LAFARGE PAKISTAN CEMENT Ltd.

(FORMERLY PAKISTAN CEMENT COMPANY LIMITED)

LAFARGE CEMENT

Pakistan

Annual Report 2008

Contents

LAFARGE PAKISTAN CEMENT Ltd.

(FORMERLY PAKISTAN CEMENT COMPANY LIMITED)

COMPANY INFORMATION

Board of Directors	Mr. Ahmad Said Heshmat Hassan Chairman Maj. Gen. (R) Rehmat Khan Chief Executive Mr. Jean Desazars Mrs. Amal Tantawi Mr. Ashraf Abouelkheir Mr. Ahmed Shebl Tolba Daabes Mr. Amr Ali Reda Mr. Samy Ahmed Abdelkader Mr. Bilal Hamid Javaid Khawaja Mohammad Naveed Mr. Shahid Anwar (Nominee NIT)
Audit Committee	Mr. Jean Desazars Chairman Mr. Amr Ali Reda Mrs. Amal Tantawi Mr. Ashraf Abouelkheir Mr. Samy Ahmed Abdelkader
Company Secretary	Mr. Muhammad Anwar Sheikh M. Com., FCMA
Chief Financial Officer	Mr. Bilal Hamid Javaid
Auditors	M/s Ford Rhodes Sidat Hyder & Co., Chartered Accountants, Islamabad.
Bankers	MCB Bank Limited Citibank N.A. Habib Bank Limited Allied Bank Limited United Bank Limited NIB Bank Limited Royal Bank of Scotland Askari Bank Limited Soneri Bank Limited Standard Chartered Bank Limited Habib Metropolitan Bank Limited
Legal Advisors	Haidermota & Co. Barristers at Law & Corporate Counsellors, Islamabad.
Share Registrar	Noble Computer Services (Pvt.) Ltd. 2nd Floor, Sohni Centre, BS 5-6,Karimabad, Block 04, Federal-B Area, Karachi - 75950, Pakistan. Phone:+92 (021) 6801880-82, Fax:+92 (021) 6801129
Registered Office	18-B, Kaghan Road, F-8 Markaz, Islamabad. UAN: (051) 111 111 722, Fax: (051) 2817300
Plant Site	Choie Mallot Road, Tehsil Kalar Kahar, Distt. Chakwal-Pakistan

NOTICE OF 16TH ANNUAL GENERAL MEETING

Notice is hereby given that the 16th Annual General Meeting of the shareholders of **Lafarge Pakistan Cement Limited** (Formerly Pakistan Cement Company Limited) will be held on Tuesday, April 28, 2009, at 11:00 a.m. at Marriott Hotel, Islamabad to transact the following business:

1. To confirm the minutes of the Extraordinary General Meeting held on January 14, 2009.

2. To receive and adopt the audited accounts of the Company for the year ended December 31, 2008 along with Directors' and Auditors' reports thereon.

3. To appoint Auditors for the year ending December 31, 2009 and to fix their remuneration. The retiring auditors namely M/s Ford Rhodes Sidat Hyder & Company, Chartered Accountants, Islamabad, being eligible, offer themselves for re-appointment.

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 30, 2009

Notes:

1. The share transfer books of the Company will remain closed from 21-04-2009 to 28-04-2009 (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. CDC shareholders entitled to attend and vote at this meeting, shall produce his/her original CNIC or passport to prove his/her identity. Representatives of corporate members should bring the usual documents required for such purpose. The members are requested to follow the guidelines as laid down in Circular No. 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

4. Shareholders are requested to immediately notify to M/s Noble Computer Services (Pvt.) Limited, the Share Registrar of 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 to our Share Registrar.

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

Your directors are pleased to place before you, the Annual Report of the Company for the year ended December 31, 2008 together with the audited accounts and Auditors' report thereon.

This report is significant for the Company as it is being published after first year of acquisition by Lafarge. Lafarge is the world leader in building materials among top-ranking positions in all of its businesses of Cement, Aggregates & Concrete and Gypsum with more than 83,000 employees in 78 countries. In 2009 and for the fifth year in a row, Lafarge was listed in the "Global 100 Most Sustainable Corporations in the World". The Company, therefore, is a part of an internationally established strong group.

Industry Overview

Against all commercial and marketing estimates, local dispatches of cement industry of Pakistan decreased by 4.4 % to 20.7 million tons while in 2007 the local market absorbed 21.6 million tons. Exports however, grew by 96% to 9.8 million tons as against 5.0 million tons for the last year. Overall capacity utilization for the industry stood at 79.7% for the year under review as against 77.3% for last year. The increase in capacity utilization is due to increase in exports.

Operating Highlights

For the first time since installation of the Plant in 2006, the Company registered gross profit of Rs. 574.9 million as against the gross loss of Rs. 492.5 million in year 2007. The Company took a turn around this year and posted operating profit of Rs. 66.9 million as against operating loss of Rs. 817 million during the year 2007. Due to circumstances beyond the control of the Company, financial cost increased more than expected as rupee devalued by 27.2% against US$ and there was sharp rise in interest rates. The cumulative effect of these factors was that financial cost increased to Rs. 1,481.7 million as against Rs. 796.0 million last year and consequently the Company posted a net loss after tax of Rs. 1,242.5 million.

Production Review

Performance of the plant remained highly satisfactory with an overall production level of 83.4 % as against 71.8 % during last year. Technically we could have achieved higher production but it was restricted due to demand situation of cement in the country. Efficiency in terms of fuel, power and raw material consumption at the plant is among the best in the cement industry.

Increase in Paid up Capital

M/s Pakistan Cement Holding Limited exercised option to convert their Subordinated Loan into equity amounting to US$ 25.0 million along with accrued interest on June 30, 2008 at the par value of Rs. 10/- each, as approved by the Securities & Exchange Commission of Pakistan. Resultantly they were allotted 178,129,552 shares of Rs. 10/- each. Thus the paid up capital of the Company was increased from Rs. 11,345,149,360 comprising of 1,134,514,936 shares of Rs. 10/- each to Rs. 13,126,444,880 comprising of 1,312,644,488 shares of Rs. 10/- each.

Health & Safety Policy

Employee's safety is the primary focus of Lafarge world wide. The Company's Health & Safety policy, therefore, clearly states our ambition of making safety as the fundamental value. The Health & Safety engagement is intended to be our collective pledge that will guarantee every employee a safe work environment. Health & Safety was not given this type of priority before acquisition by Lafarge. Efforts have been made to lay down a sound foundation for this vital aspect during the year.

Future Outlook

Lafarge S.A. France, the ultimate parent company, has through years of experience in the cement industry in the world has very solid and valuable experience in all aspects of the business due to which the management is optimistic about the future performance of the Company. The Company has already initiated cost saving and other management initiatives using best practices of the group.

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 51.55% and Camden Holding PTE Limited (CHL) holds 21.67% ordinary shares of the Company at the balance sheet date. By virtue of indirect holding in PCH and CHL, through Lafarge Building Materials Holding, Lafarge S.A. France becomes "the Ultimate Parent Company";

- The financial statements for the year ended December 31, 2008 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 account;

- Appropriate accounting policies have been consistently applied in preparation of financial statements for the year ended December 31, 2008 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 any departure there from has been adequately disclosed;

- 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 and according to the guidelines of the group;

- There are no 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 30th			Year Ended December 31st		
	2003	2004	2005	2006	2007	2008
Issued, Subscribed and Paid up Capital	5,624,564	5,624,564	6,768,379	6,768,379	11,345,149	13,126,445
Capital reserve	214,839	214,839	214,839	214,839	195,821	190,477
Long term loan-secured	144,262	171,224	6,369,600	7,015,937	5,702,369	4,388,800
Current Liabilities	1,736,764	2,054,320	595,669	3,687,719	3,122,289	5,268,865
Property Plant & Equipment	8,713,610	7,595,696	12,272,472	16,995,907	17,962,219	17,247,914
Long term advance	-	-	103,295	103,295	92,966	82,636
Long tem deposits	1,126	1,136	4,040	41,706	42,430	43,787
Deferred Tax Asset	-	-	-	265,471	542,158	749,347
Current Assets	142,586	142,063	1,958,253	763,949	2,852,908	3,856,416
Net Sales	-	-	-	88,586	4,191,594	7,439,375
Gross Profit/(Loss)	-	-	-	140,486	(492,484)	574,850
Financial Charges	-	208,329	6,505	7,599	795,985	1,481,674
Profit/ (Loss) after Taxation	-	(288,529)	621,792	301,295	(521,097)	(1,242,504)
Profit/ (Loss) Per Share (Rs.)	-	(0.51)	1.03	(0.052)	(0.59)	(1.01)

- Company maintained provident fund scheme for its eligible employees against which a contribution of Rs. 11,191,755/- was made during the year. The amount invested by the fund was Rs. 34.5 million as on 31-12-2008.

- Audited financial statements for the year ended December 31, 2008 show a loss after tax of Rs. 1242.5 million. The loss per share during the year was Rs. 1.01 as against loss of Rs. 0.59 during 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. 21 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, 2008, five meetings of Board of Directors were held and attendance of each Directors is stated below:.

Name of the Directors	No. of Board Meetings Attended	Date of Resignation
Mr. Nassef Onsi Naguib Sawiris	0	29-04-2008
Mr. Ahmed Said Heshmat Hassan	3	
Mr. Salman Khalid Butt	1	29-04-2008
Mr. Ahmed Shebl Tolba Dabbes	0	
Mr. Sherif Youssef Mohamed Tantawy	1	29-04-2008
Mr. Hesham Moustafa Abdel Samie	1	29-04-2008
Mr. Amr Ali Reda	5	
Mr. Samy Abdel Kader	5	
Mr. Bilal Hamid Javaid	5	
Khawaja Mohammad Naveed	2	
Mr. Shahid Anwar (Nominee NIT)	3	
Mr. Bernard Le Bras	0	22-01-2009
Mr. Jean Desazars	1	
Mrs. Amal Tantawi	3	
Mr. Ashraf Abouelkheir	2	

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

After Lafarge S.A. became the Ultimate Parent Company, the following directors were co-opted as directors of the Company in place of other directors nominated against each on April 29, 2008.

