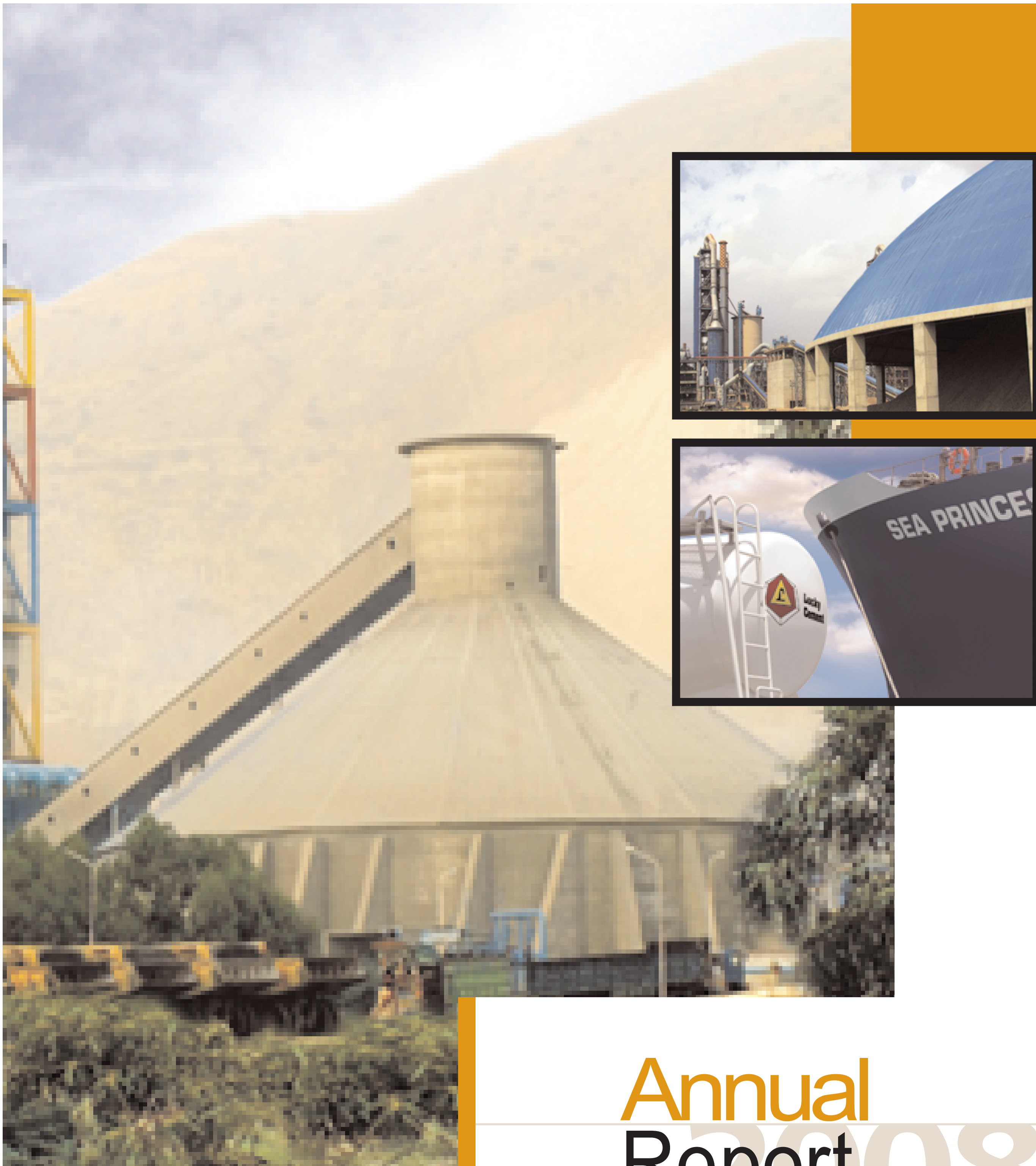
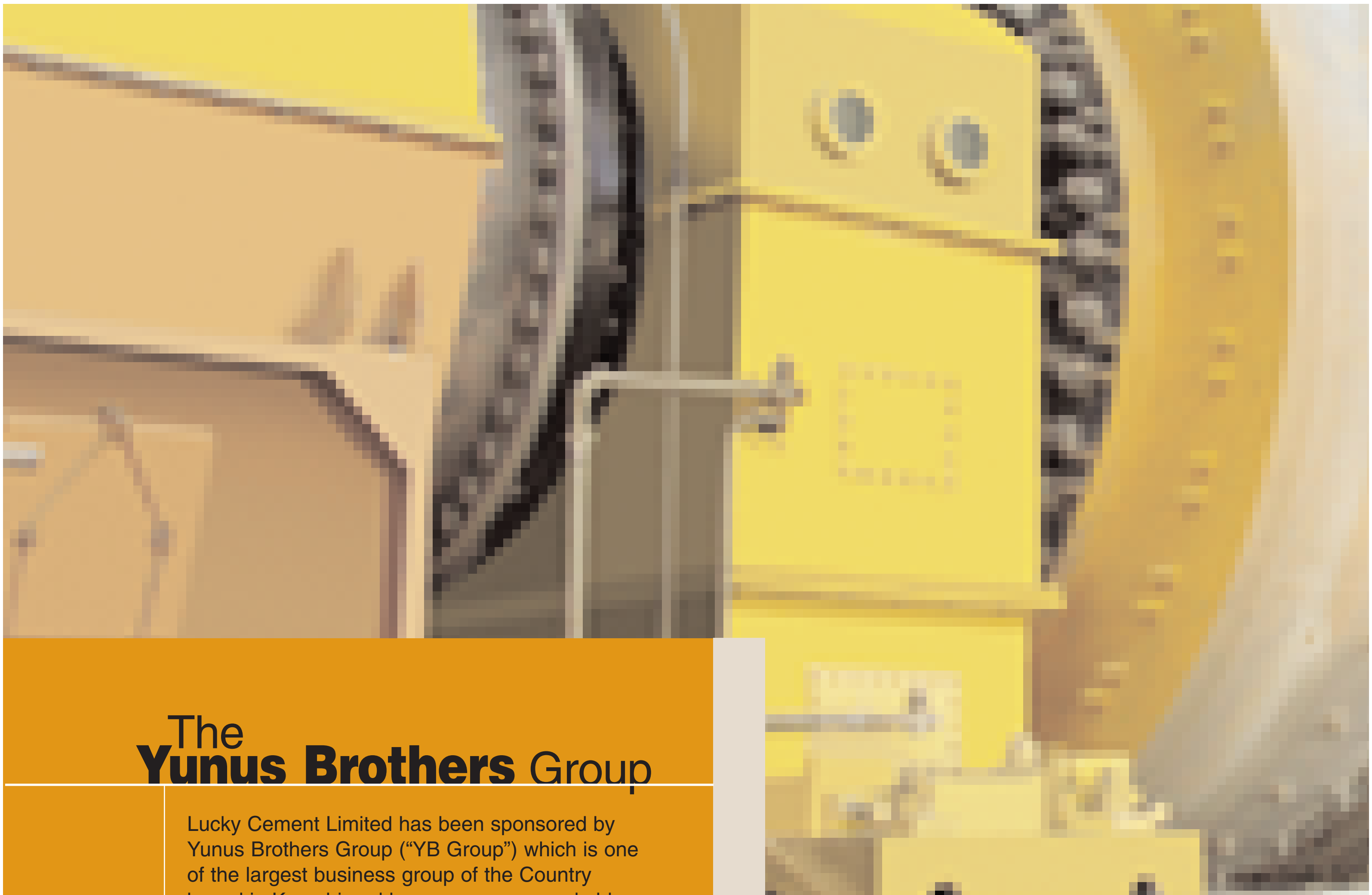


