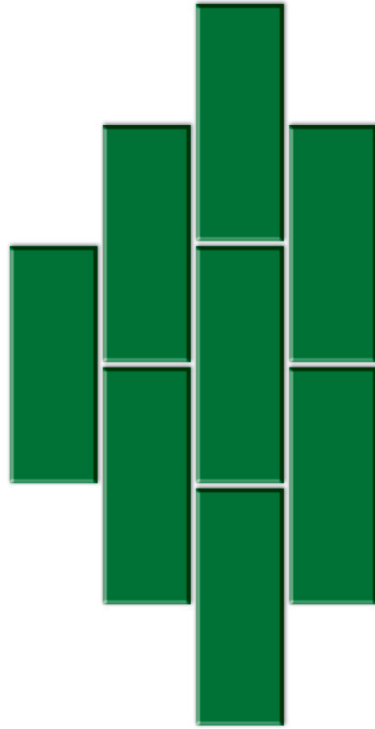


Half Yearly Report January to June 2007

BOOK POST

If undelivered please return to:

Pakistan Cement Company Limited
House No. 5, Street No. 54,
F-8/4, Islamabad.



COMPANY INFORMATION

Board of Directors

Mr. Nassef Onsi Naquib Sawiris
 Chief Executive/Chairman
 Mr. Ahmad Said Heshmat Hassan
 Managing Director
 Mr. Saliman Khalid Butt
 Mr. Ahmed Shebli Tolba Daabes
 Mr. Sherif Youssef Mohamed Tantawy
 Mr. Hesham Moustafa Abdel Samie
 Mr. Amr Ali Reda
 Mr. Samy Ahmed Abdel Kader
 Mr. Bilal Hamid Javaid
 Khawaja Mohammad Naveed
 Mr. Shahid Anwar (Nominee NIT)

Audit Committee

Mr. Saliman Khalid Butt
 Chairman
 Mr. Ahmad Said Heshmat Hassan
 Mr. Sherif Youssef Mohamed Tantawy
 Mr. Hesham Moustafa Abdel Samie

Company Secretary

Mr. Muhammad Anwar Sheikh
 M. Com., FCMA

Chief Financial Officer

Mr. Amr Ali Reda

Auditors

M/s KPMG Taseer Hadi & Company
 Chartered Accountants, Islamabad

Bankers

MCB Bank Limited
 Citibank N.A.
 Habib Bank Limited
 Allied Bank Limited
 United Bank Limited
 PICIC Commercial Bank Limited
 ABN Amro Bank
 Askari Commercial Bank Limited
 Soneri Bank Limited
 Standard Chartered Bank Limited
 Habib Metropolitan Bank Limited

Legal Advisors

Cornelius Lane & Mufti
 Advocates & Solicitors, Lahore

Registered Office

Plot # 18-B, F-8 Markaz, Islamabad.
 UAN: (051) 111 111 722, Fax: (051) 2817300

Corporate & Shares Department

House No. 5, Street No. 54, F-8/4, Islamabad.
 Tel: (051) 2850018-9, 2260507, Fax: (051) 2850913

Plant Site

Chhoie Mallot Road, Tehsil Kalar Kahar,
 District Chakwal-Pakistan.

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Directors' Review to the Shareholders

The directors are pleased to submit before you the accounts for the half year ended on June 30, 2007 for Pakistan Cement Company Limited.

During the first half of current year, industry cement dispatches of 12.8 mn tons were 33% higher than the 9.6 mn tons for the same period last year. Domestic dispatches registered a growth of 21% while exports were drastically up by 172% when compared with the same period last year. On the other hand, capacity utilization level has started to decline as the industry capacity has increased from 26mn tpa in June 06 to 32 mn tpa in June 07. As a result, industry utilization levels have dropped to 82% with a market price level touching as low as PKR 4000/ton during June 07.

Since the start of operations, company is actively finalizing the ancillary facilities development and infrastructure projects to facilitate smooth operations. Work on the coal conversion project is at its final stages which after operation will bring substantial savings in production cost as compared to the furnace oil.

PAKCEM has received a remarkable feedback from the market with ever growing demand from its customers due to the high quality of its product. Management believes that PCC will play a crucial role in meeting the growing demand for high quality cement in both local and international markets.

The Directors would like to thank all its stakeholders, government and financial institutions for their continued guidance and support.

