ATTOCK CEMENT PAKISTAN LIMITED

Contents

Company Information

ATTOCK CEMENT PAKISTAN LIMITED

Board of Directors

Dr. Ghaith R. Pharaon
Chairman

Babar Bashir Nawaz
Chief Executive

Laith G. Pharaon

Wael G. Pharaon

Shuaib A. Malik

Abdul Nayeem

Bashir Ahmad

Abdus Sattar

Fakhrul Islam Baig
Alternate Director

Sajid Nawaz
Alternate Director

Audit Committee of the Board

Abdus Sattar
Chairman

Fakhrul Islam Baig

Abdul Nayeem

Company Secretary

Irfan Amanullah

Bankers

Faysal Bank Limited
Muslim Commercial Bank Limited
Habib Bank Limited
National Bank of Pakistan

Auditors

A.F. Ferguson & Co.,
Chartered Accountants

Cost Auditors

Siddiqi & Co.
Cost & Management Accountants

Registered Office

5th Floor, P.N.S.C. Building,
M.T. Khan Road,
Karachi

Plant

Hub Chowki, Lasbella,
Baluchistan

Legal Advisors

Sattar & Sattar
Attorneys at Law

Share Registrar

Noble Computer Services (Pvt.) Ltd.
2nd Floor, Sohni Centre, BS 5&6,
Main Karimabad, Block-4,
Federal B Area, Karachi-75950.
Tel: 6801880-82
Fax: 6801129

Directors' Review

ATTOCK CEMENT PAKISTAN LIMITED

The directors are pleased to present before you the un-audited accounts of the Company for the half year ended December 31, 2004.

OPERATIONAL RESULTS

Production and sales figures of the first half of 2004-2005 are as follows:-

	July-Dec. 2004	July-Dec. 2003
Clinker Production	340,918	300,900
Cement Production	334,868	291,219
Cement Dispatches		
- Local	314,502	267,636
- Export	21,980	11,730
	336,482	279,366
Clinker Dispatches		
- Local	-	2,487
- Export	63,190	-
	63,190	2,487
Capacity utilization	94.7%	83.6%

The overall sales of the Company in terms of volume increased by 57,116 M. tons (20%) as compared to corresponding period last year due to increase in the overall demand of cement in the country. Sales in terms of value also increased by Rs. 442 million (54%) as compared to corresponding period last year. This is mainly due to export of surplus clinker to UAE and Qatar and increase in dispatches of cement both locally and in export market.

With the increase in sales, higher capacity utilization and better net retention, profit after tax increased by Rs. 102.7 million (81%) over the same period last year.

EXPORT

During the period under review the Company exported surplus clinker of 63,190 tons to Qatar and UAE. This export not only helped the Company to maximize its capacity utilization but also contributed favourably towards the overall profitability of the Company.

CAPACITY EXPANSION

Work on setting up of the new plant with a capacity of 3,300 MTPD is underway and progressing in line with our targets. The plant is scheduled to be completed and start trial production by January 2007. All major contracts with suppliers of plant and machinery have been finalized and machinery will start arriving in June 2005. Moreover, contracts for plant infrastructure, civil & electrical works have been finalized with the contractors and civil construction has commenced at the plant site.

BIG BAG FILLING SYSTEM

For the first time in Pakistan ACPL is introducing the Big Bag Filling System. The equipment has been designed and developed by Heifi Cement Research and Design Institute, China. It has the capacity of packing 1 to 2 tons of Cement Bags in re-useable and export friendly packing. For quick & safe loading on trucks the system also incorporates a Gantry Crane which can pick-up and load the filled cement bags on to the truck directly. This facility has been procured specifically to meet the requirements of UAE and Gulf based customers.

FUTURE OUTLOOK

The overall surge in cement demand in the country over the last couple of years is expected and likely to continue in the near future. The sizeable amount of Government budget allocation and spending on infrastructure projects, construction activities in private sector coupled with new housing activities will pave the way forward for the continuous growth in the cement industry. Furthermore, growth in export of cement is likely to continue in the regional markets of Gulf and Afghanistan and net export retention may also improve in the months to come. However, on the other hand, rising interest rates, shaking rupee/dollar parity and soaring international coal prices may affect the overall profitability of the company. The management is fully aware of the current situation and is taking appropriate measures to limit the above mentioned risks to bare minimum and optimize the company's overall profitability.

