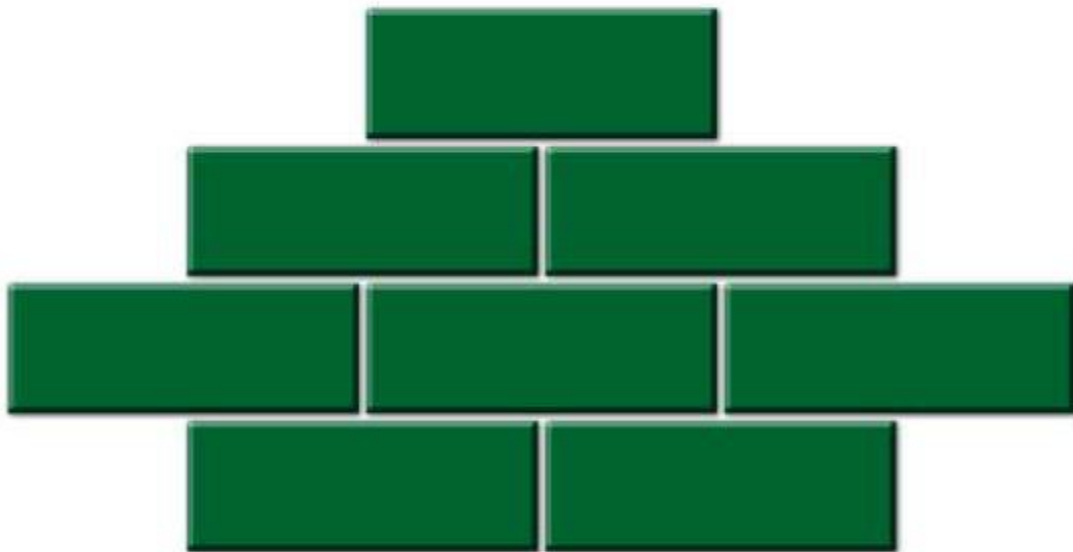
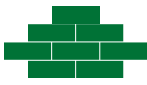


Pakistan Cement Company Ltd.



Annual Report 2007

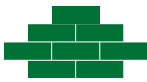


Contents

Company Information	03
Notice of Meeting	04
Vision and Mission Statement	05
Directors' Report	06
Statement of Compliance with Code of Corporate Governance	10
Auditors' Review on Statement of Compliance With Best Practices of Code of Corporate Governance	12
Auditors' Report to the Members	13
Balance Sheet	14
Profit and Loss Account	16
Cash Flow Statement	17
Statement of Changes in Equity	18
Notes to the Financial Statements	19
Pattern of Shareholding	35

Company Information

Board of Directors	<p>Mr. Nassef Onsi Naguib Sawiris Chief Executive/Chairman</p> <p>Mr. Ahmad Said Heshmat Hassan Managing Director</p> <p>Mr. Salman Khalid Butt</p> <p>Mr. Ahmed Shebl Tolba Daabes</p> <p>Mr. Sherif Youssef Mohamed Tantawy</p> <p>Mr. Hesham Moustafa Abdel Samie</p> <p>Mr. Amr Ali Reda</p> <p>Mr. Bilal Hamid Javaid</p> <p>Khawaja Mohammad Naveed</p> <p>Mr. Samy Ahmed Abdelkader</p> <p>Mr. Shahid Anwar (Nominee NIT)</p>
Audit Committee	<p>Mr. Salman Khalid Butt Chairman</p> <p>Mr. Ahmad Said Heshmat Hassan</p> <p>Mr. Sherif Youssef Mohamed Tantawy</p> <p>Mr. Hesham Moustafa Abdel Samie</p>
Company Secretary	<p>Mr. Muhammad Anwar Sheikh M. Com., FCMA</p>
Chief Financial Officer	Mr. Amr Ali Reda
Auditors	<p>M/s KPMG Taseer Hadi & Co. Chartered Accountants, Islamabad.</p>
Bankers	<p>MCB Bank Limited</p> <p>Citibank N. A.</p> <p>Habib Bank Limited</p> <p>Allied Bank Limited</p> <p>United Bank Limited</p> <p>NIB Bank</p> <p>ABN Amro Bank</p> <p>Askari Commercial Bank Limited</p> <p>Soneri Bank Limited</p> <p>Standard Chartered Bank Limited</p> <p>Metropolitan Bank Limited</p>
Legal Advisors	<p>Haidermota & Co. Barristers at Law & Corporate Counsellors, Islamabad.</p>
Registered Office	<p>Plot # 18-B, F-8 Markaz, Islamabad. UAN: (051) 111 111 722, Fax: (051) 2817300</p>
Corporate & Shares Department	<p>House # 5, Street # 54, F-8/4, Islamabad. Tel: (051) 2850018-9, 2260507 Fax: (051) 2850913</p>
Plant Site	Chhoie Mallot Road, Tehsil Kallar Kahar, Distt. Chakwal - Pakistan



NOTICE OF 15TH ANNUAL GENERAL MEETING

Notice is hereby given that the 15th Annual General Meeting of the shareholders of **Pakistan Cement Company Limited** will be held on Friday, March 28, 2008, at 11:00 a.m. at House No. 5, Street No. 54, F-8/4, Islamabad to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the Extraordinary General Meeting held on July 4, 2007.
2. To receive and adopt the audited accounts of the Company for the year ended December 31, 2007 along with Directors' and Auditors' reports thereon.
3. To appoint Auditors for the year ending December 31, 2008 and to fix their remuneration. The present auditors M/s KPMG Taseer Hadi & Company, Chartered Accountants will retire on the conclusion of this meeting. The company has received a notice from one of the members under section 253(2) of the Companies Ordinance, 1984, proposing the name of M/s Ford Rhodes Sidat Hyder & Company, Chartered Accountants, for appointment of statutory auditors for the year ending December 31, 2008. The Board has recommended their appointment as suggested by the Audit Committee.

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

MUHAMMAD ANWAR SHEIKH
Company Secretary

Islamabad:
March 03, 2008

Notes:

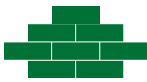
1. The share transfer books of the Company will remain closed from 21-03-2008 to 28-03-2008 (both days inclusive) to determine entitlement for attending Annual General Meeting.
2. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend the meeting and 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.
3. 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.
4. Shareholders are requested to immediately notify the company of change in their address, if any.
5. 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, 2007 together with the audited accounts and Auditors' report thereon.

During December current year, the company has commissioned its Coal Firing Plant. Accordingly coal is expected to replace furnace oil and natural gas as major fuel resulting in cost savings which is expected to have positive impact on the company's profitability in the coming years.

The company long outstanding liability of Rs. 1135 million on account of custom duty and sales tax for the import of its plant and machinery has been waived off by Economic Coordination Committee of Federal Cabinet, Government of Pakistan and Federal Board of Revenue so that amount in excess of 25% of due custom duties and sale tax originally determined on import of plant and machinery were extinguished under CBR Order No.1(96) CUS. JUD/2005 dated December 01, 2007. Accordingly, an amount of Rs. 815 million was credited to profit and loss account for the year.

The company incurred loss after taxation Rs. 521 million during the year as against Rs. 38 million of last year. It was the first full year of operations after declaring commercial production. Primarily the loss was due to low retention price as experienced by the cement industry as a whole and higher operating costs due to use of furnace oil during gas supply cut off in winter of 06/07. Company is expected to get profitability in the coming years by reduction in production costs due to availability of multiple fuel system and reduction in financial costs by replacement of interim funding facilities through injection of funds by way of rights issue and direct equity.

The paid up capital of the company was increased from Rs. 6,768.378 million to Rs. 11,345.149 million during the year as per detail given below:

1. The Board approved Right Issue @ 45% at par value of Rs. 10/- each and the paid up capital was increased from Rs. 6,768.378 million to Rs. 9,814.149 million.
2. Further 153.1 million shares were allotted to Pakistan Cement Holding Limited, an affiliated company of M/s Orascom Construction Industries pursuant to the approval of Securities & Exchange Commission of Pakistan vide their letter No. EMD/CI/20/2005-993 dated August 27, 2007. Resultantly the paid up capital was increased from Rs. 9,814.149 million to Rs. 11,345.149 million.