Name of Director	In Place of
Mr. Bernard Le Bras	Mr. Nassef Onsi Naguib Sawiris
Mr. Ashraf Abouelkheir	Mr. Salman Khalid Butt
Mr. Jean Desazars	Mr. Sherif Youssef Mohamed Tantawy
Mrs. Amal Tantawi	Mr. Hesham Moustafa Abdel Samie

Mr. Bernard Le Bras resigned as a Director/Chairman of the Company. Maj. Gen. (R) Rehmat Khan was Co-opted as a Director/Chief Executive Officer of the Company and Mr. Ahmad Said Heshmat Hassan took over as Chairman of the Company in place of Mr. Bernard Le Bras w.e.f January 22, 2009. The Board appreciates the guidance and cooperation rendered by Mr. Bernard Le Bras during his tenure with the Company.

- The pattern of shareholding as on 31-12-2008 and its disclosures as required in the Code of Corporate Governance is annexed with the report;

- 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 01-01-2008	Addition	Deletion	Holding As on 31-12-2008
Mr. Nassef Onsi Naguib Sawiris	725	-	725	-
Mr. Ahmad Said Heshmat Hassan	725	-	-	725
Mr. Ahmed Shebl Tolba Daabes	725	-	-	725
Mr. Salman Khalid Butt	725	-	725	-
Mr. Sherif Youssef Mohamed Tantawy	725	-	725	-
Mr. Hesham Moustafa Abdel Samie	725	-	725	-
Mr. Amr Ali Reda	2900	-	-	2,900
Mr. Bernard Le Bras	-	725	-	725
Mr. Jean Desazars	-	725	-	725
Mrs. Amal Tantawi	-	725	-	725
Mr. Ashraf Abouelkheir	-	725	-	725
Mr. Bilal Hamid Javaid	7,250	-	-	7,250
Mr. Samy Ahmed Abdel Kader	688,075	40,000	-	728,075
Khawaja Mohammad Naveed	10,572,476	-	-	10,572,476
Mrs. Amany Hussein Rabie	159,500	-	-	159,500
	11,434,551	**42,900**	**2,900**	**11,474,551**

Appointment of Share Registrar

In compliance with Section 204-A of the Companies Ordinance, 1984, the Company has appointed an independent Share Registrar M/s Noble Computer Services (Pvt.) Limited. The members / Stock Brokers are directed to contact and correspond regarding shares related matters and CDC approval with the concerned Share Registrar.

Auditors

M/s Ford Rhodes Sidat Hyder & Co., Islamabad; a member firm of Ernst & Young, retire and being eligible, offer themselves for reappointment. The Board endorses the recommendation of Audit Committee for their appointment as auditors of the Company for the year ending December 31, 2009.

M/s Ijaz Tabussum & Co. Chartered Accountants, Islamabad were appointed as Cost Auditors for the year ended December 31, 2008.

Acknowledgments

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

Islamabad:
March 18, 2009

Maj. Gen. (R) Rehmat Khan
Chief Executive Officer

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 an 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 were filled up by the directors expeditiously as per clause vi of Code of Corporate Governance.

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 along with 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 the working 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, along with 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. Mr. Bilal Hamid Javaid was appointed as Chief Financial Officer of the Company in place of Mr. Amr Ali

Reda, who was appointed as Regional Business Controller Middle East at Regional Centre in Cairo w.e.f. September 1, 2008. No new appointment of Company Secretary and Head of Internal Audit was made during the year.

11. The directors' report for the year ended December 31, 2008 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 five members; of whom four, 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

Maj. Gen. (R) Rehmat Khan
Chief Executive Officer

Islamabad:
March 18, 2009

PATTERN OF SHAREHOLDING
AS AT DECEMBER 31, 2008

Number of Shareholders	Shareholding From	To	Total Shares Held
111	1	100	5,932
1,476	101	500	650,357
1,848	501	1,000	1,786,967
4,210	1,001	5,000	12,645,486
1,558	5,001	10,000	12,483,172
586	10,001	15,000	7,666,870
374	15,001	20,000	6,921,572
246	20,001	25,000	5,741,850
165	25,001	30,000	4,739,622
88	30,001	35,000	2,927,324
92	35,001	40,000	3,527,949
43	40,001	45,000	1,855,615
96	45,001	50,000	4,738,000
43	50,001	55,000	2,253,925
38	55,001	60,000	2,222,775
23	60,001	65,000	1,443,846
32	65,001	70,000	2,189,925
28	70,001	75,000	2,045,832
17	75,001	80,000	1,338,400
8	80,001	85,000	669,999
18	85,001	90,000	1,588,433
15	90,001	95,000	1,404,550
57	95,001	100,000	5,684,967
14	100,001	105,000	1,438,775
3	105,001	110,000	328,800
9	110,001	115,000	1,014,825
8	115,001	120,000	944,875
4	120,001	125,000	499,600
5	125,001	130,000	640,370
5	130,001	135,000	664,550
4	135,001	140,000	548,000
11	140,001	145,000	1,577,900
14	145,001	150,000	2,092,993
5	150,001	155,000	754,455
5	155,001	160,000	799,500
4	160,001	165,000	654,335
7	165,001	170,000	1,183,649
7	170,001	175,000	1,212,275
5	175,001	180,000	890,975
6	180,001	185,000	1,096,275
2	185,001	190,000	376,250
4	190,001	195,000	772,748
14	195,001	200,000	2,796,000
3	200,001	205,000	605,250
2	210,001	215,000	427,725
3	215,001	220,000	659,000
2	225,001	230,000	452,275
1	230,001	235,000	231,000
3	240,001	245,000	727,000
6	245,001	250,000	1,492,275
2	250,001	255,000	507,000
1	255,001	260,000	257,500
2	260,001	265,000	522,950
3	265,001	270,000	807,709
2	270,001	275,000	546,500
2	275,001	280,000	555,200
2	285,001	290,000	580,000
3	295,001	300,000	900,000
3	300,001	305,000	903,700
1	305,001	310,000	307,000
1	310,001	315,000	311,525
1	330,001	335,000	335,000

Number of Shareholders	Shareholding From	To	Total Shares Held
2	335,001	340,000	673,500
1	345,001	350,000	346,999
1	350,001	355,000	350,500
2	365,001	370,000	730,975
1	370,001	375,000	375,000
2	375,001	380,000	754,000
1	380,001	385,000	385,000
3	395,001	400,000	1,200,000
2	400,001	405,000	804,500
2	410,001	415,000	826,000
1	425,001	430,000	430,000
1	430,001	435,000	435,000
1	440,001	445,000	442,500
1	460,001	465,000	465,000
2	470,001	475,000	948,500
1	475,001	480,000	477,475
4	495,001	500,000	2,000,000
1	505,001	510,000	505,500
1	525,001	530,000	528,875
1	530,001	535,000	531,150
1	550,001	555,000	551,500
1	585,001	590,000	590,000
1	620,001	625,000	625,000
1	660,001	665,000	661,400
1	695,001	700,000	699,000
2	720,001	725,000	1,450,000
1	725,001	730,000	728,075
1	770,001	775,000	772,496
1	795,001	800,000	800,000
1	910,001	915,000	911,500
1	930,001	935,000	931,354
1	950,001	955,000	953,585
1	960,001	965,000	963,625
3	995,001	1,000,000	2,998,000
1	1,000,001	1,005,000	1,000,025
1	1,050,001	1,055,000	1,050,057
1	1,055,001	1,060,000	1,058,000
1	1,080,001	1,085,000	1,081,223
1	1,150,001	1,155,000	1,154,000
1	1,160,001	1,165,000	1,161,700
1	1,255,001	1,260,000	1,256,188
1	1,275,001	1,280,000	1,278,175
1	1,285,001	1,290,000	1,285,500
1	1,450,001	1,455,000	1,450,100
2	1,510,001	1,515,000	3,027,050
1	1,820,001	1,825,000	1,821,000
3	1,995,001	2,000,000	5,994,100
1	2,090,001	2,095,000	2,091,825
1	2,135,001	2,140,000	2,138,625
1	2,940,001	2,945,000	2,943,711
1	3,670,001	3,675,000	3,670,100
1	3,985,001	3,990,000	3,986,400
1	4,010,001	4,015,000	4,014,500
1	4,110,001	4,115,000	4,115,000
1	4,515,001	4,520,000	4,519,095
1	5,870,001	5,875,000	5,874,142
1	6,610,001	6,615,000	6,610,780
1	8,515,001	8,520,000	8,519,095
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	42,785,001	42,790,000	42,788,042
1	45,820,001	45,825,000	45,824,500
1	284,420,001	284,425,000	284,424,423
1	676,690,001	676,695,000	676,692,465
11433			1,312,644,488

