Pakistan Cement Company Ltd.
An ORASCOM Construction Industries Company

Annual Report
Year Ended December 31, 2006

Contents

COMPANY INFORMATION

Board of Directors	Mr. Nassef Onsi Naguib Sawiris Chief Executive/Chairman Mr. Ahmad Said Heshmat Hassan Managing Director Mr. Salman Khalid Butt Mr. Ahmed Shebl Tolba Daabes Mr. Sherif Youssef Mohamed Tantawy Mr. Hesham Moustafa Abdel Samie Mr. Amr Ali Reda Mr. Bilal Hamid Javaid Khawaja Mohammad Naveed Mr. Mohammad Aman Farooq Mr. Shahid Anwar (Nominee NIT)
Audit Committee	Mr. Salman Khalid Butt Chairman Mr. Ahmad Said Heshmat Hassan Mr. Sherif Youssef Mohamed Tantawy Mr. Hesham Moustafa Abdel Samie
Company Secretary	Mr. Muhammad Anwar Sheikh M. Com., FCMA
Chief Financial Officer	Mr. Amr Ali Reda
Auditors	M/s KPMG Taseer Hadi & Co. Chartered Accountants, Islamabad
Bankers	MCB Bank Limited Citibank N.A. Habib Bank Limited Allied Bank Limited United Bank Limited PICIC Commercial Bank Limited ABN Amro Bank Askari Commercial Bank Limited Soneri Bank Limited Standard Chartered Bank Limited Metropolitan Bank Limited
Legal Advisors	Cornelius Lane & Mufti Advocates & Solicitors, Lahore.
Registered Office	Plot # 18-B, F-8 Markaz, Islamabad UAN: (051) 111 111 722, Fax: (051) 2817300
Corporate & Shares Department	3rd Floor, Habib Bank Tower, Jinnah Avenue, Blue Area, Islamabad. Tel: (051) 2878271-3, Fax: (051) 2878456
Plant Site	Karuli, Near Kallar Kahar Distt. Chakwal-Pakistan.

NOTICE OF 14TH ANNUAL GENERAL MEETING

Notice is hereby given that the 14th Annual General Meeting of the shareholders of Pakistan Cement Company Limited will be held on Monday, April 30, 2007, at 11:00 a.m. at Serena Hotel, Islamabad to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the last Extraordinary General Meeting held on January 9, 2007.

2. To receive and adopt the audited accounts of the Company for the year ended December 31, 2006 along with Directors' and Auditors' reports thereon.

3. To appoint Auditors for the year ending December 31, 2007 and to fix their remuneration. The retiring auditors namely M/s KPMG Taseer Hadi & Company Chartered Accountants, Islamabad, being eligible, offer themselves for re-appointment.

OTHER BUSINESS

4. To transact any other business which may be placed before the meeting with the permission of the chair.

By Order of the Board

Islamabad:
March 29, 2007

MUHAMMAD ANWAR SHEIKH
Company Secretary

Notes:

1. The share transfer books of the Company will remain closed from April 23, 2007 to April 30, 2007 (both days inclusive) to determine entitlement for attending Annual General Meeting.

2. **Book Closure for the entitlement of Right Issue:** The Share Transfer Books will remain closed from April 10, 2007 to April 16, 2007 (Both days inclusive) to determine the entitlement of the right shares to be issued to the existing shareholders of the company. Physical transfers / CDS transaction IDs received at company's shares department, 3rd Floor, Habib Bank Tower, Jinnah Avenue Blue Area, Islamabad on April 9, 2007 will be treated in time for entitlement purpose.

3. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend the meeting and vote instead of him/her. Proxies in order to be effective must be received by the Company not later than 48 hours before the meeting.

4. The beneficial owner of the shares of the company in the central depository system of the CDC or his/her proxy entitled to attend and vote at this meeting, shall produce his/her original CNIC or passport to prove his/her identity. CDC Account Holders will further have to follow the guidelines as laid down in Circular No. 1 dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan.

5. Shareholders are requested to immediately notify the company of change in their address, if any.

6. Members who have not yet submitted photocopy of their computerized National Identity Cards to the company are requested to send the same at the earliest.

Vision Statement

"Strive to exceed the expectations of our stakeholders through sustainable growth and high quality performance"

Mission Statement

"We are committed to providing outstanding value to our customers, a safe and stimulating work environment for our employees and superior returns for our shareholders."

Directors' Report to the Shareholders

The directors are pleased to place before you the annual report of the company for the year ended December 31, 2006 together with the audited accounts and the auditors' report thereon.

Pakistan Cement Company (PCC) started its trial production on August, 28th 2006 with the launch of its OPC product 'PAKCEM' in the market. The brand was recognized for its premium quality, wide regional coverage and unique distribution methodology. PCC announced the start of its commercial operations on December 18th, 2006. PCC managed to position PAKCEM as Pakistan's premium brand and gain above 8.0% market share in the month of December alone building upon its established reputation and brand equity, ranking fourth in market share.

Throughout the year, PCC achieved several technical milestones. The company's kiln started its operations in July, the first Cement Mill was operational in August and the second Cement Mill in November. In cooperation with FLSmidth, PCC upgraded its capacity to 2.4 Mtpa. Moreover, PCC has also finalized the contracts for its Coal Mill project that is expected to be operational before end of 2007 with an attractive payback period which will reflect in savings in operational costs and in increasing production efficiency.

During 2006, the cement local consumption in Pakistan grew by 20.13% to reach 18.9 million tons and the Cement and clinker exports grew as well by 24% to reach 1.9 MT, corresponding to total dispatches of 20.83 MT with 20% YOY growth. There are currently 18 cement producers in Pakistan with 28 Plants.

Total annual cement production capacity grew YOY by 65% to reach 34.8 MT by end of 2006 with an available capacity of 26.8 MT during the year. Hence, total effective capacity utilization dropped to 78% as compared to 82% in 2005, triggering a price war scenario that started in Aug 06. This has affected both local & export prices. Local prices declined by 40-45% from PkR260-280/bag in June 2006 to PkR180-200/bag by Dec '06.
This trend is expected to continue till the Demand absorbs the supply excess capacity. However, given the country positive economic outlook stimulating growth in cement consumption, the Management believes that the medium term outlook for the industry & the company is very positive.

ISSUE OF RIGHT SHARES

The Board of Directors decided in their meeting held on February 27, 2007 to recommend a rights issue of 45% at par value of Rs. 10 per share. The rights issue will increase the paid up capital of the company from Rs.6768.4 million to Rs. 9814.1 million by issuing 304.5 million shares at Rs. 10/- each, in accordance with the provisions of section 86 of the Companies Ordinance 1984 read with rule 5 of the Companies (Issue of Capital) Rules 1996.

THE ELECTION OF DIRECTORS

The election of directors was held in the Extraordinary General Meeting held on January 09, 2007 and the following directors were elected for a period of three years w.e.f. January 9, 2007.

Mr. Nassef Onsi Naguib Sawiris

Mr. Ahmed Shebl Tolba Daabes

Mr. Sherif Youssef Mohamed Tantawy

Mr. Amr Ali Reda

Khawaja Mohammad Naveed

Mr. Shahid Anwar (Nominee NIT)

Mr. Ahmed Said Heshmat Hassan

Mr. Salman Khalid Butt

Mr. Hesham Moustafa Abdel Samie

Mr. Bilal Hamid Javaid

Mr. Mohammad Aman

Statement on Corporate & Financial Reporting Frame Work

In compliance with the provisions of the Code, the directors are pleased to report that:

- The accounting year of the company has been changed to 1st January to 31st December every year instead of 1st July to 30th June. Now the accounts for the year 1st January 2006 to December 31, 2006 have been finalized and are being placed before the shareholders for their approval.
- The financial statements for the year ended December 31, 2006 prepared by the management present fairly its state of affairs, the result of its operations, cash flows and changes in equity;
- The company has maintained proper books of accounts;
- Appropriate accounting policies have been consistently applied in preparation of financial statements for the year ended December 31, 2006 and accounting estimates are based on reasonable and prudent judgment;
- International Accounting Standards (IAS), as applicable in Pakistan have been followed in preparation of financial statements and there has been no departure there from;
- Effective internal controls have been set up. The management monitors the internal processes on an on-going basis and will strengthen the processes whenever considered necessary.
- There are no significant doubts upon the company's ability to continue as a going concern;
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations of stock exchanges;
- Key operating and financial data of last six years is given below;

('000)

	Year Ended June 30th				Year Ended December 31st	
Particulars	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**
Issued, Subscribed and Paid up Capital	5,624,564	5,624,564	5,624,564	5,624,564	6,768,379	6,768,379
Capital reserve	214,839	214,839	214,839	214,839	214,839	214,839
Long term loan-secured	-	45,000	144,262	171,224	6,369,600	7,015,937
Current Liabilities	2,504,452	1,854,875	1,736,764	2,054,320	595,669	3,687,719
Property Plant & Equipment	8,205,004	8,284,583	8,713,610	7,595,696	12,272,472	16,995,907
Long term advance	-	-	-	-	103,295	92,966
Long term deposits	-	803	1,126	1,136	4,040	41,706
Deferred Tax Asset	-	-	-	-	-	265,471
Current Assets	140,328	142,910	142,586	142,063	1,958,253	774,278
Net Sales	-	-	-	-	-	88,586
Gross Loss	-	-	-	-	-	141,814
Financial Charges	-	-	-	208,329	6,505	5,134
Profit / (Loss) after Taxation	-	-	-	(288,529)	621,792	(38,224)
EPS (Rs.)	-	-	-	(0.51)	1.03	(0.06)

- The company was under construction phase during the year and started its commercial production w.e.f. December 18, 2006, therefore no dividend was declared during the year.

