Attock Cement
Pakistan Limited

FALCON CEMENT

Reaching New Heights

Annual Report 2015

Reaching New Heights

The year 2015 has been a record breaking year for the Company. The Company witnessed growth in all areas like production, volumetric growth in export sales, record sales in terms of value and record profits.

With the economy of the country on rise, we are also playing our role in enhancing shareholders' value .

At Attock Cement we are exploring new horizons of growth and prosperity and are prepared to meet the challenges of tomorrow. We are striving harder to achieve new goals.

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
Agha Sher Shah
Babar Bashir Nawaz

Chief Executive
Babar Bashir Nawaz

Alternate Directors
Shuaib A. Malik
Irfan Amanullah
Fakhrul Islam Baig

Audit Committee of the Board

Abdus Sattar	Chairman
Shuaib A. Malik	Member
Agha Sher Shah	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
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
Dubai Islamic 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

Board of Directors

Dr. Ghaith R. Pharaon
Chairman

Laith G. Pharaon

Wael G. Pharaon

Shuaib A. Malik

Abdus Sattar

Agha Sher Shah

Babar Bashir Nawaz

Highest Ever Clinker Production

Company achieved highest ever Clinker Production of **1,835,254** tones in year 2015.

Quality, Health, Safety & Environmental Policy

We are committed to produce premium quality cement to the satisfaction of our valued customers.

We will achieve this standard through:

- Effective implementation of an Integrated Quality, Environment, Health & Safety Management System based on ISO 9001, ISO 14001 and OHSAS 18001 requirements;
- Compliance with applicable and relevant legal & customer requirements with regards to Product Specification, Environment and Health & Safety;
- Prevention of product rejection, Environmental pollution and safety incidents / accidents in our operations;
- Continual improvement in our processes and products by developing SMART Objectives / Targets and achieving them; and
- Creating awareness, understanding and ownership of this policy throughout the organization.

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.

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.

Highest Ever Sales

Highest Ever Export Sales of

739,400 tones.

Highest Ever Net Sales in Value

Rs. **13.1** Billion in 2015.


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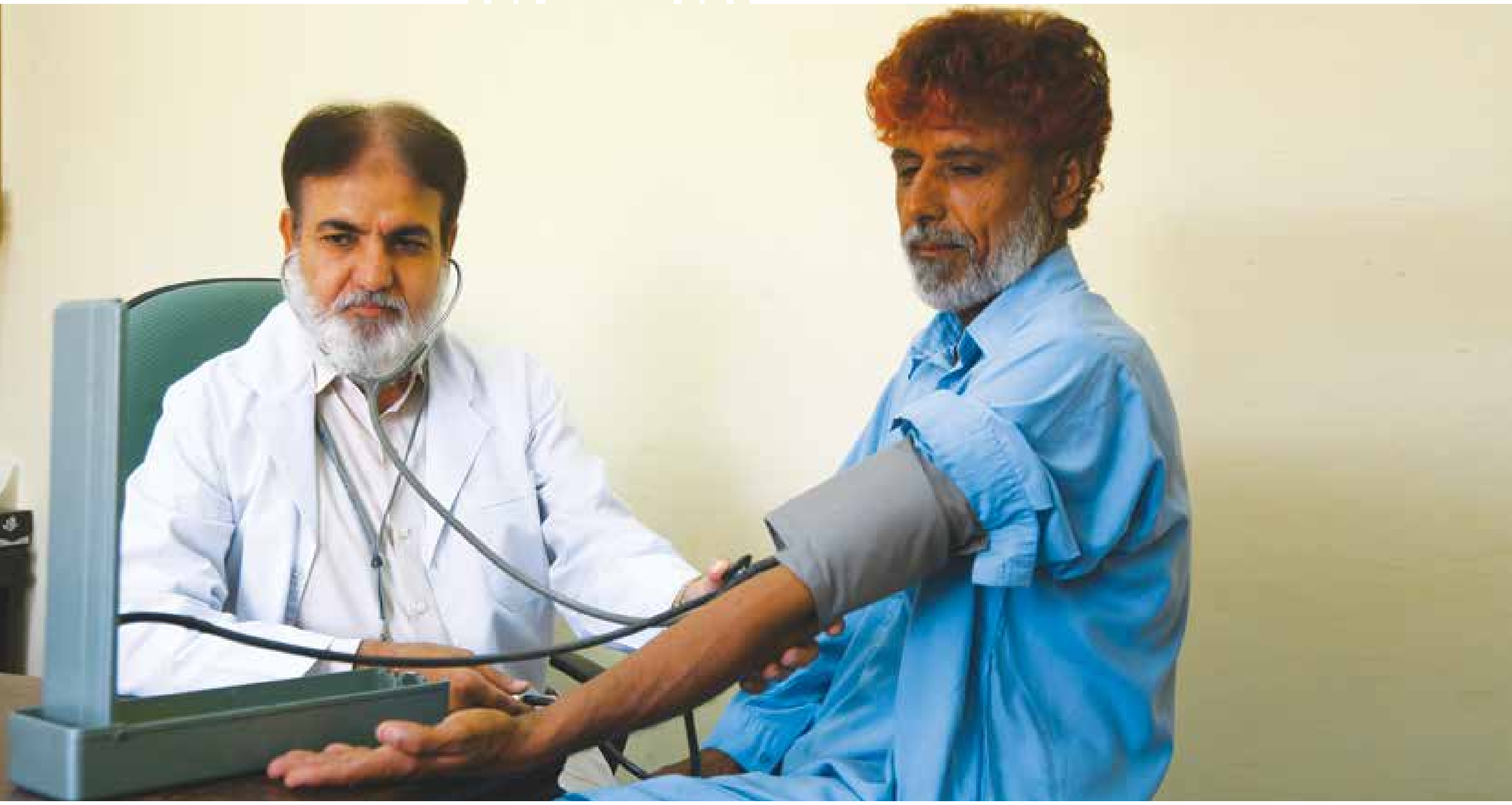
Corporate Social Responsibility



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, 2015. 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 2016.

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 corporate objectives, the Company generally follows the following broad and approved strategy:

Strategy

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

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

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

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.

Highest Ever Profitability

Highest Ever Profit Before Tax

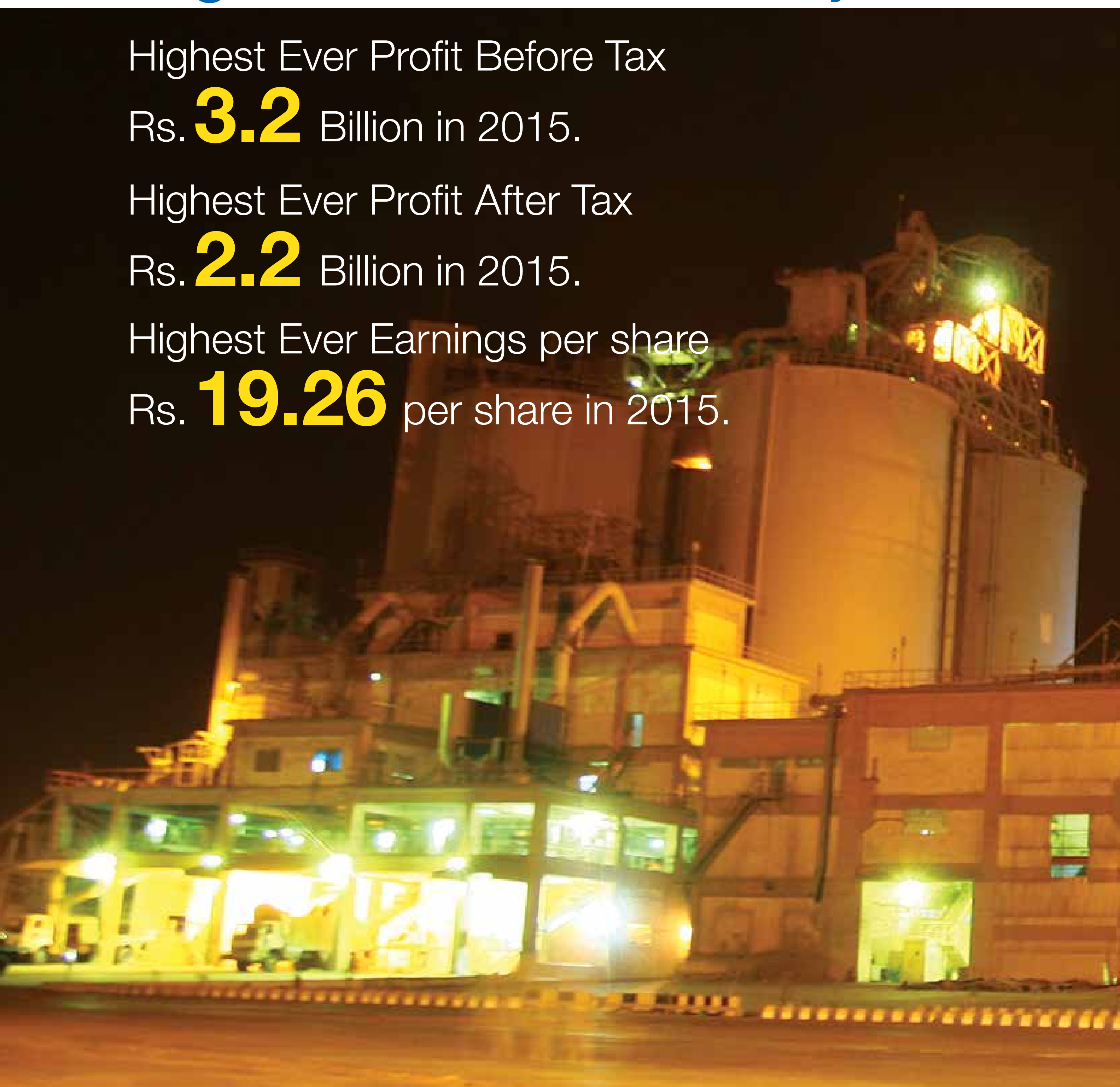
Rs. **3.2** Billion in 2015.

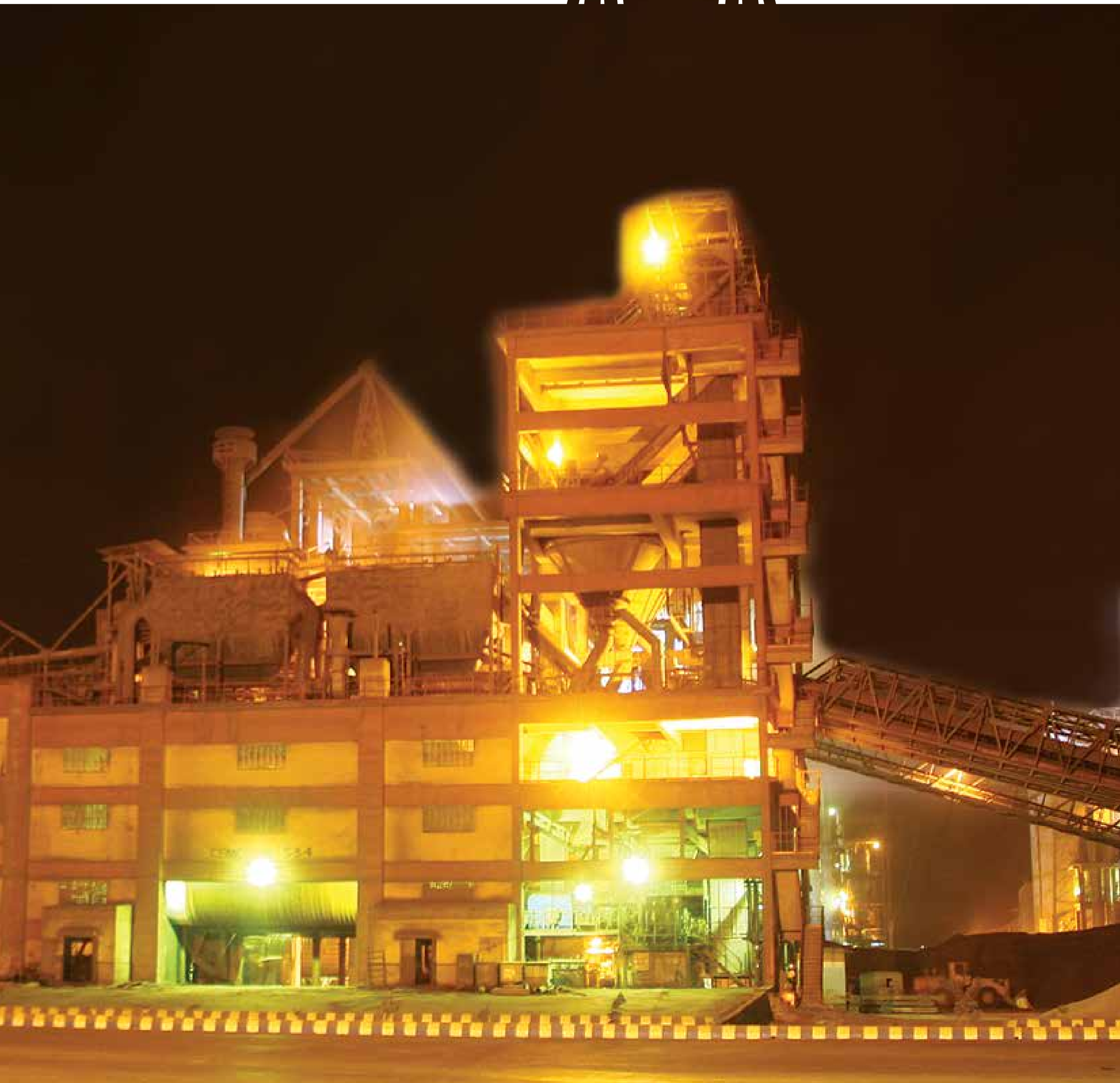
Highest Ever Profit After Tax

Rs. **2.2** Billion in 2015.

Highest Ever Earnings per share

Rs. **19.26** per share in 2015.





Chairman's Review

بسم الله الرحمن الرحيم

I welcome you all in the 36th Annual General Meeting of the company.

Overview of the Economy

Pakistan economy witnessed some key events during the year 2014-2015. Stabilization of the economy to a great extent with inflation hitting the lowest level at 4.8% for the year 2014-15, improvement of international ratings by Moody's and Standard & Poor's, reduction in benchmark discount rate, successful IMF reviews, re-entry of Pakistan into international bond markets, successful off loading of shares of three leading commercial banks in local and international markets, the historical agreement with Chinese on China Pak Economic Corridor (CPEC) were some of the hall marks of last year. The decline in international oil prices helped in stabilization of PKR to USD exchange rate and building up of foreign exchange reserves.

While there is some improvement in GDP growth, there are significant concerns on the economic performance for the year. These include reduction in growth of commodity producing sectors of Agriculture and Industry which are generally supposed to create employment in the economy and the decline in foreign direct investment (FDI). Besides this the energy and water crisis continue to dominate the debate on growth prospects.

Real GDP growth of 4.2% during FY15 has slightly improved as compared to last year but still far below the growth rate of other countries in the region.

Industry Review

During the year, under review, the overall local cement consumption grew by 8% and exports declined by 12%. However, the net cement sales, because of activities in local markets, increased by 3% and reached at 35.4 million tones. This performance is commendable keeping in view the 4 months long political demonstrations creating lot of uncertainty in the country, continuous energy outages and serious security concerns. The growth in local sales is being seen by the cement industry as an indicative of a turnaround in the country's economy possibly fuelled by the government through major spending on public sector development program and private sector investment in construction and housing sectors. The average capacity utilization of industry recorded at 78% as compared to 77% during the last year.