Annual Report 2008

Lucky Cement

A YUNUS BROTHERS GROUP PROJECT



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.**

Annual Report 2008

A YUNUS BROTHERS 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
The Royal Bank of Scotland Limited
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

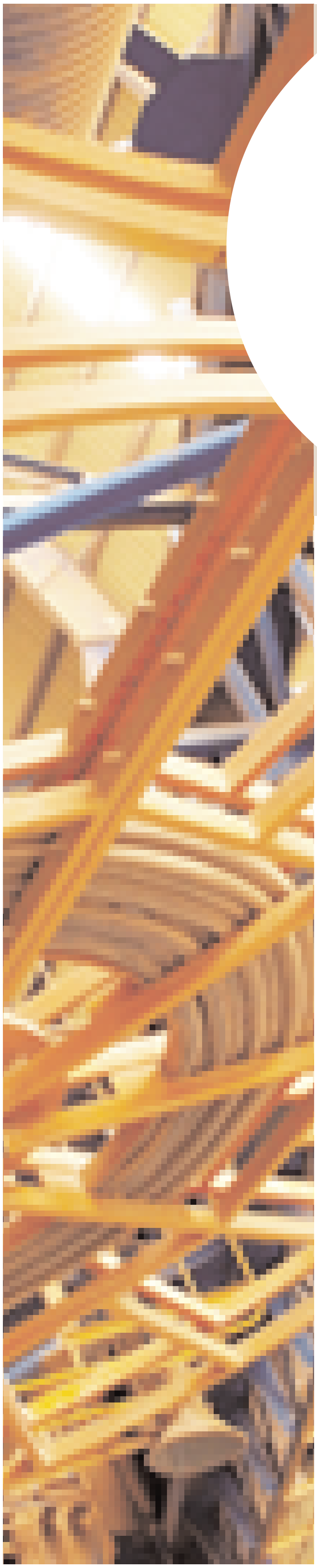
To be the market leader in domestic and exports from the Country by supplying high quality cement at the most competitive rates with customers' satisfaction and discharge our social responsibilities for the benefit of under privileged.

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.



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

Core Values

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.

Directors' Report

The Directors of your Company have pleasure to present before you an annual report of the Company with audited financial statements for the year ended June 30, 2008.

OVERVIEW

The Pakistan Cement industry continued its upward journey of volumetric growth during the financial year ended June 30, 2008 and reached a new level of total sales volume of 30.05 million tons against last year's volume of 24.22 million tons. The overall growth registered by the industry was 24.06% year on year basis. This growth was mainly attributed on the back of healthy export growth of 141.99% with volume of 7.72 million tons of cement and clinker exported by the industry compared to 3.19 million tons exported last year. The proportion of exports to local sales volume reached at 25.68% in the financial year ended June 30, 2008 which was 13.16% same period last year. The domestic sales volume registered a growth of 6.18% with 22.33 million tons as compared to 24.95% growth achieved last year with 21.03 million tonsvolume.

By Grace of Almighty, your Company continued to dominate the cement industry in Pakistan by maintaining 18.49% market share during the financial year ended June 30, 2008 despite of addition of new capacities by other peers. On export front, the Company continued to outperform against all its peers and captured an overall market share of 34.56% which consisted of 100% share in loose cement, 12.83% in bagged cement and 25.73% in clinker exports from the country.

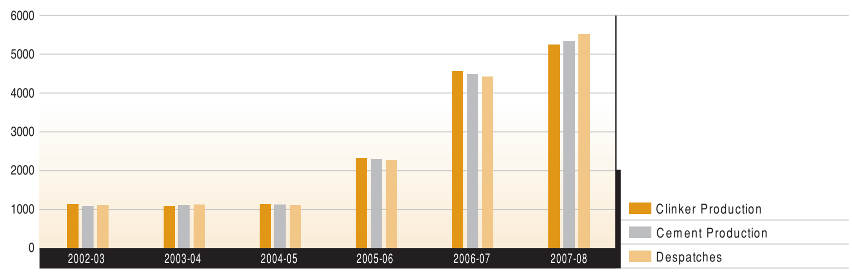
During the year under review, your Company successfully managed to get it listed on London Stock Exchange by raising US$ 109 million equity through the issuance of GDRs in the international market despite of deteriorated political and economical scenario in the Country. This was mainly achieved due to the confidence reposed by the international investors on the management of your Company because of its remarkable achievements over a period of time.