- Company maintained an unfunded gratuity scheme and funded provident fund scheme for its eligible employees against which a provision of Rs. 3,852,650/- has been made in the accounts.

- Audited financial statements for the year ended December 31, 2006 show a loss of Rs.38,223,961/-. The earning per share (EPS) during the year was Rs. (0.06) as against Rs. 1.03 last year. (In March 05 there was a reversal of 767 Million being waiver of Interest on Sojitz loan as per revised Loan agreement between PCH & PCC).

- There are no outstanding statutory payments on account of taxes, levies or charges except those reflected in Note No. 27 to the accounts;

- There has been no material changes and commitments affecting the financial position of the company which have occurred between end of the financial year of the company to which the balance sheet relates and the date of report.

- During the year ended December 31, 2006, four meetings of Board of Directors were held and attendance of each Directors is stated below:

Name of the Directors		No. of Board Meetings Attended
Mr. Nassef Onsi Naguib Sawiris		0
Mr. Ahmed Said Heshmat Hassan		3
Mr. Salman Khalid Butt		4
Mr. Ahmed Shebl Tolba Dabbes		3
Mr. Sherif Youssef Mohamed Tantawy		4
Mr. Hesham Moustafa Abdel Samie		4
Khawaja Mohammad Naveed		1
Mr. Mohammad Aman		1
Mirza Mahmood-ul-Hassan	(Nominee(NIT)	1
Mr. Shahid Anwar	(Nominee NIT)	1

The Directors who could not attend the board meetings were duly granted leave of absence.

- Mirza Mahmood-ul-Hassan was co-opted as a director of the company NIT in place of Mr. Mohammad Abdul Samad w.e.f April 3, 2006 and was replaced by Mr. Shahid Anwar of NIT w.e.f June 26, 2006.

The pattern of shareholding as on 31-12-2006 and its disclosures as required in the Code of Corporate Governance is annexed with the report;

To the best of our knowledge, the Directors, CEO, CFO, Company Secretary, Company Auditors, their spouses and minor children have not undertaken any trading in company's shares during the year except Mr. Amr Ali Reda purchased 500 shares on 08-12-2006 and Mr. Bilal Hamid Javaid was holding 5,000 shares when he was elected as a director of the company on January 9, 2007.

Auditors

The present auditors M/s KPMG Taseer Hadi & Co. Chartered Accountants Islamabad, retire and being eligible, have offered themselves for re-appointment. The Board of Directors endorses recommendation of the Audit Committee for their re-appointment as auditors of the company for the year ending December 31, 2007.

Acknowledgements

The directors are grateful to the company's shareholders, financial institutions and customers for their continued cooperation, support and patronage. The Directors acknowledge the dedicated services, loyalty and hard work of all the employees of the company and hope this spirit of devotion and dedication will continue.

For and on behalf of the Board

Amr Ali Reda
Director

Ahmad Said Heshmat Hassan
Director

Islamabad/Cairo:
March 29, 2007

Statement of Compliance with Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance contained in the listing regulations of Stock Exchanges 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 the representation of independent non-executive directors on its Board of Directors. At present the Board includes three executive directors, seven non-executive directors and one independent non-executive director representing institutional equity interest.

2. The directors have confirmed that none of them is serving as a director in ten or more listed companies in Pakistan, 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 a NBFI or, being a member of stock exchange, has been declared as a defaulter by that stock exchange.

4. The casual vacancies occurred in the Board as a result of resignation by various directors was filled up by the directors within 30 days thereof.

5. The company has prepared a 'Statement of Ethics and Business Practices' which has been signed by all the directors and employees of the company.

6. The Board has developed a vision statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies alongwith the dates on which these were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions have been taken by the Board. The remuneration payable to working director and other directors was approved by the board.

8. The meetings of the Board were presided over by a director elected by the board for the purpose and the board met for the approval of all quarterly, half yearly and annual accounts. Written notices of the Board meetings, alongwith agenda were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. All the Directors on the Board are fully conversant with their duties and responsibilities as a Director. No need was felt by the Directors for any orientation course in this respect.

10. During the year, the board approved appointment of Chief Financial Officer and his remuneration and terms and conditions of employment. No other new appointment was made during the year.

11. The directors' report for the year ended December 31, 2006 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 fully 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 three members; of whom two, are non-executive directors.

16. The meetings of the Audit Committee were held prior to approval of interim and final results of the Company. The terms of references of the committee have been formed and advised to the committee for compliance.

17. The Board is in the process of setting up an effective internal audit function.

18. The statutory auditors of the company have confirmed that they have been given satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

19. The Statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

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

For and on behalf of the Board

Amr Ali Reda
Director

Ahmad Said Heshmat Hassan
Director

Islamabad/Cairo
March 29, 2007

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Pakistan Cement Company Limited ("the Company") to comply with the Listing Regulations of the Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company'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 have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

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

ISLAMABAD
March 29, 2007

KPMG TASEER HADI & CO.
CHARTERED ACCOUNTANTS

AUDITORS' REPORT TO THE MEMBERS OF PAKISTAN CEMENT COMPANY LIMITED

We have audited the annexed balance sheet of Pakistan Cement Company Limited ("the Company") as at 31 December 2006 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 the 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 31 December 2006 and of the loss, its cash flows and changes in equity for the year then ended; and

(d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

ISLAMABAD
March 29, 2007

KPMG TASEER HADI & CO.
CHARTERED ACCOUNTANTS

BALANCE SHEET

SHARE CAPITAL AND RESERVES	Note	2006 Rupees	2005 Rupees
Share capital	4	6,768,378,870	6,768,378,870
Capital reserve	5	214,838,692	214,838,692
Accumulated loss		(518,917,520)	(480,693,559)
		6,464,300,042	6,502,524,003
NON - CURRENT LIABILITIES			
Long term financing - secured	6	7,015,937,230	6,396,599,998
Deferred liabilities	7	1,773,000	1,057,575
Other long term liabilities	8	1,000,598,335	842,209,417
CURRENT LIABILITIES			
Trade and other payables	9	1,546,738,615	378,136,715
Interest accrued	10	303,041,327	217,531,929
Short term borrowings - secured	11	1,837,93 9,235	-
		3,687,719,177	595,668,644
		18,170,327,784	14,338,059,637
CONTINGENCIES AND COMMITMENTS	12		

The annexed notes 1 to 33 form an integral part of these financial statements.

These financial statements were authorised for issue by the Board of Directors of the Company in their meeting held on March 29th, 2007.

STATEMENT UNDER SECTION 241 OF THE COMPANIES ORDINANCE , 1984

The financial statements for the year ended 31 December 2006 have been signed by the two directors as the Chief Executive of the Company was on foreign business travel at the time of board meeting.

Amr Ali Reda
Director

AS AT 31ST DECEMBER, 2006

NON CURRENT ASSETS	Note	2006 Rupees	2005 Rupees
Property, Plant and equipment	**13**	16,995,907,107	12,272,471,671
LONG TERM ADVANCE	**14**	92,965,500	103,295,000
LONG TERM DEPOSITS	**15**	41,705,960	4,039,855
DEFERRED TAX ASSET	**27**	265,470,973	-
CURRENT ASSETS			
Stores and spares	**16**	273,440,674	-
Stock in trade	**17**	158,358,236	-
Advances - considered good	**18**	153,919,105	144,790,548
Short term prepayments and balance with statutory authority	**19**	113,664,497	100,359,504
Interest accrued		1,177,988	1,177,988
Other receivables - considered good		21,820,750	-
Advance income tax - net		9,987,197	7,819,762
Cash and bank balances	**20**	41,909,797	1,704,105,309
		774,278,244	1,958,253,111
		18,170,327,784	14,338,059,637

Ahmad Said Heshmat Hassan
Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2006

	Note	2006 Rupees	2005 Rupees
Sales - net	21	**88,585,535**	-
Cost of sales	22	**(230,399,966)**	-
GROSS LOSS		**(141,814,431)**	-
Selling, general and administrative expenses	23	**(150,781,932)**	(43,665,788)
Other expenses	24	**(2,733,750)**	(1,900,850)
Finance cost	25	**(5,134,126)**	(6,505,164)
Other operating income	26	**1,634,361**	1,177,988
Wavier of interest and panel charges on long term financing		**-**	767,297,896
Fair value adjustment of deferred liabilities for custom duties and sales tax		**(2,465,056)**	(71,112,413)
(LOSS)/PROFIT BEFORE TAXATION		**(301,294,934)**	645,291,669
TAXATION	27	**263,070,973**	(23,500,000)
(LOSS)/PROFIT AFTER TAXATION		**(38,223,961)**	621,791,669
(Loss)/earnings per share - basic and diluted	28	**(0.06)**	1.03

The annexed notes 1 to 33 form an integral part of these financial statements.