Operational & Financial Performance

The year 2014-2015 was a record breaking year of the company both in operational and financial terms. The company achieved record production and record despatches. Beside this the company achieved record sales in value and cloaked highest ever profit after tax. The margins, both gross and operating, improved to 34% and 25% as compared to previous year's level of 30% and 21% respectively.

The cement sales prices, during the year under review, largely remained stable and cost parameters with specific reference to coal and power remained under control. The Company continued to use excess liquidity in buying coal at lower levels besides investing in equipments bringing operational efficiencies in terms of use of electricity. These were also major factors in improvements of margins.

However, during the year, the International Tax Administration Commission (ITAC) of South Africa has imposed anti-dumping duty on all Pakistani Cement Manufacturers including your company. The company is now actively exploring legal options under the South African legal system to contest against the orders of ITAC and protect its interest in this vital market.

Acknowledgement

The Company deeply acknowledges and offers its sincere thanks to the support it has received from both Federal and Provincial Governments, regulatory bodies, its customers, bankers and suppliers.

The Company offers its sincere thanks to Federal Minister of Commerce, Ministry of Commerce and Pakistan's High Commission to South Africa for their continuous support and help in the matter of anti-dumping duty.

The Company also recognizes the efforts put in by both management and non-management staff and the support it has always received from the Collective Bargaining Agent.

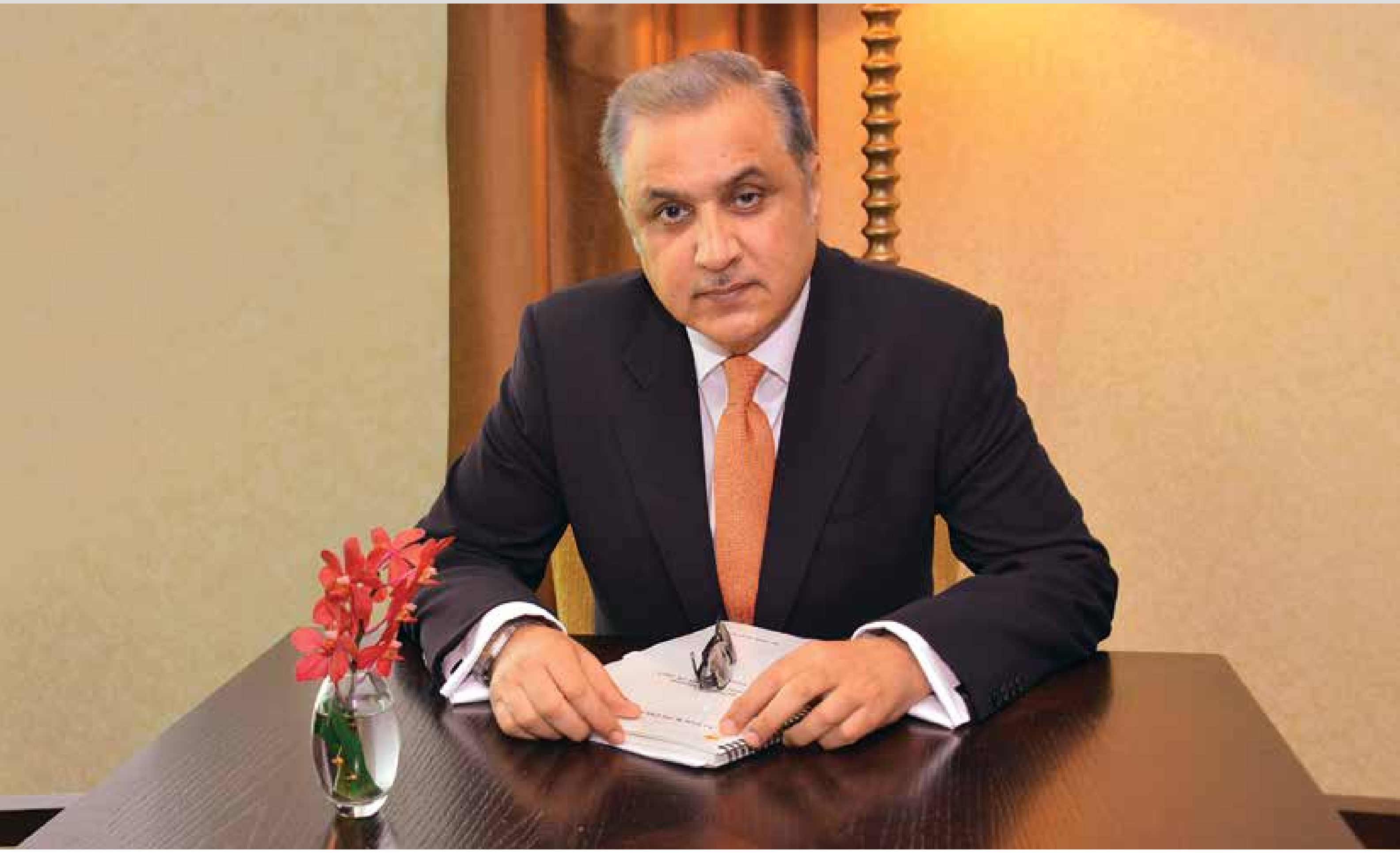
Dr. Ghaith R. Pharaon
Chairman

August 13, 2015
Rawalpindi

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 the audited financial statements for the year ended June 30, 2015.



Production & Sales Statistics

During the year 2014-2015, the Company achieved production of over 100% of its rated capacity both in line 1 and line 2. During the year under review, the cement industry witnessed net growth of 3.3%. The local demand grew by 7.9% as compared to previous year's growth of 4.3% which is a positive sign for local dispatches. However, export sales significantly declined by 11.6% mainly because of imposition of anti-dumping duty in South Africa and reduction in prices in regional markets owing to influx of global capacities.

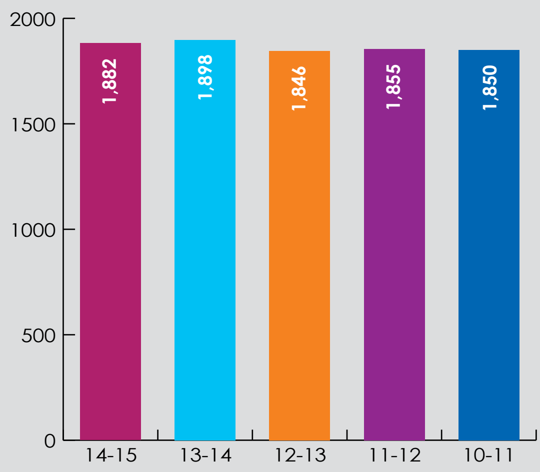
Despite several challenges faced by the company both in local and export markets, your company has maintained its dispatches and was able to sell 100% of its production both in domestic and in regional markets. The detailed data has been enumerated in the below table:

	2014 – 2015	2013 – 2014
	---------------QTY IN MTONS---------------	
Clinker Production	1,835,254	1,800,135
Cement Production	1,877,150	1,912,921
Cement Dispatches	1,881,941	1,898,419
Capacity Utilization	105%	103%

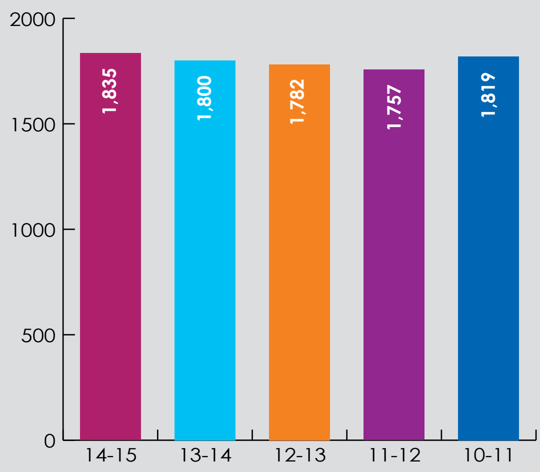
During the year under review, the company achieved an average rated capacity of 105%, with both the lines operating at their full capacities.

The company sold 1,881,941 tons of cement in both local and export markets, which is marginally lower (1%) as compared to preceding year.

During the year under review, the Company sold 1,142,541 M Tons (2013 -14: 1,209,061 M tons) of Cement in the local market. The balance quantity of 739,400 M tons (2013 -14: 689,358 M tons) was exported to the regional markets of South Africa, Sri Lanka, Iraq and in other East African and Indian Ocean markets. This was the highest ever export sales achieved by the company.



Cement Sales
Thousand M. Tonnes



Clinker Production
Thousand M. Tonnes

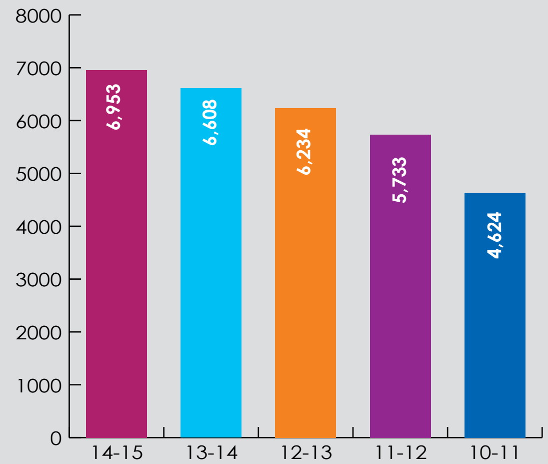
Financial Performance

A comparison of the key financial results of your Company for the year ended June 30, 2015 with the same period last year is as under:

	2014 – 2015	2013-2014	Increase	Increase
	---------------------Rs. In Million		--------------------	%
Net Sales	13,086	12,547	539	4%
Gross Profit	4,396	3,704	692	19%
Profit Before Tax	3,221	2,635	586	22%
Profit After Tax	2,206	2,014	192	10%
EPS in Rupees	19.26	17.59	1.67	10%

(i) <u>Sales Performance</u>

The overall sales revenue increased by Rs. 539 million (4%) as compared to the previous year. This is attributable to increase in average net retention by Rs. 345 (5%) per ton of cement sold as compared to same period last year. Company achieved highest ever sales in value terms.



Net Retention
Per ton Rupees

(ii) <u>Profitability</u>

Company earned a net profit after tax of Rs. 2,206 million as compared to Rs. 2,014 million earned during the corresponding period, showing an increase of Rs. 192 million (10%). The gross and operating margins also increased from 30% and 21% to 34% and 25% respectively.

Besides improvement in net retention, which contributed significantly towards increase in gross and net margins, the other main factors are as follows:

- The average coal prices reduced from US $92 per ton c&f Karachi to US $ 81 per ton c&f Karachi contributing favourably towards the overall production cost;

- The overall power cost per ton reduced by Rs. 45 per ton during the year under review as the company made a major overhaul and upgradation to its cement mill 1 resulting significant improvement in its electrical consumptions. Besides this the company has installed Variable Frequency Drives (VFDs) on its key motors, which contributed positively in reduction of overall power cost; and

- Other income increased by Rs. 153 million because of placement of surplus cash in better performing mutual funds.

(iii) Appropriation

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

	2014 - 2015	2013 - 2014
	------------Rs in '000--------------	
Profit after tax	2,205,651	2,014,065
Less: Other Comprehensive Loss	(55,994)	(77,420)
Total Comprehensive Income for the year	2,149,657	1,936,645
Un-appropriated profit brought forward	7,300,828	6,852,976
Profit available for appropriation	9,450,486	8,789,621
Appropriation:		
Bonus Shares for the year 2015:		
Nil bonus shares (2014: 15%)	-	(149,377)
Final Cash Dividend paid for the year 2014:		
Rs.10.0 per share (2013: Rs.10.0 per share)	(1,145,225)	(995,848)
Interim Cash Dividend paid for the year 2015:		
Rs. 4.5 per share (2014:Rs. 3.0 per share)	(515,351)	(343,568)
Un-appropriated profit carried forward	7,789,909	7,300,828

For the year ended June 30, 2015 the Board in its meeting held on August 13, 2015 has proposed a final cash dividend of Rs. 10.5 per share (105%) amounting to Rs. 1,202 million.

Contribution To National Exchequer

The Company contributed Rs. 1,231 million during the year to the national exchequer on account of payments towards Sales Tax, Income tax, Excise duty and other statutory levies. An amount of approximately Rs. 416 million was also paid as withholding income tax deducted by the Company from shareholders, employees, suppliers and contractors. In addition to that your Company earned precious foreign exchange of approximate US$ 40 million during the year under review from export sales.

Marketing

During the year under review the market of South where your company markets its product has shown some signs of improvements. However, substantial growth could not be achieved due to absence of mega government induced projects. The capacity utilization of local market is around 55% and it can only be improved if amounts allocated to Public Sector Development Programs (PSDP) is substantially materialized. However, the company is extending its wings in local markets and is marketing its product in far flung markets of Quetta, Upper Sindh and Punjab in order to reap the benefits of development activities currently being undertaken in these parts of the country. This extension in markets has helped the company in improving its market and sales mix resulting improved net retention.

The imposition of anti-dumping duty on Pakistani cement in South Africa have resulted a sudden availability of 1.5m tones of additional cement from Pakistan to regional markets. South Africa had been the biggest market for Pakistani cement exports through sea since last three years and its sudden closure would change the dynamics of regional markets significantly. With UAE still surplus in terms of cement production, stiff competition is awaited for our products in the regional markets. Furthermore the change in duty regime in Sri Lanka has also posed a serious challenge for the Pakistani cement as cement companies from Thailand & Vietnam have become equally competitive in this market.

In order to maximize its dispatches and achieve 100% sales the management is actively exploring new export markets and has successfully cemented its feet in East African and Indian Ocean Markets which are relatively better priced markets.

Human Resources

The Company believes in its human capital. Our work is not possible without skilled and trained manpower. We ensure that our human capital is equipped with necessary skills and systems, therefore the Company actively invest in innovations and trainings. The company provides solid opportunities to its staff for career advancements, professional growth and ensures that they should develop pride in their job. Team work and collective decision making is the hall mark of company's investment activities which gives a sense of participation to all its staff members.

The company believes in strong company staff relationship and therefore arranges various events where employees can share their thoughts with the company and its senior management in open and relax environment.

In order to enhance the capacity building of the employees the company's HR department in tandem with its technical and non technical management identifies the areas where quality training and development programs including soft skill development programs are conducted. These programs help the staff members to develop their hard and soft skills. These are focused sessions and motivate the staff members to horn and develop their technical as well as leadership skills.

The Company's compensation packages to its employees are market driven and based on fair assessment of employees' performance. The company is committed to provide a conducive work environment and employs a dedicated management team and workforce which achieve higher levels of productivity.

With a strong belief in developing quality manpower and considering the dearth of good human resource, the company runs its own management training program both for local educated youth and for other qualified young graduates. Under this program company hires the graduates of good universities, provide them quality training and thereafter recruit them at market based remuneration.

Corporate Social Responsibility

The company continued its investment in local corporate support program in the form of availability of potable water, quality education and good health care. Beside this in order to encourage local youth company supports healthy activities and sponsors good sporting events.

The company provides potable water to 14 number of villages in and around its factory area. Through this activity more than 5000 people have been provided free potable water throughout the year.

The company's two schools i.e. Falcon Public School and TCF sponsored Dr. Rachad Pharaon campus are providing free of cost quality education to almost 600 students. Both the facilities are sponsored by the company.