BUSINESS PERFORMANCE

(a) Production & Sales Volume Performance:

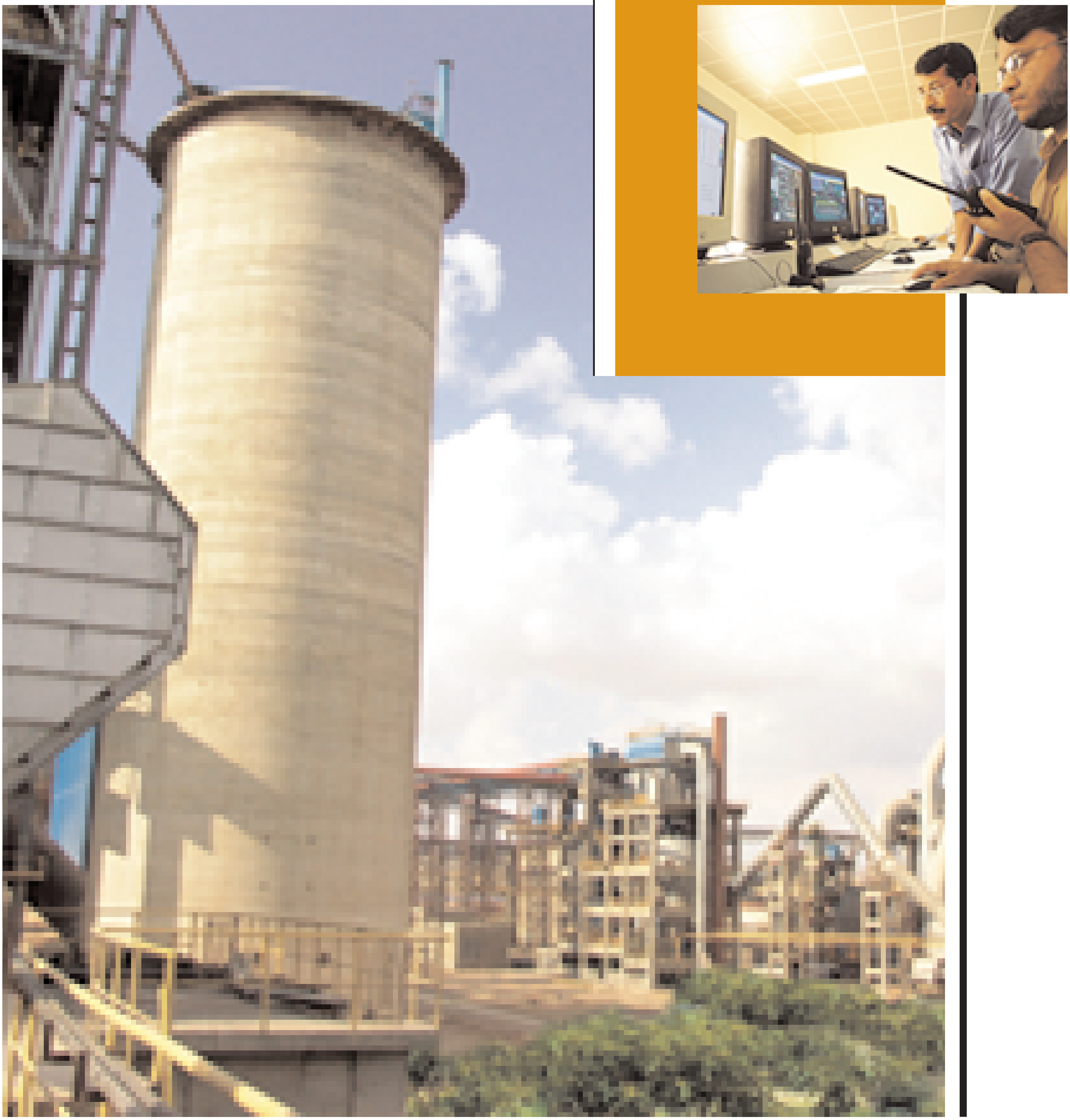
During the year under review, your Company achieved all time high volume of production and sales as enumerated in the table below:

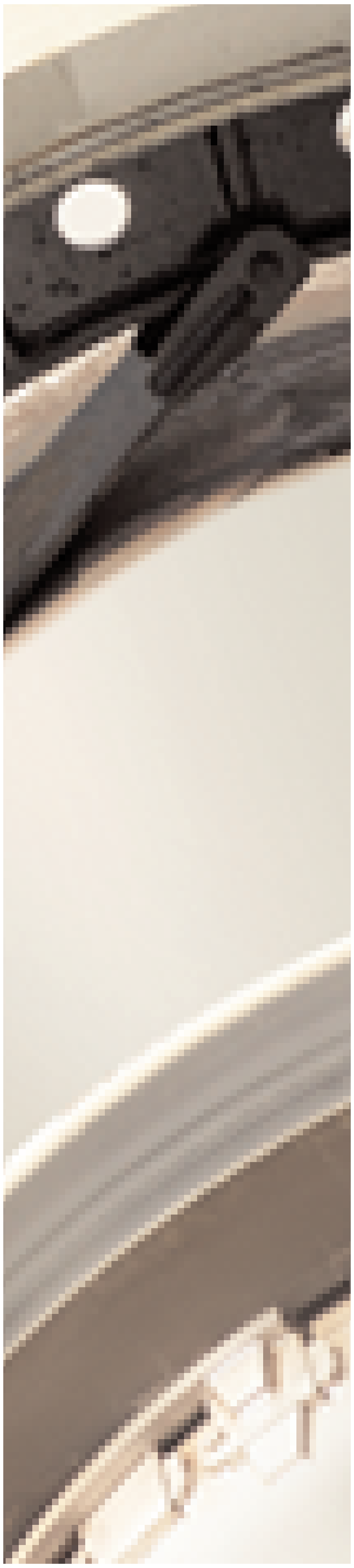
	2007-08	2006-07	Increase	Increase
	Tons			%
Clinker Production	**5,161,380**	4,512,876	648,504	14.37%
Cement Production	**5,248,664**	4,422,700	825,968	18.68%
Cement Dispatches	**5,272,067**	4,370,035	902,032	20.64%
Clinker Dispatches	**284,119**	269,956	14,163	5.25%



