LUCKY CEMENT LIMITED

Annual Report 2007

A YUNUS BROTHERS
GROUP PROJECT

Lucky
Cement

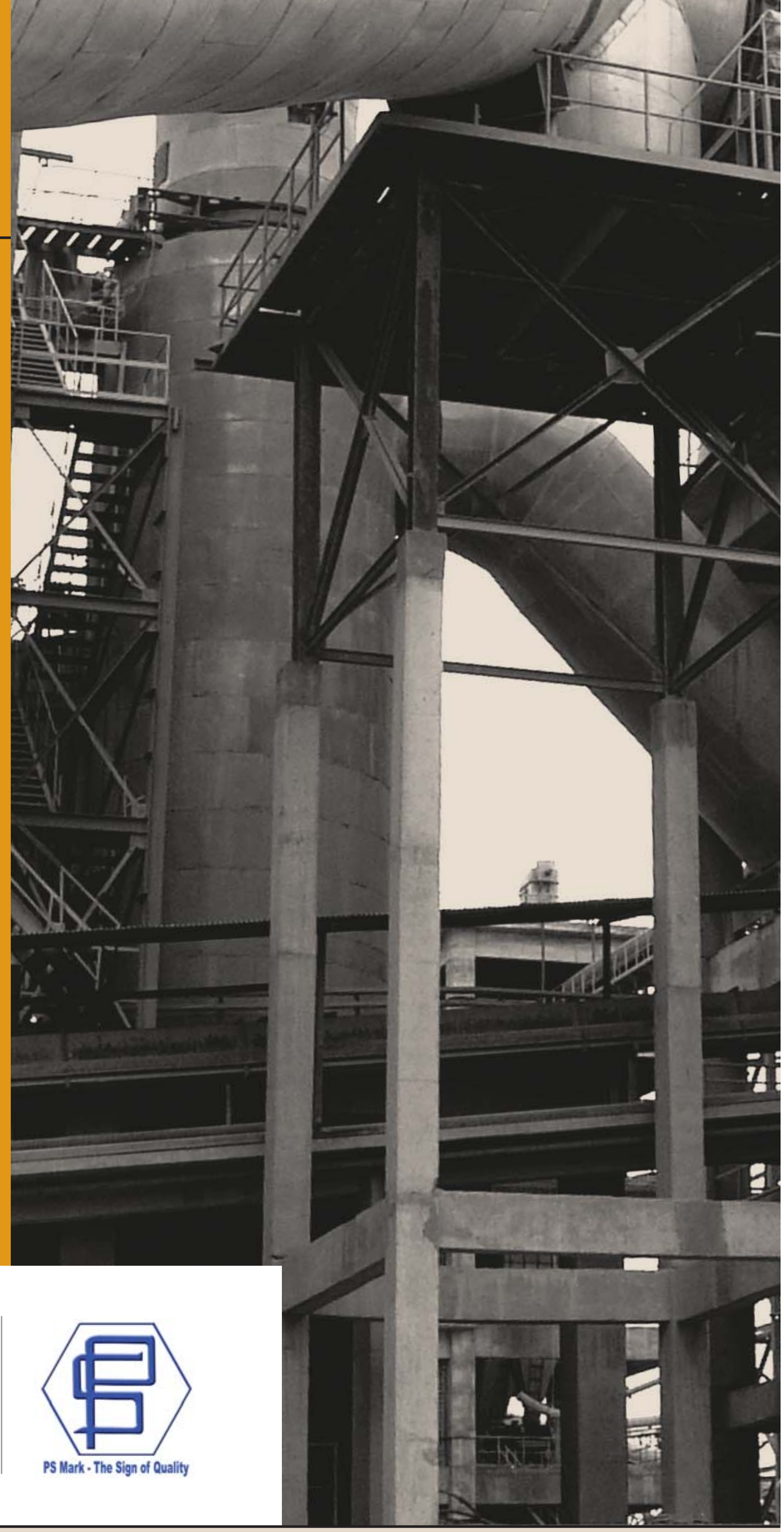
The Yunus Brothers Group

Lucky Cement Limited has been sponsored by Yunus Brothers Group ("YB Group") which is one of the largest business group of the Country based in Karachi and has grown up remarkably over the last 50 years. The YB Group is engaged in diversified manufacturing activities including Textile, Spining, Weaving, Knitting, Processing, Finishing and Stitching besides Portland Cement and Power Generation. The Group consists of a number of industrial establishments including:

- **Lucky Cement Limited**
- **Gadoon Textile Mills Limited**
- **Fazal Textile Mills Limited**
- **Yunus Textile Mills Limited**
- **Lucky Textile Mills**
- **Lucky Energy (Private) Limited**
- **Lucky Knits (Private) Limited**
- **Royale Linen New Jursey - USA**
- **Security Electric Power Company Limited**

The Group is well aware of its corporate social responsibilities. The Yunus Brothers Group has established Aziz Tabba Foundation which is engaged in a number of projects sponsored by the group or the company include:

- **Tabba Heart Institute, Karachi**
- **Aziz Tabba Dialysis Centre, Karachi**
- **Women & Children Hospital, Ghazni Khel, N.W.F.P.**
- **Lucky Welfare Dispensary, Pezu, N.W.F.P.**



MOODY INTERNATIONAL CERTIFICATION ISO 9001 APPROVED

UKAS QUALITY MANAGEMENT Registration No.014

PNAC Pakistan National Accreditation Council CBA - 001

PS Mark - The Sign of Quality

2007 Annual Report

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GROUP PROJECT

Lucky Cement

Contents

Company Information

BOARD OF DIRECTORS

Mr. Muhammad Yunus Tabba (Chairman/Director)
Mr. Muhammad Ali Tabba (Chief Executive)
Mr. Muhammad Sohail Tabba
Mr. Imran Yunus Tabba
Mr. Javed Yunus Tabba
Mrs. Rahila Aleem
Miss Mariam Razzak
Mr. Manzoor Ahmed (NIT)

EXECUTIVE DIRECTOR

Mr. Abdur Razzaq Thaplawala

DIRECTOR FINANCE & COMPANY SECRETARY

Mr. Muhammad Abid Ganatra
FCA, FCMA, FCIS

STATUTORY AUDITORS

M/s. Ford Rhodes Sidat Hyder & Co.,
Chartered Accountants
A member firm of Ernst & Young Global Limited

INTERNAL AUDITORS

M/s. A.F. Ferguson & Co.,
Chartered Accountants
A member firm of PricewaterhouseCoopers

COST AUDITORS

M/s. KPMG Taseer Hadi & Co.,
Chartered Accountants

AUDIT COMMITTEE

Mr. Muhammad Yunus Tabba
Mr. Muhammad Ali Tabba
Mr. Imran Yunus Tabba
Mr. Javed Yunus Tabba
Miss Mariam Razzak

BANKERS

Allied Bank Limited
ABN AMRO Bank
Bank AL-Habib Limited
Citibank N.A.,
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Ltd.
KASB Bank Limited
MCB Bank Limited
National Bank of Pakistan
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
United Bank Limited

REGISTERED OFFICE

Pezu, District Lakki Marwat, N.W.F.P.

PRODUCTION FACILITIES

1. Pezu, District Lakki Marwat, N.W.F.P.
2. 58 Kilometers on Main Super Highway, Gadap Town, Karachi.

HEAD OFFICE

6-A, Muhammad Ali
Housing Society,
A. Aziz Hashim Tabba Street,
Karachi-75350
UAN # (021) 111-786-555

SHARES DEPARTMENT

6-A, Muhammad Ali
Housing Society,
A. Aziz Hashim Tabba Street, Karachi.
UAN # (021) 111-786-555

WEB SITE ADDRESS

www.lucky-cement.com

E-MAIL ADDRESS

info@lucky-cement.com

The Vision

To be the market leader in domestic and exports from the Country by supplying high quality cement at the most competitive rates with customers' satisfaction and discharge our social responsibilities for the benefit of under privileged.

The Mission

To be the largest and fastest growing cement producer using state of the art technology at the most competitive cost by utilizing our experience for maximizing profits for our shareholders.

The Strategy

To be the leading exporter of cement from Pakistan for the regional countries as well as to explore the other potential export markets. As a part of future strategy, to explore investment possibilities out side Pakistan in the cement industry to become global producer.


Core **Values**

At Lucky Cement we comprehend our core values to be the most significant factor leading to the existence and growth of this prestigious organization.

How we accomplish our mission is as vital as the mission itself. Thus these values are not only on paper and pen but lounge deep in the heart of each individual working or associated with Lucky Cement.

These values are reflected within the name of **LUCKY** itself: They are as follows:

L = Leadership - We don't just innovate industry practices - we are defining the way business will be done in the future. We are pioneers.

U = Understanding - Whereby we understand the demand of cement industry at a global level, parallel to the needs of people, associated with us in one way or the other.

C = Commitment - One word that sums it all at Lucky Cement is the commitment of people to quality, relationship and most importantly our customers, who can never be disappointed at any cost.

K = Konstant - The most important element to balance any equation worldwide, at Lucky Cement we assign the value of Konstant with consistency of profits, as profits are required to sustain and grow any organization. They are in-turn the ultimate measure of efficiency.

Y = You - This attitude is a built-in character. At lucky cement we always maintain, 'You first, We last' approach, not only to please but to delight our employees, shareholders, customers, and all the other people who expect a result from Lucky Cement.


4

Directors' Report

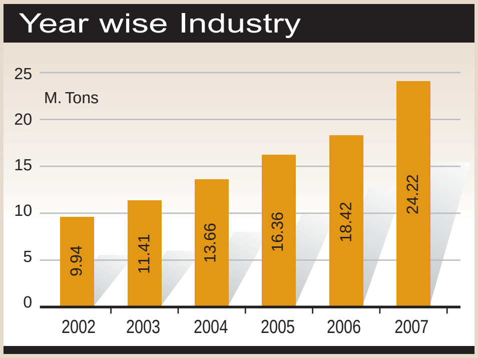
The Directors of your Company have pleasure to present before you an annual report of the Company with annual audited financial statements for the year ended June 30, 2007.

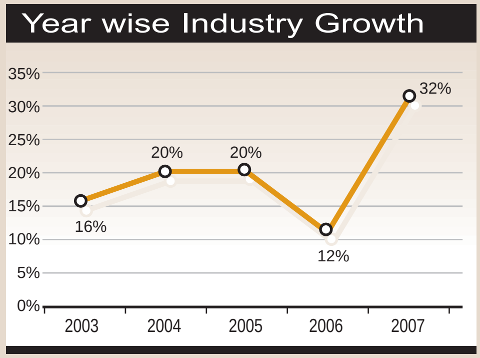
Overview

By the grace of Al-Mighty Allah, your company remained dominant in the Pakistan cement industry during the financial year ended June 30, 2007 and maintained its position as market leader both in domestic market and exports of the country with an immense lead to its competitors.

The financial year ended June 30, 2007 was a great milestone both for the company and the cement industry of the Country. Your Company has made a land mark achievement by making a record quantitative sales of 4.64 mtpa during the year ended June 30, 2007 against the last year sales of 2.20 mtpa and registered an overall tremendous growth of 111.29% in-spite the fact that most of the company's new expansion lines streamlined operation at different time intervals during this financial year. The industry also achieved a new level of dispatches of 24.22 mtpa against the last year dispatches of 18.34 mtpa and registered an overall robust growth of 32% which is the highest in the history of Pakistan cement industry both in terms of percentage and volumetric growth.

The overall comparative growth of the industry can be seen from the following graphs:





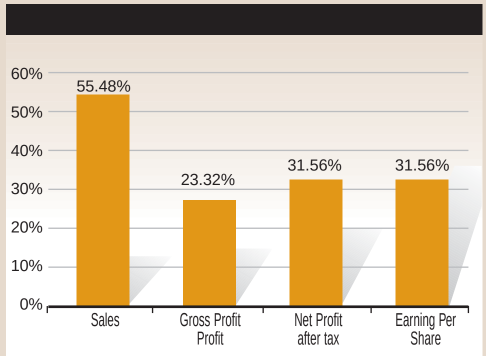
The industry has now entered into a new phase where the scale of production and plant location will play a major role in determining the profitability of the company. In past, the difference between the large and small players was very thin which has now widened drastically and may have a significant impact with respect to future performance of the industry.

Operating Results

A comparison of the operating results of the company for the year ended June 30, 2007 with the same period last year is as under:

	2007	2006	%
Sales	**12,522**	8,054	55.48%
Gross Profit	**3,675**	2,980	23.32%
Net Profit after tax	**2,547**	1,936	31.56%
Earnings Per Share	**9.67**	7.35	31.56%

** Rupees in Million Except EPS.*



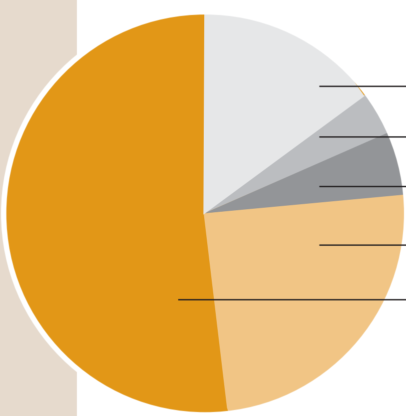
During the year under review, your Company achieved an overall growth of 111.29% in term of quantity whereas the net sales revenue registered a growth of 55.48% over the last year. The prices of cement were comparatively lower in domestic market compared to last year. The prices of cement in South Zone were comparatively higher than North Zone domestic market. The prices in international market were at premium over domestic markets.

The cost per ton of your Company reduced by 17.5% during the year under review because of economy of scale and efficiency in fuel and power consumption in-spite of increase in the prices of coal and oil in the international markets.

The gross profit of your company for the year under review registered a growth of 23.32% in terms of value over last year because of volumetric growth in sales and reduction in cost of production.

The financial charges per ton of your Company were Rs.186 per ton during the year under review as compared to Rs.38 per ton for the same period last year. The financial charges were increased during this year because of charging to Profit and Loss account which were last year capitalized to operating assets in compliance with the requirement of International Accounting Standards. The net profits of your Company increased by 31.56% over last year whereas the earnings per share improved by 31.56% from Rs.7.35 per share to Rs.9.67 per share.