The company also raised Subordinated Loan of US\$ 25 million equivalent from Pakistan Cement Holding Limited during the year after the approval of SECP. The loan carries mark up @ LIBOR+1%. The terms inter alia, have an option to the lender to convert the entire amount loan or part thereof together with any unpaid or accrued interest thereon into fully paid ordinary shares of the company at par value of Rs. 10/- each during the term of this loan and such fully paid ordinary shares when issued and allotted shall rank pari passu in all respects with the existing ordinary shares of the company.

Statement on Corporate & Financial Reporting Frame Work

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

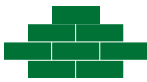
- Pakistan Cement Holding Limited (PCH) holds 43.95% and Camden Holding PTE Limited (CHL) holds 25.07% ordinary shares of the company at the balance sheet date. By virtue of indirect holding in PCH and CHL, through Orascom Building Materials Holding, Orascom Construction Industries, Egypt is the ultimate parent company ("the Ultimate Parent Company") of the Company. Subsequent to the year end, the Ultimate Parent Company has sold its cement business to Lafarge, a French construction company ("the New Ultimate Parent Company").
- The financial statements for the year ended December 31, 2007 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, 2007 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)

Particulars	Year Ended June 30 th .			Year Ended December 31 st .		
	2002	2003	2004	2005	2006	2007
Issued, Subscribed and Paid up Capital	5,624,564	5,624,564	5,624,564	6,768,379	6,768,379	11,345,149
Capital reserve	214,839	214,839	214,839	214,839	214,839	195,821
Long term loan-secured	45,000	144,262	171,224	6,369,600	7,015,937	5,702,369
Current Liabilities	1,854,875	1,736,764	2,054,320	595,669	3,687,719	3,122,289
Property Plant & Equipment	8,284,583	8,713,610	7,595,696	12,272,472	16,995,907	17,962,219
Long term advance	-	-	-	103,295	103,295	92,966
Long term deposits	803	1,126	1,136	4,040	41,706	42,430
Deferred Tax Asset	-	-	-	-	265,471	542,158
Current Assets	142,910	142,586	142,063	1,958,253	763,949	2,831,770
Net Sales	-	-	-	-	88,586	4,191,594
Gross Loss	-	-	-	-	140,486	499,319
Financial Charges	-	-	208,329	6,505	7,599	795,985
Profit / (Loss) after Taxation	-	-	(288,529)	621,792	301,295	797,784
EPS (Rs.)	-	-	(0.51)	1.03	(0.052)	(0.594)

- Company maintained provident fund scheme for its eligible employees against which a contribution of Rs. 11,268,368/- was made during the year. The amount invested by the fund was Rs. 12,174,706/- as on 31-12-2007.
- Audited financial statements for the year ended December 31, 2007 show a loss of Rs.521.097 million. The loss per share during the year was Rs. 0.594 as against Rs. 0.052 last year. Therefore no dividend has been declared.
- There are no outstanding statutory payments on account of taxes, levies or charges except those reflected in Note No. 12 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, 2007, six meetings of Board of Directors were held and attendance of each Directors is stated below:

<u>Name of the Directors</u>	<u>No. of Board Meetings Attended</u>
Mr. Nassef Onsi Naguib Sawiris	0
Mr. Ahmed Said Heshmat Hassan	4
Mr. Salman Khalid Butt	4
Mr. Ahmed Shebl Tolba Daabes	1
Mr. Sherif Youssef Mohamed Tantawy	3
Mr. Hesham Moustafa Abdel Samie	5
Mr. Amr Ali Reda	6
Mr. Samy Abdel Kader	3
Mr. Bilal Hamid Javaid	6
Khawaja Mohammad Naveed	0
Mr. Mohammad Aman	0
Mr. Shahid Anwar (Nominee NIT)	4

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

- Mr. Samy Ahmed Abdel Kader was co opted as a director of the company in place of Mr. Mohammad Aman w.e.f April 30, 2007.

The pattern of shareholding as on 31-12-2007 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 as per detail given below:

Name of Directors	Opening Balance 01-01-2007	Addition		Deletion	Holding As on 31- 12-2007
		Right Shares	Shares Purchased		
Mr. Nassef Onsi Naguib Sawiris	500	225		-	725
Mr. Ahmad Said Heshmat Hassan	500	225		-	725
Mr. Ahmed Shebl Tolba Daabes	500	225		-	725
Mr. Salman Khalid Butt	500	225		-	725
Mr. Sherif Youssef Mohamed Tantawy	500	225		-	725
Mr. Hesham Moustafa Abdel Samie	500	225		-	725
Mr. Amr Ali Reda	500	900	1,500	-	2,900
Mr. Bilal Hamid Javaid	5,000	2,250	-	-	7,250
Mr. Samy Ahmed Abdel Kader	283,500	154,575	250,000	-	688,075
Khawaja Mohammad Naveed	10,572,476	-	-	-	10,572,476
	10,864,476	159,075	251,500	-	11,275,051

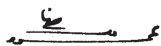
Auditors

The Board of Directors endorses recommendation of the Audit Committee for the appointment of M/s Ford Rhodes Sidat Hyder & Co., a member firm of Ernst & Young, as auditors of the company for the year ending December 31, 2008 instead of present auditors M/s KPMG Taseer Hadi & Co.

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

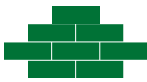


Amr Ali Reda
Director

Islamabad/Cairo:
February 20, 2008.



Samy Ahmed Abdelkader
Director



Statement of Compliance with Code of Corporate Governance

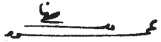
This statement is being presented to comply with the Code of Corporate Governance contained in the listing regulations of Stock Exchanges in Pakistan for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate 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 four executive directors, six 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 NBFIs 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 were 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 during the year.
10. No new appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit were made during the year.
11. The directors' report for the year ended December 31, 2007 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 four members; of whom three, 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

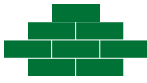


Amr Ali Reda
Director



Samy Ahmed Abdelkader
Director

Islamabad/Cairo:
February 20, 2008



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

We have reviewed the Directors' 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 Regulation No. 37, 36 and Chapter VIII of the Karachi, Lahore and Islamabad 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 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 as applicable to the Company for the year ended December 31, 2007.

ISLAMABAD:
February 20, 2008

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 2007 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 financial 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 2007 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:
February 20, 2008



KPMG TASEER HADI & CO.
CHARTERED ACCOUNTANTS



BALANCE SHEET

	Note	2007 Rupees	2006 Rupees
SHARE CAPITAL AND RESERVES			
Share capital	4	11,345,149,360	6,768,378,870
Capital reserve	5	195,820,588	214,838,692
Accumulated loss		<u>(1,040,014,420)</u>	<u>(518,917,520)</u>
		10,500,955,528	6,464,300,042
NON - CURRENT LIABILITIES			
Long term financing - secured	6	5,702,368,717	7,015,937,230
Deferred liabilities	7	-	1,773,000
Obligation against assets subject to finance lease	8	32,812,682	-
Shareholder's loan	9	1,543,430,000	-
Other long term liabilities	10	576,833,950	1,000,598,335
CURRENT LIABILITIES			
Current portion of long term financing - secured	6	1,313,568,513	-
Current portion of obligations against assets subject to finance lease	8	10,883,569	-
Short term borrowings - secured	11	-	1,837,939,235
Trade and other payables	12	1,537,746,095	1,546,738,615
Interest accrued	13	260,091,008	303,041,327
		3,122,289,185	3,687,719,177
		<u>21,478,690,062</u>	<u>18,170,327,784</u>
CONTINGENCIES AND COMMITMENTS			
	14		

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

These financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on February 20, 2008

STATEMENT UNDER SECTION 241 OF THE COMPANIES ORDINANCE , 1984

The financial statements for the year ended 31 December 2007 have been signed by two directors as the Chief Executive of the Company was on foreign business travel at the time of board meeting.

