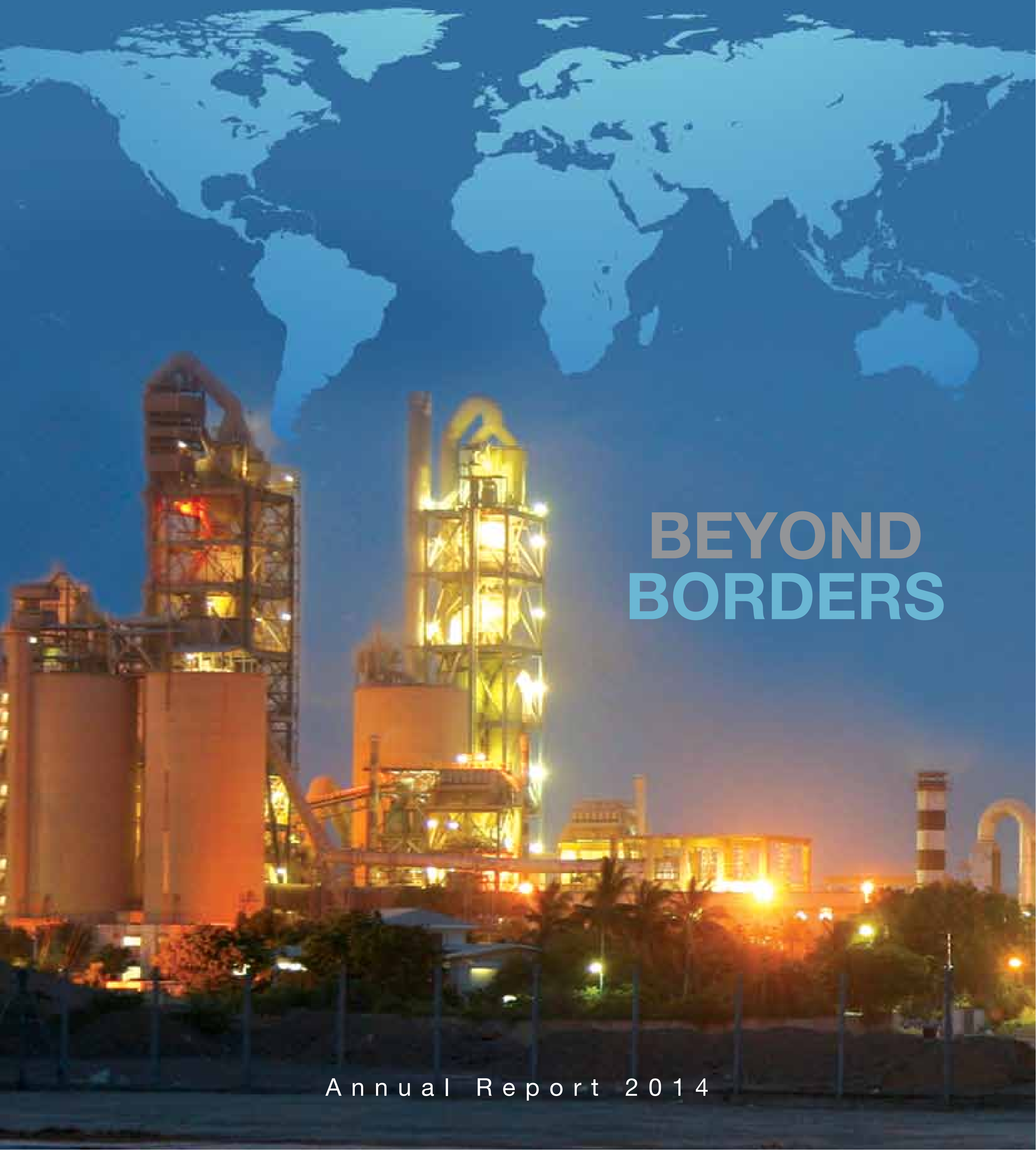
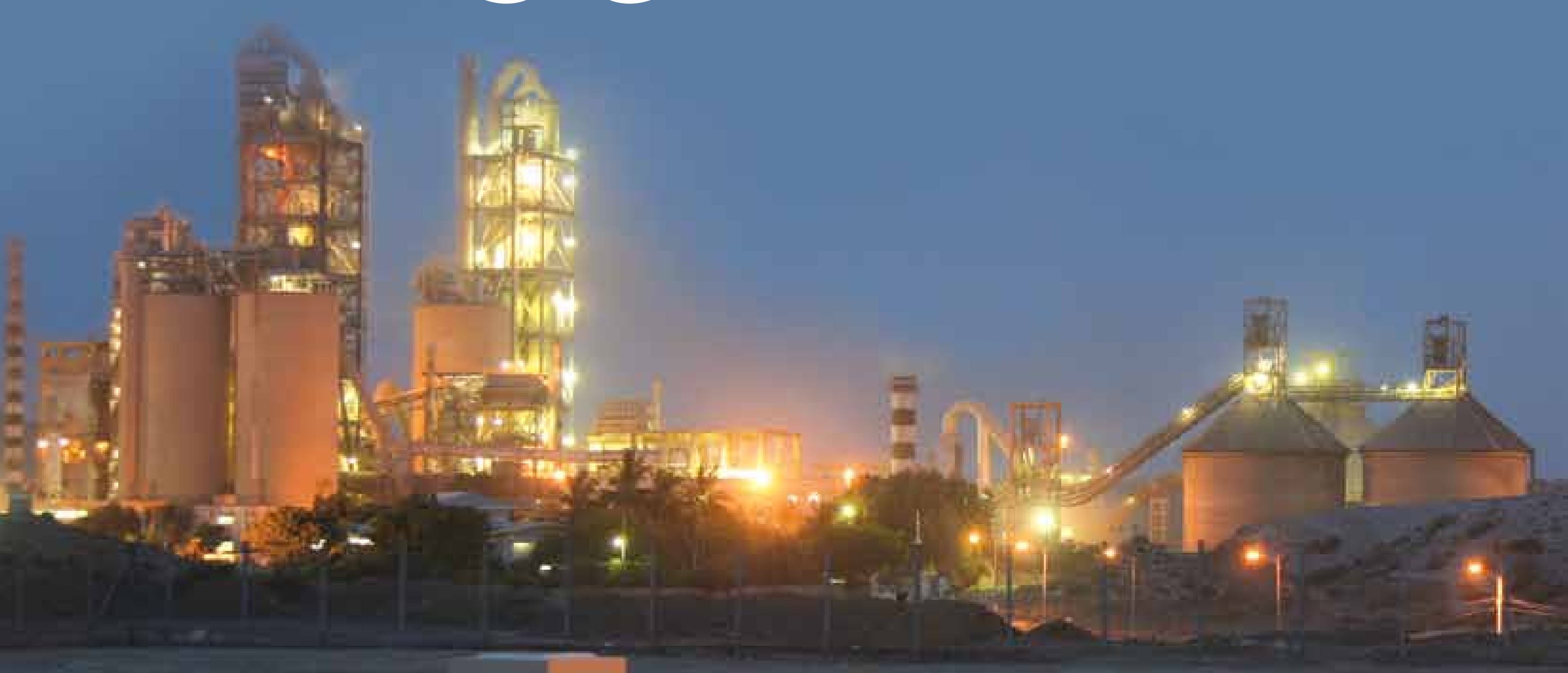
Attock Cement Pakistan Limited

FALCON CEMENT



BEYOND BORDERS

Annual Report 2014



Contents

Vision

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

Mission

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

Company Information

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

Chief Executive
Babar Bashir Nawaz

Alternate Directors
Shuaib A. Malik
Irfan Amanullah

Audit Committee of the Board

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

HR & Remuneration Committee

Shuaib A. Malik	Chairman
Abdus Sattar	Member
Babar Bashir Nawaz	Member

Company Secretary
Irfan Amanullah

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

Auditors
A.F. Ferguson & Co.
Chartered Accountants

Cost Auditors
Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants

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

Plant
Hub Chowki, Lasbella
Baluchistan

Legal Advisor
Sattar & Sattar
Attorneys at Law

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

Photgraph taken on the occasion of 106th Board of Directors meeting held in Beirut, Lebanon on August 15, 2014

Board of Directors

Dr. Ghaith R. Pharaon
Chairman

Laith G. Pharaon

Wael G. Pharaon

Shuaib A. Malik

Abdus Sattar

Babar Bashir Nawaz

Fakhrul Islam Baig


BEYOND
BORDERS

SOUTH AFRICA

South Africa, officially the Republic of South Africa (RSA), is a country located at the southern tip of Africa.

It has 2,798 kilometers (1,739 m) of coastline that stretches along the South Atlantic and Indian oceans. South Africa is a multiethnic society encompassing a wide variety of cultures, languages, and religions.