During the year under review the company arranged 03 medical camps and 02 eye camps where the doctors of the company treated more than 2000 local inhabitants free of cost. Beside this the company continued to manage its 6 bed hospital and OPD centre where daily more than 100 patients are treated and provided medicines free of cost.

Health, Safety And Environment

The company's health, safety and clean environment program is running successfully and providing accident free work place to its staff members. The regular safety programs have considerably increased the awareness about the importance of accident free work place among the employees of the company. The Company considers these activities as collective responsibility and participants ensure that they adopt the procedures in letter and spirit.

As a responsible corporate citizen, the company pledges to adhere to the highest standard of HSE policy, standards and procedures. It is one of the top priorities of the company and strict compliance is made to ensure that employees follow the regulations not as a routine but as a habit.

Progress On Projects

Cement Grinding Unit At 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 new limited liability company has been established and registered under the Iraqi law on November 3, 2014 by the name Saqr Al-Keetan for Cement Production Company Limited having share capital of 30,000,000 Iraqi Dinar. The company has obtained the approval from Ministry of Finance through State Bank of Pakistan for remittance of equity of US$ 24 Million to Iraq. Further, the company has also obtained the shareholders' approval in the General Meeting held on May 12, 2015 for investment in subsidiary company under section 208 of the Companies Ordinance, 1984. The negotiations with the supplier of Plant & Machinery have been completed and company is now at final stages in completing the regulatory requirements under the laws of Iraq. .

Coal Fired Power Plant

The technical management of the company has planned the project and has identified the supplier. However, over the last six months, there was an acute shortage of water in Hub Dam, which is the only source of water for the plant operations; therefore the work on project was stopped. As soon as the availability of water reaches at desirable level the work on project would be re-initiated.

Enhancement of Production Capacity

The company is enhancing its production capacity by installing a new production line of 3,300 Tons per Day at the existing Plant site. The estimated capital outlay would be around US$ 120 million.

Compliance With Code Of Corporate Governance

The Directors hereby confirm that:

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

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

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

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

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

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

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

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

	Rupees in Million	Year Ended
Provident Fund (audited)	427	December, 2014
Gratuity Funds (unaudited)	237	June, 2015
Pension Funds (unaudited)	262	June, 2015

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	Chairman / Non Executive Director	5
2	Mr. Laith G. Pharaon	Non Executive Director	5
3	Mr. Wael G. Pharaon	Non Executive Director	4
4	Mr. Shuaib A. Malik	Non Executive Director	5
5	Mr. Abdus Sattar	Non Executive Director	5
6	Agha Sher Shah	Non Executive Independent Director	4
7	Mr. Babar Bashir Nawaz	Executive Director & Chief Executive	5
8	Mr. Fakhrul Islam Baig (retired on October 20, 2014)	Executive Director	1

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 Director	5
2	Mr. Shuaib A. Malik	Non Executive Director	5
3	Agha Sher Shah	Non Executive Independent Director	4
4	Mr. Fakhrul Islam Baig (retired on October 20, 2014)	Executive Director	1

k) The details of shares transacted by Director(s), Executive(s), their spouse(s) and minor children during the year 2014-15 have been given on page 89.

l) The key operating and financial data for the last 6 years is set out on page 43.

Pattern of Shareholding

The pattern of shareholding of the Company as at June 30, 2015 is given on page 89.

Auditors

The retiring auditors, Messrs A.F. Ferguson & Co., Chartered Accountants retire at the conclusion of the 36th 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:

Sr No	Name of the Directors	Status	
1	Mr. Abdus Sattar	Chairman	Non-Executive Director
2	Mr. Shuaib A. Malik	Member	Non-Executive Director
3	Agha Sher shah	Member	Non Executive Independent 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.

Human Resource 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 Independent Director
3	Mr. Babar Bashir Nawaz	Executive Director

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

The Federal Government in the recently announced budget has given certain incentives to the construction sector. These incentives coupled with CPEC project, political stability and improved law and order situation in the country may give a much needed boost to the local economy and would generate further local cement demand which in turn would increase the cement consumption in the years to come. Lower interest and inflation rates, improved liquidity with financial institutions and stable exchange rate would also contribute favorably towards GDP growth resulting speed up in economic activities. With imposition of anti-dumping duty in South Africa, the export markets would remain under pressure and company would face stiff competition in terms of prices from both local and regional pears. The Management is well aware of this fact and is exploring more frontiers to counter the situation.

The Management is making every effort to maximize its margins and ensure a sustainable profitability for the company.

On behalf of the Board

Babar Bashir Nawaz
Chief Executive

August 13, 2015
Rawalpindi

Shareholder’s information

Vertical Analysis

Profit & Loss Account
for the year ended

	2015		2014		2013		2012		2011		2010	
	Rs in million	**%**	Rs in million	%	Rs in million	%	Rs in million	%	Rs in million	%	Rs in million	%
Net sales	**13,086.12**	**100.00**	12,547.25	100.00	11,507.71	100.00	10,503.90	100.00	8,553.92	100.00	7,668.13	100.00
Cost of sales	**(8,689.94)**	**66.41**	(8,843.29)	70.48	(7,970.94)	69.27	(7,691.42)	73.22	(6,823.35)	79.77	(5,710.17)	74.47
Gross profit	**4,396.18**	**33.59**	3,703.96	29.52	3,536.76	30.73	2,812.48	26.78	1,730.58	20.23	1,957.97	25.53
Distribution Costs	**(986.67)**	**7.54**	(806.05)	6.42	(577.52)	5.02	(571.00)	5.44	(512.94)	6.00	(466.66)	6.09
Administrative expenses	**(346.95)**	**2.65**	(307.16)	2.45	(262.85)	2.28	(221.58)	2.11	(186.37)	2.18	(183.93)	2.40
Other expenses	**(238.82)**	**1.82**	(195.42)	1.56	(230.17)	2.00	(119.17)	1.13	(76.72)	0.90	(102.97)	1.34
Other income	**422.91**	**3.23**	269.53	2.15	227.03	1.97	145.90	1.39	104.22	1.22	261.54	3.41
Profit from Operations	**3,246.65**	**24.81**	2,664.86	21.24	2,693.24	23.40	2,046.62	19.49	1,058.77	12.37	1,465.95	19.11
Finance Cost	**(26.00)**	**0.20**	(29.79)	0.24	(14.89)	0.13	(11.59)	0.11	(24.29)	0.28	(77.63)	1.01
Profit before taxation	**3,220.65**	**24.61**	2,635.07	21.00	2,678.35	23.27	2,035.03	19.38	1,034.49	12.09	1,388.32	18.10
Taxation	**(1,015.00)**	**7.76**	(621.00)	4.95	(540.00)	4.69	(598.38)	5.70	(350.06)	4.09	(371.63)	4.85
Profit after tax	**2,205.65**	**16.85**	2,014.07	16.05	2,138.35	18.58	1,436.65	13.68	684.43	8.00	1,016.69	13.25

Vertical Analysis

Balance Sheet
as at June 30,

	2015 Rs in million	2015 %	2014 Rs in million	2014 %	2013 Rs in million	2013 %	2012 Rs in million	2012 %	2011 Rs in million	2011 %	2010 Rs in million	2010 %
ASSETS												
Non-current assets												
Fixed assets - property,plant & Equipment	**5,999.67**	**49.04**	6,125.80	51.37	5,998.66	56.07	5,471.66	61.53	5,331.95	68.86	4,201.94	59.53
Long-term investment	**4.50**	**0.04**	4.50	0.04	4.50	0.04	4.50	0.05	4.50	0.06	4.50	0.06
Long-term loans and advances	**55.75**	**0.46**	32.97	0.28	28.65	0.27	24.35	0.27	16.24	0.21	16.92	0.24
Long-term deposits	**42.98**	**0.35**	42.98	0.36	42.98	0.40	42.98	0.48	42.98	0.56	42.98	0.61
	6,102.90	**49.89**	6,206.24	52.05	6,074.80	56.78	5,543.48	62.33	5,395.67	69.69	4,266.35	60.44
Current assets												
Stores,spares and loose tools	**986.15**	**8.06**	1,160.07	9.73	956.28	8.94	1,419.74	15.97	1,342.34	17.34	646.49	9.16
Stock-in-trade	**763.72**	**6.24**	523.40	4.39	564.90	5.28	539.34	6.07	541.03	6.99	366.17	5.19
Trade debts - considered good	**124.41**	**1.02**	262.06	2.20	349.28	3.26	190.44	2.14	50.77	0.66	55.37	0.78
Loans and advances	**61.12**	**0.50**	48.73	0.41	35.43	0.33	35.39	0.40	25.75	0.33	46.13	0.65
Short-term deposits and prepayments	**16.94**	**0.14**	18.48	0.15	19.42	0.18	13.90	0.16	11.79	0.15	10.54	0.15
Investments	**3,104.91**	**25.38**	3,165.43	26.54	2,282.73	21.34	879.36	9.89	116.06	1.50	1,194.27	16.92
Accrued Interest	**-**	**-**	-	-	4.30	0.04	2.15	0.02	2.15	0.03	2.65	0.04
Other receivables	**68.12**	**0.56**	28.74	0.24	22.59	0.21	27.63	0.31	47.42	0.61	28.84	0.41
Sales tax refundable	**147.59**	**1.21**	45.01	0.38	-	-	21.42	0.24	-	-	-	-
Cash and bank balances	**858.70**	**7.00**	467.84	3.91	389.01	3.64	219.76	2.47	210.17	2.70	442.11	6.26
	6,131.64	**50.11**	5,719.76	47.95	4,623.95	43.22	3,349.14	37.67	2,347.48	30.31	2,792.56	39.56
Total Assets	**12,234.54**	**100.00**	11,926.00	100.00	10,698.75	100.00	8,892.62	100.00	7,743.15	100.00	7,058.91	100.00
EQUITY AND LAIBILITIES												
Share capital and reserves												
Share capital	**1,145.23**	**9.36**	1,145.23	9.60	995.85	9.31	865.96	9.74	865.96	11.18	865.96	12.27
Unappropriated profit	**7,789.91**	**63.67**	7,300.83	61.22	6,852.98	64.05	5,746.93	64.63	4,932.46	63.70	4,529.46	64.17
	8,935.13	**73.03**	8,446.05	70.82	7,848.82	73.36	6,612.89	74.37	5,798.41	74.88	5,395.42	76.44
LAIBILITIES												
Non-current Laibilities												
Laibilities against assets subject to finance lease	**7.96**	**0.07**	11.88	0.10	6.52	0.06	-	-	-	-	-	-
Deferred taxation	**813.38**	**6.65**	1,003.71	8.42	1,041.98	9.74	932.08	10.48	566.36	7.31	598.30	8.48
Retirement benefis - obligations	**252.34**	**2.06**	240.49	2.02	148.95	1.39	13.17	0.15	-	-	-	-
	1,073.67	**8.78**	1,256.08	10.54	1,197.45	11.19	945.25	10.63	566.36	7.31	598.30	8.48
Current liabilities												
Trade and other payables	**1,772.10**	**14.48**	2,022.79	16.96	1,591.67	14.88	1,205.22	13.55	1,311.13	16.94	1,015.72	14.39
Current maturity of laibility against assets subject to finance lease	**3.93**	**0.03**	3.93	0.03	1.86	0.02	-	-	3.98	0.05	-	-
Taxation - provision less payments	**449.71**	**3.68**	197.15	1.65	58.94	0.55	129.30	1.45	63.27	0.82	49.47	0.69
	2,225.73	**18.19**	2,223.87	18.64	1,652.48	15.45	1,334.51	15.00	1,378.38	17.81	1,065.19	15.08
Total Laibilities	**3,299.40**	**26.97**	3,479.95	29.18	2,849.92	26.64	2,279.76	25.63	1,944.74	25.12	1,663.49	23.56
Contingency and commitments												
Total Equity and Laibilities	**12,234.54**	**100.00**	11,926.00	100.00	10,698.75	100.00	8,892.65	100.00	7,743.15	100.00	7,058.91	100.00

Horizontal Analysis

Profit & Loss Account for the year ended	**2015**	**15Vs14**	2014	14Vs13	2013	13Vs12	2012	12Vs11	2011	11Vs10	2010	10Vs09
	Rs in million	**%**	Rs in million	%	Rs in million	%	Rs in million	%	Rs in million	%	Rs in million	%
Net sales	**13,086.12**	**4.29**	12,547.25	9.03	11,507.71	9.56	10,503.90	22.80	8,553.92	11.55	7,668.13	(9.89)
Cost of sales	**(8,689.94)**	**(1.73)**	(8,843.29)	10.94	(7,970.94)	3.63	(7,691.42)	12.72	(6,823.35)	19.49	(5,710.17)	(1.57)
Gross profit	**4,396.18**	**18.69**	3,703.96	4.73	3,536.76	25.75	2,812.48	62.52	1,730.58	(11.61)	1,957.97	(27.72)
Distribution Costs	**(986.67)**	**22.41**	(806.05)	39.57	(577.52)	1.14	(571.00)	11.32	(512.94)	9.92	(466.66)	6.74
Administrative expenses	**(346.95)**	**12.95**	(307.16)	16.86	(262.85)	18.63	(221.58)	18.89	(186.37)	1.32	(183.93)	0.83
Other expenses	**(238.82)**	**22.21**	(195.42)	(15.10)	(230.17)	93.14	(119.17)	55.33	(76.72)	(25.49)	(102.97)	(30.14)
Other income	**422.91**	**56.91**	269.53	18.72	227.03	55.61	145.90	39.99	104.22	(60.15)	261.54	57.05
Profit from Operations	**3,246.65**	**21.83**	2,664.86	(1.05)	2,693.24	31.59	2,046.62	93.30	1,058.77	(27.78)	1,465.95	(30.47)
Finance Cost	**(26.00)**	**(12.74)**	(29.79)	100.04	(14.89)	28.47	(11.59)	(52.27)	(24.29)	(68.71)	(77.63)	(35.18)
Profit before taxation	**3,220.65**	**22.22**	2,635.07	(1.62)	2,678.35	31.61	2,035.03	96.72	1,034.49	(25.49)	1,388.32	(30.19)
Taxation	**(1,015.00)**	**63.45**	(621.00)	15.00	(540.00)	(9.76)	(598.38)	70.94	(350.06)	(5.81)	(371.63)	(25.04)
Profit after tax	**2,205.65**	**9.51**	2,014.07	(5.81)	2,138.35	48.84	1,436.65	109.90	684.43	(32.68)	1,016.69	(31.90)