Amr Ali Reda
Director

Ahmad Said Heshmat Hassan
Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2006

	Note	2006 Rupees	2005 Rupees
Cash flows from operating activities			
(Loss)/profit before taxation		**(301,294,934)**	645,291,669
Adjustments for:			
Depreciation		**28,724,074**	4,215,431
Provision for gratuity		**196,925**	-
Provision for leave encashment		**518,500**	-
Finance cost		**5,601,074**	1,818,801
Waiver of interest and penal charges on long term financing		**-**	(767,297,896)
Gain on disposal of scrap		**(84,945)**	-
Income on financial assets		**(1,549,416)**	(1,177,988)
Fair value adjustment of deferred liabilities for custom duties and sales tax		**2,465,056**	71,112,413
		35,871,268	(691,329,239)
Operating cash flow before working capital changes		**(265,423,666)**	(46,037,570)
Increase in stores and spares		**(273,440,674)**	-
Increase in stock in trade		**(158,358,236)**	-
Decrease / (increase) in advances		**1,200,943**	(144,790,548)
Increase in short term prepayments and balance with statutory authority		**(13,304,993)**	(100,359,504)
(Increase)/decrease in other receivables		**(21,820,750)**	36,190,874
Increase/(decrease) in trade and other payables		**1,168,601,900**	(799,598,486)
Increase in other long term liabilities		**222,698,769**	40,337,559
		925,576,959	(968,220,105)
Cash generated from operations		**660,153,293**	(1,014,257,675)
Staff retirement benefits paid		**-**	(1,924,348)
Custom duty paid		**(155,572,208)**	-
Taxes paid		**(4,567,435)**	(31,319,762)
Net cash generated from/ (used in) operating activities		**500,013,650**	(1,047,501,785)
Cash flows from investing activities			
Additions to property, plant and equipment		**(3,837,452,137)**	(2,871,072,443)
Proceeds from sale of scrap		**84,945**	-
Income received on long term advance		**1,549,416**	-
Long term advance given		**-**	(103,295,000)
Long term deposits		**(37,666,105)**	(2,903,575)
Net cash used in investing activities		**(3,873,483,881)**	(2,977,271,018)
Cash flows from financing activities			
Proceeds from long term financing - secured		**619,337,232**	6,396,599,998
Proceeds from short term borrowings - secured		**1,837,939,235**	1,535,939,395
Repayment of short term borrowings - secured		**-**	(1,535,939,395)
Loan proceeds from directors		**-**	2,600,000
Repayment of loan from directors		**-**	(197,773,632)
Finance costs paid		**(746,001,748)**	(473,023,107)
Net cash from financing activities		**1,711,274,719**	5,728,403,259
Net (decrease)/increase in cash and cash equivalents		**(1,662,195,512)**	1,703,630,456
Cash and cash equivalents at beginning of the year		**1,704,105,309**	474,853
Cash and cash equivalents at end of the year	**20**	**41,909,797**	1,704,105,309

The annexed notes 1 to 33 form an integral part of these financial statements.

Amr Ali Reda
Director

Ahmad Said Heshmat Hassan
Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2006

	share capital Rupees	Capital reserve - Share premium Rupees	Accumulated loss Rupees	Total Rupees
Balance as on 01 January 2005	**5,624,563,630**	**214,838,692**	**(1,102,485,228)**	**4,736,917,094**
Issue of new shares	1,143,815,240	-	-	1,143,815,240
Net profit for the year ended 31December 2005	-	-	621,791,669	621,791,669
Balance as on 31 December 2005	**6,768,378,870**	**214,838,692**	**(480,693,559)**	**6,502,524,003**
Net loss for the year ended 31 December 2006	-	-	(38,223,961)	(38,223,961)
Balance as on 31 December 2006	**6,768,378,870**	**214,838,692**	**(518,917,520)**	**6,464,300,042**

The annexed notes 1 to 33 form an integral part of these financial statements.

Amr Ali Reda
Director

Ahmad Said Heshmat Hassan
Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2006

1 THE COMPANY AND ITS OPERATIONS

Pakistan Cement Company Limited, formerly Chakwal Cement Company Limited ("the Company") was incorporated in Pakistan on 23 May 1993 as a Private Limited Company and was subsequently converted into a Public Limited Company on 18 October 1994 under the Companies Ordinance, 1984. The Company is listed on all the three Stock Exchanges of Pakistan. The principal activity of the Company is to manufacture and sale ordinary grey Portland cement. During the year the Company has completed trial run on significant portion of the plant and accordingly declared its commercial production effective 18 December 2006. The registered office of the Company is situated at plot # 18-B, F-8 Markaz, Islamabad.

During the year, pursuant to the approvals of the Board of Directors, regulators, the Company has changed its financial year from June to December and accordingly the financial statements with the comparative figures are prepared for the 12 months period from January to December.

2 STATEMENT OF COMPLIANCE AND SIGNIFICANT ACCOUNTING ESTIMATES

2.1 Statement of Compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Approved accounting standards comprise of such International Accounting Standards as notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives take precedence.

2.2 Significant Accounting estimates

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the ensuing paragraphs.

2.2.1 Property, plant and equipment

The Company reviews the useful lives of property plant and equipment on regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge and impairment.

2.2.2 Taxation

The Company takes into account the current income tax law and decisions taken by taxation authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

2.2.3 Staff retirement benefits

Gratuity and compensated absences are provided for eligible employees of the Company. Calculations in this respect require assumptions to be made of future outcomes, the principal ones being in respect of increase in remuneration, estimated employment period and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

2.2.4 Provision for doubtful debt and inventory obsolescence

The Company reviews the carrying amount of inventory on a regular basis and provision is made for obsolescence if there is any change in usage pattern and physical form of related stocks. Further the carrying amounts of trade and other receivables are assessed on a regular basis and if there is any doubt about the realisability of these receivables, appropriate amount of provision is made.

2.3 New accounting standards and IFRIC interpretations that are not yet effective:

The following standards, amendment and interpretation of approved accounting standards are effective for next financial year:

IFRS 5 – Non Current Assets Held for Sale and Discontinued Operations;
Amendment to IAS 1 – Presentation of Financial Statements and Capital Disclosures; and
IFRIC 10 – Interim Financial Reporting and Impairment;

In addition, the following standards and IFRICs have also been issued and are generally applicable to financial periods beginning on or after 01 January 2007. However, management believes that these standards and IFRICs either do not have any impact on the present transactions of the Company or the Company would be able to comply with these standards and IFRICs when applicable:
IFRS 2 – Share-based payments;
IFRS 3 – Business Combinations;
IFRS 6 – Exploration for and Evaluation of Mineral Resources;
IFRIC 4 – Determining whether an Arrangement contains a Lease;
IFRIC 8 – Scope of IFRS 2, Share-based payments;
IFRIC 9 – Reassessment of Embedded Derivatives;
IAS 21 (Amendment), The Effects of Changes in Foreign Exchange Rates: Net investment in foreign operation;
IFRIC 10 – Interim Financial Reporting and Impairment;
IFRIC 11 – Group and Treasury Share Transactions; and
IFRIC 12 – Service Concession Arrangements.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Accounting convention and basis of preparation

These financial statements have been prepared under the historical cost convention except for deferred liabilities for custom duties and sales tax which are carried at their fair values and certain inventories are valued at net realizable value.

As stated in note 1, these financial statements have been prepared for a 12 months period from 01 January 2006 to 31 December 2006 pursuant to the change of year end by the Company to 31 December. Accordingly the financial statements for the year ended 2006 include transactions for an overlapping period of 6 months which were audited and placed before the shareholders in the financial statements of 30 June 2006. The comparatives are for the period from 01 January 2005 to 31 December 2005.

3.2 Staff retirement benefits

3.2.1 Gratuity

The Company operates a defined benefit plan for its eligible employees comprising an unfunded gratuity scheme, under which benefits are paid on cessation of employment subject to minimum qualification period of service. The liability under the plan is determined on the basis of actuarial valuation carried out using the 'Projected Unit Credit Method' and is charged to the profit and loss account. The Company has a policy of carrying out actuarial valuation after every two years. The latest valuation was conducted as of 30 June 2006. Significant actuarial assumptions are as follows:

Discount rate	10%
Expected rate of salary increase in future years	9%

Unrecognized actuarial gains and losses, exceeding corridor limits defined in International Accounting Standard - 19 "Employee benefits" are amortized over the expected average remaining working lives of the employees participating in the plan.