On behalf of the Board

Laith G. Pharaon
Director

Karachi: February 16, 2005

ATTOCK CEMENT PAKISTAN LIMITED

We have reviewed the annexed balance sheet of Attock Cement Pakistan Limited as at December 31, 2004 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the “financial statements”), for the six months then ended. These financial statements are the responsibility of the company’s management. Our responsibility is to issue a report on these financial statements based on our review. The figures of the profit and loss account for the quarters ended December 31, 2003 and 2004 and the notes forming part thereof have not been reviewed as we are required to review only the cumulative figures for the six months ended December 31, 2004.

We conducted our review in accordance with the International Standard on Auditing applicable to review engagements. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the annexed financial statements are not presented fairly, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

A. F. Ferguson & Co.
Chartered Accountants
Karachi

Dated: February 22, 2005

Balance Sheet

ATTOCK CEMENT PAKISTAN LIMITED

AS AT DECEMBER 31, 2004

	Note	(Unaudited) December 31, 2004	(Audited) June 30, 2004 Restated
		-------Rs. '000-------	
SHARE CAPITAL AND RESERVES			
Share capital			
125,000,000 ordinary shares of Rs 10 each		1,250,000	750,000
Issued, subscribed and paid-up		721,629	721,629
Unappropriated profit		788,774	648,915
		1,510,403	1,370,544
NON CURRENT LIABILITIES			
LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASES		10,421	14,319
DEFERRED LIABILITIES			
Staff retirement benefits		1,797	19,900
Deferred taxation		165,872	164,204
		167,669	184,104
		178,090	198,423
CURRENT LIABILITIES			
Trade and other payables		228,579	272,318
Accrued markup on finance lease and short term borrowings		1,372	302
Short-term borrowings		140,000	-
Current maturity of liabilities against assets subject to finance leases		7,757	8,589
		377,708	281,209
CONTINGENCIES AND COMMITMENTS	4		
		2,066,201	1,850,176

Balance Sheet

ATTOCK CEMENT PAKISTAN LIMITED

	Note	(Unaudited) December 31, 2004	(Audited) June 30, 2004
		-------Rs. '000-------	
NON CURRENT ASSETS			
Fixed Assets			
Property plant and equipment	5	1,039,057	1,071,010
Capital work-in-progress		385,121	4,147
Stores held for capital expenditure		20,283	34,277
		1,444,461	1,109,434
LONG-TERM INVESTMENTS		4,500	9,650
LONG-TERM LOANS AND ADVANCES		8,816	5,288
LONG-TERM DEPOSITS		10,780	7,180
		1,468,557	1,131,552
CURRENT ASSETS			
Stores, spares and loose tools		293,347	223,942
Stock-in-trade		135,622	197,321
Trade debts		1,829	6,080
Short-term loans and advances		18,787	12,576
Deposits and short-term prepayments		8,726	55,618
Income accrued		251	156
Other receivables		12,779	25,652
Investments		7,400	-
Taxation		73,261	89,538
Cash and bank balances		45,642	107,741
		597,644	718,624
		2,066,201	1,850,176

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

Babar Bashir Nawaz
Chief Executive

Fakhrul Islam Baig
Director

Profit and Loss Account

ATTOCK CEMENT PAKISTAN LIMITED

FOR THE SIX MONTHS ENDED DECEMBER 31, 2004

	Unaudited Quarter ended		Unaudited Six months ended	
	Dec. 31, 2004	Dec. 31, 2003	Dec. 31, 2004	Dec. 31, 2003
	-----------------------------Rs.	'000-----------------------------		
Sales	702,096	566,214	1,669,788	1,170,326
Less: Sales tax and excise duty	204,071	180,656	410,921	353,420
Net sales	498,025	385,558	1,258,867	816,906
Cost of goods sold	282,615	253,178	810,472	574,793
	215,410	132,380	448,395	242,113
Operating expenses				
Distribution cost	6,461	6,751	16,226	12,792
Export expenses	5,159	-	61,627	-
Administrative expenses	17,740	16,286	35,167	32,154
Other operating expenses	20,226	8,310	27,076	13,520
	49,586	31,347	140,096	58,466
Operating profit	165,824	101,033	308,299	183,647
Other income	10,196	3,281	39,307	14,265
	176,020	104,314	347,606	197,912
Financial charges	4,134	3,150	5,875	5,208
Profit before taxation	171,886	101,164	341,731	192,704
Taxation				
Current	48,000	(16,976)	110,000	17,024
Deferred	168	46,857	1,668	48,357
	48,168	29,881	111,668	65,381
Profit after taxation	123,718	71,283	230,063	127,323
Basic earnings per share	Rs. 1.71	Re. 0.99	Rs. 3.19	Rs. 1.76