Horizontal Analysis

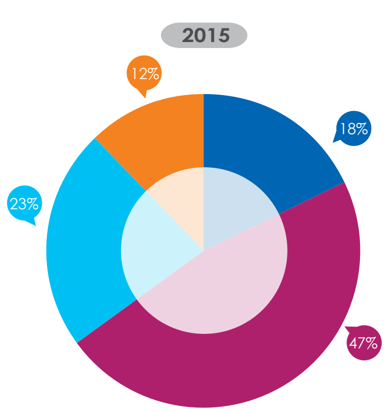
Balance Sheet
as at June 30,

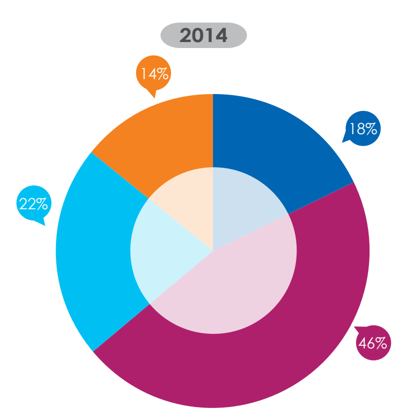
	2015 Rs in million	15Vs14 %	2014 Rs in million	14Vs13 %	2013 Rs in million	13Vs12 %	2012 Rs in million	12Vs11 %	2011 Rs in million	11Vs10 %	2010 Rs in million	10Vs09 %
ASSETS												
Non-current assets												
Fixed assets - property,plant and Equipment	5,999.67	(2.06)	6,125.80	2.12	5,998.66	9.63	5,471.66	2.62	5,331.95	26.89	4,201.94	1.41
Long-term investment	4.50	-	4.50	-	4.50	-	4.50	-	4.50	-	4.50	-
Long-term loans and advances	55.75	69.12	32.97	15.06	28.65	17.68	24.35	49.95	16.24	(4.05)	16.92	(12.94)
Long-term deposits	42.98	-	42.98	-	42.98	-	42.98	-	42.98	-	42.98	-
	6,102.90	(1.67)	6,206.24	2.16	6,074.80	9.58	5,543.48	2.74	5,395.67	26.47	4,266.35	1.33
Current assets												
Stores,spares and loose tools	986.15	(14.99)	1,160.07	21.31	956.28	(32.64)	1,419.74	5.77	1,342.34	107.63	646.49	7.82
Stock-in-trade	763.72	45.91	523.40	(7.35)	564.90	4.74	539.34	(0.31)	541.03	47.75	366.17	(40.36)
Trade debts - considered good	124.41	(52.53)	262.06	(24.97)	349.28	83.40	190.44	275.10	50.77	(8.30)	55.37	19.11
Loans and advances	61.12	25.42	48.73	37.52	35.43	0.12	35.39	37.42	25.75	(44.17)	46.13	76.02
Short-term deposits and prepayments	16.94	(8.33)	18.48	(4.87)	19.42	39.71	13.90	17.92	11.79	11.87	10.54	(14.75)
Investments	3,104.91	(1.91)	3,165.43	38.67	2,282.73	159.59	879.36	657.65	116.06	(90.28)	1,194.27	114.31
Accrued Interest	-	-	-	(100.00)	4.30	100.00	2.15	-	2.15	(18.78)	2.65	(65.53)
Other receivables	68.12	137.04	28.74	27.19	22.59	(18.24)	27.63	(41.73)	47.42	64.44	28.84	6.85
Sales tax refundable	147.59	227.09	45.01	-	-	(100.00)	21.42	-	-	-	-	-
Cash and bank balances	858.70	83.55	467.84	20.26	389.01	77.02	219.76	4.57	210.17	(52.46)	442.11	(49.29)
	6,131.64	7.20	5,719.76	23.70	4,623.95	38.06	3,349.14	42.67	2,347.48	(15.94)	2,792.56	1.09
Total Assets	12,234.54	2.59	11,926.00	11.47	10,698.75	20.31	8,892.62	14.85	7,743.15	9.69	7,058.91	1.23
EQUITY AND LAIBILITIES												
Share capital and reserves												
Share capital	1,145.23	-	1,145.23	15.00	995.85	15.00	865.96	-	865.96	-	865.96	20.00
Unappropriated profit	7,789.91	6.70	7,300.83	6.54	6,852.98	19.25	5,746.93	16.51	4,932.46	8.90	4,529.46	12.03
	8,935.13	5.79	8,446.05	7.61	7,848.82	18.69	6,612.89	14.05	5,798.41	7.47	5,395.42	12.93
LAIBILITIES												
Non-current Laibilities												
Laibilities against assets subject to finance lease	7.96	(33.05)	11.88	82.34	6.52	-	-	-				
Deferred taxation	813.38	(18.96)	1,003.71	(3.67)	1,041.98	11.79	932.08	64.57	566.36	(5.34)	598.30	(6.06)
Retirement benefits - obligations	252.34	4.92	240.49	61.46	148.95	1,030.91	13.17	-	-	-	-	
	1,073.67	(14.52)	1,256.08	4.90	1,197.45	26.68	945.25	66.90	566.36	(5.34)	598.30	(43.52)
Current liabilities												
Trade and other payables	1,772.10	(12.39)	2,022.79	27.09	1,591.67	32.07	1,205.22	(8.08)	1,311.13	29.08	1,015.72	18.61
Current maturity of liability against assets subject to finance lease	3.93	-	3.93	110.90	1.86	-	-	-	3.98	-	-	-
Taxation - provision less payments	449.71	128.10	197.15	234.48	58.94	(54.41)	129.30	104.37	63.27	27.90	49.47	(29.66)
	2,225.73	0.08	2,223.87	34.58	1,652.48	23.83	1,334.51	(3.18)	1,378.38	29.40	1,065.19	(6.20)
Total Laibilities	3,299.40	(5.19)	3,479.95	22.11	2,849.92	25.01	2,279.76	17.23	1,944.74	16.91	1,663.49	(24.21)
Contingency and commitments												
Total Equity and Laibilities	12,234.54	2.59	11,926.00	11.47	10,698.75	20.31	8,892.65	14.85	7,743.15	9.69	7,058.91	1.23

Statement of Value Added

		2015	2014
		-------Rs. In Million-------	
	Gross Sales	**15,694**	15,109
Less:	Operating Expenses	**(8,495)**	(8,589)
Add:	Income from Investments	**336**	203
	Other Income	**87**	66
		423	269
	Total Value Added	**7,622**	6,789
	Distributed as follows:		
	Employees remuneration	**1,406**	1,242
	Government as:		
	Taxation	**1,015**	621
	Workers' Funds	**239**	195
	Sales Tax & Excise Duty	**2,339**	2,318
		3,593	3,134
	Shareholders as:		
	Dividend	**1,716**	1,490
	(Includes Final dividend declared on August 13, 2015 by the Board of Directors, note-38)		
	Retained in business		
	Depreciation	**418**	398
	Net earnings	**489**	525
		907	923
		7,622	6,789

Distribution of Value Addition



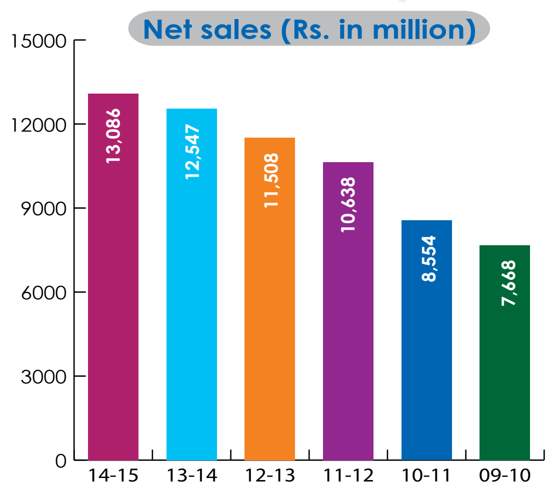


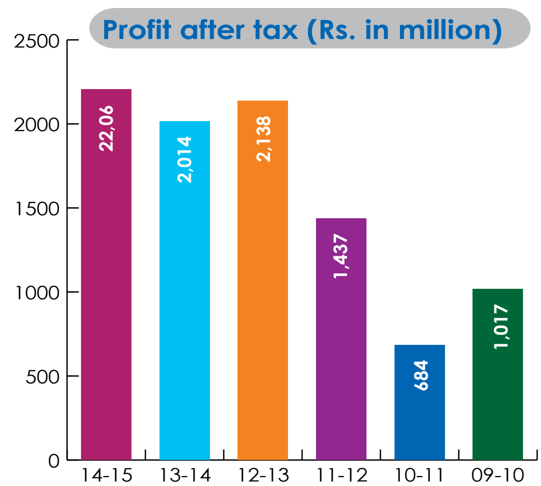
- Employees as remuneration
- Government as taxes
- Shareholders as dividends
- Retained within the business

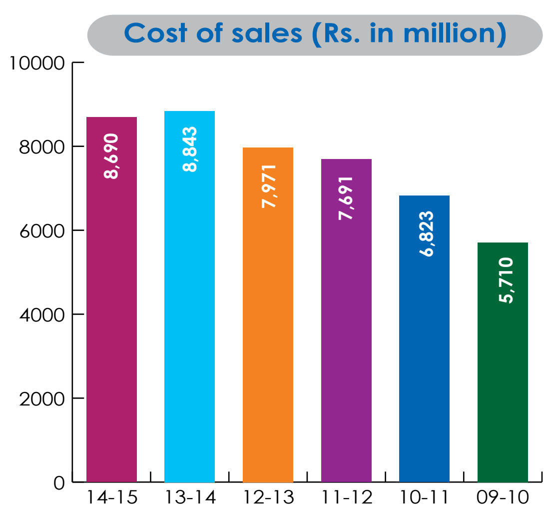
Six years at a Glance

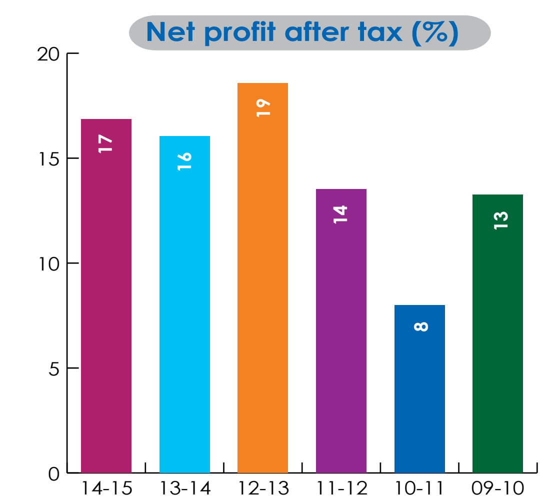
	2015	2014	2013	2012	2011	2010
	---------------- Rupees in million unless otherwise stated ----------------					
Production and Sales						
Clinker production (in tonnes)	**1,835,254**	1,800,135	1,781,569	1,756,843	1,819,458	1,706,299
Capacity utilization %	**105**	103	102	103	106	100
Cement production (in tonnes)	**1,877,150**	1,912,921	1,843,591	1,849,176	1,862,201	1,792,619
Cement sales (in tonnes)	**1,881,941**	1,898,419	1,845,881	1,855,472	1,849,851	1,807,077
Profit & Loss						
Net sales	**13,086**	12,547	11,508	10,638	8,554	7,668
Cost of sales	**8,690**	8,843	7,971	7,691	6,823	5,710
Gross profit	**4,396**	3,704	3,537	2,947	1,731	1,958
Other income	**423**	270	227	146	104	262
Operating profit	**3,247**	2,665	2,693	2,047	1,059	1,466
Profit before tax	**3,221**	2,635	2,678	2,035	1,034	1,388
Profit after tax	**2,206**	2,014	2,138	1,437	684	1,017
Balance Sheet						
Paid-up capital	**1,145**	1,145	996	866	866	866
Unappropriated profit	**7,790**	7,301	6,951	5,763	4,932	4,529
Long term & deferred liabilities	**1,074**	1,256	1,197	938	566	598
Current liabilities	**2,226**	2,224	1,652	1,335	1,378	1,065
Fixed assets less depreciation	**6,000**	6,126	5,999	5,472	5,332	4,202
Other long term assets	**103**	80	76	72	64	64
Current assets	**6,132**	5,720	4,624	3,358	2,347	2,793
Key Financial Ratios						
Gross profit %	**33.59**	29.52	30.73	27.70	20.23	25.53
Operating profit %	**24.81**	21.24	23.27	19.24	12.38	19.12
Net profit after tax %	**16.86**	16.05	18.58	13.51	8.00	13.26
Return on equity %	**24.69**	23.85	27.24	21.68	11.80	18.85
Return on capital employed %	**36.38**	31.55	34.12	30.88	18.26	24.46
No. of days in inventory	**27.03**	22.46	25.28	25.63	24.26	31.32
No. of days in receivables	**5.39**	8.89	8.56	4.19	2.26	2.42
Fixed assets turnover ratio (times)	**2.18**	2.05	1.92	1.94	1.60	1.82
Current ratio (times)	**2.75**	2.57	2.80	2.52	1.70	2.62
Price earning ratio (times)	**9.90**	8.97	7.07	4.91	6.20	5.62
Dividend yield ratio %	**7.87**	8.25	9.85	9.58	9.18	7.57
Dividend payout ratio %	**77.88**	73.91	69.63	51.23	56.96	42.59
Dividend cover ratio (times)	**1.28**	1.35	1.44	1.95	1.76	2.35
Interest cover ratio (times)	**124.88**	89.44	180.83	176.54	43.59	18.88
Shares and Earnings						
Market price / share as at June 30 (Rs.)	**191**	158	132	81	49	66
Earnings per share (Rs.)	**19.26**	17.59	18.67	16.59	7.90	11.74
Cash dividend per share	**15**	13	13	8.5	4.5	5.0
Bonus shares issued %	**-**	-	15	15	-	-
Break-up value per share	**78.02**	73.75	79.8	76.55	66.96	62.31