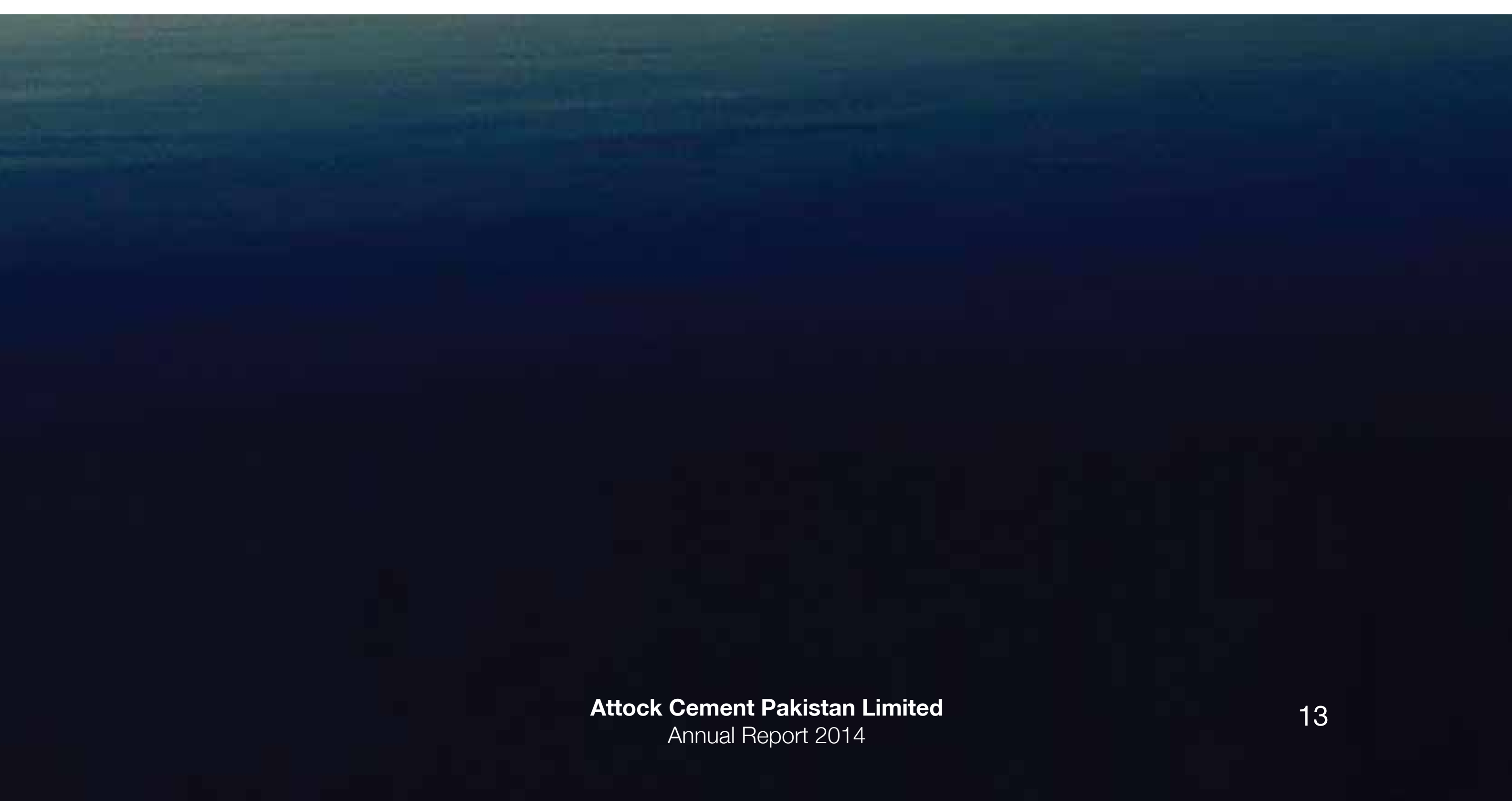
Core Values

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

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

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

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

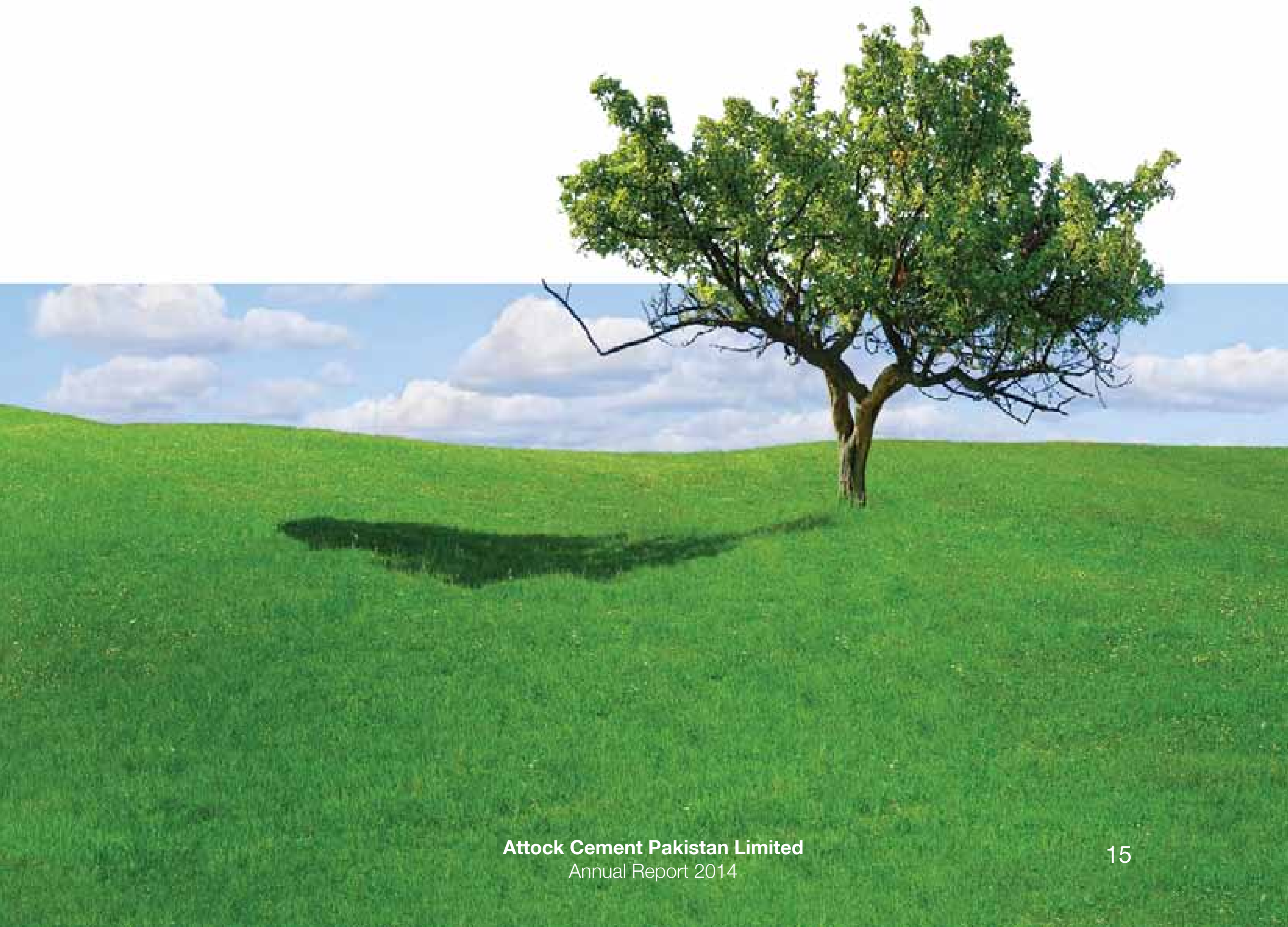


Quality Policy

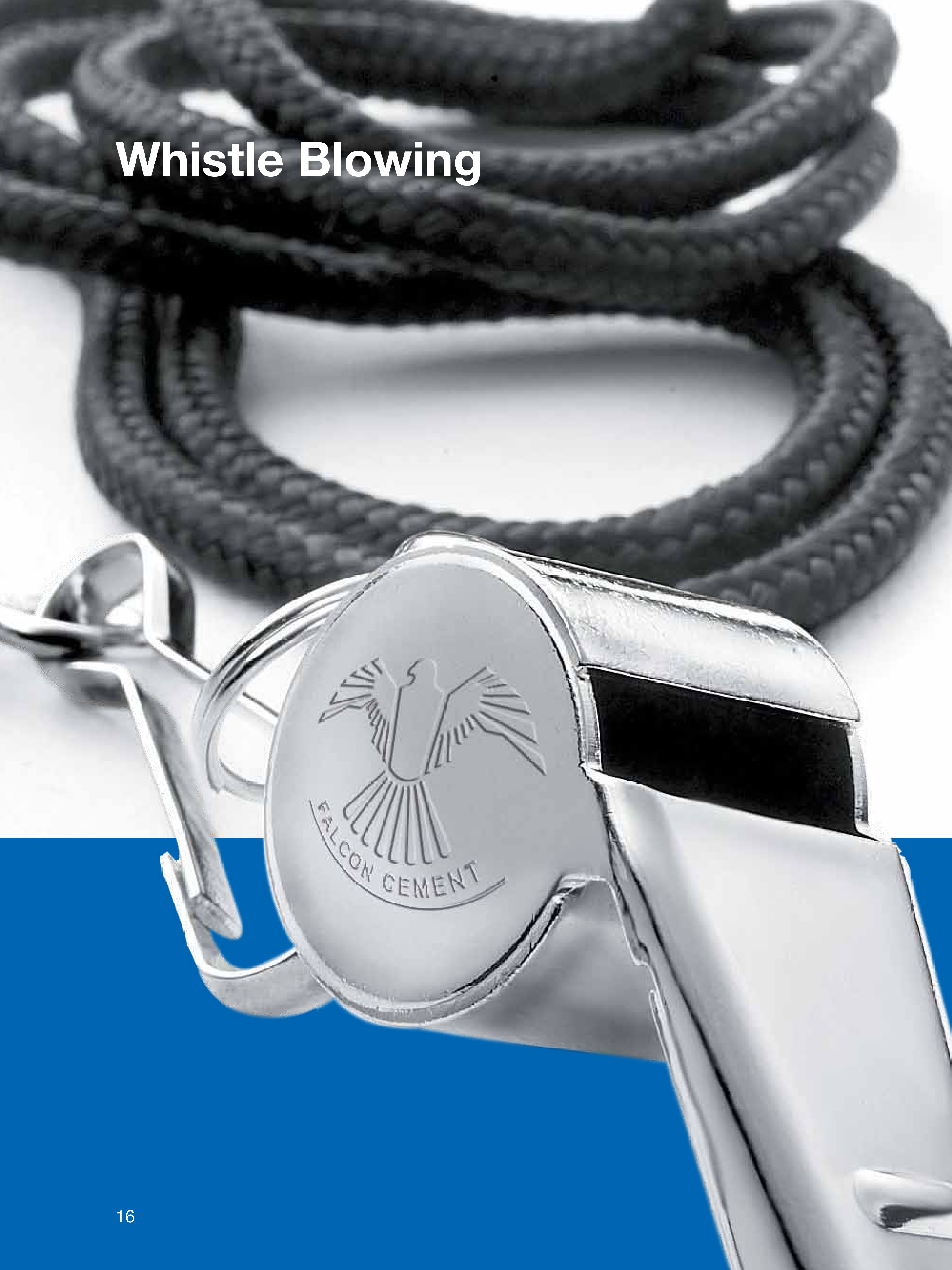
- We are committed to produce high quality, FALCON CEMENT which not only meets but exceeds the international quality standards.
- We aim to maintain leadership of our Cement Industry providing premium quality products and excellent services to our consumers.
- We work as a team of dedicated Professionals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

Environmental Policy

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



Whistle Blowing



Policy Statement

The Management encourages whistle blowing culture in the organization and has adopted a culture to detect, identify and report any activity which is not in line with the company policies, any misuse of company's properties or any breach of law which may affect the reputation of the Company. The Company has adopted the best corporate policies to protect employee(s) who report corporate wrongdoings, illegal conduct, internal fraud and discrimination against retaliation. The Company promotes transparency and accountability through publication of accurate financial information to all the stakeholders, implementation of sound, effective and efficient internal control system and operational procedures.

All Executives have signed a code of conduct and the Company takes any deviation very seriously.

The Company encourages Whistle Blowing System to raise the issue directly to Chief Executive and / or to the Company Secretary provided that:-

- The Whistleblower has sufficient evidence(s) to ensure genuineness of the fact after a proper investigation at his own end;
- The Whistleblower understands that his act will cause more good than harm to the Company and he / she is doing this because of his loyalty with the Company; and
- The Whistleblower understands the seriousness of his / her action and is ready to assume his / her own responsibility.

The Management understands that through the use of a good Whistle Blowing Plan, they can discover and develop a powerful ally in building trust with its employees and manage fair and transparent operations. The Company therefore provides a mechanism whereby any employee who meets the above referred conditions can report any case based on merit without any fear of retaliation and reprisal.

BEYOND BORDERS

IRAQ

Republic of Iraq is a country in Western Asia. The capital, Baghdad, is in the center of the country. Iraq's economy is dominated by the oil sector. Iraq ranks second in the world behind Saudi Arabia in the amount of oil reserves.

Corporate Social Responsibility

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

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

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

Employment Practices

Attock Cement counted 818 employees as at June 30, 2014. A large share of this number live in Communities where we are a major employer and source of income.

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

Occupational Health & Safety

We are committed to provide healthy and safe workplaces. Towards this end, we have embarked on a comprehensive assessment and renewal of our approach to the management of occupational health and safety and all production facilities are fully compliant with quality standards. The Company operates a 6 beds hospital in the area near its factory premises. The treatment is free for the local communities. Medical camps are also organised in nearby goths to provide general medical treatment and medicines to sick and needy people.

Community Relations

We are committed to be responsible neighbours. This means operating in compliance with applicable regulations and being an integral part of the life of our communities. We accomplish this through support

of local non profit organizations, providing access to our properties and engaging in constant dialogue with residents to inform them of our activities and listen and respond to their concerns.

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

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

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

Education

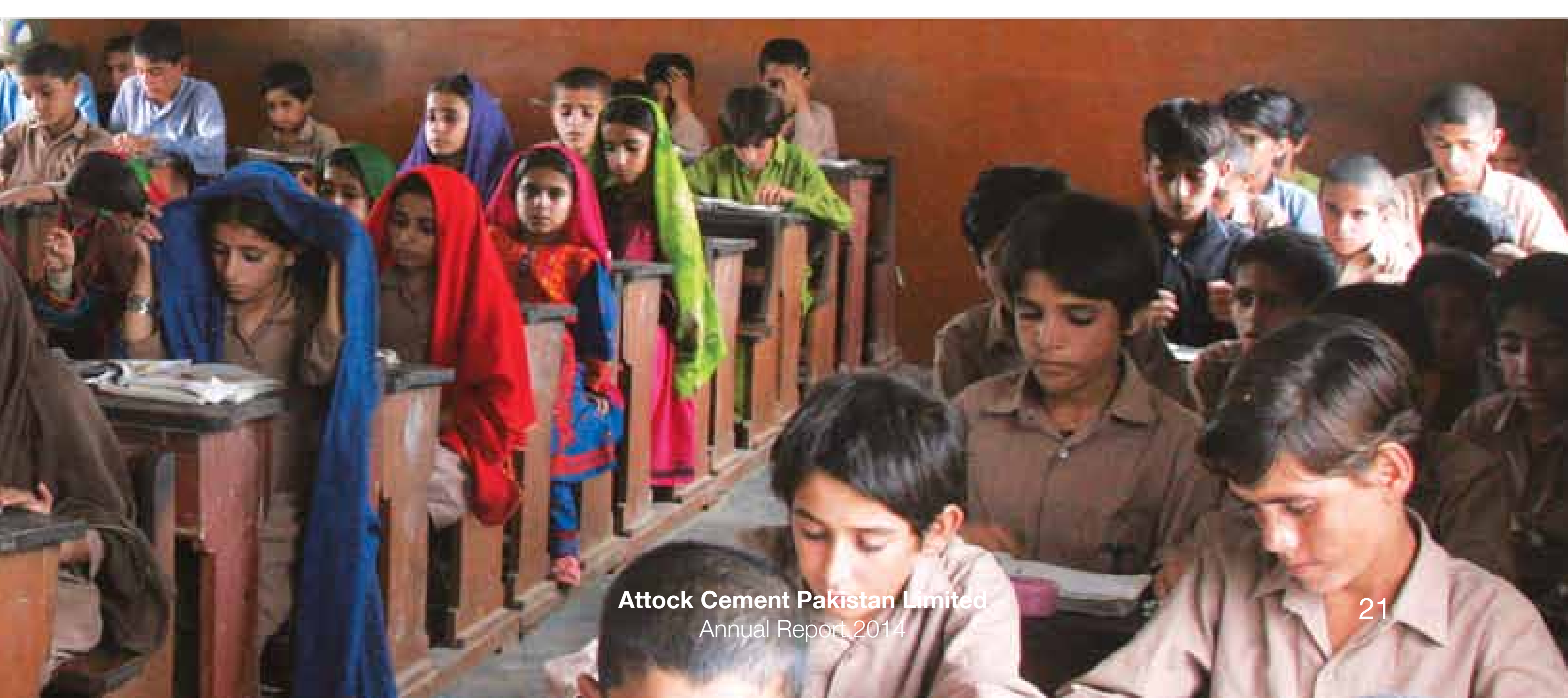
The Company currently operates a Primary level school that imparts education to children of both plant employees and also those from neighbouring villages.

The Company sponsored TCF-Dr. Rachad Pharaon Campus, primary section has started its academic activities from April, 2010 under the supervision of The Citizen Foundation (TCF), a non profit organization.

Primary section has the capacity of over 300 students, having ten class rooms.

The second phase of TCF-Dr. Rachad Pharaon Campus i.e. Secondary section is under construction and will Insha-Allah start its academic activities from 2015.

This school has been equipped with all modern facilities.



Corporate Strategy

Objectives

The Company follows a duly approved Corporate Objectives, which consists of the following main points:-

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

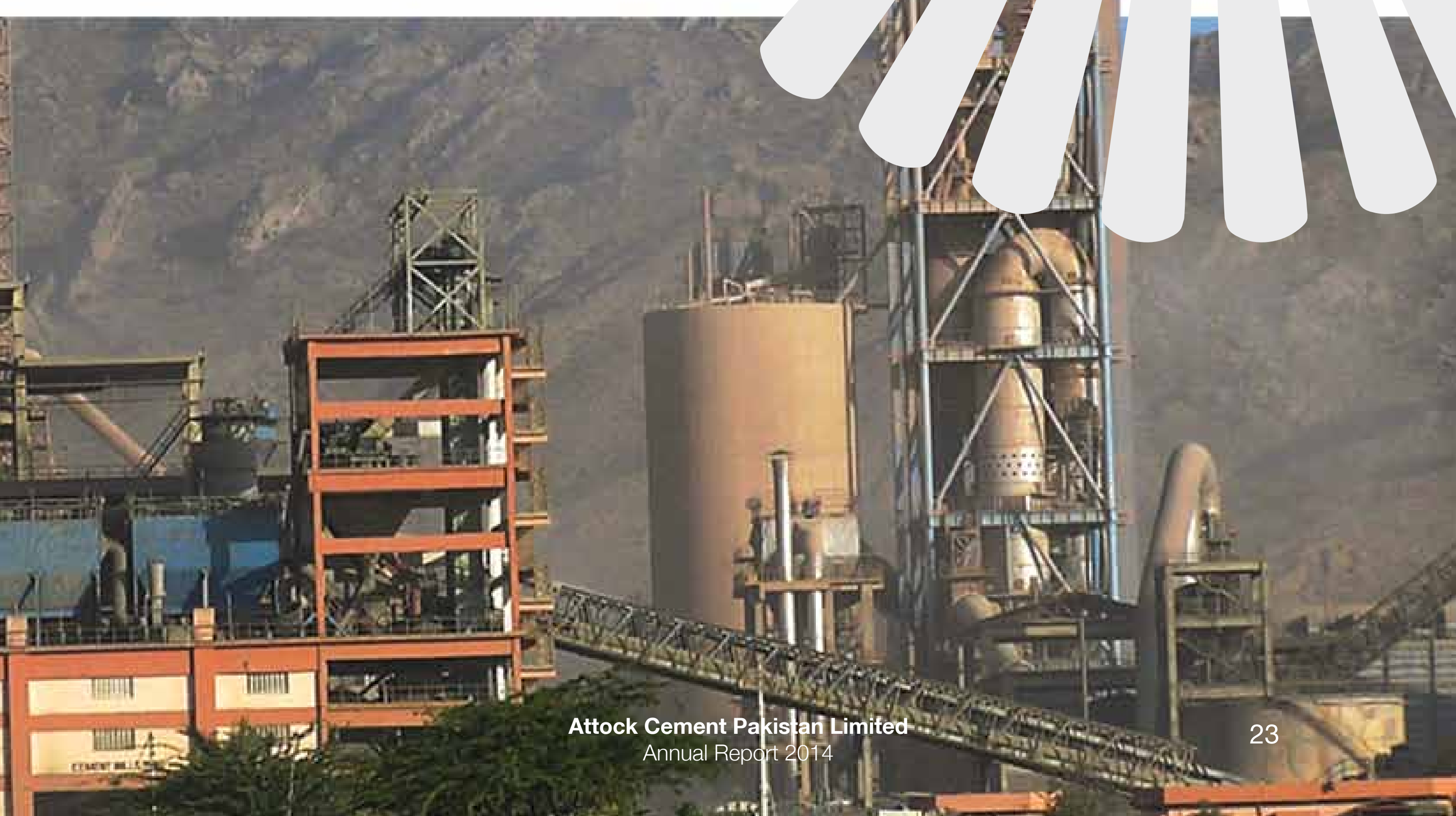
To achieve these strategic co... the Company generally follows the following broad and approved strategy:

Strategy

The Company would ...inue to ... product quality by enhancin... upgrading its production and qualit... through strategic investments in its ...rations and ensure that such investment... in cost-effective operations. The company would also invest in continuous product development pegged on changing global and national market trends, industrial and hi-tech progression and dynamic customer needs. The company is dedicated to discover and implement change to achieve continuous customer satisfaction.

... p... alt... a... e... ...anc... ...e... ...ki... stak...ol...

The Comp... which ens... a... sa... employees. It ... its commitme... the communi... by ... community develop... ...nt ...je... a major role and it ... building the nation.



Management

Management Committee

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

Executive Committee

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

Procurement Committee

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

Risk Management Committee

The Risk Management Committee is responsible for ensuring that procedures to identify and continuously update risks are in place. The Committee oversees the process of assessment of the possible impact and likelihood of occurrence of identified risks. The Committee is also responsible for formulating a risk management response to effectively address and manage risks.