PATTERN OF SHAREHOLDING AS AT DECEMBER 31, 2008

CATEGORIES OF SHAREHOLDERS	SHARES HELD	%
Directors, Chief Executive, their Spouse and Minor Children	11,474,551	0.87
Associated Companies Undertakings & Related Parties	961,116,888	73.22
NIT/ICP	42,788,042	3.26
Banks, Development Finance Institutions and Non Banking Financial Institution	26,371,744	2.01
Insurance Companies	20,785,815	1.58
Modarabas and Mutual Funds	1,225,588	0.09
Shareholders holding 10% (*detail given below)		
General Public		
a. Local	171,205,628	13.04
b. Foreign	-	-
Foreign Companies	47,477,625	3.62
Joint Stock Companies	28,294,808	2.16
Citibank N.A. as custodian of Global Depository Receipts	1,512,550	0.12
Others		
i. Pakistan Gums & Chemical Ltd.Executive Staff Pension Fund	375	0.00
ii. Trustees Of Pakistan Gum & Chemicals Ltd. Exe. Staff P. Fund	10,500	0.00
iii. Trustees Nestle Pakistan Ltd.Managerial Staff Pension Fund	100,000	0.01
iv. Trustees Nestle Pakistan Ltd.Employees Provident Fund	100,000	0.01
v. Trustees Nestle Pakistan Ltd.Employees Gratuity Fund	100,000	0.01
vi. Trustee-Army Welfare Trust	1,000	0.00
vii. Pwr-1057 Sarhad Rural Support Programme	50,000	0.00
viii. Trustees Resource Development Foundation	5,000	0.00
ix. Trustee Overseas Pakistanis Pension Trust	4,374	0.00
x. Karachi Parsi Anjuman Trust Fund	20,000	0.00
T O T A L	1,312,644,488	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		676,692,465
ii. Camden Holding PTE Limited		284,424,423
NIT/ICP		
i. National Bank of Pakistan - Trustee Wing		42,788,042
Directors, Chief Executive, their Spouse and Minor Children		
i. Khawaja Mohammad Naveed	10,572,476	
ii. Mr. Samy Ahmed Abdel Kader	728,075	
iii. Mr. Bernard Le Bras	725	
iv. Mr. Ahmad Said Heshmat Hassan	725	
v. Mr. Ahmed Shebl Tolba Daabes	725	
vi. Mr. Jean Desazars	725	
vii. Mrs. Amal Tantawi	725	
viii. Mr. Ashraf Abouelkheir	725	
ix. Mr. Amr Ali Reda	2,900	
x. Mr. Bilal Hamid Javaid	7,250	
xi. Mrs. Amany Hussein Rabie	159,500	11,474,551
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		28,383,167
Shareholders holding 10% and above Voting Interests		
* i. Pakistan Cement Holding Limited		676,692,465
* ii. Camden Holding PTE Limited		284,424,423

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 Lafarge Pakistan Cement Limited (formerly Pakistan Cement Company Limited), to comply with the Listing Regulation No. 37 of the Karachi Stock Exchange, Chapter XIII of the Lahore Stock Exchange and Chapter XI of the Islamabad Stock Exchange, 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 for the year ended 31 December 2008.

Ford Rhodes Sidat Hyder

Islamabad:
March 18, 2009

Ford Rhodes Sidat Hyder & Co.
Chartered Accountants

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Lafarge Pakistan Cement Limited (formerly Pakistan Cement Company Limited) (the Company) as at 31 December 2008 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 Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit. The financial statements of the Company for the year ended 31 December 2007 were audited by another firm of Chartered Accountants which expressed an unqualified opinion thereon dated 20 February 2008.

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 2008 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).

Ford Rhodes Sidat Hyder

Islamabad:
March 18, 2009

Ford Rhodes Sidat Hyder & Co.
Chartered Accountants

LAFARGE PAKISTAN CEMENT Ltd.
(FORMERLY PAKISTAN CEMENT COMPANY LIMITED)

BALANCE SHEET

EQUITY AND LIABILITIES	Note	2008 Rupees	2007 Rupees
SHARE CAPITAL AND RESERVES			
Share capital			
Authorised			
2,250,000,000 (2007: 2,250,000,000) Ordinary shares of Rs. 10 each		**22,500,000,000**	22,500,000,000
Issued, subscribed and paid up	16	**13,126,444,880**	11,345,149,360
Reserves			
Capital reserve	17	**190,476,700**	195,820,588
Accumulated losses		**(2,282,517,978)**	(1,040,014,420)
		(2,092,041,278)	(844,193,832)
		11,034,403,602	10,500,955,528
NON - CURRENT LIABILITIES			
Shareholder's loan		-	1,543,430,000
Long term financing	18	**4,388,800,386**	5,702,368,717
Obligations under finance leases	19	**21,314,118**	32,812,682
Other long term liabilities	20	**1,270,820,113**	597,972,122
CURRENT LIABILITIES			
Trade and other payables	21	**1,146,612,874**	1,537,746,095
Accrued mark-up	22	**378,636,116**	260,091,008
Short term running finances	23	**2,418,073,356**	-
Current maturities of:			
long term financing	18	**1,313,568,332**	1,313,568,513
obligations under finance leases	19	**11,974,155**	10,883,569
		5,268,864,833	3,122,289,185
CONTINGENCIES AND COMMITMENTS	24	-	-
TOTAL EQUITY AND LIABILITIES		**21,984,203,052**	21,499,828,234

The annexed notes from 1 to 41 form an integral part of these financial statements.

Maj. Gen. (R) Rehmat Khan
Chief Executive Officer

AS AT DECEMBER 31, 2008

ASSETS	Note	2008 Rupees	2007 Rupees
NON CURRENT ASSETS			
Fixed assets			
Property, Plant and equipment	4	17,247,914,421	17,962,218,515
Intangibles	5	4,102,705	7,148,514
Long term advance	6	82,636,000	92,965,500
Long term deposits	7	43,787,015	42,429,872
Deferred taxation	8	749,347,229	542,157,959
CURRENT ASSETS			
Stores and spares	9	2,453,835,221	1,249,318,008
Stock in trade	10	946,934,376	498,784,914
Trade debts	11	33,926,585	74,358,911
Advances	12	149,227,888	78,545,073
Prepayments	13	66,650,552	41,378,080
Interest accrued		1,724,652	1,177,958
Other receivables	14	148,643,834	230,920,250
Cash and bank balances	15	55,472,574	678,424,680
		3,856,415,682	2,852,907,874
TOTAL ASSETS		21,984,203,052	21,499,828,234

Bilal

Bilal Hamid Javaid
Director

LAFARGE PAKISTAN CEMENT Ltd.
(FORMERLY PAKISTAN CEMENT COMPANY LIMITED)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2008

	Note	2008 Rupees	2007 Rupees
NET SALES	25	**7,439,375,345**	4,191,594,084
Cost of sales	26	**(6,864,524,968)**	(4,684,077,998)
GROSS PROFIT / (LOSS)		**574,850,377**	(492,483,914)
Selling, general administrative expenses	27	**(520,314,667)**	(358,977,607)
Other operating expenses	28	**(35,035,616)**	-
Other operating income	29	**47,408,433**	34,475,781
		(507,941,850)	(324,501,826)
OPERATING PROFIT / (LOSS)		**66,908,527**	(816,985,740)
Finance costs	30	**(1,481,673,766)**	(795,984,503)
Extinguishment of deferred liabilities for custom duties and sales tax		**-**	815,186,357
LOSS BEFORE TAXATION		**(1,414,765,239)**	(797,783,886)
Taxation	31	**172,261,681**	276,686,986
NET LOSS FOR THE YEAR		**(1,242,503,558)**	(521,096,900)
LOSS PER SHARE - Basic and diluted	32	**(1.01)**	(0.59)

The annexed notes from 1 to 41 form an integral part of these financial statements.

Maj. Gen. (R) Rehmat Khan
Chief Executive Officer

Bilal Hamid Javaid
Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2008

	Note	2008 Rupees	2007 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		**(1,414,765,239)**	(797,783,886)
Adjustments for non cash items:			
Depreciation		**917,135,318**	736,874,290
Amortization of intangibles		**3,045,809**	1,130,533
Provision against debt considered doubtful		**4,714,538**	-
Finance costs		**1,030,302,474**	698,681,218
Interest on subordinated loan		**44,461,138**	21,237,461
Exchange loss		**237,865,520**	76,065,824
Advance tax written off		**-**	5,635,964
Extinguishment of deferred liabilities for custom duties and sales tax		**-**	(815,186,357)
Staff retirement benefits		**11,191,755**	-
Income on financial assets		**(5,923,776)**	(10,658,841)
Gain on disposal of scrap		**-**	(23,731,939)
Loss on disposal of fixed assets		**18,152,652**	-
Fixed assets written off		**16,882,964**	-
		2,277,828,392	690,048,153
Operating profit/(loss) before working capital changes		**863,063,153**	(107,735,733)
Changes in working capital:			
(Increase)/decrease in advances		**(70,682,815)**	125,457,657
(Increase) in stores and spares		**(1,204,517,213)**	(975,877,334)
(Increase) in stock in trade		**(448,149,462)**	(340,426,678)
(Increase)/decrease in prepayments		**(25,272,472)**	(78,434,858)
(Increase)/decrease in other receivables		**82,682,616**	(37,240,053)
(Increase)/decrease in trade debts		**35,717,788**	(74,358,911)
Increase in other long term liabilities		**672,847,991**	284,576,459
Decrease in trade and other payables		**(391,133,221)**	(10,114,127)
		(1,348,506,788)	(1,106,417,845)
Cash used in operations		**(485,443,635)**	(1,214,153,578)
Staff retirement benefits paid		**(11,597,955)**	(651,393)
Interest received on financial assets		**5,377,084**	10,658,871
Income tax paid		**(34,927,590)**	(45,732,392)
Net cash used in operating activities		**(526,592,096)**	(1,249,878,492)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		**(238,842,736)**	(1,180,596,589)
Purchase of intangibles		**-**	(8,279,047)
Proceeds of disposal of property, plant and equipment		**975,895**	23,731,940
Long term advance received		**10,329,500**	-
Long term deposits		**(1,357,143)**	(723,912)
Net cash used in investing activities		**(228,894,484)**	(1,165,867,608)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of short term borrowings - secured		**-**	(1,837,939,235)
Issue of shareholders' equity		**-**	4,576,770,490
Proceeds from shareholders' loan		**-**	1,543,430,000
Repayment of long term loan		**(1,313,568,512)**	-
Cost of issue of share capital		**(5,343,888)**	(19,018,104)
Lease rentals paid		**(10,407,978)**	(5,352,976)
Finance costs paid		**(956,218,504)**	(1,205,629,192)
Net cash from financing activities		**(2,285,538,882)**	3,052,260,983
Net (decrease)/increase in cash and cash equivalents		**(3,041,025,462)**	636,514,883
Cash and cash equivalents at the beginning of the period		**678,424,680**	41,909,797
Cash and cash equivalents at the end of the period	37	**(2,362,600,782)**	678,424,680

The annexed notes from 1 to 41 form an integral part of these financial statements.