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

Babar Bashir Nawaz
Chief Executive

Fakhrul Islam Baig
Director

Cash Flow Statement

ATTOCK CEMENT PAKISTAN LIMITED

FOR THE SIX MONTHS ENDED DECEMBER 31, 2004 - UNAUDITED

	December 31, 2004	December 31, 2003
	-------Rs. '000-------	
CASH FLOW FROM OPERATING ACTIVITIES		
Cash generated from operations - note 6	401,514	336,697
Staff retirement benefits paid	(18,437)	–
Financial charges paid	(4,805)	(5,349)
Income tax paid	(93,723)	(76,236)
Increase in long-term loans and advances (net)	(3,528)	(1,600)
(Increase)/Decrease in long term deposits	(3,600)	622
Net cash from operating activities	277,421	254,134
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(389,186)	(288,849)
Investment in unlisted company - related party	(2,250)	–
Sale proceeds on disposal of fixed assets	5,737	4,967
Interest received	1,053	863
Net cash used in investing activities	(384,646)	(283,019)
CASH FLOW FROM FINANCING ACTIVITIES		
Borrowings under finance lease (net)	(4,730)	(5,313)
Short-term borrowings	140,000	100,000
Dividend paid	(90,144)	(72,012)
Net cash from financing activities	45,126	22,675
Net decrease in cash and cash equivalents	(62,099)	(6,210)
Cash and cash equivalents at the beginning of the period	107,741	57,212
Cash and cash equivalents at the end of the period	45,642	51,002

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

Babar Bashir Nawaz
Chief Executive

Fakhrul Islam Baig
Director

Statement of Changes in Equity

ATTOCK CEMENT PAKISTAN LIMITED

FOR THE SIX MONTHS ENDED DECEMBER 31, 2004 - UNAUDITED

	Issued, subscribed and paid-up share capital	Unappropriated profit	Total
	----------------------Rs '000	------------------------	
Balance as at June 30, 2003 as previously reported	721,629	368,689	1,090,318
Effect of change in accounting policy - note 3 Final dividend for the year ended June 30, 2003 declared subsequent to the year end	–	72,163	72,163
Balance as at June 30, 2003 - restated	721,629	440,852	1,162,481
Profit for the six months ended December 31, 2003	–	127,323	127,323
Effect of change in accounting policy - note 3 Final dividend for the year ended June 30, 2003	–	(72,163)	(72,163)
Balance as at December 31, 2003 - restated	721,629	496,012	1,217,641
Balance as at June 30, 2004 as previously reported	721,629	558,711	1,280,340
Effect of change in accounting policy - note 3 Final dividend for the year ended June 30, 2004 declared subsequent to the year end	–	90,204	90,204
Balance as at June 30, 2004 - restated	721,629	648,915	1,370,544
Profit for the six months ended December 31, 2004	–	230,063	230,063
Effect of change in accounting policy - note 3 Final dividend for the year ended June 30, 2004	–	(90,204)	(90,204)
Balance as at December 31, 2004 - restated	721,629	788,774	1,510,403

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

Babar Bashir Nawaz
Chief Executive

Fakhrul Islam Baig
Director

FOR THE SIX MONTHS ENDED DECEMBER 31, 2004 - UNAUDITED

1. INTRODUCTION

The company was incorporated in Pakistan on October 14, 1981 as a public limited company and is listed on Karachi Stock Exchange with effect from June 28, 2002. Its main business activity is manufacturing and sale of cement.

2. BASIS OF PRESENTATION

2.1 These financial statements have been prepared in accordance with the requirements of the International Accounting Standards No. 34 'Interim Financial Reporting' and are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984 and the listing regulations of the Karachi Stock Exchange.