A comparative analysis of sales volume of the industry vis-à-vis your Company is as under:

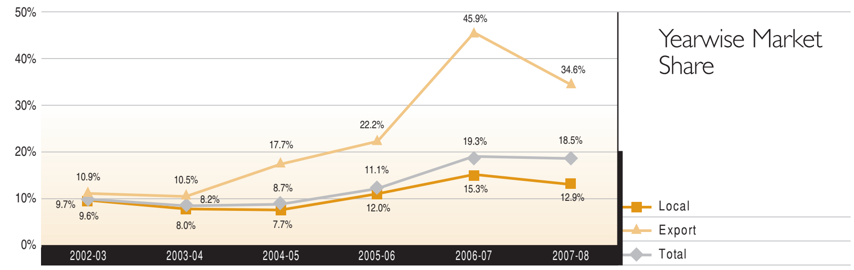
Particulars	Jul-07 to Jun-08 (Tons)	Jul-06 to Jun-07 (Tons)	Growth (Tons)	Growth %
Cement Industry Sales Statistics				
Local Sales				
Cement	22,332,486	20,997,617	1,334,869	6.36%
Clinker	1,885	36,569	(34,684)	-94.85%
Total Local	22,334,371	21,034,186	1,300,185	6.18%
Export Sales				
Cement				
- Bagged	4,851,624	2,281,297	2,570,327	112.67%
- Loose	1,760,101	516,287	1,243,814	240.92%
Sub-Total	6,611,725	2,797,584	3,814,141	136.34%
Clinker	1,104,268	390,974	713,294	182.44%
Total Export	7,715,993	3,188,558	4,527,435	141.99%
Grand Total	30,050,364	24,222,744	5,827,620	24.06%
Lucky Cement Sales Statistics				
Local Sales				
Cement	2,889,736	3,182,942	(293,206)	-9.21%
Clinker	–	–	–	0.00%
Total Local	2,889,736	3,182,942	(293,206)	-9.21%
Export Sales				
Cement				
- Bagged	622,230	670,806	(48,576)	-7.24%
- Loose	1,760,101	516,287	1,243,814	240.92%
Sub-Total	2,382,331	1,187,093	1,195,238	100.69%
Clinker	284,119	269,956	14,163	5.25%
Total Export	2,666,450	1,457,049	1,209,401	83.00%
Grand Total	5,556,186	4,639,991	916,195	19.75%



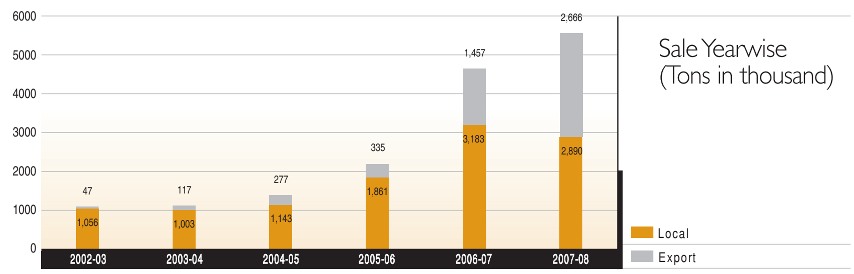


The analysis of the market share of your Company is as under:

LCL - Market Share	Jul-07 to Jun-08	Jul-06 to Jun-07
Local Sales		
Cement	**12.94%**	15.16%
Clinker	**0.00%**	0.00%
Total Local	**12.94%**	15.13%
Export Sales		
Cement		
- Bagged	**12.83%**	29.40%
- Loose	**100.00%**	100.00%
Sub-Total	**36.03%**	42.43%
Clinker	**25.73%**	69.05%
Total Export	**34.56%**	45.70%
Grand Total	**18.49%**	19.16%

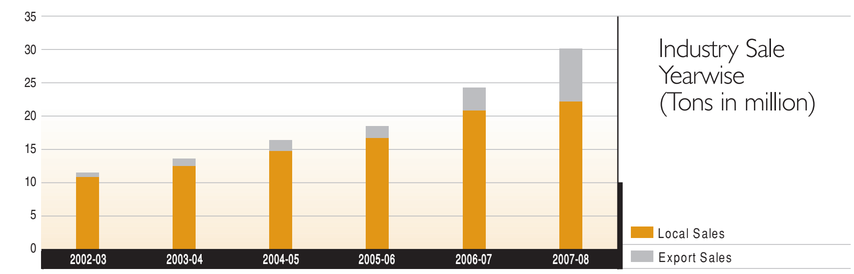


Yearwise Market Share

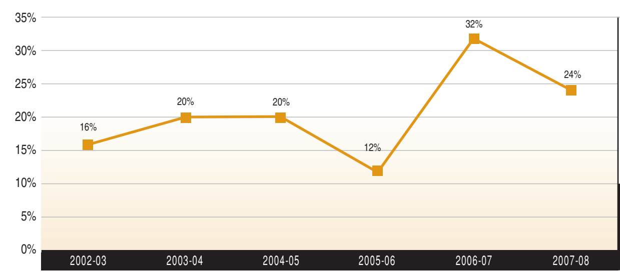


Sale Yearwise (Tons in thousand)

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



Industry Sale Yearwise (Tons in million)



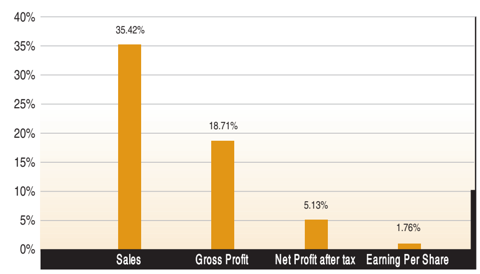
Industry Cummulative Growth

(b) Financial Performance:

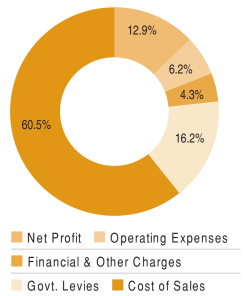
A comparison of the key financial results of your Company for the year ended June 30, 2008 with the same period last year is as under:

	2008	2007	%
Sales	**16,958**	12,522	35.42%
Gross Profit	**4,363**	3,675	18.71%
Net Profit after tax	**2,678**	2,547	5.13%
Earning Per Share	**9.84**	9.67	1.76%

* Rupees in Million Except EPS.