3.2.2 Compensated absences

The Company has an unfunded leave encashment scheme for its eligible employees, under which they are entitled to benefits on retirement upon attainment of normal retirement age, his/her death in service or cessation of the employment for reasons other than misconduct. The privilege leave entitlement is 21 days per year with maximum accumulation up to 90 days and the sick leave entitlement is 10 days per year with maximum accumulation limit of 20 days. The benefit is based on gross salary and its liability is determined on the basis of actuarial valuation carried out after every two years. Latest valuation was conducted as of 30 June 2006 using following significant assumptions:

Discount rate	10%
Expected rate of salary increase in future years	9%
Leave encashment factor	15 days

3.2.3 Provident fund

The Company also operates a defined contributory provident fund scheme for its eligible employees. Monthly contributions are made to the Fund @ 10% of the basic salary both by the Company and the employees. The Company's contribution is charged to the profit and loss account.

3.3 Property, plant and equipment

Property, plant and equipment except freehold land are stated at cost less accumulated depreciation and impairment loss, if any. Freehold land and capital work in progress are stated at cost less allowance for impairment, if any. Cost of property, plant and equipment includes acquisition cost, borrowing cost during construction phase of relevant asset and exchange differences, previously capitalized which related to foreign currency loans obtained for financing of relevant asset.

Depreciation is charged to the profit and loss account on straight line method so as to write off the depreciable amount of the property, plant and equipment over their estimated useful lives at the rates specified in note 13. Capitalized exchange differences are depreciated in annual installments so as to write them off over the remaining estimated useful life of the property, plant and equipment. Depreciation on depreciable assets is commenced from the date the asset is available for use up to the date when the asset is retired.

Maintenance and repairs are charged to the profit and loss account as and when incurred. Major renewals and improvements are capitalized and property, plant and equipment so replaced, if any, are retired. Gains and losses on disposal of property, plant and equipment, if any, are included in the profit and loss account.

Change in accounting estimate

During the year, the Company has revised its estimates regarding the pattern in which the assets' future economic benefits are expected to be consumed by the Company. Accordingly, rates of depreciation on computers has been changed from 25% to 33.33% and life of vehicles has been increased from 5 years to 8 years. This change in accounting estimate has been accounted for prospectively under International Accounting Standard - 8 "Accounting Policies, Changes in Accounting Estimates and Errors". This change has resulted in increasing the depreciation charge for the year by Rs. 0.366 million with a corresponding decrease in carrying amount of property, plant and equipment and increase in loss for the year.

3.4 Impairment

The carrying amount of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense in the profit and loss account. Reversal in impairment losses are recognized in the profit and loss account.

3.5 Taxation

3.5.1 Current

Provision for current taxation is based on taxable income at the current rate of tax after taking into account applicable tax credits, rebates and exemptions available, if any, and any adjustment to tax payable in respect of previous years.

3.5.2 Deferred

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that is no longer probable that the related tax benefit will be realized.

3.6 Provisions

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

3.7 Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to contractual provisions of the instrument. These 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 and amortized cost respectively. The Company de-recognizes financial assets and liabilities when it ceases to be a party to such contractual provisions of the instruments.

3.8 Off-setting of financial assets and liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet, if the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.9 Trade and other payables

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

3.10 Receivables

These are stated at cost less provision for impairment, if any. Known impaired receivables are written off, when identified. However, receivables doubtful of recovery are fully provided for.

3.11 Foreign currency transactions

Foreign currency transactions are translated in to Pak. Rupees using the exchange rates approximating those prevailing at the date of transaction. All monetary assets and liabilities in foreign currencies are translated into Pak. Rupees at the rates of exchange approximating those prevalent at the balance sheet date. Foreign exchange gains and losses on translation are included in income currently.

3.12 Borrowing costs

Mark up, interest and other direct charges on borrowings are capitalized up to the date of commissioning of the related qualifying asset. All other mark-up, interest and related charges are charged to the profit and loss account.

3.13 Revenue recognition

3.13.1 Sales are recorded on dispatch of goods to the customers.

3.13.2 Return on long term advance is accounted for on time proportion using the applicable rate of interest.

3.14 Stock in trade

Stocks are valued at lower of cost and net realizable value. Cost in relation to raw and packing materials is determined on weighted average basis and in relation to work in process and finished goods represents average cost comprising direct material, labour and appropriate manufacturing overheads. Cost comprises invoice value and other cost incurred for bringing the stock at their present location and condition for intended use. Net realizable value represents the estimated selling price less estimated cost of completion and cost necessarily to be incurred for such sale.

3.15 Stores, spares and loose tools

These are valued at weighted average cost less provision for obsolescence except for items in transit, which are valued at invoice price and related expenses incurred up to the balance sheet date. For items which are slow moving and/or identified as surplus to the Company's requirement, a provision is made for excess of book value over estimated realizable value.

3.16 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and balances with banks excluding short term borrowings.

3.17 Markup bearing borrowings

Mark-up bearing borrowings are recognized initially at cost, less attributable transaction costs. Subsequent to initial recognition, markup bearing borrowings are stated at originally recognized amount less repayments, while the difference between the originally recognized amounts (as reduced by periodic payments) and redemption value is recognized in the profit and loss account over the period of borrowings on an effective mark-up basis. Borrowing cost on qualifying assets is included in the cost of related asset as explained in note 3.12.

4 SHARE CAPITAL

AUTHORIZED CAPITAL

2006 Numbers	2005 Numbers		2006 Rupees	2005 Rupees
2,250,000,000	750,000,000	Ordinary share of Rs. 10 each	**22,500,000,000**	7,500,000,000

ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2006 Numbers	2005 Numbers		2006 Rupees	2005 Rupees
676,837,887	676,837,887	Ordinary share of Rs. 10 each fully paid in cash.	**6,768,378,870**	6,768,378,870

Pakistan Cement Holding Limited (PCH) and Camden Holding PTE Limited (CHL) held 228,575,519 and 196,154,775 ordinary shares respectively (2005: 228,575,519 and 196,154,775 ordinary shares respectively) of the Company at the year end. By virtue of indirect holding in PCH and CHL, Orascom Construction Industries, Egypt is the ultimate parent company ("the Ultimate Parent Company") of the Company.

5 CAPITAL RESERVE

This represents share premium of Rs. 0.50 per share on issue of 429,677,383 ordinary shares during the financial years ended 30 June 1995 and 1996.

6 LONG TERM FINANCING - SECURED

	2006 Rupees	2005 Rupees
Commercial facility	**4,327,369,230**	3,936,369,225
Eksport Kredit Fonden (EKF) guaranteed facility	**2,688,568,000**	2,460,230,773
	7,015,937,230	6,396,599,998

The Company has obtained syndicated term finance facilities from the following banks and financial institution:

(i) Commercial facility from ABN AMRO Bank N.V., Allied Bank Limited, Askari Commercial Bank Limited, Citibank N.A., Habib Bank Limited, Metropolitan Bank Limited, MCB Bank Limited, PICIC Commercial Bank Limited, Pak Kuwait Investment Company (Private) Limited, Soneri Bank Limited, Standard Chartered Bank and United Bank Limited for a period of seven years, repayable in 10 equal bi annual installments commencing from 10 March 2008.

(ii) EKF guaranteed facility from Allied Bank Limited, Citibank N.A., MCB Bank Limited and Standard Chartered Bank for a period of eight years, repayable in 12 equal bi annual installments commencing from 10 March 2008. For this facility, CitiBank International Plc. is acting as EKF guarantee agent.

The above facilities carry markup at 6 months' KIBOR plus 2.25% and 6 months' KIBOR plus 1% per annum respectively.

(iii) Stand by Letters of Credit amounting to US$ 12.8 million equivalent Rs. 766 million issued in favour of the Company by consortium of commercial facility and EKF facility to fund Debt Service Reserve Account established for syndicated term finance facilities. This facility is available till September 2012 and carry markup at the rate of 1%-2.25% per annum.

During the year, the Company drew third and last tranche of these syndicated term finance facilities.’

Security:

i) First mortgage charge of Rs. 10,400 million ranking pari passu with the Company's creditors on properties of the Company.
i) First charge by way of hypothecation on the Company's assets of Rs. 10,400 million.
iii) Pledge of the Company's sponsors shares.
iv) Pari Passu assignment over all rights and benefits to the Company under material project contracts.
v) Collection arrangement incorporating lien/charge over balance in the specific collection accounts.
vi) In both facilities, MCB Bank Limited is acting as security agent on behalf of the syndicate members.

Other material terms of agreements:

i) The Company is allowed to prepay loan installments subject to a 90 days notice.
ii) Profit distributions to shareholders is subject to lender's concurrence and meeting certain defined financial ratios.