2.2 The accounting policies and methods of computation adopted for the preparation of these financial statements are the same as those applied in the preparation of the annual financial statements of the company for the year ended June 30, 2004 except as stated in note 3 below.

3. CHANGE IN ACCOUNTING POLICY

During the period, the Securities and Exchange Commission of Pakistan has substituted the Fourth Schedule to the Companies Ordinance, 1984 which is effective from the financial year ending on or after July 5, 2004. This has resulted in the change in accounting policy pertaining to the recognition of dividends declared subsequent to the year end. Up to previous year, dividends that were proposed after the balance sheet date but before the financial statements were authorised for issue were recorded as a liability. After the change in the policy dividend is now recognised as a liability in the period in which it is declared. The change in accounting policy has been accounted for retrospectively and comparative information has been restated in accordance with the benchmark treatment specified in IAS 8 'Net Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policies'. Had there been no change in the accounting policy, the 'unappropriated profit' would have been lower and the 'trade and other payables' would have been higher for the years ended June 30, 2003 and June 30, 2004 by Rs. 72.163 million and Rs. 90.204 million respectively. The effect of change in accounting policy has been reflected in the statement of changes in equity.

4. CONTINGENCIES AND COMMITMENTS

4.1 The status of the contingencies which were reported in note 9 to the financial statements for the year ended June 30, 2004 has remained unchanged.

4.2 Commitments in respect of letters of credit issued by banks aggregate to Rs. 1.704 billion (June 30, 2004 Rs: 195.134 million) and in respect of letters of guarantee Rs. 68.008 million (June 30, 2004 Rs: 83.980 million).

4.3 The company has entered into an agreement with Attock Refinery Limited - related party for the sale of 5,920,000 shares of Attock Petroleum Limited - another related party at a price of Rs. 57.75 per share.

	December 31, 2004	December 31, 2003
	-------Rs. '000-------	
5. FIXED ASSETS - PROPERTY PLANT AND EQUIPMENT		
Additions	22,966	335,525
Disposals	(26,626)	(4,110)

From the current year full month depreciation is charged in the month of addition and no depreciation is charged in the month of disposal. Previously, depreciation was charged on yearly basis i.e. full year depreciation was charged in the year of addition and no depreciation in the year of disposal. The change has been made to reflect the pattern in which the assets' economic benefits are consumed by the company. Had the estimate not been changed profit for the six months would have been higher by Rs. 933,547.

	December 31, 2004	December 31, 2003
	-------Rs. '000-------	
6. CASH GENERATED FROM OPERATIONS		
Profit before taxation	341,731	192,704
Adjustment for non cash charges and other items :		
Depreciation	51,869	55,055
Amortisation of deferred income	-	(33)
Gain on disposal of fixed assets	(3,447)	(3,802)
Provision for staff retirement benefits	334	546
Interest income	(1,148)	(912)
Financial charges	5,875	5,208
Working capital changes - note 6.1	6,300	87,931
	401,514	336,697
6.1 Working capital changes		
(Increase)/decrease in current assets		
Stores, spares and loose tools	(69,405)	21,512
Stocks-in-trade	61,699	(24,900)
Trade debts	4,251	5,453
Short-term loans and advances	(6,211)	(396)
Deposits and short term-prepayments	46,892	624
Other receivables (net)	12,873	8,102
	50,099	10,395
Decrease/(Increase) in current liabilities		
Trade and other payables (net)	(43,799)	77,536
Increase in working capital	6,300	87,931

	December 31, 2004	December 31, 2003
	-------Rs. '000-------	
7. SUMMARY OF TRANSACTIONS WITH RELATED PARTIES		
Purchases of goods	12,874	6,432
Sale of goods	518	-
Dividend income	17,760	7,992
	31,152	14,424

8. CORRESPONDING FIGURES

During the period, the Securities and Exchange Commission of Pakistan has subsituted the Fourth Schedule to the Companies Ordinance, 1984 which is applicable on accounts closing on or after July 5, 2004. This has resulted in certain reclassifications and rearrangements therefore the corresponding figures have been reclassified and rearranged for comparison purposes.

9. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on February 16, 2005 by the Board of Directors of the company.

Babar Bashir Nawaz
Chief Executive

Fakhrul Islam Baig
Director