IT Steering Committee

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

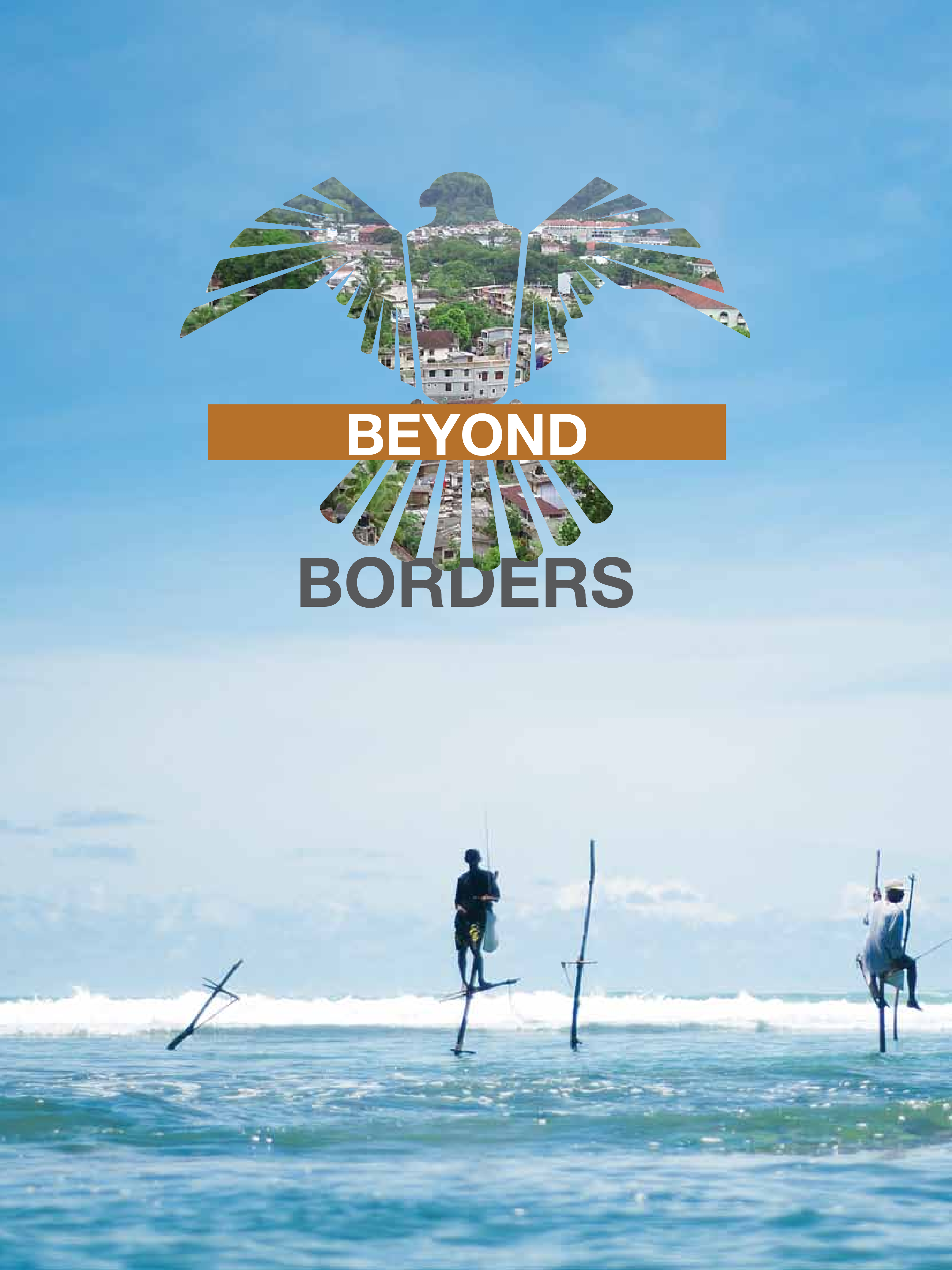
Budget Committee

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

Safety Committee

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

BEYOND BORDERS



SRI LANKA

Sri Lanka has a documented history that spans over 3,000 years. Its geographic location and deep harbours made it of great strategic importance. Sri Lanka is a diverse country, home to many religions, ethnicities and languages.

The country has had a long history of international engagement, as a founding member of SAARC, a member of the United Nations, the Commonwealth of Nations, the G7 and the Non-Alligned Movement. It is also the only country in South Asia that is currently rated ‘high’ on the Human Development Index.

Chairman's Review

بسم اللّٰه الرّحمن الرّحيم

I welcome you all in the 35th Annual General Meeting of the Company.

Overview of the Economy

Since the election held in May 2013, the Government of Pakistan has taken certain bold steps both on economic and political fronts in order to stimulate the economy. Economic measures like clearance of circular debts of around Rs. 500 billion, removal of targeted subsidy and rationalization of tariff, re-entry of Pakistan into international bond markets through the issuance of Pakistan's first sovereign bond, successful auction of long awaited 3G/4G spectrum licenses, divesting of government shareholdings in various entities through capital markets to both local and international investors, development of National Power Policy and reactivation of Economic Advisory Council has boosted the confidence of both local and foreign investors. The fruit of these reforms can be witnessed in the form of record stock market index, over subscription of Pakistan Sovereign Bond in international bond markets, improvement in credit ratings of the country and increase in Foreign Direct Investment. The recently awarded GSP plus status would augur well for future prospects of the economy. This status was the result of hectic diplomatic efforts on the part of the Government and it would further improve the confidence of international investors on Pakistan's economy and may result more investments in the industrial sector of the country. It is anticipated that these steps would reinvigorate the economy and would spur the growth which in turn would provide more employment opportunities to both skilled and unskilled labour of the country.

The GDP growth has accelerated to 4.14% as compared to 3.7% in the preceding year and international financial institutions have reposed their confidence on the Pakistan's economy. The Government during the first year of assuming the office has shown its strong commitment towards achieving the improvement in overall investment climate in the country.

The recent decision of the Government to take decisive step against terrorism will further help to improve the overall law and order situation in the country that will also boost the investor's confidence.

Industry Review

The cement industry plays a very vital role in the socio economic development of the country. The cement industry in Pakistan is now at a very mature stage and the country is now recognized as major cement player at the regional level. The industry is now well competing with manufacturers of the regional countries like India, China, Thailand, Turkey and Vietnam. With total production capacity of around 45 million tones, the Industry is contributing large sums in the form of federal and provincial taxes, besides earning precious foreign exchange of around US $ 500 million. As almost all the plants have been shifted on coal from gas and furnace oil, the industry is well immune from current energy crisis. As a progressive industry, most of the cement plants, including yours, have already installed Waste Heat Recovery System and hence generating almost 25% of their power consumption. As one step ahead industry is also actively concentrating energy resources through use of bio fuels and coal fired power plants. I am pleased to advise you that your company is also exploring these opportunities actively and the company has already installed Alternate Fuel Plant at a total investment cost of Rs. 700 million and is now in the process of evaluating coal fired power plant, for which talks are currently underway with different stakeholders.

Operational & Financial Performance

Despite challenging business environment, difficult law and order situation, energy outages and stiff competition, the company achieved record production and sales in terms of volume. The profitability was reduced due to increase in power tariff in the 1Q 2013-2014, however, despite its massive impact on the gross and operating margins, the management of the company managed the profitability of the company in such a manner that at the end of the year the results were marginally affected.

On the demand side the company actively explored regional markets in order to sustain supply pressure in local markets and was able to divert 36% of its production towards the exports without unnecessarily reducing its prices in the local market. As a result of this strategy the company was able to get a net higher retention as compared to previous year.

Acknowledgement

The company deeply acknowledges and offer its sincere thanks to the support it has received from both Federal and Provincial Governments, regulatory bodies, its customers, bankers and suppliers. The company recognizes the efforts put in by both management and non-management staff and the support it has always received from the Collective Bargaining Agent.

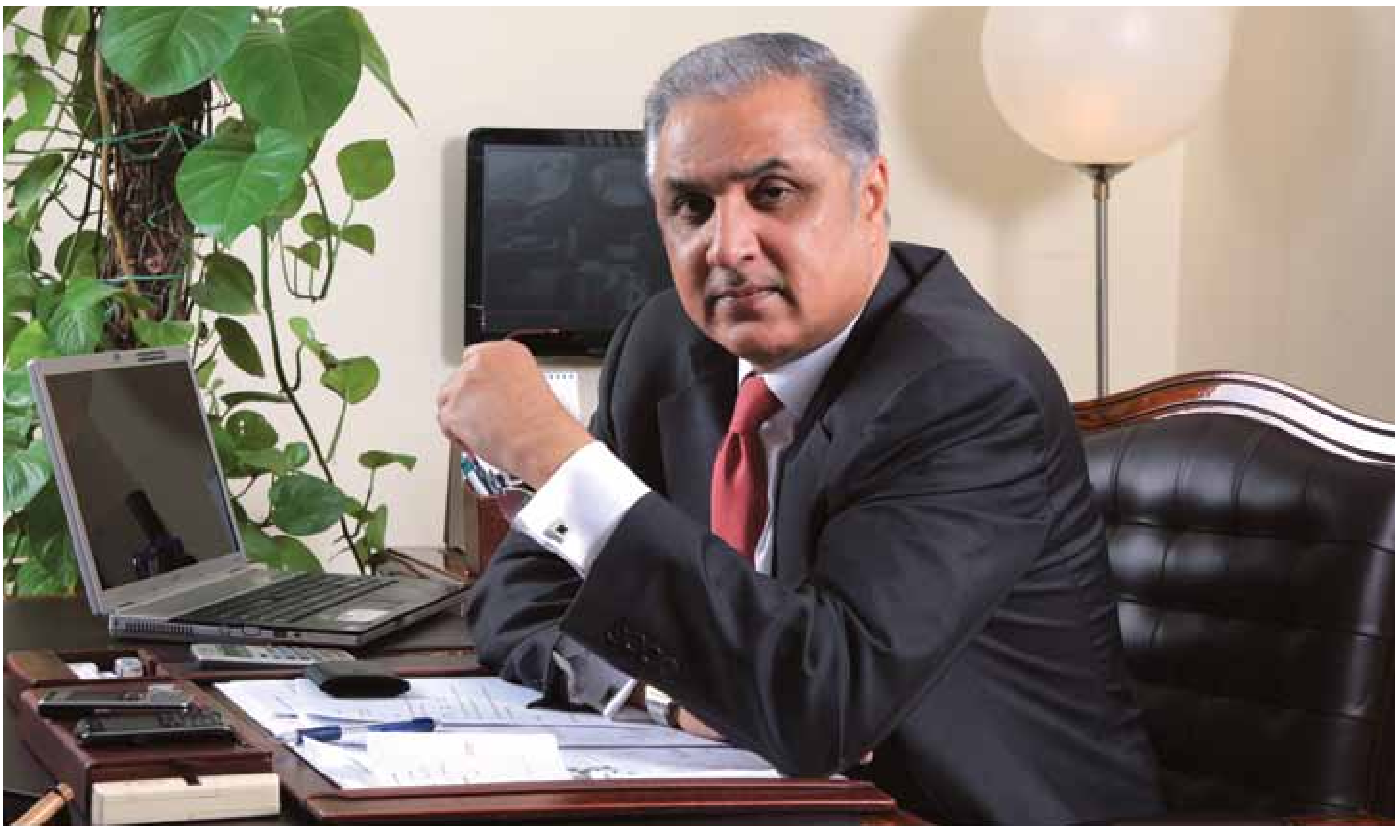
Dr. Ghaith R. Pharaon
Chairman

August 15, 2014
Beirut, Lebanon

Directors' Report

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

The Directors of your Company have pleasure to present before you the Annual Report of your Company along with audited financial statements for the year ended June 30, 2014.



PRODUCTION & SALES STATISTICS

During the year 2013-2014, the Company achieved production of over 100% of its rated capacity both in line 1 and line 2. The year 2013-14 was a challenging year in terms of local market. The overall cement industry witnessed a net growth of around 2.5%. The country wide local demand increased by 4.33% and exports declined by 2.8%. However, the local demand in the market of south reduced by 5% whereas exports registered growth of 20% resulting net volumetric growth of around 3% as compared to last year.

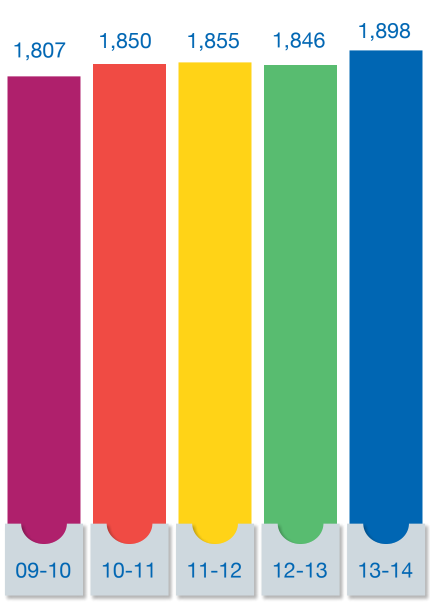
Despite sluggish market conditions, your company has maintained its despatches and was able to sell 100% of its production both in domestic and in regional markets. The detailed data has been enumerated in the table below:

	2014	2013
	---------- QTY IN M.TONS ----------	
Clinker Production	1,800,135	1,781,569
Cement Production	1,912,921	1,843,591
Cement Dispatches	1,898,419	1,845,881
Capacity Utilization	103%	102%

During the year under review, the company achieved an average rated capacity of 103%, with both the lines operating at their full capacities.

The company sold record 1,898,419 tons of cement in both local and export markets, which is the highest sales figure ever achieved, showing increase of 52,538 tones (3%) over the preceding year.

During the year under review the Company sold 1,209,061 M Tons (2012-13 : 1,362,050 M tons) of Cement in the local market. The sluggish trend in local market of South continued in the absence of mega projects and poor law and order situation prevailed in the city during the year under review. The balance quantity of 689,358 M tons (2012-13 : 483,831 M tons) was exported to the regional markets of South Africa, Sri Lanka, Iraq and in other African sub-sahara markets. Due to lower demand in local market the company devised strategy to export surplus capacity in regional markets in order to ensure 100% capacity utilization. Though the prices in export markets are not as good as in the local market however, the company concentrated to achieve better export retention by developing new export destination for its products. The country wide export data is as follows:



Cement Sales

Thousand M. Tonnes

Clinker Production

Thousand M. Tonnes

Countries	2014	2013
	---------- QTY IN M.TONS ----------	
South Africa	269,293	115,057
Iraq	176,117	306,403
Sri Lanka	134,316	52,808
African Sub Sahara markets	109,632	9,561

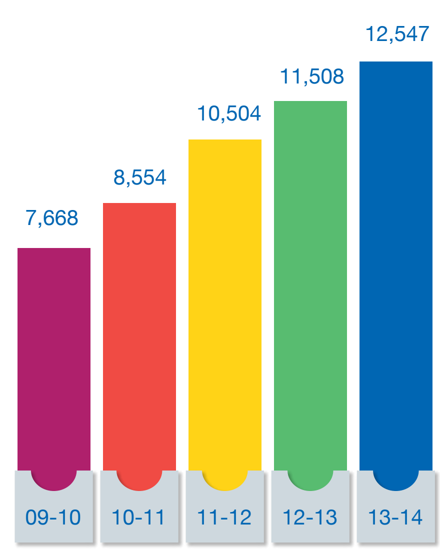
FINANCIAL PERFORMANCE

A comparison of the key financial results of your Company for the year ended June 30, 2014 with the same period last year is as under:

	2014	2013	Increase / (Decrease)	Increase / (Decrease)
	------------------ Rs. In Million	------------------		%
Net Sales	12,547	11,508	1,039	9%
Gross Profit	3,704	3,537	167	5%
Profit Before Tax	2,635	2,678	(43)	(2%)
Profit After Tax	2,014	2,138	(124)	(6%)
EPS in Rupees	17.59	18.67	(1.08)	(6%)

(i) Sales Performance

The overall sales revenue increased by Rs. 1,039 million (9%) as compared to the previous year. This is mainly attributable to increase in average net retention by Rs. 375 (6%) per ton of cement sold as compared to same period last year. The increased revenue was also the result of higher volumetric sales which brought additional sales revenue of Rs. 328 million.



Net Sales Revenue

Rupees in Million

(ii) Profitability

Company earned a net profit after tax of Rs. 2,014 million as compared to Rs. 2,138 million earned during the corresponding period, showing a decrease of Rs. 124 million (6%). The gross and operating margins also declined from 31% and 23% to 30% and 21% respectively.

Even though the company achieved higher volumetric growth and better net retention, the overall gross and net operating margins remained under pressure due to following key factors:

- In August 2013, the Government of Pakistan increased the power tariff for B-4 category consumers by 55% per unit. Such an unprecedented jump in power cost increased the production cost by Rs. 366 per ton of cement sold. Because of poor market conditions it was not possible for the company to immediately pass on this increase to the end user and hence during the first six months of the year the company had to bear the burden of this increase on its profitability.
- Due to sluggish market conditions, the local market did not grow as anticipated and company had to sell its products in the export markets at a comparatively lower prices resulting lesser revenue generation.
- Inflationary pressure also pushed the overall operating costs to a greater extent.