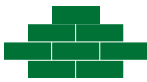
Amr Ali Reda
Director

AS AT 31 DECEMBER 2007

	Note	2007 Rupees	2006 Rupees
PROPERTY, PLANT AND EQUIPMENT	15	17,962,218,515	16,995,907,107
INTANGIBLES	16	7,148,514	-
LONG TERM ADVANCE	17	92,965,500	103,295,000
LONG TERM DEPOSITS	18	42,429,872	41,705,960
DEFERRED TAX ASSET	33	542,157,959	265,470,973
CURRENT ASSETS			
Stores and spares	19	1,249,318,008	273,440,674
Stock in trade	20	498,784,914	158,358,236
Trade debts - considered good	21	74,358,911	-
Advances - considered good	22	28,461,448	143,589,605
Short term prepayments and balance with statutory authority	23	192,099,355	113,664,497
Interest accrued		1,177,958	1,177,988
Other receivables - considered good	24	59,060,803	21,820,750
Advance income tax - net		50,083,625	9,987,197
Cash and bank balances	25	678,424,680	41,909,797
		2,831,769,702	763,948,744
		<u>21,478,690,062</u>	<u>18,170,327,784</u>



Samy Ahmed Abdelkader
Director



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	2007 Rupees	2006 Rupees
Sales - net	26	4,191,594,084	88,585,535
Cost of sales	27	(4,690,913,001)	(229,071,183)
GROSS LOSS		<u>(499,318,917)</u>	<u>(140,485,648)</u>
Selling, general and administrative expenses	28	(355,790,406)	(152,110,715)
Other expenses	29	(3,187,200)	(2,733,750)
Finance cost	30	(795,984,503)	(7,599,182)
Other operating income	31	41,310,783	1,634,361
Extinguishment of deferred liabilities for custom duties and sales tax	32	<u>815,186,357</u>	<u>-</u>
LOSS BEFORE TAXATION		<u>(797,783,886)</u>	<u>(301,294,934)</u>
Taxation	33	276,686,986	263,070,973
LOSS AFTER TAXATION		<u>(521,096,900)</u>	<u>(38,223,961)</u>
Loss per share - basic and diluted	34	<u>(0.594)</u>	<u>(0.052)</u>

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

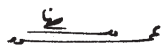
Amr Ali Reda
Director

Samy Ahmed Abdelkader
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	2007 Rupees	2006 Rupees
Cash flows from operating activities			
Loss before taxation		(797,783,886)	(301,294,934)
Adjustments for:			
Depreciation		736,874,291	28,724,074
Amortization		1,130,533	-
Provision for gratuity		-	196,925
Provision for leave encashment		-	518,500
Finance cost		795,984,503	8,066,130
Gain on disposal of scrap		(23,731,940)	(84,945)
Income on financial assets		(10,658,841)	(1,549,416)
Advance tax written off		5,635,964	-
Extinguishment of deferred liabilities for custom duties and sales tax		(815,186,357)	-
		<u>690,048,153</u>	<u>35,871,268</u>
Operating cash flow before working capital changes		(107,735,733)	(265,423,666)
Increase in stores and spares		(975,877,334)	(273,440,674)
Increase in stock in trade		(340,426,678)	(158,358,236)
Increase in other receivables		(37,240,053)	(21,820,750)
Decrease in advances		125,457,657	1,200,943
Increase in short term prepayments and balance with statutory authority		(78,434,858)	(13,304,993)
Increase in trade debts		(74,358,911)	-
(Decrease)/ increase in trade and other payables		(10,114,127)	1,168,601,900
Increase in other long term liabilities		284,576,459	222,698,769
		<u>(1,106,417,845)</u>	<u>925,576,959</u>
Cash (used in)/ generated from operations		(1,214,153,578)	660,153,293
Staff retirement benefits paid		(651,393)	-
Custom duty paid		-	(155,572,208)
Taxes paid		(45,732,392)	(4,567,435)
Net cash (used in)/ generated from operating activities		<u>(1,260,537,363)</u>	<u>500,013,650</u>
Cash flows from investing activities			
Additions to property, plant and equipment		(1,180,596,589)	(3,837,452,137)
Purchase of intangible assets		(8,279,047)	-
Proceeds from sale of scrap		23,731,940	84,945
Interest received on financial assets		10,658,871	1,549,416
Long term deposits		(723,912)	(37,666,105)
Net cash used in investing activities		<u>(1,155,208,737)</u>	<u>(3,873,483,881)</u>
Cash flows from financing activities			
Proceeds from long term financing - secured		-	619,337,232
Proceeds from short term borrowings - secured		-	1,837,939,235
Repayment of short term borrowings - secured		(1,837,939,235)	-
Lease rentals paid		(5,352,976)	-
Issue of shareholders' equity		4,576,770,490	-
Proceeds from shareholder's loan		1,543,430,000	-
Cost of issue of share capital		(19,018,104)	-
Finance costs paid		(1,205,629,192)	(746,001,748)
Net cash generated from financing activities		<u>3,052,260,983</u>	<u>1,711,274,719</u>
Net increase/ (decrease) in cash and cash equivalents		<u>636,514,883</u>	<u>(1,662,195,512)</u>
Cash and cash equivalents at beginning of the year		<u>41,909,797</u>	<u>1,704,105,309</u>
Cash and cash equivalents at end of the year	25	<u>678,424,680</u>	<u>41,909,797</u>

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



Amr Ali Reda
Director



Samy Ahmed Abdelkader
Director



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2007

	Ordinary share capital	Capital reserve - Share premium account	Accumulated loss	Total
	Rupees	Rupees	Rupees	Rupees
Balance as on 31 December 2005	6,768,378,870	214,838,692	(480,693,559)	6,502,524,003
Net loss recognised for the year	-	-	(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
Balance as on 01 January 2007	6,768,378,870	214,838,692	(518,917,520)	6,464,300,042
Issue of share capital through right issue	3,045,770,490	-	-	3,045,770,490
Issue of fresh share capital	1,531,000,000	-	-	1,531,000,000
Expenses for issuance of share capital	-	(19,018,104)	-	(19,018,104)
Expenses recognised directly in equity	-	(19,018,104)	-	(19,018,104)
Net loss for the year	-	-	(521,096,900)	(521,096,900)
Total recognised loss and expense for the year	-	(19,018,104)	(521,096,900)	(540,115,004)
Balance as on 31 December 2007	11,345,149,360	195,820,588	(1,040,014,420)	10,500,955,528

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

Amr Ali Reda
Director

Samy Ahmed Abdelkader
Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

1 THE COMPANY AND ITS OPERATIONS

Pakistan Cement Company Limited ("the Company") was incorporated in Pakistan on 23 May 1993 as a Private Limited Company and 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 manufacture and sale of cement. The registered office of the Company is situated at plot # 18-B, F-8 Markaz, Islamabad.

- 1.1 The Company has incurred gross loss during the year, being first year after declaring commercial operations, primarily due to low retention price as experienced by the cement industry as a whole and higher operating costs.

During December current year, the Company has commissioned its coal firing plant. Accordingly, coal is expected to replace furnace oil and natural gas as major fuel resulting in cost savings which is expected to have positive impact on the Company's profitability in the coming years.

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. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Significant Accounting estimates

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. Further the Company reviews the value of its assets for possible impairment on an annual 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 effect 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 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. Any change in estimates in future years may effect the carrying amounts of inventory and trade debts.

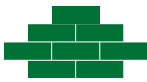
2.3 New accounting standards and IFRIC interpretations that are not yet effective:

Except for the changes made in IAS – 1 Presentation of Financial Statements (revised 2007) which are effective after 01 January 2008, new standards, interpretations and amendments to approved accounting standards effective from future years are not expected to have significant impact on the current transactions of the Company. The management is considering the effects of the changes in IAS – 1 on the Company's financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Accounting convention and basis of preparation

These financial statements have been prepared under the historical cost convention.



3.2 Staff retirement benefits

3.2.1 Defined Contribution plan

The Company 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.