For and on behalf of the Board



Amr Ali Reda
Director



Samy Abdel Kader
Director

Islamabad/Cairo
August 27, 2007

Independent Auditors' Report on Review of Interim Financial Information to the Members of Pakistan Cement Company Limited

Introduction

We have reviewed the accompanying condensed interim balance sheet of Pakistan Cement Company Limited ("the Company") as of June 30, 2007 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity for the six-months' period then ended (the interim financial information). Management is responsible for the preparation and fair presentation of this interim financial information in accordance with the approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended June 30, 2007 and 2006 have not been reviewed as we are required to review only the cumulative figures for the half year ended June 30, 2007.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the six months ended June 30, 2007, is not prepared in all material respects, in accordance with the approved accounting standards as applicable in Pakistan.

ISLAMABAD
August 27, 2007



KPMG TASEER HADI & CO.
CHARTERED ACCOUNTANTS

CONDENSED INTERIM BALANCE SHEET

	Un-audited June 30, 2007 (Rupees)	Audited December 31, 2006 (Rupees)	Note
SHARE CAPITAL AND RESERVES			
Share Capital	6,768,378,870	6,768,378,870	
Capital reserve	214,838,692	214,838,692	
Accumulated loss	<u>(1,013,102,547)</u>	<u>(518,917,520)</u>	
	5,970,115,015	6,464,300,042	
NON - CURRENT LIABILITIES			
Long term financing - secured	6,359,152,974	7,015,937,230	3
Obligations against assets subject to finance lease	35,043,246	-	4
Deferred liabilities	1,280,938	1,773,000	
Other long term liabilities	1,166,069,814	1,000,598,335	
CURRENT LIABILITIES			
Trade and other payables	1,093,236,568	1,546,738,615	
Current portion of long term financing - secured	656,784,256	-	
Current portion of obligations against assets subject to finance lease	8,709,754	-	
Interest and markup accrued	341,840,943	303,041,327	
Short term borrowing - secured	3,841,715,751	1,837,939,235	5
	5,942,287,272	3,687,719,177	
	<u>19,473,949,259</u>	<u>18,170,327,784</u>	

CONTINGENCIES AND COMMITMENTS

6

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.

These condensed interim financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on August 27, 2007.

STATEMENT UNDER SECTION 241 OF THE COMPANIES ORDINANCE , 1984

These condensed interim financial statements for the period ended June 30, 2007 have been signed by the two directors as the Chief Executive of the Company was on foreign business travel at the time of board meeting.


Amr Ali Reda
 Director

AS ON JUNE 30, 2007

	Un-audited June 30, 2007 (Rupees)	Audited December 31, 2006 (Rupees)	Note
PROPERTY, PLANT AND EQUIPMENT	17,423,914,719	16,995,907,107	7
INTANGIBLES	7,668,781	-	8
LONG TERM ADVANCE - CONSIDERED GOOD	92,965,500	92,965,500	
LONG TERM DEPOSITS	42,328,341	41,705,960	
DEFERRED TAX ASSET	528,311,276	265,470,973	
CURRENT ASSETS			
Stores and spares	504,539,049	273,440,674	
Stock in trade	451,761,184	158,358,236	
Advances - considered good	104,377,923	153,919,105	
Short term prepayments and balance with statutory authority	151,936,815	113,664,497	
Interest accrued	403,256	1,177,988	
Trade receivables - considered good	67,696,870	-	
Other receivables - considered good	56,369,156	21,820,750	
Advance income tax - net	22,284,193	9,987,197	
Cash and bank balances	19,392,196	41,909,797	
	1,378,760,642	774,278,244	
	<u>19,473,949,259</u>	<u>18,170,327,784</u>	


Samy Abdel Kader
 Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited)
FOR THE SIX MONTHS ENDED JUNE 30, 2007**