The management of the company, in order to maintain the profitability of the company took some immediate steps and as a result was able to ensure only a marginal decline in the profitability of the company. Some of these key steps were:

- The company, on experimental basis, installed Variable Frequency Drive (VFD) on its key motors in order to save electricity. The initial results are very encouraging.
- The management ensured that existing WHRS should run at its fullest capacity and generate maximum free units of electricity. The production in number of units generated by the Company through WHRS stood at around 60 Million units that resulted in net savings of Rs 735 million in power cost.
- The management extensively worked out on its strategy to procure coal at best possible bargain price and took full advantage of fluctuations in coal prices in the international markets and was able to reduce its average coal procurement price from US $ 99 per ton to US $ 92 per ton.

(iii) Appropriation

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

	2014	2013
	--------------Rs in '000 --------------	
Profit after tax	2,014,065	2,138,349
Less: Other Comprehensive Loss	(77,420)	(84,086)
Total Comprehensive Income	1,936,645	2,054,263
Un-appropriated profit b/f (re-stated)	6,852,976	5,746,933
Profit available for appropriation	8,789,621	7,801,196
Appropriation:		
Bonus Shares for the year 2013: 15% (2012: 15%)	(149,377)	(129,893)
Final Cash Dividend paid for the year 2013: Rs.10.0 per share (2012: Rs.6.0 per share)	(995,848)	(519,573)
Interim Cash Dividend paid for the year 2014: Rs. 3.0 per share (2013: Rs. 3.0 per share)	(343,568)	(298,754)
Un-appropriated profit c/f	7,300,828	6,852,976

For the year ended June 30, 2014 the Board in its meeting held on August 15, 2014 has proposed a final cash dividend of Rs. 10 per share (100%) amounting to Rs. 1,145 million.

CONTRIBUTION TO NATIONAL EXHCHEQUER

The Company contributed Rs. 1,272 million during the year to the national exchequer on account of payments towards Sales tax, Income tax, Excise duty and statutory levies. An amount of approximately Rs. 265 million was also paid as withholding income tax deducted by the Company from shareholders, employees, suppliers and contractors. In addition to that your Company, earned precious foreign exchange of approximately US$ 45 million during the year under review from export sales. The company is amongst the top taxpayers of the country, ranked 2nd in cement sector with overall position of 72 as announced by the Federal Board of Revenue.

HONOUR & PRIVILEGE CARD

FBR

This is to certify that

Mr. Babar Bashir Nawaz

NTN 0576554-4

is amongst the top 100 taxpayers of the country in the "Company" category, for the tax year 2013.

The Government of Pakistan appreciates his contribution to the National Exchequer.

Dated: July 15, 2014

Prime Minister of Pakistan

MARKETING

During the last couple of years the local market has not grown as per expectations. The availability of surplus capacities and lower demand due to poor law and order situation and unstable political conditions are the significant threats to the extension of local markets. It is almost 6th year in a row that Karachi has not seen any mega development project which may enhance the local market consumption. Though the building segment has performed very well and some movement has been witnessed in the private construction sector but due to the absence of government induced mega projects the local market could not perform at the desired level. This coupled with the energy crisis, non availability of local government system and lower spending from the government on development program had made it difficult to maintain the sales in the local market.

In order to maximize its dispatches and achieve 100% sales, management actively explored the new export markets and has successfully introduced the African sub sahara markets which are relatively better priced markets besides extending its wings in Sri Lankan and East & South African markets.

HUMAN RESOURCES

The Company remained focused in providing best career development opportunities for its human resource capital through management development programs and innovative work assignments and projects. With the less availability of foreign experts at plant site, it was company's own manpower resources who performed some of the most important tasks without any external assistance which shows the quality of its manpower.

The Company follows the principle of acknowledging and rewarding high performing individuals through a quality incentive program which not only keeps the staff motivating but also attracts quality talent from the market.

Our Management Trainee Program is designed to attract fresh graduates who possess significant abilities, with willingness to learn and believe in developing themselves as a team player.

The Company provides different learning and growth opportunities to the local people through its structured apprenticeship program. It helps in giving the deprived a fair chance to get employment and learn to develop themselves as respectable individuals of society.

CORPORATE SOCIAL RESPONSIBILITY

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

The Company continues to invest sizable amount in various CSR related activities foremost among them being education and health. The Company's commitment towards providing quality education, training opportunities to local youth and health care to local inhabitants of the area where the manufacturing facilities of the company are located attracted applaud from local dignitaries and intellectuals, media and other social organizations.

ACPL is committed and has been involved in imparting education to the locals of the area through two schools operating near the plant premises. ACPL runs a primary level school by the name of Falcon School where 185 students, both boys and girls, are given education. ACPL is also operating a sponsored school under The Citizens Foundation, TCF – Dr. Rachad Pharaon Campus, within the vicinity, the initiative of which was taken in 2010.

In the first phase the primary campus was constructed and now the secondary campus is under construction to take this initiative forward and impart education to these students till Metric. In the mean time, the education for secondary grades has already been initiated to carry the batches forward. ACPL not only imparts education to these students, but also provides transportation to them and also bears expenses of their books and uniforms.

Currently the campus delivers education to 227 students. During the year under review, the secondary section of the school has commenced its operations. The school has been equipped with all modern facilities and also provides employment to the locals who are hired from the area as teachers for the school.

SAFETY, HEALTH AND ENVIRONMENT (SHE)

The Company is taking all possible measures to ensure that all our employees as well as communities within which we operate remain safe at all time. Environmental protection is a top priority on company's SHE agenda. The company ensures that its production processes are environment friendly and efficient. We constantly try and improve energy efficiencies both at production facilities and in our offices.

The Company operates a 6 bed hospital in the area, near the factory, where in addition to the employees of ACPL, the locals are treated for free. To give quality medical treatment, ACPL has a team of professional doctors including a female doctor, who give treatment at this hospital and also organize Medical Camps for the locals for free treatment. Medical Camps are also organized in nearby Goths to provide medical treatment and medicines to the sick and needy people.

PROGRESS ON PROJECTS

Cement Grinding Unit in Basra, Iraq

The company in continuation of its growth strategy has initiated for construction of cement grinding unit at Basra, Iraq. The plant has a capacity of 900,000 tons per annum with a total capital out lay of around US$ 40 Million. It will be completed in two phases. The company has signed a Joint Venture Agreement with Iraqi Partner with Company's share at 60%. The project will be owned by a limited liability company duly incorporated in Iraq. The formation of the company is now at final stage. The Basra Investment Commission has allocated the land and issued the license on the joint name of Attock Cement Pakistan Limited and Shirkat Al Geetan Limited. The company has approached the Ministry of Finance through State Bank of Pakistan for the approval of remittance of equity to Iraq. The negotiations with the supplier of Plant & Machinery are also at final stages.

Cement Mill Upgradation

In order to improve the Plant efficiencies and reduce the Power cost, the company has upgraded its main cement mill with the latest European technology. Under its up-gradation program, the company has replaced the internals and separators of the cement mill with latest European equipments. The management is now pleased to advise the shareholders that because of sheer hard work of its technical team during the holy month of Ramadan, this project of Rs. 310 million has been completed in record period of time and now the cement mill is fully upgraded and operational which would ensure better production and would save power cost significantly. Here it is pertinent to mention that this is the first ever adoption of this new technology by any cement plant in Pakistan.

Coal Fired Power Plant

Considering the prevailing energy crisis and keeping in view the fact that energy prices would continue to increase, the management is exploring the option of installation of coal fired power plant. Currently, the company has been engaged in discussing various aspects of this project with suppliers of plant and machinery and with K-Electric Limited (KEL), the current provider of electricity to ACPL.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

The Directors hereby confirm that:

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

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

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

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

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

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

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

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

	Rupees in Million	Year Ended
Provident Fund (unaudited)	363	December 2013
Gratuity Funds (unaudited)	167	June 2014
Pension Funds (unaudited)	207	June 2014

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

Sr No	Name of the Directors / Chief Executive	Status	No. of meetings attended
1	Dr. Ghaith R. Pharaon	Non Executive Director & Chairman	5
2	Mr. Laith G. Pharaon	Non Executive Director	5
3	Mr. Wael G. Pharaon	Non Executive Director	5
4	Mr. Shuaib A. Malik	Non Executive Director	5
5	Mr. Abdus Sattar	Non Executive Independent Director	5
6	Mr. Babar Bashir Nawaz	Executive Director & Chief Executive	5
7	Mr. Fakhrul Islam Baig	Executive Director	5

j) During the year five (5) meetings of the Audit committee were held. Attendance of Directors is as follows:

Sr No	Name of the Directors	Status	No. of meetings attended
1	Mr. Abdus Sattar	Chairman / Non Executive Independent Director	5
2	Mr. Shuaib A. Malik	Non Executive Director	5
3	Mr. Fakhrul Islam Baig	Executive Director	5

k) The details of shares transacted by Directors, Executives and their spouses and minor children during the year 2013-14 have been given on page 86.

l) The key operating and financial data for the last 6 years is set out on page 85.

PATTERN OF SHAREHOLDING
The pattern of shareholding of the Company as at June 30, 2014 is given on page 86.

AUDITORS
The retiring auditors, Messrs. A.F. Ferguson & Co., Chartered Accountants retire at the conclusion of the 35th Annual General Meeting and offer themselves for reappointment. The Audit Committee has recommended for their reappointment.

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

Mr. Abdus Sattar	Chairman	Non-Executive Independent Director
Mr. Shuaib A. Malik	Member	Non-Executive Director
Mr. Fakhrul Islam Baig	Member	Executive Director

Terms of Reference

1. Determination of appropriate measures to safeguard the assets.
2. Review of preliminary announcements of results prior to publication.
3. Review of quarterly, half yearly and annual financial statements prior to the approval by the Board of Directors, major focus on:
   - Judgmental areas
   - Significant adjustments resulting from the audit
   - Going concern assumption
   - Changes in accounting policies and practices
   - Compliance with applicable accounting standards
   - Compliance with the listing regulations and other statutory and regulatory requirements and
   - Significant related party transactions
4. Review of management letter issued by external auditors and management response thereto.
5. Ensuring coordination between the internal and external auditors.
6. Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed.
7. Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto.
8. Ascertaining that the internal control system includes financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective.
9. Review of statement on internal control systems prior to the endorsement by the Board of Directors.
10. Instituting special projects, value for money studies or other investigations on any matters specified by the Board of Directors, in consultation with the Chief Executive and to consider remittance of any matter to the external auditors or to any other external body.
11. Determination of compliance with relevant statutory requirements.
12. Consideration of any other issue or matter as may be assigned by the Board of Directors.
13. External Auditors
    - Recommendations regarding the appointment of External Auditors.
    - Resignation and removal of External Auditors.
    - Audit fees.
    - Provision by external auditors of any services to the company in addition to the audit of the Financial Statements.
    - Facilitating external audit and discussion with external auditors of major observations arising from interim and final audits and any other matter that auditors wish to highlight.

HR & REMUNERATION COMMITTEE

The Board, in compliance with the new code of corporate governance has formed Human Resource Committee comprising of the following members:

Sr No	Name of the Members	Status
1	Mr. Shuaib A. Malik	Non- Executive Director / Chairman
2	Mr. Abdus Sattar	Non- Executive Director / Member
3	Mr. Babar Bashir Nawaz	Executive Director / Member

Terms of Reference

The broad terms of reference of this committee are as follows:

- Recommending human resource management policies to the Board;
- Recommending to the board the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO;
- Recommending to the board the selection, evaluation, compensation (including retirement benefits) and succession planning of the COO, CFO , Company Secretary and Head of Internal Audit; and
- Consideration and approval on recommendation of CEO on such matters for key management positions who report directly to CEO or COO.

FUTURE OUTLOOK

It is anticipated that Pakistan's domestic consumption would grow in the back drop of initiation of mega projects like Karachi - Lahore motorway, metro bus projects, initiation of energy projects of 21,000 mega watts, construction of Diamer Bhasha dam & other water reservoirs, privatization of public sector enterprises and projects related to low cost housing schemes in different parts of the country. These projects should improve the cement demand in the country in the years to come. A stable rupee dollar parity would also encourage the investment climate in the country and we anticipate that more investments would now be attracted in the industrial and construction sectors of the economy.

The management is fully concentrating on cost saving initiatives as mentioned earlier in this report and is also focusing its attention on the various dynamics of export markets which include shifting sales from lesser price markets to better price markets and cultivation of new smaller markets with better net retention.

The management is closely monitoring the recent downward trends in international coal prices and managing the coal inventory levels accordingly. The management of the company is taking the full advantage of its strong liquidity levels and taking positions wherever necessary in order to take the benefit of this downfall in prices.

The areas of concern are prevailing energy crisis, rising circular debt, growing political uncertainty and poor law and order situation. The management is hopeful that the Government would implement its agenda of economic reforms, demonstrate the good governance in letter and spirit and achieve a broader political consensus on national issues.

On behalf of the Board

BABAR BASHIR NAWAZ
Chief Executive
Beirut, Lebanon
August 15, 2014

BEYOND BORDERS WITH COLLABORATION

JOINT VENTURE AGREEMENT

The company entered into a Joint Venture Agreement with Al Geetan Commercial Agencies, Iraq, to form a limited liability company in Iraq. The principal activity of the company will be to build and operate a cement grinding plant having production capacity of approximately 900,000 metric tons per annum.

The proposed shareholding of Attock Cement Pakistan Limited in the newly formed company will be 60%.

Notice of the Thirty-Fifth (35th) Annual General Meeting

Notice is hereby given that the 35th Annual General Meeting of Attock Cement Pakistan Limited will be held on Tuesday, September 30, 2014 at 2:30 p.m. at Karachi Marriott Hotel to transact the following:

1. To receive, consider and adopt the Audited Accounts of the company for the year ended June 30, 2014 together with the Report of Auditors and the Directors thereon.
2. To consider and if thought fit, approve the final cash dividend of 100% (Rs. 10.00 per share) as recommended by the Board of Directors for the year ended June 30, 2014. This is in addition to the interim cash dividend of 30% (Rs. 3.00 per share) already paid during the year.
3. To appoint the auditors for the financial year 2014-2015 and to fix their remuneration.

Special Business

4. The Company in its 28th Annual General Meeting had obtained approval of the shareholders for investments under Section 208 of the Companies Ordinance, 1984 and accordingly the shareholders of the Company are presented with the statement under Section 160(1)(b) of the Companies Ordinance, 1984 in compliance with the SRO 27(I)/2012 dated January 16, 2012 in case of decisions to make investments that have been made by the shareholders previously and have not yet been implemented.

A statement under SRO 27(I)/2012 dated January 16, 2012 is being enclosed with this notice.

By Order of the Board

IRFAN AMANULLAH
Company Secretary

Karachi: September 08, 2014

Notes:

1. The Register of members and share transfer books of the Company will remain closed from Tuesday September 23, 2014 to Tuesday September 30, 2014 (both days inclusive).
2. Only those members whose names appear in the register of members of the Company as on September 22, 2014 are entitled to attend and vote at the meeting.
3. A member entitled to attend and vote may appoint any other person as his / her proxy to attend and vote on his / her behalf. Proxies must be received at the Registered Office of the Company duly signed not later than 48 hours before the time of holding the meeting. Form of proxy is enclosed herewith.
4. Members who desire to stop deduction of Zakat from their dividends may submit a declaration on non-judicial stamp paper duly signed as required under the law.
5. Members are requested to provide by mail or fax their computerised National Identity Card (CNIC) number or passport number, if foreigner (unless it has been provided earlier) to enable the Company to comply with relevant laws.
6. SECP has also directed vide SRO No. 779(1)2011 dated August 18, 2011 to issue dividend warrant only crossed as "A/c Payee only" and should bear the valid Computerized National Identity Card (CNIC) Number of the registered member. Members, who have not yet submitted photocopy of their valid CNIC are requested to send the same at the earliest directly to the Company's Share Registrar M/s. Technology Trade (Pvt) Ltd., Dagia House 241-C, Block-2, PECHS, Off: Shahra-e-Quaideen, Karachi.

In case of non-availability of a valid copy of CNIC in the records of the Company, the Company will be constrained to withhold the Dividend Warrant in terms of section 251(2)(a) of the Companies Ordinance, 1984, which will be released by the Share Registrar only upon compliance with the aforesaid notifications.