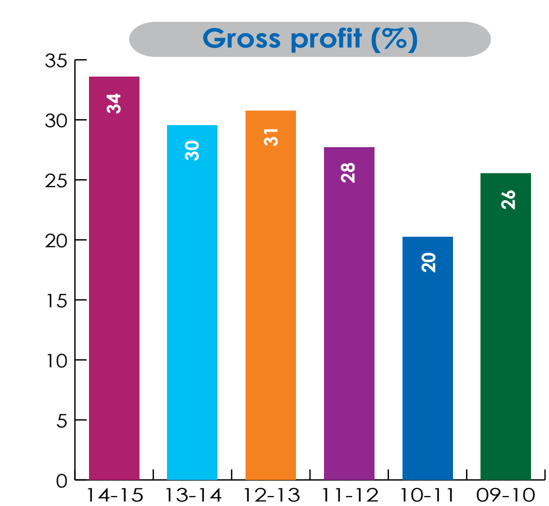
Graphical Presentation

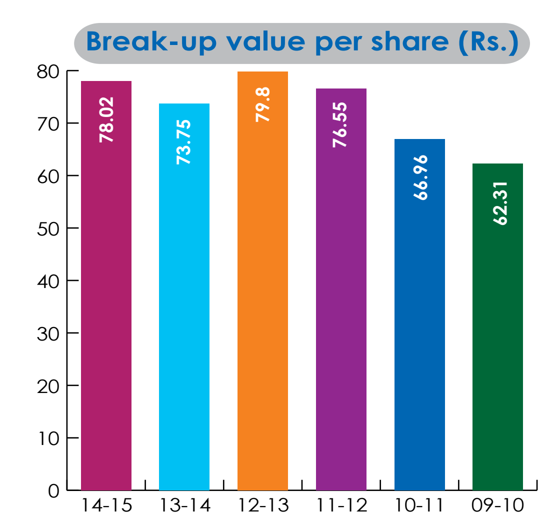


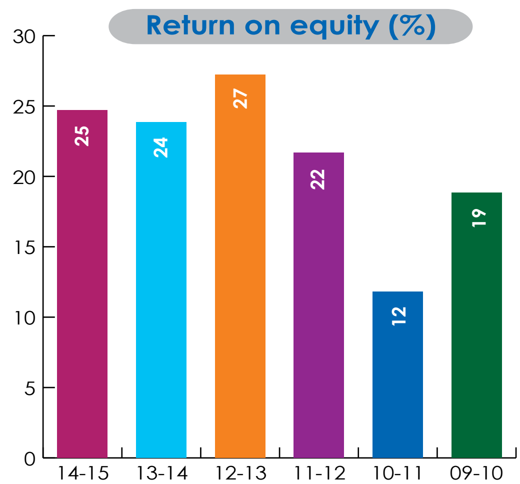


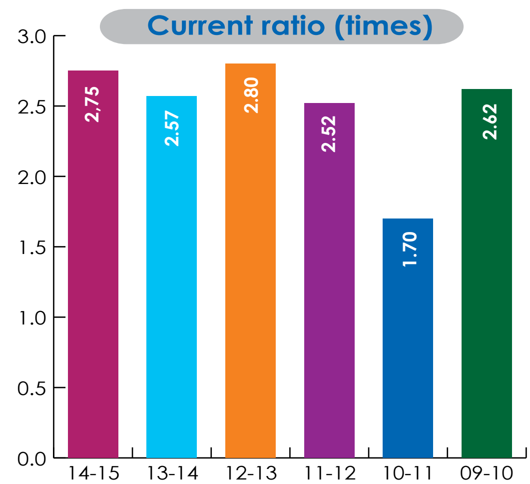


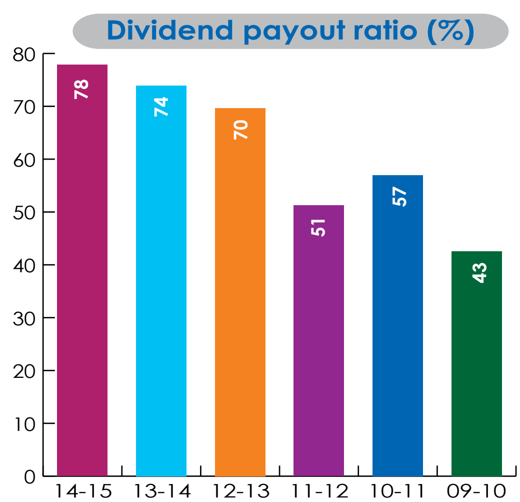


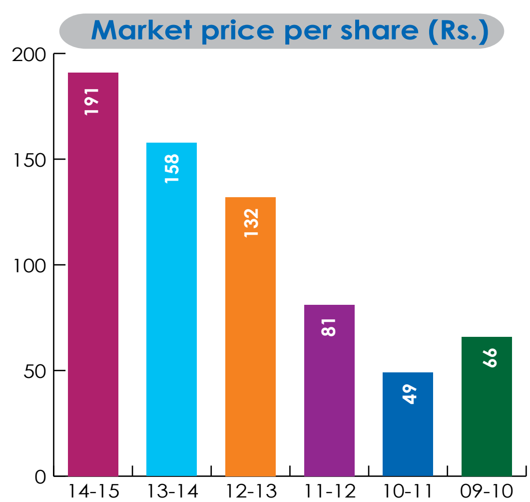


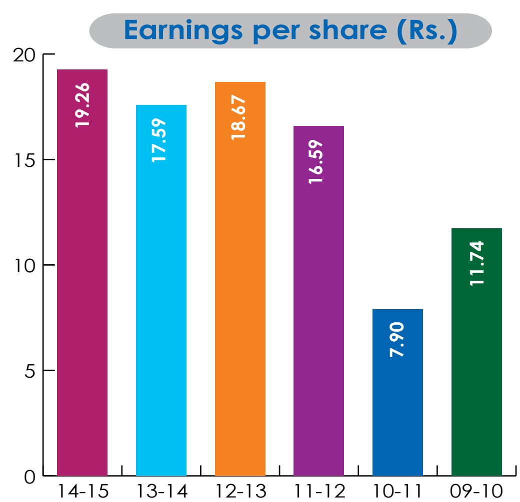


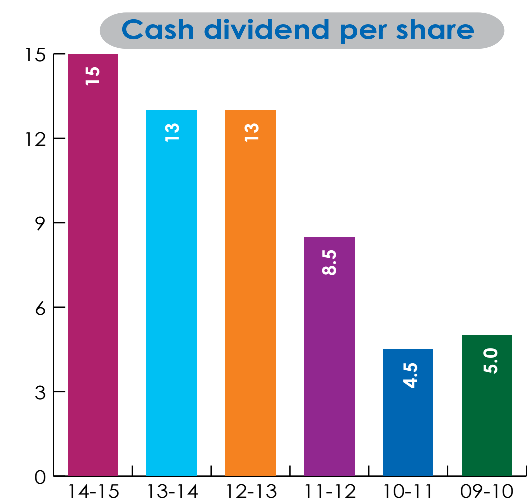

Return on equity (%)
0 5 10 15 20 25 30
25 24 27 22 12 19
14-15 13-14 12-13 11-12 10-11 09-10


Current ratio (times)
0.0 0.5 1.0 1.5 2.0 2.5 3.0
2.75 2.57 2.80 2.52 1.70 2.62
14-15 13-14 12-13 11-12 10-11 09-10


Dividend payout ratio (%)
0 10 20 30 40 50 60 70 80
78 74 70 51 57 43
14-15 13-14 12-13 11-12 10-11 09-10

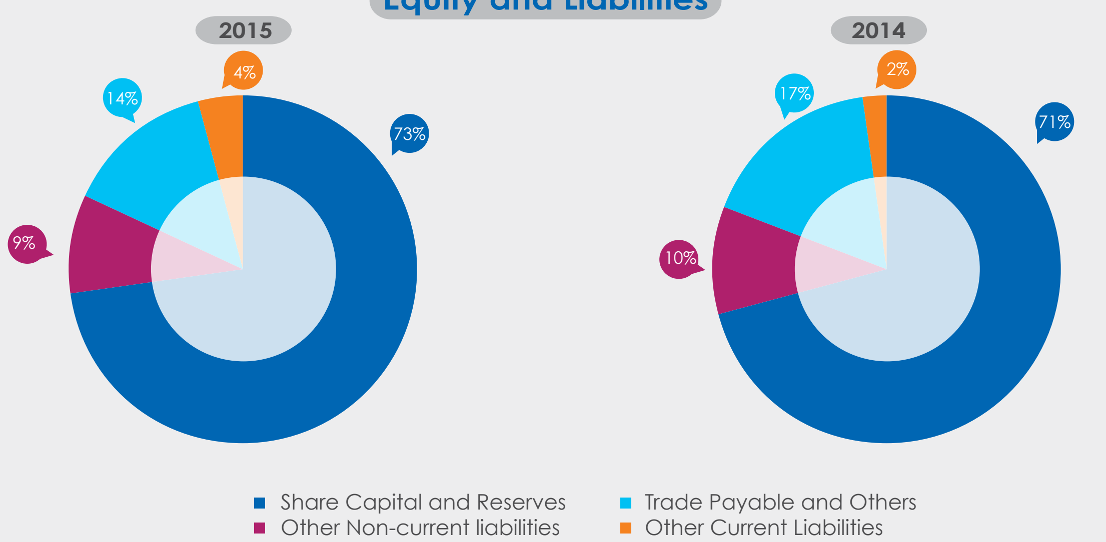

Market price per share (Rs.)
0 50 100 150 200
191 158 132 81 49 66
14-15 13-14 12-13 11-12 10-11 09-10


Earnings per share (Rs.)
0 5 10 15 20
19.26 17.59 18.67 16.59 7.90 11.74
14-15 13-14 12-13 11-12 10-11 09-10

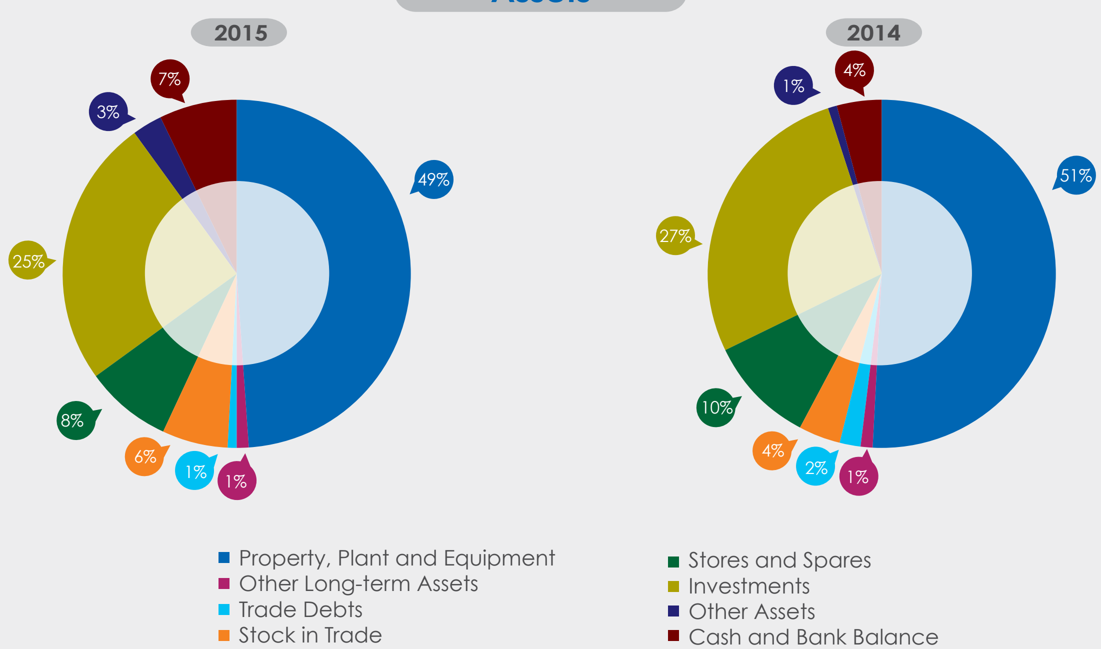

Cash dividend per share
0 3 6 9 12 15
15 13 13 8.5 4.5 5.0
14-15 13-14 12-13 11-12 10-11 09-10

Composition of Balance Sheet

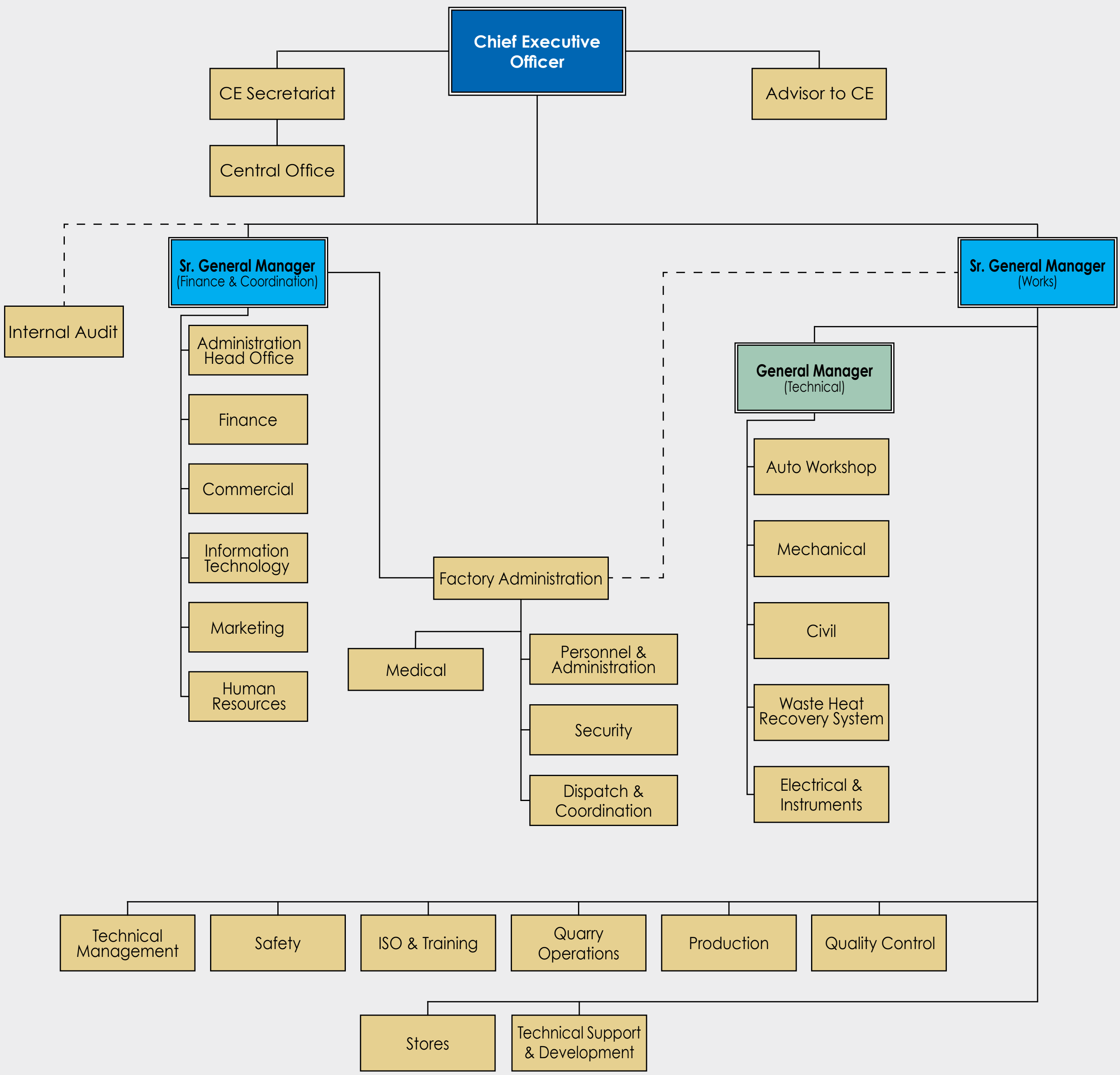
Equity and Liabilities



Assets



Corporate Organogram



Notice of the Thirty-Sixth (36th) Annual General Meeting

Notice is hereby given that the 36th Annual General Meeting of Attock Cement Pakistan Limited will be held on Monday, September 21, 2015 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, 2015 together with the Report of Auditors and the Directors thereon.

2. To consider and if thought fit, approve the final cash dividend of 105% (Rs. 10.50 per share) as recommended by the Board of Directors for the year ended June 30, 2015. This is in addition to the interim cash dividend of 45% (Rs. 4.50 per share) already paid during the year.

3. To appoint the auditors for the financial year 2015-16 and to fix their remuneration.

Special Business

4. The Company in its Extraordinary General Meeting held on May 12, 2015 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 enclosed 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).

5. The Company in its 28th Annual General Meeting had obtained approval of the shareholders for investments under Section 208 of the Companies Ordinance, 1984 and accordingly the shareholders of the Company are presented with the statement under Section 160(1)(b) of the Companies Ordinance, 1984 in compliance with the SRO 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: August 31, 2015

Notes:

1. The Register of members and share transfer books of the Company will remain closed from Monday, September 14, 2015 to Monday, September 21, 2015 (both days inclusive).

2. Only those members whose names appear in the register of members of the Company as on September 11, 2015 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 dividend may submit a declaration on non-judicial stamp paper duly signed as required under the law.

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

6. 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 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 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.

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

A. For attending the meeting:

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

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

B. For appointing proxies:

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

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

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

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

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

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

i) In the Extraordinary General Meeting held on May 12, 2015 shareholders approved investment in SAQR AL-KEETAN FOR CEMENT PRODUCTION COMPANY LIMITED, IRAQ.

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

a. Total investment approved US$. 24,000,000 (US Dollars Twenty-Four Million);

b. Amount of investment made to date; 'Nil'

c. Reason for not making investment;
Certain regulatory matters are still pending in Iraq.

d. Major change in financial position of investee company since the date of last resolution
There has been no major change in financial position of SAQR AL-KEETAN FOR CEMENT PRODUCTION COMPANY LIMITED, IRAQ.