Maj. Gen. (R) Rehmat Khan
Chief Executive Officer

Bilal Hamid Javaid
Director

LAFARGE PAKISTAN CEMENT Ltd.
(FORMERLY PAKISTAN CEMENT COMPANY LIMITED)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2008

	Share Capital Issued subscribed and paid up	Capital Reserve Share premium	Accumulated Losses	Total
	Rupees	Rupees	Rupees	Rupees
Balance as on 01 January 2007	**6,768,378,870**	**214,838,692**	**(518,917,520)**	**6,464,300,042**
Issue of right shares	**3,045,770,490**	**-**	**-**	**3,045,770,490**
Further issue of share capital	**1,531,000,000**	**-**	**-**	**1,531,000,000**
Expenses incurred on issue of shares	**-**	**(19,018,104)**	**-**	**(19,018,104)**
Net loss for the year	**-**	**-**	**(521,096,900)**	**(521,096,900)**
Balance as on 31 December 2007	**11,345,149,360**	**195,820,588**	**(1,040,014,420)**	**10,500,955,528**
Conversion of Shareholder's loan and interest thereon into equity	**1,781,295,520**	**-**	**-**	**1,781,295,520**
Expenses incurred on issue of shares	**-**	**(5,343,888)**	**-**	**(5,343,888)**
Net loss for the year	**-**	**-**	**(1,242,503,558)**	**(1,242,503,558)**
Balance as on 31 December 2008	**13,126,444,880**	**190,476,700**	**(2,282,517,978)**	**11,034,403,602**

The annexed notes from 1 to 41 form an integral part of these financial statements.

Maj. Gen. (R) Rehmat Khan
Chief Executive Officer

Bilal Hamid Javaid
Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

1 THE COMPANY AND ITS OPERATIONS

Lafarge Pakistan Cement Limited {formerly 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 shares of the Company are listed on all the three Stock Exchanges of Pakistan. The principal activity of the Company is manufacture and sale of cement. The company is a subsidiary of "Pakistan Cement Holding Limited" a company incorporated in the British Virgin Island, whereas the ultimate parent company of the entity is Lafarge S.A., France. The registered office of the Company is located at 18-B, Kaghan Road F-8 Markaz, Islamabad.

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

These financial statements have been prepared under the historical cost convention

3.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following revised standards and interpretations with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretations.

Standard or Interpretation	**Effective date (accounting periods beginning on or after)**
IAS 1 - Presentation of Financial Statements (Revised)	01 January 2009
IAS 23 - Borrowings Costs (Revised)	01 January 2009
IAS 27 - Consolidated and Separate Financial Statements (Revised)	01 January 2009
IFRS 3 - Business Combinations	01 January 2009
IFRS 4 - Insurance Contracts	01 January 2009
IFRS 7 - Financial Instruments: Disclosures	01 July 2008
IFRS 8 - Operating Segments	01 January 2009
IFRIC 13 - Customer Loyalty Programs	01 July 2008
IFRIC 15 - Agreements for the Construction of Real Estate	01 January 2009
IFRIC 16 - Hedges of a Net Investment in a Foreign Operations	01 October 2008
IFRIC 17 - Distribution of Non-cash Assets to owners	01 July 2009
IFRIC 18 - Transfers of Assets from Customers	01 July 2009
IFAS 2 - Ijarah	01 January 2009

The Company expects that the above standards and interpretations are either not relevant or will have no material impact on the Company's financial statements in the period of initial application other than as stated below:

IAS 1 "Presentation of Financial Statements". The Standard separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with non-owners changes in equity presented as a single line. In addition, the Standard introduces the statement of comprehensive income. It presents all items of recognized income and expense, either in one single statement, or in two linked statements.

IFRS 7 "Financial Instruments: Disclosures". This standard prescribes presentation and disclosure requirements in respect of financial instruments including qualitative and quantitative information about exposure to risks arising from financial instruments such as credit risk, liquidity risk and market risk.

In addition to the above, amendments and improvements to various accounting standards have also been issued by IASB which are generally effective for accounting periods beginning on or after 1 January 2009. The management is in the process of evaluating the impact of such amendments and improvements on the Company's financial statements for the ensuing periods.

3.3 Significant accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgments in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

	Notes
Determining the residual values and useful lives of property and equipment	3.4 & 4
Impairment of:	
- fixed assets	3.4.1 and 4
- Intangible assets	3.4.2 and 5
- Trade debts	3.10 and 11
Recognition of current tax and deferred tax	3.14 and 31
Accounting for staff retirement benefits	3.13

3.4 Fixed assets

3.4.1 Property, plant and equipment

i) Owned

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 the 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 specified in note 4.1. Depreciation on depreciable assets is commenced from the month the asset is available for use up to the month when the asset is retired.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit and loss account in the year the item is derecognised.

The asset's residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year end.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired. Gain or loss on disposal of property plant and equipment if any are included in profit and loss account.

ii) Leased

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 4.1 to the financial statements.

Depreciation is charged at the same rates as charged on the Company's own assets.

iii) Capital work-in-progress

Capital work-in-progress is stated at cost less impairment in value, if any. It consists of expenditure incurred and advances made in respect of tangible fixed assets in the course of their erection, installation and acquisition. The assets are transferred to relevant category of operating fixed assets when they are available for use.

3.4.2 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 5 to the financial statements.

3.5 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. 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.

3.6 Borrowing costs

Borrowing costs are recognized in profit and loss account in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets. Such borrowing costs are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

3.7 Advances and deposits

These are recognized at cost, which is fair value of the consideration given. However an assessment is made at each balance sheet date to determine whether there is an indication that a financial asset may be impaired. If such indication exists, the estimated recoverable amount of that asset is determined and any impairment loss is recognized for the difference between the recoverable amount and the carrying value.

3.8 Stores, spares and loose tools

Stores and spares are stated at invoice values plus other charges incurred thereon and is determined on a weighted average cost basis less provision for obsolescence. Items in transit are valued at cost comprising invoice values plus other charges incurred thereon accumulated to the balance sheet date. Provision is made for any slow moving and obsolete items keeping in perspective their consumption pattern.

3.9 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 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.

3.10 Trade debts

Trade debts are recognised and carried at original invoice amount less provision for doubtful debts. When the recovery of the amount is considered uncertain by the management, a provision is made for the same. Bad debts are written-off when identified.

3.11 Loans and other receivables

These are stated at cost less provision for impairment, if any

3.12 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and balances with banks in current and deposit accounts. Cash and cash equivalents also include short term running finances that are repayable on demand and form an integral part of of the Company's cash management.

3.13 Staff retirement benefits

Defined contributory provident fund

The Company operates an approved contributory provident fund scheme for its eligible employees. Equal monthly contributions are made, both by the Company and the employees, to the fund at the rate of 10% of the basic salary of the employees. The Company's contribution is charged to the profit and loss account.

3.14 Taxation

Current

Provision for current tax is based on taxable income at the rates applicable for the current tax year including final tax regime, after considering rebates and tax credits available, if any. Income tax expense is recognised in profit and loss account except to the extent it relates to items recognised directly in equity, in which case it is recognised in equity.

Deferred

Deferred tax is recognised, proportionate to local sales using the liability method, on all major temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets, arising from deductible temporary differences and carry-forward of unused tax losses, are recognized only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and / or carry-forward of unused tax losses can be utilised. The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

3.15 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 upto the year end, whether or not billed to the Company.

3.16 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, 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 the obligation.

3.17 Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates and government levies. The following recognition criteria must be met before revenue is recognized:

Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods to customers.

Return on bank deposits and markup on long term advance is recognized on effective interest method.

3.18 Foreign currencies

The financial statements are presented in Pak Rupee, which is the Company's functional currency. Foreign currency transactions during the year are recorded at the exchange rates approximating those ruling on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange which approximate those prevailing on the balance sheet date. Gains and losses on translation are taken to profit and loss account. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

3.19 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognised at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gains or losses on derecognition of financial assets and financial liabilities are taken to profit and loss account currently.

3.20 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.

4 PROPERTY, PLANT AND EQUIPMENT

	Note	2008 Rupees	2007 Rupees
Operating fixed assets	4.1	17,228,626,797	17,157,384,852
Capital work-in-progress	4.3	19,287,624	804,833,663
		17,247,914,421	17,962,218,515

4.1 Operating fixed assts

December 31, 2008	Note	COST: As at January 01, 2008	Additions	Adjustments	(Disposals)	As at December 31, 2008	Useful life/ lease term	ACCUMULATED DEPRECIATION: As at January 01, 2008	Charge for the year	On (disposals)/ adjustments *	As at December 31, 2008	WRITTEN DOWN VALUE: As at December 31, 2008
		(Rupees)					Years	(Rupees)				
Owned												
Freehold land		81,429,710	463,127	-	-	81,892,837	-	-	-	-	-	81,892,837
Building on freehold land	4.1.1	3,491,447,407	919,366,129	-	-	4,410,813,536	35	100,149,338	102,177,563	-	202,326,901	4,208,486,635
Plant and machinery	4.1.1 & 4.1.2	12,862,084,617	93,252,760	(24,630,016)	(31,622,698)	12,899,084,663	15 to 30	516,193,906	662,921,493	(527,046) (918,575)*	1,177,669,778	11,721,414,885
Office equipment	4.1.1	3,337,788	7,571,034	-	-	10,908,822	10	794,836	833,203	-	1,628,039	9,280,783
Furniture and fixtures		16,739,123	-	-	-	16,739,123	10	3,251,793	1,509,002	-	4,760,795	11,978,328
Computers and low voltage equipment	4.1.1	366,651,404	8,462,762	-	-	375,114,166	3	52,199,607	48,676,560	-	100,876,167	274,237,999
Vehicles		31,136,175	7,070,900	-	-	38,207,075	8	10,307,984	3,167,952	-	13,475,936	24,731,139
Laboratory equipment	4.1.1	692,376,554	1,423,205	-	-	693,799,759	10 to 20	66,642,890	64,638,342	-	131,281,232	562,518,527
Workshop equipment	4.1.1	337,365,614	5,214,366	-	-	342,579,980	7 to 20	18,845,815	20,841,045	-	39,686,860	302,893,120
Leased												
Vehicles		49,049,227	1,335,968	-	(1,419,484)	48,965,711	4	5,846,598	12,370,158	(443,589)	17,773,167	31,192,544
		17,931,617,619	1,044,160,251	(24,630,016)	(33,042,182)	18,918,105,672		774,232,767	917,135,318	(1,889,210)	1,689,478,875	17,228,626,797