Rs. in million

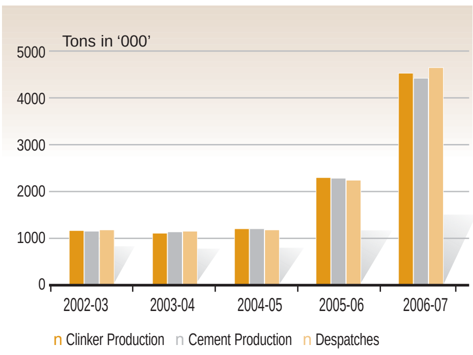


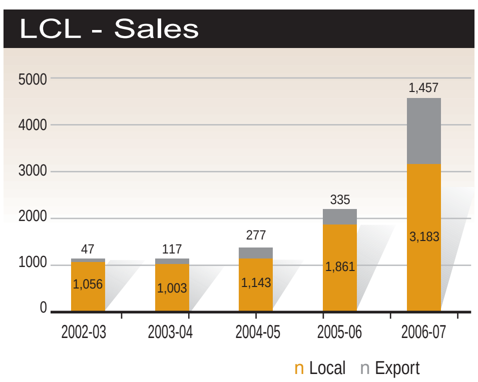
Distribution of Revenue	
Net Profit	2,547
Operating Expenses	609
Financial & Other Charges	863
Govt. Levies	4,137
Cost of Sales	8,847

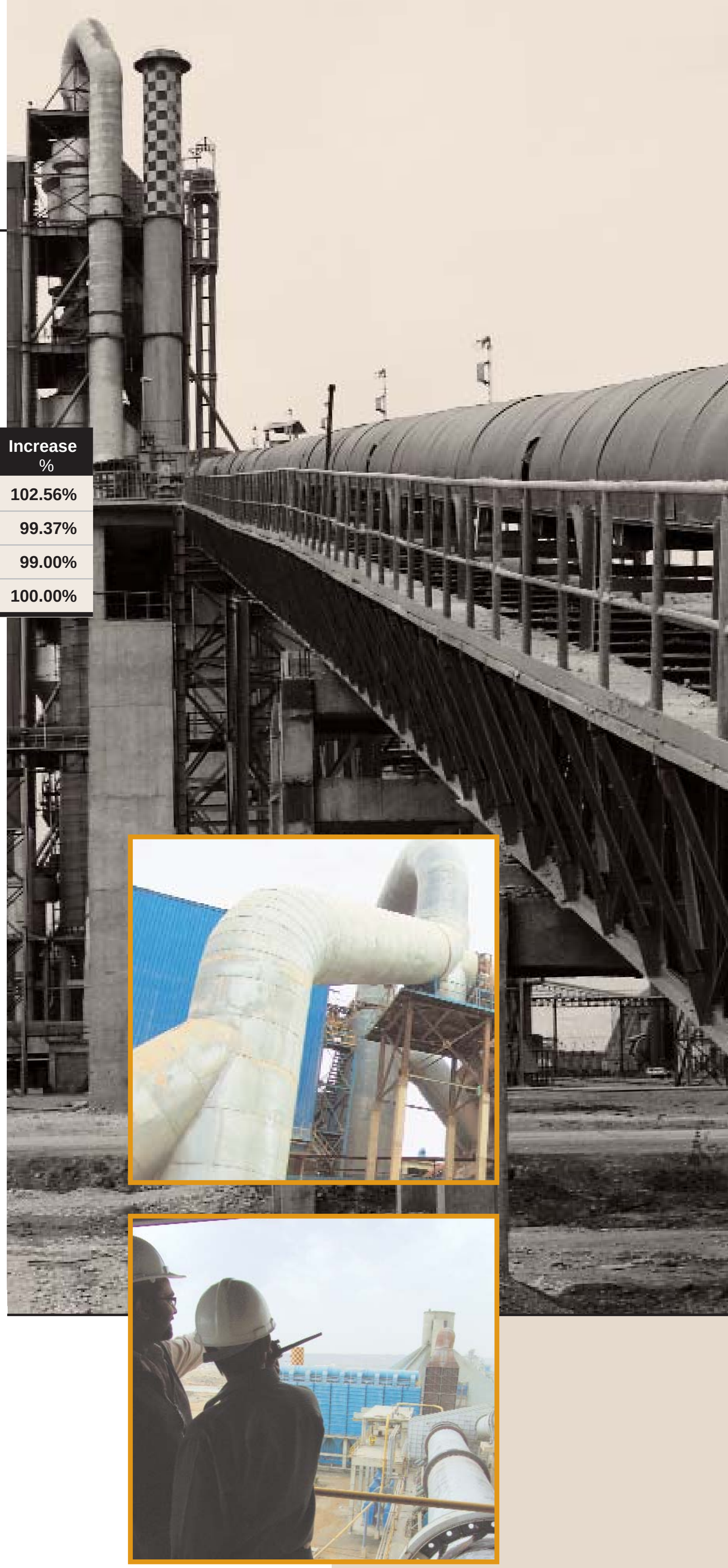
Production and Dispatches

The production and sales statistics of the Company for the year under review as compared to the same period last year is as under:

	2006-07	2005-06 Tons	Increase	Increase %
Clinker Production	**4,512,876**	2,227,878	**2,284,998**	**102.56%**
Cement Production	**4,422,700**	2,218,292	**2,204,408**	**99.37%**
Cement Dispatches	**4,370,035**	2,196,051	**2,173,984**	**99.00%**
Clinker Dispatches	**269,956**	–	**269,956**	**100.00%**







Industry & Lucky Sales, Growth

There has been a robust growth of cement demand seen both in domestic and export markets during the financial year ended June 30, 2007. The industry achieved an overall growth of 32% with domestic demand of cement increased by 24.95% whereas the exports increased by 111.86%. The overall growth achieved by your company for the year under review was 111.29% consisting of domestic and export markets at 71.02% and 335.12% respectively.

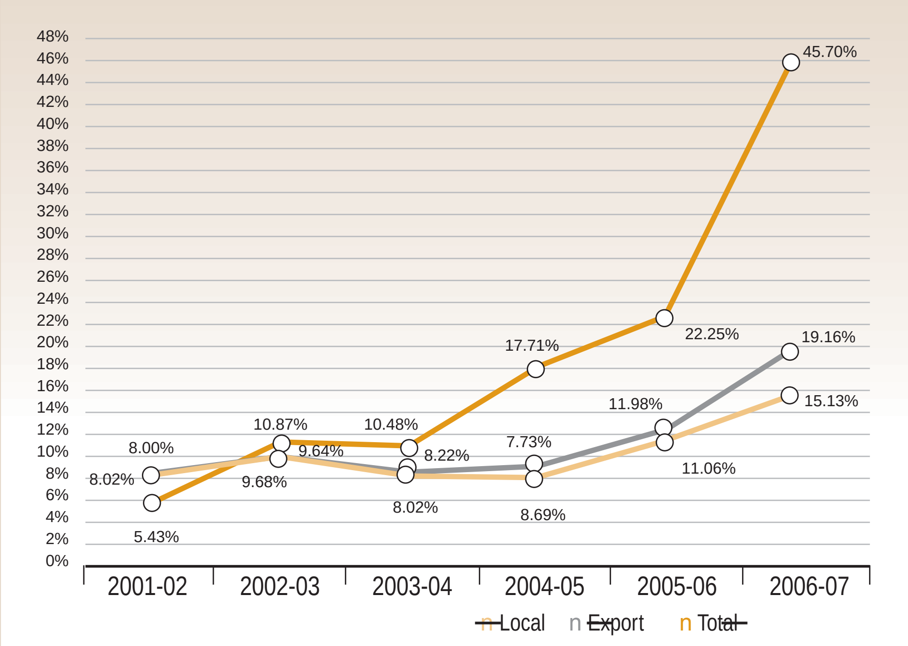
Your company has been successful to capture export markets of various GCC and African countries which are new markets for the Country other than the conventional export markets of Afghanistan and Iraq.

A comparison of the quantitative sales of the industry and of your company is as under:

Particulars	Jul-06 to Jun-07 (Tons)	Jul-05 to Jun-06 (Tons)	Growth (Tons)	Growth %
Cement Industry Sales Statistics				
Local Sales				
Cement	20,997,709	16,833,814	4,163,895	24.74%
Clinker	36,569	–	36,569	100.00%
Total Local	**21,034,278**	**16,833,814**	**4,200,464**	**24.95%**
Export Sales				
Cement				
- By Land	1,725,344	1,413,794	311,550	22.04%
- By Sea	1,072,109	91,165	980,944	1076.01%
Sub-Total	2,797,453	1,504,959	1,292,494	85.88%
Clinker - By Sea	390,971	–	390,971	100.00%
Total Export	**3,188,424**	**1,504,959**	**1,683,465**	**111.86%**
Grand Total	**24,222,702**	**18,338,773**	**5,883,929**	**32.08%**
Lucky Cement Sales Statistics				
Local Sales				
Cement	3,182,942	1,861,187	1,321,755	71.02%
Clinker	–	–	–	–
Total Local	**3,182,942**	**1,861,187**	**1,321,755**	**71.02%**
Export Sales				
Cement				
- By Land	299,276	280,384	18,892	6.74%
- By Sea	887,817	54,480	833,337	1529.62%
Sub-Total	1,187,093	334,864	852,229	254.50%
Clinker - By Sea	269,956	–	269,956	100.00%
Total Export	**1,457,049**	**334,864**	**1,122,185**	**335.12%**
Grand Total	**4,639,991**	**2,196,051**	**2,443,940**	**111.29%**

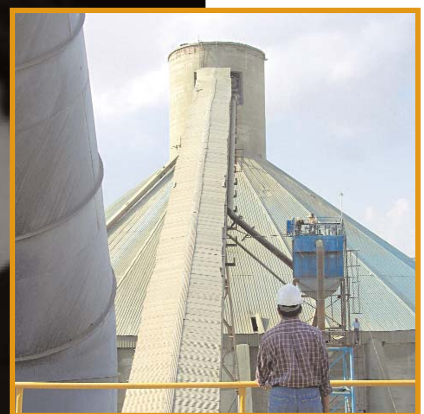
Market Share

As evident from the chart below, your company successfully managed an overall market share of 19.16% of the industry for the period under review. The domestic market share of your company was 15.13% whereas your company acquired 45.70% in overall exports and 79.13% in terms of exports by sea route.



LCL - Market Share	Jul-06 to Jun-07	Jul-05 to Jun-06
Local Sales		
Cement	15.13%	11.06%
Clinker	0.00%	0.00%
Total Local	**15.13%**	**11.06%**
Export Sales		
Cement		
- By Land	17.35%	19.83%
- By Sea	82.81%	59.76%
Sub-Total	42.43%	22.25%
Clinker - By Sea	69.05%	0.00%
Total Export	**45.70%**	**22.25%**
Grand Total	**19.16%**	**11.97%**

It is the strategy of the Company to put Lucky as the leading exporter of cement in the region and to explore the other potential export markets including the Europe and America. As a part of future strategy, the Company is exploring possibilities of investment in the cement industry outside Pakistan to make the Company as global producer.



Future Plans

1 | Expansion Plan

Your Company has emerged as the largest exporter of cement from the Country mainly through sea route. We have been able to capture new markets where our brand is now very well established because of the high quality of cement produced by us. The location of our Karachi Project is ideal for exports by sea for which we have already set up our own export related infrastructure which will help to achieve export targets.

With the main focus on exports to the regional countries, your company has decided to take further lead by adding two additional cement production lines identical to previous ones within the same premises of Karachi Project with annual capacity of 2.5 mtpa. The total capacity of your company after this expansion plan will Insha-Allah be 9 mtpa.

Your company has adopted the same hybrid technology experience for this expansion plan which was earlier used for the existing production lines by acquiring the latest technology fuel consuming components from European suppliers with the combination of Chinese plant and machinery which helps


PRINCESS
HINO
TLK 320


Lucky
Cement

to minimize expansion cost. It will ensure great efficiency for producing cement at lower cost.

The management intends to complete the expansion lines within a record time because of its past experience and expertise of previous expansion. The contract for the supply of plant and machinery for additional lines is almost finalized. The civil works at the project site has already been started.

The power requirement for the expansion lines will be met through captive gas based power generation for which additional supply of gas has been arranged. The plant and machinery for the power generation has been finalized and the LC is to established shortly.

2 I Conversion of Pezu Plant Power Generators to Gas

The existing captive power generation facility of the Pezu plant was earlier set up on furnace oil fired system because of non-availability of natural gas in the locality. The management of the company had been approaching the government to provide the supply of gas from the recently discovered reserves of natural gas at Gurguri area which is around 150 Kilometers from the plant site.

We feel pleasure to inform that the required natural gas supply facility sufficient for the power generation has been provided for the Pezu Plant. The company has ordered the required components and parts to convert the existing power generators from furnace oil to dual firing system for reducing the carbon emissions into the environment, and also improving the efficiency.The project is also been applied for CDM at the UNFCCC, which will ultimately reduce its financial burden on the Company, and improve the project's payback.

3 I Silos Facility at Port

As we have already informed earlier that your company has made a land mark achievement in export of loose cement from Pakistan by setting up its own export infrastructure on self finance basis. In the first phase, the Company has developed transportation and loading facility enabling to achieve daily ship loading capacity upto 6,500 tpd. In the second phase, the Company is setting up silos facility at Port for further enhancing its exports with higher ship loading rates and minimum risk of demurrage.

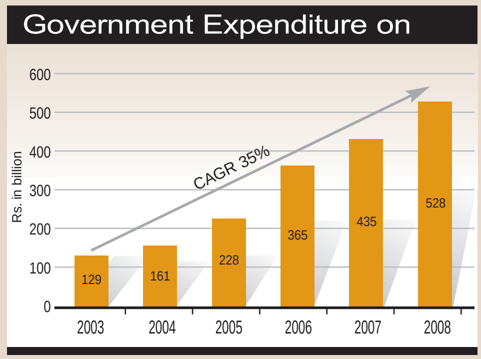
Raising of Equity Funds Through GDRs

In order to finance the future expansion plans, your Company intends to raise equity funds upto US$ 150 million from the international market in the form of Global Depository Receipts (GDRs) to be listed on the Professional Securities Market of London Stock Exchange. The board of Directors of the Company has given the mandate subject to final approval by the shareholders of the Company, Securities and Exchange Commission of Pakistan and The State Bank of Pakistan. An Extra Ordinary General Meeting has been scheduled on August 7, 2007 for the approval of the shareholders.