7. As directed by SECP vide Circular No.18 of 2012 dated June 5, 2012, we give the shareholders the opportunity to authorise the Company to directly credit in their bank account with cash dividend, if any, declared by the company in future. If you wish that the cash dividend if declared by the company be directly, credited into your bank account, instead of issuing a dividend warrant, please provide the following details.

Title of Bank Account		Branch Name and Address	
Bank Account Number		Cell number of Shareholder	
Bank's Name		Landline number of Shareholder, if any	

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

Deduction of the Income Tax from Dividend under Section 150 of the Income Tax Ordinance 2001

Pursuant to the provisions of the Finance Act, 2014, effective from July 1, 2014, the rates of deduction of Income tax from dividend payments under the Income Tax Ordinance, 2001 have been revised as follows:

a) Rate of tax deduction for filers of income tax returns 10%
b) Rate of tax deduction for non-filers of income tax returns 15%

All shareholders / members of the Company who hold shares in Physical form are therefore requested to send a valid copy of their CNIC and NTN Certificates to the Company's shares Registrar, M/s. Technology Trade (Pvt.) Limited, to allow the Company to ascertain the status of the shareholder / member.

Shareholders / members of the Company who hold share in the scrip-less form on Central Depository System (CDS) of Central Depository Company Pakistan Limited (CDC) are requested to send valid copies of their CNIC and NTN Certificates to their CDC Participants / CDC Investor Account Services.

Where the required documents are not submitted, the Company will be constrained to treat the non-complying shareholder / member as a non-filer thereby attracting a higher rate of withholding tax.

STATEMENT UNDER SRO 27(I)/2012 DATED JANUARY 16, 2012

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

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

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

a. Total investment approved Rs. 2,500,000,000 (Rupees Two Thousand Five Hundred Million);
b. Amount of investment made to date; 'Nil'
c. Reason for not making investment;
   The company is considering few more investment proposals.
d. Major change in financial position of investee companies since the date of last resolution
   There has been no major change in financial position of the POL, ARL, APL and NRL.

Statement of Compliance
with the Code of Corporate Governance
for the year ended June 30, 2014

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35 of listing regulations of the Karachi Stock Exchange in Pakistan for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the Code in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes:

Non-Executive Directors	Executive Directors	Independent Director*
Dr. Gaith R. Pharaon	Mr. Babar Bashir Nawaz	Mr. Abdus Sattar
Mr. Laith G. Pharaon	Mr. Fakhr-ul-Islam Baig	
Mr. Wael G. Pharaon	Mr. Irfan Amanullah (Alternate Director)	
Mr. Shuaib A. Malik		

*The independent director meets the criteria of independence under clause i(b) of the Code 2002 since the present Board was elected in October 2011, prior to issuance of the revised Code in April 2012. The Code 2012 requires atleast one independent director as per the definition of independent director, which would be applicable from next election of directors.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred in the Board of Directors during the year ended June 30, 2014.
5. The company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meeting. The minutes of the meetings were appropriately recorded and circulated.
9. During the year one director has acquired the certification under the director’s training program as required by the Code. All other directors are either exempted or have attended the required training in prior years.

10. The Board has approved the appointment, remuneration and terms and conditions of employment of the Head of Internal Audit and the CFO, who is also the Company Secretary.
11. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises of three members, of whom two are non-executive directors including the chairman of the committee.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed an HR and Remuneration Committee. It comprises of three members, of whom two are non-executive directors including the chairman of the committee.
18. The Board has outsourced the internal audit function to Ernst & Young Ford Rhodes Sidat Hyder & Co., Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), 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 ICAP.
20. 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.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, executive employees and stock exchange.
22. Material/price sensitive information has been disseminated among all market participants at once through the stock exchange.
23. The related party transactions have been placed before the audit committee and approved by the Board of Directors along with pricing methods. The transactions were carried out on terms equivalent to those that prevail in the arm's length transactions.
24. The Board has ensured that a mechanism is put in place for an annual evaluation of the board's own performance as required by the Code.
25. We confirm that all other material principles enshrined in the Code have been complied with.

On behalf of the Board

Babar Bashir Nawaz
Chief Executive

August 15, 2014
Beirut, Lebanon

Review Report To The Members

On The Statement of Compliance with the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Attock Cement Pakistan Limited for the year ended June 30, 2014 to comply with the requirements of Listing Regulation No. 35 of the Karachi Stock Exchange where the company is listed.

The responsibility for compliance with the Code 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 and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the company's personnel and review of various documents prepared by the company to company to comply with the Code.

As a part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the company's corporate governance procedures and risks.

The Code required the company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for the review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflects the company's compliance, in all material respects, with the best practices contained in the Code as applicable to the company for the year ended June 30, 2014.

A F Ferguson & Co.

Chartered Accountants
Karachi
Dated: August 25, 2014

Auditors' Report To The Members

We have audited the annexed balance sheet of Attock Cement Pakistan Limited as at June 30, 2014 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

(b) in our opinion;

   (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the change as stated in note-3 with which we concur;
   (ii) the expenditure incurred during the year was for the purpose of the company's business; and
   (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2014 and of the profit, its cash flows and changes in equity for the year then ended; and

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

A.F.Ferguson & Co.

Chartered Accountants
Karachi
Dated: August 25, 2014
Name of the engagement partner: Syed Fahim ul Hasan

Financial Statements

for the year ended
June 30, 2014

Balance Sheet

as at June 30, 2014

	Note	2014	(Re-stated) 2013	(Re-stated) 2012
		Rupees in '000		
ASSETS				
Non-current assets				
Fixed assets - property, plant and equipment	4	6,125,796	5,998,663	5,471,655
Long-term investment	5	4,500	4,500	4,500
Long-term loans and advances	6	32,968	28,653	24,348
Long-term deposits	7	42,980	42,980	42,980
		6,206,244	6,074,796	5,543,483
Current assets				
Stores, spares and loose tools	8	1,160,074	956,276	1,419,739
Stock-in-trade	9	523,402	564,899	539,343
Trade debts - considered good	10	262,063	349,283	190,444
Loans and advances	11	48,728	35,434	35,390
Short-term deposits and prepayments	12	18,477	19,423	13,902
Investments	13	3,165,428	2,282,729	879,362
Accrued interest		-	4,298	2,149
Other receivables	14	28,737	22,594	27,633
Sales tax refundable		45,014	-	21,416
Cash and bank balances	15	467,835	389,014	219,762
		5,719,758	4,623,950	3,349,140
Total assets		11,926,002	10,698,746	8,892,623
EQUITY AND LIABILITIES				
Share capital and reserves				
Share capital	16	1,145,225	995,848	865,955
Unappropriated profit		7,300,828	6,852,976	5,746,933
		8,446,053	7,848,824	6,612,888
LIABILITIES				
Non-current liabilities				
Liability against assets subject to finance lease	17	11,883	6,517	-
Deferred taxation	18	1,003,706	1,041,977	932,079
Retirement benefits - obligations	19	240,493	148,952	13,171
		1,256,082	1,197,446	945,250
Current liabilities				
Trade and other payables	20	2,022,790	1,591,671	1,205,188
Current maturity of liability against assets subject to finance lease	17	3,927	1,862	-
Taxation - provision less payments		197,150	58,943	129,297
		2,223,867	1,652,476	1,334,485
Total liabilities		3,479,949	2,849,922	2,279,735
Contingency and commitments	21			
Total equity and liabilities		11,926,002	10,698,746	8,892,623

The annexed notes 1 to 41 form an integral part of these financial statements.

Babar Bashir Nawaz
Chief Executive

Abdus Sattar
Director

Profit and Loss Account

for the year ended June 30, 2014

	Note	2014	(Re-stated) 2013
		------ Rupees in '000 ------	
Net sales	22	12,547,251	11,507,706
Cost of sales	23	(8,843,288)	(7,970,943)
Gross profit		3,703,963	3,536,763
Distribution costs	24	(806,050)	(577,523)
Administrative expenses	25	(307,163)	(262,854)
Other expenses	26	(195,420)	(230,172)
Other income	27	269,529	227,029
Profit from operations		2,664,859	2,693,243
Finance cost	28	(29,794)	(14,894)
Profit before taxation		2,635,065	2,678,349
Taxation	29	(621,000)	(540,000)
Profit after taxation		2,014,065	2,138,349
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Remeasurements of post employment benefit obligations		(106,691)	(115,116)
Impact of deferred tax		29,271	31,030
		(77,420)	(84,086)
Items that may be subsequently reclassified to profit or loss		-	-
Total comprehensive income for the year		1,936,645	2,054,263
Basic and diluted earnings per share	30	Rs 17.59	Rs 18.67

The annexed notes 1 to 41 form an integral part of these financial statements.

Babar Bashir Nawaz
Chief Executive

Abdus Sattar
Director

Cash Flow Statement

for the year ended June 30, 2014

	Note	2014	(Re-stated) 2013
		----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	32	3,180,166	3,642,799
Finance cost paid		(29,794)	(14,894)
Income tax paid		(491,793)	(470,354)
Increase in long-term loans and advances		(4,315)	(4,305)
Retirement benefit obligations paid		(71,315)	(24,191)
Net cash from operating activities		2,582,949	3,129,055
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure incurred		(517,290)	(876,144)
Proceeds from disposal of operating assets		7,027	9,082
Purchase of open ended mutual fund units		(7,383,298)	(4,471,944)
Proceeds from sale of open ended mutual fund units		6,705,027	3,177,169
Interest received		26,998	20,518
Net cash used in investing activities		(1,161,536)	(2,141,319)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(1,338,548)	(817,063)
Lease rental paid		(4,044)	(1,421)
		(1,342,592)	(818,484)
Net increase in cash and cash equivalents		78,821	169,252
Cash and cash equivalents at beginning of the year		389,014	219,762
Cash and cash equivalents at end of the year	15	467,835	389,014

The annexed notes 1 to 41 form an integral part of these financial statements.

Babar Bashir Nawaz
Chief Executive

Abdus Sattar
Director

Statement of Changes in Equity

for the year ended June 30, 2014

	Share capital	Reserve for issuance of bonus shares	Unappro-priated profit	Total
	------------------------ Rupees '000	------------------------		
Balance as at July 01, 2012 as previously reported	865,955	-	5,762,938	6,628,893
Effect of change in accounting policy with respect to accounting for recognition of actuarial losses on defined benefit plan - net of tax - note 3	-	-	(16,005)	(16,005)
Balance as at July 01, 2012 - restated	865,955	-	5,746,933	6,612,888
Final dividend for the year ended June 30, 2012 @ Rs 6.00 per share	-	-	(519,573)	(519,573)
Transferred to reserve for issuance of bonus shares	-	129,893	(129,893)	-
Bonus shares issued during the year in the ratio of 3 shares for every 20 shares held	129,893	(129,893)	-	-
Interim dividend for the year ended June 30, 2013 @ Rs 3.00 per share	-	-	(298,754)	(298,754)
Total comprehensive income for the year ended June 30, 2013				
Profit for the year ended June 30, 2013	-	-	2,138,349	2,138,349
Other comprehensive loss for the year ended June 30, 2013	-	-	(84,086)	(84,086)
	-	-	2,054,263	2,054,263
Balance as at July 01, 2013 - restated	995,848	-	6,852,976	7,848,824
Final dividend for the year ended June 30, 2013 @ Rs 10.00 per share	-	-	(995,848)	(995,848)
Transferred to reserve for issuance of bonus shares	-	149,377	(149,377)	-
Bonus shares issued during the year in the ratio of 3 shares for every 20 shares held	149,377	(149,377)	-	-
Interim dividend for the year ended June 30, 2014 @ Rs 3.00 per share	-	-	(343,568)	(343,568)
Total comprehensive income for the year ended June 30, 2014				
Profit for the year ended June 30, 2014	-	-	2,014,065	2,014,065
Other comprehensive loss for the year ended June 30, 2014	-	-	(77,420)	(77,420)
	-	-	1,936,645	1,936,645
Balance as at June 30, 2014	1,145,225	-	7,300,828	8,446,053

The annexed notes 1 to 41 form an integral part of these financial statements.

Babar Bashir Nawaz
Chief Executive

Abdus Sattar
Director

1. THE COMPANY AND ITS OPERATIONS

The company was incorporated in Pakistan on October 14, 1981 as a public limited company and is listed on Karachi Stock Exchange. Its main business activity is manufacturing and sale of cement. The registered office of the company is at D-70, Block-4, Kehkashan-5, Clifton, Karachi. The company's cement manufacturing plant is located in Tehsil Hub, District Lasbella, Balochistan. The company also has a representative / liaison office in Dubai, UAE, to explore business opportunities in the growing markets of Middle East and Africa.

The company is a subsidiary of Pharaon Investment Group Limited Holding S.A.L., Lebanon.

During the year, the company entered into a Joint Venture agreement with Al Geetan Commercial Agencies, Iraq, to form a limited liability company in Iraq. The principal activity of the company will be to build and operate a cement grinding plant having production capacity of approximately 900,000 metric tons per annum. The proposed shareholding of Attock Cement Pakistan Limited in the company is 60%. The company's formation is in the process of regulatory approvals under the Iraqi laws. Further, Attock Cement Pakistan Limited has sought approvals from the State Bank of Pakistan and Ministry of Finance for the remittance of its share of equity in the proposed company. Currently the approval is pending with the Ministry of Finance.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, except as stated in note 3.

2.1 Basis of preparation

2.1.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.1.2 Critical accounting estimates and judgments

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

(i) Taxation - notes 18 & 29
(ii) Staff retirement benefits - note 19.1

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

There have been no critical judgements made by the company's management in applying the accounting policies that would have significant effect on the amounts recognised in the financial statements.

2.1.3 Changes in accounting standards, interpretations and pronouncements

a) New and amended standards and interpretations that are effective in the current year

Following amendment to existing standards and interpretations has been published and is mandatory for accounting periods beginning on or after January 1, 2013 and are considered to be relevant to the company's operations.

IAS 19, 'Employee benefits' which was revised in June 2011 is applicable for the periods beginning on or after January 1, 2013. Consequent changes on the company's accounting policies are as follows: to recognise all actuarial gains and losses in other comprehensive income, immediately recognise past service costs as they occur and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability / (asset). See note 3 for the impact on the financial statements.

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

There are no new standards, amendments to existing approved accounting standards and new interpretations that are not yet effective that would be expected to have a material impact on the financial statements of the company.

c) Interpretations to published approved accounting standards that are not yet effective and are not considered relevant

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

2.2 Overall valuation policy

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

2.3 Fixed Assets - property, plant and equipment

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

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

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

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

Gains and losses on disposal / retirement of fixed assets are included in profit and loss account.

2.4 Staff retirement benefits

Defined benefit plans

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

The latest actuarial valuations of the schemes have been carried out as at June 30, 2014 using the Projected Unit Credit method. The amount arising as a result of remeasurements are recognised in the Balance Sheet immediately, with a charge or credit to Other Comprehensive Income in the periods in which they occur. Past-service costs are recognised immediately in income.

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

Defined contribution plan

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

2.5 Investments

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

Long-term investments

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

Investments - held to maturity

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

Investments - at fair value through profit or loss

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

2.6 Stores, spares and loose tools

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

2.7 Stock-in-trade

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

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

2.8 Trade debts and other receivables

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

2.9 Cash and cash equivalents

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

2.10 Leases

Finance leases

The company leases certain property, plant and equipment. Leases of property, plant and equipment where the company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The interest element of the finance cost is charged to profit and loss account over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Operating leases

Leases in which a significant portion of the risks and rewards of ownership is retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit and loss account on a straight-line basis over the period of the lease.

2.11 Trade and other payables

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

2.12 Provisions

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

2.13 Taxation

Current

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits, rebates available, if any.

Deferred

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

2.14 Borrowings and their cost

Borrowings are recognised initially at fair value and subsequently at amortised cost using the effective interest method. Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs are capitalised as part of the cost of that asset. Borrowings payable within next twelve months are classified as current liabilities.

2.15 Foreign currencies

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

The financial statements are presented in Pakistan Rupee, which is the company's functional and presentation currency and figures are rounded off to the nearest thousand of Rupees.

2.16 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amount receivable for goods supplied, stated net of commission, discounts, returns and value added taxes.