3.2.2 Defined benefits plan

The Company was operating defined benefit plans of gratuity and compensated absences for its eligible employees. As there are no more eligible employees at the year end, the balance of defined benefit obligation due to ex-employees has been transferred to current liabilities.

3.3 Property, plant and equipment

Property, plant and equipment except freehold land and capital work in progress 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 and other directly attributable expenses incurred during construction phase of relevant asset. Standby equipment and spares held for capital use are recognised as part of property, plant and equipment.

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 15. 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.

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 Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit and loss except to the extent it relates to items recognised directly in equity, in which case it is recognised in equity.

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. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets.

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 reviewed at each reporting date and 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

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to contractual provisions of the instruments. The Company de-recognises a financial asset or a portion of financial asset when, and only when, the Company loses control of the contractual right that comprise the financial asset or portion of financial asset. While a financial liability or part of financial liability is de-recognised from the balance sheet when, and only when, it is extinguished i.e., when the obligation specified in the contract is discharged, cancelled or expired.

All the financial assets and liabilities are initially recognised at fair value. These are subsequently measured at fair value or amortized cost as the case may be.

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 amortized 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 and deposit accounts 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.

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.

3.18 Intangible assets

An intangible asset is recognized if it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and that cost of such asset can also be measured reliably. The assets so recognized are amortized over the period during which the related economic benefits are likely to accrue to the Company. Intangible assets are stated at cost less accumulated amortization and impairment losses, if any. Amortization is provided from the month when the asset becomes available for use, on straight line basis to write off the cost of an asset over its estimated useful life at the rates mentioned in note 16.1 to the financial statements.

3.19 Leased assets

The Company recognizes finance leases as assets and liabilities in the balance sheet at an amount equal at the inception of the lease to the fair value of the leased assets or, if lower, at the present value of the minimum lease payments. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease. Depreciation is commenced from the date the asset is available for use up to the date when the asset is retired. Depreciation is charged to the profit and loss account on straight line method so as to write off the depreciable amount of the leased assets over the shorter of its lease term or useful life, as mentioned in note 8.1 to the financial statements.



4 SHARE CAPITAL

4.1 AUTHORIZED CAPITAL

2007 Numbers	2006 Numbers		2007 Rupees	2006 Rupees
<u>2,250,000,000</u>	<u>2,250,000,000</u>	Ordinary share of Rs. 10 each	<u>22,500,000,000</u>	<u>22,500,000,000</u>

4.2 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2007 Numbers	2006 Numbers		2007 Rupees	2006 Rupees
<u>1,134,514,936</u>	<u>676,837,887</u>	Ordinary shares of Rs. 10 each fully paid in cash	<u>11,345,149,360</u>	<u>6,768,378,870</u>

4.3 Pakistan Cement Holding Limited (PCH) holds 43.95% and Camden Holding PTE Limited (CHL) holds 25.07% ordinary shares of the Company at the balance sheet date. By virtue of indirect holding in PCH and CHL, through Orascom Building Materials Holding, Orascom Construction Industries, Egypt is the ultimate parent company ("the Ultimate Parent Company") of the Company. Subsequent to the year end, the Ultimate Parent Company has sold its cement business to Lafarge, a French construction company ("the New Ultimate Parent Company").

4.4 During the year, the Company has issued right shares @ 45% at par value of Rs. 10 per ordinary share. The right issue has increased the paid up capital of the company from Rs. 6,768,378,870 to Rs. 9,814,149,360 by issuing 304,577,049 ordinary shares of Rs. 10 each.

4.5 As recommended by the board of directors in their meeting held on 7th June 2007, the Company had to issue 153.10 million ordinary shares at Rs. 10 each to Orascom Construction Industries and/or any of its affiliated companies without offering right shares to existing shareholders. Accordingly, approval of shareholders has been obtained by passing special resolution in the Extra Ordinary General Meeting - EOGM held on 04 July 2007 and these shares have been issued to Pakistan Cement Holding Company after fulfilling the regulatory requirements of the Securities and Exchange Commission of Pakistan - SECP. This fresh issue has increased the paid up capital of the Company from Rs. 9,814,149,360 to Rs. 11,345,149,360 by issuing 153.1 million ordinary shares of Rs. 10 each.

5 CAPITAL RESERVE

Share premium at opening of the year	5.1	214,838,692	214,838,692
Less: Expenses incurred for issue of shares during the year		(19,018,104)	-
		<u>195,820,588</u>	<u>214,838,692</u>

5.1 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

Commercial facility	4,327,369,230	4,327,369,230
Eksport Kredit Fonden (EKF) guaranteed facility	2,688,568,000	2,688,568,000
	<u>7,015,937,230</u>	<u>7,015,937,230</u>
Less: Current portion shown under current liabilities:		
Commercial facility	(865,473,846)	-
Eksport Kredit Fonden (EKF) guaranteed facility	(448,094,667)	-
	<u>(1,313,568,513)</u>	<u>-</u>
	<u>5,702,368,717</u>	<u>7,015,937,230</u>

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 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 Limited 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 Limited 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.

6.1 Security:

- i) First mortgage charge of Rs. 10,400 million ranking pari passu with the Company's creditors on properties of the Company.
- ii) 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.

6.2 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 lenders' concurrence and meeting certain defined financial ratios.

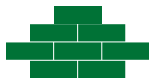
7 DEFERRED LIABILITIES

	Note	2007 Rupees	2006 Rupees
Staff retirement benefits:			
Provision for Gratuity		1,073,000	1,073,000
Provision for leave encashment		700,000	700,000
		<u>1,773,000</u>	<u>1,773,000</u>
Less: Transferred to current liabilities	3.2.2	<u>(1,773,000)</u>	-
		<u>-</u>	<u>1,773,000</u>

8 OBLIGATION AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2007			2006
	Minimum lease payments	Financial charges for future periods	Present value of minimum lease payments	
	(Rupees)			(Rupees)
Not Later than one year	15,892,486	5,008,917	10,883,569	-
Later than one year but not later than five years	38,344,399	5,531,717	32,812,682	-
	<u>54,236,885</u>	<u>10,540,634</u>	<u>43,696,251</u>	-

- 8.1 The Company has obtained on lease vehicles from Standard Chartered Modaraba. The lease term for these arrangements is 4 years. All leases carry markup on the basis of average 6 months' KIBOR plus applicable rate and option to be repriced every six months. Rentals to change with every bi-annual repricing of lease facility. The rentals are payable in forty eight monthly installments upto April 09, 2011. At the end of the lease term, the Company has the option to acquire these vehicles on payment of all installments.



9 SHAREHOLDER'S LOAN

This represents subordinated unsecured loan amounting to US\$ 25 million (Equivalent Pak Rs. 1,543.4 million) obtained from Pakistan Cement Holding Limited - PCH for an initial term of six months, which may be renewed for further periods of six months each on same terms and conditions. This loan carries markup at the rate of six months LIBOR plus 1% per annum and gives an option to PCH to convert the outstanding balance of loan into equity of the Company at par value. Repayment of this loan shall commence after the repayment of the Company's outstanding loans and after obtaining approvals from the existing lenders. The Company has obtained State Bank of Pakistan approval to consider the loan as part of equity under prudential regulations and to accumulate interest during life time but without compounding it.

10 OTHER LONG TERM LIABILITIES

	Note	2007 Rupees	2006 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		(164,177,594)	(222,325,433)
Payments made		(155,572,208)	(155,572,208)
		815,186,357	757,038,518
Extinguishment of custom duties and sales tax payable	32	(815,186,357)	-
		-	757,038,518
Due to related parties, unsecured, on account of:			
- Interest on shareholder's loan		28,436,347	-
- Technical services and royalty		548,397,603	243,559,817
	10.1	576,833,950	1,000,598,335
10.1 This balance is interest free and is expected to be settled after a period of next twelve months.			

11 SHORT TERM BORROWINGS - SECURED

Running finance facilities	11.1	-	1,837,939,235
		-	1,837,939,235

11.1 This represents available amount of running finance facilities of Rs. 1,400. million (2006: Rs. 2,512.5 million) from various banks. Markup is payable on quarterly basis at the rate ranging from 3 months KIBOR + 0.9% to 3 months KIBOR + 1.4% per annum. These short term borrowings are secured by guarantees issued by Orascom Construction Industries, Egypt - The Ultimate Parent Company.

