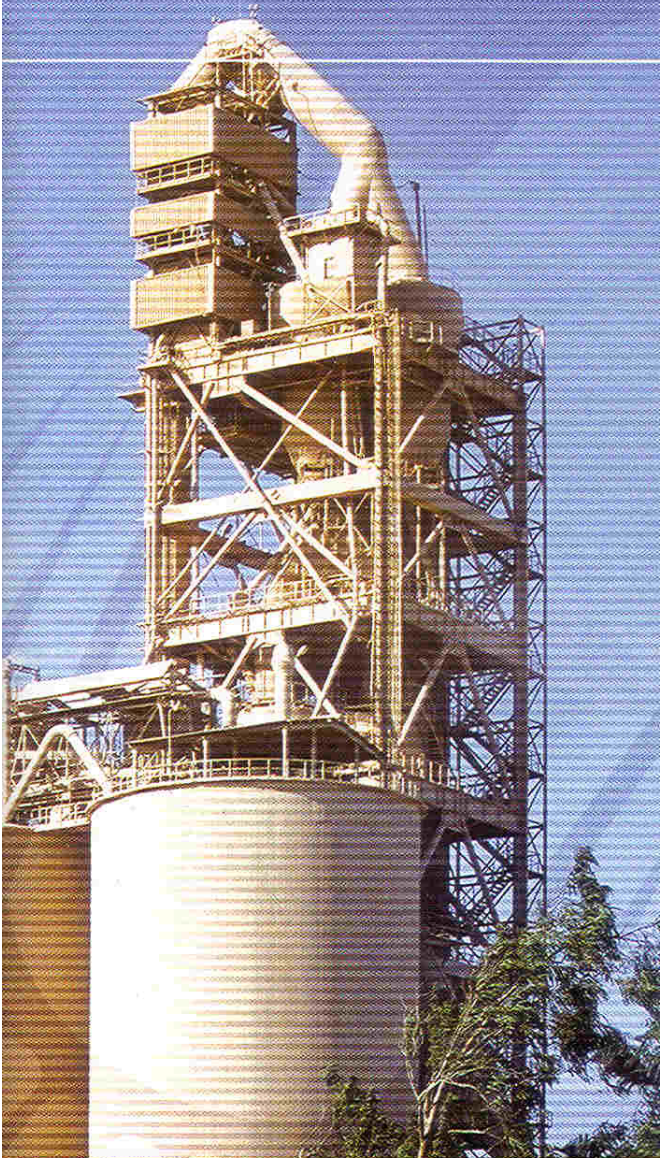