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

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

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

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 which would constitute favourably towards its cost of production.

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.

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

Pursuant to the provisions of the Finance Act, 2015 effective from July 1, 2015, 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 filer of income tax returns	12.5%
(b) Rate of tax deduction for non-filers of income tax returns	17.5%

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 Certificate, 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 shares 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 Certificate to their CDC Participants / CDC Investor Account Services.

Where the above 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 of Compliance
with the Code of Corporate Governance
for the year ended June 30, 2015

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 5.19 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	Agha Sher Shah
Mr. Laith G. Pharaon	Mr. Fakhr-ul-Islam Baig (Alternate Director)	
Mr. Wael G. Pharaon	Mr. Irfan Amanullah (Alternate Director)	
Mr. Shuaib A. Malik		
Mr. Abdus Sattar		

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, 2015.
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. All the 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 and one is an independent director.
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 13, 2015
Rawalpindi

Review Report to the Members
on 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, 2015 to comply with the requirements of Regulation No. 5.19 of the Karachi Stock Exchange Limited Regulations 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 comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We 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 their 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, 2015.

Chartered Accountants
Karachi
Dated: August 24, 2015

Auditors' Report to the Members

We have audited the annexed balance sheet of Attock Cement Pakistan Limited as at June 30, 2015 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

(b) in our opinion;

  (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

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

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

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2015 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.

Chartered Accountants
Karachi
Dated: August 24, 2015
Name of the engagement partner: Farrukh Rehman


5,356
104
1.98%
3,813
84
Currency Rates
10-yr T-bond
2.25%
5,801
138
2.44%
Euro /$1US
3.37
0.00
1.50
0.0112
$1US / Yen
89.09
0.2800
Pound / $1US
1.66
0.0128
0.00
0.0112
Tokyo
9,498
-52
-0.54%
0.2800
771
316

Financial Statements

for the year ended June 30, 2015

Balance Sheet

as at June 30, 2015

	Note	2015	2014
		------- Rupees in '000 -------	
ASSETS			
Non-current assets			
Fixed assets - property, plant and equipment	3	5,999,669	6,125,796
Long-term investment	4	4,500	4,500
Long-term loans and advances - considered good	5	55,754	32,968
Long-term deposits	6	42,980	42,980
		6,102,903	6,206,244
Current assets			
Stores, spares and loose tools	7	986,146	1,160,074
Stock-in-trade	8	763,715	523,402
Trade debts - considered good	9	124,414	262,063
Loans and advances - considered good	10	61,115	48,728
Short-term deposits and prepayments	11	16,938	18,477
Investments - at fair value through profit or loss	12	3,104,907	3,165,428
Other receivables	13	68,117	28,737
Refunds due from government - Sales tax		147,585	45,014
Cash and bank balances	14	858,698	467,835
		6,131,635	5,719,758
Total assets		12,234,538	11,926,002
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	15	1,145,225	1,145,225
Unappropriated profit		7,789,909	7,300,828
		8,935,134	8,446,053
LIABILITIES			
Non-current liabilities			
Liability against assets subject to finance lease	16	7,956	11,883
Deferred taxation	17	813,378	1,003,706
Retirement benefits - obligations	18	252,336	240,493
		1,073,670	1,256,082
Current liabilities			
Trade and other payables	19	1,772,101	2,022,790
Current maturity of liability against assets subject to finance lease	16	3,927	3,927
Taxation - provision less payments		449,706	197,150
		2,225,734	2,223,867
Total liabilities		3,299,404	3,479,949
Contingency and commitments	20		
Total equity and liabilities		12,234,538	11,926,002

The annexed notes 1 to 39 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, 2015

	Note	2015	2014
		------ Rupees in '000 ------	
Net sales	21	13,086,120	12,547,251
Cost of sales	22	(8,689,940)	(8,843,288)
Gross profit		4,396,180	3,703,963
Distribution costs	23	(986,673)	(806,050)
Administrative expenses	24	(346,946)	(307,163)
Other expenses	25	(238,821)	(195,420)
Other income	26	422,910	269,529
Profit from operations		3,246,650	2,664,859
Finance cost	27	(25,999)	(29,794)
Profit before taxation		3,220,651	2,635,065
Taxation	28	(1,015,000)	(621,000)
Profit after taxation		2,205,651	2,014,065
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Remeasurements of post employment benefit obligations		(71,322)	(106,691)
Impact of deferred tax		15,328	29,271
Other comprehensive loss		(55,994)	(77,420)
Total comprehensive income for the year		2,149,657	1,936,645
Basic and diluted earnings per share	29	Rs. 19.26	Rs. 17.59

The annexed notes 1 to 39 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, 2015

	Note	2015	2014
		------ Rupees in '000 ------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	31	3,026,853	3,180,166
Finance cost paid		(25,999)	(29,794)
Income tax paid		(937,444)	(491,793)
Increase in long-term loans and advances		(22,786)	(4,315)
Retirement benefit obligations paid		(117,084)	(71,315)
Net cash generated from operating activities		1,923,540	2,582,949
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure incurred		(294,781)	(517,290)
Proceeds from disposal of operating assets		5,420	7,027
Purchase of open ended mutual fund units		(12,716,170)	(7,383,298)
Proceeds from sale of open ended mutual fund units		13,108,862	6,705,027
Dividend received from open ended mutual funds units		4,019	-
Interest received		23,346	26,998
Net cash generated from / (used in) investing activities		130,696	(1,161,536)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(1,659,446)	(1,338,548)
Lease rental paid		(3,927)	(4,044)
Net cash used in financing activities		(1,663,373)	(1,342,592)
Net increase in cash and cash equivalents		390,863	78,821
Cash and cash equivalents at beginning of the year		467,835	389,014
Cash and cash equivalents at end of the year	14	858,698	467,835

The annexed notes 1 to 39 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, 2015

	Share capital	Reserve for issuance of bonus shares	Unappropri-ated profit	Total
	---------------- Rupees in '000 ----------------			
Balance as at July 01, 2013	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 July 01, 2014	1,145,225	-	7,300,828	8,446,053
Final dividend for the year ended June 30, 2014 @ Rs. 10.00 per share	-	-	(1,145,225)	(1,145,225)
Interim dividend for the year ended June 30, 2015 @ Rs. 4.50 per share	-	-	(515,351)	(515,351)
Total comprehensive income for the year ended June 30, 2015				
Profit for the year ended June 30, 2015	-	-	2,205,651	2,205,651
Other comprehensive loss for the year ended June 30, 2015	-	-	(55,994)	(55,994)
	-	-	2,149,657	2,149,657
Balance as at June 30, 2015	1,145,225	-	7,789,909	8,935,134

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

Babar Bashir Nawaz
Chief Executive

Abdus Sattar
Director

Notes to the Financial Statements

for the year ended June 30, 2015

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.

The company has 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 new limited liability company has been established and registered under the Iraqi law on November 3, 2014 by the name Saqr Al-Keetan for Cement Production Company Limited having share capital of 30,000,000 Iraqi Dinar. Attock Cement Pakistan Limited will hold 60% share in the company. The expected investment of the company in foreign subsidiary would be USD 24 million. The company has obtained approval from State Bank of Pakistan for capital remittance however, no capital has yet been remitted.

As required under section 208 of the Companies Ordinance 1984, equity investment in Saqr Al-Keetan for Cement Production Company Limited, Basra Iraq has been approved by the members in its Extra Ordinary General Meeting held on May 12, 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below:

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 17 & 28
(ii) Staff retirement benefits - note 18.1

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) Standards, interpretations and amendments to published approved accounting standards that are effective and relevant

IFRIC 21, 'Levies' a new interpretation is applicable for the company for the first time for the financial year beginning on July 1, 2014, sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognised. The company is not currently subject to significant levies so the impact on the company is not material.

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

The new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2014 are considered not to be relevant for company's financial statements and hence have not been detailed here.

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

The following are the new standards, amendments to existing approved accounting standards and new interpretations that will be effective for the periods beginning January 1, 2016 that may have an impact on the financial statements of the company.

IFRS 10, 'Consolidated financial statements' replaces all of the guidance on control and consolidation in IAS 27, 'Consolidation and separate financial statements', and SIC-12,'Consolidation - special purpose entities'. IAS 27 is renamed 'Separate financial statement', it continues to be a standard dealing solely with separate financial statements. IFRS 10 has the potential to affect all reporting entities (investors) that control one or more investees under the revised definition of control. The standard may not have impact on future consolidated financial statements of the company.

IFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangement, associates, structured entities and other off balance sheet vehicles. The standard will affect the disclosures in the financial statements of the company.

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirement for use across IFRSs. The requirement do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The standard will affect the determination of fair value and its related disclosures in the financial statements of the company.

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.

Notes to the Financial Statements
for the year ended June 30, 2015

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

The latest actuarial valuations of the schemes have been carried out as at June 30, 2015 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 motor vehicles. Leases of motor vehicles 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 motor vehicles 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 motor vehicles 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.

Notes to the Financial Statements
for the year ended June 30, 2015

2.13 Taxation

Current

The charge for current taxation is based on the taxable income at the rate of taxation after taking into account tax credits, rabates 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 to 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. FIXED ASSETS - property, plant and equipment

	2015	2014
	------ Rupees in '000 ------	
Operating assets - note 3.1	5,551,093	5,452,929
Capital work-in-progress	120,343	311,106
Stores held for capital expenditure	328,233	361,761
	5,999,669	6,125,796

3.1 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 in '000 ------								
Year ended 30 June 2015									
Opening net book value	4,554	961,539	4,385,180	25,211	3,741	14,389	40,892	17,424	5,452,930
Additions	-	27,977	499,811	-	966	7,241	14,229	-	550,224
Disposals - note 3.2	-	-	-	-	-	(58)	(3,203)	-	(3,261)
Transfers to stores	-	-	(31,176)	-	-	-	-	-	(31,176)
Depreciation charge	-	(70,205)	(316,388)	(8,259)	(1,434)	(7,039)	(10,470)	(3,829)	(417,624)
Closing net book value	4,554	919,311	4,537,427	16,952	3,273	14,533	41,448	13,595	5,551,093
At 30 June 2015									
Cost	4,554	1,481,853	8,783,139	199,587	29,510	104,714	81,275	21,274	10,705,906
Accumulated depreciation	-	(562,542)	(4,245,712)	(182,635)	(26,237)	(90,181)	(39,827)	(7,679)	(5,154,813)
Net book value	4,554	919,311	4,537,427	16,952	3,273	14,533	41,448	13,595	5,551,093
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	-	-	-	-	-	(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 01 July 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%	

Notes to the Financial Statements

for the year ended June 30, 2015

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

Description	Cost	Accumulated depreciation	Net book value	Sale proceed	Mode of disposal	Particulars of purchaser
	---- Rupees in '000 ----					
Office equipment	81	23	58	66	Insurance Claim	EFU General Insurance Limited
Vehicle	1,949	1,754	195	195	Company Policy	Mr. Irfan Amanullah - Alternate Director
"	1,524	846	678	678	"	Mr. Mian Khizar Hayat - Executive
"	1,269	1,142	127	127	"	Mr. Syed Salman Ghani - Executive
"	1,263	1,137	126	560	"	Mr. Zaheeruddin Babar - Executive
"	772	695	77	77	"	Mr. Khalid Qaiser - Executive
"	772	695	77	77	"	Mr. Javed Saleemi - Executive
"	770	693	77	77	"	Mr. Mohammad Arif - Executive
"	9,449	8,504	945	1,000	Tender	Mr. Omar Mansoor - House No. 199, 37th Street Khayban-e-Qasim, Phase 6 DHA, Karachi
"	1,010	364	646	854	"	Mr. Muhammad Arif - House No. B/30, Sector II - C - D, North Karachi
"	925	833	92	907	"	Mr. Muhammad Arif - House No. B/30, Sector II - C - D, North Karachi
"	772	695	77	660	"	Syed Mohammad Qasim Hussain House No. A-450, Ashraf Nagar Nazimabad, Karachi
	20,556	17,381	3,175	5,278		

	2015	2014
	------ Rupees in '000 ------	
4. LONG-TERM INVESTMENT		
Investment in related party (associated company) Attock Information Technology Services (Private) Limited - 450,000 (2014: 450,000) fully paid ordinary shares of Rs. 10 each - at cost	4,500	4,500

4.1 The company holds 10% (2014: 10%) of investee's total equity. The break-up value per share is Rs. 32.29 (2014: Rs. 27.42). Total assets and total liabilities of the investee as at June 30, 2015 amounted to Rs. 159.15 million and Rs. 13.82 million (2014: Rs. 135.09 million and Rs. 11.68 million) respectively.

5. LONG-TERM LOANS AND ADVANCES – Considered good

	2015	2014
	------ Rupees in '000 ------	
Chief Executive - note 5.1	15,188	2,218
Director - note 5.1	13,016	-
Executives - note 5.1	45,034	37,311
Other Employees	33,348	29,931
	106,586	69,460
Recoverable within one year - note 10	(50,832)	(36,492)
Long term portion	55,754	32,968

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

	Chief Executive		Director		Executives	
	2015	2014	2015	2014	2015	2014
	---------------------------- Rupees in '000 ----------------------------					
Opening balance	2,218	6,022	-	-	37,311	23,430
Effect of promotions	-	-	-	-	-	3,054
Disbursements	17,086	-	15,019	-	40,072	33,483
Repayments	(4,116)	(3,804)	(2,003)	-	(32,349)	(22,656)
	15,188	2,218	13,016	-	45,034	37,311

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

5.3 Rent advance was given to Chief executive and Director with the prior approval of Securities and Exchange Commission of Pakistan as required under section 195 of Companies Ordinance, 1984.

5.4 The maximum amount due from Chief Executive, Director and Executives at the end of any month during the year were Rs. 16.61 million (2014: Rs. 5.70 million), Rs. 14.78 million (2014: Rs. Nil) and Rs. 44.99 million (2014: Rs. 32.99 million) respectively.

6. LONG-TERM DEPOSITS

These are security deposits held with K-Electric Limited and carry no interest.