Distribution of Revenue



(i) Sales Performance

During the year under review your Company achieved an overall net sales revenue growth of 35.43% as compared to same period last year. Increase in revenue was attributed due to both increases in volume by 19.75% and net retention by 15.68%. Your Company continued to focus more on exports because of strong establishment of its brand in various export markets with higher retention margins. The domestic sales registered a negative growth of 6.38% because of higher exports made by the company which registered a growth of 116.29%. The ratio of sales revenue from exports was 54.43% whereas the local sales accounted for 45.57% during the financial year under review. The average combined net retention prices per ton improved by 13.10% over the comparative period last year. The prices in the international markets remained robust whereas the prices in the domestic market were under pressure, however in the last quarter the prices started increasing because of substantial increase in production cost coupled with duties and taxes increased by the Government in federal budget.

(ii) Cost of Sales

The major cost of production for cement manufacturing is the energy cost which constitutes 68.77% of the total cost of production. The energy cost is further divided into heat energy and power energy which constitutes 44.12% and 24.65% respectively of the total cost of production. As a matter of fact, the international prices of coal and oil have increased manifold during the year under review which have badly affected the cost of production both in Pakistan and abroad. The international prices of coal were approximately US$ 80 per ton by end of last year which has now increased to US$ 210 per ton by the year ended June 30, 2008. The prices of furnace oil have also increased tremendously which have also affected the cost of production.

Except loose cement sales, the cement is packed either in paper bags or polypropylene bags. The increase in the prices of paper and the polypropylene in the international markets have also increased the cost of cement bags substantially. Similarly, the other cost factors have been increased either because of inflation, oil prices and depreciation of Pak Rupee for imported items.

We are pleased to report that, your Company has taken various measures to mitigate the impact of increase in cost of production. Resultantly, the production cost per ton of your Company was only increased by 18.89%.

(iii) Gross Profit

Your Company achieved a gross profit rate of 25.73% for the year ended June 30, 2008 compared to 29.35% gross profit rate achieved same period last year. However, the gross profit in term of absolute value was increased by 18.71% because of the volumetric growth.

(iv) Finance Costs

The finance costs was reduced substantially from Rs.186 per ton last year to Rs.23 per ton during the year ended June 30, 2008 mainly because of interest rates hedging executed by the Company by entering into cross currency swaps agreements with the banks. These hedging transactions allowed the company to offset positive interest differential between KIBOR and LIBOR against the total financing cost of the Company. On the other hand, these swaps exposed the Company to currency risk for depreciation of Pak Rupee but at the same time ever increasing exports of the Company provided a natural hedge against these swaps transactions to mitigate the currency risk.

As you know the economic and political scenario of the Country started deteriorating from November 2007 resultantly the Pak Rupee lost almost 12% of its value by June 30, 2008 as compared to June 30, 2007. Due to the depreciation of Pak Rupee your Company on the one hand incurred exchange loss of Rs.800.359 million on cross currency swap but on the other hand realized exchange gain of Rs.277.816 million on realization of GDR proceeds and export sales.

(v) Distribution Costs

Distribution costs incurred by the Company were in-line with the increase in the volume of export sales. The percentage of distribution costs to net export sales was 12.51% for the year ended June 30, 2008 compared to 11.66% last year.

(vi) Deferred Taxation

During the year under review, the deferred tax provision amounted to Rs.456.53 million was reversed out of the total provision of Rs.1,515.54 million created in prior years due to higher ratio of local sales. Since the ratio of exports has increased which are covered under presumptive tax regime on which no deferred tax provision is required, therefore to that extent deferred tax was reversed.

(vii) Contribution To The National Exchequer

Your Company contributed a total amount of Rs.3.907 billion (2007: Rs.4.137 billion) to the Government Treasury in shape of taxes, levies, excise duty and sales tax. In addition to that your Company earned precious foreign exchange of approximate US$ 150 million during the year under review from exports besides bringing foreign investment of US$ 109 million against the issuance of GDRs in the international market.

BUSINESS STRATEGY

As conveyed earlier, Your Company is focusing on a four tier business strategy; progress on each is narrated as under:

- **Exploring and Establishing Export Markets**

Export is our vision and we believe to always explore new export markets for long term sustainable export business. In the first phase, your Company has been successful to establish its brand in several potential export markets including Middle East, India, Sri Lanka and East and South African counties. In the second phase, your Company is planning to setup some offshore facilities to further strengthen its export business on regular basis.

- **Economy of Scale**

The work on additional production line is progressing satisfactorily. Civil work is 100% completed, local fabrication has almost done, most of the plant and machinery has arrived at site and erection is progressing fast. This expansion is expected to be delayed by a couple of months because of slightly late shipments made by the supplier of plant and machinery due to heavy engagement on other orders. We are hopeful that new line will start functioning by early next calendar year.

- **Cost Reduction with Efficient Operation**

By the grace of Almighty, the timely decision of your Company to convert its oil based power generators of Pezu Plant to gas based generators has started giving substantial benefits to the Company by avoiding the hit of high oil prices. By June 30, 2008 30% of power generation was converted to gas whereas by the issuance of this report 70% has been completed. We are hopeful that remaining conversion would be completed in second quarter of current financial year. Completion of this project will give a substantial savings in terms of reduction of power generation cost.