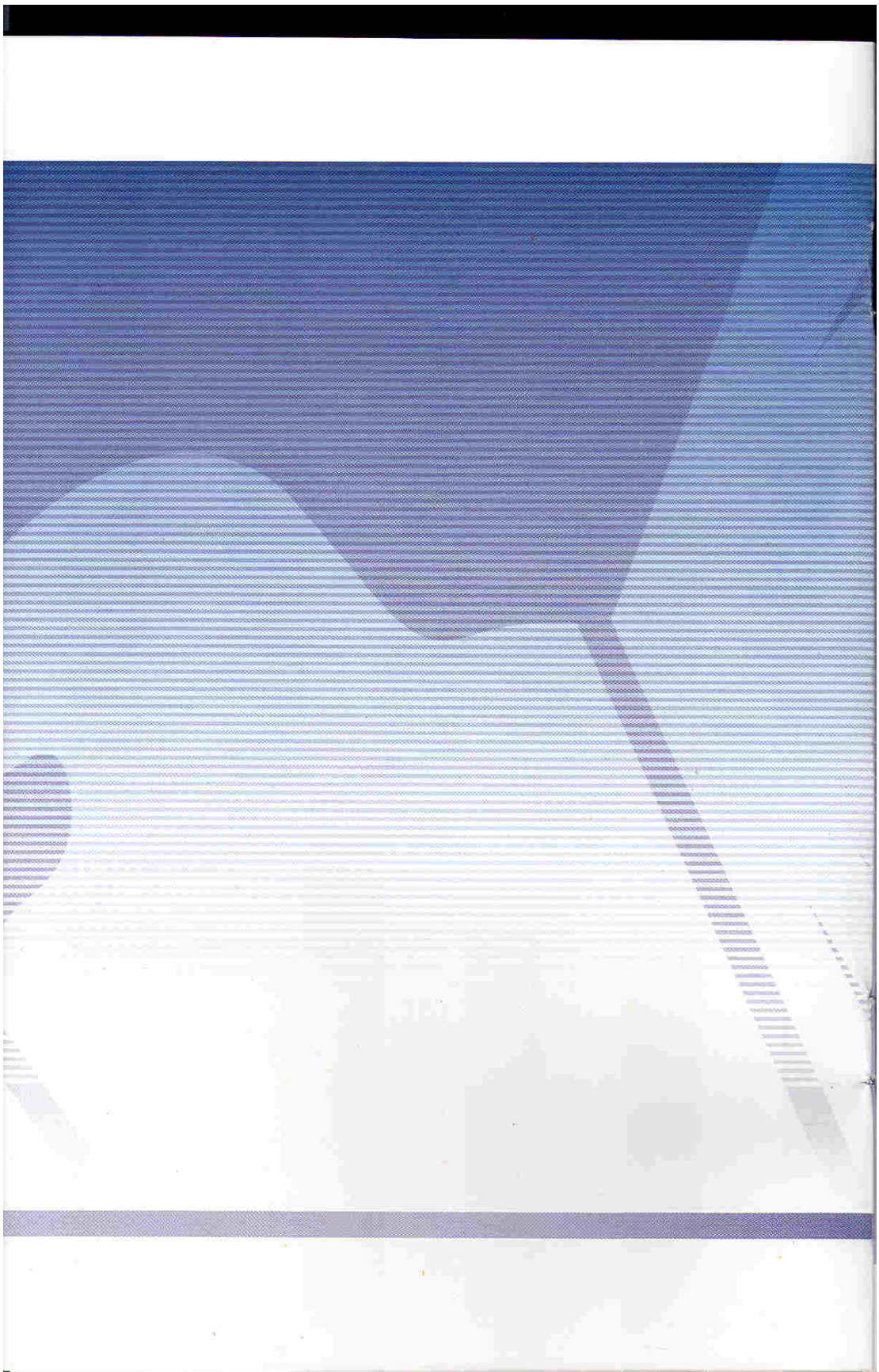




