depreciable assets
- Staff retirement benefits
- Taxation
- Provisions and contingencies
- Derivative financial instruments

3.2 Fixed capital expenditure and depreciation

Property, plant and equipment except land and capital work in prgoress are stated at cost less accumulated depreciation and any identified impairment loss. Land and capital work in progress are stated at cost. Cost of certain fixed assets consists of historical cost and directly attributable cost of bringing the assets to working condition. Stores and spares held for capital expenditure are stated at moving average cost.

Depreciation on property, plant and equipment is charged to income by applying reducing balance method so as to write off the historical cost of the assets over their estimated useful lives at the rates given in note 13.

Depreciation is charged from the month in which assets are put to use upto the month before the disposal of asset.

The assets residual values and useful lives are reviewed at each financial year end, and adjusted if impact on depreciation is significant.

The Company assesses at each balance sheet date whether there is any indication that fixed assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying value exceeds recoverable amount, assets are written down to the recoverable amount.

Normal repairs and maintenance are charged to income as and when incurred. Major improvements and modifications are capitalized and the assets so replaced, if any, are retired.

Profit or loss on disposal of operating fixed assets represented by the difference between the sale proceeds and the carrying amount of the asset is included in income.

3.3 Assets subject to finance lease

Assets subject to finance lease are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets at the inception of the lease. The related rental obligations, net of finance charges, are included in liabilities against assets subject to finance lease as referred to in note 7. The liabilities are classified as current and long term depending upon the timing of the payment.

Assets acquired under finance lease are amortized over the useful lives of the assets on a reducing balance method at the rates given in note 13. Amortization of leased assets is charged to current income.

3.4 Stores, spares and loose tools

These are valued at moving average cost. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

3.5 Stock in trade

Stock in trade is valued at the lower of weighted average cost and net realizable value. The average cost in relation to work in process and finished goods represents direct cost of materials, labour and appropriate portion of production overheads. Net realizable value signifies the ex-factory sales price in the ordinary course of business less expenses necessary to be incurred in order to make the sale.

3.6 Employee benefits

Defined benefit plan

The Company operates a funded gratuity scheme for all its permanent employees subject to completion of a prescribed qualifying period of service. Contribution to the fund is made annually on the basis of actuarial recommendation to cover obligation under the scheme. Actuarial valuation of the scheme is undertaken at appropriate regular intervals and the latest valuation was carried out at 30 June 2008, using the projected unit credit method.

Cumulative net unrecognised actuarial gains and losses at the end of the previous year which exceed 10% of the greater of the present value of the Company's obligations and the fair value of plan assets are amortised over the expected average working lives of the participating employees.

Defined contribution plan

The Company also operates a defined contributory provident fund scheme for all employees. Equal monthly contributions are made by the Company and the employees to the fund at the rate of 10% of basic salary.

Compensated absences

Provisions are made annually to cover the obligation for accumulating compensated absences and are charged to income.

3.7 Taxation

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

The Company accounts for deferred taxation, using the balance sheet liability method, on all temporary differences. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date.

3.8 Foreign currency translation

Assets and liabilities in foreign currencies are translated into Pak rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into rupees at spot rate. The Company charges all exchange differences to profit and loss account.

3.9 Borrowing costs

Borrowing and other related costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are ready for their intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

Previously, Company expensed such costs, and after change in accounting policy, these costs will be capitalized and shall form part of the cost of the project. Management believes that this revised policy provides reliable and more relevant information because it results in a more appropriate treatment of finance costs and is consistent with local industry practice, making Company's financial statements more comparable.

This change in accounting policy has been accounted for retrospectively, and the corresponding figures have been restated and the effect of the change in current year and year ended 30 June 2007 is tabulated below. Opening retained earnings for year ended 30 June 2007 have been increased by Rs. 20,176,301, which is the amount of adjustment relating to periods prior to year ended 30 June 2007.

	2008 **Rupees**	2007 Rupees
Decrease in finance costs	**449,731,665**	262,252,035
Increase in income tax expense	-	(62,691,349)
Net increase in profits	**449,731,665**	199,560,686
Increase in EPS - basic and diluted	**3.84**	1.70
Increase in capital work in progress of the project	**738,798,020**	289,066,355
Increase in unappropriated profit net of income tax expense	**449,731,665**	199,560,686
Increase in deferred tax liability	-	69,329,368

3.10 Revenue recognition

Revenue from sales is recognized when the risks and rewards are transferred i.e. at the time of dispatch of goods to the customers.

Profit on bank deposits is recognized on accrual basis.

3.11 Financial instruments

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 or cost, as the case may be. Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

Financial assets are de-recognized when the Company loses control of contractual rights that comprise the financial asset. Whereas financial liabilities are de-recognized when the obligation specified in the contract is discharged, cancelled, or expires.

Derivative financial instruments and hedging activities

These are initially recorded at fair value on the date a derivative contract is entered into and are subsequently re-measured to fair value at subsequent reporting dates. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as cash flow hedge. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives that do not qualify for hedge accounting are recorded in the profit and loss account for the year.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting. Such hedges are expected to be highly effective in achieving the task of offsetting changes in fair values or cash flows and are assessed on an ongoing basis to determine that they have been highly effective throughout the financial reporting period for which they were designated.

For the purposes of hedge accounting, cash flow hedges refer to hedges against exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability, a firm commitment, or a forecast transaction. In relation to cash flow hedges which meet the conditions for hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in equity and the ineffective portion is recognised in the profit and loss account immediately.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity is kept in equity until the forecast transactions occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the profit and loss account for the year.

3.12 Off setting of financial assets and liabilities

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legally enforceable right to set off and the Company intends either to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

3.13 Trade and accrued liabilities

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received whether billed or not to the Company.

3.14 Provisions

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

3.15 Trade debts

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

3.16 Investments

Available for sale

Investments classified as available for sale are initially measured at cost, being the fair value of consideration given. At subsequent reporting dates, these investments are re-measured at fair value (quoted market price), unless fair value cannot be reliably measured. The investments, for which a quoted market price is not available, are measured at cost as it is not possible to apply any other valuation methodology.

Unrealized gains and losses arising from changes in fair value are directly recognized in equity in the period in which these arise. Cumulative gains and losses arising from changes in fair value are included in net profit or loss for the period in which an investment is derecognized.

All purchases and sales of investments are recognized on the trade date which is the date that the Company commits to purchase or sell the investment. Cost of purchase includes transaction cost.

At each reporting date, the Company reviews the carrying amount of the investments to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists the recoverable amount is estimated in order to determine the extent of the impairment loss if any. Impairment losses are recognized as expense. Where an impairment loss subsequently reverses, the carrying amount of the investment is increased to the revised recoverable amount but limited to the extent of initial cost of the investment. A reversal of the impairment loss is recognized in income. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

3.17 Related party transactions

The Company enters into transactions with related parties on an arm's length basis. Prices for transactions with related parties are determined using admissible valuation methods.

3.18 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalent consists of cash in hand, balances with banks and short term borrowings.

3.19 Dividend

Dividend is recognized as a liability in the period in which it is approved.

4 Issued subscribed and paid up capital

2008		Note	2008 Rupees	2007 Rupees
20,749,585	(2007: 20,749,585) ordinary shares of Rs. 10 each fully paid up in cash		**207,495,850**	207,495,850
11,230,000	(2007: 11,230,000) ordinary shares of Rs. 10 each issued against consideration other than cash		**112,300,000**	112,300,000
85,072,452	(2007: 69,804,795) ordinary shares of Rs. 10 each issued as bonus shares		**850,724,520**	698,047,950
117,052,037			**1,170,520,370**	1,017,843,800

31,308 (2007: 27,225) ordinary shares of the Company are held by M/s Tariq Motors (Private) Limited-related party.

5 Reserves

	Note	2008 Rupees	2007 Rupees
Capital			
Share premium	5.1	**166,756,991**	319,433,561
Hedging reserve	5.2	**(951,405)**	6,873,212
Revenue			
General reserve		**70,000,000**	70,000,000
		235,805,586	396,306,773

5.1 Share premium represents premium of Rs. 12.50 per share received on right issue of 18,506,251 ordinary shares in 2006 and Rs. 42 per share received on issue of 2,193,334 ordinary shares to general public in 1994.

Share premium is net of Rs. 4,014,605 being the expenses on issue of right shares during the year ended 30 June 2006. This reserve can be utilized by the Company only for the purpose specified in section 83(2) of the Companies Ordinance, 1984.