Your Company has also successfully replaced the oil based power generators of its Karachi plant which will also help in reduction of cost of production of the Company. Previously 30% of Karachi power plant generation was based on oil which has now been reduced to 10% only.

- **Strong Infrastructure**

We believe that efficient infrastructure for exports is very important, therefore in 1st phase your Company invested for logistic and ship loader for loading of loose cement directly into sea going vessels. In the second phase, silos at Karachi Port are being setup with another ship loading facility which will enable to handle two ships/vessels at a time. This project is slightly delayed due to certain limitations of work in port area however the same will now start functioning by end of September 2008.


Lucky
Cement
B-15

NEW PROJECTS

• Waste Heat Recovery

In view of ever increasing cost of energy, your Company is in continues search of alternate sources of cheap energy to reduce its cost of production. In this respect the management has made decision to use latest technologies to recover the heat wasted in the process for generation of electricity without use of any fuel.

Necessary design of the system has been finalized and the letter of credits for both Karachi and Pezu plants have been established. After installation of these systems, cheap electricity to the extent of 15 MW at Karachi Plant and 10 MW at Pezu Plant would be generated by recycling waste heat from the process. The total investment of this project would be US$ 40 million and the project is expected to be completed by end of financial year 2009.

• Refused Derived Fuel

We are pleased to inform you that the management of your Company has recently signed an agreement with the City District Government Karachi for supply of solid municipal waste which will be processed and used as a replacement fuel for coal consumption at Karachi Project. The plant and machinery for this project has almost been finalized and the necessary letter of credits will be established shortly.

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.

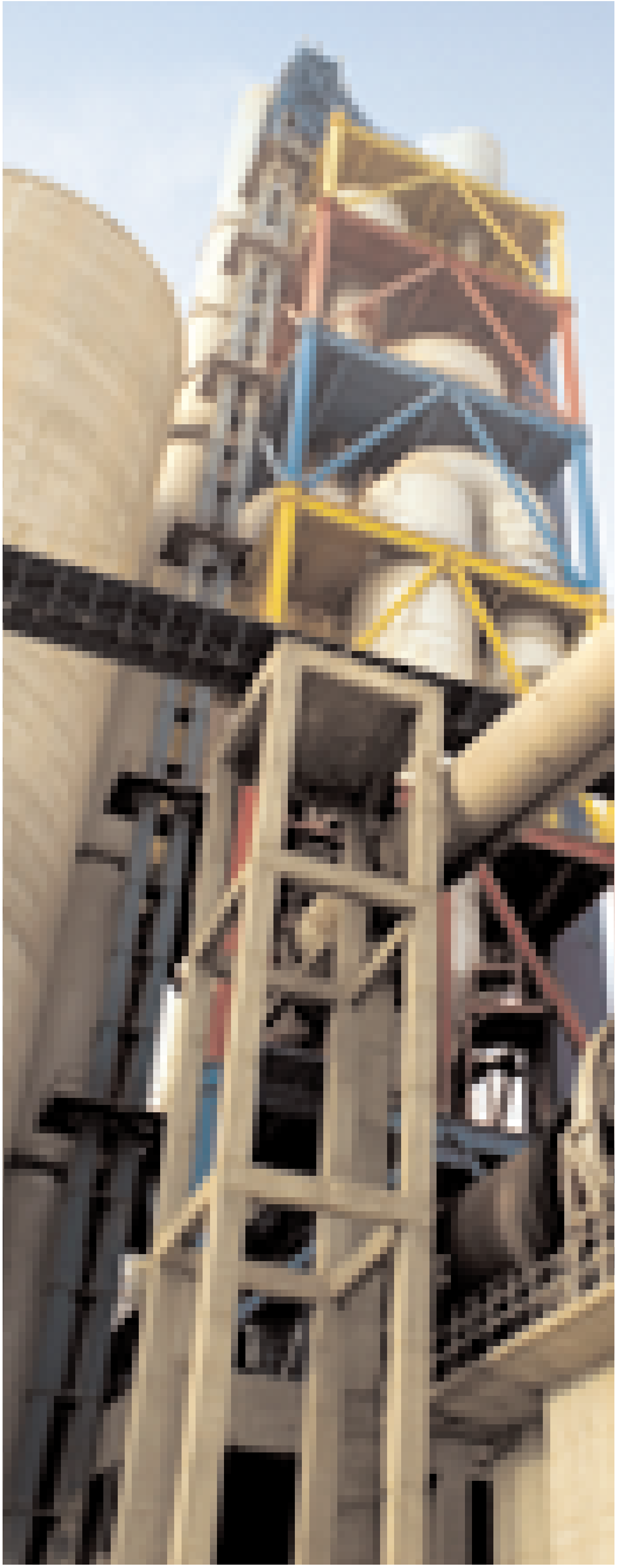
As a part of the compliance of the Code, we confirm the following:

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.

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.

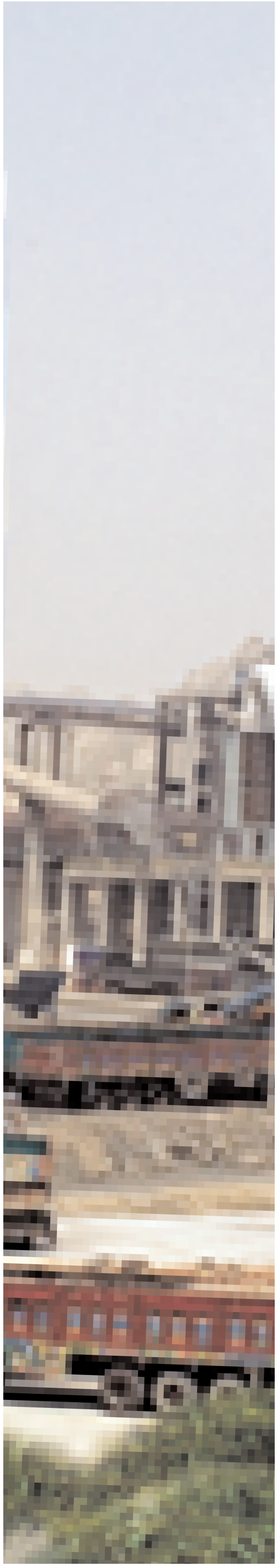
h) We have an Internal Audit Committee the members of which are amongst from the Board of Directors.