12 TRADE AND OTHER PAYABLES

Trade creditors		448,858,325	148,815,64
Payable to suppliers and contractors		290,110,109	656,835,24
Security deposits		9,900,000	32,850,00
Retention money payable		231,992,145	367,261,15
Due to related party - unsecured	12.1	37,812,585	80,703,22
Advances from customers		63,290,403	31,506,95
Accrued expenses		360,482,936	223,313,23
Excise duty payable		84,302,175	579,06
Special excise duty payable		677,346	-
Rentals payable		-	1,748,37
Income tax deducted at source		7,439,578	2,503,65
Provident fund payable		848,740	-
Other payables		2,031,753	622,06
		1,537,746,095	1,546,738,61

12.1 This represents balance payable on account of services provided and supervision of plant erection and installation.

13 INTEREST ACCRUED	2007 Rupees	2006 Rupees
Markup on long term financing - secured	260,091,008	266,425,712
Markup on short term borrowing - secured	-	36,615,615
	<u>260,091,008</u>	<u>303,041,327</u>

14 CONTINGENCIES AND COMMITMENTS

14.1 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 mining lease for lime stone, clay, gypsum and area of 4,070 acres situated near Karuli District, Chakwal.
- c) 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.
- d) The Company has issued corporate guarantees amounting to Rs. 1,135 million (2006: Rs 1,135 million) in the favour of Collector of Customs, Rawalpindi against the liability for custom duties and sales tax. The liability of custom duties and sales tax has been extinguished by Federal Board of Revenue (FBR) as on balance sheet date and the issued guarantees will be returned in due course of time.
- e) Contingencies related to taxation- Refer note 33.

14.2 Commitments:

- a) - Commitments in respect of capital expenditure contracted at year end is Rs. 414.592 million (2006: Rs. 1,456.625 million)
- b) - Commitment in respect of quarry lease of 1,337 kanals and 58.8 kanals at the year end is Rs. 91.771 million and 4.506 million respectively (2006: Rs. 92.856 million and Rs. 4.554 million respectively). These amounts are payable over a period of 85.8 and 95.8 years respectively.



15 PROPERTY, PLANT AND EQUIPMENT

	OWNED										LEASED		
	Freehold land	Buildings on freehold land	Plant and Machinery (Note 15.1)	Office Equipment	Furniture and Fixtures	Computers & Low Voltage Equipment	Vehicles	Laboratory Equipment	Workshop Equipment	Capital work in progress (Note 15.2)	Sub-Total	Vehicles	Total
	AMOUNTS IN RUPEES												
Cost													
Balance as at 01 January 2006	33,387,662	-	370,048	503,330	1,769,300	1,925,064	16,194,175	-	-	12,226,956,495	12,281,106,074	-	12,281,106,074
Additions during the year	47,912,373	-	380,101	884,267	-	791,778	10,748,455	-	465,002	4,690,979,534	4,752,159,510	-	4,752,159,510
Transfers from CWIP and Spares	-	3,365,291,819	8,912,927,864	2,416,500	14,984,765	344,808,367	-	687,710,129	251,242,366	(19,579,381,810)	-	-	-
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	3,338,554,219	17,033,265,584	-	17,033,265,584
Balance as at 01 January 2007	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	3,338,554,219	17,033,265,584	-	17,033,265,584
Additions during the year	129,675	1,920,800	5,962,648	926	428	95	4,195,545	-	2,982,759	1,585,431,565	1,580,604,441	49,049,227	1,629,653,668
Transfers from CWIP and Spares	-	124,234,788	3,942,443,956	-	-	18,643,495	-	4,866,425	82,695,488	(4,099,152,121)	73,532,031	-	73,532,031
Adjustments	-	(10,743,542)	10,743,542	-	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2007	81,429,710	3,480,703,865	12,872,828,159	3,337,788	16,739,123	366,651,404	31,136,175	692,376,554	337,365,615	804,833,663	18,687,402,056	49,049,227	18,736,451,283
Depreciation													
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)	465,132	-	-	-	-	-	-	-
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
Balance as at 01 January 2007	-	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
Depreciation charge for the year	-	96,529,103	498,553,611	669,845	1,509,002	48,414,852	2,689,087	64,231,436	18,230,747	-	731,027,693	5,846,598	736,874,291
Balance as at 31 December 2007	-	100,149,338	516,193,906	794,636	3,251,794	52,199,607	10,307,984	66,642,890	18,845,815	-	766,386,170	5,846,598	774,232,768
Carrying amounts - 2007	81,429,710	3,380,554,327	12,356,634,253	2,542,952	13,487,329	314,451,797	20,828,191	625,733,664	318,519,800	804,833,663	17,919,015,886	43,202,629	17,962,218,515
Carrying amounts - 2006	81,300,035	3,361,671,584	8,996,037,718	3,211,871	14,995,903	344,223,059	19,521,743	685,298,675	251,092,300	3,338,554,219	16,995,907,107	-	16,995,907,107
Life of assets / lease term - years	-	30	15 to 30	10	10	3	8	10 to 20	7 to 20	4	-	-	-

15.1 This includes Rs.73,532,031(2006: Rs. nil) on account of standby equipment and spares held for capitalization.

15.2 Capital work in progress

	2007	2006
	Rupees	Rupees
Plant and machinery	-	1,971,653,748
Civil and development works	596,512,435	499,262,041
Construction material	11,096,567	5,007,954
Borrowing cost	146,076,760	411,121,575
Advances to suppliers and contractors	2,667,841	65,307,908
Others directly attributable expenses	48,480,060	386,200,983
	<u>804,833,663</u>	<u>3,338,554,219</u>

- 15.3** Included in property, plant and equipment is cumulative exchange loss of Rs. 499.8 million (2006: Rs. 499.8 million) on a foreign currency loan.
15.4 Borrowing cost capitalized during the year in capital work in progress amounts to Rs.485 million (2006: Rs.832 million).
15.5 Depreciation charge for the year has been allocated as follows:

	Note	2007 Rupees	2006 Rupees
Cost of sales	27	724,182,401	28,146,329
Selling, general and administrative expenses	28	12,691,890	577,745
		<u>736,874,291</u>	<u>28,724,074</u>
16 INTANGIBLES			
Additions during the year	16.1	8,279,047	-
Amortization for the year		(1,130,533)	-
Carrying amount		<u>7,148,514</u>	<u>-</u>
16.1 This represents additions of computer softwares and license fees. Amortization is charged at the rate of 33% on straight line basis.			
17 LONG TERM ADVANCE			
Long term advance to SNGPL - unsecured, considered good	17.1	103,295,000	103,295,000
Less: current portion shown under current assets		(10,329,500)	-
		<u>92,965,500</u>	<u>103,295,000</u>
17.1 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.			
18 LONG TERM DEPOSITS			
Deposit with Islamabad Electric Supply Company Limited	18.1	37,789,030	37,533,280
Others		4,640,842	4,172,680
		<u>42,429,872</u>	<u>41,705,960</u>
18.1 This represents long term deposit to Islamabad Electric Supply Company Limited - IESCO for the supply of 40 mega watt electricity line.			
19 STORES AND SPARES			
Spares parts		469,758,735	200,775,533
Fuel		406,988,693	72,665,141
Spares and fuel in transit		372,570,580	-
		<u>1,249,318,008</u>	<u>273,440,674</u>
20 STOCK IN TRADE			
Raw material		20,540,076	26,266,278
Work in process		362,946,447	31,105,577
Finished goods		90,163,790	72,362,961
Packing material		25,134,601	28,623,420
		<u>498,784,914</u>	<u>158,358,236</u>