During the year share premium amounting to Rs. 152,676,570 (2007: Nil) has been applied for issuance of 15,267,657 (2007: Nil) ordinary shares of Rs. 10 each as bonus shares approved by the members of the Company in their Annual General Meeting held on 24 October 2007.

5.2 As referred in note 10.3, this represents the fair value of cross currency swap as at balance sheet date and is net of deferred tax impact amounting to Rs. 2,458,509 (2007: Rs. 2,159,341).

	Note	Limit (Rupees in million)	2008 Rupees	2007 Rupees
6 Long term finances - secured				
The Bank of Khyber	6.1	100	**12,500,000**	37,500,000
Consortium of financial institutions led by Standard Chartered Bank (Pakistan) Limited	6.2	2,800	**79,308,036**	2,800,000,000
Consortium of financial institutions led by Standard Chartered Bank (Pakistan) Limited	6.3	840	-	83,928,572
Redeemable capital - Sukuk Certificates	6.4	2,500	**2,415,000,000**	-
Consortium of financial institutions led by Standard Chartered Bank (Pakistan) Limited	6.4	1,140	**1,100,000,000**	-
			3,606,808,036	2,921,428,572
Less: Current maturity shown under current liabilities			**625,022,321**	218,120,218
			2,981,785,715	2,703,308,354

6.1 This facility was obtained for financing the White Cement Plant. The finance carries mark up at the rate of 10% (2007: 10%) per annum, which is to be paid half yearly. Principal is repayable in eight half yearly equal installments of Rs. 12.5 million each ending in September 2008. This facility is secured by way of first pari passu registered charge over the Company's fixed assets to the extent of Rs. 153.8 million (2007: Rs. 153.8 million) and personal guarantees of three sponsoring directors.

6.2 This facility has been obtained for financing the new 6700 TPD clinker capacity of Grey Cement Line (expansion project). The finance carries mark up at the rate of six months KIBOR plus 3% (2007: six months KIBOR plus 3%) subject to a floor of 6.5% (2007: 6.5%), payable quarterly in arrears. This is repayable in 20 quarterly stepped up installments after a grace period of 18 months. This facility is secured by way of first pari passu hypothecation/ equitable mortgage over all present and future fixed and current assets of the Company to the extent of Rs. 3,733 million (2007: Rs. 3,733 million) and personal guarantees of all the directors. The Company has substantially pre-paid this facility except for the share of Pak Oman Investment Company (Pvt.) Ltd. which will be repaid as stated above.

6.3 This facility has been repaid during the year.

6.4 During the year, the Company has obtained finance through issuance of Redeemable Capital (Sukuk Certificates) of Rs. 2,500 million and Syndicated Term Finance (STF) amounting to Rs. 1140 million. These new facilities carry mark - up at the rate of six month KIBOR plus 1.8% payable semi annually in arrears. The principal is repayable in 10 stepped up semi annual installments ending in June 2012. The facilities are secured by way of a ranking charge hypothecation/equitable mortgage over all present and future fixed assets and immovable properties of the Company to the extent of Rs. 4,854 million up gradable to a first pari passu charge.

7. Liabilities against assets subject to finance lease - secured

	2008 Minimum lease payments Rupees	2008 Finance cost for future period Rupees	2008 Present Value of MLP Rupees
Not later than one year	2,057,120	581,519	1,475,601
Later than one year but not later than five years	4,149,960	463,248	3,686,712
	6,207,080	**1,044,767**	**5,162,313**

	2007 Minimum lease payments Rupees	2007 Finance cost for future period Rupees	2007 Present Value of MLP Rupees
Not later than one year	-	-	-
Later than one year but not later than five years	-	-	-
	-	-	-

The Company has entered into finance lease arrangement with Orix Leasing Pakistan Limited for the lease of earth moving equipment. The lease liability is payable in twelve equal quarterly installments.

Six months KIBOR plus 400 basis points has been used to work out present value of minimum lease payments. The lease agreement carries renewal option at the end of the lease period, however, the Company intends to exercise its option to purchase leased assets upon completion of lease term. Residual value of the lease has already been paid at the inception of the lease in the form of a security deposit. There are no financial restrictions imposed by lessors. Taxes, repairs, replacements and insurance costs are borne by lessee.

The lease liability is secured by way of demand promisory note and personal guarantees of two sponsor directors and the title of leased assets are registered in the name of leasing company.

	Note	2008 Rupees	2007 Rupees
8 Long term security deposits and retention money			
Security deposits			
From cement stockiest	8.1	**1,736,100**	1,876,100
From cement transporters	8.2	**400,000**	400,000
		2,136,100	2,276,100
Retention money	8.3	**133,701,521**	104,532,220
		135,837,621	106,808,320

8.1 These are interest free and repayable on the termination of the agency. These are being utilized by the Company in accordance with the terms of the contract.

8.2 These are interest free security deposits for providing guarantee of safe delivery of cement to customers and are repayable on demand. These are being utilized by the Company in accordance with the terms of the contract.

8.3 These are interest free amounts retained from the invoices/bills of the expansion project's suppliers/ contractors and are repayable after one year from the commissioning of grey cement expansion project.

	Note	2008 Rupees	2007 Rupees Restated
9 Deferred liabilities			
Deferred taxation	9.1	**150,335,048**	217,049,771
Staff retirement benefits	9.2	**3,455,662**	5,388,141
Compensated absences	9.3	**1,942,121**	5,631,039
		155,732,831	228,068,951

9.1 Deferred taxation

The liability for deferred taxation comprises of temporary differences relating to:

		2008 Rupees	2007 Rupees Restated
Accelerated tax depreciation		**204,991,914**	214,890,430
Liabilities under finance lease that are deducted for tax purpose only when paid		**(28,863)**	-
Unrealized (loss) / gain on derivative financial instrument		**(299,169)**	2,159,341
Unused tax losses		**(54,328,834)**	-
		150,335,048	217,049,771

9.2 Staff retirement benefits

	Note	2008 Rupees	2007 Rupees Restated
Defined benefit plan funded	9.2.1	**3,455,662**	5,388,141

9.2.1 Defined benefit plan funded

	Note	2008 Rupees	2007 Rupees Restated
Amount recognized in the balance sheet is as follows:			
Present value of defined benefit obligation	9.2.2	**8,535,002**	32,889,501
Benefits payable to outgoing members		**416,899**	5,219,981
Fair value of plan assets	9.2.3	**(3,726,968)**	(32,007,863)
Unrecognized actuarial (gains)		**(1,769,271)**	(713,478)
Liability as at 30 June		**3,455,662**	5,388,141
Net liability as at 01 July		**5,388,141**	3,089,229
Charge to profit and loss account	9.2.4	**4,090,841**	3,197,012
Contribution by the Company		**(6,023,320)**	(898,100)
Liability as at 30 June		**3,455,662**	5,388,141

	2008 Rupees	2007 Rupees
9.2.2 Movement in liability for defined benefit obligation		
Present value of defined benefit obligation as at 01 July	**32,889,501**	34,855,274
Current service cost	**2,920,328**	2,969,786
Interest cost	**3,288,950**	3,136,975
Benefit payments due, but not paid	**(335,070)**	(5,084,932)
Benefits paid during the year	**(30,473,514)**	(3,157,985)
Actuarial (gain) on present value of defined benefit obligation	**(837,542)**	-
Loss due to benefit settlement	**1,082,349**	170,383
Present value of defined benefit obligation as at 30 June	**8,535,002**	32,889,501
9.2.3 Movement in fair value of plan assets		
Fair value of plan assets as at 01 July	**32,007,863**	32,330,544
Expected return on plan assets	**3,200,786**	2,909,749
Contribution paid during the year	**6,023,320**	898,100
Benefits paid during the year	**(35,611,666)**	(3,445,805)
Actuarial (loss) on plan assets	**(1,893,335)**	(684,725)
Fair value of plan assets as at 30 June	**3,726,968**	32,007,863
Plan assets consist of the following:		
Bank of Khyber (Term Deposits)	**3,700,000**	31,805,000
Cash at Bank	**26,968**	202,863
	3,726,968	32,007,863
9.2.4 Charge to profit and loss account		
Current service cost	**2,920,328**	2,969,786
Interest cost	**3,288,950**	3,136,975
Expected return on plan assets	**(3,200,786)**	(2,909,749)
Curtailments or settelments	**1,082,349**	-
	4,090,841	3,197,012

9.2.5 Actual return on plan assets of funded gratuity scheme was Rs.1.3 million (2007: Rs. 2.225 million).

9.2.6 Historical information

	2008 Rupees	2007 Rupees	2006 Rupees	2005 Rupees	2004 Rupees
Present value of defined benefit obligation	8,535,002	32,889,501	34,855,274	33,627,423	28,435,768
Fair value of plan assets	(3,726,968)	(32,007,863)	(32,330,544)	(31,723,598)	(30,936,496)
Deficit/(surplus) in the plan	4,808,034	881,638	2,524,730	1,903,825	(2,500,728)
Experience adjustment arising on plan liabilities	(837,542)	170,383	(2,726,572)	1,585,658	(2,412,393)
Experience adjustment arising on plan assets	(1,893,335)	(684,725)	(715,025)	(1,687,557)	(1,364,496)

9.2.7 Assumptions used for valuation of the defined benefit scheme for employees are as under:

	Per annum	
	2008	2007
	%	%
Discount rate	**12**	10
Expected rate of return on plan assets	**11**	9
Expected rate of increase in salary	**11**	9

Average expected remaining working life time of employees is 8 years.