7. STORES, SPARES AND LOOSE TOOLS

	2015	2014
	------ Rupees in '000 ------	
Coal	332,005	567,083
Stores and spares	621,282	548,716
Bricks	72,725	66,127
Loose tools	2,387	2,209
	1,028,399	1,184,135
Less: Provision for slow moving and obsolete items	(42,253)	(24,061)
	986,146	1,160,074

Notes to the Financial Statements

for the year ended June 30, 2015

		2015	2014
		------ Rupees in '000 ------	
8.	**STOCK-IN-TRADE**		
	Raw materials	109,699	100,843
	Packing materials	78,815	73,408
	Work-in-process	450,950	200,532
	Finished goods	124,251	148,619
		763,715	523,402
9.	**TRADE DEBTS – considered good**		
	Secured	121,654	218,580
	Unsecured	2,760	43,483
		124,414	262,063
9.1.	**The age analysis of trade debts is as follows:**		
	Not yet due	123,653	233,897
	1 to 6 months	761	27,381
	6 to 9 months	-	340
	over 9 months	-	445
		124,414	262,063
10.	**LOANS AND ADVANCES - Considered good**		
	Current portion of long-term loans and advances		
	Chief Executive	5,695	2,219
	Director	3,004	-
	Executives	24,931	19,567
	Other Employees	17,202	14,706
		50,832	36,492
	Other advances - employees	888	189
	Advances to suppliers	9,395	12,047
		61,115	48,728
11.	**SHORT-TERM DEPOSITS AND PREPAYMENTS**		
	Deposits - considered good	5,716	6,848
	Prepayments	11,222	11,629
		16,938	18,477

12. INVESTMENTS - AT FAIR VALUE THROUGH PROFIT OR LOSS

	2015	2014
	------ Rupees in '000 ------	
Investments - at fair value through profit or loss - notes 12.1 & 12.2	3,104,907	3,165,428

12.1 Details of investments:

2015	2014		2015	2014
------------ Units ------------				
7,037,534	1,260,371	Alfalah GHP Sovereign Fund	723,546	126,131
4,795,675	3,154,232	Askari High Yield Scheme	489,912	316,082
41,047,229	19,889,428	NAFA Income Opportunity Fund	474,465	208,195
35,974,920	-	ABL Income Fund	360,681	-
2,025,119	-	Faysal Money Market Fund	204,618	-
1,966,739	3,061,301	Askari Sovereign Yield Enhancer	199,633	308,069
1,503,670	-	UBL Money Market Fund	150,973	-
990,393	-	Primus Daily Reserve Fund	100,406	-
991,701	-	Askari Sovereign Cash Fund	100,000	-
9,716,945	-	BMA Express Cash Fund	100,000	-
993,034	-	First Habib Cash Fund	100,000	-
1,010,786	-	Meezan Cash Fund	50,638	-
498,921	-	PICIC Cash Fund	50,036	-
-	36,476,078	ABL Government Securities Fund	-	366,264
-	3,078,955	HBL Income Fund	-	311,741
-	6,434,782	Alfalah GHP Income Multiplier Fund	-	309,346
-	2,601,504	PICIC Income Fund	-	260,667
-	2,543,578	UBL Government Securities Fund	-	255,309
-	4,279,146	Pakistan Income Enhancement Fund	-	218,450
-	1,504,716	Faysal Savings Growth Fund	-	152,669
-	207,352	Atlas Income Fund	-	104,477
-	967,052	IGI Income Fund - Growth Units	-	97,112
-	560,188	Al-Ameen Islamic Income Fund	-	53,526
-	999,424	AKD Cash Fund	-	50,038
-	272,909	Faysal Financial Sector Opportunity Fund	-	27,352
108,552,666	87,291,016		3,104,907	3,165,428

12.2 The fair value of these investments is the Net Asset Value (NAV) as at June 30, 2015 as quoted by the respective asset management company.

13. OTHER RECEIVABLES

	2015	2014
	------ Rupees in '000 ------	
Export rebate receivable	39,823	20,987
Receivable from Saqr Al Keetan - note 13.1	21,102	-
Due from provident fund	-	2,752
Due from related parties	5,823	4,145
Others	1,369	853
	68,117	28,737

13.1 This amount represents various expenses incurred by the company for its Iraq project.

Notes to the Financial Statements
for the year ended June 30, 2015

14. CASH AND BANK BALANCES

	2015	2014
	------ Rupees in '000 ------	
Cash at bank		
- On PLS savings accounts - notes 14.1,14.2 & 14.3	606,676	357,446
- On current accounts	251,690	109,582
Cash in hand	332	807
	858,698	467,835

14.1 At June 30, 2015 the mark-up rates on PLS savings accounts range from 4.5% to 9% (2014: 7% to 8.50%) per annum.

14.2 This includes Rs. 2.98 million (2014: Rs. 5.68 million) corresponding to AED 0.11 million (2014: AED 0.20 million) placed in United Bank Limited - Dubai Branch, UAE to meet representative / liaison office expenses as per the approval of the State Bank of Pakistan.

14.3 This include deposits of Rs. 47.09 million (2014: Rs. 41.34 million) obtained from customers which are kept in a separate bank account in compliance with the section 226 of the Companies Ordinance, 1984.

15. SHARE CAPITAL

	2015	2014
	------ Rupees in '000 ------	
Authorised share capital		
200,000,000 ordinary shares of Rs. 10 each (2014: 200,000,000 ordinary shares of Rs. 10 each)	2,000,000	2,000,000

Issued, subscribed and paid-up capital

Ordinary shares of Rs. 10 each

2015	2014		2015	2014
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	80,641,993	Shares allotted as bonus shares	806,420	806,420
114,522,468	114,522,468		1,145,225	1,145,225

15.1 As at June 30, 2015, Pharaon Investment Group Limited (Holding) S.A.L, Lebanon and its nominees held 96,271,949 (2014: 96,271,949) ordinary shares of Rs. 10 each.

16. LIABILITY AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2015			2014		
	Minimum lease payment	Financial charge for future periods	Principal outstanding	Minimum lease payment	Financial charge for future periods	Principal outstanding
	------ Rupees in '000 ------					
Not later than one year	4,955	1,028	3,927	5,395	1,468	3,927
Later than one year but not later than five years	8,762	806	7,956	13,717	1,834	11,883
	13,717	1,834	11,883	19,112	3,302	15,810

17. DEFERRED TAXATION

	2015	2014
	------ Rupees in '000 ------	
Credit balances arising in respect of:		
- accelerated tax depreciation allowances	837,420	1,075,237
- assets held under finance lease	2,921	4,780
Debit balances arising in respect of provision for:		
- slow moving and obsolete stores and spares	(9,081)	(6,601)
- liabilities against finance lease	(2,554)	(4,338)
- retirement benefits - obligations	(15,328)	(65,372)
	813,378	1,003,706

17.1 Deferred tax liability is restricted to 71.64% (2014: 78.39%) 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.

18. Retirement benefits - obligations

18.1 Staff retirement benefits

18.1.1 As stated in note 2.4, the company operates approved funded gratuity and pension scheme for all 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, 2015.

18.1.2 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.

18.1.3 The latest actuarial valuations of the Plans as at June 30, 2015 were carried out using the Projected Unit Credit Method. Details of the Funds as per the actuarial valuations are as follows:

Notes to the Financial Statements

for the year ended June 30, 2015

	2015 Pension Funds	2015 Gratuity Funds	2014 Pension Funds	2014 Gratuity Funds
	Rupees in '000			
18.1.4 Balance sheet reconciliation as at June 30				
Present value of defined benefit obligation	394,211	358,435	295,259	318,685
Fair value of plan assets	265,651	234,659	206,748	166,703
Deficit	128,560	123,776	88,511	151,982
18.1.5 Movement in the defined benefit obligation				
Obligation as at July 01	295,259	318,685	303,976	205,296
Service cost	11,300	15,924	23,870	15,776
Interest expense	39,606	41,905	36,633	23,122
Remeasurement on obligation	66,266	2,199	20,119	86,260
Benefits paid	(18,220)	(20,278)	(89,339)	(11,769)
Obligation as at June 30	394,211	358,435	295,259	318,685
18.1.6 Movement in the fair value of plan assets				
Fair value as at July 01	206,748	166,703	205,564	154,756
Interest income	28,626	22,505	24,665	18,571
Remeasurement on plan assets	(2,492)	(365)	7,413	(7,725)
Employer contributions	50,989	66,094	58,445	12,870
Benefits paid	(18,220)	(20,278)	(89,339)	(11,769)
Fair value as at June 30	265,651	234,659	206,748	166,703
18.1.7 Expense recognised in profit and loss account				
Service cost	11,300	15,924	23,870	15,776
Interest expense	10,980	19,400	11,968	4,551
	22,280	35,324	35,838	20,327
18.1.8 Remeasurement recognised in other comprehensive income				
Experience losses	66,266	2,199	20,119	86,260
Remeasurement of fair value of plan assets	2,492	365	(7,413)	7,725
Remeasurements	68,758	2,564	12,706	93,985
18.1.9 Net recognised liability				
Balance as at July 01	88,511	151,982	98,412	50,540
Expense for the year	22,280	35,324	35,838	20,327
Employer contributions	(50,989)	(66,094)	(58,445)	(12,870)
Remeasurement recognised in other comprehensive income	68,758	2,564	12,706	93,985
Balance as at June 30	128,560	123,776	88,511	151,982

18.1.10 Composition of plan assets:

	2015		2014		2015		2014	
	Pension Funds				Gratuity Funds			
	Amount in '000	%	Amount in '000	%	Amount in '000	%	Amount in '000	%
Pakistan Investment Bonds	28,364	10.68	27,677	13.39	-	-	-	-
Market Treasury Bills	127,503	48.00	54,329	26.28	117,695	50.16	11,103	6.66
Term Deposit Receipts	28,842	10.86	28,826	13.94	23,595	10.06	3,021	1.81
Term Finance Certificates	23,595	8.88	34,594	16.73	26,517	11.30	32,020	19.21
Open Ended Mutual Funds	54,167	20.38	61,140	29.57	69,501	29.62	120,595	72.34
Other (including bank balance)	3,180	1.20	182	0.09	(2,649)	(1.13)	(36)	(0.02)
	265,651	100.00	206,748	100.00	234,659	100.00	166,703	100.00

18.1.11 Actuarial assumptions

	2015	2014
Expected rate of increase in salaries	---------- Percentage ----------	
- Management staff	10.00%	11.50%
- Non-management staff	10.00%	11.50%
Discount factor used		
- Pension Funds	11.50%	13.25%
- Gratuity Funds	9.75%	13.25%

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

18.1.13 The company ensures asset / liability matching by investing in goverment securities, bank deposits, mutual funds and does not use derivatives to manage its risk.

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

18.1.15 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%	(34,537)	38,499	(12,268)	13,164
Future salary increases	0.5%	7,999	(7,550)	9,762	(9,198)

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.

Notes to the Financial Statements
for the year ended June 30, 2015

18.1.16 Historical information

	2015	2014	2013	2012	2011
	Rupees in '000				
Pension Funds as at June 30					
Present value of defined benefit obligation	394,211	295,259	303,976	187,047	167,023
Fair value of plan assets	(265,651)	(206,748)	(205,564)	(202,548)	(169,002)
Deficit / (surplus)	128,560	88,511	98,412	(15,501)	(1,979)
Experience adjustments					
Gain / (loss) on obligation	(66,266)	(20,119)	(55,477)	(6,086)	5,793
(Loss) / gain on plan assets	(2,492)	7,413	(8,093)	(10,588)	648
	(68,758)	(12,706)	(63,570)	(16,674)	6,441
Gratuity Funds as at June 30					
Present value of defined benefit obligation	358,435	318,685	205,296	150,325	123,914
Fair value of plan assets	(234,659)	(166,703)	(154,756)	(147,995)	(139,448)
Deficit / (surplus)	123,776	151,982	50,540	2,330	(15,534)
Experience adjustments					
Gain / (loss) on obligation	(2,199)	(86,260)	(45,698)	8,204	10,249
(Loss) / gain on plan assets	(365)	(7,725)	(5,848)	(571)	1,545
	(2,564)	(93,985)	(51,546)	7,633	11,794

18.1.17 As per actuarial advice, the company is expected to recognise a service cost of Rs. 32 million in 2016 (2015: Rs. 57.61 million).

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

	Pension Fund	Gratuity Fund
	No. of years	
Management	18.12	6.81
Non-management	20.49	8.26

18.1.19 Expected maturity analysis of undiscounted retirement benefit plan.

At June 30, 2015	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	75,328	40,839	193,262	451,295	637,153	1,397,877
Gratuity Funds	69,674	27,698	122,953	219,680	246,176	686,181

19. TRADE AND OTHER PAYABLES

	2015	2014
	------ Rupees in '000 ------	
Creditors - note 19.1	201,659	210,869
Accrued liabilities - note 19.1	768,633	946,027
Electricity charges payable	163,425	274,863
Royalty payable	69,010	68,169
Excise duty payable	8,010	38,960
Advances from customers	148,911	183,665
Retention money	45,420	14,854
Security deposits - note 14.3	47,088	41,337
Workers' Profits Participation Fund - note 19.2	173,093	141,637
Workers' Welfare Fund	114,970	83,288
Payable to provident fund	6,106	-
Taxes deducted at source and payable to statutory authorities	8,113	7,995
Unclaimed dividend	5,303	4,173
Others - note 19.1	12,360	6,953
	1,772,101	2,022,790

19.1 Creditors, accrued liabilities and other liabilities include Rs. 2.8 million, Rs. 5.6 million and Rs. 5.8 million (2014: Rs. 1.8 million, Rs. 8.5 million and Rs. 5.8 million) respectively in respect of amounts due to related parties.

19.2 Workers' Profits Participation Fund

	2015	2014
	------ Rupees in '000 ------	
At beginning of the year	141,637	145,451
Charge for the year - note 25	173,093	141,637
	314,730	287,088
Interest on funds utilised in company's business - note 27	2,378	2,246
	317,108	289,334
Less: Amount paid to the Fund	(144,015)	(147,697)
	173,093	141,637

20. CONTINGENCY AND COMMITMENTS

20.1 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.

Notes to the Financial Statements

for the year ended June 30, 2015

20.2 Commitments for capital expenditure outstanding as at June 30, 2015 amounted to Rs. 66.9 million (2014: Rs. 151.58 million).

21. NET SALES

	2015	2014
	------ Rupees in '000 ------	
Gross local sales	11,417,342	11,330,511
Sales tax	(1,803,152)	(1,837,708)
Federal excise duty	(535,625)	(480,673)
	(2,338,777)	(2,318,381)
Commission	(269,163)	(242,753)
Net local sales	8,809,402	8,769,377
Export sales	4,276,718	3,777,874
	13,086,120	12,547,251

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

21.2 Export sales comprise of sales made in the following regions:

	2015	2014
	------ Rupees in '000 ------	
Africa	1,655,032	1,694,840
Middle East Asia	1,746,952	1,661,957
Others	874,734	421,077
	4,276,718	3,777,874

22. COST OF SALES

	2015	2014
Raw materials consumed	859,869	829,632
Packing materials consumed	973,155	783,515
Cement packaging and loading charges	22,019	20,407
Salaries, wages and benefits - note 22.1	1,087,515	976,045
Fuel	2,569,194	2,827,519
Electricity and water	2,170,892	2,275,872
Stores and spares consumed	455,657	387,024
Repairs and maintenance	118,870	79,118
Insurance	62,595	60,791
Vehicle running and maintenance	86,397	93,076
Security expenses	74,478	63,790
Depreciation	404,331	384,458
Other expenses - note 22.2	31,018	15,552
	8,915,990	8,796,799
Add: Opening work-in-process	200,532	315,341
Less: Closing work-in-process	(450,950)	(200,532)
	8,665,572	8,911,608
Add: Opening stock of finished goods	148,619	80,299
Less: Closing stock of finished goods	(124,251)	(148,619)
	8,689,940	8,843,288

22.1 Salaries, wages and benefits include Rs. 42.31 million and Rs. 23.54 million (2014: Rs. 41.17 million and Rs. 20.88 million) in respect of charge for defined benefit plans and contributory provident fund respectively.

22.2 This includes provision for slow moving and obsolete items amounting to Rs. 18.19 million (2014: Rs. 2.84 million).

23. DISTRIBUTION COSTS

	2015	2014
	------ Rupees in '000 ------	
Salaries, wages and benefits - note 23.1	75,351	65,064
Handling and other export related expenses	451,564	319,660
Carriage outward on export sales	336,072	294,477
Commission on export sales	37,845	63,931
Carriage outward on local sales	65,788	42,726
PSI marking fee	13,388	12,816
Advertisement and sales promotion	3,377	1,736
Travelling and entertainment	1,964	4,336
Other expenses	1,324	1,304
	986,673	806,050

23.1 Salaries, wages and benefits include Rs. 3.29 million and Rs. 1.77 million (2014: Rs. 3.14 million and Rs. 1.4 million) in respect of charge for defined benefit plans and contributory provident fund respectively.