21	TRADE DEBTS - Considered good	Note	2007 Rupees	2006 Rupees
	Orascom Cement Trading Company - a related party		64,636,684	-
	Contrack International Inc - a related party		3,693,728	-
	Others		6,028,499	-
			<u>74,358,911</u>	<u>-</u>
22	ADVANCES - Considered good			
	Advances to employees - unsecured	22.1	1,817,861	2,445,187
	Margin against letters of credit		-	40,885,811
	Advances to:			
	Suppliers and contractors - secured		-	5,872,838
	Suppliers and contractors - unsecured		16,314,087	94,385,769
			<u>16,314,087</u>	<u>100,258,607</u>
	Current portion of long term advance	17	10,329,500	-
			<u>28,461,448</u>	<u>143,589,605</u>
22.1	This includes advances to executives amounting to Rs. 501,577 (2006: Rs. 692,772)			
23	SHORT TERM PREPAYMENTS AND BALANCE WITH STATUTORY AUTHORITY			
	Prepaid expenses		41,378,080	26,278,494
	Sales tax refundable - considered good		150,721,275	87,386,003
			<u>192,099,355</u>	<u>113,664,497</u>
24	OTHER RECEIVABLES - Considered good			
	This includes claim receivable from SNGPL amounting to Rs. 48,981,344 (2006: Rs. 21,361,383) on account of differences in meter readings.			
25	CASH AND BANK BALANCES			
	Cash in hand		698,871	808,457
	Cash at banks - current accounts	25.1	677,725,809	41,101,340
			<u>678,424,680</u>	<u>41,909,797</u>
25.1	Cash at banks includes Rs. 4,605,130 (2006: Rs 600,000) under lien, against letters of credit and a guarantee issued by various banks on behalf of the Company.			
26	SALES - net			
	Gross Sales:			
	Local		5,116,367,027	174,694,469
	Export		1,108,595,058	-
			<u>6,224,962,085</u>	<u>174,694,469</u>
	Less: Sales tax and excise duties		(1,691,863,492)	(64,089,564)
	Discounts and commission to dealers		(341,504,509)	(22,019,370)
			<u>(2,033,368,001)</u>	<u>(86,108,934)</u>
			<u>4,191,594,084</u>	<u>88,585,535</u>

27 COST OF SALES	Note	2007 Rupees	2006 Rupees
Raw materials consumed:			
Opening stock		26,266,278	28,585,379
Purchases		364,934,069	5,903,775
Closing stock		<u>(20,540,076)</u>	<u>(26,266,278)</u>
		370,660,271	8,222,876
Packing material consumed		410,412,812	13,727,332
Outbound freight		178,666,778	-
Fuel and power		2,687,136,519	113,083,976
Store and spares consumed		88,870,954	116,860
Salaries, wages and benefits	27.1	196,046,246	7,008,815
Rent, rates and taxes		18,586,043	1,983,765
Traveling and conveyance		30,152,997	-
Insurance		59,207,687	1,725,746
Communication		8,132,926	-
Utilities		10,196,595	-
Consumables		26,163,203	-
Entertainment and canteen		24,429,535	-
Depreciation		724,182,401	28,146,329
Repairs and maintenance		30,139,194	4,784,424
Technical assistance fee to a related party		146,192,754	4,304,314
Legal and professional charges		3,722,134	-
Other factory overheads		<u>27,655,651</u>	<u>5,237,047</u>
		5,040,554,700	188,341,484
Add: Opening work in process		31,105,577	115,516,672
Less: Closing work in process		<u>(362,946,447)</u>	<u>(31,105,577)</u>
Cost of goods manufactured		4,708,713,830	272,752,579
Add: Opening finished goods		72,362,961	28,681,565
Less: Closing finished goods		<u>(90,163,790)</u>	<u>(72,362,961)</u>
		<u><u>4,690,913,001</u></u>	<u><u>229,071,183</u></u>

27.1 This includes Rs. 4,935,339 (2006: Rs. 136,197) on account of contributions to defined contribution plan.



28 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	Note	2007 Rupees	2006 Rupees
Salaries, wages and benefits	28.1	121,357,978	41,566,552
Traveling expenses		10,853,879	10,294,997
Vehicle running expenses		1,350,369	10,202,866
Office renovation and maintenance		5,941,018	14,391,896
Rent, rates and taxes		22,501,056	34,331,160
Accommodation and living		6,171,975	7,478,275
Legal and professional charges		20,316,472	7,650,304
Utilities		3,120,249	2,142,578
Advertisement expenses		5,856,504	5,362,998
Technical assistance fee to a related party		45,634,412	1,434,771
Entertainment		1,205,595	3,224,806
Printing and stationery		2,350,520	1,095,439
Meetings and conferences		3,048,195	967,469
Telephone and postage		8,338,294	5,231,655
Newspapers and periodicals		154,059	76,658
Fees and subscriptions		9,482,261	2,510,661
Depreciation		12,691,890	577,745
Amortization		1,130,533	-
Repairs and maintenance		698,511	782,117
Security charges		1,530,976	830,834
Insurance expenses		879,561	-
Royalty to a related party		62,873,871	1,328,783
Miscellaneous expenses		2,666,264	628,151
Advance tax written off		5,635,964	-
		<u>355,790,406</u>	<u>152,110,715</u>

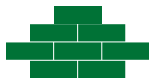
28.1 This includes Rs. 3,600,210 (2006: Rs. nil) on account of contributions to defined contribution plan.

29 OTHER EXPENSES

Auditors' remuneration:

Audit fee	1,000,000	675,000
Tax consultancy	1,760,000	900,000
Other certifications	150,000	1,100,000
Out of pocket expenses	277,200	58,750
	<u>3,187,200</u>	<u>2,733,750</u>

30 FINANCE COST	Note	2007 Rupees	2006 Rupees
Interest and other charges on long and short term financing		623,971,450	5,105,168
Interest on subordinated loan		21,237,461	-
Fair value adjustment of deferred liabilities for custom duties and sales tax		30,779,689	2,465,056
Foreign exchange loss/ (gain)		76,065,824	(466,948)
Letter of guarantee commission		29,991,341	-
Others		13,938,738	495,906
		<u>795,984,503</u>	<u>7,599,182</u>
31 OTHER OPERATING INCOME			
From financial assets			
Long term advance		1,549,404	1,549,416
Interest on term deposits		9,109,437	-
From assets other than financial assets			
Scrap sales		23,731,940	84,945
Rebate on export sales		6,835,002	-
Others		85,000	-
		<u>41,310,783</u>	<u>1,634,361</u>
32 EXTINGUISHMENT OF DEFERRED LIABILITIES FOR CUSTOM DUTIES AND SALES TAX			
This represents extinguishment of liability of custom duties and sales tax as referred in note 10. Amount in excess of 25% of the custom duties and sales tax, originally determined on import of plant and machinery, was extinguished under the CBR order no. 1 (96) CUS.JUD/2005 dated December 01, 2007, with the approval of Economic Coordination Committee of the Federal Cabinet, Government of Pakistan.			
33 TAXATION			
Current tax - prior years'		-	(2,400,000)
Deferred tax	33.1	<u>276,686,986</u>	<u>265,470,973</u>
		<u>276,686,986</u>	<u>263,070,973</u>
33.1 Deferred taxation has been recognized in respect of the following:			
Accelerated tax depreciation		(3,573,577,060)	(2,699,815,165)
Obligation under finance lease		15,293,688	-
Unabsorbed tax losses		4,100,441,331	2,965,286,138
		<u>542,157,959</u>	<u>265,470,973</u>
33.2 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. However, the taxation authorities are empowered to open the assessments at any time within five years of date of filing of returns.			
33.3 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 against tax liability for future years in terms of section 113(2)(c) of the Ordinance.			



34 LOSS PER SHARE - BASIC AND DILUTED

	2007	2006
Net loss for the year - Rupees	<u>(521,096,900)</u>	<u>(38,223,961)</u>
Weighted average number of ordinary shares outstanding during the year - Numbers	<u>877,480,582</u>	<u>740,083,394</u>
Loss per share - Rupees	<u>(0.594)</u>	<u>(0.052)</u>

34.1 Weighted average number of shares outstanding during the year - Numbers

Opening number of shares - Numbers	676,837,887	676,837,887
Add: Weighted average of right shares issues on 09 August 2007 - Numbers	159,116,942	63,245,507
Add: Weighted average of fresh shares issued on 24 September 2007 - Numbers	<u>41,525,753</u>	-
	<u>877,480,582</u>	<u>740,083,394</u>

34.2 Shareholder's loan, as disclosed in note 9 could potentially dilute basic earning per share in future, but was not included in the calculation of diluted earnings per share because the effect is antidilutive for the year.