Future Outlook

The economic performance of the Country in terms of GDP growth rate is one of the best performing countries of the region which has been consistently over 6.5% for the last four years. The Public Sector Development Projects (PSDP) allocation for the last five years has been growing with CAGR of 35.5%.

The PSDP allocation of Rs.520 billion for the financial year 2007-08 with focus on dams, canal linings, infrastructure work, housing construction, deep sea ports and development work all over the country will lead to a drastic increase in the demand of cement in future.



The oil prices boom has led huge construction activities in our region which have resulted in great demand of cement in most of the GCC countries who are facing huge shortage despite of new production capacities coming online. The location of our Karachi Project is ideal for capturing these markets.

In addition to the conventional export markets of Afghanistan and Iraq, your company has entered into the export markets in most of the GCC, East and West African Countries and have been able to establish its brand very strongly.

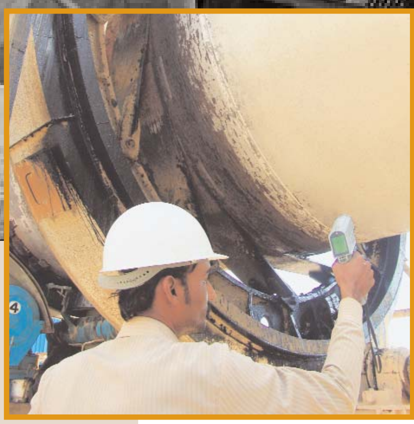
On the supply side, the cement production capacity of the country has also increased but not reached the level it was anticipated as on June 30, 2007 because of delay in commissioning of some new production capacities of other companies.

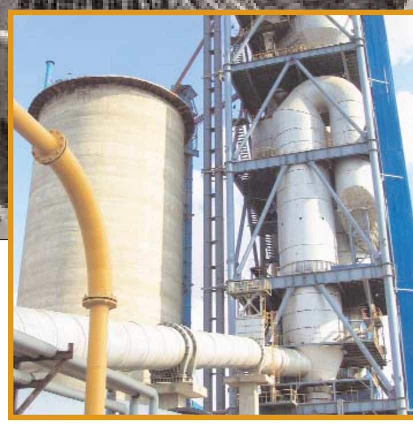
India is a big potential market for export of cement from Pakistan but the registration with the Bureau of Indian Standard is a pre requisite. The registration of your company with the BIS is at final stages as visit of the plant by BIS engineer has been made.

The entry of private investments by reputed international construction companies including Emaar, Nakheel, Al-Ghurair and Meinhardt will also create a sizeable demand of cement in the domestic market.

Refund of Excise Duty as a Result of Landmark Decision of Supreme Court of Pakistan

Pursuant to the favorable judgment of Supreme Court of Pakistan announced on 15-02-2007, your company has filed an excise duty refund claim of Rs.538.81 million on May 8, 2007 with the Collector of Central Excise and Sales Tax Peshawar. Your Company has obtained legal opinions on the basis of which it has decided to account for this refund in the books of account of the Company for the year ended June 30, 2007.





Appropriation of **Profits**

Keeping in view the expansion plans of the Company, your Directors' propose to appropriate the profits of the Company for the financial year under review as under:

	2007	2006
	Rupees in '000'	
Amount available for appropriation		
Profit after tax	2,547,292	1,935,950
Un-appropriated profits brought forward	182,508	1,509,933
Total available for appropriation	2,729,800	3,445,883
Proposed appropriation		
Dividend proposed @ 12.5% i.e. Rs.1.25 per share (last year 10%)	329,219	263,375
Transfer to general reserve	2,000,000	3,000,000
Un-appropriated profits carried forward	400,581	182,508
Total	2,729,800	3,445,883

Contribution To The National Exchequer

During the year under review your Company contributed Rs.4.137 billion to the National Exchequer by way of taxes, levies, excise duty and sales tax.

Code of Corporate Governance

The Directors of your Company are aware of their responsibilities under the Code of Corporate Governance incorporated in the Listing Rules of the Stock Exchanges in the country under instructions from the Securities & Exchange Commission of Pakistan. We are taking all the necessary steps to ensure Good Corporate Governance in your Company as required by the Code.

As a part of the compliance of the Code, we confirm the following:

a | The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

b | Proper books of account of the Company have been maintained.

c | Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

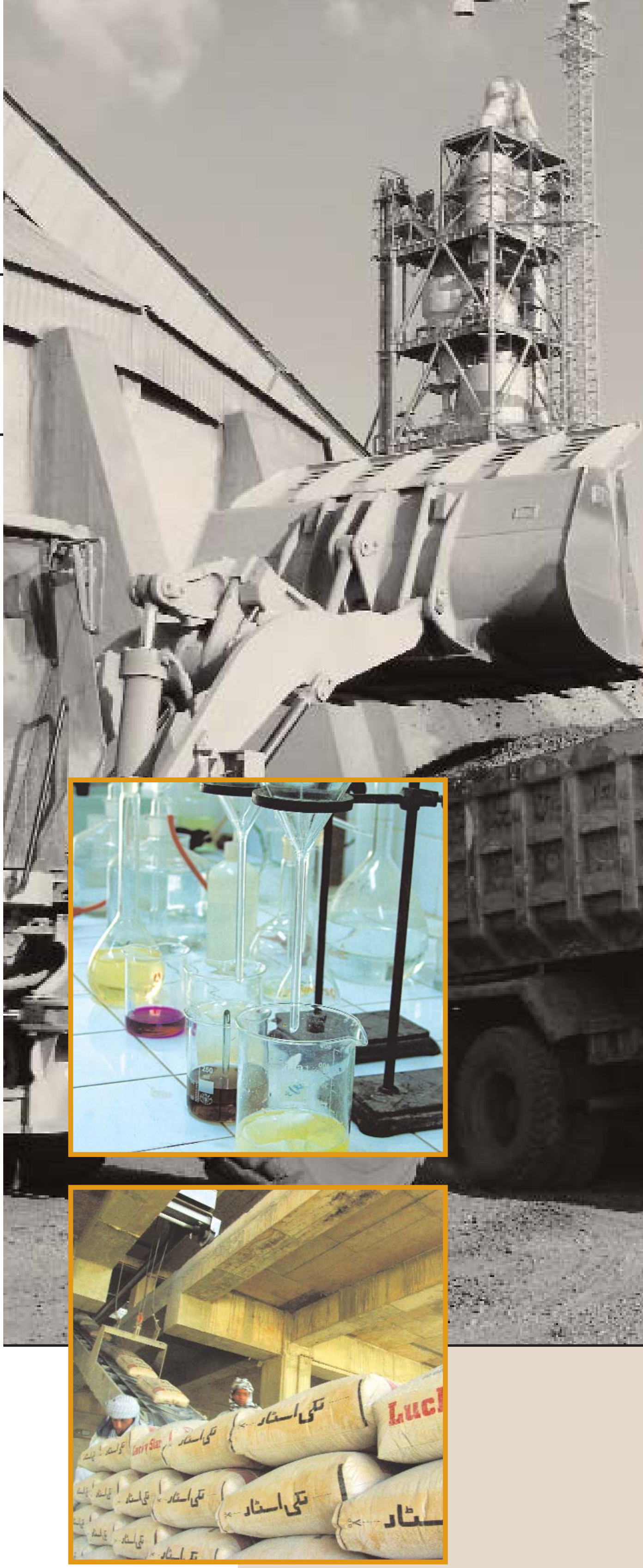
d | International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.

e | The system of internal control is sound in design and is being effectively implemented and monitored. The function of internal audit has been outsourced to M/s. A.F. Ferguson & Co., Chartered Accountants, a member firm of PricewaterhouseCoopers.

f | The Company has a very sound balance sheet with excellent debt equity ratio and therefore there is no doubt at all about Company's ability to continue as a going concern.

g | There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

h | We have an Internal Audit Committee the members of which are amongst from the Board of Directors.



i We have prepared and circulated a Statement of Ethics and business strategy among directors and employees.

j The Board of Directors has adopted a mission statement and a statement of overall corporate strategy.

k As required by the Code of Corporate Governance, we have included the following information in this report:

i) Statement of pattern of shareholding has been given separately.
ii) Statement of shares held by associated undertakings and related persons.
iii) Statement of the Board meetings held during the year and attendance by each director has been given separately.
iv) Key operating and financial statistics for last six years.

Corporate Social Responsibility

As a good corporate citizen, your company is fully aware of its social obligations. It continues to proactively promote, develop and maintain social and welfare facilities for the benefits of under privileged.

New Board Of Directors

The new board of Directors was elected for a tenure of three years at the 13th Annual General Meeting of the Company held on October 31, 2006.

The new board appointed Mr. Muhammad Ali Tabba as the Chief Executive of the Company for a period of three years w.e.f. November 13, 2006.

Auditors

The auditors, M/s. Ford Rhodes Sidat Hyder & Co., Chartered Accountants, a member firm of Ernst & Young Global Limited, retire and being eligible offer themselves for reappointment.

Acknowledgement

Your Directors record with appreciation, the efforts of the company’s executives, managers, technicians and workers who have worked vigorously to meet the targets set before them. Your Directors also extended their appreciation to the company's bankers, dealers, stockiest, suppliers and government authorities for the cooperation extended by them during this period.

For and on behalf of the Board

Muhammad Yunus Tabba
Chairman / Director

Karachi: July 31, 2007

Yearwise Statistical Summary

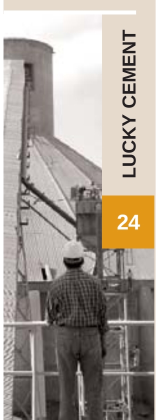
(Rupees in million)

	2007	2006	2005	2004	2003	2002
ASSETS EMPLOYED						
Property, plant & equipment	**20,319**	19,165	13,462	5,032	4,222	4,182
Long term deposits and deferred cost	**2**	2	2	2	3	3
Current assets	**5,403**	4,456	1,343	1,978	593	684
	25,724	23,623	14,807	7,012	4,818	4,869
FINANCED BY						
Shareholders' equity	**9,354**	7,070	5,134	4,307	3,621	3,790
Long-term liabilities						
Long-term finance	**8,329**	10,156	6,530	1,150	100	221
Current portion of long-term finance	**1,615**	2,383	617	–	–	120
	9,944	12,539	7,147	1,150	100	341
Long-term deposits and deferred liabilities	**1,689**	1,645	1,000	624	344	119
Current liabilities	**6,352**	4,752	2,143	931	753	739
Current portion of long-term finance	**(1,615)**	(2,383)	(617)	–	–	(120)
	4,737	2,369	1,526	931	753	619
Total Funds Invested	**25,724**	23,623	14,807	7,012	4,818	4,869
TURNOVER & PROFIT						
Turnover	**12,522**	7,985	3,980	2,908	2,190	1,977
Gross profit	**3,675**	2,911	1,380	1,100	448	440
Operating profit	**3,066**	2,770	1,294	1,034	390	373
Profit/(loss) before taxation	**2,690**	2,553	1,210	971	343	305
Profit/(loss) after taxation	**2,547**	1,936	827	686	228	295
Cash Dividend	**263**	263	–	–	184	184
Bonus Shares	**–**	–	–	184	–	–
General Reserve	**3,000**	–	–	–	–	–
Profit/(loss) carried forward	**2,730**	3,446	1,510	867	365	350
Earnings per share (Rupees)	**9.67**	7.35	3.14	2.60	0.93	1.20
Break up value per share (Rupees)	**Rs. 35.51**	Rs. 26.84	Rs. 19.49	Rs. 17.58	Rs. 14.78	Rs. 15.47

Ratio Analysis

FOR THE YEAR ENDED JUNE 30, 2007

	2007	2006
PROFITABILITY		
Gross profit to sales	**29.35%**	37.00%
Operating profit to sales	**24.49%**	34.39%
Profit before tax to sales	**21.49%**	31.70%
Net profit after tax to sales	**20.34%**	24.04%
SOLVENCY		
Working capital ratio	**0.85 : 1**	0.94 : 1
Acid test ratio	**0.74 : 1**	0.85 : 1
Inventory turnover (sales)-times	**22.61**	29.44
Inventory turnover (COGS)-times	**15.97**	18.54
OVERALL VALUATION AND ASSESSMENT		
Return on equity after tax	**27.23%**	27.38%
Book value per share	**Rs. 35.51**	Rs. 26.84
Long-term debts to equity ratio	**47.10%**	58.96%



Notice of 14th Annual General Meeting

Notice is hereby given that the 14th Annual General Meeting of the members of Lucky Cement Limited will be held on Thursday, August 30, 2007 at 10:30 a.m., at the registered office of the Company situated at factory premises Pezu, District Lakki Marwat, N.W.F.P. to transact the following businesses:

1. To confirm the minutes of Extraordinary General Meeting held on August 7, 2007.

2. To receive, consider and adopt the audited accounts for the year ended June 30, 2007 together with the Directors' and Auditors' reports thereon.

3. To declare cash dividend @ 12.5% i.e. Re. 1.25 per share for the year ended June 30, 2007 as recommended by the Board of Directors.

4. To appoint Auditors and fix their remuneration for the year 2007-2008. The present Auditors, Messrs Ford Rhodes Sidat Hyder & Co., Chartered Accountants, retire and being eligible, offer themselves for reappointment.

5. To transact any other business with the permission of the Chairman.

By Order of the Board

Muhammad Abid Ganatra
Company Secretary

Karachi: July 31, 2007

Notes:

1. The Share Transfer Books of the Company will be closed from Thursday, August 23, 2007 to Thursday, August 30, 2007 (both days inclusive).

2. A member entitled to attend and vote may appoint another member as his/her proxy to attend and vote instead of him/her.

3. An individual beneficial owner of shares from CDC must bring his/her original CNIC or Passport, Account and Participant's I.D. numbers to prove his/her identity. A representative of corporate members from CDC, must bring the Board of Directors' Resolution and/or Power of Attorney and the specimen signature of the nominee.

4. The members are requested to notify change in their address, if any, to the Company's shares department at 6 - A Muhammad Ali Housing Society, A. Aziz Hashim Tabba Street, Karachi.

Statement of Compliance with the Code of Corporate Governance and Best Practices on Transfer Pricing

FOR THE YEAR ENDED JUNE 30, 2007

A. Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations of Karachi, Lahore and Islamabad Stock Exchanges for the purpose of establishing a frame work of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company had applied the principles contained in the code in the following manner:

1. The board comprises eight directors, including the CEO. The number of executive directors on the board is three including CEO.