Revenue from sale of goods is recognised on despatch of goods to customers i.e. when the significant risks and reward of ownership have been transferred to the customer.

Interest income is recognised using the effective interest method.

Dividend income is recognised when the right to receive payment is established.

2.17 Financial assets and liabilities

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

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

2.18 Dividend

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

3. CHANGE IN ACCOUNTING POLICY

IAS 19 (revised) - 'Employee Benefits' effective for annual periods beginning on or after January 1, 2013 amends the accounting for employee benefits. The standard requires immediate recognition of past service cost and also replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year.

Further, a new term "remeasurements" has been introduced. This is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost. The standard requires "remeasurements" to be recognised in the Balance Sheet immediately, with a charge or credit to Other Comprehensive Income in the periods in which they occur.

Following the application of IAS 19 (revised), the company's policy for Staff Retirement Benefits - Defined Benefit Plan stands amended as follows:

The amount arising as a result of remeasurements are recognised in the Balance Sheet immediately, with a charge or credit to Other Comprehensive Income in the periods in which they occur.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated.

The company's financial statements are affected by the 'remeasurements' relating to prior years. The effects have been sumarised below:

Impact on Balance Sheet	2013	2012
	----- Rupees '000 -----	
Increase in retirement benefits - obligations	127,078	15,474
Decrease in deferred tax liabilities	36,101	5,999
Decrease in other receivables	6,850	6,530
Decrease in unappropriated profit	97,827	16,005

Impact on Statement of Changes in Equity

Decrease in unappropriated profit Cumulative effect from prior years	16,005
Impact on total comprehensive income	81,822

Impact on Profit and Loss Account

Decrease in cost of sales	1,789
Decrease in distribution expenses	113
Decrease in administrative expenses	362

Impact on Other Comprehensive Income

Items that will not be reclassified to Profit and Loss Account - net of tax	84,086

The effect of change in accounting policy, due to adoption of IAS 19 (Revised), on 'earnings per share' is immaterial in the overall context of these financial statements. There is no cash flow impact as a result of the retrospective application of change in accounting policy.

4. FIXED ASSETS - property, plant and equipment

	2014	2013
	----- Rupees in '000 -----	
Operating assets - note 4.1	5,452,929	5,557,713
Capital work-in-progress	311,106	2,692
Stores held for capital expenditure	361,761	438,258
	6,125,796	5,998,663

4.1 Operating assets

	Freehold land	Buildings and roads on freehold land	Plant and machinery	Quarry transport and equipment	Furniture and fittings	Office equipments	Vehicles owned	Vehicles held under finance lease	Total
	------------	------------	------------	------------	Rupees '000	------------	------------	------------	------------
At 1 July 2012									
Cost	4,554	1,221,458	7,313,547	199,586	25,683	81,959	85,810	-	8,932,597
Accumulated depreciation	-	(363,521)	(3,370,312)	(155,594)	(18,685)	(71,293)	(55,450)	-	(4,034,855)
Net book value	4,554	857,937	3,943,235	43,992	6,998	10,666	30,360	-	4,897,742
Year ended 30 June 2013									
Opening net book value	4,554	857,937	3,943,235	43,992	6,998	10,666	30,360	-	4,897,742
Additions	-	214,120	796,189	-	1,815	8,479	14,748	9,800	1,045,151
Disposals	-	-	-	-	-	(150)	(3,290)	-	(3,440)
Transfers to stores	-	-	(26,244)	-	-	-	-	-	(26,244)
Depreciation charge	-	(60,168)	(266,444)	(9,391)	(3,660)	(5,314)	(9,637)	(882)	(355,496)
Closing net book value	4,554	1,011,889	4,446,736	34,601	5,153	13,681	32,181	8,918	5,557,713
At 01 July 2013									
Cost	4,554	1,435,052	8,081,653	199,586	27,498	90,253	79,275	9,800	9,927,671
Accumulated depreciation	-	(423,163)	(3,634,917)	(164,985)	(22,345)	(76,572)	(47,094)	(882)	(4,369,958)
Net book value	4,554	1,011,889	4,446,736	34,601	5,153	13,681	32,181	8,918	5,557,713
Year ended 30 June 2014									
Opening net book value	4,554	1,011,889	4,446,736	34,601	5,153	13,681	32,181	8,918	5,557,713
Additions	-	18,824	269,887	-	1,046	7,441	22,364	11,475	331,037
Disposals - note 4.2	-	-	-	-	-	(102)	(3,881)	-	(3,983)
Transfers to stores	-	-	(34,189)	-	-	-	-	-	(34,189)
Depreciation charge	-	(69,174)	(297,255)	(9,390)	(2,458)	(6,632)	(9,771)	(2,969)	(397,649)
Closing net book value	4,554	961,539	4,385,179	25,211	3,741	14,388	40,893	17,424	5,452,929
At 30 June 2014									
Cost	4,554	1,453,876	8,315,987	199,587	28,544	97,554	87,658	21,274	10,209,034
Accumulated depreciation	-	(492,337)	(3,930,808)	(174,376)	(24,803)	(83,166)	(46,765)	(3,850)	(4,756,105)
Net book value	4,554	961,539	4,385,179	25,211	3,741	14,388	40,893	17,424	5,452,929
Rate of depreciation %	-	5%	5%	10%	20%	25%	20%	20%	

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

Description	Cost	Accu-mulated deprecia-tion	Net book value	Sale proceed	Mode of disposal	Particulars of purchaser
	---------------- Rupees '000				----------------	
Office equipment	140	38	102	111	Insurance Claim	EFU General Insurance Limited
Vehicle	1,673	477	1,196	1,600	" "	" " " "
"	1,673	477	1,196	1,600	" "	" " " "
"	1,354	934	420	420	Company Policy	Mr. Tariq Saeed Butt - Employee
"	795	584	211	211	" "	Mr. Naseem Akhtar - Employee
"	1,199	1,079	120	120	" "	Mr. Tanveer Alam Malik - Employee
"	1,199	1,079	120	120	" "	Mr. Farhan Mehboob - Employee
"	1,050	945	105	105	" "	Mr. Muhammad Rehan - Employee
"	772	695	77	77	" "	Mr. Muhammad Abbas - Employee
"	575	518	57	57	" "	Mr. Nadeem Rabbani - Employee
"	575	518	57	57	" "	Mr. Siraj Anwer - Employee
"	963	866	97	640	Tender	Mr. Ali Bux - Gothimare P.O.B, Tehsil Hub, District Lasbela, Baluchistan
"	879	791	88	752	"	Mr. Shah Saqlain Alam - Attock Cement Factory, Hub, District Lasbela, Baluchistan
"	699	619	80	705	"	Mr. Sanaullah - 34 / E, Block - 6, P.E.C.H.S, Karachi
"	575	518	57	452	"	Mr. Masood Hussain - House No. A-450 Ashraf Nagar, Paposh Nagar, Nazimabad, Karachi
	14,121	10,138	3,983	7,027		

5. LONG-TERM INVESTMENT

	2014	2013
	---------- Rupees '000 ----------	
Investment in related party (associated company)		
Attock Information Technology Services (Private) Limited		
450,000 (2013: 450,000) fully paid ordinary shares of Rs 10 each - at cost	4,500	4,500

5.1 The company holds 10% (2013: 10%) of investee's total equity. The break-up value per share is Rs. 27.42 (2013: Rs. 24.12). Total assets and total liabilities of the investee as at June 30, 2014 amounted to Rs. 135.09 million and Rs. 11.68 million (2013: Rs. 116.07 million and Rs. 7.52 million) respectively.

6. LONG-TERM LOANS AND ADVANCES – Considered good

	2014	2013
	----- Rupees '000 -----	
Chief Executive - note 6.1	2,218	6,022
Executives - note 6.1	37,311	23,430
Other Employees	29,931	28,369
	69,460	57,821
Recoverable within one year - note 11	(36,492)	(29,168)
Long term portion	32,968	28,653

6.1 Reconciliation of the carrying amount of loans and advances to Chief Executive and Executives:

	Chief Executive		Executives	
	2014	2013	2014	2013
	------------------- Rupees '000 -------------------			
Opening balance	6,022	9,826	23,430	18,135
Effect of promotions	-	-	3,054	1,596
Disbursements	-	-	33,483	21,801
Repayments	(3,804)	(3,804)	(22,656)	(18,102)
	2,218	6,022	37,311	23,430

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

6.3 The maximum amounts due from Chief Executive and Executives at the end of any month during the year were Rs. 5.70 million (2013: Rs. 9.51 million) and Rs. 32.99 million (2013: Rs. 25.39 million) respectively.

7. LONG-TERM DEPOSITS

These are security deposits held with K-Electric Limited and carry no interest (2013: 5% per annum).

8. STORES, SPARES AND LOOSE TOOLS

	2014	2013
	---- Rupees in '000 ----	
Coal	567,083	453,334
Stores and spares	548,716	460,468
Bricks	66,127	61,159
Loose tools	2,209	2,536
	1,184,135	977,497
Less: Provision for slow moving and obsolete items	(24,061)	(21,221)
	1,160,074	956,276

	2014	2013
	----- Rupees in '000 -----	

9. STOCK-IN-TRADE

	2014	2013
Raw materials	100,843	102,136
Packing materials	73,408	67,123
Work-in-process	200,532	315,341
Finished goods	148,619	80,299
	523,402	564,899

10. TRADE DEBTS – considered good

	2014	2013
Secured	218,580	331,520
Unsecured	43,483	17,763
	262,063	349,283

10.1. The age analysis of trade debts is as follows:

	2014	2013
Not yet due	233,897	320,468
1 to 6 months	27,381	28,287
6 to 9 months	340	478
over 9 months	445	50
	262,063	349,283

11. LOANS AND ADVANCES – Considered good

Current portion of long-term loans and advances

	2014	2013
Chief Executive and Executives	21,786	15,476
Other Employees	14,706	13,692
	36,492	29,168
Other advances - employees	189	262
Advances to suppliers	12,047	6,004
	48,728	35,434

12. SHORT-TERM DEPOSITS AND PREPAYMENTS

	2014	2013
Deposits - considered good	6,848	4,598
Prepayments	11,629	14,825
	18,477	19,423

13. INVESTMENTS

	2014	2013
Investments - at fair value through profit or loss - notes 13.1 & 13.2	3,165,428	2,282,729

13.1 Details of investments:

2014	2013		2014	2013
---------- Units ----------			----- Rupees in '000 -----	
36,476,078	-	ABL Government Securities Fund	366,264	-
3,154,232	4,104,656	Askari High Yield Scheme	316,082	406,535
3,078,955	-	HBL Income Fund	311,741	-
6,434,782	-	Alfalah GHP Income Multiplier Fund	309,346	-
3,061,301	1,602,566	Askari Sovereign Yield Enhancer	308,069	161,293
2,601,504	-	PICIC Income Fund	260,667	-
2,543,578	509,125	UBL Government Securities Fund	255,309	50,934
4,279,146	-	Pakistan Income Enhancement Fund	218,450	-
19,889,428	-	NAFA Income Opportunity Fund	208,195	-
1,504,716	-	Faysal Savings Growth Fund	152,669	-
1,260,371	-	Alfalah GHP Sovereign Fund	126,131	-
207,352	-	Atlas Income Fund	104,477	-
967,052	486,069	IGI Income Fund - Growth Units	97,112	50,311
560,188	-	Al-Ameen Islamic Income Fund	53,526	-
999,424	602,789	AKD Cash Fund	50,038	30,355
272,909	250,000	Faysal Financial Sector Opportunity Fund	27,352	25,000
-	3,039,719	IGI Money Market Fund - Growth Units	-	307,784
-	35,736,448	ABL Cash Fund	-	357,640
-	1,510,751	PICIC Cash Fund	-	151,598
-	1,234,524	UBL Financial Sector Bond Fund	-	126,245
-	1,003,369	MCB Dynamic Cash Fund	-	103,962
-	1,017,748	First Habib Income Fund	-	102,448
-	999,946	Faysal Money Market Fund	-	102,194
-	5,127,090	Pak Oman Government Security Fund	-	52,541
-	5,109,176	NAFA Financial Sector Income Fund	-	52,495
-	503,074	HBL Money Market Fund	-	50,933
-	486,381	JS Cash Fund	-	50,248
-	501,096	Primus Daily Reserve Fund	-	50,201
-	99,588	Atlas Money Market Fund	-	50,012
87,291,016	63,924,115		3,165,428	2,282,729

13.2 The fair value of these investments is the Net Asset Value (NAV) as at June 30, 2014 as quoted by the respective Asset Management Company.

14. OTHER RECEIVABLES

	2014	(Re-stated) 2013	(Re-stated) 2012
	--------------- Rupees in '000	---------------	
Export rebate receivable	20,987	13,753	8,938
Due from Provident Fund	2,752	-	12,676
Due from related parties	4,145	4,783	4,413
Others	853	4,058	1,606
	28,737	22,594	27,633

15. CASH AND BANK BALANCES

	2014	2013
	------- Rupees in '000 -----	
Cash at bank		
- On PLS savings accounts - note 15.1 & 15.2	357,446	217,047
- On current accounts	109,582	171,631
Cash in hand	807	336
	467,835	389,014

15.1 At June 30, 2014 the mark-up rates on PLS savings accounts range from 7% to 8.50% (2013: 5% to 8.15%) per annum.

15.2 This includes Rs. 5.68 million (AED 0.20 million) placed in United Bank Limited - Dubai Branch, UAE, (2013: Nil) to meet representative / liaison office expenses as per the approval of the State Bank of Pakistan.

16. SHARE CAPITAL

	2014	2013
	----- Rupees in '000 -----	
Authorised share capital		
200,000,000 ordinary shares of Rs. 10 each (2013: 125,000,000 ordinary shares of Rs. 10 each)	2,000,000	1,250,000

Issued, subscribed and paid-up capital

Ordinary shares of Rs 10 each

2014	2013		2014	2013
29,747,965	29,747,965	Shares allotted for consideration paid in cash	297,480	297,480
4,132,510	4,132,510	Shares allotted for consideration other than cash - plant and machinery	41,325	41,325
80,641,993	65,704,280	Shares allotted as bonus shares	806,420	657,043
114,522,468	99,584,755		1,145,225	995,848

16.1 Movement in issued, subscribed and paid-up capital

Ordinary shares of Rs 10 each

2014	2013		2014	2013
99,584,755	86,595,439	Opening shares outstanding	995,848	865,955
14,937,713	12,989,316	Shares allotted as bonus shares	149,377	129,893
114,522,468	99,584,755		1,145,225	995,848

16.2 During the year, the company issued bonus shares in the ratio of 3 shares for every 20 shares held.

16.3 As at June 30, 2014, Pharaon Investment Group Limited (Holding) S.A.L, Lebanon and its nominees held 96,271,949 (2013: 83,714,750) ordinary shares of Rs 10 each.

17. LIABILITY AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2014		
	Minimum lease payment	Financial charge for future periods	Principal outstanding
	-------------- Rupees in '000		------------
Not later than one year	5,395	1,468	3,927
Later than one year but not later than five years	13,717	1,834	11,883
	19,112	3,302	15,810

	2014	(Re-stated) 2013	(Re-stated) 2012
	-------------- Rupees in '000		------------
18. DEFERRED TAXATION			
Credit balances arising in respect of:			
- accelerated tax depreciation allowances	1,075,237	1,083,653	942,439
- assets held under finance lease	4,780	2,404	-
Debit balances arising in respect of provision for			
- slow moving and obsolete stores and spares	(6,601)	(5,720)	(4,361)
- liabilities against finance lease	(4,338)	(2,259)	-
- retirement benefits - obligations	(65,372)	(36,101)	(5,999)
	1,003,706	1,041,977	932,079

18.1 Deferred tax liability is restricted to 78.39% (2013: 79.28%) of the total deferred tax liability based on the assumptions that export sales will continue to fall under Final Tax Regime and historical trend of export and local sales ratio will continue to be the same in foreseeable future.

19. Retirement benefits - obligations

19.1 Staff retirement benefits

19.1.1 As stated in note 2.4, the company operates approved funded gratuity fund for all employees and pension scheme for its certain management and non-management employees. The scheme defines an amount of gratuity benefit that an employee will receive on retirement subject to minimum service under the scheme. Actuarial valuation of these plans is carried out every year and the latest actuarial valuation was carried out as at June 30, 2014.