		Note	2006 Rupees	2005 Rupees
7	**DEFERRED LIABILITIES**			
	Staff retirement benefits:			
	Provision for gratuity	7.1	**1,073,000**	876,075
	Provision for leave encashment	7.2	**700,000**	181,500
			1,773,000	1,057,575
7.1	**Provision for gratuity**			
	Present value of defined benefit obligation		**1,073,000**	876,075
	Balance at beginning of the year		**876,075**	2,147,760
	Add: Charge for the year		**196,925**	48,315
			1,073,000	2,196,075
	Less: Amount paid during the year		**-**	(1,320,000)
			1,073,000	876,075
	Charge for the year comprises of:			
	Current service cost		**261,964**	38,250
	Interest cost		**317,971**	10,065
	Negative past service cost-vested		**(383,010)**	-
			196,925	48,315
7.2	**Provision for leave encashment**			
	Present value of defined benefit obligation		**700,000**	181,500
	Balance at beginning of the year		**181,500**	610,262
	Add: Charge for the year		**518,500**	175,586
			700,000	785,848
	Less: Amount paid during the year		**-**	(604,348)
			700,000	181,500
	Charge for the year comprises of:			
	Current service cost		**270,858**	91,724
	Interest cost		**247,642**	83,862
			518,500	175,586

8	OTHER LONG TERM LIABILITIES		2006 Rupees	2005 Rupees
	Custom duties and sales tax payable			
	Custom duties and sales tax - at initial recognition		**1,134,936,159**	1,134,936,159
	Adjustment on remeasurement to fair value		**(222,325,433)**	(313,587,790)
	Payments made during the year		**(155,572,208)**	-
		8.1	**757,038,518**	821,348,369
	Due to related parties - unsecured	8.2	**243,559,817**	20,861,048
			1,000,598,335	842,209,417

8.1 This represents deferral of custom duties and sales tax on import of plant and machinery under Order C. No. 3/1/March/96 of the Central Board of Revenue. During the year the Company has paid Rs. 155.5 million to the custom authorities pursuant to their Order C.No.V.Cus/Bonds/36/96 dated 24 June 2006. The balance payment of liability is to be made in four equal annual installments however, the Company is in discussion with the authorities on the payment of outstanding balance. No interest is payable on these deferred payments. These are carried at fair value using imputed interest rate of 10% p.a.. The subsequent unwinding effect of this liability is included in the cost of qualifying asset. The Company has issued corporate guarantees amounting to Rs. 1,135 million (2005: Rs 1,135 million) in the favour of Collector of Customs, Rawalpindi against the liability for custom duties and sales tax.

8.2 This represents expenses incurred by the related parties on behalf of the Company. These are interest free and are payable in the year 2008.

9	TRADE AND OTHER PAYABLES		2006 Rupees	2005 Rupees
	Payable to contractors		**656,835,246**	340,069,295
	Security deposits		**32,850,000**	300,000
	Retention money payable		**367,261,158**	32,173,392
	Due to related party - unsecured	9.1	**80,703,224**	-
	Advances from customers		**31,506,954**	-
	Accrued expenses		**223,313,230**	104,256
	Other trade liabilities		**148,815,649**	-
	Excise duty payable		**579,060**	-
	Rentals payable		**1,748,375**	2,589,403
	Income tax deducted at source		**2,503,652**	2,278,302
	Other payables		**622,067**	622,067
			1,546,738,615	378,136,715

9.1 This represents amount payable on account of services provided and supervision of plant erection and installation.

10.	INTEREST ACCRUED		2006 Rupees	2005 Rupees
	Markup on long term financing - secured		**266,425,712**	217,531,929
	Markup on short term borrowing - secured		**36,615,615**	-
			303,041,327	217,531,929

11.	SHORT TERM BORROWINGS - SECURED			
	Citibank N.A.	11.1	**275,775,383**	-
	Habib Bank Limited	11.2	**427,500,000**	-
	Allied Bank Limited	11.3	**853,038,734**	-
	Standard Chartered Bank	11.4	**281,625,118**	-
			1,837,939,235	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

11.1 This represents facility of Rs. 285,000,000/- against sale and repurchase of the Company's stock of packing material and finished goods located at factory premises. This facility is secured against Stand by Letter of Credit - SBLC issued by Citibank, Cairo for USD 5 million against security provided by the Ultimate Parent Company. The facility carries mark up @ 6 months' KIBOR plus a margin of 1%.

11.2 This represents facility of Rs. 427,500,000/- against bank guarantee issued by BNP Paribas, Egypt against security provided by the Ultimate Parent Company in favour of bank for USD 7.5 million. The facility carries mark up @ 3 months' KIBOR plus 0.7%.

11.3 This represents facility of Rs. 900,000,000/- against the corporate guarantee of the Ultimate Parent Company and ranking hypothecation charge on current assets with 25% margin. The facility carries mark up @ 3 months' KIBOR offer rate plus 1.30 %.

11.4 This represents facility of Rs. 900,000,000/-. This facility is secured by SBLC issued by Standard Chartered Bank Dubai for USD 15 million against security provided by the Ultimate Parent Company. The facility carries mark up @ 3 months' KIBOR offer rate plus 0.9 % with mark up payments on quarterly basis.

12 CONTINGENCIES AND COMMITMENTS

12.1 Contingencies:

a) The Revenue Officer, District Chakwal, raised a demand of Rs. 269.59 million being short fall in stamp duty and penalty in respect of land mortgaged against foreign long term financing. During the course of appellate procedures, the Chief Revenue Authority, Board of Revenue, Punjab reiterated the demand and the Company finally filed a revision petition with the Lahore High Court, Rawalpindi Bench that is pending adjudication. No provision has been made in the financial statements as the Company expects a favourable outcome.

b) The Company has issued an insurance guarantee of Rs. 2.40 million and bank guarantee of Rs. 0.6 million in favour of Director General of Mines and Minerals, Punjab for acquiring the mining lease for lime stone, clay, gypsum and area of 4,070 acres situated near Karuli District, Chakwal.

c) The Company has issued corporate guarantees of Rs. 500,000 and Rs. 300,000 in favour of Caltex Pakistan Limited and Valley Filling Station respectively during the year for the purchase of fuel and lubricants.

d) The Company has issued bank guarantee of Rs. 436.642 million in favour of Sui Northern Gas Pipelines Limited for supply of natural gas at plant.

e) The Company has issued bank guarantee of Rs. 100,000 in favor of General Manager (Operations) NHA, Islamabad for obtaining NOC for relaying 250 Million water pipe line under Sumble bridge of Motorway (M-2).

f) Contingencies related to taxation - Refer note 27.

12.2 Commitments:

a) Commitments in respect of capital expenditure contracted as at the balance sheet date are Rs. 1,456.625 million.

b) Commitments in respect of rent of lease hold land of 1,337 kanals and 58.8 kanals as at the balance sheet are Rs. 92.856 million and Rs. 4.554 million respectively. These amounts are payable over a period of 86 and 96 years respectively.

13 PROPERTY, PLANT AND EQUIPMENT

	Freehold land (Rupees)	Buildings (Rupees)	Plants and Machinery (Rupees)	Office equipment (Rupees)	Furniture and fixtures (Rupees)	Computers & low voltage Equip. (Rupees)	Vehicles (Rupees)	Laboratory equipment (Rupees)	Workshop equipment (Rupees)	Sub-Total (Rupees)	Capital work in progress (note 13.2) (Rupees)	Total (Rupees)
Cost												
Balance as at 01 January 2005	28,820,980	-	370,048	503,330	1,769,300	945,030	2,554,240	-	-	34,962,928	9,427,057,311	9,462,020,239
Additions during the year	4,566,682	-	-	-	-	980,034	13,884,500	-	-	19,431,216	2,799,899,184	2,819,330,400
Disposals	-	-	-	-	-	-	(244,565)	-	-	(244,565)	-	(244,565)
Balance as at 31 December 2005	33,387,662	-	370,048	503,330	1,769,300	1,925,064	16,194,175	-	-	54,149,579	12,226,956,495	12,281,106,074
Balance as at 01 January 2006	33,387,662	-	370,048	503,330	1,769,300	1,925,064	16,194,175	-	-	54,149,579	12,226,956,495	12,281,106,074
Additions during the year	47,912,373	-	380,101	884,267	-	791,778	10,746,455	-	465,002	61,179,976	4,690,979,534	4,752,159,510
Transfers	-	3,365,291,819	8,912,927,864	2,416,500	14,984,765	344,808,367	-	687,710,129	251,242,366	13,579,381,810	(13,579,381,810)	-
Adjustments	-	-	-	(467,235)	(15,370)	482,605	-	-	-	-	-	-
Balance as at 31 December 2006	81,300,035	3,365,291,819	8,913,678,013	3,336,862	16,738,695	348,007,814	26,940,630	687,710,129	251,707,368	13,694,711,365	3,338,554,219	17,033,265,584
Depreciation												
Balance as at 01 January 2005	-	-	223,718	296,143	1,075,718	725,346	2,316,352	-	-	4,637,277	-	4,637,277
Depreciation charge for the year	-	-	121,300	152,744	601,960	285,951	3,053,476	-	-	4,215,431	-	4,215,431
Disposals	-	-	-	-	-	-	(218,305)	-	-	(218,305)	-	(218,305)
Balance as at 31 December 2005	-	-	345,018	448,887	1,677,678	1,011,297	5,151,523	-	-	8,634,403	-	8,634,403
Balance as at 01 January 2006	-	-	345,018	448,887	1,677,678	1,011,297	5,151,523		-	8,634,403	-	8,634,403
Depreciation charge for the year	-	3,620,235	17,295,277	115,866	80,484	2,318,326	2,267,364	2,411,454	615,068	28,724,074	-	28,724,074
Adjustments	-	-	-	(439,762)	(15,370)	455,132	-		-	-	-	-
Balance as at 31 December 2006	-	3,620,235	17,640,295	124,991	1,742,792	3,784,755	7,418,887	2,411,454	615,068	37,358,477	-	37,358,477
Carrying amounts - 2005	33,387,662	-	25,030	54,443	91,622	913,767	11,042,652	-	-	45,515,176	12,226,956,495	12,272,471,671
Carrying amounts - 2006	81,300,035	3,361,671,584	8,896,037,718	3,211,871	14,995,903	344,223,059	19,521,743	685,298,675	251,092,300	13,657,352,888	3,338,554,219	16,995,907,107
Life of assets - years	-	30	15 to 30	10	10	3	8	10 to 20	7 to 20			