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

4. The three years term of the office of previous Board of Directors was completed and an election of Directors for the next term of three years was held wherein all eight directors were elected unopposed.

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 of Directors has adopted a vision / mission statement and overall corporate strategy of the company and has also formulated significant policies as mentioned in the Code. A complete record of particulars of significant policies alongwith the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along-with agenda and working papers were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Directors of the Company have given a declaration that they are aware of their duties, powers and responsibilities under the Companies Ordinance, 1984 and the listing regulations of the Stock Exchanges.

   The directors have also attended talks, workshops and seminars on the subject of Corporate Governance.

10. The Board of Directors has approved the appointment of CFO, Company Secretary and their remuneration and terms and conditions of employment, as determined by CEO.

11. The directors' report for this year 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 duly endorsed by the CEO and CFO before approval of the Board.

13. The directors, Chief Executive Officer 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 of 5 members, three (3) of whom are non-Executive Directors.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the code.

17. The Board has outsourced the scope of Internal Audit work to M/s. A.F. Ferguson & Co., Chartered Accountants, a member firm of PricewaterhouseCoopers. The firm has set-up an effective internal audit function managed by suitable qualified and experience personnel. They are involved in the internal audit function on full time basis.

18. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), 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 ICAP.

19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance 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.

B. Statement of Compliance with the Best Practices on Transfer Pricing

The Company has fully complied with the Best Practices on Transfer Pricing as contained in the Listing Regulation of the Karachi Stock Exchange.

On Behalf of the Board of Directors

MUHAMMAD YUNUS TABBA
Chairman / Director

MUHAMMAD ALI TABBA
Chief Executive

Review Report to the Members on Statement of Compliance with the best practices of the Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) applicable to the Company for the year ended June 30, 2007 prepared by the Board of Directors of Lucky Cement Limited to comply with the Listing Regulation No.37 of the Karachi Stock Exchange (Guarantee) Limited, chapter XIII of the Lahore Stock Exchange (Guarantee) Limited and chapter XI of Islamabad Stock Exchange (Guarantee) Limited where the Company is listed.

The responsibility for compliance with the Code 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 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 systems 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, effective for the year ended June 30, 2007.

Ford Rhodes Sidat Hyder & Co.
Chartered Accountants

Karachi: July 31, 2007

Auditors' Report to the Members

We have audited the annexed balance sheet of LUCKY CEMENT LIMITED as at June 30, 2007 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statement. 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 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 June 30, 2007 and of the profit, its cash flows and changes in equity for the year then ended; and

d) In our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

e) Without qualifying our opinion, we draw attention to note 10 to the financial statements wherein the justification for recognising a claim of refund of excise duty amounting to Rs.538.8 million has been fully explained.

Ford Rhodes Sidat Hyder & Co.
Chartered Accountants

Karachi: July 31, 2007

Balance Sheet AS AT JUNE 30, 2007

(Rupees in '000)

	Note	2007	2006
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	3	**20,318,908**	19,165,108
Long term security deposits		**2,175**	2,175
		20,321,083	19,167,283
CURRENT ASSETS			
Stores and spares	4	**1,993,573**	1,267,000
Stock-in-trade	5	**676,256**	431,418
Trade debts - unsecured, considered good	6	**476,667**	98,389
Loans and advances	7	**241,948**	202,238
Trade deposits and short term prepayments	8	**9,661**	285,121
Other receivables	9	**176,546**	83,912
Tax refunds due from government	10	**538,812**	–
Taxation-net		**50,057**	23,661
Cash and bank balances	11	**1,239,158**	2,063,755
		5,402,678	4,455,494
TOTAL ASSETS		**25,723,761**	23,622,777
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	12	**2,633,750**	2,633,750
Reserves	13	**6,719,800**	4,435,883
		9,353,550	7,069,633
NON - CURRENT LIABILITIES			
Long term finance	14	**8,329,012**	10,156,595
Long term deposits	15	**25,863**	27,269
Deferred liabilities	16	**147,245**	181,623
Deferred taxation	17	**1,515,535**	1,435,622
		10,017,655	11,801,109
CURRENT LIABILITIES			
Trade and other payables	18	**1,546,699**	1,451,086
Accrued mark-up	19	**326,181**	190,130
Short term borrowings	20	**2,864,397**	645,872
Current portion of long term finance	14	**1,615,152**	2,382,576
Sales tax payable		**127**	82,371
		6,352,556	4,752,035
CONTINGENCIES AND COMMITMENTS	21		
		25,723,761	23,622,777

The annexed notes from 1 to 38 form an integral part of these financial statements.

Muhammad Yunus Tabba
Chairman / Director

Muhammad Ali Tabba
Chief Executive

Profit and Loss Account

FOR THE YEAR ENDED JUNE 30, 2007

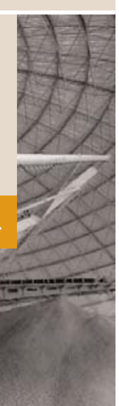
(Rupees in '000)

	Note	2007	2006
Turnover	22	**12,521,861**	8,054,101
Cost of sales	23	**8,846,708**	5,073,797
Gross profit		**3,675,153**	2,980,304
Distribution costs	24	**497,729**	103,489
Administrative expenses	25	**111,311**	106,740
		609,040	210,229
		3,066,113	2,770,075
Finance costs	26	**862,847**	82,809
Other operating income	27	**(629,289)**	(203)
Other charges	28	**142,204**	134,493
		375,762	217,099
Profit before taxation		**2,690,351**	2,552,976
Taxation - current	29	**63,146**	39,923
- deferred		**79,913**	577,103
		143,059	617,026
Profit after taxation		**2,547,292**	1,935,950
		(Rupees)	
Basic and diluted earnings per share	30		
- before taxation		**10.21**	9.69
- after taxation		**9.67**	7.35

The annexed notes from 1 to 38 form an integral part of these financial statements.

Muhammad Yunus Tabba
Chairman / Director

Muhammad Ali Tabba
Chief Executive



Cash Flow Statement

FOR THE YEAR ENDED JUNE 30, 2007

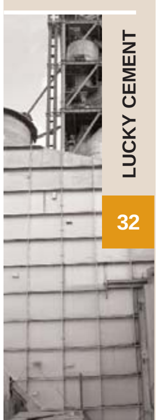
(Rupees in '000)

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	**2,690,351**	2,552,976
Adjustments for non cash charges and other items		
Depreciation	**883,125**	417,441
Loss / (gain) on sale of fixed assets	**109**	(184)
Liabilities no more payable written back	**(67,656)**	–
Provision for gratuity	**43,367**	73,568
Finance costs	**862,847**	82,809
	4,412,143	3,126,610
Working capital changes		
Increase in current assets	**(1,745,386)**	(1,200,691)
(Decrease)/Increase in current liabilities	**(52,400)**	1,406,419
Cash generated from operations	**2,614,357**	3,332,338
Mark-up on long term finances paid	**(726,796)**	(572,087)
Income tax paid	**(26,396)**	(29,890)
Gratuity paid	**(10,089)**	(8,291)
	(763,281)	(610,268)
Long term deposits	**(1,406)**	1,907
Net cash inflow from operating activities	**1,849,672**	2,723,977
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	**(2,043,444)**	(6,054,432)
Sale proceeds of fixed assets	**6,410**	1,199
Net cash used in investing activities	**(2,037,034)**	(6,053,233)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finances	**(2,595,008)**	5,392,341
Short term borrowings	**1,962,304**	645,872
Dividend paid	**(260,750)**	(88)
Net cash (outflow) / inflow from financing activities	**(893,454)**	6,038,125
Net (decrease)/increase in cash and cash equivalents	**(1,080,818)**	2,708,869
Cash and cash equivalents at the beginning of the year	**2,063,755**	(645,114)
Cash and cash equivalents at the end of the year	**982,937**	2,063,755
CASH AND CASH EQUIVALENTS		
Cash and bank balances	**1,239,158**	2,063,755
Short term borrowings	**(256,221)**	–
	982,937	2,063,755

The annexed notes from 1 to 38 form an integral part of these financial statements.

Muhammad Yunus Tabba
Chairman / Director

Muhammad Ali Tabba
Chief Executive



Statement of Changes in Equity

FOR THE YEAR ENDED JUNE 30, 2007

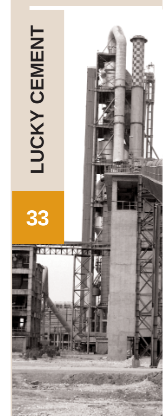
(Rupees in '000)

		Capital reserve	Revenue reserves			
	Issued, subscribed and paid-up capital	Share premium	General Reserve	Unappropriated profit	Total reserves	Total Equity
Balance as at June 30, 2005	2,633,750	990,000	–	1,509,933	2,499,933	5,133,683
Net profit for the year	–	–	–	1,935,950	1,935,950	1,935,950
Balance as at June 30, 2006	2,633,750	990,000	–	3,445,883	4,435,883	7,069,633
Transfer to general reserves	–	–	3,000,000	(3,000,000)	–	–
Final dividend for the year ended June 30, 2006 @ Re. 1/- per share	–	–	–	(263,375)	(263,375)	(263,375)
Net profit for the year	–	–	–	2,547,292	2,547,292	2,547,292
Balance as at June 30, 2007	2,633,750	990,000	3,000,000	2,729,800	6,719,800	9,353,550

The annexed notes from 1 to 38 form an integral part of these financial statements.

Muhammad Yunus Tabba
Chairman / Director

Muhammad Ali Tabba
Chief Executive



Notes to the **Financial Statements**

FOR THE YEAR ENDED
JUNE 30, 2007

1 THE COMPANY AND ITS OPERATION

1.1 Lucky Cement Limited (the Company) was incorporated in Pakistan on September 18, 1993 under the Companies Ordinance, 1984 (the Ordinance). The shares of the Company are quoted on all the three stock exchanges in Pakistan. The principal activity of the Company is manufacturing and marketing of cement. The registered office of the Company is located at Pezu, District Lakki Marwat in North West Frontier Province (NWFP). The Company has two production facilities at Pezu, District Lakki Marwat in NWFP and at Main Super Highway in Karachi Sindh.

1.2 All the expansion projects of the Company earlier conceived in 2003 for additional capacity have started operations in different periods of time. The last line F of Karachi project commenced operation in October 2006.

1.3 The Company intends to raise further capital without issuance of right shares under first proviso of Section 86 of the Ordinance in the form of GDRs in the international capital market to the extent of US$ 150 million. These GDRs will be listed on London Stock Exchange.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting convention

These financial statements have been prepared under the historical cost convention except for derivative financial instruments at fair value.

2.2 Statement of compliance

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

2.3 Significant accounting judgements and estimates

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

Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in note 16.1 to the financial statements for valuation of present value of defined benefit obligations.

Property, plant and equipment

The Company has made certain estimations with respect to residual value, depreciation method and depreciable lives of property, plant and equipment. Further, the Company reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in future years might effect the remaining amounts of respective items of property, plant and equipments with a corresponding effect on the depreciation charge and impairment.

Income Taxes
In making the estimates for income taxes payable by the Company, the management considers current Income Tax law and the decisions of appellate authorities on certain cases issued in past.

Future estimation of export sales
Deferred tax calculation has been made based on estimate of future ratio of export and local sales.

Interest rate and cross currency swap
The Company has entered into various interest rates and cross currency swap over the last two years. The calculation involves use of estimates with regard to interest and foreign currency rates which fluctuate with the market forces.

2.4 Accounting standards not yet effective
The following new standards and amendments of approved accounting standards are applicable in Pakistan from the dates mentioned below against the respective standard or amendment:

IAS - 1 Presentation of Financial Statements - amendments relating to capital disclosures	effective from accounting period beginning on or after January 01, 2007
IAS - 23 (Revised) Borrowing Costs	effective from accounting period beginning on or after January 01, 2009
IAS - 41 Agriculture	effective from accounting period beginning on or after May 22, 2007
IFRS - 2 Share based Payment	effective from accounting period beginning on or after December 06, 2006
IFRS - 3 Business Combinations	effective for business combinations for which agreement date is on or after December 06, 2006
IFRS - 5 Non-current Assets Held for Sale and Discontinued Operations	effective from accounting period beginning on or after December 06, 2006
IFRS - 6 Exploration for and Evaluation of Mineral Resources	effective from accounting period beginning on or after December 06, 2006

In addition, interpretations in relation to certain IFRSs have been issued by the International Accounting Standards Board that are not yet affective.

The Company expects that the adoption of the above standards, amendments and interpretations will have no impact on the Company's financial statements in the period of initial application.

2.5 Property, plant and equipment
These are stated at cost less accumulated depreciation and impairment losses, if any, except for free hold land and capital work-in-progress which are stated at cost.

Cost in relation to certain fixed assets, including capital work-in-progress, signifies historical cost and financial charges on borrowings for financing the projects until such projects are completed or become operational.

Depreciation is charged to income applying the straight line method on building and quarry equipment and on written down value on all other assets at the rates mentioned in the relevant note. On plant and machinery depreciation is charged on units of production method based on higher of estimated life or production. Full year's depreciation is charged on additions while no depreciation is charged on assets deleted during the year. However, capitalization of major projects cost is depreciated proportionately for the period of use. Assets residual values and useful lives are reviewed and adjusted, if appropriate at each balance sheet date.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized.

Gains and losses on disposal of assets, if any, are included in income currently.

2.6 Stores and spares

These are valued at lower of moving average cost and net realizable value, except items in transit, which are stated at cost. Obsolete and used items are recorded at nil value. Value of items is reviewed at each balance sheet date to record provision for any slow moving items.

Net realizable value signifies the selling price in the ordinary course of business less cost necessarily to be incurred in order to make the sale.

2.7 Stock in trade

These are stated at the lower of cost and net realizable value. The methods used for the calculation of cost are as follows:

i) Raw and packing material	-	at average cost comprising of quarrying/purchase price, transportation, government levies and other overheads.
ii) Work in process and finished goods	-	at average cost comprising direct cost of raw material, labour and other manufacturing overheads.

Net realizable value signifies estimated selling price in the ordinary course of business less estimated cost necessary to make the sale.

2.8 Trade debts and other receivables

Trade debts and other receivables are stated at original invoice amount less provision for doubtful debts, if any. Provision for doubtful debts/ receivable is based on the management's assessment of customers' outstanding balances and creditworthiness. Bad debts are written-off when identified.