19.1.2 Plan assets held in trust are governed by local regulations which mainly include Trust Act, 1882; the Companies Ordinance, 1984; Income Tax Rules, 2002 and the Rules under the respective trust deeds. Responsibility for governance of the Plans, including investment decisions and contribution schedules, lies with the respective Board of Trustees. The company appoints the trustees and all trustees are employees of the company.

19.1.3 The latest actuarial valuations of the Plans as at June 30, 2014 were carried out using the Projected Unit Credit Method. Details of the Funds as per the actuarial valuations are as follows:

	2014		(Re-stated) 2013	
	Pension Funds	Gratuity Funds	Pension Funds	Gratuity Funds
	Rupees in '000			
19.1.4 Balance sheet reconciliation as at June 30				
Present value of defined benefit obligation	295,259	318,685	303,976	205,296
Fair value of plan assets	206,748	166,703	205,564	154,756
19.1.5 Movement in the defined benefit obligation				
Obligation as at July 01	303,976	205,296	202,548	147,995
Service cost	23,870	15,776	32,355	13,569
Interest expense	36,633	23,122	24,630	17,296
Remeasurement on obligation	20,119	86,260	55,477	45,698
Benefits paid	(89,339)	(11,769)	(11,034)	(19,262)
Obligation as at June 30	295,259	318,685	303,976	205,296
19.1.6 Movement in the fair value of plan assets				
Fair value as at July 01	205,564	154,756	187,047	150,325
Interest income	24,665	18,571	23,571	19,423
Remeasurement on plan assets	7,413	(7,725)	(8,093)	(5,848)
Employer contributions	58,445	12,870	14,073	10,118
Benefits paid	(89,339)	(11,769)	(11,034)	(19,262)
Fair value as at June 30	206,748	166,703	205,564	154,756
19.1.7 Expense recognised in profit and loss account				
Service cost	23,870	15,776	32,355	13,569
Interest expense / (income)	11,968	4,551	1,059	(2,127)
	35,838	20,327	33,414	11,442
19.1.8 Remeasurement recognised in other comprehensive income				
Experience losses	20,119	86,260	55,477	45,698
Remeasurement of fair valueof plan assets	(7,413)	7,725	8,093	5,848
Remeasurements	12,706	93,985	63,570	51,546
19.1.9 Net recognised liability				
Balance as at July 01	98,412	50,540	15,501	(2,330)
Expense for the year	35,838	20,327	33,414	11,442
Employer contributions	(58,445)	(12,870)	(14,073)	(10,118)
Remeasurement recognised in other comprehensive income	12,706	93,985	63,570	51,546
Balance as at June 30	88,511	151,982	98,412	50,540

19.1.10 Composition of plan assets:

	2014		2013		2014		2013	
	Pension Funds				Gratuity Funds			
	Amount in '000	%	Amount in '000	%	Amount in '000	%	Amount in '000	%
Pakistan Investment Bonds	27,677	13.39	-	-	-	-	-	-
Market Treasury Bills	54,329	26.28	59,179	28.79	11,103	6.66	11,328	7.32
Term Deposit Receipts	28,826	13.94	14,988	7.29	3,021	1.81	20,804	13.44
Term Finance Certificates	34,594	16.73	35,958	17.49	32,020	19.21	27,329	17.66
Open Ended Mutual Funds	61,140	29.57	99,476	48.39	120,595	72.34	86,106	55.64
Other (including bank balance)	182	0.09	(4,037)	(1.96)	(36)	(0.02)	9,189	5.94
	206,748	100.00	205,564	100.00	166,703	100.00	154,756	100.00

19.1.11 Actuarial assumptions

	2014	2013
Expected rate of increase in salaries		
- Management staff	11.5%	11.0%
- Non-management staff	11.5%	11.0%
Discount factor used	13.3%	12.0%

19.1.12 Pre-Retirement mortality was assumed to be SLIC (2001-05) for males and females, as the case may be, but rated up one year.

19.1.13 The company ensures asset / liability matching by investing in short-term deposits and does not use derivatives to manage its risk.

19.1.14 The expected return on respective plan asset has been determined by considering the expected returns available on the assets underlying the current investment policy.

19.1.15 Sensitivity analysis for actuarial assumptions

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on defined benefit obligation				
		Pension Funds		Gratuity Funds	
	Change in assumption	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
		------------------------ Rupees in ‘000 ------------------------			
Discount rate at 30 June	0.5%	(25,974)	28,629	(10,976)	11,740
Future salary increases	0.5%	9,593	(9,067)	12,616	(11,882)

If longevity increases by 1 year, the resultant increase in obligation is Rs. 3.21 million.

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as and when calculating the gratuity liability recognised within the balance sheet.

19.1.16 Historical information

	2014	2013	2012	2011	2010
	Rupees in '000				
Pension Funds as at June 30					
Present value of defined benefit obligation	295,259	303,976	187,047	167,023	145,943
Fair value of plan assets	(206,748)	(205,564)	(202,548)	(169,002)	(151,528)
Deficit / (surplus)	88,511	98,412	(15,501)	(1,979)	(5,585)
Experience adjustments					
(Loss) / gain on obligation	(20,119)	(55,477)	(6,086)	5,793	(2,224)
Gain / (loss) on plan assets	7,413	(8,093)	(10,588)	648	(12,658)
	(12,706)	(63,570)	(16,674)	6,441	(14,882)
Gratuity Funds as at June 30					
Present value of defined benefit obligation	318,685	205,296	150,325	123,914	101,084
Fair value of plan assets	(166,703)	(154,756)	(147,995)	(139,448)	(130,580)
Deficit / (surplus)	151,982	50,540	2,330	(15,534)	(29,496)
Experience adjustments					
(Loss) / gain on obligation	(86,260)	(45,698)	8,204	10,249	(3,704)
(Loss) / gain on plan assets	(7,725)	(5,848)	(571)	1,545	665
	(93,985)	(51,546)	7,633	11,794	(3,039)

19.1.17 As per actuarial advice, the company is expected to recognise service cost of Rs. 57.61 million in 2015 (2014: Rs. 58.91 million).

19.1.18 The weighted average service duration of employees is as follows:

	Pension Fund	Gratuity Fund
	----No. of years----	
Management	17.12	7.18
Non-management	20.30	8.10

19.1.19 Expected maturity analysis of undiscounted retirement benefit plan.

At June 30, 2014	Less than a year	Between 1-2 years	Between 2-5 years	Between 5 -10 years	Over 10 years	Total
	Rupees in '000					
Pension Funds	3,096	8,722	33,598	172,879	321,412	539,707
Gratuity Funds	19,962	70,048	115,879	237,220	381,594	824,703

20. TRADE AND OTHER PAYABLES

	2014	2013
	------ Rupees in '000 ------	
Creditors - note 20.1	210,869	161,451
Accrued liabilities - note 20.1	946,027	638,613
Electricity charges payable	274,863	219,358
Royalty payable	68,169	68,350
Sales tax payable	-	67,038
Excise duty payable	38,960	55,234
Advances from customers	183,665	42,007
Retention money	14,854	61,002
Security deposits	41,337	34,852
Workers' Profits Participation Fund - note 20.2	141,637	145,451
Workers' Welfare Fund	83,288	84,721
Payable to Provident Fund	-	3,373
Taxes deducted at source and payable to statutory authorities	7,995	-
Unclaimed dividend	4,173	3,305
Others - note 20.1	6,953	6,916
	2,022,790	1,591,671

20.1 Creditors, accrued liabilities and other liabilities include Rs. 1.8 million, Rs. 8.5 million and Rs. 5.8 million (2013: Rs. 6.7 million, Rs. 7.1 million and Rs. 5.8 million) respectively in respect of amounts due to related parties.

20.2 Workers' Profits Participation Fund

	2014	2013
	------ Rupees in '000 ------	
At beginning of the year	145,451	107,749
Allocation for the year - note 26	141,637	145,451
	287,088	253,200
Interest on funds utilised in company's business - note 28	2,246	2,763
	289,334	255,963
Less: Amount paid to the Fund	(147,697)	(110,512)
	141,637	145,451

21. CONTINGENCY AND COMMITMENTS

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

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

21.2 Commitments for capital expenditure outstanding as at June 30, 2014 amounted to Rs 151.58 million (2013: Rs. 61.52 million).

22. NET SALES

	2014	2013
	------- Rupees in '000 -------	
Gross local sales	11,330,511	11,261,612
Less: Commission	(242,753)	(212,714)
Net local sales	11,087,758	11,048,898
Export sales	3,777,874	2,566,000
	14,865,632	13,614,898
Sales tax	(1,837,708)	(1,565,262)
Federal excise duty	(480,673)	(541,930)
	(2,318,381)	(2,107,192)
	12,547,251	11,507,706

22.1 The company's customer base is diverse with no single customer accounting for more than 10% of net revenue.

	2014	2013
	------- Rupees in '000 -------	
22.2 Export sales comprise of sale made in the following regions:		
Africa	1,694,840	832,537
Middle East Asia	1,661,957	1,391,038
Others	421,077	342,425
	3,777,874	2,566,000

23. COST OF SALES

	2014	(Re-stated) 2013
	------- Rupees in '000 -------	
Raw materials consumed	829,632	743,133
Packing materials consumed	783,515	737,846
Cement packaging and loading charges	20,407	19,412
Salaries, wages and benefits - note 23.1	976,045	863,076
Fuel	2,827,519	3,016,008
Electricity and water	2,275,872	1,538,075
Stores and spares consumed	387,024	408,478
Repairs and maintenance	79,118	100,793
Insurance	60,791	51,769
Vehicle running and maintenance	93,076	86,450
Security expenses	63,790	58,825
Depreciation	384,458	344,582
Other expenses - note 23.2	15,552	16,679
	8,796,799	7,985,126
Add: Opening work-in-process	315,341	295,418
Less: Closing work-in-process	(200,532)	(315,341)
	8,911,608	7,965,203
Add: Opening stock of finished goods	80,299	86,039
Less: Closing stock of finished goods	(148,619)	(80,299)
	8,843,288	7,970,943

23.1 Salaries, wages and benefits include Rs. 41.17 million and Rs. 20.88 million (2013: Rs. 33.73 million and Rs. 18.02 million) in respect of charge for defined benefit plans and contributory provident fund respectively.

23.2 This includes provision for slow moving and obsolete items amounting to Rs. 2.84 million (2013: Rs. 5.22 million)

24. DISTRIBUTION COSTS

	2014	(Re-stated) 2013
	---- Rupees in '000 ----	
Salaries, wages and benefits - note 24.1	65,064	55,528
Handling and other export related expenses	319,660	221,585
Carriage outward on export sales	294,477	213,091
Commission on export sales	63,931	52,238
Carriage outward on local sales	42,726	14,573
PSI marking fee	12,816	11,720
Advertisement and sales promotion	1,736	1,157
Travelling and entertainment	4,336	4,946
Other expenses	1,304	2,685
	806,050	577,523

24.1 Salaries, wages and benefits include Rs. 3.14 million and Rs. 1.4 million (2013: Rs. 2.61 million and Rs. 1.18 million) in respect of charge for defined benefit plans and contributory provident fund respectively.

25. ADMINISTRATIVE EXPENSES

	2014	(Re-stated) 2013
	---- Rupees in '000 ----	
Salaries, wages and benefits - note 25.1	201,288	177,103
Depreciation	13,191	10,914
Rent, rates and taxes	12,513	8,805
Utilities	8,616	3,964
Insurance	3,840	3,642
Repairs and maintenance	11,768	11,071
Communication and printing	16,542	12,641
Travelling and entertainment	6,171	8,154
Legal and professional charges	14,675	9,018
Auditors' remuneration - note 25.2	4,730	3,176
Donations - note 25.3	5,465	5,120
Other expenses	8,364	9,246
	307,163	262,854

25.1 Salaries, wages and benefits include Rs. 11.85 million and Rs. 4.78 million (2013: Rs. 9.44 million and Rs. 4.25 million) in respect of charge for defined benefit plans and contributory provident fund respectively.

		2014	2013
		----- Rupees in '000 ----	
25.2	**Auditors' remuneration**		
	Audit fee	1,650	1,500
	Fee for review of interim financial information and Statement of Code of Corporate Governance	1,100	1,000
	Taxation services	-	260
	Other certifications, attestations and other services	1,685	185
	Out-of-pocket expenses	295	231
		4,730	3,176

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

26. OTHER EXPENSES

	2014	2013
Workers' Profits Participation Fund - note 20.2	141,637	145,451
Workers' Welfare Fund	53,783	84,721
	195,420	230,172

27. OTHER INCOME

	2014	2013
Income from financial assets		
Interest income on:		
- PLS savings accounts	22,700	20,518
- security deposit with K-Electric	-	2,149
	22,700	22,667
Gain on sale of open ended mutual fund units	138,088	60,907
Gain on re-measurement of fair value of open ended mutual fund units	66,340	47,685
	204,428	108,592
Exchange gain	-	11,750
Income from non-financial assets		
Gain on disposal of operating assets	3,044	5,642
Others		
Gain on sale of furnace oil	-	45,177
Export rebate	21,611	15,168
Scrap sales	17,130	17,425
Others	616	608
	269,529	227,029

		2014	2013
		----- Rupees in '000 ----	
28.	**FINANCE COST**		
	Bank charges and commission	19,288	11,696
	Interest on Workers' Profits Participation Fund	2,246	2,763
	Finance charges on finance lease	1,291	435
	Exchange loss	6,969	-
		29,794	14,894
29.	**TAXATION**		
	Current		
	- for the year	676,000	530,000
	- prior years	(46,000)	(130,000)
	Deferred	(9,000)	140,000
		621,000	540,000
29.1	**Relationship between tax expense and accounting profit**		
	Profit before taxation	2,635,065	2,678,349
	Tax at the applicable rate of 34% (2013: 35%)	895,922	937,422
	Effect of final tax regime	(235,614)	(176,259)
	Tax credit for plant expansion and donation	(9,222)	(75,638)
	Others	15,914	(15,525)
	Reversal of prior years' tax provision	(46,000)	(130,000)
		621,000	540,000

		2014	(Re-stated) 2013
30.	**BASIC AND DILUTED EARNINGS PER SHARE**	----- Rupees in '000 ----	
	Profit after taxation	2,014,065	2,138,349
	Weighted average number of outstanding shares at the end of year (in thousands) - note 30.1	114,522	114,522
	Basic earnings per share	Rs 17.59	Rs 18.67

30.1 The weighted average shares at 30 June 2013 have been increased to reflect the bonus shares issued during the year.

30.2 A diluted earnings per share has not been presented as the company did not have any convertible instruments in issue as at June 30, 2014 and 2013 which would have any effect on the earnings per share if the option to convert is exercised.

31. CREDIT FACILITIES

The facilities for short term running finance available amounted to Rs. 1.00 billion (2013: Rs. 1.30 billion). The rates of mark-up ranging between one month KIBOR minus 0.5% and 3 months KIBOR plus 0.25% (2013: one month KIBOR minus 0.5% and 3 months KIBOR plus 0.25%) per annum.

The facilities for opening letters of credit and guarantee as at June 30, 2014 amounted to Rs. 4.60 billion (2013: Rs. 3.23 billion) of which unutilised balance at year end amounted to Rs 4.26 billion (2013: Rs 2.74 billion).