13.1 Property, plant and equipment other than Capital work in progress include directly attributable cost incurred during the year amounting to Rs. 693 million.

13.2 Capital work in progress

	2006 Rupees	2005 Rupees
Plant and machinery	**1,971,653,748**	9,445,311,658
Civil and development work	**499,262,041**	1,185,948,932
Construction material	**5,007,954**	489,124,429
Borrowing cost	**411,121,575**	689,655,036
Advances to suppliers and contractors	**65,307,908**	236,574,442
Others directly attributable expenses	**386,200,993**	180,341,998
	3,338,554,219	12,226,956,495

13.3 Included in property, plant and equipment is cumulative exchange loss of Rs. 499.8 million (2005: Rs. 499.8 million) on a foreign currency loan.

13.4 Borrowing cost capitalized during the year in capital work in progress amounted to Rs. 832 million.

13.5 Depreciation charge for the year has been allocated as follows:

	Note	2006 Rupees	2005 Rupees
Cost of sales		**28,146,329**	-
General and Admin expenses		**577,745**	4,215,431
		28,724,074	4,215,431

14 LONG TERM ADVANCE

	Note	2006 Rupees	2005 Rupees
Long term advance to SNGPL - unsecured, considered good	14.1	**103,295,000**	103,295,000
Less: current portion shown under current assets		**10,329,500**	-
		92,965,500	103,295,000

14.1 This represents long term advance to Sui Northern Gas Pipelines Limited - SNGPL for the construction of gas pipeline. It is repayable annually in equal installments over 12 years including grace period of 2 years and carries mark-up at the rate of 1.5% per annum commenced from 28 March 2005.

15 LONG TERM DEPOSITS

	Note	2006 Rupees	2005 Rupees
Deposit	15.1	**37,533,280**	333,280
Others		**4,172,680**	3,706,575
		41,705,960	4,039,855

15.1 This represents long term deposit to Islamabad Electric Supply Company Limited - IESCO for the supply of 40 mega watt electricity line.

16 STORES AND SPARES

	Note	2006 Rupees	2005 Rupees
Spares		**200,775,533**	-
Fuel		**72,665,141**	-
		273,440,674	-

17 STOCK IN TRADE

	Note	2006 Rupees	2005 Rupees
Raw material		**26,266,278**	-
Work in progress - at net realizable value		**31,105,577**	-
Finished goods - at net realizable value		**72,362,961**	-
Packing material		**28,623,420**	-
		158,358,236	-

18 ADVANCES - Considered good

	Note	2006 Rupees	2005 Rupees
Advances to employees - unsecured		**2,445,187**	2,752,832
Margins against letters of credit	18.1	**40,885,811**	-
Advances to:			
Suppliers and contractors - secured		**5,872,838**	17,672,677
Suppliers and contractors - unsecured	18.2	**94,385,769**	7,510,712
		100,258,607	25,183,389
Advance to Islamabad Electric Supply Company Limited - Unsecured		**-**	116,854,327
Current portion of long term advance	14	**10,329,500**	-
		153,919,105	144,790,548

18.1 This includes advances to executives amounting to Rs. 692,772 (2005: Rs. 974,242).
18.2 This includes advance given to a related party for supervision of project amounting to Rs. Nil (2005: Rs. 17,672,677).

		Note	2006 Rupees	2005 Rupees
19	**SHORT TERM PREPAYMENTS AND BALANCE WITH STATUTORY AUTHORITY**			
	Prepaid rent		**26,278,494**	38,185,917
	Sales tax refundable - considered good		**87,386,003**	62,173,587
			113,664,497	100,359,504
20	**CASH AND BANK BALANCES**			
	Cash in hand		**808,457**	3,160,608
	Cash at banks - current accounts	20.1	**41,101,340**	1,700,944,701
			41,909,797	1,704,105,309

20.1 Cash at banks include Rs 600,000 (2005: Rs 700,000) under lien, against a guarantee issued by a bank on behalf of the Company.

		2006 Rupees	2005 Rupees
21	**SALES - net**		-
	Gross Sales:	**174,694,469**	
	Less: Sales tax	**(22,382,439)**	-
	Excise duty	**(41,707,125)**	-
	Commissions and target incentives to dealers	**(18,923,600)**	-
	Discounts	**(3,095,770)**	-
		(86,108,934)	-
		88,585,535	-
22	**COST OF SALES**		
	Raw materials consumed:		
	Stock in hand at the date of commencement of commercial production	**28,585,379**	-
	Purchases	**5,903,775**	-
	Closing stock	**(26,266,278)**	-
		8,222,876	-
	Packing material consumed	**13,727,332**	-
	Store and spares consumed	**116,860**	-
	Salaries, wages and benefits (including retirement benefits of Rs.136,197 ;2005: Rs. nil)	**7,008,815**	-
	Rent, rates and taxes	**1,983,765**	-
	Insurance	**1,725,746**	-
	Fuel and power consumed	**113,083,976**	-
	Depreciation	**28,146,329**	-
	Repairs and maintenance	**4,784,424**	-
	Technical assistance fee to a related party	**4,304,314**	-
	Royalty to a related party	**1,328,783**	-
	Other factory overheads	**5,237,047**	
		189,670,267	-
	Add: Work in process stock in hand at the date of commencement of commercial production	**115,516,672**	-
	Less: Closing work in process	**(31,105,577)**	-
	Cost of goods manufactured	**274,081,362**	-
	Add: Finished goods stock in hand at the date of commencement of commercial production	**28,681,565**	-
	Less: Closing finished goods	**(72,362,961)**	-
		230,399,966	-

23 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	Note	2006 Rupees	2005 Rupees
Salaries, wages and benefits		**41,566,552**	7,856,475
Traveling expenses		**10,294,997**	7,905,031
Vehicle running expenses		**10,202,866**	1,266,220
Office renovation and maintenance		**14,391,896**	273,946
Rent, rates and taxes		**34,331,160**	4,381,836
Accommodation and living		**7,478,275**	534,095
Legal and professional charges		**7,650,304**	5,336,151
Utilities		**2,142,578**	603,983
Advertisement expenses		**5,362,998**	158,735
Technical assistance fee to a related party		**1,434,771**	-
Entertainment		**3,224,806**	505,745
Printing and stationery		**1,095,439**	617,762
Meetings and conferences		**967,469**	792,372
Telephone and postage		**5,231,655**	1,408,118
Newspapers and periodicals		**76,658**	92,621
Fees and subscriptions		**2,510,661**	3,024,811
Depreciation		**577,745**	4,215,431
Repairs and maintenance		**782,117**	2,965,710
Security charges		**830,834**	1,505,970
Miscellaneous expenses		**628,151**	220,776
		150,781,932	43,665,788

24 OTHER EXPENSES

	Note	2006 Rupees	2005 Rupees
Auditors' remuneration:			
Annual audit		**575,000**	450,000
Half yearly review		**100,000**	100,000
Out of pocket expenses		**58,750**	106,700
Tax consultancy		**900,000**	425,000
Other certifications		**1,100,000**	819,150
		2,733,750	1,900,850