	For the Quarter Ended		For the Six Months Ended	
	June 30, 2007 (Rupees)	June 30, 2006 (Rupees)	June 30, 2007 (Rupees)	June 30, 2006 (Rupees)
Sales - net	873,472,249	-	1,619,129,805	-
Cost of sales	(915,439,695)	-	(4,906,280,207)	-
GROSS LOSS	(41,967,446)	-	(287,150,402)	-
Selling, general and administrative expenses	(98,945,665)	(23,646,672)	(160,258,070)	(37,625,468)
Finance cost	(163,218,887)	(9,600)	(313,494,531)	(9,600)
Other operating income	387,351	387,355	24,346,442	774,712
Fair value adjustment of deferred liabilities for custom duties and sales tax	(10,234,385)	58,667,741	(20,468,769)	39,111,828
NET (LOSS)/PROFIT BEFORE TAXATION	(313,979,032)	35,398,824	757,025,330	2,251,472
TAXATION				
Current - Prior years'	262,840,303	(2,400,000)	262,840,303	(2,400,000)
Deferred	262,840,303	2,400,000	262,840,303	(2,400,000)
NET (LOSS)/PROFIT AFTER TAXATION	(51,138,729)	(32,998,824)	(494,185,027)	(148,528)
(Loss)/earnings per share - Basic and diluted	(0.08)	0.05	(0.73)	-

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.



Amr Ali Reda
Director



Samy Abdel Kader
Director

**CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited)
FOR THE SIX MONTHS ENDED JUNE 30, 2007**

	Six Months Ended	
	June 30, 2007 (Rupees)	June 30, 2006 (Rupees)
Cash flows from operating activities	(757,025,330)	2,251,472
Net (loss)/profit before taxation for the period		
Adjustments for:		
Depreciation	345,717,526	1,274,879
Amortization	67,000	-
Finance cost	306,236,078	9,600
Income on financial assets	(774,712)	(774,712)
Fair value adjustment of liabilities for custom duties and sales tax	20,468,769	(39,111,828)
	671,714,661	(38,602,061)
	(85,310,669)	(36,350,589)
Operating cash flow before working capital changes	(231,098,375)	(26,007,720)
Increase in stores and spares	(293,402,948)	280,951,465
Increase in stock in trade	49,541,182	(14,916,698)
Decrease in advances - considered good	(38,272,318)	-
Increase in other receivables	(67,696,870)	(42,683)
Increase in trade receivables	(34,548,406)	939,115,448
(Decrease)/Increase in trade and other payables	(453,502,047)	1,179,099,812
	1,068,979,782	1,142,749,223
	(1,154,290,451)	-
Cash (used in)/generated from operations	(492,062)	(155,572,208)
Staff retirement benefits paid	-	(456,325)
Custom duty paid	(12,296,996)	986,720,690
Taxes paid	(1,167,079,509)	-
Net cash (used in)/from operating activities		
Cash flows from investing activities		
Additions to property, plant and equipment	(419,410,439)	(3,257,289,744)
Interest received on financial assets	1,549,425	1,549,425
Increase in long term deposits	(622,381)	(35,537,750)
Net cash used in investing activities	(418,483,395)	(3,291,278,069)
Cash flows from financing activities		
Repayment of short term borrowings	(689,417,234)	-
Proceeds from short term borrowings	2,693,193,750	135,530,709
Proceeds from long term financing	-	619,337,232
Increase in long term liabilities	124,533,941	216,317,883
Finance cost paid	(565,265,154)	(346,817,663)
Net cash from financing activities	1,563,045,303	624,368,161
Net decrease in cash and cash equivalents	(22,517,601)	(1,680,189,218)
Cash and cash equivalents at beginning of the period	41,909,797	1,703,405,309
Cash and cash equivalents at end of the period	19,392,196	23,216,091

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.



Amr Ali Reda
Director



Samy Abdel Kader
Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited)
FOR THE SIX MONTHS ENDED JUNE 30, 2007**

	Share capital		Capital reserve - Share premium		Accumulated loss		Total Equity	
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as on January 01, 2006	6,768,378,870	214,838,692	(480,693,559)	6,502,524,003				
Net loss for the six months ended June 30, 2006	-	-	(148,528)	(148,528)			(148,528)	
Balance as on June 30, 2006	6,768,378,870	214,838,692	(480,842,087)	6,502,375,475				
Balance as on July 01, 2006	6,768,378,870	214,838,692	(480,842,087)	6,502,375,475				
Net loss for the six months ended December 31, 2006	-	-	(38,075,433)	(38,075,433)				
Balance as on December 31, 2006	6,768,378,870	214,838,692	(518,917,520)	6,464,300,042				
Balance as on January 01, 2007	6,768,378,870	214,838,692	(518,917,520)	6,464,300,042				
Net loss for the six months ended June 30, 2007	-	-	(494,185,027)	(494,185,027)				
Balance as on June 30, 2007	6,768,378,870	214,838,692	(1,013,102,547)	5,970,115,015				

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.