2.9 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of cash flow statement, cash and cash equivalents comprise cash in hand, with banks on current and deposit accounts and running finance under mark-up arrangements. Running finance under mark-up arrangements is shown in current liabilities.

2.10 Long term and short term borrowings

These are recorded at the proceeds received. Financial charges are accounted for on accrual basis and are disclosed as accrued interest/mark-up to the extent of the amount remaining unpaid.

2.11 Staff retirement benefits

The Company operates an unfunded gratuity scheme covering all permanent employees. Contribution is made to this scheme on the basis of actuarial recommendations. The actuarial valuation is carried out using the Project Unit Credit Method.

Staff retirement benefits are payable to staff on completion of prescribed qualifying period of service under these schemes. Actuarial gains and losses are recognized as income or expense in the same accounting period.

Compensated absences

The Company accounts for compensated absences in the accounting period in which these are earned.

2.12 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.

2.13 Provisions

Provisions are recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made to the amount of obligation.

However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

2.14 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation, after taking into account tax credits and rebates available, if any, and tax paid on final tax regime basis or on turnover at the specified rate, whichever is higher.

Deferred

Deferred tax is provided in full using the balance sheet liability method on all temporary differences arising at the balance sheet date, between the tax bases of the assets and the liabilities and their carrying amounts. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which these can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date. In this regard, the effects on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted in accordance with the requirement of Accounting Technical Release - 27 of the Institute of Chartered Accountants of Pakistan. Deferred tax is charged or credited to income.

2.15 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 is recognized on a time proportion basis on the principal amount outstanding and at the rate applicable.

2.16 Borrowing costs

Borrowing and other related costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

2.17 Foreign currency translations

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees using the exchange rate at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account.

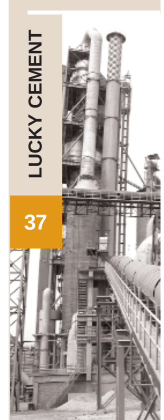
2.18 Financial assets and liabilities

Financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently remeasured at fair value, amortized cost or cost as the case may be. Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the profit and loss account for the period in which it arises.

Financial assets are derecognized when the Company loses control of the contractual rights that comprise the financial asset. Financial liabilities are removed from the balance sheet when the obligation is extinguished, discharged, cancelled or expired.

Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the government are not the financial instruments of the Company.

2.19 Derivative financial instruments



The Company uses derivative financial instruments such as interest rate swaps and cross currency swaps to hedge its risk associated with interest and exchange rate fluctuations. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gains or losses arising from change in fair value of derivatives that do not qualify for hedge accounting are taken directly to profit and loss account.

2.20 Offsetting

A financial asset and financial liability is off-set and the net amount is reported in the balance sheet when there is a legal enforceable right to set-off the transactions is available and also there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

2.21 Impairment

At each balance sheet date, the carrying amount of assets is reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset 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.

2.22 Related party transactions

All transactions with related parties are entered into at arm's length basis determined in accordance with "Comparable Uncontrolled Price Method".

2.23 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognized in the financial statements in the period in which these are approved.

3 PROPERTY, PLANT AND EQUIPMENT

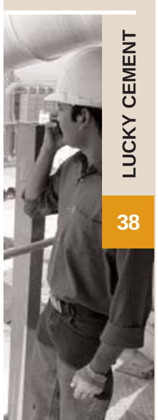
(Rupees in ‘000)

	Note	2007	2006
Operating assets - tangible	3.1	**20,116,388**	16,363,715
Capital work-in-progress	3.7	**202,520**	2,801,393
		20,318,908	19,165,108

3.1 Operating assets - tangible

(Rupees in ‘000)

	COST			DEPRECIATION			Book value	Rate of
	At July 01, 2006	Additions / (disposals)	At June 30, 2007	At July 01, 2006	For the year /(disposals)	At June 30, 2007	at June 30, 2007	depreciation %
Land - Freehold	230,105	–	230,105	–	–	–	230,105	–
Building on freehold land	3,393,965	1,069,632	4,463,597	468,637	208,765	677,402	3,786,195	5
Plant and machinery	10,874,138	3,064,272	13,938,410	1,095,550	435,701	1,531,251	12,407,159	
Generators	3,131,403	57,253	3,188,656	357,149	159,433	516,582	2,672,074	Units of production method
Quarry equipments	596,286	46,076	642,362	91,943	32,118	124,061	518,301	5
Vehicles	93,746	340,653 (7,346)	427,053	36,128	25,468 (875)	60,721	366,332	10-20
Furniture and fixtures	19,334	17,439 (16)	36,757	6,277	3,055 (9)	9,323	27,434	10
Office equipments	58,710	22,506 (134)	81,082	14,679	6,650 (96)	21,233	59,849	10
Computers and accessories	25,544	9,190 (11)	34,723	9,809	8,224 (8)	18,025	16,698	33
Other assets	31,210	15,296	46,506	10,554	3,711	14,265	32,241	10
2007	**18,454,441**	**4,642,317 (7,507)**	**23,089,251**	**2,090,726**	**883,125 (988)**	**2,972,863**	**20,116,388**	



(Rupees in ‘000)

	COST			DEPRECIATION			Book value	Rate of
	At July 01, 2005	Additions / (disposals)	At June 30, 2006	At July 01, 2005	For the year /(disposals)	At June 30, 2006	at June 30, 2006	depreciation %
Land - Freehold	5,367	224,738	230,105	–	–	–	230,105	–
Building on freehold land	1,583,573	1,810,392	3,393,965	381,483	87,154	468,637	2,925,328	5
Plant and machinery	5,790,838	5,083,300	10,874,138	886,117	209,433	1,095,550	9,778,588	Units of production method
Generators	1,537,673	1,593,730	3,131,403	271,902	85,247	357,149	2,774,254	
Quarry equipments	272,593	323,693	596,286	72,803	19,140	91,943	504,343	5
Vehicles	53,801	42,195 (2,250)	93,746	23,256	14,404 (1,532)	36,128	57,618	20
Furniture and fixtures	11,946	7,442 (54)	19,334	4,829	1,478 (30)	6,277	13,057	10
Office equipments	23,564	35,682 (536)	58,710	9,912	5,042 (275)	14,679	44,031	10
Computer and accessories	19,308	6,236	25,544	7,984	1,825	9,809	15,735	33
Other assets	13,226	17,999 (15)	31,210	8,099	2,457 (2)	10,554	20,656	10
2006	9,311,889	9,145,407 (2,855)	18,454,441	1,666,385	426,180 (1,839)	2,090,726	16,363,715	

3.2 The building and plant and machinery of Line F have been capitalized during the year as the same were commissioned and started production in October 2006.

3.3 During the year borrowing costs amounting to Rs. 98.935 million (2006: Rs. 660.134 million) has been capitalized in the operating assets pertaining to the new expansion project.

3.4 During the year, effective July 01, 2006 the useful life of the assets were reviewed which resulted in the revision of depreciation rate of computers and accessories from 10% to 33%. This change has been accounted for as a change in accounting estimate. Had the estimate not been revised the depreciation charge and carrying value of fixed assets for the year would have been lower by Rs. 5.732 million and profit before taxation would have been higher by the same amount.

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

(Rupees in ‘000)

	Note	2007	2006
Cost of sales	23	**856,929**	408,976
Distribution cost	24	**16,712**	3,691
Administration expenses	25	**9,484**	4,774
Capital work-in-progress / Transferred to fixed assets	3.7	**–**	8,739
		883,125	426,180

3.6 The detail of property, plant and equipment disposed off during the year are as follows:

(Rupees in '000)

Particulars	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Mode of Disposal	Particulars of Purchasers
Vehicles	83	56	27	73	Insurance Claim	New Jubilee Insurance Co. Ltd., Jubilee Insurance House, I.I. Chundrigar Road, Karachi
	822	553	269	337	Negotiation	Mr. Intisar - ul - haq haqqi, House #834, GII/I Street No. 13 Islamabad.
	2,985	–	2,985	2,850	Insurance Claim	New Jubilee Insurance Co. Ltd., Jubilee Insurance House, I.I. Chundrigar Road, Karachi
	3,134	–	3,134	2,970	Insurance Claim	New Jubilee Insurance Co. Ltd., Jubilee Insurance House, I.I. Chundrigar Road, Karachi
	321	267	54	162	Negotiation	Mr. Muhammad Ali Khan S/o Mr. Muhammad Saeed, House # 2440/C, St Syed Ahmad Shah, Sheo Shah Town, D.I. Khan
Items having book value of less than Rs. 50,000 each	162	112	50	18	Negotiation	Mr. Saifullah, Jan Market, House # G-6, Islamabad
Total	**7,507**	**988**	**6,519**	**6,410**		

3.7 The following is the movement in capital work-in-progress during the year:

	Opening balance	Additions	Transferred to operating fixed assets	Closing balance **2007**	Closing balance 2006
Building and civil works	822,604	260,193	(1,070,518)	**12,279**	822,604
Plant and machinery	1,975,834	1,467,082	(3,383,104)	**59,812**	1,975,834
Advance to suppliers and contractors	2,955	108,256	(6,367)	**104,844**	2,955
Advance for gas installation	–	25,585	–	**25,585**	–
	2,801,393	1,861,116	(4,459,989)	**202,520**	2,801,393

4 Stores and spares

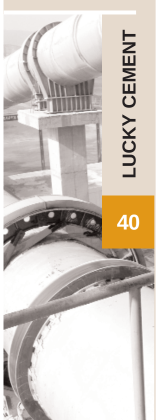
(Rupees in '000)

	Note	**2007**	2006
Stores		**1,054,193**	322,645
Spares	4.1	**939,380**	944,355
		1,993,573	1,267,000

4.1 This includes spares in transit of Rs. 33.456 million (2006: Rs. 84.747 million) as at the balance sheet date.

5 STOCK-IN-TRADE

	2007	2006
Raw and packing materials	**220,241**	99,066
Work-in-process	**307,868**	264,403
Finished goods	**148,147**	67,949
	676,256	431,418



6 TRADE DEBTS - unsecured, considered good

(Rupees in '000)

	Note	2007	2006
Trade debts		**251,472**	98,389
Bills receivable		**225,195**	–
		476,667	98,389

7 LOANS AND ADVANCES

	Note	2007	2006
Considered good			
Secured			
Loans due from:			
- Employees	7.1	**1,697**	1,462
- Executives	7.1 & 7.2	**2,942**	545
		4,639	2,007
Unsecured			
Sales tax		**73,934**	15,932
Advances to suppliers and others		**119,820**	184,299
Collector of Customs	7.3	**30,418**	–
Advance to consultants	7.4	**12,376**	–
Excise duty		**761**	–
		237,309	200,231
		241,948	202,238

7.1 Represents loans provided as per the Company's employee loan policy. These loans are interest free and are repayable in a maximum of 20 installments. These advances are secured against the gratuity of respective employees. The maximum aggregate balance due from executives at the end of any month during the year was Rs. 3.906 million (2006: Rs. 1.339 million).

7.2 Reconciliation of carrying amount of loan to executives

(Rupees in '000)

	Opening balance as at July 01,	Disbursement	Repayment	Closing balance as at June 30,
2007	**545**	**3,712**	**(1,315)**	**2,942**
2006	1,888	250	(1,593)	545

7.3 The Company imported cement bulkers during October 19, 2006 to December 05, 2006 under SRO 575(1) of 2006 dated June 05, 2006 for export of loose cement which provided concessionary rate of import duty to an industrial concern. The Company claimed exemption of duty at the time of port clearance, however, the collector of customs passed order allowing provisional release of consignment subject to final approval from the Central Board of Revenue (CBR) and deposit of post dated cheques for the differential amount of duty. The Company deposited three post dated cheques aggregating to Rs.30.4 million for three different consignments of cement bulkers and simultaneously approached to the CBR for giving direction to the Collector of Customs, Karachi.

The CBR moved a summary to the Federal Government / ECC on the representation of the Company and finally issued SRO 41(1) of 2007 on January 07, 2007 which clarified that the imported cement bulkers were also entitled for concessional rate of duty of 5%. The Collector of Customs instead of releasing the post dated cheques encashed the same on the plea that the effect of SRO will not be

given to the Company with retrospective effect despite of the fact that the said classification was issued on the representation of the Company.

The Company has filed a writ petition before the High Court of Sindh at Karachi challenging the illegal and malafide act of encashment of post dated cheques. The matter is pending before the High Court of Sindh.

7.4 Represents advance to consultants in respect of pre-feasibility study of a hydel power project.

8 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

(Rupees in '000)

	2007	2006
Deposits		
Containers	**1,727**	2,543
Coal supplier	**4,000**	4,000
Others	**3,367**	274,444
	9,094	280,987
Prepayments		
Insurance	**116**	2,586
Rentals	**281**	282
Others	**170**	1,266
	567	4,134
	9,661	285,121

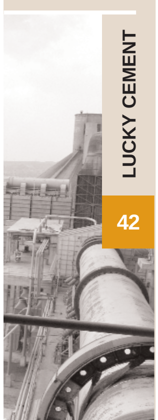
9 OTHER RECEIVABLES - Unsecured, considered good

	2007	2006
Rebate on export sales	**13,050**	6,019
Accrued return on bank deposits	**1,246**	919
Fair value of derivatives	**159,105**	73,974
Others	**3,145**	3,000
	176,546	83,912

10 TAX REFUNDS DUE FROM THE GOVERNMENT

A dispute with respect to the calculation of excise duty on retail price of cement arose between the Company and the Central Board of Revenue (CBR) from the very first day the Company started sales of cement in 1996. The CBR's point of view was that excise duty be calculated on the declared retail price inclusive of excise duty whereas the Company contended that the excise duty would not be included in retail price for calculation of the excise duty payable to the government. The Company filed a writ petition before the Peshawar High Court seeking judgment on this matter. The dispute was related to the period from June 26, 1996 to April 19, 1999 after which the CBR changed the mechanism of levying excise duty from percentage of retail price to a fixed amount of duty @ Rs. 1,400 per ton. The Peshawar High Court after hearing both the parties issued a detailed judgment, operating para of which is reproduced as follows:

"For the reasons we accept the petitions declare, that present system of realization of duties of excise on the "Retail Price" inclusive of excise duty is illegal and without lawful authority, the duties of excise on cement must not form part of retail price and the petitioners are not liable to pay duties of excise forming part of the retail price of cement."