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 always strives to discharge its social responsibilities towards the needy segments of the society. In this respect it promotes, develop and maintain social and welfare facilities for the benefits of the local communities and environment where it works.

FUTURE OUTLOOK

Our country still needs huge development for basic infrastructure related projects which have been neglected in the past. In our view, the new government will accelerate the development projects including basic infrastructure. The recent introduction of REITS laws in Pakistan will play a major role in the construction activities of the Country.

On the exports front as we mentioned in our previous reports, there have been huge construction activities going on in the Middle East and Gulf Region which have created a robust demand of cement. In addition to that, new markets in South East Asia as well as East and West Africa have also opened up where we are exporting cement. We understand that even lasting of additional demand after next 3 to 5 years, cement trade to the extent of 8 to 10 mtpa will be continued in the region due to natural deficit raw material countries. The geographic location of our country is ideal for export in the region.

We understand that the surplus capacity available in the Country is a good and timely potential for earning a sizeable foreign exchange for the Country. We have seen a tremendous export growth that has led Pakistan as potential cement exporting country. During the year under review the industry exported 7.716 million tons of cement and clinker which may go above 10 million tons during financial year ended June 30, 2009.

DIVIDEND

Keeping in view the liquidity required for the on-going expansion and additional projects initiated by the Company, your Directors feel that any cash outflow in the form of dividend is not desirable at this point in time.

AUDITORS

The Auditors, M/s. Ford Rhodes Sidat Hyder & Company Chartered Accountants, retire and being eligible have offered themselves for reappointment.

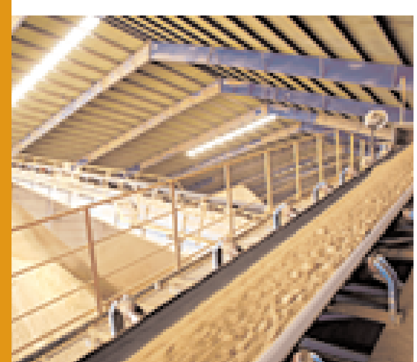
ACKNOWLEDGEMENT

Your Directors express their appreciation to the bankers and financial institutions that extended assistance in financing to the Company, its contractors who are working on the expansion projects and the Company's workers, staff and executives for their devotion and hard working.

On behalf of the Board

MUHAMMAD YUNUS TABBA
Chairman / Director

Karachi: August 21, 2008



Yearwise Statistical Summary

(Rupees in million)

	2008	2007	2006	2005	2004	2003
ASSETS EMPLOYED						
Property, plant and equipment	**25,830**	20,319	19,165	13,462	5,032	4,222
Long term deposit	**2**	2	2	2	2	3
Current assets	**8,407**	5,403	4,456	1,343	1,978	593
	34,239	25,724	23,623	14,807	7,012	4,818
FINANCED BY						
Shareholder's Equity	**18,655**	9,354	7,070	5,134	4,307	3,621
Long-term liabilities						
Long term finance	**6,633**	8,329	10,156	6,530	1,150	100
Current portion of long term finance	**242**	1,615	2,383	617	–	–
	6,875	9,944	12,539	7,147	1,150	100
Long term deposits and deferred liabilities	**1,264**	1,689	1,645	1,000	624	344
Current liabilities	**7,687**	6,352	4,752	2,143	931	753
Current portion of long term finances	**(242)**	(1,615)	(2,383)	(617)	–	–
	7,445	4,737	2,369	1,526	931	753
Total Funds Invested	**34,239**	25,724	23,623	14,807	7,012	4,818
TURNOVER & PROFIT						
Turnover	**16,958**	12,522	7,985	3,980	2,908	2,190
Gross Profit	**4,363**	3,675	2,911	1,380	1,100	448
Operating Profit	**3,076**	3,066	2,770	1,294	1,034	390
Profit/(loss) before taxation	**2,307**	2,690	2,553	1,210	971	343
Profit/(loss) after taxation	**2,678**	2,547	1,936	827	686	228
Cash Dividends	**329**	263	–	–	184	184
Bonus Shares	**–**	–	–	184	–	–
General Reserves	**2,000**	3,000	–	–	–	–
Profit/(loss) carried forward	**3,078**	2,730	3,446	1,510	867	365
Earning per share (Rupees)	**9.84**	9.67	7.35	3.14	2.60	0.93
Break up value per share (Rupees)	**57.69**	35.51	26.84	19.49	17.58	14.78

Ratio Analysis

For the year ended June 30, 2008

	2008	2007	2006	2005	2004	2003
PROFITABILITY						
Gross profit to sales	**25.73%**	29.35%	37.00%	34.66%	37.84%	20.43%
Operating profit to sales	**18.14%**	24.49%	34.39%	32.52%	35.56%	17.80%
Profit before tax to sales	**13.60%**	21.49%	31.70%	30.40%	33.40%	15.66%
Net profit after tax to sales	**15.79%**	20.34%	24.04%	20.77%	23.58%	10.40%
SOLVENCY						
Working capital ratio	**1.09 : 1**	0.85 : 1	0.94 : 1	0.63 : 1	2.12 : 1	0.79 : 1
Acid test ratio	**1.00 : 1**	0.74 : 1	0.85 : 1	0.57 : 1	1.94 : 1	0.64 : 1
Inventory turnover (sales)-times	**24.48**	22.61	29.44	27.63	20.24	17.77
Inventory turnover (cogs)-times	**18.18**	15.97	18.54	18.06	12.58	14.14
OVERALL VALUATION & ASSESSMENT						
Return on Equity after tax	**14.35%**	27.23%	27.38%	16.10%	15.92%	6.30%
Long term debts to equity ratio	**26.23%**	47.10%	58.96%	55.99%	21.07%	2.68%
Return on Assets	**7.82%**	9.90%	8.20%	5.58%	9.74%	4.73%

Notice of 15th **Annual General Meeting**

Notice is hereby given that the 15th Annual General Meeting of the members of Lucky Cement Limited will be held on Wednesday, October 15, 2008 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 14th Annual General Meeting held on August 30, 2007.