35 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	
	2007 Rupees	2006 Rupees
Managerial remuneration	42,377,098	35,562,218
Gratuity	778,772	114,509
Leave encashment	279,829	451,960
Provident fund	3,394,945	1,100,238
Other expenses	2,921,424	2,320,251
Bonus	<u>5,759,526</u>	<u>2,460,317</u>
	<u>55,511,594</u>	<u>42,009,493</u>
Number of persons	<u>31</u>	<u>31</u>

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

35.2 Managing Director and executives are also provided Company's maintained cars.

35.3 Meeting fee of directors charged during the year was Rs. 8,000, Number of directors: 11 (2006: Rs.7,000, Number of directors: 9).

36 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

36.1 Interest rate risk

The information about Company's exposure to interest rate based on contractual repricing or maturity dates which ever is earlier is as follows:

		2007 (Rupees)														
Financial assets	Effective interest/markup rate %age	Maturity upto one year		Maturity after one year and upto two years		Maturity after two years and upto three years		Maturity after three years and upto four years		Maturity after four years and upto five years		Sub Total	Non interest bearing		Sub total	Total
		Maturity upto one year	Maturity after one year and upto two years	Maturity after two years and upto three years	Maturity after three years and upto four years	Maturity after four years and upto five years	Maturity after five years	Maturity upto one year	Maturity after one year							
Long term advance	1.5	10,329,500	10,329,500	10,329,500	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		-	-	-	-	-	-	-	-	-	-	-	-	42,429,872	42,429,872	42,429,872
Interest accrued	12.4	-	-	-	-	-	-	-	-	-	-	-	1,177,958	-	1,177,958	1,177,958
Trade debts	5.42	-	-	-	-	-	-	-	-	-	-	-	74,358,911	-	74,358,911	74,358,911
Other receivable		-	-	-	-	-	-	-	-	-	-	-	52,225,801	-	52,225,801	52,225,801
Cash and bank balances		-	-	-	-	-	-	-	-	-	-	-	678,424,680	-	678,424,680	678,424,680
		10,329,500	10,329,500	10,329,500	10,329,500	10,329,500	10,329,500	10,329,500	10,329,500	51,647,500	103,295,000	806,187,350	42,429,872	848,617,222	951,912,222	
Financial liabilities																
Long term financing - secured	11.01 - 12.26	1,313,568,513	1,313,568,513	1,313,568,513	1,313,568,513	1,313,568,513	1,313,568,513	1,313,568,513	1,313,568,513	448,094,665	7,015,937,230	-	-	-	-	7,015,937,230
Other long term liabilities		-	-	-	-	-	-	-	-	-	-	-	-	576,833,950	576,833,950	576,833,950
Shareholders' loans	12.89 - 12.91	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Shareholders' loans subject to finance lease		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trade and other payables		-	-	-	-	-	-	-	-	-	-	-	1,382,713,939	-	1,382,713,939	1,382,713,939
Interest accrued		-	-	-	-	-	-	-	-	-	-	-	260,091,008	-	260,091,008	260,091,008
		1,324,452,082	1,326,014,299	1,327,717,023	1,319,786,899	1,313,568,513	1,313,568,513	1,313,568,513	1,313,568,513	1,991,524,665	8,603,063,481	1,642,004,947	576,833,950	2,219,638,897	10,822,705,378	
		1,324,452,082	1,326,014,299	1,327,717,023	1,319,786,899	1,313,568,513	1,313,568,513	1,313,568,513	1,313,568,513	1,991,524,665	8,603,063,481	1,642,004,947	576,833,950	2,219,638,897	10,822,705,378	
Financial assets																
Long term advance	1.5	-	10,329,500	10,329,500	10,329,500	10,329,500	10,329,500	10,329,500	10,329,500	61,977,000	103,295,000	-	-	-	-	103,295,000
Long term deposits		-	-	-	-	-	-	-	-	-	-	-	-	41,705,960	41,705,960	41,705,960
Interest accrued		-	-	-	-	-	-	-	-	-	-	-	1,177,958	-	1,177,958	1,177,958
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	10,329,500	10,329,500	61,977,000	103,295,000	43,087,755	41,705,960	84,793,715	188,086,715	
Financial liabilities																
Long term financing - secured	11.35-12.58	-	1,313,568,513	1,313,568,513	1,313,568,513	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	-	189,259,630	189,259,630	189,259,630	189,259,630	189,259,630	189,259,630	189,259,630	757,038,520	757,038,520	-	-	-	-	757,038,520
Trade and other payables		-	-	-	-	-	-	-	-	-	-	-	1,512,148,949	-	1,512,148,949	1,512,148,949
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	1,502,828,143	1,502,828,143	1,502,828,143	1,502,828,143	1,502,828,143	1,761,663,178	9,610,914,985	1,815,190,276	-	1,815,190,276	11,426,105,261	

36.2 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.

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

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

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

36.6 Capital management
The Board's policy is to maintain a strong capital base so as to maintain stakeholders' confidence and to ensure sustainable future development of the business. The Board of Directors monitors return on equity and ensures that the company has an appropriate capital mix. Return on equity is defined as percentage of earning before interest and tax to the total capital employed, whereas capital mix is defined as the ratio between equity and debt capital of the Company. Board of Directors monitors the Company's performance along with the capital and debt costs. There were no changes to the company's approach to the capital management during the year. The company is not subject to externally imposed capital requirements except for as disclosed in note 6.2 of the financial statements.

37 TRANSACTIONS WITH RELATED PARTIES
Pakistan Cement Holding Limited (PCH) holds 43.95% and Camden Holding PTE Limited (CHL) holds 25.07% ordinary 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, through Orascom Building Materials Holding, 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 35 to the financial statements. Transactions with related parties during the year are as follows:

	2007	2006
	Rupees	Rupees
The Ultimate Parent Company		
- Technical assistance fee and other expenses incurred on the Company's behalf	113,945,274	13,230,969
- Royalty	62,873,911	-
- Balance transferred from other related party	11,451,920	-
- Balance transferred to other related party	207,424,009	-
- Balance payable at year end	-	19,152,904
- Guarantees issued on behalf of the Company - refer notes 11.1 and 14.1		
Related parties by virtue of group holding		
- Technical assistance fee and other expenses incurred on the Company's behalf	145,786,241	199,818,880
- Balance transferred from the Ultimate Parent Company	207,424,009	-
- Balance transferred to the Ultimate Parent Company	11,451,920	-
- Shareholders loan	1,543,430,000	-
- Interest on shareholders' loan	28,436,347	-
- Tools purchased	8,852,586	-
- Payable against demurrage charges	3,425,774	-
- Services provided	15,905,673	-
- Payments made for services received	101,611,819	207,261,335
- Receivable adjusted	1,915,258	120,000
- Sales	446,810,919	1,905,158
- Receipts against sales	378,470,407	-
- Technical assistance provided	5,240,240	-
- Equipment transferred	47,500	-
- Services received	51,793,952	257,364,431
- Royalty	-	11,451,920
- Mobilization advance adjusted	-	34,878,371
- Retention money deducted	-	15,179,592
- Balance payable at the year end	2,089,746,124	305,110,137
Contributions to Provident Fund Trust	11,268,368	-
38 PLANT CAPACITY	2007	2006
	Metric Tons	Metric Tons
Installed Capacity	<u>2,400,000</u>	<u>2,400,000</u>
Actual production of cement	<u>1,724,104</u>	<u>80,306</u>

Difference during the year is due to demand and supply situation of the product. Last year's production is for 14 days only as the plant commenced its commercial production on 18 December 2006.

39 GENERAL

39.1 Figures for sales and cost of sales for 2006 are for 14 days as the plant commenced its commercial production on December 18, 2006.