9.2.8 The Company expects to pay Rs. 4 million in contributions to defined benefit plan in 2009.

9.3 Compensated absences	**2008 Rupees**	2007 Rupees
Opening balance	**5,631,039**	5,466,212
Expense recognized	**922,829**	931,244
Payments made	**(4,611,747)**	(766,417)
Closing balance	**1,942,121**	5,631,039

		Note	2008 Rupees	2007 Rupees
10	**Trade and other payables**			
	Creditors		67,441,529	35,619,512
	Accrued liabilities		68,399,090	46,458,015
	Advances from cement customers		18,323,873	12,819,913
	Contractors' bills payable		8,329,783	4,270,941
	Workers' profit participation fund	10.1	-	39,568,122
	Workers' welfare fund		1,550,405	1,550,405
	Payable to Government on account of:			
	Income tax deducted at source		1,369,178	1,717,513
	Excise duty on cement		24,687,057	-
	Royalty and excise duty		9,898,270	8,692,785
	Security and retention money	10.2	25,716,722	19,452,809
	Unclaimed dividend		1,662,321	1,664,282
	Fair value of derivative financial instrument	10.3	1,250,573	-
	Other payables		15,836,332	7,168,662
			244,465,133	178,982,959

Trade creditors do not include any amount due to related parties (2007: Rs. Nil).

10.1 Workers' profit participation fund

	Note	2008 Rupees	2007 Rupees
Opening balance		39,568,122	55,368,159
Allocation for the year	26	-	3,663,646
Interest accrued		212,979	2,519,002
		39,781,101	61,550,807
Paid during the year		(39,781,101)	(21,982,685)
		-	39,568,122

10.2 Security and retention money

This represents interest free security deposits and retention moneys received from contractors and are repayable after satisfactory completion of contracts.

10.3 Fair value of derivative financial instrument

The Company has entered into two interest rate cross currency swaps agreements with Standard Chartered Bank (Pakistan) Limited for a notional amount of Rs. 1,000 million (2007: 500 million), maturing on 20 September 2012. Under these arrangements the notional PKR amount has been swaped with USD 16.522 million (2007: 8.244 million). The outstanding balance of these arrangements as at 30 June 2008 was Rs. 950 million (2007: 500 million) equivalent to USD 15.413 million (2007: USD 8.244 million). Under these arrangements, the Company would receive 6 months KIBOR and pay 6 months LIBOR plus spread ranging from 1.25% to 1.35% which would be settled semi annually.

11 Short term running finances - secured

	Note	Limit (Rupees in million)	2008 Rupees	2007 Rupees
The Bank of Khyber	11.1	165	**167,693,406**	48,415,266
Standard Chartered Bank (Pakistan) Limited	11.2	400	**398,752,029**	47,521,926
KASB Bank Limited	11.3	100	**99,675,693**	50,497,229
Askari Bank Limited	11.4	300	**231,316,043**	-
Soneri Bank Limited	11.5	200	**198,628,904**	-
			1,096,066,075	146,434,421

11.1 The finance carries mark up at one year KIBOR plus 3% (2007: one year KIBOR plus 3%) with a floor of 13% (2007: 13%) per annum, payable quarterly. The facility is secured by way of first pari passu hypothecation charge of Rs. 80 million (2007: Rs. 80 million) on Company's present and future current assets, first equitable mortgage of Rs. 153.846 million (2007: Rs. 153.846 million) on Company's existing and future fixed assets duly registered with SECP and personal guarantees of three directors. This facility is valid upto 31 August 2008.

11.2 The finance carries mark up at the rate of 2.50% over three months KIBOR (2007: 3% over three months KIBOR), payable quarterly and is secured by way of first pari passu hypothecation charge of Rs. 50 million (2007: Rs. 50 million) on present and future current assets of the Company, first equitable mortgage of Rs. 500 million (2007: Rs. 500 million) on Company's existing and future fixed assets, ranking charge of Rs. 265 million (2007: Nil) over present and future current assets to be upgraded into a first pari passu charge and personal guarantees of all sponsoring directors. This facility is repayable on demand.

11.3 The finance carries mark up at three months KIBOR plus 2% (2007: three months KIBOR plus 2%), payable quarterly. The facility is secured by way of ranking charge over current assets of the Company of Rs. 267 million (2007: Rs. 80 million) and personal guarantee of the Chief Executive of the Company. This facility is valid upto 31 January 2009 or repayable on demand.

11.4 The finance carries mark up at three months KIBOR plus 1.75% (2007: Nil), payable quarterly. The facility is secured by way of ranking charge over current assets of the Company of Rs. 400 million (2007: Nil) to be upgraded into a first pari passu charge and equitable mortgage over immovable properties of associated undertakings to the extent of Rs. 400 million (2007: Nil). This facility is valid upto 30 November 2008.

11.5 The finance carries mark up at six months KIBOR plus 1.75% (2007: Nil), payable semi annually. The facility is secured by way of ranking charge over current assets of the Company of Rs. 266.6 million (2007: Nil) to be upgraded into a first pari passu charge. This facility is valid upto 31 July 2009.

12 Contingencies and commitments

12.1 Contingencies

12.1.1 The Engineering Services International (Pakistan) Limited raised a claim of Rs. 5,449,000 (2007: Rs. 5,449,000) against the Company on account of Mechanical Installation/Erection. A counter claim of Rs. 1,307,962 (2007: Rs. 1,307,962) was lodged by the Company. The case is pending with the Senior Civil Judge, Lahore. Pending an outcome, no provision has been made in the financial statements.

12.1.2 The State Cement Corporation of Pakistan (Private) Limited, the previous sole owner of the Company, raised a claim of Rs. 5,640,000 (2007: Rs. 5,640,000) against the Company on account of the interim dividend pertaining to the year ended 30 June 1993 declared by the previous Board of Directors. The present Board of Directors has rescinded the declaration of interim dividend on various grounds. The matter is pending for arbitration with the Secretary of Finance, Government of Pakistan.

The Company has initiated proceedings for the recovery of Rs. 14,100,000 (2007: Rs. 14,100,000) being an interim dividend pertaining to the year ended 30 June 1992 paid by the previous management to the State Cement Corporation of Pakistan (Private) Limited. The said dividend has been rescinded by the Board and rescission confirmed at the Annual General Meeting. As a consequence, the Company withheld Rs. 14,100,000 of interim dividend pertaining to the period ended 31 December 1994 payable to the State Cement Corporation of Pakistan (Private) Limited. Intimations have been made to the State Cement Corporation of Pakistan (Private) Limited and the Securities and Exchange Commission of Pakistan. This amount has been withheld on legal advice obtained from the corporate lawyers. Currently the matter is pending for arbitration with the Secretary of Finance, Government of Pakistan.

12.1.3 Guarantees issued by Commercial Banks on behalf of the Company are of Rs. 331 million (2007: 331 million) in favour of Sui Northern Gas Pipelines Limited (SNGPL) in accordance with the terms of agreement between the Company and SNGPL and Rs. 1.68 million (2007: Rs. 2.5 million) in favour of Collector Customs, Excise, Sales Tax and other government institutions for supply of cement.

12.1.4 The Company during the year imported certain plant and equipment for its under construction new grey cement plant of 6700 TDP clinker capacity and declared same to the Customs Authorities claimining the concessionary rate of duties and taxes available to the industrial concern under SRO 575(1)2006 dated June 05 , 2006. However, the Customs Department declined the Company's claim and charged standard/normal import duties rates and further increase the value of consignment resulting into additional liability of Rs. 68.332 million.