25 FINANCE COST

	Note	2006 Rupees	2005 Rupees
Interest on long term and short term financing		**5,105,168**	-
Arrangement fee for short term running finance		**-**	900,000
Foreign exchange (gain)/loss		**(466,948)**	4,686,363
Bank charges		**495,906**	918,801
		5,134,126	6,505,164

26 OTHER OPERATING INCOME

	Note	2006 Rupees	2005 Rupees
From financial assets			
Long term advance		**1,549,416**	1,177,988
From assets other than financial assets			
Scrap sales		**84,945**	-
		1,634,361	1,177,988

27 TAXATION

	Note	2006 Rupees	2005 Rupees
Taxation - Prior years'		**(2,400,000)**	(23,500,000)
- Deferred	**27.1**	**265,470,973**	-
		263,070,973	(23,500,000)

27.1 Deferred taxation has been recognized in respect of the following:

	Note	2006 Rupees	2005 Rupees
Accelerated tax depreciation		**(2,699,815,165)**	3,022,041
Unabsorbed tax losses		**2,965,286,138**	156,995,704
Less: Valuation reserve		**-**	(160,017,745)
		265,470,973	-

27.2 Income tax authorities have finalized tax assessments of the Company up to and including assessment year 2002-2003 (year ended 30 June 2002). Tax returns for tax years 2003 to 2006 were filed declaring nil income as the Company had not commenced its commercial operations. These returns stand assessed in terms of section 120 of the Income Tax Ordinance, 2001.

27.3 While finalizing tax assessment for Assessment Year 2000-2001 (year ended 30 June 2000) the taxation authorities assessed the Company as "assessee in default" for not withholding tax on financial charges recorded in books of the Company and other payments to suppliers. Tax demand of Rs. 27 million was raised in this regard. The Company's appeal on this issue is pending disposal before the Income Tax Appellate Tribunal. Provision for this demand has not been made in these financial statements since the management is hopeful that the case will be decided in favour of the Company.

27.4 Minimum taxation under section 113 of the Ordinance has not been provided for as the management is confident that the Company will be able to take credit of minimum tax payments against tax liability for future years in terms of section 113(2)(c) of the Ordinance.

	2006 Rupees	**2005 Rupees**
28 (LOSS)/EARNINGS PER SHARE - BASIC AND DILUTED		
(Loss)/profit for the year - Rupees	**(38,223,961)**	621,791,669
Weighted average number of ordinary shares outstanding during the year - Numbers	**676,837,887**	604,448,484
(Loss)/earnings per share - Basic and diluted (Rupees)	**(0.06)**	1.03

There is no dilutive effect on current year's earnings per share.

29 REMUNERATION OF DIRECTORS AND EXECUTIVES

The aggregate amounts charged in these financial statements for the year as remuneration and benefits to the executives of the Company are as follows:

	Executives	
	2006 Rupees	**2005 Rupees**
Managerial remuneration	**35,562,218**	6,584,691
Gratuity	**114,509**	119,792
Leave encashment	**451,960**	162,290
Provident fund	**1,100,238**	-
Other expenses	**2,320,251**	160,370
Bonus	**2,460,317**	-
	42,009,493	7,027,143
Number of persons	**31**	12

29.1 No salary was paid to the Managing Director and Chief Executive Officer during the year.

29.2 Managing Director and executives were also provided Company's maintained cars.

29.3 Meeting fee of directors charged during the year was Rs. 7,000, Number of directors: 9 (2005: Rs.,9,000 , Number of directors: 9).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

30 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

30.1 Financial assets and liabilities

	2006 (Rupees)											
		Markup/Interest bearing							Non interest bearing			
Financial assets	Effective interest/ markup rate %age	Maturity upto 1 year	Maturity after 1 year and upto 2 years	Maturity after 2 year and upto 3 years	Maturity after 3 year and upto 4 years	Maturity after 4 year and upto 5 years	Maturity after 5 years	Sub Total	Maturity upto 1 year	Maturity after 1 year	Sub total	Total
Long term advance	1.5	10,329,500	10,329,500	10,329,500	10,329,500	10,329,500	51,647,500	103,295,000	-	-	-	103,295,000
Long term deposits		-	-	-	-	-	-	-	-	41,705,960	41,705,960	41,705,960
Interest accrued		-	-	-	-	-	-	-	1,177,988	-	1,177,988	1,177,988
Cash and bank balances		-	-	-	-	-	-	-	41,909,797	-	41,909,797	41,909,797
								-				
		10,329,500	10,329,500	10,329,500	10,329,500	10,329,500	51,647,500	103,295,000	43,087,785	41,705,960	84,793,745	188,088,745
Financial liabilities												
Long term financing - secured	11.4	-	1,313,568,513	1,313,568,513	1,313,568,513	1,313,568,513	1,761,663,178	7,015,937,230	-	-	-	7,015,937,230
Other long term liabilities	12.4	-	198,259,630	198,259,630	198,259,629	198,259,629	-	757,038,518	-	243,559,817	243,559,817	1,000,598,335
Trade and other payables		-	-	-	-	-	-	-	1,543,655,903	-	1,543,655,903	1,543,655,903
Interest accrued		-	-	-	-	-	-	-	303,041,327	-	303,041,327	303,041,327
Short term borrowings - secured	8.69	1,837,939,235	-	-	-	-	-	1,837,939,235	-	-	-	1,837,939,235
		1,837,939,235	1,502,828,143	1,502,828,143	1,502,828,142	1,502,828,142	1,761,663,178	9,610,914,983	1,846,697,230	243,559,817	2,090,257,047	11,701,172,030

	2005 (Rupees)											
		Markup/Interest bearing							Non interest bearing			
Financial assets												
Long term advance	1.5	-	10,329,500	10,329,500	10,329,500	10,329,500	61,977,000	103,295,000	-	-	-	103,295,000
Long term deposits		-	-	-	-	-	-	-	4,039,855	-	4,039,855	4,039,855
Interest accrued		-	-	-	-	-	-	-	1,177,988	-	1,177,988	1,177,988
Other receivables		-	-	-	-	-	-	-	-	-	-	-
Cash and bank balances		-	-	-	-	-	-	-	1,704,105,309	-	1,704,105,309	1,704,105,309
		-	10,329,500	10,329,500	10,329,500	10,329,500	61,977,000	103,295,000	1,709,323,152	-	1,709,323,152	1,812,618,152
Financial liabilities												
Long term financing-secured	10.87	-	-	1,313,568,513	1,313,568,513	1,313,568,513	2,455,894,459	6,396,599,998	-	-	-	6,396,599,998
Trade and other payables	11.34	-	164,269,674	164,269,674	164,269,674	164,269,674	164,269,673	821,348,369	-	20,861,048	20,861,048	842,209,417
Interest accrued		-	-	-	-	-	-	-	375,858,413	-	375,858,413	375,858,413
Short term borrowings - secured		-	-	-	-	-	-	-		-	217,531,929	217,531,929
									217,531,929			
		-	164,269,674	1,477,838,187	1,477,838,187	1,477,838,187	2,620,164,132	7,217,948,367	593,390,342	20,861,048	614,251,390	7,832,199,757

30.2 Concentration of credit risk

Credit risk represents accounting loss that would be recognized at the reporting date if counter parties failed to perform as contracted. All financial assets except cash in hand are subject to credit risk. Since major part of advances to suppliers and contractors are secured against performance bonds and sales are largely made against advances, the Company believes that it is not exposed to major concentration of credit risk.

30.3 Currency risk

The Company is exposed to currency risk on account of imports relating to plant and machinery equipment and payable to related parties.

30.4 Interest rate risk

The Company is exposed to interest rate risk due to borrowings subject to floating rate of interest.

30.5 Liquidity risk

The Company follows an effective cash management and planning policy to ensure availability of funds and take appropriate measures for new requirements.

30.6 Fair value of the financial instruments

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

31 TRANSACTIONS WITH RELATED PARTIES

Pakistan Cement Holding Limited (PCH) holds 33.77% and Camden Holding PTE Limited (CHL) holds 28.98% shares of the Company at the year end. Therefore all related parties of PCH and CHL are related parties of the Company. By virtue of indirect holding in PCH and CHL, Orascom Construction Industries, Egypt is the ultimate parent company ("the Ultimate Parent Company") of the Company. The related parties also comprise of directors, shareholders, key management personnel and entities over which the directors are able to exercise influence and entities under common directorship. The remuneration of directors and executives, as per the terms of their employment is disclosed in note 29 to the financial statements.