4.1.1 Additions during the year include the following fixed assets transferred from capital work in progress

	2008 Rupees	2007 Rupees
Building on freehold land	919,366,129	124,234,788
Plant and machinery	56,356,145	3,868,911,926
Office equipment	5,920,585	-
Computers and low voltage equipment	7,210,351	18,643,495
Laboratory equipment	1,014,605	4,666,425
Workshop equipment	5,214,366	82,695,487
	995,082,181	4,099,152,121

4.1.2 During the current year, plant and machinery, having a cost of Rs. 17,587,089, accumulated depreciation of Rs. 704,125, with a written down value of Rs. 16,882,964, were damaged and written off to the profit and loss account. Further, another damaged item of plant and machinery, having a cost of Rs. 7,042,927, accumulated depreciation of Rs. 214,450, with a written down value of Rs. 6,828,477, was transferred to stores and spares, as the same has been assessed as useable after necessary repair to serve as a replacement.

4.1.3 Operating fixed assts include equipment and spares held for capitalization, aggregating to Rs. 40,189,524 (2007: Rs. 73,532,031), at the close of the year

December 31. 2007	Note	COST: As at January 01, 2007	Additions	Adjustments	(Disposals)	As at December 31, 2007	Useful life/ lease term	ACCUMULATED DEPRECIATION: As at January 01, 2007	Charge for the year	On (disposals)/ adjustments *	As at December 31, 2007	WRITTEN DOWN VALUE: As at December 31, 2007
		(Rupees)					Years	(Rupees)				
Owned												
Freehold land		81,300,035	129,675	-	-	81,429,710	-	-	-	-	-	81,429,710
Building on freehold land	4.1.1	3,365,291,819	126,155,588	-	-	3,491,447,407	35	3,620,235	96,529,103	-	100,149,338	3,391,298,069
Plant and machinery	4.1.1	8,913,678,013	3,948,406,604	-	-	12,862,084,617	15 to 30	17,640,295	498,553,611	-	516,193,906	12,345,890,711
Office equipments		3,336,862	926	-	-	3,337,788	10	124,991	669,845	-	794,836	2,542,952
Furniture are fixtures		16,738,695	428	-	-	16,739,123	10	1,742,792	1,509,001	-	3,251,793	13,487,330
Computers and low voltage equipment	4.1.1	348,007,814	18,643,590	-	-	366,651,404	3	3,784,755	48,414,852	-	52,199,607	314,451,797
Vehicles		26,940,630	4,195,545	-	-	31,136,175	8	7,418,887	2,889,097	-	10,307,984	20,828,191
Laboratory equipments	4.1.1	687,710,129	4,666,425	-	-	692,376,554	10 to 20	2,411,454	64,231,436	-	66,642,890	625,733,664
Workshop equipments	4.1.1	251,707,368	85,658,246	-	-	337,365,614	7 to 20	615,068	18,230,747	-	18,845,815	318,519,799
Leased												
Vehicles		-	49,049,227	-	-	49,049,227	4	-	5,846,598	-	5,846,598	43,202,629
		13,694,711,365	4,236,906,254	-	-	17,931,617,619		37,358,477	736,874,290	-	774,232,767	17,157,384,852

		Note	2008 Rupees	2007 Rupees
4.1.4	Depreciation charge for the year has been allocated as follows:			
	Cost of sales	**26**	**901,150,941**	724,182,400
	Selling and administrative expenses	**27**	**15,984,377**	12,691,890
			917,135,318	736,874,290

4.2 The details of fixed assets disposed off during the year are as follows:

	Original cost	Accumulated depreciation	Written down value	Sale proceed / claim filed	Loss on disposal	Mode of disposal	Particulars of buyers
	(Rupees)						
Plant and Machinery							
Raw mill roller	31,622,698	527,046	31,095,652	12,943,000	18,152,652	Insurance claim	Admajee Insurance Company Limited, Islamabad
Vehicles							
Honda civic VTI 1800 cc	1,419,484	443,589	975,895	975,895	-	Company policy	Mr. Bilal Hamid, Employee, Islamabad
	33,042,182	**970,635**	**32,071,547**	**13,918,895**	**18,152,652**		

		Note	2008 Rupees	2007 Rupees
4.3	**Capital work-in-progress**			
	Plant and machinery		**4,240,988**	-
	Civil and development works		**5,585,622**	596,512,435
	Construction material		**4,343,737**	11,096,567
	Vehicles		**3,982,278**	-
	Borrowing cost		**-**	146,076,760
	Advances to Supplier and Contractors		**1,134,999**	2,667,841
	Other directly attributable expenses		**-**	48,480,060
			19,287,624	804,833,663
4.3.1	Movement in capital work-in-progress during the year is as follows:			
	Opening balance		**804,833,663**	3,338,554,219
	Additions during the year		**209,536,142**	1,565,431,565
	Transfer to the operating fixed assets	**4.1.1**	**(995,082,181)**	(4,099,152,121)
			19,287,624	804,833,663
5.	**INTANGIBLES**			
	Licensed computer software			
	cost			
	Opening balance		**8,279,047**	-
	Addition during the year		**-**	8,279,047
			8,279,047	8,279,047
	Amortization to date			
	Opening balance		**1,130,533**	-
	Amortization for the year	**27**	**3,045,809**	1,130,533
			4,176,342	1,130,533
	Written down value		**4,102,705**	7,148,514
	Amortization rate		**33,33%**	33,33%

		Note	2008 Rupees	2007 Rupees
6	**LONG TERM ADVANCE**			
	Considered good - unsecured			
	Sui Northern Gas Pipelines Limited	6.1	**92,965,500**	103,295,000
	Current portion shown under current assets	12	**(10,329,500)**	(10,329,500)
			82,636,000	92,965,500

6.1 This represents the outstanding balance of advance given by the Company to Sui Northern Gas Pipelines Limited (SNGPL) during the year ended June 30, 2005 for the construction of gas pipeline. The same is being recovered over a period of ten years in equal annual installments of Rs. 10.329 million each, with effect from March 28, 2007, after the initial grace period of two years, carrying mark up at the rate of 1.5% (2007: 1.5%) per annum.

6.2 Long term advance has not been discounted to its present value as the financial impact thereof is not considered material by the management.

		Note	2008 Rupees	2007 Rupees
7.	**LONG TERM DEPOSITS**			
	Considered good			
	Security deposits			
	Islamabad Electric Supply Company Limited	7.1	**37,789,030**	37,789,030
	Others		**5,997,985**	4,640,842
			43,787,015	42,429,872

7.1 This represents amount deposited for the supply of a 40 Mega Watt electricity line to the plant.

		2008 Rupees	2007 Rupees
8.	**DEFERRED TAXATION**		
	Deferred tax credit arising on account of:		
	Accelerated tax depreciation	**(3,772,322,827)**	(3,573,577,060)
	Deferred tax debits arising in respect of:		
	Obligations under finance leases	**13,942,788**	15,293,688
	Brought forward tax loss	**4,507,727,268**	4,100,441,331
		749,347,229	542,157,959

8.1 In view of the accounting policy of the Company of recognizing deferred tax asset, arising from the deductible temporary differences and carry forward of unused tax losses, only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and /or carry forward of unused tax losses can be utilized, as stated in note 3.14, the Company has, with effect from July 1, 2008, suspended the recognition of further deferred tax asset as a result of which net deductible temporary differences on which deferred tax asset has not been recognized in these financial statements amounted to Rs. 1,828 million at the close of the year.

		2008 Rupees	2007 Rupees
9.	**STORE AND SPARES**		
	In hand		
	Spare parts	**647,490,241**	469,758,735
	Fuel	**913,753,238**	406,988,693
	In transit		
	Spare parts and fuel	**892,591,742**	372,570,580
		2,453,835,221	1,249,318,008
10.	**STOCK-IN-TRADE**		
	In hand		
	Raw material	**9,681,244**	19,684,527
	Work in process	**536,026,015**	363,801,997
	Finished goods	**71,502,712**	63,541,425
	Packing material	**156,034,064**	25,134,600
		773,244,035	472,162,549
	In transit		
	Packing material	**71,703,869**	-
	Finished goods	**101,986,472**	26,622,365
		946,934,376	498,784,914

11. TRADE DEBTS

	Note	2008 Rupees	2007 Rupees
Considered good - unsecured			
Related parties			
Lafarge Cements Trading Company		-	64,636,684
Contrack International Inc.		-	3,693,728
		-	68,330,412
Others		**33,926,585**	6,028,499
Considered doubtful			
Others		**4,714,538**	-
Provision against debt considered doubtful	11.1	**(4,714,538)**	-
		-	-
		33,926,585	74,358,911

11.1 Provision against debt considered doubtful:

	Note	2008 Rupees	2007 Rupees
Opening balance		-	-
Addition during the year	27	**(4,714,538)**	-
		(4,714,538)	-