The Company disputing the department's contention filed a writ petition before the Honorable Sindh High Court at Karachi against the impugned act of the Custom Department. The matter is pending adjudication with the Court. However, the Honorable Sindh High Court ordered to release the goods on submission of bank guarantee valuing Rs. 68.332 million being the value of additional liability. Accordingly, the Custom Authorities have released the goods on submission of the Bank Guarantee by the Company. The Company's management is confident for a favorable outcome of this petition.

	2008 Rupees	2007 Rupees
12.2 Commitments		
Capital expenditure	**143,869,618**	372,566,926
Other than capital expenditure	**11,857,510**	50,904,000

13 Operating fixed assets

	Cost				Depreciation				Net book value as at 30 June 2008
	As at 01 July 2007	Additions/ (deletions)/	As at 30 June 2008	Rate	As at 01 July 2007	For the year	(Disposal)	As at 30 June 2008	
		Rupees		%			Rupees		
Owned									
Freehold land	35,171,158	-	35,171,158	-	-	-	-	-	35,171,158
Buildings on freehold land:									
Factory buildings	298,236,096	-	298,236,096	10	179,223,718	11,901,238	-	191,124,956	107,111,140
Office and other buildings	14,286,876	-	14,286,876	5	9,464,427	241,122	-	9,705,549	4,581,327
Housing colony	48,108,904	-	48,108,904	5	23,875,666	1,211,662	-	25,087,328	23,021,576
Plant, machinery and equipment	1,771,526,589	-	1,771,526,589	10	1,004,798,814	76,672,777	-	1,081,471,591	690,054,998
Storage tanks and pipelines	17,187,050	-	17,187,050	10	15,734,689	145,236		15,879,925	1,307,125
Power installations	82,975,450	-	82,975,450	10	75,819,224	715,623	-	76,534,847	6,440,603
Furniture, fixtures and other office equipment	22,798,491	1,231,835 (92,975)	23,937,351	10	13,458,914	959,576	-	14,418,490	9,518,861
Computer and printers	6,001,136	894,649	6,895,785	30	4,214,743	648,635	-	4,863,378	2,032,407
Weighing scales	1,092,015	4,670,000	5,762,015	10	916,379	56,481	-	972,860	4,789,155
Vehicles	58,406,043	15,739,113 (12,328,000)	61,817,156	20	25,478,023	7,502,062	(4,337,652)	28,642,433	33,174,723
Heavy vehicles	101,802,010	1,899,640	103,701,650	20	88,619,773	2,826,411		91,446,184	12,255,466
Railway sidings	9,853,476	-	9,853,476	5	6,964,255	144,461	-	7,108,716	2,744,760
Laboratory equipments	20,395,140	-	20,395,140	10	15,765,752	462,939		16,228,691	4,166,449
Library books	94,217	-	94,217	10	72,233	2,198	-	74,431	19,786
	2,487,934,651	24,435,237 (12,420,975)	2,499,948,913		1,464,406,610	103,490,421	(4,337,652)	1,563,559,379	936,389,534
Leased									
Heavy vehicles	-	5,500,000	5,500,000	20	-	458,333	-	458,333	5,041,667
2008	2,487,934,651	29,935,237 (12,420,975)	2,505,448,913		1,464,406,610	103,948,754	(4,337,652)	1,564,017,712	941,431,201

	Cost					Depreciation					Net Book value as at 30 June 2007
	As at 01 July 2006	Additions/ (deletions)	Transferred from leased assets	As at 30 June 2007	Rate %	As at 01 July 2006	For the year	Transferred from leased assets	(Disposal)	As at 30 June 2007	
	Rupees					Rupees					
Owned											
Freehold land	36,913,132	6,095,677 (7,837,651)	-	35,171,158		-		-	-	-	35,171,158
Buildings on freehold land:											
Factory buildings	297,840,772	395,324	-	298,236,096	10	166,029,735	13,193,983	-	-	179,223,718	119,012,378
Office and other buildings	14,286,876	-	-	14,286,876	5	9,210,614	253,813	-	-	9,464,427	4,822,449
Housing colony	47,863,919	244,985	-	48,108,904	5	22,608,828	1,266,838	-	-	23,875,666	24,233,238
Plant, machinery and equipment	1,636,913,380	34,613,209	100,000,000	1,771,526,589	10	894,486,752	77,182,624	33,129,438	-	1,004,798,814	766,727,775
Storage tanks and pipelines	17,187,050	-	-	17,187,050	10	15,573,316	161,373	-		15,734,689	1,452,361
Power installations	82,975,450	-	-	82,975,450	10	75,024,088	795,136	-	-	75,819,224	7,156,226
Furniture, fixtures and other office equipment	22,406,554	475,477 (83,540)	- -	22,798,491	10	12,483,173	1,024,352	- -	(48,611)	13,458,914 -	9,339,577 -
Computer and printers	5,662,228	338,908	-	6,001,136	30	3,518,063	696,680	-	-	4,214,743	1,786,393
Weighing scales	1,092,015	-	-	1,092,015	10	896,866	19,513	-	-	916,379	175,636
Vehicles	42,943,097	9,989,102 (3,424,156)	8,898,000 -	58,406,043	20	14,869,479	7,076,814	4,845,733 -	(1,314,003)	25,478,023 -	32,928,020 -
Heavy vehicles	106,107,453	- (11,555,443)	7,250,000	101,802,010	20	92,389,728	2,611,643	3,306,000	(9,687,598)	88,619,773	13,182,237
Railway sidings	9,853,476	-	-	9,853,476	5	6,812,191	152,064	-	-	6,964,255	2,889,221
Laboratory equipments	20,395,140	-	-	20,395,140	10	15,251,375	514,377	-		15,765,752	4,629,388
Library books	94,217	-	-	94,217	10	69,790	2,443	-	-	72,233	21,984
	2,342,534,759	52,152,681 (22,900,790)	116,148,000	2,487,934,651		1,329,223,998	104,951,653	41,281,171	(11,050,212)	1,464,406,610	1,023,528,041
Leased											
Plant and machinery	100,000,000	-	(100,000,000)	-	10	27,707,500	5,421,938	(33,129,438)	-	-	-
Heavy vehicles	7,250,000	-	(7,250,000)	-	20	2,610,000	696,000	(3,306,000)	-	-	-
Light vehicles	8,898,000	-	(8,898,000)	-	20	4,035,280	810,453	(4,845,733)	-	-	-
	116,148,000	-	(116,148,000)	-		34,352,780	6,928,391	(41,281,171)	-	-	-
2007	2,458,682,759	52,152,681 (22,900,790)	-	2,487,934,651		1,363,576,778	111,880,044	-	(11,050,212)	1,464,406,610	1,023,528,041

13.1 Depreciation charged for the year has been allocated as follows:

	Note	2008 Rupees	2007 Rupees
Cost of goods sold	23	**102,879,684**	110,752,967
Selling and distribution expenses	24	**320,721**	338,123
Administrative and general expenses	25	**748,349**	788,954
		103,948,754	111,880,044

13.2 Disposal of operating fixed assets

Particulars of assets	Cost	Accumulated depreciation	Book value	Sale proceeds	Profit	Mode of disposal	Particulars of purchaser
	(-------------------	-------------------	Rupees	-------------------	-------------------)		
Vehicles							**Outsiders**
Land Cruiser	6,190,000	2,624,560	3,565,440	4,500,000	934,560	Negotiation	Palace Enterprises Lahore - associated company
BMW	5,629,000	1,407,250	4,221,750	5,000,000	778,250	Insurance claim	EFU General Insurance Company
Kia Classic	509,000	305,842	203,158	300,000	96,842	Insurance claim	EFU General Insurance Company
Aggregate of other items of property, plant and equipment with individual book values not exceeding Rs. 50,000.	92,975	-	92,975	92,975	-	Recovery	Recovered from employees on final settlement
2008	**12,420,975**	**4,337,652**	**8,083,323**	**9,892,975**	**1,809,652**		
2007	22,900,788	11,050,212	11,850,576	15,861,000	4,045,353		

14 - Capital work-in-progress

	2008	Restated
Civil works - existing plant	**45,846,235**	31,210,294
Expansion project - grey cement:		
Civil works	**1,504,953,038**	1,252,459,161
Plant, machinery and equipment	**2,934,063,973**	2,715,473,367
Advances to plant suppliers	**4,801,634**	73,855,154
Stores held for capital expenditure	**75,501,900**	127,034,680
Letter of credit in process	**3,323,953**	6,278,637
Borrowing costs	**738,798,020**	289,066,355
	5,261,442,518	4,464,167,354
	5,307,288,753	4,495,377,648