Simultaneously a similar nature of dispute arose between various beverage companies operating in the provinces of Sindh and Punjab and accordingly they also went in petitions before the High Courts of Sindh and Lahore respectively. Both the Honorable Courts also decided the case against the method of calculation of excise duty as interpreted by the CBR.

The CBR preferred an appeal before the Honorable Supreme Court of Pakistan against the judgments of all three High Courts of the country. A full bench of the Supreme Court of Pakistan heard the legal counsel of all the parties and finally announced the judgment on April 14, 2007, whereby upholding the judgments of the High Courts and dismissed the appeal of the CBR.

As a result of the full bench judgment of the Supreme Court of Pakistan, the Company has filed a refund claim of Rs.538.812 million on May 08, 2007 with the Collector of Central Excise and Sales Tax, Peshawar, who had earlier collected the same on wrong interpretation of law. The CBR has moved a review petition before the Supreme Court of Pakistan which is pending. On the other hand CBR has also amended the law of excise duty to bring it inline with the Judgement of the Superior Courts. Your Company has obtained legal opinions on the basis of which it has decided to account for this refund in the books of account of the Company for the year ended June 30, 2007.

11 CASH AND BANK BALANCES

(Rupees in '000)

	Note	2007	2006
Cash in hand		**4,184**	1,132
Sales collection in transit		**151,266**	219,457
Cash at bank - on current accounts		**53,122**	11,408
- on deposit accounts	11.1	**1,030,586**	1,831,758
		1,083,708	1,843,166
		1,239,158	2,063,755

11.1 Effective profit rate on deposit accounts ranges upto 11.75 percent (2006: ranges upto 10.75 percent) per annum.

12 SHARE CAPITAL

(Number of shares) (Rupees in '000)

2007	2006		2007	2006
		Authorized capital		
500,000,000	500,000,000	Ordinary shares of Rs. 10 each	**5,000,000**	5,000,000
		Issued, subscribed and paid-up capital		
245,000,000	245,000,000	Ordinary shares of Rs. 10/- each issued for cash	**2,450,000**	2,450,000
18,375,000	18,375,000	Ordinary shares of Rs. 10/- each issued as bonus shares	**183,750**	183,750
263,375,000	263,375,000		**2,633,750**	2,633,750

12.1 Associated companies held 15,260,375 (2006: 15,510,375) ordinary shares in the Company at year end.

13 RESERVES

(Rupees in '000)

	2007	2006
Capital Reserve		
Share premium	**990,000**	990,000
Revenue Reserve		
General Reserve	**3,000,000**	–
Unappropriated profit	**2,729,800**	3,445,883
	5,729,800	3,445,883
	6,719,800	4,435,883

14 LONG TERM FINANCE - secured

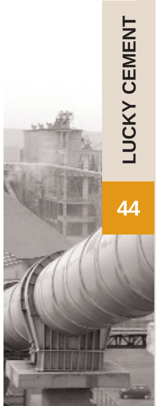
Long term finance utilized under mark-up arrangements from the following banks:

(Rupees in '000)

		Installments		2007	2006
		Number	Commencing from		
National Bank of Pakistan	- Demand Finance I	6 semi annual	November 2006	**665,431**	1,000,000
National Bank of Pakistan	- Demand Finance II	Bullet payment	July 2008	**1,007,674**	1,005,838
National Bank of Pakistan	- Demand Finance IV	4 quarterly	September 2009	**700,000**	–
Standard Chartered Bank		4 semi annual	December 2007	**498,765**	500,000
Habib Bank Limited	- Demand Finance I	5 semi annual	January 2006	**400,000**	800,000
	- Demand Finance II	9 monthly and 2 semi annual	July 2008	**1,000,000**	1,000,000
United Bank Limited	- Demand Finance II	4 semi annual	June 2007	**450,000**	600,000
Citibank N.A.	- Demand Finance I	8 quarterly	March 2007	**225,000**	300,000
	- Demand Finance II	11 semi annual	June 2007	**901,480**	1,000,000
Allied Bank Limited	- Demand Finance I	4 quarterly	October 2009	**1,500,000**	1,500,000
	- Demand Finance II	5 monthly	August 2008	**500,000**	500,000
	- Demand Finance III	Bullet payment	August 2009	**1,300,000**	–
Bank Al-Habib Limited		6 semi annual	December 2008	**495,814**	500,000
KASB Bank Limited	- Demand Finance I	12 monthly	January 2009	**300,000**	–
MCB Bank Limited		Paid	–	**–**	833,333
MCB Bank Limited		Paid	–	**–**	500,000
United Bank Limited	- Demand Finance I	Paid	–	**–**	750,000
	- Demand Finance III	Paid	–	**–**	750,000
National Bank of Pakistan	- Demand Finance III	Paid	–	**–**	1,000,000
				9,944,164	12,539,171
Less: Current portion of long term finance				**(1,615,152)**	(2,382,576)
				8,329,012	10,156,595

14.1 The long-term finances carry floating mark-up rates ranging between 3.95 percent to 11.65 percent (2006: 6.89 percent to 10.86 percent) per annum.

14.2 The above finances are secured by letters of hypothecation providing charge over plant, machinery, equipments, generators, all tools and spares of the Company and all future modifications and replacement thereof. The term finance agreements executed by the Company with the above mentioned financial institutions contain a prepayment clause with no penalty.



14.3 The Company has entered into five interest rate swap agreements with banks for a notional amount of Rs.3,600 million (2006: 3,600 million), maturing upto March 17, 2009. The outstanding balance of these arrangements is Rs. 2,100 million (2006: 3,150 million) as at the balance sheet date. Under the swap arrangements, the Company would receive 6 months T-Bills or KIBOR rates and pay fixed rates of mark-up ranging between 7.25 percent to 9.32 percent as per the respective arrangements, which will be settled semi-annually. As at the balance sheet date, the net fair value of these interest rate swaps was Rs.20.486 million (2006: 31.542 million) in favour of the Company.

14.4 The Company has entered into a cross currency swaps against long term finances for a notional amount of Rs.3,000 million, maturing upto June 23, 2009. The outstanding balance of these arrangements is Rs.2,909 million (2006: Rs.1,000 million) as at the balance sheet date. Under the swap arrangement the principal payable amount of Rs. 3,000 million is swapped with US $ component at Rs. 59.95 to Rs. 60.921 per US $ making the loan amount to US $ 49.939 million which will be exchanged at the maturity of the respective swap agreements. Besides foreign currency component, the Company would receive 6 months KIBOR rates and pay 6 months LIBOR + spread ranging between 0.50% to 0.875% percent as per the respective arrangements, which will be settled semi-annually. As at the balance sheet date, the net fair value of these interest rates and cross currency swaps were Rs. 138.619 million in favour of the Company. These swap arrangements have exposed the Company with foreign currency risk on the US $ value converted at the agreement date of the principal amount of the loans.

15 LONG TERM DEPOSITS - Unsecured

(Rupees in '000)

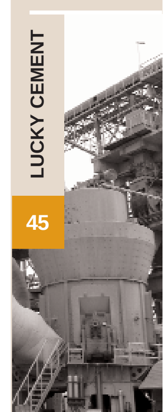
	Note	2007	2006
Cement stockists	15.1	**11,328**	12,884
Transporters	15.2	**14,200**	14,150
Others		**335**	235
		25,863	27,269

15.1 These represent interest free security deposits received from stockists and are repayable on cancellation or withdrawal of stockist arrangement and are also adjustable against unpaid amount of sales.

15.2 These represent interest free security deposits received from transporters and are repayable on cancellation or withdrawal of contracts.

16 DEFERRED LIABILITIES

Staff gratuity	16.1	**147,245**	113,967
Retention money Plant and machinery - foreign supplier	27.1	**–**	11,477
Encashment of performance guarantee	27.1	**–**	56,179
		147,245	181,623



16.1 The amounts recognized in the balance sheet are as follows:

(Rupees in '000)

	2007	2006
Present value of defined benefit obligation	**147,245**	113,967
Movement in the liability recognized in the balance sheet are as follows:		
Opening balance	**113,967**	48,690
Net charge for the year	**43,367**	73,568
	157,334	122,258
Payments made during the year	**(10,089)**	(8,291)
Closing balance	**147,245**	113,967
The amount recognized in the profit and loss account is as follows:		
Current service cost	**25,474**	10,919
Interest cost	**11,397**	5,187
Actuarial losses recognized	**6,496**	57,462
	43,367	73,568
The charge for the year has been allocated as follows:		
Manufacturing expenses	**33,465**	45,976
Distribution costs	**3,121**	5,331
Administrative expenses	**6,781**	22,261
	43,367	73,568
Principal actuarial assumptions used are as follows:		
Expected rate of increase in salary level	**10%**	10%
Valuation discount rate	**10%**	10%

Comparisons for five years:

(Rupees in '000)

	2007	2006	2005	2004	2003
As at June 30 Present value of defined benefit obligation	**147,245**	113,967	57,636	38,095	31,680

17 DEFERRED TAXATION

(Rupees in '000)

	Note	2007	2006
This comprises of the following:			
Deferred tax liability - difference in tax and accounting bases of property, plant and equipment		**2,359,180**	2,652,778
Deferred tax assets			
- Unabsorbed tax losses		**(814,012)**	(1,217,156)
- Provision for staff gratuity		**(29,633)**	–
		(843,645)	(1,217,156)
		1,515,535	1,435,622

18 TRADE AND OTHER PAYABLES

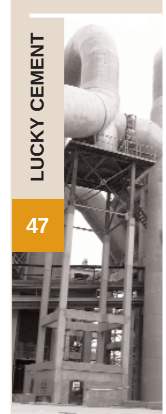
	Note	2007	2006
Creditors		**364,074**	459,322
Bills payable		**577,091**	86,876
Accrued liabilities		**112,294**	58,936
Running account with customers		**104,819**	176,525
Retention money		**224,994**	537,683
Workers' profit participation fund	18.1	**151,543**	103,685
Excise duty payable		**–**	6,699
Unclaimed dividend		**10,638**	8,015
Others		**1,246**	13,345
		1,546,699	1,451,086

18.1 Workers' profit participation fund

	2007	2006
Balance at July 01	**103,685**	63,847
Allocation for the year	**142,095**	134,493
Interest on funds utilized by the Company	**9,448**	2,334
	255,228	200,674
Payments during the year	**(103,685)**	(96,989)
	151,543	103,685

19 ACCRUED MARK-UP

	2007	2006
Long term finance	**289,095**	181,626
Short term borrowings	**37,086**	8,504
	326,181	190,130



20 SHORT TERM BORROWINGS - Secured

(Rupees in '000)

	Note	2007	2006
Running finance under mark-up arrangements from banks	20.1 & 20.2	**256,221**	–
Foreign Currency Import Finance	20.1 & 20.3	**1,873,176**	645,872
Export Refinance	20.1 & 20.4	**735,000**	–
		2,864,397	645,872

20.1 The financing facilities available from various banks as at June 30, 2007 were amounted to Rs. 5,300 million (2006: Rs. 4,200 million), of which Rs. 2,436 million (2006: Rs. 3,555 million) was remained unutilized at the year end. These facilities are renewable and are secured by way of hypothecation on stores, stock and trade debts.

20.2 These facilities are payable on various dates by June 30, 2008. The rate of mark-up on these facilities ranges between 6.65% to 11.12% (2006: 7.78% to 9.9%) per annum.

20.3 These facilities carry mark up of 6 months LIBOR plus spread ranging between 0.20 to 0.50 (2006: 0.36 to 0.75) per annum. Under new financing arrangements with the bank the FCIF facilities were combined with facilities available under running finance arrangements.

20.4 The export refinance facility carries mark up rate ranging between 6.65% to 6.70% per annum.

21 CONTINGENCIES AND COMMITMENTS

CONTINGENCIES

21.1 Under SRO 484(1)/92 dated May 14, 1992 the plant and machinery not being manufactured locally was exempt from customs duty, if imported before June 30, 1995. The Company obtained certificates from the Ministry of Industries and Central Board of Revenue (CBR) that the machinery being imported was not manufactured locally. In April 1995 the Central Board of Revenue advised the Customs authorities that the local industry was capable of manufacturing some of the equipment being imported by the Company and that exemption from customs duty on such equipment be denied. The Company filed a writ petition against CBR's instructions before the Peshawar High Court. The Honorable High Court has decided the case in favour of the Company. The Collector of Customs, Karachi has filed an appeal in the Supreme Court of Pakistan against the Order of Peshawar High Court. The case is pending before the Supreme Court of Pakistan.

21.2 The Company was entitled to sales tax exemption on cement produced by it from the date of commissioning to June 30, 2001 vide SROs 580 (1) / 91 and 561 (1) /94 dated 27-06-1991 and 9-06-1994 respectively. In June 1997 the Federal Government withdrew the sales tax from the entire cement industry and deprived the Company from the advantage of its sales tax exemption. Being aggrieved by the denial of the benefit of sales tax exemption, the Company had filed a writ petition in the Peshawar High Court. Subsequently, the sales tax exemption was restored on September 5, 2000. The writ petition was therefore withdrawn on legal advice but at the same time a suit for compensation in the sum of Rs.1,565 million was filed by the Company with the Senior Civil Judge, Islamabad.

21.3 On September 05, 2000, the Government of Pakistan imposed sales tax on cement which resulted in the restoration of statutory sales tax exemption available to the Company upto June 30, 2001. On September 20, 2000 the Sales Tax Wing, Central Board of Revenue (CBR) issued a letter stating that all dealers/distributors/whole sellers and suppliers of cement are required to be registered irrespective of their purchases from a cement manufacturer whose supplies are taxable or exempt. It also advised not to supply cement to any unregistered dealer/distributor/whole seller and supplier of cement. Being aggrieved from this letter, the Company filed a writ petition in the Peshawar High Court. The High Court has decided the case and declared that the Company's dealers / distributors/whole sellers are not liable to be registered upto the statutory exemption period of the Company. The CBR has filed an appeal before the Supreme Court of Pakistan and the case is pending before it. There is no financial implication of this case on the Company.

21.4 The Income Tax department levied tax of Rs.85 million on certain pre-operational earnings for assessment years 1994-95, 1995-96 and 1996-97. The CIT (Appeal) has reversed the order of the assessing officer and decided the case in favour of the Company. The Tax Department filed appeal before Income Tax Appellate Tribunal who deleted the order of CIT (Appeal). The Company filed appeal in Peshawar High Court and the Court has decided the case against the Company. The Company has now filed appeal in the Supreme Court of Pakistan and also referred the matter to CBR for constitution of Dispute Resolution Committee. The amount of tax has already been deposited and as a matter of prudence the same has been provided in the financial statements.