Transactions with related parties during the year and their outstanding balances are as follows:

	2006 Rupees	2005 Rupees
Directors		
- Loans repaid during the year	-	197,655,632
- Loans received during the year	-	2,600,000
The Ultimate Parent Company		
- Expenses incurred on the Company's behalf	**13,230,969**	7,724,935
- Expenses incurred by the Company on the Ultimate Parent Company's behalf	**1,803,000**	
- Balance payable at year end	**19,152,904**	7,724,935
- For guarantees provided on behalf of the Company refer note 11.		
Related parties by virtue of group holding		
- Shares issued during the year	-	1,143,815,241
- Services purchased during the year	**472,362,902**	258,304,739
- Services provided during the year	-	120,000
- Royalty to a related party	**11,451,920**	-
- Sales made during the year	**(1,905,158)**	-
- Mobilization advance given during the year	-	90,000,000
- Mobilization advance adjusted during the year	**34,878,371**	55,121,629
- Balance payable/(receivable) at the year end	**305,110,137**	(4,536,564)

32 PLANT CAPACITY

	Note	2006 Metric Tons	2005 Metric Tons
Installed Capacity		**2,400,000**	-
Actual production of cement	32.1	**80,306**	-

32.1 This represents production for 14 days as the plant came into commercial production as of 18 December 2006.

33 GENERAL

33.1 Figures have been rounded off to the nearest Rupee.

33.2 Comparative figures have been rearranged and/or reclassified, wherever necessary, for the purpose of comparison. Following major reclassifications were made during the year for better presentation:

- Deferred liability in respect of custom duties amounting to Rs. 821.348 million has been reclassified as other long term liabilities.
- Trade and other payables in respect of due to related parties amounting to Rs. 20.861 million has been reclassified as other long term liabilities.
- Advances to suppliers and contractors of capital nature, amounting to Rs. 236.57 million have been reclassified and included in capital work in progress.
- Included in trade and other payables amounting to Rs.17.3 million, payable to a related party has been set off against a receivable balance and shown under advances.

Amr Ali Reda
Director

Ahmad Said Heshmat Hassan
Director

PATTERN OF SHAREHOLDING
AS AT DECEMBER 31, 2006

Number of Shareholders	Shareholding From	Shareholding To	Total Share Held
7	1	100	411
1006	101	500	498388
1623	501	1000	1621850
3185	1001	5000	9789000
968	5001	10000	8047100
320	10001	15000	4256817
234	15001	20000	4459100
131	20001	25000	3130500
83	25001	30000	2406500
47	30001	35000	1581350
36	35001	40000	1397500
21	40001	45000	895000
76	45001	50000	3770333
22	50001	55000	1165500
22	55001	60000	1292900
12	60001	65000	762000
12	65001	70000	821000
11	70001	75000	816000
11	75001	80000	866500
10	80001	85000	834500
5	85001	90000	449500
9	90001	95000	833200
46	95001	100000	4594500
11	100001	105000	1127400
4	105001	110000	437000
6	110001	115000	683500
4	115001	120000	466500
6	120001	125000	747000
3	125001	130000	388500
4	130001	135000	533500
1	140001	145000	144000
5	145001	150000	750000
4	150001	155000	612500
5	155001	160000	800000
1	160001	165000	163500
2	165001	170000	340000
5	170001	175000	868500

Number of Shareholders	Shareholding From	To	Total Share Held
1	175001	180000	180000
1	185001	190000	190000
2	190001	195000	386000
14	195001	200000	2797500
1	200001	205000	201500
1	205001	210000	209500
2	210001	215000	428000
1	215001	220000	220000
3	220001	225000	666000
1	225001	230000	230000
1	235001	240000	239000
4	240001	245000	971000
1	245001	250000	250000
1	250001	255000	251000
2	255001	260000	519000
1	265001	270000	267500
1	270001	275000	275000
2	275001	280000	557500
1	280001	285000	284000
2	295001	300000	600000
1	300001	305000	302500
1	310001	315000	312000
2	320001	325000	650000
1	325001	330000	326000
2	335001	340000	680000
3	345001	350000	1048000
1	375001	380000	377900
1	380001	385000	384000
3	395001	400000	1195000
1	400001	405000	403500
1	435001	440000	436000
1	445001	450000	450000
2	490001	495000	986500
4	495001	500000	1999000
1	610001	615000	612320
1	620001	625000	621000
1	670001	675000	673000
1	755001	760000	757000
1	795001	800000	800000
1	810001	815000	813000
2	895001	900000	1799000
3	995001	1000000	2998000

Number of Shareholders	Shareholding From	Shareholding To	Total Share Held
1	1025001	1030000	1026000
1	1110001	1115000	1112500
1	1450001	1455000	1451500
2	1495001	1500000	3000000
1	1930001	1935000	1933000
3	1995001	2000000	5994100
1	2415001	2420000	2416500
1	2555001	2560000	2559500
1	2995001	3000000	2997000
1	3670001	3675000	3670100
1	4515001	4520000	4519095
1	5025001	5030000	5028000
1	5160001	5165000	5163500
1	5870001	5875000	5874142
1	6725001	6730000	6725211
2	8515001	8520000	17034595
1	10570001	10575000	10572476
1	19995001	20000000	19999980
1	26745001	26750000	26745325
1	33585001	33590000	33587500
1	196154001	196159000	196154775
1	228575001	228580000	228575519
8062			676,837,887

PATTERN OF SHAREHOLDING AS AT DECEMBER, 31 2006

CATEGORIES OF SHARES HOLDERS		SHARES HELD	%
Directors, Chief Executive, their Spouse and Minor Children		10,581,476	1.56
Associated Companies Undertakings & Related Parties		424,730,294	62.75
NIT/ICP		33,587,500	4.96
Banks, Development Finance Institutions and Non Banking Financial Institution		23,542,900	3.48
Insurance Companies		20,149,980	2.98
Modarabas and Mutual Funds		558,500	0.08
Shareholders holding 10% (*detail given below)			
General Public			
a.	Local	125,514,012	18.55
b.	Foreign	-	
Others			
i.	Foreign Companies	37,500	0.01
ii.	Joint Stock Companies	11,181,900	1.65
iii.	Citibank N.A. as custodian of Global Depository Receipts	26,745,325	3.95
iv.	Pakistan Gums & Chemical Ltd Executive Staff Pension Fund	7,500	0.00
v.	Trustee-Army Welfare Trust	1,000	0.00
vi.	Trustees Adamjee Foundation	200,000	0.03
T O T A L		**676,837,887**	**100.00**

Detail of Pattern of Shareholding as per Requirements of Code of Corporate Governance

Associated Companies Undertakings & Related Parties		
i. Pakistan Cement Holding Limited		228,575,519
ii. Camden Holding PTE Limited		196,154,775
NIT/ICP		
i. National Bank of Pakistan - Trustee Wing		33,587,500
Directors, Chief Executive, their Spouse and Minor Children		
i. Khawaja Mohammad Naveed	10,572,476	
ii. Mr. Mohammad Aman	500	
iii. Mr. Nassef Onsi Naguib Sawiris	500	
iv. Mr. Ahmad Said Heshmat Hassan	500	
v. Mr. Ahmed Shebl Tolba Daabes	500	
vi. Mr. Salman Khalid Butt	500	
vii. Mr. Sherif Youssef Mohamed Tantawy	500	
viii. Mr. Hesham Moustafa Abdel Samie	500	
xi. Mr. Amr Ali Reda	500	
x. Mr. Bilal Hamid Javaid	5,000	
		10,581,476
Executives		-
Public Sector Companies & Corporations		
i. State Life Insurance Corporation		19,999,980
Banks, Development Finance Institutions and Non Banking Finance Institutions Insurance Companies, Modarabas & Mutual Funds		24,251,400
Shareholders holding 10% and above Voting Interests		
* i. Pakistan Cement Holding Limited		228,575,519
* ii. Camden Holding PTE Limited		196,154,775

PROXY FORM

The Corporate Secretary
Pakistan Cement Company Limited
CDC A/C No.
Plot No. 18-B, F-8 Markaz, Islamabad.

Folio No. /
Shares held

I/We ______________________________ of ______________________________
being a member (s) of PAKISTAN CEMENT COMPANY LIMITED hereby appoint
Mr./Mrs./Miss ______________________________ of ______________________________
(being member(s) of Company) as my/our Proxy to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Monday, April 30, 2007, at 11:00 am at Serena Hotel Islamabad and at every adjournment thereof.

Signed this ______________________ day of ______________ 2007.

1. Witness:
Signature ______________
Name ______________
Address ______________
____

AFFIX
REVENUE
STAMP

2. Witness:
Signature ______________
Name ______________
Address ______________
____

Signature ______________
(Signature appended above should agree with the specimen signatures registered with the Company.)

NOTES:

1. A member entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote instead of him/her at the meeting.

2. The instrument appointing a proxy should be signed by the member (s) or by his/her attorney duly authorized in writing. If the member is a corporation, its common seal should be affixed on the instrument.

3. CDC shareholders are requested to bring with them their National Identity Cards alongwith the participants' ID number and their account numbers at the time of attending the Annual General Meeting in order to facilitate identification of the respective shareholders.

4. The instrument appointing a proxy, together with Power of Attorney, if any, under which it is signed or notarially certified copy thereof, should be deposited at the Company's office not later than 48 hours before the time of holding the meeting.