39.2 Figures have been rounded off to the nearest Rupee.

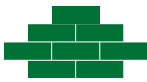
39.3 Royalty expense has been reclassified from cost of sales to selling, general and admin expenses for better presentation.

Amr Ali Reda
Director

Samy Ahmed Abdelkader
Director

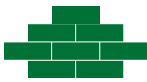
PATTERN OF SHAREHOLDING AS AT DECEMBER 31, 2007

NUMBER OF SHAREHOLDERS	SHAREHOLDING		NUMBER OF SHARES HELD
	FROM	TO	
96	1	100	5,666
1,557	101	500	686,722
1,836	501	1,000	1,762,845
4,105	1,001	5,000	12,067,276
1,349	5,001	10,000	10,799,310
459	10,001	15,000	5,986,025
316	15,001	20,000	5,880,635
195	20,001	25,000	4,541,100
120	25,001	30,000	3,422,575
58	30,001	35,000	1,919,575
79	35,001	40,000	3,026,875
36	40,001	45,000	1,549,825
73	45,001	50,000	3,595,936
25	50,001	55,000	1,311,950
27	55,001	60,000	1,574,100
21	60,001	65,000	1,319,080
20	65,001	70,000	1,369,373
33	70,001	75,000	2,423,707
10	75,001	80,000	780,340
11	80,001	85,000	910,450
9	85,001	90,000	799,550
12	90,001	95,000	1,112,472
50	95,001	100,000	4,986,200
10	100,001	105,000	1,019,930
8	105,001	110,000	865,635
6	110,001	115,000	668,800
5	115,001	120,000	595,250
12	120,001	125,000	1,487,125
5	125,001	130,000	640,675
2	130,001	135,000	264,500



3	135,001	140,000	414,800
7	140,001	145,000	1,007,425
13	145,001	150,000	1,934,075
2	150,001	155,000	303,000
3	155,001	160,000	479,500
3	160,001	165,000	490,500
1	165,001	170,000	170,000
4	170,001	175,000	693,650
3	175,001	180,000	536,049
1	180,001	185,000	181,250
3	185,001	190,000	566,250
9	195,001	200,000	1,799,000
2	200,001	205,000	401,025
2	205,001	210,000	415,500
2	210,001	215,000	424,500
3	215,001	220,000	658,525
1	220,001	225,000	225,000
3	225,001	230,000	681,500
2	230,001	235,000	462,300
3	235,001	240,000	713,855
4	240,001	245,000	970,500
3	245,001	250,000	750,000
1	250,001	255,000	251,500
1	255,001	260,000	258,408
2	265,001	270,000	538,675
1	270,001	275,000	270,500
1	280,001	285,000	282,500
2	285,001	290,000	580,000
3	295,001	300,000	900,000
2	300,001	305,000	600,300
1	305,001	310,000	307,925
3	310,001	315,000	934,750
2	345,001	350,000	699,000
2	350,001	355,000	704,975

1	375,001	380,000	377,000
1	385,001	390,000	390,000
3	395,001	400,000	1,191,775
1	400,001	405,000	402,000
2	410,001	415,000	826,000
1	430,001	435,000	435,000
1	440,001	445,000	445,000
1	445,001	450,000	447,400
1	470,001	475,000	471,500
4	495,001	500,000	2,000,000
1	500,001	505,000	503,000
1	505,001	510,000	507,375
1	520,001	525,000	525,000
1	565,001	570,000	569,500
1	570,001	575,000	572,900
1	670,001	675,000	673,925
1	685,001	690,000	688,075
1	695,001	700,000	700,000
2	720,001	725,000	1,450,000
1	795,001	800,000	800,000
1	845,001	850,000	850,000
1	865,001	870,000	868,950
1	885,001	890,000	890,000
1	905,001	910,000	905,539
1	930,001	935,000	933,788
2	960,001	965,000	1,926,300
3	995,001	1,000,000	2,998,000
1	1,000,001	1,005,000	1,002,500
1	1,055,001	1,060,000	1,059,000
1	1,115,001	1,120,000	1,115,500
1	1,180,001	1,185,000	1,181,000
1	1,390,001	1,395,000	1,394,450
1	1,495,001	1,500,000	1,500,000
1	1,620,001	1,625,000	1,624,000



1	1,645,001	1,650,000	1,650,000
1	1,655,001	1,660,000	1,660,000
1	1,700,001	1,705,000	1,705,000
1	1,820,001	1,825,000	1,821,000
4	1,995,001	2,000,000	7,994,100
1	2,010,001	2,015,000	2,012,550
1	2,085,001	2,090,000	2,087,000
1	2,090,001	2,095,000	2,091,825
1	2,135,001	2,140,000	2,138,625
1	2,455,001	2,460,000	2,457,000
1	2,770,001	2,775,000	2,772,055
1	2,780,001	2,785,000	2,782,180
1	2,820,001	2,825,000	2,823,950
1	2,940,001	2,945,000	2,943,711
1	3,500,001	3,505,000	3,501,675
1	3,670,001	3,675,000	3,670,100
1	3,995,001	4,000,000	4,000,000
1	4,175,001	4,180,000	4,180,000
1	4,515,001	4,520,000	4,519,095
1	5,325,001	5,330,000	5,329,500
1	5,870,001	5,875,000	5,874,142
1	8,515,001	8,520,000	8,519,095
1	8,635,001	8,640,000	8,638,375
1	10,570,001	10,575,000	10,572,476
1	16,445,001	16,450,000	16,447,075
1	19,995,001	20,000,000	19,999,980
1	20,715,001	20,720,000	20,715,094
1	21,410,001	21,415,000	21,412,281
1	47,000,001	47,005,000	47,005,000
1	284,420,001	284,425,000	284,424,423
1	498,560,001	498,565,000	498,562,913

10721

1,134,514,936

PATTERN OF SHAREHOLDING AS AT DECEMBER 31, 2007

CATEGORIES OF SHARES HOLDERS	SHARES HELD	%
Directors, Chief Executive, their Spouse and Minor Children	11,434,551	1.01
Associated Companies Undertakings & Related Parties	782,987,336	69.02
NIT/ICP	42,127,375	3.71
Banks, Development Finance Institutions and Non Banking Financial Institution	31,000,275	2.73
Insurance Companies	20,609,980	1.82
Modarabas and Mutual Funds	9,679,350	0.85
Shareholders holding 10% (*detail given below)		
General Public		
a. Local	143,473,313	12.65
b. Foreign	-	-
Foreign Companies	59,100,500	5.21
Joint Stock Companies	32,018,331	2.82
Citibank N.A. as custodian of Global Depository Receipts	2,012,550	0.18
Others		
i. Pakistan Gums & Chemical Ltd Executive Staff Pension Fund	10,875	0.00
ii. Trustee - Army Welfare Trust	1,000	0.00
iii. Trustee Kaukab Mir Memorial Welfare Trust	9,500	0.00
iv. Sarhad Rural Support Programme	50,000	0.00
TOTAL	1,134,514,936	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		498,562,913
ii. Camden Holding PTE Limited		284,424,423
NIT/ICP		
i. National Bank of Pakistan - Trustee Wing		42,127,375
Directors, Chief Executive, their Spouse and Minor Children		
i. Khawaja Mohammad Naveed	10,572,476	
ii. Mr. Samy Ahmed Abdelkader	688,075	
iii. Mr. Nassef Onsi Naguib Sawiris	725	
iv. Mr. Ahmad Said Heshmat Hassan	725	
v. Mr. Ahmed Shebl Tolba Daabes	725	
vi. Mr. Salman Khalid Butt	725	
vii. Mr. Sherif Youssef Mohamed Tantawy	725	
viii. Mr. Hesham Moustafa Abdel Samie	725	
ix. Mr. Amr Ali Reda	2,900	
x. Mr. Bilal Hamid Javaid	7,250	
xi. Mrs. Amany Hussein Rabie	159,500	11,434,551
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		
41,289,625		
Shareholders holding 10% and above Voting Interests		
* i. Pakistan Cement Holding Limited		498,562,913
* ii. Camden Holding PTE Limited		284,424,423