15 Long term loans and advances

	Note	2008	2007
Loans to employees-secured-considered good	15.1	**975,834**	6,307,916
Less: Receivable within one year	20.1	**(433,734)**	(2,876,715)
		542,100	3,431,201
Loan to Sui Northern Gas Pipelines Limited (SNGPL)	15.2	**42,300,000**	47,000,000
Less: Receivable within one year		**(4,700,000)**	(4,700,000)
		37,600,000	42,300,000
		38,142,100	45,731,201

	Note	2008 Rupees	2007 Rupees
15.1 Reconciliation of the carrying amount of loans and advances to employees:			
Balance at the beginning of the year		6,307,916	5,282,908
Disbursements during the year		473,583	5,204,329
Recovered during the year		(5,805,665)	(4,179,321)
Balance at the end of the year		975,834	6,307,916

Loans to officers carry mark-up at the rate of 5% (2007: 5%) per annum and loans to workers are interest free. These loans are secured against lien on retirement benefits. House building loans to officers are repayable in 60 equal monthly installments. However, house building loan, car/motor cycle loan and marriage loan to workers are repayable in 48, 36 and 30 equal monthly installments respectively. Chief Executive, directors and executives have not taken any loan/advance from the Company (2007: Rs. Nil).

15.2 This represents a loan given to SNGPL for the development of the infrastructure for supply of natural gas to the Company. Mark up is charged at the rate of 1.5% (2007: 1.5%) per annum and is received annually. This amount is receivable in 10 annual installments of Rs. 4.7 million ending in March 2017.

16 Long term deposits

	Note	2008 Rupees	2007 Rupees
Leasing companies		550,000	-
Others		3,879,440	3,879,440
		4,429,440	3,879,440

17 Stores, spares and loose tools

	Note	2008 Rupees	2007 Rupees
Stores	17.1	346,828,715	75,569,111
Spares		351,509,500	108,352,282
Loose tools		1,616,467	1,935,153
		699,954,682	185,856,546

17.1 These include stores in transit valuing Rs. 138.9 million (2007: Nil).

18 Stock in trade

	Note	2008 Rupees	2007 Rupees
Raw materials		11,768,768	8,272,099
Work in process		118,951,663	99,308,860
Finished goods		16,297,744	12,854,882
Packing material		27,299,631	4,711,899
		174,317,806	125,147,740

		Note	2008 Rupees	2007 Rupees
19	**Trade debts**			
	Considered good			
	Secured		5,493,569	3,994,046
	Un-secured	19.1	9,847,512	17,387,407
			15,341,081	21,381,453

19.1 This include Rs. Nil (2007: Rs. 1.703 million) and Rs. Nil (2007: Rs. 2.579 million) receivable from M/s Meena Bazar and M/s Auto Centre - related parties respectively.

		Note	2008 Rupees	2007 Rupees
20	**Advances, deposits, prepayments and other receivables**			
	Advances - unsecured - considered good			
	Company employees	20.1	2,023,706	5,763,797
	Suppliers		53,280,513	9,407,309
	Contractors		21,676,571	26,225,237
	Advance income tax		22,387,985	13,725,456
	Unadjusted input sales tax		27,681,332	5,654,015
	Letters of credit in process		15,255,705	2,933,527
	Letter of credit/guarantee margin		10,819,063	28,921,421
	Prepayments		2,929,556	891,335
	Profit/mark-up receivable on bank deposits		173,873	1,003,864
	Security deposits		48,495,200	3,340,000
	Other advances and receivables - considered good	20.2	185,952,743	2,011,033
	Current portion of loan given to SNGPL	15.2	4,700,000	4,700,000
	Rebate receivable on export sales		10,644,223	6,463,400
	Fair value of derivative financial instrument	10.3	-	9,032,553
			406,020,470	120,072,947

20.1 Advances to Company's employees

	Note	2008 Rupees	2007 Rupees
Current maturity of long term loans	15	433,734	2,876,715
Others	20.1.1	1,589,972	2,887,082
		2,023,706	5,763,797

20.1.1 No advances were given to executives, directors and Chief Executive of the Company during the year (2007: Rs. Nil).

20.2 This includes an amount of Rs. 183.6 million (2007: Nil) of unconditional and irreovacable Performance Bank Guarantees equivalent to USD 2,682,270 (2007: Nil) issued by a foreign bank on behalf of the foreign supplier of plant and equipment of 6700 TPD cement plant, which has been called by the Company for encashment, as the foreing supplier could not complete the project within the time period stipulated in the Plant Supply Contract. Accordingly cost of related plant and equipment has been reduced.

	Note	2008 Rupees	2007 Rupees
21 Cash and bank balances			
Cash in hand		**1,112,917**	1,150,541
Cash at bank			
Current account		**4,267,714**	4,267,714
Saving account	21.1	**31,614,336**	126,983,688
		36,994,967	132,401,943

21.1 These carry mark-up @ 3.5% to 5% (2007: 3.5% to 11.5%) per annum.

	Note	2008 Rupees	2007 Rupees
22 Sales			
Local sales - gross		**1,309,375,306**	1,526,851,599
Less: Sales tax		**169,182,286**	199,958,199
Excise duty		**220,484,250**	256,143,000
Special excise duty		**9,373,987**	-
		399,040,523	456,101,199
		910,334,783	1,070,750,400
Export sales	22.1	**514,212,020**	523,468,843
		1,424,546,803	1,594,219,243
Less: Rebate on cement		**(48,574,049)**	(40,485,987)
		1,375,972,754	1,553,733,256

22.1 This include Rs.4.2 million (2007: Rs. 3.2 million) of export rebate.

	Note	2008 Rupees	2007 Rupees
23 Cost of goods sold			
Opening work-in-process		**99,308,860**	62,999,016
Raw and packing materials consumed	23.1	**146,216,758**	139,228,137
Power and fuel		**263,733,528**	250,826,263
Coal, gas and furnace oil		**619,160,263**	543,343,397
Coal unloading and feeding charges		**2,763,040**	2,810,169
Stores and spares consumed		**52,683,084**	58,118,194
Salaries, wages and other benefits	23.2	**70,497,800**	129,316,493
Royalty and excise duty		**11,647,141**	13,854,085
Rent, rates and taxes		**1,631,082**	1,147,389
Repairs and maintenance		**13,098,668**	10,120,863
Transportation charges		**33,210,882**	29,350,084
Insurance		**4,953,003**	4,585,990
Depreciation	13.1	**102,879,686**	110,752,967
Other expenses		**10,261,948**	8,598,647
		1,432,045,743	1,365,051,694
Less: Closing work-in-process		**(118,951,663)**	(99,308,860)
Cost of goods manufactured		**1,313,094,080**	1,265,742,834
Opening stock of finished goods		**12,854,882**	9,478,097
		1,325,948,962	1,275,220,931
Closing stock of finished goods		**(16,297,744)**	(12,854,882)
		1,309,651,218	1,262,366,049
Less: Cost attributable to own cement consumption		**(21,080,315)**	(51,899,709)
		1,288,570,903	1,210,466,340

23.1 Raw and packing materials consumed

	2008 Rupees	2007 Rupees
Opening stock as at 01 July		
Raw materials	**8,272,099**	3,770,427
Packing materials	**4,711,899**	11,622,455
	12,983,998	15,392,882
Purchases		
Raw materials	**31,585,920**	32,305,359
Packing materials	**140,715,239**	104,513,894
	172,301,159	136,819,253
	185,285,157	152,212,135
Closing stock as at 30 June		
Raw materials	**11,768,768**	8,272,099
Packing materials	**27,299,631**	4,711,899
	39,068,399	12,983,998
	146,216,758	139,228,137

23.2 Salaries, wages and other benefits include Rs. 974,115 and Rs. 3,473,969 (2007: Rs. 2,099,435 and Rs. 2,678,194) in respect of provident fund contribution and employees' gratuity fund respectively.