Half Yearly Report
December 31, 2006



ATTOCK CEMENT PAKISTAN LIMITED



CONTENTS

• Company Information	2
• Directors' Review	3
• Auditors' Review Report to the Members	5
• Condensed Balance Sheet	6
• Condensed Profit and Loss Account	8
• Condensed Cash Flow Statement	9
• Condensed Statement of Changes in Equity	10
• Condensed Interim Notes to the Financial Statements	11

COMPANY INFORMATION

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	

Alternate Directors

Sajid Nawaz
Fakhrul Islam Baig
Irfan Amanullah

Audit Committee of the Board

Abdus Sattar	Chairman
Sajid Nawaz	Member
Fakhrul Islam Baig	Member

Company Secretary

Irfan Amanullah

Bankers

Faysal Bank Limited
MCB Bank Limited
Habib Bank Ltd.
National Bank of Pakistan
Bank Al-Falah Ltd.
Allied Bank Ltd.
KASB Bank Ltd.
Pak Kuwait Investment Co. (Pvt) Ltd.
Bank of Punjab
Bank Al Habib
First Women Bank Ltd.
First Credit & Discount Corporation Ltd.
NIB Bank Ltd.
Meezan Bank Ltd.

Auditors

A.F. Ferguson & Co.,
Chartered Accountants

Cost Auditors

Siddiqi & Co.
Cost & Management Accountants

Registered Office

5th Floor, PNSC Building,
M.T. Khan Road, Karachi.

Plant

Hub Chowki, Lasbella,
Baluchistan

Legal Advisors

Sattar & Sattar
Attorneys at Law

Share Registrar

Technology Trade (Pvt) Ltd.
Dagia House
241-C, Block-2, P.E.C.H.S.,
Off: Shahrah-e-Quaideen
Karachi.
Tel : (021) 4391316-17
Fax: (021) 4391618

DIRECTORS' REVIEW

The directors are pleased to present the un-audited accounts of the Company for the half year ended December 31, 2006.

OPERATIONAL RESULTS

Production and Sales volume figures for the first half year of 2006-2007 are as follows:

	July-December 2006	July-December 2005
	(Quantities in Tonnes)	
Clinker Production	627,419	387,696
Cement Production	535,225	411,697
Cement Dispatches:		
- Local	494,618	406,165
- Export	26,100	1,460
	520,718	407,625
Clinker Sales:		
- Local	25,000	-
- Export	68,926	-
	93,926	-

During the first half of year 2006-2007, cement industry achieved a robust growth of 26.04% in volumetric terms as compared to the corresponding period last year. The Company once again outpaced the overall industry growth figures and achieved 27.74% increase in cement sales over the same period last year and dispatched 494,618 tonnes cement in local market (July-Dec.2005:406,165), exported 26,100 tonnes (July-Dec, 2005: 1,460) to regional markets and sold 93,926 tonnes clinker in the local and export markets (July-Dec, 2005: Nil). This lasting kick up in the cement demand was due to constant government spending on infrastructure projects, ongoing construction activities in residential and development activities in neighbouring countries. However, due to commissioning of new cement plants in the country, cement production capacity of the industry in absolute terms has increased to 29.8 million tonnes from 20.5 million tonnes. Hence, the supply of cement has surpassed the total demand by 3.9 million tonnes during the first half of the fiscal year.

The positive impact of increase in cement sales volume on the financial results has fizzled out during the half year 2006-2007 due to substantial decrease in cement prices in the local and export markets. However, through effective market mix the company's overall sales revenue increased by Rs.583 million (37%) and consequently the profit after tax also has shown a healthy growth of Rs.137 million (38%) over the corresponding period.

The comparative figures of profitability for the half-year ended December 31, 2006 are as follows:

	July-December 2006	July-December 2005
	(Rupees '000)	
Profit before tax	736,865	581,619
Profit after tax	498,665	361,856
Earnings per share - in Rupees	6.91	5.01

FUTURE OUTLOOK

Cement demand is constantly moving upward on year-to-year basis and in the past three years we have witnessed high double digit growth in the cement demand. We foresee that abovementioned gradual increase in cement demand would be sustained in the local and export markets in near future due to heavy government spending on infrastructure related projects. However because of excess of cement production over demand in the markets, cement prices would remain range bound. The abnormal lower prices that we witnessed in the 2nd quarter of fiscal year would improve once the construction activities pull up in the 3rd and 4th quarters of the fiscal year. The coal prices in the international markets have also shown a rising trend, which along with the recent hike in interest rates will put a negative impact on the overall profitability of the Company. The Government has been urged through the platform of All Pakistan Cement Manufacturers Association (APCMA) to provide export incentives to the local manufacturers in order to fully utilize the additional production capacity of the industry and would make Pakistani cement competitive in the export market of Middle East. The management is vigilantly analyzing the developments in the cement industry both locally and in the regional markets and continuously devising strategies to maintain and increase the market share and maximize the profitability of the Company.