Amr Ali Reda
Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT
FOR THE SIX MONTHS ENDED JUNE 30, 2007**

1 THE COMPANY AND ITS OPERATIONS

Pakistan Cement Company Limited ("the Company") was incorporated in Pakistan on 23 May 1993 as a Private Limited Company and subsequently converted into a Public Limited Company on 18 October 1994 under the Companies Ordinance, 1984. The Company is listed on all the three Stock Exchanges of Pakistan. The principal activity of the Company is to manufacture and sell ordinary grey Portland cement. The registered office of the Company is situated at plot # 18-B, F-8 Markaz, Islamabad.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 These interim financial statements duly reviewed by the auditors, are unaudited and are being submitted to the shareholders in accordance with the requirements of Section 245 of the Companies Ordinance, 1984. These financial statements are presented in condensed form in accordance with the requirements of International Accounting Standard - IAS 34 "Interim Financial Reporting".

2.2 Accounting policies, related judgments, estimates and assumptions adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Company for the year ended December 31, 2006, except for the following which were not applicable then.

2.2.1 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 8.1 to the financial statements.

2.2.2 Leased assets

The Company recognizes finance leases as assets and liabilities in the balance sheet at an amount equal at the inception of the lease to the fair value of the leased assets or, if lower, at the present value of the minimum lease payments. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease. Depreciation is commenced from the date the asset is available for use up to the date when the asset is retired. Depreciation is charged to the profit and loss account on straight line method so as to write off the depreciable amount of the leased assets over the shorter of its lease term or useful life, as mentioned in note 4.1 to the financial statements.



3 LONG TERM FINANCING - SECURED

	Unaudited June 30, 2007 (Rupees)	Audited December 31, 2006 (Rupees)
Opening balance	7,015,937,230	6,396,599,998
Disbursements during the period/year	-	619,337,232
Less: current portion shown under current liabilities	(656,784,256)	-
	<u>6,359,152,974</u>	<u>7,015,937,230</u>

4 OBLIGATIONS AGAINST ASSETS SUBJECT TO FINANCE LEASE

	June 30, 2007 Unaudited		December 31, 2006
	Minimum lease payments (Rupees)	Financial charges for future periods (Rupees)	Principal outstanding (Rupees)
Not Later than one year	14,012,564	5,302,810	8,709,754
Later than one year and not later than five years	42,262,613	7,219,367	35,043,246
	<u>56,275,177</u>	<u>12,522,177</u>	<u>43,753,000</u>

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

5 SHORT TERM BORROWINGS - SECURED

	Unaudited June 30, 2007 (Rupees)	Audited December 31, 2006 (Rupees)
Running finance facilities	2,429,215,751	1,837,939,235
Term finance facilities	<u>1,412,500,000</u>	-
	<u>3,841,715,751</u>	<u>1,837,939,235</u>

5.1 These short term borrowings are secured by guarantees issued by Orascom Construction Industries, Egypt - The Ultimate Parent Company.

5.2 The Company obtained these short term borrowings from various banks on which markup is payable on quarterly basis. The markup on these borrowings are linked with KIBOR which ranges between 9.42% to 10.02% per annum as on 30 June 2007.

6 CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

There is no change in the contingent liabilities as reported in the annual financial statements of the Company for the year ended December 31, 2006.

6.2 Commitments

6.2.1 - Commitments in respect of capital expenditure contracted at period end was Rs. 662.318 million (December 31, 2006: Rs. 1,456.625 million)

6.2.2 - Commitment in respect of quarry lease of 1,337 kanals and 58.8 kanals at the period end is Rs. 92.252 million and 4.013 million respectively (December 31, 2006: Rs. 92.856 million and Rs. 4.554 million respectively).

	Unaudited June 30, 2007 (Rupees)	Note	Audited December 31, 2006 (Rupees)
7 PROPERTY, PLANT AND EQUIPMENT			
Opening written down value	16,995,907,107		12,272,471,671
Additions during the period/year	773,725,138	7.1	4,752,159,510
Depreciation for the period/year	(345,717,526)		(28,724,074)
Closing written down value	<u>17,423,914,719</u>		<u>16,995,907,107</u>