		Note	2008 Rupees	2007 Rupees
24	**Selling and distribution expenses**			
	Salaries, wages and other benefits	24.1	**5,905,260**	7,212,227
	Vehicle running		**1,314,510**	1,349,219
	Travelling and conveyance		**534,014**	780,409
	Printing and stationery		**325,039**	332,732
	Postage, telephone and telegrams		**533,031**	570,367
	Entertainment		**644,978**	542,798
	Rent, rates and taxes		**541,898**	571,696
	Electricity, water and gas		**71,578**	97,526
	Advertisement		**842,000**	520,913
	Depreciation	13.1	**320,721**	338,123
	Cement loading charges		**2,981,901**	3,124,254
	Sea freight and other charges on exports		**10,397,837**	2,430,519
	Miscellaneous		**465,596**	831,032
			24,878,363	18,701,815

24.1 Salaries, wages and other benefits include Rs. 71,835 and Rs. 180,852 (2007: Rs. 114,559 and Rs. 152,109) in respect of provident fund contribution and employees' gratuity fund respectively.

		Note	2008 Rupees	2007 Rupees
25	**Administrative and general expenses**			
	Salaries, wages and other benefits	25.1	**19,963,661**	28,602,875
	Vehicle running		**2,252,208**	2,588,095
	Traveling and conveyance		**1,709,654**	950,311
	Printing and stationery		**1,429,224**	1,201,492
	Legal and professional	25.2	**3,732,058**	2,377,855
	Postage, telephone and telegrams		**1,976,392**	2,203,237
	Repairs and maintenance		**694,864**	727,777
	Rent, rates and taxes		**4,677,343**	3,290,062
	Entertainment		**723,159**	649,060
	Auditor's remuneration	25.3	**337,500**	315,000
	Depreciation	13.1	**748,349**	788,954
	Advertisement		**1,362,826**	735,870
	Miscellaneous		**1,286,805**	1,907,941
			40,894,043	46,338,529

25.1 Salaries, wages and other benefits include Rs. 229,907 and Rs. 436,020 (2007: Rs. 368,574 and Rs. 366,709) in respect of provident fund contribution and employees' gratuity fund respectively.

25.2 Legal and professional charges include remuneration to cost auditor Rs. 35,000 (2007: Rs. 35,000).

25.3 Auditor's remuneration	Note	**2008 Rupees**	2007 Rupees
Statutory audit		**200,000**	190,000
Half year review		**100,000**	82,500
Certifications		**-**	10,000
Out of pocket expenses		**37,500**	32,500
		337,500	315,000

26 Other operating expenses

	Note	2008 Rupees	2007 Rupees
Workers' profit participation fund	10.1	**-**	3,663,646
Workers' welfare fund		**-**	1,501,717
Donations	26.1	**2,061,095**	2,475,352
Exchange loss		**18,897,875**	-
		20,958,970	7,640,715

26.1 None of the directors of the Company or any of their spouse have any interest in donee's fund except for Rs. 618,095 (2007: Rs. 1,417,505) paid to Kohat Cement Educational Trust ("the Trust"). Mr. Aizaz Mansoor Sheikh and Mr. Nadeem Atta Sheikh, Directors of the Company are members of the Board of Trustees of the Trust.

27 Other operating income

	Note	2008 Rupees	2007 Rupees
Income from financial assets			
Profit/mark-up on bank deposits		**5,177,086**	42,497,909
Income from sale of investment		**-**	54,944
Income from non-financial assets			
Insurance claim realized		**13,862,940**	348,815
Income from sale of scrap		**18,970**	5,551,029
Profit on sale of assets	13.2	**1,809,652**	4,045,353
Property tax payable written back		**-**	15,840,000
Sales tax refunded		**7,412,101**	-
Net gain on derivative financial instruments		**3,267,215**	-
Miscellaneous		**4,430,532**	7,286,698
		35,978,496	75,624,748

		Note	2008 Rupees	2007 Rupees Restated
28	**Finance cost**			
	Interest/mark-up on:			
	Liabilities against assets subject to finance lease		**176,591**	1,115,007
	Short term finances under mark up arrangements		**42,364,942**	4,001,967
	Long term finances		**2,510,274**	5,789,435
	Workers' profit participation fund		**212,979**	2,519,002
	Bank charges, commission and others		**3,670,534**	4,944,607
			48,935,320	18,370,018

29 Voluntary separation scheme (VSS)

During the year, the Company offered Voluntary Separation Scheme (the Scheme) to its permanent unionised workers. The benefits offered over and above the accumulated post retirement benefit obligation have been treated as VSS cost. The break of the VSS expenses is as follows:

	2008 Rupees	2007 Rupees
Total benefits payable to employees opted for VSS	**410,349,122**	-
Less: Amount relates to service dues		
Leave encashment	**4,143,963**	-
Gratuity	**34,722,978**	-
Provident fund	**104,195,780**	-
	267,286,401	-

30 Taxation

	Note	2008 Rupees	2007 Rupees
For the year			
Current	30.1	**7,122,829**	23,932,303
Deferred		**(64,256,213)**	(7,151,333)
		(57,133,384)	16,780,970
For prior year			
Deferred		-	62,691,349
		(57,133,384)	79,472,319

30.1 Current

30.1.1 The Income Tax Appellate Tribunal (ITAT) while disposing of the Company's appeal against the order passed by the Commissioner of Income Tax (Appeals) - CIT(A) pertaining to the assessment year 1995-96, set aside the order of CIT(A) and the Taxation Officer (TO) while giving effect to the order of ITAT levied additional tax of Rs. 7.8 million under section 89 of the Income Tax Ordinance, 1979. However, the management disputes the ITAT decision as well as TO appeal effect order and has filed a reference application with the Honourable High Court, Lahore against the order of ITAT and has filed an appeal with CIT (A) against the order of TO which are pending adjudication.

30.1.2 Commissioner of Income Tax (Appeals) disposed off the matter relating to profit and loss account add backs, remanded back to it by ITAT pertaining to tax year 2003 in favour of the Company resulting into income tax refund of Rs. 10.7 million. The Tax Department being aggrieved by this order has filed an appeal before ITAT which is pending adjudication.

30.1.3 Taxation Officer in his impugned order U/S 161/205 of the Income Tax Ordinance, 2001 pertaining to tax year 2007 has created a disputed demand of Rs. 4.5 million on alleged short deduction of tax on payments made to transporters. According to the TO's order, the Company was required to deduct tax @ 6% instead of 2 %. However, the Company deducted tax from the payments made to transporters on account of goods transport services @ 2% in accordance with Clause 27 of Part II of Second Schedule to the Income Tax Ordinance, 2001. The management disputes the TO's order and has filed an appeal with the Commissioner of Income Tax (Appeals), Lahore against the above order which is pending adjudication.

30.1.4 The Taxation Officer has passed orders U/S 88 and 89 of the Income Tax Ordinance, 1979, creating an aggregate additional tax demand of Rs. 3.2 million for the assessment year 2002-03. The Company disputes these orders and has filed appeals before CIT (A) which are pending adjudication.

The Company's management is confident of a favorable outcome in respect of the above cases and accordingly no provision has been made in these financial statements for the above stated demands.

30.2 Since the Company is liable to pay minimum tax, therefore, no numerical tax reconciliation is given.

		2008	2007 Restated
31 (Loss)/earnings per share - basic and diluted			
(Loss)/earnings per share - Basic			
(Loss)/profit for the year after taxation	**Rupees**	**(222,439,366)**	248,368,268
Weighted average number of ordinary shares in issue during the year	**Numbers**	**117,052,037**	117,052,037
(Loss)/earnings per share - basic - restated	**Rupees**	**(1.90)**	2.12

Number of shares in issue during the year ended 30 June 2007 has been restated for the effect of bonus shares issued during this year.

(Loss) / earnings per share - Diluted

There is no dilution effect on the basic earnings / (loss) per share as the Company does not have any convertible instruments in issue as at 30 June 2008 and 30 June 2007.