12. ADVANCES

	Note	2008 Rupees	2007 Rupees
Considered good			
Secured against bank guarantee			
Supplier		**610,000**	-
Unsecured			
Current portion of long term advance	6	**10,329,500**	10,329,500
Employees		**1,179,168**	1,316,284
Executives		**506,795**	501,577
Income tax		**97,616,916**	50,083,625
Suppliers and Contractors		**38,985,509**	16,314,087
		148,617,888	78,545,073
		149,227,888	78,545,073

13. PREPAYMENTS

	Note	2008 Rupees	2007 Rupees
Insurance		**52,167,256**	12,867,795
Rent		**14,483,296**	24,333,350
Others		-	4,176,935
		66,650,552	41,378,080

14. OTHER RECEIVABLES

	Note	2008 Rupees	2007 Rupees
Considered good			
Due from related parties			
Emirates Cement Company (EMCC)		**417,306**	21,090,672
United Cement Company		**47,500**	47,500
Employees' Provident Fund		**406,200**	-
		871,006	21,138,172
Export rebate		**11,565,566**	6,835,002
Sales tax		**74,282,918**	150,721,275
Due from Sui Northern Gas Pipelines Limited (SNGPL)	14.1	**48,981,344**	48,981,344
Insurance claim	14.2	**12,943,000**	-
Others		-	3,244,457
		148,643,834	230,920,250

14.1 Although the Company has claimed a sum of Rs. 76.00 million from the SNGPL on account of a dispute regarding the difference in quantity of natural gas purchased, it has only recorded a sum of Rs. 48.981 million as due therefrom to be prudent. The said difference was determined by the Company on the basis of meter readings during the year ended December 31, 2007. The matter has been recently referred by the Company to the Oil and Gas Regulatory Authority as a result of which the Company is confident that the matter will be decided in its favour. Pending the outcome of this matter, no provision has been made by the Company against the above referred recorded sum.

14.2 This represents an insurance claim filed by the Company with an insurance company on account of plant & machinery damaged during the current year.

15. CASH AND BANK BALANCES

	Note	2008 Rupees	2007 Rupees
Cash in hand			
Local currency		**409,673**	698,871
Foreign currency		**1,514,882**	-
		1,924,555	698,871
Cash at banks			
Current accounts	15.1	**43,289,528**	677,725,809
Deposit accounts	15.2	**10,258,491**	-
		53,548,019	677,725,809
		55,472,574	678,424,680

15.1 'These include an aggregate sum of Rs. 15,373,100 (2007: Rs 4,605,130) under lien, against letters of credit and guarantees, issued by various banks on behalf of the Company.

15.2 These carry interest at rates, ranging between 7% and 9.5% (2007: Nil) per annum.

16. ISSUED, SUBSCRIBE AND PAID-UP CAPITAL

2008	2007			2008 Rupees	2007 Rupees
Number of shares					
1,312,644,488	1,134,514,936	Ordinary shares of Rs. 10 each issued for consideration in cash, including 178,129,552 Ordinary share of Rs. 10 each issued during the current year as a result of conversion of unsecured subordinated shareholders' loan	**16.1**	**13,126,444,880**	11,345,149,360

16.1 On June 30, 2008, the Company issued 178,129,552 Ordinary shares of Rs.10 each, aggregating to Rs.1,781,295,520, as a result of the conversion of unsecured subordinated shareholders' loan of USD 25 million (Pak Rupees 1,543,430,000),interest thereon of USD1,043,474 (Pak Rupees 28,436,347), aggregating to USD 26.044 million translated at the rate of exchange on 30 June 2008, aggregating to Pak Rupees 1,781,295,519) into 178,129,552 Ordinary shares of Rs.10 each, pursuant to the approval of the Securities and Exchange Commission of Pakistan, dated 27 August 2007.

16.2 Pakistan Cement Holding Limited (PCH) held 51.55% and Camden Holding PTE Limited (CHL) held 21.67% Ordinary shares of Rs. 10 each of the Company at the close of the current year. Lafarge S.A., France, is the ultimate Parent company of the Company by virtue of their indirect holdings in the PCH and CHL, through Lafarge Building Materials Holding, Egypt.

17. CAPITAL RESERVE

		2008 Rupees	2007 Rupees
Share premium	17.1	**214,838,692**	214,838,692
Expenses incurred on issue of further share	17.2	**(24,361,992)**	(19,018,104)
		190,476,700	195,820,588

17.1 Represents premium of Rs. 0.50 per Ordinary share of Rs. 10 each, on 429,677,383 Ordinary shares of Rs. 10 each issued during the year ended June 30, 1995 and 1996.

17.2 These include expenses, amounting to Rs. 5.344 (2007: 19.018) million, incurred during the current year on the conversion of subordinated shareholder's loan into Ordinary shares, as disclosed in note 16.1.

18. LONG TERM FINANCING

		2008 Rupees	2007 Rupees
Financing - Secured			
Commercial	18.1	**3,461,895,385**	4,327,369,230
Eksport Kredit Fonden (EKF) Guaranteed	18.2	**2,240,473,333**	2,688,568,000
		5,702,368,718	7,015,937,230
Current portion shown under current liabilities			
Commercial facility		**(865,473,665)**	(865,473,846)
Eksport Kredit Fonden (EKF) Guaranteed		**(448,094,667)**	(448,094,667)
		(1,313,568,332)	(1,313,568,513)
		4,388,800,386	5,702,368,717

18.1 This represents a long term loan arranged by the Company for capital expenditure purposes from a Syndicate of commercial banks. The term of the loan is seven years, with two years grace period, repayable in 10 equal bi-annual installments, commencing 10 March 2008. The rate of mark-up of the said facility is the base rate plus 225 bps per annum, with no floor and cap. The base rate is defined as the Spot 6 months KIBOR (ask side) to be reset on 10 March and 10 September every year.

The loan is secured against (i) first mortgage charge of Rs.10,400 million ranking pari passu with the Company's creditors on the 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 and (v) collection arrangement incorporating lien/charge over balance in the specific collection accounts.

The Company is allowed to prepay loan installments subject to a 90 days notice. Profit distributions to the shareholders is subject to the lenders' concurrence and meeting certain defined financial ratios.

The total facility of Rs. 4,800 (2007: 4,800) million also includes standby letters of credit (SBLCs), aggregating to Rs.462.769 million, issued to fund the Debt Service Reserve Account established for the facility. SBLC facility is available till September 2012, carrying commission at the rate of 2.25% (2007: 2.25%) per annum.

18.2 This represents a long term loan arranged by the Company for capital expenditure purposes from a Syndicate of commercial banks. The term of the loan is eight years with two years grace period, repayable in 12 equal bi-annual installments commencing 10 March 2008. The rate of mark-up of the said facility is the base rate plus 100 bps per annum with no floor and cap. The base rate is defined as the Spot 6 months KIBOR (ask side) to be reset on 10 March and 10 September every year.

The loan is secured against (i) first mortgage charge of Rs.10,400 million ranking pari passu with the Company's creditors on the 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 and (v) collection arrangement incorporating lien/charge over balance in the specific collection accounts and (vi) EKF Guarantee issued in favor of a commercial bank.

The Company is allowed to prepay loan installments subject to a 90 days notice. Profit distributions to the shareholders is subject to the lenders' concurrence and meeting certain defined financial ratios.

The total facility of Rs. 3,000 (2007: 3,000) million also includes standby letters of credit (SBLCs), aggregating to Rs.293.632 million, issued to fund the Debt Service Reserve Account established for the facility. The SBLC facility is available till September 2013, carrying commission at the rate of 1% (2007: 1%) per annum.

19. OBLIGATIONS UNDER FINANCE LEASES

The Company has entered into various finance lease agreements with a leasing company in respect of vehicles. The outstanding leases carry mark up on the basis of average 6 months' KIBOR plus 2.90% (2007: 6 months' KIBOR plus 2.90%) to be repriced every six months. The effective rates used as the discounting factor range between 12.86% and 12.97% (2007: 12.86% and 12.97%) per annum. The Company may exercise the option to acquire the assets at the end of the lease term by adjusting security deposit placed with the leasing company against the residual value. The lease rentals are payable in equal monthly installments upto May 07, 2012. The Company has the option to terminate the lease facility without penalties after one year.

The amount of future minimum lease payments together with the present value of the minimum lease payments and the periods during which they fall due are as follows:

	2008 Rupees		2007 Rupees	
	Minimum lease payments	**Present value of minimum lease payments**	Minimum lease payments	Present value of minimum lease payments
Not Later than one year	**16,977,396**	**11,974,155**	15,892,486	10,883,569
Later than one year but not later than five years	**24,404,369**	**21,314,118**	38,344,399	32,812,682
Minimum lease payments	**41,381,765**	**33,288,273**	54,236,885	43,696,251
Finance charges allocated to future periods	**(8,093,492)**	**-**	(10,540,634)	-
Present value of minimum lease payments	**33,288,273**	**33,288,273**	43,696,251	43,696,251
Current maturity shown under current liabilities	**(11,974,155)**	**(11,974,155)**	(10,883,569)	(10,883,569)
	21,314,118	**21,314,118**	32,812,682	32,812,682

20. OTHER LONG TERM LIABILITIES

	Note	2008 Rupees	2007 Rupees
Unsecured			
Due to related parties			
Interest on shareholder's load	**16.1**	**-**	28,436,347
Technical services and royalty	**20.1**	**1,297,820,113**	569,535,775
		1,297,820,113	597,972,122
Imputed deferred interest		**(27,000,000)**	-
		1,270,820,113	597,972,122

20.1 During the current year, the Company filed an application with the State Bank of Pakistan (SBP) for the registration of its Royalty agreement with a related party. The said application has been rejected by the SBP on January 09, 2009 due to time bar. The Company is currently planning to take up this matter with the SBP along with the matter of getting the Technical Services Agreement with another related party approved by the SBP. Although the management expects that these agreements would be approved by the SBP in the near future to enable it to repatriate the outstanding balance of Technical services and royalty to the related parties, it is of the view that the payment of this sum is not likely to be made till 30 June 2010 and, hence, shown the same under long term liabilities. The related Party has also confirmed that the amount is due in the year 2010. The amount payable has been discounted to the present value of future cash flows at the rate of 1.75% per annum.