On behalf of the Board



Dr. Ghaith R. Pharaon
Chairman

Damascus: February 26, 2007

REVIEW REPORT TO THE MEMBERS

We have reviewed the annexed condensed balance sheet of Attock Cement Pakistan Limited as at December 31, 2006 and the related condensed 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 "condensed interim financial statements"), for the half year then ended. These condensed interim financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these condensed interim financial statements based on our review. The figures of the condensed profit and loss account for the quarters ended December 31, 2005 and 2006 have not been reviewed as we are required to review only the cumulative figures for the half year ended December 31, 2006.

We conducted our review in accordance with the International Standard on Review Engagements 2400. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the condensed interim 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 condensed interim financial statements are not presented fairly, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Chartered Accountants

Karachi

Dated: February 27, 2007

CONDENSED BALANCE SHEET AS AT DECEMBER 31, 2006

	Note	(Unaudited) December 31, 2006	(Audited) June 30, 2006
-----Rs. '000-----			
SHARE CAPITAL AND RESERVES			
Authorised capital 125,000,000 ordinary shares of Rs 10 each		1,250,000	1,250,000
Issued, subscribed and paid-up capital		721,629	721,629
Unappropriated profit		2,376,694	2,238,843
Hedging reserve		5,414	(7,242)
		3,103,737	2,953,230
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance leases		356	819
Long term murabaha		922,500	972,500
Deferred taxation		405,071	172,071
		1,327,927	1,145,390
CURRENT LIABILITIES			
Trade and other payables		919,245	423,551
Accrued markup		16,802	15,682
Current maturity of liabilities against assets subject to finance leases		2,172	5,945
Short term borrowings		204,580	298,173
Current maturity of long term murabaha		77,500	27,500
Taxation		-	2,035
		1,220,299	772,886
CONTINGENCIES AND COMMITMENTS			
	3	5,651,963	4,871,506

	Note	(Unaudited) December 31, 2006	(Audited) June 30, 2006
-----Rs. '000-----			
NON CURRENT ASSETS			
Property, plant and equipment	4	4,459,421	1,005,033
Capital work-in-progress		2,448	3,198,048
Stores held for capital expenditure		104,544	33,013
		<u>4,566,413</u>	<u>4,236,094</u>
LONG-TERM INVESTMENTS			
		4,500	4,500
LONG-TERM LOANS AND ADVANCES			
		11,000	13,074
LONG-TERM DEPOSITS			
		42,980	42,980
		4,624,893	4,296,648
CURRENT ASSETS			
Stores, spares and loose tools		404,804	258,471
Stock-in-trade		214,695	167,171
Trade debts		114,862	23,124
Short term loans and advances		55,295	17,901
Short-term deposits and prepayments		13,407	3,567
Interest accrued		2,143	1,421
Other receivables		14,102	8,348
Taxation		98,757	-
Cash and bank balances		109,005	94,855
		<u>1,027,070</u>	<u>574,858</u>
		<u>5,651,963</u>	<u>4,871,506</u>

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


Babar Bashir Nawaz
 Chief Executive


Abdus Sattar
 Director

**CONDENSED PROFIT AND LOSS ACCOUNT
FOR THE HALF YEAR ENDED DECEMBER 31, 2006 (UNAUDITED)**

	Quarter ended		Half year ended	
	December 31, 2006	December 31, 2005	December 31, 2006	December 31, 2005
	Rs. '000			
Sales	1,419,626	1,047,500	3,010,514	2,134,998
Less: Sales tax and excise duty	458,491	292,960	871,025	578,515
Net sales	961,135	754,540	2,139,489	1,556,483
Cost of goods sold	617,723	383,445	1,221,642	849,685
Gross profit	343,412	371,095	917,847	706,798
Distribution cost	34,030	6,199	52,007	13,812
Administrative expenses	29,146	34,255	53,820	57,017
Other operating expenses	18,088	21,125	54,588	43,125
Other operating income	16,178	2,934	17,978	3,811
Operating profit	278,326	312,450	775,410	596,655
Finance cost	36,018	14,214	38,545	15,036
Profit before taxation	242,308	298,236	736,865	581,619
Taxation				
Current	(161,550)	117,172	13,200	228,172
Prior year	(8,000)	-	(8,000)	-
Deferred	231,500	(12,909)	233,000	(8,409)
	61,950	104,263	238,200	219,763
Profit after taxation	180,358	193,973	498,665	361,856
Earnings per share - Basic and diluted	Rs. 2.50	Rs. 2.68	Rs. 6.91	Rs. 5.01