32 Cash and cash equivalents	Note	2008 Rupees	2007 Rupees
Cash and bank balances	21	**36,994,967**	132,401,943
Short term running finances	11	**(1,096,066,075)**	(146,434,421)
		(1,059,071,108)	(14,032,478)

33 Transactions with related parties

The related parties comprise associated companies, directors of the Company, key management staff and staff retirement funds. Amounts due from/to related parties are shown under receivables and payables, amounts due to directors are shown under payables and remuneration of directors is disclosed in note 35. Other significant transactions with related parties are as follows:

Contribution to provident fund	**1,275,857**	2,582,568
Contribution to gratuity fund	**6,023,320**	898,100
Sale of cement to associated companies	**-**	2,449,200

34 Financial assets and liabilities

	Effective interest rate	Interest bearing			Non-interest bearing				
		Maturity within one year	Maturity from one to five years	Maturity more than five years	Maturity within one year	Maturity from one to five years	Maturity more than five years	2008	Credit Risk
	%	Rupees							
Financial assets									
On balance sheet									
Loans and advances to employees	5	380,682	463,830	-	53,052	78,270	-	975,834	975,834
Long term loan to SNGPL	1.5	4,700,000	18,800,000	18,800,000	-	-	-	42,300,000	42,300,000
Deposits		-	-	-	-	4,429,440	-	4,429,440	4,429,440
Trade debts		-	-	-	15,341,081	-	-	15,341,081	15,341,081
Advances deposits and other receivables		-	-	-	245,266,039	-	-	245,266,039	245,266,039
Cash and bank balances	3.5 - 5	31,614,336	-	-	5,380,631	-	-	36,994,967	35,882,050
		36,695,018	19,263,830	18,800,000	266,040,803	4,507,710	-	345,307,361	344,194,444
Off balance sheet		-	-	-	-	-	-	-	-
		36,695,018	19,263,830	18,800,000	266,040,803	4,507,710	-	345,307,361	344,194,444
Financial liabilities									
On balance sheet									
Long term loans	10 - 15.02	625,022,321	2,981,785,715	-	-	-	-	3,606,808,036	
Liabilities against assets subject to finance lease	14.27	1,475,601	3,686,712	-	-	-	-	5,162,313	
Deposits and retention money		-	-	-	25,716,722	135,837,621	-	161,554,343	
Short term borrowings	11.03 - 15.63	1,096,066,075	-	-	-	-	-	1,096,066,075	
Interest on secured loans		-	-	-	50,719,344	-	-	50,719,344	
Creditors accrued and other liabilities		-	-	-	162,919,628	-	-	162,919,628	
		1,722,563,997	2,985,472,427	-	239,355,694	135,837,621	-	5,083,229,739	
Off balance sheet									
Commitments		-	-	-	155,727,128	-	-	155,727,128	
Guarantees		-	-	-	401,012,000	-	-	401,012,000	
		1,722,563,997	2,985,472,427	-	796,094,822	135,837,621	-	5,639,968,867	

	Effective interest rate	Interest bearing			Non-interest bearing				
		Maturity within one year	Maturity from one to five years	Maturity more than five years	Maturity within one year	Maturity from one to five years	Maturity more than five years	2007	Credit Risk
	%	Rupees							
Financial assets									
On balance sheet									
Loans and advances to employees	5	478,717	570,990	-	2,397,998	2,860,211	-	6,307,916	6,307,916
Long term loan to SNGPL	1.5	4,700,000	18,800,000	23,500,000	-	-	-	47,000,000	47,000,000
Deposits		-	-	-	-	3,879,440	-	3,879,440	3,879,440
Trade debts		-	-	-	21,381,453	-	-	21,381,453	21,381,453
Advances deposits and other receivables		-	-	-	18,510,850	-	-	18,510,850	18,510,850
Cash and bank balances	3.5 - 11.5	126,983,688	-	-	5,418,255	-	-	132,401,943	131,251,402
		132,162,405	19,370,990	23,500,000	47,708,556	6,739,651	-	229,481,602	228,331,061
Off balance sheet		-	-	-	-	-	-	-	-
		132,162,405	19,370,990	23,500,000	47,708,556	6,739,651	-	229,481,602	228,331,061
Financial liabilities									
On balance sheet									
Long term loans	10 - 12.74	218,120,218	2,528,308,354	175,000,000	-	-	-	2,921,428,572	
Liabilities against assets subject to finance lease	7.75 - 13.38	-	-	-	-	-	-	-	
Earned leaves		-	-	-	-	5,631,039	-	5,631,039	
Deposits and retention money		-	-	-	19,452,809	106,808,320	-	126,261,129	
Short term borrowings	7 - 13	146,434,421	-	-	-	-	-	146,434,421	
Interest on secured loans		-	-	-	12,260,606	-	-	12,260,606	
Creditors accrued and other liabilities		-	-	-	95,181,412	-	-	95,181,412	
		364,554,639	2,528,308,354	175,000,000	126,894,827	112,439,359	-	3,307,197,179	
Off balance sheet									
Commitments		-	-	-	423,470,926	-	-	423,470,926	
Guarantees		-	-	-	333,500,000	-	-	333,500,000	
		364,554,639	2,528,308,354	175,000,000	883,865,753	112,439,359	-	4,064,168,105	

34.1 Concentration of credit risk

Credit risk represents the accounting loss that would result if counter parties fail to perform as contracted. All financial assets except cash in hand are subject to credit risk. The Company believes that it is not exposed to major concentration of credit risk. To manage exposure to credit risk, the Company applies credit limit to its customers.

34.2 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of financial instruments. Part of the variable rate Rupee loan is hedged against interest rate and cross currency swap risk by instituting interest rate swap arrangement. This protects the Company against any adverse movement in interest rates. Financial liabilities include balance of Rs. 4,708 million (2007: Rs. 3,068 million) which is subject to interest rate risk. Other long term and short term borrowings are at fixed rates.

34.3 Currency Risk

Currency risk is the risk that the values of a financial instrument will fluctuate due to changes in foreign exchange rate. Currency risk arises mainly where receivables and payables exist due to transactions with foreign buyers and suppliers. The Company does not hedge the payables, however, the risk of exposure is mitigated by matching the maturity periods of foreign currency receivables and payables.

34.4 Capital management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

(i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

(ii) to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

The Company monitors capital on the basis of the debt-to-equity ratio - calculated as a ratio of total debt to equity.

The debt-to-equity ratios as at 30 June 2008 and at 30 June 2007 were as follows:

	2008	2007
	(Rupees in thousand)	
Total debt	**4,708,036**	3,067,863
Total equity and debt	**7,037,165**	5,627,256
Debt-to-equity ratio	**67**	55

The increase in the debt-to-equity ratio in 2008 resulted primarily from additional borrowings made during the year to finance the expansion project and to meet additional working capital requirements.

34.5 Fair value of the financial instruments

The carrying value of the financial assets and liabilities reflected in the financial statements approximate their fair values.

35- Remuneration of Chairperson, Chief Executive and Directors

	Chairperson		Chief Executive		Directors	
	2008	2007	**2008**	2007	**2008**	2007
	Rupees	Rupees	**Rupees**	Rupees	**Rupees**	Rupees
Managerial remuneration	-	-	**1,200,000**	1,200,000	**1,950,000**	1,800,000
Medical reimbursement	**362,039**	-	**2,806,406**	1,311,460	-	-
	362,039	-	**4,006,406**	2,511,460	**1,950,000**	1,800,000
Number of persons	**1**	1	**1**	1	**2**	2

The Company also provides the Chief Executive and Directors with free use of Company maintained cars.

36 Capacity and production

	Plant Capacity		Actual Production	
	2008	2007	**2008**	2007
Clinker				
Grey (M Tons)	**540,000**	540,000	**428,937**	506,040
White (M Tons)	**135,000**	135,000	**19,376**	22,955
Cement				
Grey (M Tons)	**567,000**	567,000	**450,251**	528,990
White (M Tons)	**141,750**	141,750	**21,114**	22,192

Lower capacity utilization of grey cement plant is due to irregular power supply from WAPDA and under utilization of white cement plant is due to low market demand. The capacity figures of both the plants is based on 300 days.

37 Date of authorization for issue

These financial statements were authorized for issue on 30 September 2008 by the board of directors of the Company.

38 Post balance sheet events

The Board of Directors in their meeting held on 30 September 2008 have proposed a stock dividend @ 10% (2007: 15%) i.e. 10 shares for every 100 shares held for the year ended 30 June 2008 for approval of the members at the Annual General Meeting to be held on 31 October 2008. These financial statements do not reflect the proposed stock dividend.

39 General

- Figures have been rounded off to nearest rupees.
- Corresponding figures have been rearranged, wherever necessary, for the purpose of comparison. Consumable stores amounting to Rs. 28.421 million was previously included in capital work in progress, have now been reclassified in stores, spares and loose tools.