21. TRADE AND OTHER PAYABLES

	2008	2007
Trade		
Creditors	**224,919,432**	448,858,325
Suppliers and Contractors	**200,139,674**	290,110,109
	425,059,106	738,968,434
Other payables		
Advances from customers	**49,987,749**	63,290,403
Accrued liabilities	**310,963,978**	360,482,936
Security deposits	**10,900,000**	9,900,000
Retention money	**241,154,450**	269,804,730
Excise duty	**95,631,586**	84,979,521
Tax deducted at source	**5,604,579**	7,439,578
Employees' provident Fund	**-**	848,740
Others	**7,311,426**	2,031,753
	1,146,612,874	1,537,746,095

22. ACCRUED MARK-UP

	2008	2007
Accrued mark-up on secured:		
long term financing	**278,262,296**	260,091,008
short term running finances	**100,373,820**	-
	378,636,116	260,091,008

23. SHORT TERM RUNNING FINANCES

	Note	2008	2007
Secured			
Under mark up arrangements	**23.1**	**2,418,073,356**	-
		2,418,073,356	-

23.1 This represents the utilised balance of running finance facilities of Rs. 4,000 million (2007: Rs. 1,400 million), availed from various banks. Markup is payable on quarterly basis at the rate ranging between 3 months KIBOR + 1.25% and 3 months KIBOR + 3.0% per annum. These are secured against guarantees issued by Lafarge Building Materials Holding, Egypt - a related party, letter of comfort issued by Lafarge S.A. France & ranking hypothecation charge over assets of the Company excluding land, building, cash and cash equivalents.

24 CONTINGENCIES AND COMMITMENTS

24.1 Contingencies:

a) The Company has issued post dated cheques, aggregating to Rs. 92.813 million (December 31, 2007: Rs. 51.082 million) in favour of the Collector of Customs against the import duty of polypropylene sacks.

b) The Company has issued a bank guarantee of Rs. 436.642 million in favour of Sui Northern Gas Pipelines Limited in lieu of security deposit against supply of natural gas at the plant.

c) The Revenue Officer, District Chakwal, raised a demand of Rs. 270.58 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 which was dismissed by an Order, dated 15 April 2008.The Company has filed petition for leave to appeal against the said Order in the Supreme Court of Pakistan, which is currently pending adjudication. No provision has been made for any liability arising from this matter in these financial statements as the Company and its legal counsel are of the opinion that the matter is expected to be decided in favour of the Company.

d) A civil suit has been filed against the Company by Design & Engineering Systems (DES), claiming a sum of Rs.100 million for the loss in terms of reputation, loss of business, mental torture and agony. The Company has filed an application under section 34 of the Arbitration act, 1940 for the stay of the suit in view of the fact that the parties had entered into arbitration agreement and the matter had been referred to arbitration.

The Company has also referred the matter to arbitration against DES claiming breach of contract, delay in completion of contract, poor quality performance and securities provided by DES.

The Company holds performance and bank guarantees, aggregating to Rs. 24.5 million, and post dated cheques, aggregating to Rs. 20 million, as security from DES. Further, a sum of Rs. 5.046 million due to DES as retention money is also outstanding as at 31 December 2008. No provision has been made in these financial statements.

The contingencies, disclosed in (a) to (d), aggregated to Rs. 900.035 (2007: 1,843.632) million at the close of the current year.

		2008 Rupees in '000	2007 Rupees in '000
24.2	**Commitments:**		
a)	Outstanding letters of credit	**163,443**	414,592
b)	Leased land comprising of quarry lease of 1,337 kanals and 58.8 kanals.	**95,165**	96,277

	2008 Rupees	2007 Rupees
25. NET SALES		
Local	**7,804,082,188**	5,116,367,027
Exports	**2,275,653,299**	1,108,595,058
	10,079,735,487	6,224,962,085
Sales tax and Excise duty	**(2,282,174,712)**	(1,691,863,492)
Discounts and Commission to dealers	**(358,185,430)**	(341,504,509)
	(2,640,360,142)	(2,033,368,001)
	7,439,375,345	4,191,594,084

	Note	2008 Rupees	2007 Rupees
26. COST OF SALES			
Raw materials consumed:			
Opening stock		**19,684,527**	25,830,440
Purchases		**383,562,061**	364,514,357
Closing stock		**(9,681,244)**	(19,684,527)
		393,565,344	370,660,270
Packing material consumed (net of export rebate)		**581,439,393**	403,577,810
Store and spares consumed		**159,159,024**	88,870,954
Outbound freight		**386,302,105**	178,666,778
Fuel and power		**3,748,525,830**	2,687,136,519
Salaries, wages and benefits	**26.1**	**236,267,548**	195,861,401
Rent, rates and taxes		**22,862,680**	18,568,013
Traveling and conveyance		**36,363,086**	30,171,027
Inplant transportation		**45,120,407**	15,524,320
Insurance		**83,261,256**	59,207,687
Communication		**7,314,478**	8,132,926
Utilities		**11,194,608**	10,196,595
Consumables		**25,583,169**	26,163,203
Office canteen		**34,999,041**	24,464,731
Depreciation	**4.1.4**	**901,150,941**	724,182,400
Repairs and maintenance		**81,528,754**	30,139,194
Technical assistance fee		**326,720,739**	146,192,751
Legal and professional charges		**7,595,434**	3,722,134
Other factory overheads		**31,120,543**	12,700,697
		7,120,074,380	5,034,139,410
Work-in-process			
Opening stock		**363,801,997**	31,541,414
Closing stock		**(536,026,015)**	(363,801,997)
		(172,224,018)	(332,260,583)
Cost of goods manufactured		**6,947,850,362**	4,701,878,827
Finished goods			
Opening stock		**90,163,790**	72,362,961
Closing stock (including in tranist of Rs. 101,986,472 (2007: Rs. 26,622,365)		**(173,489,184)**	(90,163,790)
		(83,325,394)	(17,800,829)
		6,864,524,968	4,684,077,998

26.1 'Included herein a sum of Rs. 6,987,518 (2007: Rs. 4,935,339) on account of contributions to staff retirement benefits.

27. SELLING AND ADMINISTRATIVE EXPENSES	Note	2008 Rupees	2007 Rupees
Salaries and benefits	**27.1**	**132,468,395**	121,357,978
Traveling expenses		**12,584,850**	10,853,879
Vehicle running expenses		**4,056,921**	1,350,369
Repairs and maintenance		**10,170,260**	6,639,529
Rent, rates and taxes		**21,269,525**	22,501,056
Accommodation and living		**509,933**	6,171,975
Legal and professional charges		**54,298,765**	20,916,472
Auditors' remuneration	**27.2**	**1,103,000**	2,587,200
Utilities		**4,189,862**	3,120,249
Advertisement expenses		**8,463,781**	5,746,504
Technical assistance fee		**109,338,392**	45,634,412
Royalty		**111,585,331**	62,873,871
Office canteen		**5,505,324**	1,205,595
Printing and stationery		**2,391,150**	2,350,520
Meetings and conferences		**1,447,319**	3,048,195
Telephone and postage		**8,331,910**	8,338,294
Newspapers and periodicals		**117,768**	154,060
Donations	**27.3**	**50,000**	110,000
Fees and subscriptions		**2,087,630**	9,482,261
Depreciation	**4.1.4**	**15,984,377**	12,691,890
Amortization of intangibles	**5**	**3,045,809**	1,130,533
Security charges		**2,724,817**	1,530,976
Software expenses		**2,791,421**	-
Insurance		**1,083,589**	879,561
Provision against debt considered doubtful	**11**	**4,714,538**	-
Miscellaneous		**-**	2,666,264
Advance tax written off		**-**	5,635,964
		520,314,667	358,977,607

27.1 Included herein a sum of Rs. 4,204,237 (2007: Rs. 3,600,210) on account of contributions to staff retirement benefits.

27.2 Auditors' remuneration

	Note	2008 Rupees	2007 Rupees
Statutory audit		**650,000**	250,000
Half yearly review		**300,000**	150,000
Other certification		**153,000**	150,000
Tax consultancy		**-**	1,760,000
Out of pocket expenses		**-**	277,200
		1,103,000	2,587,200

27.3 Donations do not include and donee in whom any director or his spouse has any interest.

28 OTHER OPERATING EXPENSES

		2008	2007
Loss on disposal of fixed assets		**18,152,652**	-
Fixed assets written off		**16,882,964**	-
		35,035,616	-

29. OTHER OPERATING INCOME

	Note		2008		2007
From financial assets					
Mark-up on unsecured long term advance		**1,478,973**		1,549,404	
Return on deposit accounts		**4,444,803**		9,109,437	
			5,923,776		10,658,841
From assets other than financial assets					
Scrap sales		**2,854,029**		23,731,940	
Refund of excess in insurance premium	29.1	**11,630,628**		-	
Others		**-**		85,000	
			14,484,657		23,816,940
Imputed interest on long term liabilities	20		**27,000,000**		-
			47,408,433		34,475,781

29.1 This represents refund received on account of excess insurance premium relating to prior years.

30. FINANCE COSTS

		2008		2007
Mark-up/interest on:				
secured long term financing	**874,713,087**		623,971,450	
secured short term running finances	**124,669,360**		-	
shareholders' loan	**44,461,138**		21,237,461	
obligations under finance lease	**5,121,761**		4,123,213	
		1,048,965,346		649,332,124
Fair value adjustment of deferred liabilities for custom duties and sale tax		**-**		30,779,689
Exchange loss - net		**406,910,154**		76,065,824
Letter of guarantee commission		**3,392,860**		29,991,341
Bank charges		**22,405,406**		9,815,525
		1,481,673,766		795,984,503

31. TAXATION

	Note	2008	2007
Current	31.1	**(23,092,316)**	-
Prior		**(11,835,274)**	-
Deferred	8.1	**207,189,271**	276,686,986
		172,261,681	276,686,986

31.1 Income tax authorities have finalized tax assessments of the Company up to and including assessment year 2003-2004 (year ended 30 June 2003). Tax returns for tax years 2004 to 2008 were filed and 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 the date of filing of returns.