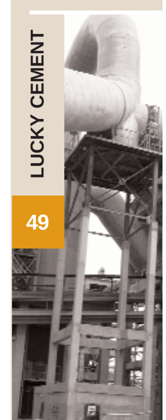
21.5 A dispute with a civil contractor arose in the year 1995-96 involving a claim by the contractor for the sum of Rs. 17.5 million. On the other hand the Company has also put a counter claim amounting to Rs. 403.715 million on the said contractor. The matter was referred to the Arbitration Tribunal as per the provision of the contract. The Arbitration Tribunal could not conclude the proceedings and the case became time barred as per the law of arbitration. The Contractor filed civil application before the Senior Civil Judge, Islamabad, who allowed extension of time for making award within six month from the date of order passed by him on December 07, 2006. The arbitration proceedings again became time barred as no proceedings or awards were issued upto the extended time. Pending the final settlement of the matter, no provision for the above sum has been made in these financial statements.

(Rupees in ‘000)

	2007	2006
COMMITMENTS		
21.6 Capital commitments		
Plant and machinery under letters of credit	**768,366**	368,160
Civil works and others	**61,880**	170,705
21.7 Other commitments		
Stores, spares and packing material under letters of credit	**626,679**	545,153
Bank guarantees issued on behalf of the Company in respect of letters of credit	**533,488**	–

22 TURNOVER - net

	2007	2006
Sales - local	**12,309,586**	9,379,135
- export	**4,313,798**	1,328,829
	16,623,384	10,707,964
Less: Sales tax	**1,606,894**	1,226,275
Excise duty	**2,387,206**	1,370,932
Rebates and commission on sales	**107,423**	56,656
	4,101,523	2,653,863
	12,521,861	8,054,101



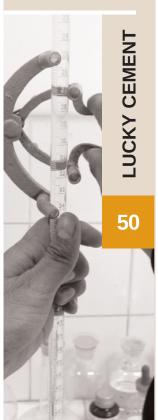
23 COST OF SALES

(Rupees in '000)

	Note	2007	2006
Raw material consumed		**481,522**	181,465
Packing material [net of duty draw back on export sales amounting to Rs. 11.150 million (2006: Rs. 6.967 million)]		**789,738**	404,852
Salaries, wages and benefits	25.1	**469,774**	257,341
Fuel and power		**5,722,243**	3,582,761
Stores and spares consumed		**430,746**	356,899
Repairs and maintenance		**44,567**	36,391
Depreciation	3.5	**856,929**	408,976
Insurance		**41,682**	37,168
Earth moving machinery		**54,049**	23,908
Vehicle repairs and maintenance		**19,581**	8,742
Communication		**8,179**	6,259
Entertainment		**13,505**	10,279
Transportation		**3,139**	688
Traveling and conveyance		**3,490**	2,687
Inspection fee for electrical installation		**1,114**	695
Staff training		**2,259**	1,300
Rent, rates and taxes		**3,675**	948
Printing and stationery		**715**	30
Other manufacturing expenses		**23,464**	24,200
		8,970,371	5,345,601
Work-in-process			
Opening		**264,403**	42,296
Closing		**(307,868)**	(264,403)
		(43,465)	(222,107)
Cost of goods manufactured		**8,926,906**	5,123,494
Finished goods			
Opening		**67,949**	18,252
Closing		**(148,147)**	(67,949)
		(80,198)	(49,697)
		8,846,708	5,073,797

24 DISTRIBUTION COSTS

	Note	2007	2006
Salaries and benefits	25.1	**24,177**	20,541
Communication		**1,925**	1,591
Export logistics and related charges		**438,522**	69,572
Traveling and conveyance		**1,057**	963
Printing and stationery		**707**	389
Insurance		**2,384**	919
Rent, rates and taxes		**2,701**	1,690
Utilities		**569**	499
Vehicles running and maintenance		**2,546**	1,222
Repairs and maintenance		**209**	163
Fees, subscription and periodicals		**281**	199
Advertisement and sales promotion		**4,625**	1,140
Entertainment		**478**	325
Depreciation	3.5	**16,712**	3,691
Others		**836**	585
		497,729	103,489



25 ADMINISTRATIVE EXPENSES

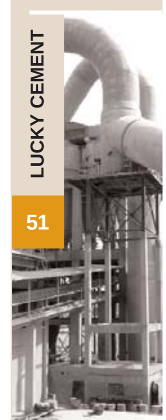
(Rupees in '000)

	Note	2007	2006
Salaries and benefits	25.1	**53,471**	62,105
Communication		**4,956**	4,260
Traveling and conveyance		**2,686**	2,542
Insurance		**511**	762
Rent, rates and taxes		**1,180**	1,138
Vehicles running and maintenance		**5,591**	4,596
Printing and stationery		**2,748**	1,779
Fees and subscription		**2,806**	3,431
Security services		**1,508**	1,475
Legal and professional		**6,658**	5,734
Transportation and freight		**169**	232
Utilities		**1,948**	1,402
Repairs and maintenance		**7,040**	565
Advertisement		**1,551**	1,647
Donations		**4,041**	7,395
Auditors' remuneration	25.2	**4,143**	1,414
Depreciation	3.5	**9,484**	4,774
Others		**820**	1,489
		111,311	106,740

25.1 Salaries, wages and benefits under notes 23, 24 and 25 include Rs. 43.367 million (2006: Rs. 73.568 million) in respect of staff retirement benefits.

25.2 Auditors' remuneration

Statutory auditors (Ford Rhodes Sidat Hyder & Co)		
Audit fee	**450**	350
Half yearly review fee	**165**	150
Fee for the review of Code of Corporate Governance	**50**	80
Out of pocket expenses	**143**	161
	808	741
Internal Auditors (A.F. Ferguson & Co.)		
Remuneration	**2,400**	500
Others	**833**	116
	3,233	616
Cost auditors [KPMG Taseer Hadi & Co. (2006:Munaf Yousuf & Co.)]		
Cost audit fee	**100**	55
Out of pocket expenses	**2**	2
	102	57
	4,143	1,414



26 FINANCE COSTS

(Rupees in '000)

	Note	2007	2006
Mark-up on long term finances		**889,071**	97,495
Mark-up on short term borrowings		**127,527**	51,797
Interest on workers' profit participation fund		**9,448**	2,351
Bank charges and commission		**10,656**	5,140
		1,036,702	156,783
Fair value of derivatives	14.3 & 14.4	**(173,855)**	(73,974)
		862,847	82,809

27 OTHER OPERATING INCOME

	Note	2007	2006
Excise duty refundable	10	**538,812**	–
Liabilities no more payable written back	27.1	**67,656**	–
Exchange gain		**22,817**	–
Gain on disposal of fixed assets		**–**	184
Others		**4**	19
		629,289	203

27.1 In the prior years, the Company forfeited retention money of Rs. 11.477 million pertaining to a foreign supplier of main plant and machinery and encashed the performance guarantee bond amounting to US$ 1,313,250 (Pak Rs. 56.179 million) submitted by the supplier on account of uneconomical operation, short supply of equipment and parts and supply of substandard and defective parts etc. The aforesaid amount of retention money and performance guarantee bond encashed was being disclosed in the balance sheet as a deferred liability in the prior years. In the third quarter, the Company decided to write back the above liabilities as no more payable due to the above reasons and the fact that these are outstanding for a considerable period of time.

28 OTHER CHARGES

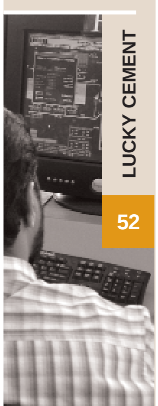
	2007	2006
Workers' profit participation fund	**142,095**	134,493
Loss on disposal of fixed assets	**109**	–
	142,204	134,493

29 TAXATION

29.1 In view of tax loss for the year, provision for current taxation represents the minimum tax under Section 113 of the Income Tax Ordinance, 2001.

29.2 The tax assessments of the Company have been finalized upto and including the tax year 2006 and assessed tax losses amounting to Rs. 4,356 million are available to be carried forward.

29.3 Since the Company is liable to pay minimum tax, therefore, no numerical tax reconciliation is given.



30 EARNINGS PER SHARE - Basic and diluted

There is no dilutive effect on the basic earnings per share of the Company, which is based on:

	2007	2006
Profit before tax (Rupees in thousands)	**2,690,351**	2,552,976
Weighted average number of ordinary shares (in thousands)	**263,375**	263,375
Earnings per share - before tax (Rupees)	**10.21**	9.69
Profit after tax (Rupees in thousands)	**2,547,292**	1,935,950
Earnings per share - after tax (Rupees)	**9.67**	7.35

31 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Aggregate amounts charged in the financial statements are as follows:

(Rupees in '000)

	Chief Executive		Director(s)		Executives		Total	
	2007	2006	2007	2006	2007	2006	2007	2006
Remuneration	**3,440**	3,440	**3,019**	2,256	**26,804**	21,112	**33,263**	26,808
House rent allowance	**1,376**	1,376	**1,207**	902	**12,061**	9,438	**14,644**	11,716
Utility allowance	**343**	343	**301**	226	**2,681**	2,111	**3,325**	2,680
Conveyance allowance	**–**	–	**–**	–	**2,680**	2,110	**2,680**	2,110
	5,159	5,159	**4,527**	3,384	**44,226**	34,771	**53,912**	43,314
Number	**1**	1	**2**	1	**29**	26	**32**	28

In addition the Chief Executive, Director and some Executives are provided with free use of company maintained cars.

31.1 An aggregate amount of Rs. 75,000/- was paid to 8 directors during the year on account of board meeting fee (2006: 8 directors - Rs. 62,500/-).

32 TRANSACTIONS WITH RELATED PARTIES

32.1 Related parties comprise companies with common directorship, directors and key management personnel. Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

(Rupees in '000)

	2007	2006
Associated companies		
Lucky Textile Mills Limited		
Sales	**15,663**	19,502
Gadoon Textile Mills Limited		
Sales	**2,425**	5,383
Lucky Knits (Private) Limited		
Sales	**1,343**	–
Yunus Textile Mills Limited		
Sales	**523**	9,276
Fazal Textile Mills Limited		
Sales	**529**	109
Lucky Energy (Private) Limited		
Sales	**124**	–

32.2 There are no transactions with key management personnel other than under the terms of employment.

32.3 In addition to the above related parties, the Company has related party relationship with Security Electric Power Company Limited due to common directorship.

33 PRODUCTION CAPACITY

Matric Tons

	2007	2006
Production capacity		
Unit 1 (A & B)	**1,500,000**	1,440,000
Unit 2 (C & D)	**2,500,000**	2,500,000
Unit 3 (E & F)	**2,500,000**	1,250,000
Actual Production clinker		
Unit 1 (A & B)	**1,163,225**	1,269,400
Unit 2 (C & D)	**1,827,470**	823,290
Unit 3 (E & F)	**1,522,181**	135,188
Actual Production cement		
Unit 1 (A & B)	**1,340,460**	1,389,565
Unit 2 (C & D)	**1,679,755**	765,927
Unit 3 (E & F)	**1,402,485**	62,800

34 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Concentration of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed to perform as contracted. The Company manages credit risk by limiting significant exposure to any individual customers, by obtaining advance against sales and does not have significant exposure to any individual customer.

Mark-up rate risk

The Company has long term and short-term Rupee based loans at variable rates. Substantial part of the variable rate Rupee loans are hedged against interest rate and cross currency swap risk by instituting fixed interest rate swap arrangements. This protects the Company against any adverse movement in mark-up rates. Rates on short-term finances are effectively fixed and are disclosed in the relevant notes.

Liquidity risk

The balance sheet of the Company shows a negative working capital as at the year end which is mainly due to the current maturity portion of the respective long term finances. Since, all production lines have started operations during the year, therefore, management feels that no liquidity risk will arise because of surplus cash generation from the operation. The Company's management closely monitors the Company's liquidity and cash flow position and foresees that the said negative working capital position will become favourable during the next year due to increased revenue from the expanded production capacity.

Foreign currency risk management

Foreign currency risk arises mainly due to fluctuation in foreign exchange rates, the Company also has transactional currency exposure. Such exposure arises from sales and purchases of certain materials by the Company in currencies other than rupees. Approximately 34% of the Company's sales are denominated in currencies other than rupee, while almost 66% of sales are denominated in local currency. The Company is exposed to foreign currency risk due to cross currency swaps as explained in note 14.4 on long term finance amounting to US $ 40.047 million (2006: 16.681 million) which is covered because of export proceeds.

Fair value of financial assets and liabilities

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

34.1 Yeild / mark-up rate exposure

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 financial liabilities that mature or reprice in a given period. The company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The company is exposed to yield/mark-up rate risk in respect of the following:

(Rupees in '000)

	2007				
		Exposed to yield/mark-up rate risk			Not exposed to yield / mark-up rate risk
	Total	Maturity upto one year	Maturity after one year	Sub-total	
Financial assets					
Long-term deposits	2,175	–	–	–	2,175
Trade debts - unsecured, considered good	476,667	–	–	–	476,667
Loans	4,639	–	–	–	4,639
Trade deposits	9,094	–	–	–	9,094
Other receivables	176,546	159,105	–	159,105	17,441
Cash and bank balances	1,239,158	1,030,586	–	1,030,586	208,572
	1,908,279	**1,189,691**	**–**	**1,189,691**	**718,588**
Long-term finances	9,944,164	1,615,152	8,329,012	9,944,164	–
Long-term deposits	25,863	–	–	–	25,863
Trade and other payables	1,546,699	151,543	–	151,543	1,395,156
Accrued mark-up	326,181	–	–	–	326,181
Short-term borrowings	2,864,397	2,864,397	–	2,864,397	–
	14,707,304	4,631,092	8,329,012	12,960,104	1,747,200
Total yield / mark-up rate risk sensitivity gap	**(12,799,025)**	**(3,441,401)**	**(8,329,012)**	**(11,770,413)**	**(1,028,612)**

(Rupees in '000)

	2006				
		Exposed to yield/mark-up rate risk			
	Total	Maturity upto one year	Maturity after one year	Sub-total	Not exposed to yield / mark-up rate risk
Financial assets					
Long-term deposits	2,175	–	–	–	2,175
Trade debts - unsecured, considered good	98,389	–	–	–	98,389
Loans	2,007	–	–	–	2,007
Trade deposits	285,121	–	–	–	285,121
Other receivables	83,912	73,974	–	73,974	9,938
Cash and bank balances	2,063,755	1,831,758	–	1,831,758	231,997
	2,535,359	**1,905,732**	**–**	**1,905,732**	**629,627**
Financial liabilities					
Long-term finances	12,539,171	2,382,576	10,156,595	12,539,171	–
Long-term deposits	27,269	–	–	–	27,269
Trade and other payables	1,451,086	103,685	–	103,685	1,347,401
Accrued mark-up	190,130	–	–	–	190,130
Short-term borrowings	645,872	645,872	–	645,872	–
	14,853,528	3,132,133	10,156,595	13,288,728	1,564,800
Total yield / mark-up rate risk sensitivity gap	**(12,318,169)**	**(1,226,401)**	**(10,156,595)**	**(11,382,996)**	**(935,173)**

Interest rates have been disclosed in respective notes to the financial statements.