CHIEF EXECUTIVE
Lahore: September 30, 2008

DIRECTOR

KEY FINANCIAL DATA FOR LAST 8 YEARS

	2008	2007	2006	2005	2004	2003	2002	2001
Trading Results								
Quantitative data (000 M.Tonnes):								
Capacity:								
Clinker:								
- Grey	540	540	540	540	540	540	540	540
- White	135	135	135	-	-	-	-	-
Cement:								
- Grey	567	567	567	567	567	567	567	567
- White	142	142	142	-	-	-	-	-
Production:								
Clinker:								
- Grey	429	506	554	531	498	389	371	291
- White	19	23	16	-	-	-	-	-
Cement								
- Grey	450	529	555	562	531	433	367	326
- White	21	22	15	-	-	-	-	-
Dispatches - cement:								
- Grey	452	524	557	560	535	437	361	332
- White	20	23	14	-	-	-	-	-
Financial data (Rs. 000):								
Turnover	1,375,973	1,553,733	2,327,238	1,715,427	1,397,871	949,200	964,831	835,607
Gross profit	87,402	343,267	1,199,662	664,223	495,537	89,145	274,650	141,820
Operating profit	21,629	278,226	1,145,849	615,203	450,927	19,894	234,792	94,644
Profit/(loss) before tax, interest & VSS	36,649	346,210	1,093,522	584,153	419,649	38,098	217,698	86,962
Profit/(loss) before tax	(279,573)	327,841	1,039,424	560,949	395,274	23,970	210,647	74,566
Profit/(loss) after tax	(222,439)	248,368	789,867	386,501	292,657	16,550	108,420	55,205
BALANCE SHEET (Rs. 000)								
Shareholders equity	2,329,129	2,339,656	2,283,940	1,081,732	695,231	501,274	517,624	485,971
Fixed capital expenditure	6,248,720	5,258,260	2,079,393	1,119,880	905,470	839,898	592,317	608,743
Net current assets/(liabilities)	(685,119)	642	556,588	164,551	67,535	(36,036)	52,861	(8,162)
Long term liabilities	3,121,309	2,810,116	245,309	119,242	191,176	192,933	2,439	6,362
Deferred liabilities	155,733	158,740	161,268	104,240	105,590	133,777	144,540	111,828
RATIO ANALYSIS								
Gross profit ratio %	6.35	22.09	51.55	38.72	35.45	9.39	28.47	16.97
Profit before tax ratio %	(20.32)	21.10	44.66	32.70	28.28	2.53	21.83	8.92
Profit after tax ratio %	(16.17)	15.99	33.94	22.53	20.94	1.74	11.24	6.61
Operating fixed assets turnover ratio %	146.16	151.80	269.01	295.25	231.81	145.58	164.73	137.78
Return on capital employed %	(4.11)	6.52	40.64	44.76	42.30	4.60	32.76	14.39
Debt : equity ratio	67 : 33	55 : 45	10 : 90	10 : 90	22 : 78	28 : 72	0 : 100	1 : 99
Current ratio	0.66	1.00	2.44	1.47	1.16	0.89	1.15	0.96
Interest coverage ratio	(4.71)	1.23	20.21	25.17	17.22	2.70	30.87	7.02
BREAK UP VALUE PER SHARE OF RS. 10 EACH (Rs.)	19.90	22.99	24.68	21.92	21.13	22.85	23.60	22.16
(LOSS)/EARNING PER SHARE (Rs.)	(1.90)	2.12	9.06	4.50	5.93	0.50	4.94	2.52
DIVIDENDS								
Cash (Rs. 000)	-	-	-	-	98,700	32,900	76,767	43,867
% age	-	-	-	-	30	15	35	20
Bonus Shares								
% age	10	15	10	50	50	50	-	-

Pattern of Shareholding as at 30 June 2008

No. of Shareholders	Shareholdings		No. of Shares Held
	From	To	
337	1	100	17,877
721	101	500	213,756
591	501	1,000	464,291
677	1,001	5,000	1,366,282
83	5,001	10,000	570,009
37	10,001	15,000	451,796
15	15,001	20,000	256,766
4	20,001	25,000	86,587
10	25,001	30,000	275,464
6	30,001	35,000	191,921
3	35,001	40,000	115,278
1	40,001	45,000	44,315
4	45,001	50,000	191,299
3	50,001	55,000	158,634
1	55,001	60,000	60,000
1	60,001	65,000	61,500
1	70,001	75,000	75,000
1	75,001	80,000	75,267
2	85,001	90,000	175,106
2	95,001	100,000	197,982
1	100,001	105,000	102,500
1	105,001	110,000	109,843
1	110,001	115,000	112,652
2	115,001	120,000	237,335
2	120,001	125,000	247,270
1	125,001	130,000	129,750
1	135,001	140,000	138,582
1	150,001	155,000	152,432
1	180,001	185,000	180,750
3	185,001	190,000	567,495
1	220,001	225,000	223,185
1	225,001	230,000	229,901
1	250,001	255,000	252,130
1	275,001	280,000	277,500
1	320,001	325,000	322,575
1	355,001	360,000	359,950
1	435,001	440,000	436,400
1	550,001	555,000	552,000
1	605,001	610,000	607,793
1	760,001	765,000	763,743
1	815,001	820,000	818,225
1	840,001	845,000	841,608
1	960,001	965,000	960,200
2	975,001	980,000	1,953,740
1	1,060,001	1,065,000	1,060,671
1	1,240,001	1,245,000	1,241,500
1	1,305,001	1,310,000	1,306,823
3	1,595,001	1,600,000	4,800,000
1	1,720,001	1,725,000	1,723,739
1	1,825,001	1,830,000	1,825,375
3	2,155,001	2,160,000	6,469,687
1	2,545,001	2,550,000	2,545,180
1	3,770,001	3,775,000	3,774,500
1	6,225,001	6,230,000	6,225,597
1	6,325,001	6,330,000	6,328,484
1	7,075,001	7,080,000	7,077,000
1	12,085,001	12,090,000	12,085,751
1	20,295,001	20,300,000	20,299,325
1	24,660,001	24,665,000	24,661,716
2548			117,052,037

Categories of shareholders	Shares held	Percentage
Directors, Chief Executive Officer, their Spouse and Minor Children	75,295,186	64.33%
Associated Companies, Undertakings & Related parties	31,308	0.03%
NIT AND ICP	455,417	0.39%
Banks, Development Finance Institution, and Non-Banking Finance Institutions	3,337,417	2.85%
Modarbas and Mutual funds	13,649,668	11.66%
Insurance Companies	52,657	0.04%
Share holders holding 10%	57,046,872	48.74%
General Public		
a) **Local**	21,494,026	18.36%
b) **Foreign**	-	-
Others		
i) Kohat Cement Educational Trust	88,605	0.08%
ii) Packages Limited Mgt staff Pension fund	13,044	0.01%
iii) Joint Stock Companies	1,793,101	1.53%
iv) Kccl Employees Trust	841,608	0.72%

Lahore: 30 September 2008

CHIEF EXECUTIVE

Pattern of Shareholding as at 30 June 2008
Additional Information as Required by the Code of Corporate Governance

	CATEGORIES OF SHARE HOLDERS	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES HELD
I	**Associated Companies, Undertakings & Related parties**	**1**	**31,308**
	Tariq Motors (Private) Limited	1	31,308
II	**NIT AND ICP**	**2**	**455,417**
	National Bank of Pakistan-Trustee department	1	453,086
	Investment Corporation of Pakistan	1	2,331
III	**Directors, Chief executive Officer, their Spouses and Minor Children**	**9**	**75,295,186**
	Directors	**7**	**67,759,766**
	Mrs. Khawer Sultana	1	1,060,671
	Mr. Aizaz Mansoor Sheikh	1	20,299,325
	Mr. Nadeem Atta Sheikh	1	24,661,716
	Mr. Tariq Atta Sheikh	1	12,085,831
	Mrs. Ghazala Amjad	1	6,328,484
	Mr. Omer Aizaz Sheikh	1	1,600,000
	Mrs. Hafsa Nadeem Sheikh	1	1,723,739
	Directors' Spouses	**2**	**7,535,420**
	Mrs. HijabTariq W/o Mr. Tariq Atta Sheikh	1	1,306,823
	Mr. Capt. Amjad Latif Sheikh H/O Mrs. Ghazala Amjad	1	6,228,597
IV	**Executives**	-	**NIL**
V	**Public Sector Companies and Corporations**	-	**NIL**
VI	**Banks, Development Finance Institution, Non-Banking Finance Institutions, Insurance Companies, Modarbas and Mutual Funds**	**15**	**17,039,742**
VII	**Shareholders Holding Ten Percent or More Voting Interests**	**3**	**57,046,872**
	Mr. Aizaz Mansoor Sheikh	1	20,299,325
	Mr. Nadeem Atta Sheikh	1	24,661,716
	Mr. Tariq Atta Sheikh	1	12,085,831

CHIEF EXECUTIVE