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


Babar Bashir Nawaz
Chief Executive


Abdus Sattar
Director

**CONDENSED CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED DECEMBER 31, 2006 (UNAUDITED)**

	Note	December 31, 2006	December 31, 2005
		-----Rs. '000-----	
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	5	1,097,046	744,226
Financial charges paid		(37,426)	(3,101)
Income tax paid		(105,992)	(150,650)
Increase/(Decrease) in long-term loans and advances		2,074	(4,561)
Increase in long-term deposits		-	(32,000)
Net cash from operating activities		955,702	553,914
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure incurred		(488,649)	(1,376,564)
Sale proceeds on disposal of fixed assets		3,045	-
Interest received		2,432	894
Net cash used in investing activities		(483,172)	(1,375,670)
CASH FLOW FROM FINANCING ACTIVITIES			
Borrowings under finance lease (net)		(4,236)	(3,898)
Long-term murabaha obtained		-	450,000
(Decrease)/Increase in short-term borrowings		(93,593)	325,000
Dividend paid		(360,551)	(89,941)
Net cash (used in)/from financing activities		(458,380)	681,161
Net increase/(decrease) in cash and cash equivalents		14,150	(140,595)
Cash and cash equivalents at the beginning of the period		94,855	168,622
Cash and cash equivalents at the end of the period		109,005	28,027

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



Babar Bashir Nawaz
Chief Executive


Abdus Sattar
Director

**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED DECEMBER 31, 2006 (UNAUDITED)**

	Issued, subscribed and paid-up share capital	Unappropriated profit	Hedging reserve	Total
	-----Rs '000-----			
Balance as at June 30, 2005	721,629	1,420,438	(20,066)	2,122,001
Final dividend for the year ended June 30, 2005	-	(90,204)	-	(90,204)
Reversal of losses arising on revaluation of forward exchange contracts under cash flow hedge on purchase of plant and machinery	-	-	20,066	20,066
Profit for the half year ended December 31, 2005	-	361,856	-	361,856
Balance as at December 31, 2005	<u>721,629</u>	<u>1,692,090</u>	<u>-</u>	<u>2,413,719</u>
Loss arising on fair value of interest rate swap under cashflow hedge	-	-	(7,242)	(7,242)
Profit for the half year ended June 30, 2006	-	546,753	-	546,753
Balance as at June 30, 2006	<u>721,629</u>	<u>2,238,843</u>	<u>(7,242)</u>	<u>2,953,230</u>
Final dividend for the year ended June 30, 2006	-	(360,814)	-	(360,814)
Gain arising on fair value of interest rate swap under cashflow hedge	-	-	12,656	12,656
Profit for the half year ended December 31, 2006	-	498,665	-	498,665
Balance as at December 31, 2006	<u><u>721,629</u></u>	<u><u>2,376,694</u></u>	<u><u>5,414</u></u>	<u><u>3,103,737</u></u>

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


Babar Bashir Nawaz
Chief Executive


Abdus Sattar
Director

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2006 (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 PREPARATION

- 2.1 These condensed interim financial statements have been prepared in accordance with the requirements of the International Accounting Standard 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 condensed interim 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, 2006. Equity method of accounting for investment in associated company has not been followed as the effect of applying this method is not material.
- 2.3 IAS 19 (Amendment) - Employee Benefits, is mandatory for the Company's accounting periods beginning on or after January 1, 2006. It introduces the options of an alternative recognition approach for actuarial gains and losses. It also adds new disclosure requirements. The Company does not intend to adopt the alternative approach for recognition of actuarial gains and losses. Adoption of this amendment only impacts the format and extent of disclosures.