35 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on July 31, 2007 by the Board of Directors of the Company.

36 CORRESPONDING FIGURES

Certain prior period's figures have been reclassified consequent upon certain changes in current year's presentation. The summary of material reclassifications are as follows:

Note	Reclassification		Nature	(Rupees in '000)
	From	To		
3.1	Office equipment	Computer and accessories	Reclassification of computers	16,698
24	Turnover - net	Distribution	Export logistic charges	438,522

37 DIVIDEND AND APPROPRIATIONS

The Board of Directors in their meeting held on July 31, 2007 (i) approved the transfer of Rs. 2 billion from unappropriated profit to general reserve; and (ii) proposed a final dividend of Rs. 1.25 per share for the year ended June 30, 2007 amounting to Rs. 329.219 million for approval of the members at the Annual General Meeting to be held on August 30, 2007. These financial statements do not reflect this appropriation and the dividend payable.

38 GENERAL

Figures have been rounded off to the nearest thousand of Rupees.

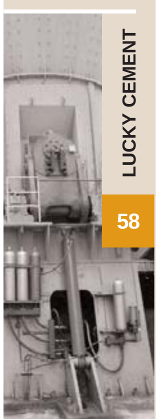
Muhammad Yunus Tabba
Chairman / Director

Muhammad Ali Tabba
Chief Executive

Pattern of Shareholding

AS AT JUNE 30, 2007

Number of Share Holders	Share Holding From		Share Holding To	Total Shares Held
1115	1	–	100	53,596
1261	101	–	500	408,341
3556	501	–	1000	2,028,117
700	1001	–	5000	1,636,470
167	5001	–	10000	1,230,356
72	10001	–	15000	875,823
38	15001	–	20000	682,716
35	20001	–	25000	802,901
12	25001	–	30000	339,513
16	30001	–	35000	524,200
8	35001	–	40000	307,200
9	40001	–	45000	383,762
14	45001	–	50000	681,094
6	50001	–	55000	314,882
7	55001	–	60000	410,249
2	60001	–	65000	126,700
4	65001	–	70000	272,231
5	70001	–	75000	370,500
11	75001	–	80000	862,164
4	80001	–	85000	328,100
4	85001	–	90000	355,467
2	90001	–	95000	185,200
7	95001	–	100000	698,500
1	100001	–	105000	101,500
2	105001	–	110000	217,500
1	110001	–	115000	113,000
4	120001	–	125000	500,000
2	125001	–	130000	252,730
3	130001	–	135000	401,400
1	135001	–	140000	136,500
1	140001	–	145000	145,000
4	145001	–	150000	595,450
1	155001	–	160000	160,000
1	165001	–	170000	167,500
1	170001	–	175000	172,000
1	175001	–	180000	177,100
1	185001	–	190000	189,600
1	190001	–	195000	195,000
3	195001	–	200000	600,000
3	210001	–	215000	645,000
1	220001	–	225000	220,200
1	240001	–	245000	245,000
2	245001	–	250000	496,600
1	250001	–	255000	252,800
1	255001	–	260000	255,940
2	265001	–	270000	537,000
1	270001	–	275000	275,000
1	275001	–	280000	276,962
1	285001	–	290000	286,400
2	295001	–	300000	599,100
1	300001	–	305000	300,100
1	310001	–	315000	312,940
1	325001	–	330000	325,837
2	330001	–	335000	668,000
1	345001	–	350000	350,000
1	350001	–	355000	352,500
1	365001	–	370000	368,287
1	370001	–	375000	373,025
1	405001	–	410000	408,000
4	425001	–	430000	1,717,200
1	440001	–	445000	442,500
1	445001	–	450000	450,000
1	465001	–	470000	467,000
1	470001	–	475000	474,000
1	475001	–	480000	478,900
1	490001	–	495000	491,500
1	505001	–	510000	508,000
1	530001	–	535000	532,100
1	575001	–	580000	576,738



Number of Share Holders	Share Holding From		Share Holding To	Total Shares Held
1	640001	–	645000	645,000
2	645001	–	650000	1,296,400
1	650001	–	655000	651,541
2	695001	–	700000	1,396,500
1	710001	–	715000	712,600
1	765001	–	770000	770,000
1	775001	–	780000	779,000
1	795001	–	800000	800,000
1	800001	–	805000	803,100
1	810001	–	815000	812,900
1	840001	–	845000	844,500
1	845001	–	850000	845,600
1	875001	–	880000	880,000
1	880001	–	885000	882,412
1	915001	–	920000	916,000
1	955001	–	960000	960,000
1	980001	–	985000	983,342
1	995001	–	1000000	1,000,000
1	1015001	–	1020000	1,016,300
1	1035001	–	1040000	1,036,222
1	1085001	–	1090000	1,087,300
1	1260001	–	1265000	1,263,600
1	1385001	–	1390000	1,389,400
1	1420001	–	1425000	1,421,500
2	1440001	–	1445000	2,882,324
1	1445001	–	1450000	1,445,800
1	1475001	–	1480000	1,477,487
1	1490001	–	1495000	1,490,912
1	1570001	–	1575000	1,573,800
1	1750001	–	1755000	1,751,700
1	1780001	–	1785000	1,781,300
1	1855001	–	1860000	1,859,500
2	1925001	–	1930000	3,858,900
1	2105001	–	2110000	2,105,800
1	2120001	–	2125000	2,122,500
1	2290001	–	2295000	2,290,575
1	2650001	–	2655000	2,652,800
1	2685001	–	2690000	2,687,500
1	3095001	–	3100000	3,097,250
2	3215001	–	3220000	6,438,900
1	3275001	–	3280000	3,278,750
1	3975001	–	3980000	3,977,500
1	4140001	–	4145000	4,143,625
1	4250001	–	4255000	4,252,389
1	4390001	–	4395000	4,392,346
1	4835001	–	4840000	4,837,500
3	5370001	–	5375000	16,125,000
2	6065001	–	6070000	12,140,000
1	6560001	–	6565000	6,560,550
1	6595001	–	6600000	6,600,000
1	7510001	–	7515000	7,510,275
1	7560001	–	7565000	7,560,275
1	8155001	–	8160000	8,158,700
1	8955001	–	8960000	8,958,351
1	11280001	–	11285000	11,282,875
1	13590001	–	13595000	13,591,550
2	22800001	–	22805000	45,606,058
7,188				**263,375,000**

S.No	Catagories of Share Holders	Number of Share Holders	Total Shares Held	Percentage
1	Individual	6,912	138,579,124	52.62
2	Investment Company	32	56,425,606	21.42
3	Insurance Company	8	2,552,330	0.97
4	Joint Stock Company	128	25,549,828	9.70
5	Financial Institution	58	27,288,962	10.36
6	Modaraba Company	5	96,911	0.04
7	Leasing Company	3	295,000	0.11
8	Funds	42	12,587,239	4.78
	Total	**7,188**	**263,375,000**	**100.00**

(No. of shares)

		June 30, 2007
Associated Companies, undertakings, and related parties (name wise detail):		
Lucky Energy (Private) Limited		**11,282,875**
Younus Textile (Private) Limited		**3,977,500**
NIT & ICP (name wise detail):		
National Bank of Pakistan (NIT)		**8,703,184**
Directors, CEO and their spouse and minor children (name wise detail):		
Mr. Muhammad Yunus Tabba	(Chairman / Director)	**9,839,300**
Mrs. Khairunnisa W/o. Muhammad Yunus Tabba	(Spouse)	**8,062,500**
Mr. Muhammad Ali Tabba	(Chief Executive / Director)	**10,449,275**
Mrs. Feroza Tabba W/o. Muhammad Ali Tabba	(Spouse)	**645,000**
Mr. Muhammad Sohail Tabba	(Director)	**12,397,775**
Mrs. Saima Sohail W/o. Muhammad Sohail Tabba	(Spouse)	**6,070,000**
Mr. Imran Yunus Tabba	(Director)	**12,885,275**
Mrs. Meher Imran W/o. Imran Yunus Tabba	(Spouse)	**6,070,000**
Mr. Javed Yunus Tabba	(Director)	**18,966,550**
Mrs. Rahila Aleem	(Director)	**4,710,362**
Miss Mariam Razzak	(Director)	**3,370,862**
Mr. Manzoor Ahmed	(Director)	**Nominee of N.I.T**
Executive		**32,250**
Public Sector Companies and Corporations		**83,200**
Banks, Development Finance Institutions, Non-Banking Financial Institutions		**56,425,606**
Insurance Companies		**2,552,330**
Modarabas		**96,911**
Mutual Funds		**12,587,239**
Shareholders holding ten percent or more voting interest (name wise details)		**None**

Details of trading in the shares by the Directors, CEO, CFO, Company Secretary and their spouses and minor children:

None of the Directors, CEO, CFO, Company Secretary and their spouses and minor children has traded in the shares of the Company during the year, except the following:

Mr. Muhammad Yunus Tabba purchased 25,000 shares, Mr. Muhammad Ali Tabba purchased 33,000 shares, Mr. Muhammad Sohail Tabba purchased 25,000 shares, Mr. Imran Yunus Tabba purchased 25,000 shares, Mr. Javed Yunus Tabba purchased 25,000 shares, Mrs. Rahila Aleem purchased 16,500 shares and Miss Mariam Razzak purchased 17,000 shares.

Attendance of Directors at Board Meetings:

During the year under review 5 board meetings were held and attendance of each director is as under:

S. #	Name	No. of Meeting Attended
1	Mr. Muhammad Yunus Tabba	5
2	Mr. Muhammad Ali Tabba	4
3	Mr. Muhammad Soahil Tabba	4
4	Mr. Imran Yunus Tabba	2
5	Mr. Javed Yunus Tabba	3
6	Mrs. Rahila Aleem	5
7	Miss Mariam Razzak	5
8	Mr. Manzoor Ahmed	4

A YUNUS BROTHERS GROUP PROJECT

Lucky Cement

Proxy Form

I/We ____

of (full address) ____

being a Member of **Lucky Cement Limited** hereby appoint ____

______________________ of (full address) ______________________

____

or failing him / her ____

of (full address) ____

who is also a member of **Lucky Cement Limited,** as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 14th Annual General Meeting of the Company to be held on August 30, 2007 and/or any adjournment thereof.

Signature this ______________ (day) ______________________________ (date, month) Year 2007

Please affix revenue stamp

Signature of Member : ______________________

Folio/CDC Number : ______________________

Number of shares held : ______________________

Signature and Company seal

Signatures, name and addresses of witnesses

1. ____

____

2. ____

____

Important:

1. In order to be effective, this Proxy Form duly completed, stamped, signed and witnessed alongwith Power of Attorney, or other instruments (if any), must be deposited at the registered office of the Company at factory premises Pezu, District Lakki Marwat, NWFP at least 48 hours before the time of the meeting.

2. If a member appoints more than one proxy and more than one form of proxy are deposited by a member with the Company, all such forms of proxy shall be rendered invalid.

3. In case of Proxy for an individual beneficial owner of shares from CDC, attested copies of beneficial owner's Computerized National Identity Card or Passport, Account and Participant's ID numbers must be deposited alongwith the form of proxy. In case of proxy for representative of corporate members from CDC, Board of Directors' resolution and/or Power of Attorney with the specimen signature of the nominee must be deposited alongwith the form of proxy. The proxy shall produce his/her original Computerized National Identity Card or Passport at the time of the meeting.

HEAD OFFICE & SHARES DEPTT.

6-A, M. Ali Housing Society,
A. Aziz Hashim Tabba Street,
Karachi 75350 - Pakistan.
Tel : (+92-21) 4530450, 4530454,
4313709, 4313701
UAN : (+92-21) 111-786-555
Fax : (+92-21) 4534302
E-mail : info@lucky-cement.com
luckycm@cyber.net.pk

PEZU PLANT

Pezu, District Lakki Marwat,
N.W.F.P. Pakistan.

KARACHI PLANT

58 Kilometers
on Main Super Highway,
Gadap Town, Karachi.

CENTRAL MARKETING OFFICE

2nd Floor, Al-Hassan Plaza,
Jamia Ashrafia,
Main Ferozpur Road,
Lahore - Pakistan.
Tel : (+92-42) 7530436, 7530480
7530481, 7530482
UAN : (+92-42) 111-786-555
Fax : (+92-42) 7530435
E-mail : gmmarketing@lucky-cement.com

MARKETING OFFICES

MULTAN

Al-Najaf Center,
Near Sayal Medical Center,
Katchery Chowk, Multan
Tel : (+92-61) 4510021
UAN : (+92-61) 111-786-555
Fax : (+92-61) 4519471

PESHAWAR

Ground Floor, Aptma House,
Jammrud Road, Peshawar.
Tel : (+92-91) 5844903,
5840271, 5701750
UAN : (+92-91) 111-786-555
Fax : (+92-91) 5850969

D.I. KHAN

Mezzanine Floor, State Life
Bldg, East Circular Road,
D.I. Khan.
Tel : (+92-966) 713799, 712278
Fax : (+92-966) 712279

ISLAMABAD

House No. 1-A,
Street No. 70,
Sector F-8/3, Islamabad.
UAN : (+92-51) 111-786-555
Mobile : 0300-8550385

QUETTA

F-1 , The Institute of Eng
Bldg, Zargoon Road, Quetta.
UAN : (+92-81) 111-786-555
Fax : (+92-81) 2837583


B-02
Lucky
Cement