7.1 Additions/adjustments during the period/year

Freehold land	-	47,912,373
Building	1,920,800	-
Plant and machinery	-	380,101
Office equipment	277	884,267
Workshop equipment	-	465,002
Vehicles - owned	2,295,545	10,746,455
Vehicles - leased	44,170,070	-
Computers	-	791,778
Capital work in progress	725,338,446	4,690,979,534
	<u>773,725,138</u>	<u>4,752,159,510</u>

7.2 Capital work in progress

Plant and machinery	135,692,346	1,086,795,941
Civil and development works	225,469,877	1,364,280,873
Construction material	4,270,469	508,459,322
Borrowing cost	318,297,480	831,603,710
Advances to suppliers and contractors / (adjustments)	27,215,189	(179,969,096)
Other directly attributable costs	14,393,085	1,079,808,784
	<u>725,338,446</u>	<u>4,690,979,534</u>

8 INTANGIBLES

Additions during the period	7,735,781	-
Amortization	(67,000)	-
Closing written down value	<u>7,668,781</u>	<u>-</u>

8.1 This represents additions of computer softwares and license fees. Amortization is charged at the rate of 33% on straight line basis.

9 TRANSACTIONS WITH RELATED PARTIES

Pakistan Cement Holding Limited (PCH) holds 33.77% and Camden Holding PTE Limited (CHL) holds 28.98% ordinary shares of the Company at the period end. Therefore all related parties of PCH and CHL are related parties of the Company. By virtue of indirect holding in PCH and CHL, Orascom Construction Industries, Egypt is the ultimate parent company ("the Ultimate Parent Company") of the Company. The related parties also comprise of directors, shareholders, key management personnel and entities over which the directors are able to exercise influence and entities under common directorship. Transactions with related parties during the period are as follows:

	Six months ended	
	June 30, 2007	June 30, 2006
	(Rupees)	(Rupees)
Ultimate Parent Company		
- Expenses incurred on the Company's behalf	217,944	753,000
- Expenses incurred by the Company on behalf of Ultimate Parent Company	17,539,650	84,248,144
- Technical assistance fee	80,535,259	-
- Royalty	24,297,577	-
- Guarantees issued on behalf of the Company - refer note 5	-	-

Related parties by virtue of group holding

- Services acquired during the period	3,093,130	373,682,405
- Expenses incurred by the Company	3,297,831	-
- Services provided during the period	6,252,680	-
- Sales made during the period	84,583,892	-
- Advances against sales during the period	14,276,438	-
- Mobilization advance adjusted during the period	-	34,878,371
- Retention money deducted during the period	-	11,627,449

Other related parties

- Remuneration including benefits and perquisites of Directors and other executives.	24,545,689	15,648,894
No of persons 2007: 2 and 24 respectively (2006: 1 and 24 respectively).	3,285,148	-
- Contributions to Provident Fund Trust	-	-

10 POST BALANCE SHEET EVENTS

As decided in the Board of Directors meeting held on February 27, 2007 a right issue of 45% at par value of Rs. 10 per ordinary share was issued to the shareholders. Accordingly, letters of right were issued to shareholders on July 09, 2007. The right issue will increase the paid up capital of the company from Rs. 6,768,378,870 to Rs. 9,814,149,360 by issuing 304,577,049 ordinary shares at Rs. 10 each in accordance with the provisions of section 86 of the Companies Ordinance, 1984.

As recommended by the board of directors in their meeting held on 7th June 2007, 153 million ordinary shares at Rs. 10 each are also to be issued to Orascom Construction Industries and/or any of its affiliated companies without offering right shares to existing shareholders. Accordingly, approval of shareholders has been obtained by passing special resolution in the Extra Ordinary General Meeting - EOGM held on 04 July 2007. These shares will be issued to Orascom Construction Industries and/or any of its affiliated companies subject to fulfillment of regulatory requirements of the Securities and Exchange Commission of Pakistan - SECP.

Shareholders have also approved by passing special resolution in the same EOGM for obtaining subordinated loan from the Orascom Construction Industries and/or any of its affiliated companies upto US\$ 25m which will carry markup @ LIBOR + 1%. The terms inter alia, will have an option to the lender to convert the entire amount of loan or part thereof together with any unpaid or accrued interest thereon, into fully paid ordinary shares of the Company at par value of Rs. 10 each during the term of this loan, and that such fully paid ordinary shares when issued and allotted shall rank pari passu in all respect with the existing ordinary shares of the Company.

11 GENERAL

Figures have been rounded off to the nearest Rupee.



Amr Ali Reda
Director



Samy Abdel Kader
Director