The relationship between income tax expense and accounting profit has not been presented in these financial statements as the Company has shown losses for tax purposes.

32. LOSS PER SHARE - BASIC AND DILUTED

		2008	2007
Net loss for the year	Rupees	**(1,242,503,558)**	(521,096,900)
Weighted average number of Ordinary shares outstanding during the year	Numbers	**1,224,799,777**	877,480,582
Basic loss per share	Rupees	**(1.01)**	(0.59)

32.1 Weighted average number of shares outstanding during the year

	Numbers	Numbers
Opening number of Ordinary shares	**1,134,514,936**	676,837,887
Weighted average of Ordinary shares issued on 30 June 2008	**90,284,841**	-
Weighted average of Ordinary shares issued on right on 09 August 2007	**-**	159,116,942
Weighted average of fresh Ordinary shares issued on 24 September 2007	**-**	41,525,753
	1,224,799,777	877,480,582

33. REMUNERATION OF MANAGING DIRECTOR AND EXECUTIVES

The aggregate amounts charged in these financial statements for the year as remuneration and benefits to the Managing Director, Directors and Executives of the Company are as follows:

	Managing Director		**Directors**		**Executives**	
	2008 Rupees	2007 Rupees	**2008 Rupees**	2007 Rupees	**2008 Rupees**	2007 Rupees
Managerial remuneration	**6,998,262**	-	**523,076**	1,194,322	**42,247,221**	42,377,098
Gratuity	**-**	-	**-**	-	**-**	778,772
Leave encashment	**-**	-	**-**	-	**-**	279,829
Provident fund	**589,551**	-	**34,878**	32,513	**3,111,174**	3,394,945
Other expenses	**406,350**	-	**1,345,609**	1,200,000	**3,205,603**	2,921,424
Bonus	**5,122,344**	-	**-**	176,713	**10,251,897**	5,759,526
	13,116,507	-	**1,903,563**	2,603,548	**58,815,895**	55,511,594
	1	-	**3**	3	**36**	37

33.1 In addition to the above remuneration, the Managing Director, Directors and Executives are also provided with the Company maintained cars

33.2 No remuneration of the Chief Executive Officer has been charged in these financial statements (2007: nil).

33.3 Meetings fee

	2008 Rupees	2007 Rupees
Directors	**6,000**	8,000
Number of directors	**11**	11

34. TRANSACTIONS WITH RELATED PARTIES

Pakistan Cement Holding Limited (PCH) holds 51.55% and Camden Holding PTE Limited (CHL) holds 21.67% shares of the Company at the end of the period. Lafarge S.A., France is the ultimate parent company ("the Ultimate Parent Company") of the Company by virtue of indirect holding in PCH and CHL, through Lafarge Building Materials Holding. Therefore, all related parties of PCH, CHL and Lafarge S.A., France are related parties 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 33 to the financial statements. Transactions with related parties during the year are as follows:

	2008 Rupees	2007 Rupees
The Ultimate Parent Company		
- Services received	**1,651,550**	-
- Services provided	**889,125**	-
- Payable at year end	**762,425**	-
Related parties by virtue of group holding		
- Technical assistance fee and other expenses	**622,269,045**	227,323,691
- Shareholders loan	**-**	1,543,430,000
- Interest on shareholders' loan	**-**	28,436,347
- Payable against demurrage charges	**986,745**	3,425,774
- Services provided	**27,011,088**	21,145,913
- Payments received against services	**40,365,246**	-
- Sales	**453,108,498**	372,342,617
- Receipts against sales	**517,745,182**	307,695,833
- Equipments transferred	**-**	47,500
- Royalty	**111,585,331**	62,873,911
- Payable at year end	**1,296,592,882**	2,055,627,267
Contributions to Provident Fund Trust	**11,191,755**	11,268,368

All transactions involving related parties arising in the normal course of business are conducted at arm's length consideration on the same terms and conditions as third party transactions using valuation modes, as admissible, except in extremely rare circumstances where, subject to the approval of the Board of Directors, it is in the interest of the Company to do so.

35. FINANCIAL ASSETS AND LIABILITIES

	Maturity upto one year	Maturity after one year	Sub-total	Maturity upto one year	Maturity after one year	Sub-total	Total
				Rupees			
December 31, 2008							
Financial assets							
Long term advance	10,329,500	82,636,000	92,965,500	-	-	-	**92,965,500**
Long term deposits	-	-	-	-	43,787,015	43,787,015	**43,787,015**
Interest accrued	-	-	-	1,724,652	-	1,724,652	**1,724,652**
Trade debts	-	-	-	33,926,586	-	33,926,586	**33,926,586**
Other receivables	-	-	-	148,643,834	-	148,643,834	**148,643,834**
Cash and bank balances	10,258,491	-	10,258,491	45,214,083	-	45,214,083	**55,472,574**
	20,587,991	82,636,000	103,223,991	229,509,155	43,787,015	273,296,170	**376,520,161**
Financial liabilities							
Long term financing	1,313,568,513	4,388,800,388	5,702,368,901	-	-	-	**5,702,368,901**
Other long term liabilities	-	-	-	-	1,073,810,203	1,073,810,203	**1,073,810,203**
Obligations under finance leases	11,974,155	21,314,119	33,288,274	-	-	-	**33,288,274**
Trade and other payables	-	-	-	1,096,625,125	-	1,096,625,125	**1,096,625,125**
Accrued mark - up	-	-	-	378,636,116	-	378,636,116	**378,636,116**
Short term running finances	2,418,073,356	-	2,418,073,356	-	-	-	**2,418,073,356**
	3,743,616,024	4,410,114,507	8,153,730,531	1,475,261,241	1,073,810,203	2,549,071,444	**10,702,801,975**
December 31, 2007							
Financial assets							
Long term advance	10,329,500	92,965,500	103,295,000	-	-	-	103,295,000
Long term deposits	-	-	-	-	42,429,872	42,429,872	42,429,872
Interest accrued	-	-	-	1,177,958	-	1,177,958	1,177,958
Trade debts	-	-	-	74,358,911	-	74,358,911	74,358,911
Other receivables	-	-	-	52,225,801	-	52,225,801	52,255,801
Cash and bank balances	-	-	-	678,424,680	-	678,424,680	678,424,680
	10,329,500	92,965,500	103,295,000	806,187,350	42,429,872	848,617,222	951,912,222
Financial liabilities							
Long term financing	1,313,568,513	5,702,368,717	7,015,937,230	-	-	-	7,015,937,230
Other long term liabilities	-	-	-	-	576,833,950	576,833,950	576,833,950
Obligations under finance leases	-	1,543,430,000	1,543,430,000	-	-	-	1,543,430,000
Trade and other payables	10,883,569	32,812,682	43,696,251	1,382,713,939	-	1,382,713,939	1,426,410,190
Accrued mark - up	-	-	-	260,091,008	-	260,091,008	260,091,008
	1,324,452,082	7,278,611,399	8,603,063,481	1,642,804,947	576,833,950	2,219,638,897	10,822,702,378

Effective interest rates for the monetary financial assets and liabilities are mentioned in the respective notes to the financial statements.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

36.1 Interest / mark - up rate risk management

Yield / mark-up rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market yield / mark-up rates. Sensitivity to yield / mark-up rate risk arises from mismatches of financial assets and liabilities that mature or reprice in a given period. The Company manages these mismatches through risk management strategies.

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. However, the Company is somewhat naturally hedged against this through its exports.

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 monitors capital using a gearing ratio, which is net debt divided by total capital and net debt. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, accrued mark-up less cash and cash equivalents. Capital includes equity attributable to the equity add reserves.

	2008 Rupees	2007 Rupees
Shareholder's loan	**-**	1,543,430,000
Long term financing	**5,702,368,718**	7,015,937,230
Obligations under finance lease	**33,288,273**	43,696,251
Other long term liabilities	**1,270,820,113**	597,972,122
Trade and other payables	**1,146,612,874**	1,537,746,095
Accrued mark-up	**378,636,116**	260,091,008
Short term running finances	**2,418,073,356**	-
Cash and bank balances	**(55,472,574)**	(678,424,680)
Net debt	**10,894,326,876**	10,320,448,026
Issued subscribed and paid-up capital	**13,126,444,880**	11,345,149,360
Reserves	**(2,092,041,278)**	(844,193,832)
Total capital	**11,034,403,602**	10,500,955,528
Total capital and net debt	**21,928,730,478**	20,821,403,554
Gearing ratio	**49.68%**	49.57%

37. CASH AND CASH EQUIVALENTS	Note	2008 Rupees	2007 Rupees
Cash and bank balances	15	**55,472,574**	678,424,680
Short term running finances	23	**(2,418,073,356)**	-
		(2,362,600,782)	678,424,680

38. PLANT CAPACITY	2008	2007
	Metric Tons	
Installed capacity	**2,400,000**	2,400,000
Actual production	**2,001,565**	1,724,104

Difference during the year is due to demand and supply situation of the product.

	2008	2007
39. NUMBER OF EMPLOYEES	**381**	398

40. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue on March 18, 2009 by the Board of Directors of the Company

41. GENERAL

- Figures have been rounded off to the nearest Rupee.
- The following major corresponding figures have been reclassified for the purposes of better presentation:

From	To	Rupees
Other operating expenses	Selling, General and Administrative	**3,187,200**
Other Operating income	Cost of goods sold	**6,835,002**
Taxation	Taxation -Prior year -current	**11,835,274**
Other long term liabilities	Other receivables	**21,138,172**
Prepayments	Other receivables	**150,721,275**

Maj. Gen. (R) Rehmat Khan
Chief Executive Officer

Bilal Hamid Javaid
Director