24. ADMINISTRATIVE EXPENSES

	2015	2014
	------ Rupees in '000 ------	
Salaries, wages and benefits - note 24.1	242,888	201,288
Depreciation	13,293	13,191
Rent, rates and taxes	15,268	12,513
Utilities	3,177	8,616
Insurance	2,532	3,840
Repairs and maintenance	10,435	11,768
Communication and printing	15,569	16,542
Travelling and entertainment	8,544	6,171
Legal and professional charges	16,218	14,675
Auditors' remuneration - note 24.2	3,489	4,730
Donations - note 24.3	6,491	5,465
Other expenses	9,042	8,364
	346,946	307,163

24.1 Salaries, wages and benefits include Rs. 12.01 million and Rs. 5.71 million (2014: Rs. 11.85 million and Rs. 4.78 million) in respect of charge for defined benefit plans and contributory provident fund respectively.

24.2 Auditors' remuneration

	2015	2014
	------ Rupees in '000 ------	
Audit fee	1,800	1,650
Fee for review of interim financial informationand Statement of Compliance with Code of Corporate Governance	1,150	1,100
Taxation services	150	-
Other certifications, attestations and other services	150	1,685
Out-of-pocket expenses	239	295
	3,489	4,730

Notes to the Financial Statements

for the year ended June 30, 2015

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

	2015	2014
	------ Rupees in '000 ------	
25. OTHER EXPENSES		
Workers' Profits Participation Fund - note 19.2	173,093	141,637
Workers' Welfare Fund	65,728	53,783
	238,821	195,420
26. OTHER INCOME		
Income from financial assets		
Interest income on PLS savings accounts	23,346	22,700
Gain on sale of open ended mutual fund units	332,001	138,088
Gain on re-measurement of fair value of open ended mutual fund units	170	66,340
Dividend from open ended mutual funds	4,019	-
	336,190	204,428
Exchange gain	16,887	-
Income from non-financial assets		
Gain on disposal of operating assets	2,136	3,044
Others		
Export rebate	23,196	21,611
Scrap sales	19,414	17,130
Others	1,741	616
	422,910	269,529
27. FINANCE COST		
Bank charges and commission	22,226	19,288
Interest on Workers' Profits Participation Fund - note 19.2	2,378	2,246
Finance charges on finance lease	1,395	1,291
Exchange loss	-	6,969
	25,999	29,794
28. TAXATION		
Current		
- for the year - note 28.2	950,000	676,000
- prior years - note 28.3	240,000	(46,000)
Deferred	(175,000)	(9,000)
	1,015,000	621,000

	2015	2014
	------ Rupees in '000 ------	

28.1 Relationship between tax expense and accounting profit

	2015	2014
Profit before taxation	3,220,651	2,635,065
Tax at the applicable rate of 33% (2014: 34%)	1,062,815	895,922
Effect of final tax regime	(176,791)	(235,614)
Tax credits	(34,955)	(9,222)
Change in tax rate	(152,714)	-
Super tax	87,868	-
Others	(11,223)	15,914
Prior years' tax provision / (reversal)	240,000	(46,000)
	1,015,000	621,000

28.2 This includes Rs. 87.87 million one-time super tax imposed for rehabilitation of temporarily displaced persons under section 4B of the Income Tax Ordinance 2001 (as inserted by Finance Act, 2015).

28.3 During the year Additional Commissioner Inland Revenue (ACIR) has passed an assessment order relating to tax year, 2010 disagreeing with the company's basis of allocation of expenses to export sales and making disallowance in this respect. ACIR has also issued show cause notice on the matter for the tax years, 2009, 2011 through 2013. The company has filed appeal before CIR (Appeal) against the order and has also obtained stay order from Sindh High Court against recovery of demand and the finalisation of assessments. The appeal filed before CIR (Appeal) has been decided against the company. Accordingly company has filed appeal before ATIR against the order of CIR (Appeal). The company based on legal advice considers favourable outcome of the matter. However in view of recurring exposure, company has made the above provision.

29. BASIC AND DILUTED EARNINGS PER SHARE

	2015	2014
	------ Rupees in '000 ------	
Profit after taxation	2,205,651	2,014,065
Weighted average number of outstanding shares at the end of year (in thousands)	114,522	114,522
Basic and diluted earnings per share - note 29.1	Rs. 19.26	Rs. 17.59

29.1 A diluted earnings per share has not been presented as the company did not have any convertible instruments in issue as at June 30, 2015 and 2014 which would have any effect on the earnings per share if the option to convert is exercised.

30. CREDIT FACILITIES

The facilities for short term running finance available amounted to Rs. 1.50 billion (2014: Rs. 1.00 billion). The rates of mark-up ranging between one month KIBOR minus 0.5% and 3 months KIBOR plus 0.25% (2014: one month KIBOR minus 0.5% and 3 months KIBOR plus 0.25%) per annum.

Notes to the Financial Statements

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The facilities for opening letters of credit and guarantee as at June 30, 2015 amounted to Rs. 5.20 billion (2014: Rs. 4.60 billion) of which unutilised balance at year end amounted to Rs. 4.57 billion (2014: Rs. 4.26 billion).

The above arrangements are secured by way of charge over stocks and book debts.

31. CASH GENERATED FROM OPERATIONS

	2015	2014
	------ Rupees in '000 ------	
Profit before taxation	3,220,651	2,635,065
Add / (Less): Adjustments for non-cash charges and other items		
Depreciation	417,624	397,649
Gain on disposal of fixed assets	(2,136)	(3,044)
Gain on sale of open ended mutual fund units	(332,001)	(138,088)
Gain on re-measurement of fair value of open ended mutual fund units	(170)	(66,340)
Dividend from open ended mutual funds	(4,019)	-
Interest income	(23,346)	(22,700)
Finance cost	25,999	29,794
Retirement benefits obligations	57,605	56,165
Profit before working capital changes	3,360,207	2,888,501
Effect on cash flow due to working capital changes		
Increase in current assets		
Stores, spares and loose tools	173,928	(203,798)
Stock-in-trade	(240,313)	41,497
Trade debts	137,649	87,220
Loans and advances	(12,387)	(13,294)
Short term deposits and prepayments	1,539	946
Refunds due from government - Sales tax	(102,571)	(45,014)
Other receivables	(39,380)	(6,143)
	(81,535)	(138,586)
(Decrease) / Increase in current liabilities		
Trade and other payables	(251,819)	430,251
	(333,354)	291,665
Cash generated from operations	3,026,853	3,180,166

32. REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Executive Directors		Executives	
	2015	2014	2015	2014	2015	2014
	Rupees in '000					
Managerial remuneration	20,883	17,930	13,118	11,632	181,848	146,888
Housing allowance	6,645	5,753	4,752	4,283	70,256	56,539
Utility allowance	2,531	2,173	945	851	14,990	12,015
Bonus	11,229	9,850	9,568	8,700	107,268	79,505
Retirement benefits	4,032	4,129	2,127	2,950	41,705	41,188
Others	3,774	3,485	3,291	3,586	34,541	29,273
	49,094	43,320	33,801	32,002	450,608	365,408
Number of person(s)	1	1	2	2	157	130

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 paid to 3 (2014: 2) non-executive directors for attending Board of Directors meetings during the year amounted to Rs. 1.73 million (2014: Rs. 1.34 million).

33. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties during the year are as follows:

	2015	2014
	Rupees in '000	
Holding company		
Dividend paid	1,395,943	1,125,963
Recovery of expenses	1,555	1,167
Bonus shares issued	-	125,572
Associated companies		
Purchase of goods	237,816	278,965
Reimbursement of expenses	4,591	5,317
Recovery of expenses from related parties	13,485	7,371
Other related parties		
Payments made to retirement benefit funds	151,864	110,365
Key management personnel		
Loans and advances disbursed during the year	32,105	4,574
Loans and advances recovered during the year	8,406	4,376
Salaries and other short-term employee benefits	98,537	87,132
Post-employment benefits	8,198	9,150

The related party status of outstanding balances as at June 30, 2015 is included in other receivables, loans and advances and trade and other payables. These are settled in the ordinary course of business.

Notes to the Financial Statements

for the year ended June 30, 2015

34. PROVIDENT FUND RELATED DISCLOSURES

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

	2015	2014
	------ Rupees in '000 ------	
Size of the fund - Total assets	501,313	436,142
Percentage of investments made	91%	89%
Fair value of investments	454,281	388,143

34.1 The cost of above investments amounted to Rs. 443.74 million (2014: Rs. 381.06 million).

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

	2015	2014	2015	2014
	----- Percentage -----		------ Rupees in '000 ------	
Bank deposits	8%	4%	35,499	15,003
Government securities	31%	48%	140,936	187,050
Term finance certificates	14%	19%	62,530	75,595
Unit trust schemes	47%	29%	215,316	110,495
	100%	100%	454,281	388,143

34.3 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.

35. NUMBER OF EMPLOYEES

	2015	2014
	------ Numbers ------	
Number of employees at June 30		
- Regular	782	788
- Contractual	19	30
Average number of employees during the year		
- Regular	785	780
- Contractual	19	24

36. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

36.1 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.

36.2 Financial assets and liabilities by category and their respective maturities

	2015			2014		
	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	57,436	98,734	156,170	43,529	75,948	119,477
Trade debts	124,414	-	124,414	262,063	-	262,063
Other receivables	68,117	-	68,117	28,737	-	28,737
Bank balances	858,366	-	858,366	467,028	-	467,028
Cash and cheques in hand	332	-	332	807	-	807
Long term investment	-	4,500	4,500	-	4,500	4,500
Fair value through profit or loss						
Investments - at fair value through profit or loss	3,104,907	-	3,104,907	3,165,428	-	3,165,428
	4,213,572	103,234	4,316,806	3,967,592	80,448	4,048,040
Financial liabilities at amortised cost	1,319,004	-	1,319,004	1,567,245	-	1,567,245
On balance sheet date gap	2,894,568	103,234	2,997,802	2,400,347	80,448	2,480,795
Net financial assets						
Interest bearing	606,676	-	606,676	357,446	-	357,446
Non-interest bearing	2,287,892	103,234	2,391,126	2,042,901	80,448	2,123,349
	2,894,568	103,234	2,997,802	2,400,347	80,448	2,480,795

Notes to the Financial Statements

for the year ended June 30, 2015

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, 2015, 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, 2015, trade and other payables of Rs. 13.89 million (2014: Rs. 44.15 million), trade debts of Rs. 96.75 million (2014: Rs. 183.40 million) and bank balance of Rs. 2.98 million (2014: Rs. 5.68 million) are exposed to foreign currency risk.

As at June 30, 2015, if the Pakistan Rupee had weakened / strengthened by 4% against US Dollar with all other variables held constant, profit before tax for the year would have been lower / higher by Rs. 3.8 million (2014: Rs. 14.75 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, 2015, if the Pakistan Rupee had weakened / strengthened by 2% against Euro with all other variables held constant, profit before tax for the year would have been higher / lower by Rs. 0.08 million (2014: Rs. 2.22 million), mainly as a result of foreign exchange losses / gains on translation of Euro denominated trade and other payables.

As at June 30, 2015, if the Pakistan Rupee had weakened / strengthened by 4% against AED with all other variables held constant, profit before tax for the year would have been higher / lower by Rs. 0.13 million (2014: Rs. 0.51 million), 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, 2015 amounts to Rs. 3,105 million (2014: Rs. 3,165 million).

As at June 30, 2015, 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. 31.05 million (2014: Rs. 31.65 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. 4,317 million (2014: Rs. 4,048 million) the financial assets exposed to the credit risk amounts to Rs. 4,312 million (2014: Rs. 4,043 million). The carrying values of financial assets which are neither past due nor impaired are as under:

	2015	2014
	------ Rupees in '000 ------	
Trade debts	124,414	262,063
Deposits, loans, advances and other receivables	224,287	148,214
Investments at fair value through profit or loss	3,104,907	3,165,428
Bank balances	858,366	467,028
	4,311,974	4,042,733

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, 2015, secured and unsecured trade debts amounted to Rs. 121.65 million and Rs. 2.76 million (2014: Rs. 218.58 million and Rs. 43.48 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. 42.98 million are maintained with the K-Electric Limited and loans & advances to employees amounting to Rs. 107.47 million (2014: Rs. 69.65 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, 2015 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.

Notes to the Financial Statements
for the year ended June 30, 2015

36.3 Capital Risk Management

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

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

37. CAPACITY AND PRODUCTION

	2015	2014
	-------- (Metric tons) --------	
Production capacity		
- Clinker	1,740,000	1,740,000
- Cement	1,827,000	1,827,000
Actual production		
- Clinker	1,835,254	1,800,135
- Cement	1,877,150	1,912,921

38. SUBSEQUENT EVENTS

The Board of Directors in their meeting held on August 13, 2015 proposed a final cash dividend of Rs. 10.50 per share (2014: Rs. 10.00 per share) amounting to Rs. 1,202 million (2014: Rs. 1,145 million) subject to the approval of the company in the forthcoming annual general meeting.

Finance Act, 2015 introduced income tax at the rate of 10% on undistributed reserves where such reserves of the company are in excess of its paid up capital and the company derives profits for a tax year but does not distribute requisite cash dividend within six months of the end of the said tax year. Liability in respect of such income tax, if any, is recognised when the prescribed time period for distribution of dividend expires.

39. DATE OF AUTHORISATION FOR ISSUE

These financial statements were approved and authorised for issue by the Board of Directors on August 13, 2015.

Babar Bashir Nawaz
Chief Executive

Abdus Sattar
Director

Pattern of Shareholding

as on June 30, 2015

No. of	Shareholdings		Total Shares
Shareholders	From	To	Held
372	1	100	12,908
261	101	500	77,908
276	501	1000	226,360
243	1001	5000	589,466
74	5001	10000	556,579
88	10001	100000	2,746,544
26	100001	1000000	8,011,063
1	1000001	2000000	1,575,414
1	4450001	4455000	4,454,277
1	96000001	97000000	96,271,949
1,343			114,522,468

	Categories of shareholder	Shares held	Percentage
1	DIRECTORS AND THEIR SPOUSE(S) AND MINOR CHILDREN	120,011	0.10
2	ASSOCIATED COMPANIES, UNDERTAKINGS & RELATED PARTIES	-	
3	EXECUTIVES	-	
4	BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES & TAKAFUL	3,323,010	2.90
5	MODARABA AND MUTUAL FUNDS	1,935,534	1.69
6	SHAREHOLDERS HOLDING 5% OR MORE	96,271,949	84.06
7	OTHERS		
	- INSTITUTIONS	6,742,976	5.89
	- FOREIGN	1,272,677	1.11
	- INDIVIDUALS	4,856,311	4.25
		114,522,468	100.00

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

During the month of July, 2014 the Chief Executive of the Company has sold total 12,250 ordinary share of the Company. The transactions have been duly advised to the Karachi Stock Exchange.

No transaction except as mentioned above has been reported by any of the other company's Director(s), Executive(s), their spouse(s) and minor Children from July 01, 2014 to June 30 2015 in the shares of the Company.

Events

General Meetings


ATTOCK CEMENT PAKISTAN LIMITED
EXTRA ORDINARY GENERAL MEETING

Long Service Award Ceremony

Annual Sales Convention

Annual Picnic

Form of Proxy

36th 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 36th Annual General Meeting of the Company to be held on September 21, 2015 and at any adjournment thereof.

Signed this _________________________ day of ________________ 2015.

____
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.

FALCON CEMENT

Attock Cement Pakistan Limited

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