The other new accounting standards, interpretations and amendments in existing standards becoming mandatory for accounting periods beginning on or after January 1, 2006 are not considered to have any effect on these condensed interim financial statements.

IAS-1- Presentation of Financial Statements-Capital Disclosures becoming mandatory for accounting periods beginning on or after January 1, 2007 may only impact the extent of disclosures presented.

3. CONTINGENCIES AND COMMITMENTS

- 3.1 Last year Monopoly Control Authority (MCA) had levied a penalty of Rs. 100,000 and a continuing penalty of Rs. 10,000 per day for alleged non-compliance with the instructions issued by the MCA for reduction in cement prices and to break the cartel. The amount of penalty till June 30, 2006 amounted to Rs. 2.42 million approximately. The company had filed an appeal in the High Court of Sindh against the abovementioned order. During the period the Court has decided the case in favour of the company. However, the order is still awaited.
- 3.2 The status of the contingencies which was reported in note 9.1.2 to the financial statements for the year ended June 30, 2006 has remained unchanged.
- 3.3 Commitments in respect of letters of credit and guarantees issued by banks aggregate to Rs. 542 million (June 30, 2006: Rs. 179.71 million).

4. PROPERTY PLANT AND EQUIPMENT

These include additions during the period:

	December 31, 2006	December 31, 2005
Buildings and roads on free hold land	786,643	894
Plant and machinery	2,813,188	5,401
Furnitures and fittings	76	-
Office equipments	6,649	851
Vehicles	6,162	6,241
	3,612,718	13,387

Disposals during the period:

Vehicles - Net book value	2,393	-
---------------------------	-------	---

December 31, December 31,
2006 2005
-----Rs. '000-----

December 31, December 31,
2006 2005
-----Rs. '000-----

5. CASH GENERATED FROM OPERATIONS

Profit before taxation	736,865	581,619
Adjustment for non cash charges and other items:		
Depreciation	155,937	51,388
Gain on disposal of fixed assets	(651)	-
Interest income	(3,154)	(1,563)
Financial charges	38,545	15,036
Increase in working capital - note 5.1	169,504	97,746
	1,097,046	744,226

5.1 Increase In Working Capital

(Increase)/Decrease in current assets

Stores, spares and loose tools	(146,333)	36,551
Stocks-in-trade	(47,524)	(408)
Trade debts	(91,738)	(1,849)
Short term loans and advances	(37,394)	(8,758)
Deposits and short term prepayments	(9,840)	25,417
Other receivables (net)	(340)	7,502
	(333,169)	58,455

Increase/(Decrease) in current liabilities

Trade and other payables	502,673	39,291
Increase in working capital	169,504	97,746

6. SUMMARY OF TRANSACTIONS WITH RELATED PARTIES

Purchase of goods	31,084	20,635
Reimbursement of expenses to related party	7,949	2,299
Recovery of expenses from related party	1,404	7,102
Reimbursement of staff cost on secondment to related party	131	211
Recovery of staff cost on secondment from related party	1,210	1,526
Payment made to retirement benefit funds	10,760	7,176
Key management compensation		
Salaries and other short-term benefits	14,993	11,255
Post employment benefits	1,156	943
	16,149	12,198

7. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on February 26, 2007 by the Directors.


Babar Bashir Nawaz
Chief Executive


Abdus Sattar
Director



ATTOCK CEMENT PAKISTAN LIMITED
5th Floor, PNSC Building, M.T. Khan Road, Karachi.
Tel: (92-21) 5636675-79 Fax: (92-21) 5636680
UAN: 111-17-17-17
Email: acpl@attockcement.com
Website: www.attockcement.com