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

32. CASH GENERATED FROM OPERATIONS

	2014	(Re-stated) 2013
	----- Rupees in '000 ----	
Profit before taxation	2,635,065	2,678,349
Add / (Less): Adjustments for non-cash charges and other items		
Depreciation	397,649	355,496
Gain on disposal of fixed assets	(3,044)	(5,642)
Gain on sale of open ended mutual fund units	(138,088)	(60,907)
Gain on re-measurement of fair value of open ended mutual fund units	(66,340)	(47,685)
Interest income	(22,700)	(22,667)
Finance cost	29,794	14,894
Retirement benefits obligations	56,165	45,784
Profit before working capital changes	2,888,501	2,957,622
Effect on cash flow due to working capital changes		
Decrease / (Increase) in current assets		
Stores, spares and loose tools	(203,798)	463,463
Stock-in-trade	41,497	(25,556)
Trade debts	87,220	(158,839)
Loans and advances	(13,294)	(44)
Short term deposits and prepayments	946	(5,521)
Sales tax refundable	(45,014)	21,416
Other receivables	(6,143)	5,039
	(138,586)	299,958
Increase in current liabilities		
Trade and other payables	430,251	385,219
	291,665	685,177
Cash generated from operations	3,180,166	3,642,799

33. REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Executive Directors		Executives	
	2014	2013	2014	2013	2014	2013
	Rupees in '000					
Managerial remuneration	17,930	13,947	11,632	9,640	146,888	109,836
Housing allowance	5,753	4,881	4,283	3,724	56,539	41,938
Utility allowance	2,173	1,860	851	747	12,015	8,800
Bonus	9,850	7,000	8,700	6,150	79,505	50,661
Retirement benefits	4,129	1,953	2,950	1,304	41,188	17,535
Others	3,485	3,216	3,586	3,572	29,273	21,293
	43,320	32,857	32,002	25,137	365,408	250,063
Number of person(s)	1	1	2	2	130	90

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

In addition to the above, fee to two non-executive directors during the year amounted to Rs. 1.34 million (2013: Rs. 1.26 million).

34. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties during the year are as follows:

	2014	2013
	Rupees in '000	
Holding company		
Dividend paid	1,125,963	436,773
Recovery of expenses	1,167	977
Bonus shares issued	125,572	109,193
Associated companies		
Purchase of goods	278,965	282,811
Reimbursement of expenses	5,317	5,022
Recovery of expenses from related parties	7,371	8,517
Other related parties		
Payments made to retirement benefit funds	110,365	56,166
Key management compensation		
Salaries and other short-term employee benefits	87,132	76,459
Post-employment benefits	9,150	4,226

The related party status of outstanding balances as at June 30, 2014 is included in other receivables, loans and advances and trade and other payables.

35. PROVIDENT FUND RELATED DISCLOSURES

The following information is based on latest un-audited financial statements of the Fund:

	2014	2013
	------ Rupees in '000 ------	
Size of the fund - Total assets	436,142	368,743
Percentage of investments made	89%	89%
Fair value of investments	388,143	329,438

35.1 The cost of above investments amounted to Rs. 381.06 million (2013: Rs. 322.53 million).

35.2 The break-up of fair value of investments is:

	2014	2013	2014	2013
	----- Percentage -----		---- Rupees in '000 ----	
Bank deposits	4%	13%	15,003	43,484
Government securities	48%	29%	187,050	97,027
Term finance certificates	19%	27%	75,595	88,271
Unit trust schemes	29%	31%	110,495	100,656
	100%	100%	388,143	329,438

35.3 The investments out of provident fund have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

36. NUMBER OF EMPLOYEES

	2014	2013
Number of employees at June 30		
- Regular	788	761
- Contractual	30	22
Average number of employees during the year		
- Regular	780	761
- Contractual	24	20

37. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

37.1 Financial risk factors

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

37.2 Financial assets and liabilities by category and their respective maturities

	2014			(Re-stated) 2013		
	Maturity up to one year	Maturity after one year	Total	Maturity up to one year	Maturity after one year	Total
	Rupees in '000					
Financial assets						
Loans and receivables						
Loans, advances and deposits	43,529	75,948	119,477	34,028	71,633	105,661
Trade debts	262,063	-	262,063	349,283	-	349,283
Interest accrued	-	-	-	4,298	-	4,298
Other receivables	28,737	-	28,737	22,594	-	22,594
Bank balances	467,028	-	467,028	388,678	-	388,678
Cash and cheques in hand	807	-	807	336	-	336
Long term investment	-	4,500	4,500	-	4,500	4,500
Fair value through profit or loss						
Investments	3,165,428	-	3,165,428	2,282,729	-	2,282,729
	3,967,592	80,448	4,048,040	3,081,946	76,133	3,158,079
Financial liabilities						
at amortised cost	1,567,245	-	1,567,245	1,197,220	-	1,197,220
On balance sheet date gap	2,400,347	80,448	2,480,795	1,884,726	76,133	1,960,859
Net financial assets						
Interest bearing	357,446	-	357,446	217,047	42,980	260,027
Non-interest bearing	2,042,901	80,448	2,123,349	1,667,679	33,153	1,700,832
	2,400,347	80,448	2,480,795	1,884,726	76,133	1,960,859

a) Market Risk

(i) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. As at June 30, 2014, the company is indirectly exposed to interest rate risk as company's significant investments are in mutual funds whose prices are primarily dependent on prevailing rates.

(ii) Foreign exchange risk

Foreign currency risk arises mainly where payables and receivables exist due to transactions in foreign currencies. The company's exposure to exchange risk comprise mainly due to receivable, payable and bank balance maintained in foreign currency account. At June 30, 2014, trade and other payables of Rs. 44.15 million (2013: Rs. 53.28 million), trade debts of Rs. 183.40 million (2013: Rs. 148.07 million) and bank balance of Rs. 5.68 million (2013: Rs. Nil) are exposed to foreign currency risk.

As at June 30, 2014, if the Pakistan Rupee had weakened / strengthened by 9% against US Dollar with all other variables held constant, profit before tax for the year would have been lower / higher by Rs. 14.75 million (2013: Rs. 12.07 million), mainly as a result of foreign exchange gains / losses on translation of US Dollar denominated trade and other payables, and trade debts.

As at June 30, 2014, if the Pakistan Rupee had weakened / strengthened by 9% against Euro with all other variables held constant, profit before tax for the year would have been higher / lower by Rs. 2.22 million (2013: Rs. 3.54 million), mainly as a result of foreign exchange losses / gains on translation of Euro denominated trade and other payables.

As at June 30, 2014, if the Pakistan Rupee had weakened / strengthened by 9% against AED with all other variables held constant, profit before tax for the year would have been higher / lower by Rs. 0.51 million (2013: Rs. Nil), mainly as a result of foreign exchange losses / gains on translation of AED denominated bank balances.

The sensitivity of foreign exchange rates looks at the outstanding foreign exchange balances of the company only as at the balance sheet date and assumes this is the position for a full twelve-month period. The volatility percentages for movement in foreign exchange rates have been used due to the fact that historically (five years) rates have moved on average basis by the mentioned percentages per annum.

(iii) Price risk

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

The company limits price risk by maintaining a diversified portfolio and by continuous monitoring of developments in open ended income funds. In addition, the company actively monitors the key factors that affect the open ended income funds. The maximum exposure to price risk as at June 30, 2014 amounts to Rs. 3,165 million (2013: Rs. 2,283 million).

As at June 30, 2014, if the prices of the open ended income funds had increased / decreased by 1% with all other variables held constant, profit before tax for the year would have been higher / lower by Rs. 31.65 million (2013: Rs. 22.83 million), mainly as a result of gains / losses on open ended income funds classified as fair value through profit or loss.

b) Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counterparts failed to perform as contracted. The maximum exposure to credit risk is equal to the carrying amount of financial assets. Out of the total financial assets of Rs. 4,048 million (2013: Rs. 3,158 million) the financial assets exposed to the credit risk amounts to Rs. 4,043 million (2013: Rs. 3,153 million). The carrying values of financial assets which are neither past due nor impaired are as under:

	2014	(Re-stated) 2013
	------ Rupees in '000 ------	
Trade debts	262,063	349,283
Deposits, loans, advances and other receivables	148,214	132,553
Investments at fair value through profit or loss	3,165,428	2,282,729
Bank balances	467,028	388,678
	4,042,733	3,153,243

Trade debts of the company are not exposed to significant credit risk as the company trades with credit worthy third parties and obtains bank guarantees from its credit customers. As of June 30, 2014, secured and unsecured trade debts amounted to Rs. 218.58 million and Rs. 43.48 million (2013: Rs. 331.52 million and Rs. 17.76 million) respectively. Moreover, there is no impaired balance and the carrying amount of trade debts relates to customers for whom there is no history of default.

Deposits, loans, advances and other receivables are not exposed to any material credit risk as deposits of Rs. 43 million are maintained with the K-Electric Limited and advances to employees amounting to Rs. 70 million (2013: Rs. 58 million) are secured against their retirement benefits.

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

The cash and bank balances represent low credit risk as major balances are placed with banks having credit ratings of A or above as assigned by PACRA or JCR-VIS.

c) Liquidity risk

Liquidity risk reflects the company's inability in raising funds to meet commitments. The company manages liquidity risk by maintaining sufficient cash and bank balances and the availability of financing through banking arrangements. As at June 30, 2014 there is no maturity mismatch between financial assets and liabilities that expose the company to liquidity problems as described in maturity table.

d) Fair values of the financial instruments

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

37.3 Capital Risk Management

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

The company generally finances its operations and manages its working capital through equity.

38. CAPACITY AND PRODUCTION

	2014	2013
	------- (Metric tons) -------	
Production capacity		
- Clinker	1,740,000	1,710,000
- Cement	1,827,000	1,795,500
Actual production		
- Clinker	1,800,135	1,781,569
- Cement	1,912,921	1,843,591

39. CORRESPONDING FIGURES

The following prior year figure has been reclassified for the purpose of appropriate presentation:

		(Re-stated) 2013	(Re-stated) 2012
		------ Rupees in ‘000 ------	
Reclassification from	Reclassification to		
Trade and other payables	Retirement benefits - obligations	148,952	13,171

40. SUBSEQUENT EVENTS

The Board of Directors in their meeting held on August 15, 2014, proposed a final cash dividend of Rs. 10 per share (2013:Rs. 10 per share) amounting to Rs. 1,145 million (2013 : Rs. 996 million) subject to the approval of the company in the forthcoming annual general meeting.

41. DATE OF AUTHORISATION FOR ISSUE

These financial statements were approved and authorised for issue by the Board of Directors on 15 August 2014.

Babar Bashir Nawaz	Abdus Sattar
Chief Executive	Director

Six years at a Glance

	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
	---------------- Rupees in million unless otherwise stated ----------------					
Production and Sales						
Clinker production (in tonnes)	1,800,135	1,781,569	1,756,843	1,819,458	1,706,299	1,678,619
Capacity utilization %	103	102	103	106	100	98
Cement production (in tonnes)	1,912,921	1,843,591	1,849,176	1,862,201	1,792,619	1,721,665
Cement sales (in tonnes)	1,898,419	1,845,881	1,855,472	1,849,851	1,807,077	1,719,162
Profit & Loss						
Net sales	12,547	11,508	10,638	8,554	7,668	8,510
Cost of sales	8,843	7,971	7,691	6,823	5,710	5,801
Gross profit	3,704	3,537	2,947	1,731	1,958	2,709
Other income	270	227	146	104	262	167
Operating profit	2,665	2,693	2,047	1,059	1,466	2,108
Profit before tax	2,635	2,678	2,035	1,034	1,388	1,989
Profit after tax	2,014	2,138	1,437	684	1,017	1,493
Balance Sheet						
Paid-up capital	1,145	996	866	866	866	722
Unappropriated profit	7,301	6,951	5,763	4,932	4,529	4,043
Long term & deferred liabilities	1,256	1,197	938	566	598	1,059
Current liabilities	2,224	1,652	1,335	1,378	1,065	1,136
Fixed assets less depreciation	6,126	5,999	5,472	5,332	4,202	4,144
Other long term assets	80	76	72	64	64	67
Current assets	5,720	4,624	3,358	2,347	2,793	2,762
Key Financial Ratios						
Gross profit %	29.52	30.73	27.70	20.23	25.53	31.83
Operating profit %	21.24	23.27	19.24	12.38	19.12	24.77
Net profit after tax %	16.05	18.58	13.51	8.00	13.26	17.54
Return on equity %	23.85	27.24	21.68	11.80	18.85	31.24
Return on capital employed %	31.55	34.12	30.88	18.26	24.46	36.12
No. of days in inventory	21.60	25.87	25.59	28.94	23.40	38.63
No. of days in receivables	7.62	11.08	6.53	2.17	2.64	1.99
Fixed assets turnover ratio (times)	2.05	1.92	1.94	1.60	1.82	2.05
Current ratio (times)	2.57	2.80	2.52	1.70	2.62	2.43
Price earning ratio (times)	8.97	7.07	4.91	6.20	5.62	4.06
Dividend yield ratio %	8.25	9.85	9.58	9.18	7.57	7.14
Dividend payout ratio %	73.91	69.63	51.23	56.96	42.59	29.00
Dividend cover ratio (times)	1.35	1.44	1.95	1.76	2.35	3.45
Debt: equity ratio	-	-	-	-	-	0.13
Interest cover ratio (times)	89.44	180.83	176.54	43.59	18.88	17.60
Shares and Earnings						
Market price / share as at June 30 (Rs.)	157.7	132	81	49	66	70
Earnings per share (Rs.)	17.59	18.67	16.59	7.90	11.74	17.24
Cash dividend per share	13	13	8.5	4.5	5.0	5.0
Bonus shares issued %	-	15	15	-	-	20
Break-up value per share	73.75	79.8	76.55	66.96	62.31	66.21

Pattern of Shareholding

As on June 30, 2014

No. of Shareholders	Shareholdings From	Shareholdings To	Total Shares Held
318	1	100	9,171
237	101	500	67,417
230	501	1000	180,249
257	1001	5000	593,824
71	5001	10000	516,788
92	10001	100000	3,024,924
20	100001	1000000	6,618,055
1	1000001	2000000	1,575,414
1	5000001	6000000	5,664,677
1	96000001	97000000	96,271,949
1,228			114,522,468

	Categories of shareholder	Shares held	Percentage
1	DIRECTORS AND THEIR SPOUSE(S) AND MINOR CHILDREN	132,261	0.12
2	ASSOCIATED COMPANIES, UNDERTAKINGS & RELATED PARTIES	-	0.00
3	EXECUTIVES	-	0.00
4	BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES & TAKAFUL	3,056,196	2.67
5	MODARABA AND MUTUAL FUNDS	966,766	0.84
6	SHAREHOLDERS HOLDING 5% OR MORE	96,271,949	84.06
7	OTHERS		
	- INSTITUTIONS	7,814,053	6.82
	- FOREIGN	1,530,435	1.34
	- INDIVIDUALS	4,750,808	4.15
		114,522,468	100

Shareholders holding Five Percent or more voting interest in the listed Company.

Total Paid-up Capital of the Company	114,522,468	Shares
5% of the paid-up capital of the Company	5,726,123	Shares

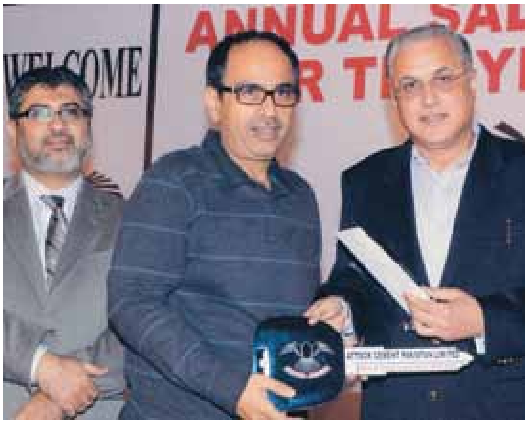
Name of Shareholders	Description	No. of Shares held	Percentage
Pharaon Investment Group Limited, Holding S.A.L. Beirut, Lebanon	Falls in Category # 6	96,271,949	84.06

No transaction has been reported by any of the company's Director(s), Executive(s) and their spouse(s) and minor Children from July 01, 2013 to June 30 2014 in the shares of the Company.

EVENTS

34th Annual General Meeting

Annual Sales Convention



Long Service Award Ceremony

Form of Proxy

35th Annual General Meeting of Attock Cement Pakistan Limited

I/We ____
of ____
being a member(s) of Attock Cement Pakistan Limited holding ___________________________
ordinary shares as per share register folio No. ___________________________ or CDC participant ID No. and sub-account No. ________________________ hereby appoint ____
of ____ or failing him / her __________________________of
____ as my / our Proxy in my / our absence to attend and vote for me / us and on my / our behalf at the 35th Annual General Meeting of the Company to be held on September 30, 2014 and at any adjournment thereof.

Signed this ________________________________ day of _____________________ 2014.

____

Signature

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

Witness:

1. Name: ___________________________________
   Address: _________________________________
   CNIC / Passport No. ________________________

2. Name: ___________________________________
   Address: _________________________________
   CNIC / Passport No. ________________________

Important:

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

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

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

For CDC Account Holders / Corporate Entities:

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

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

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

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