2. To receive, consider and adopt the audited Financial Statements for the year ended June 30, 2008 together with the Board of Directors' and Auditors' reports thereon.

3. To appoint Auditors and fix their remuneration for the year 2008-2009. The present Auditors, Messrs Ford Rhodes Sidat Hyder & Co., Chartered Accountants, retire and being eligible, offer themselves for reappointment.

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

By Order of the Board

Muhammad Abid Ganatra
Company Secretary

Karachi: September 22, 2008

Notes:

1. The Share Transfer Books of the Company will be closed from Wednesday, October 8, 2008 to Wednesday, October 15, 2008 (both days inclusive) for the purpose of Annual General Meeting.

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 addresses, 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**

For the year ended June 30, 2008

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 of Directors (BOD) comprises eight directors, including the Chief Executive Officer (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. No casual vacancy occurred in the Board during the year ended June 30, 2008.

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 BOD 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 CEO, 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 BOD 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, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

14. The company has complied with all the Corporate and Financial Reporting Requirements of the Code.

15. The Board has formed an Audit Committee. It comprises 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. The firm has set-up an effective internal audit function managed by suitable qualified and experienced 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 with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

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

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, 2008 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 system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code, effective for the year ended June 30, 2008.

Ford Rhodes Sidat Hyder & Co.
Chartered Accountants

Karachi: 21 August 2008

Auditors' Report to the Members

We have audited the annexed balance sheet of **LUCKY CEMENT LIMITED** as at **30 June 2008** and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;

(b) in our opinion:

   (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

   (ii) the expenditure incurred during the year was for the purpose of the company's business; and

   (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with 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 30 June 2008 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.

Without qualifying our opinion, we draw attention to note 12 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: August 21, 2008

Balance Sheet As at June 30, 2008

(Rupees in '000)

	Note	2008	2007
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	**25,829,520**	20,318,908
Long term deposits		**2,175**	2,175
		25,831,695	20,321,083
CURRENT ASSETS			
Stores and spares	6	**4,160,146**	1,993,573
Stock-in-trade	7	**709,372**	676,256
Trade debts - considered good	8	**720,314**	476,667
Loans and advances	9	**163,844**	241,821
Trade deposits and short term prepayments	10	**189,641**	9,661
Other receivables	11	**890,204**	183,138
Tax refunds due from the government	12	**538,812**	538,812
Taxation-net		**130,899**	50,057
Sales tax refundable	13	**634,136**	–
Cash and bank balances	14	**270,011**	1,239,158
		8,407,379	5,409,143
TOTAL ASSETS		**34,239,074**	25,730,226
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	15	**3,233,750**	2,633,750
Reserves	16	**15,421,673**	6,719,800
		18,655,423	9,353,550
NON - CURRENT LIABILITIES			
Long term finance	17	**6,633,333**	8,335,604
Long term deposits	18	**30,252**	25,863
Deferred liabilities	19	**174,171**	147,245
Deferred taxation	20	**1,058,998**	1,515,535
		7,896,754	10,024,247
CURRENT LIABILITIES			
Trade and other payables	21	**3,549,543**	1,546,699
Accrued mark-up	22	**288,977**	326,181
Short term borrowings	23	**3,606,710**	2,864,397
Current portion of long term finance	17	**241,667**	1,615,152
		7,686,897	6,352,429
CONTINGENCIES AND COMMITMENTS	24		
		34,239,074	25,730,226

The annexed notes from 1 to 41 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, 2008

(Rupees in '000)

	Note	2008	2007
Turnover - net	25	**16,957,879**	12,521,861
Cost of sales	26	**12,595,158**	8,846,708
Gross profit		**4,362,721**	3,675,153
Distribution costs	27	**1,155,054**	497,729
Administrative expenses	28	**131,300**	111,311
		1,286,354	609,040
Operating profit		**3,076,367**	3,066,113
Finance costs	29	**126,743**	862,847
Other operating income	30	**(1,293)**	(629,289)
Other charges	31	**644,388**	142,204
		769,838	375,762
Profit before taxation		**2,306,529**	2,690,351
Taxation - current	32	**85,394**	63,146
- deferred		**(456,535)**	79,913
		(371,141)	143,059
Profit after taxation		**2,677,670**	2,547,292
		(Rupees)	
Basic and diluted earnings per share	33	**9.84**	9.67

The annexed notes from 1 to 41 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, 2008

(Rupees in '000)

	Note	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	34	**1,560,218**	2,614,357
Finance costs paid		**(163,947)**	(726,796)
Income tax paid		**(166,236)**	(26,396)
Gratuity paid		**(9,087)**	(10,089)
		(339,270)	(763,281)
Long term deposits		**4,389**	(1,406)
Net cash generated from operating activities		**1,225,337**	1,849,670
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		**(6,520,399)**	(2,043,444)
Sale proceeds on disposal of property, plant and equipment		**32,098**	6,410
Net cash used in investing activities		**(6,488,301)**	(2,037,034)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term finances		**(3,075,756)**	(2,595,008)
Repayment / (receipt) of short term borrowings		**(710,226)**	1,962,304
Proceeds from issue of Global Depository Receipts (net of expenses)		**6,953,422**	–
Dividends paid		**(326,162)**	(260,750)
Net cash generated from / used in financing activities		**2,841,278**	(893,454)
Net decrease in cash and cash equivalents		**(2,421,686)**	(1,080,818)
Cash and cash equivalents at the beginning of the year		**982,937**	2,063,755
Cash and cash equivalents at the end of the year		**(1,438,749)**	982,937
CASH AND CASH EQUIVALENTS			
Cash and bank balances	14	**270,011**	1,239,158
Short term running finances	23	**(1,708,760)**	(256,221)
		(1,438,749)	982,937

The annexed notes from 1 to 41 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, 2008

(Rupees in '000)

	Issued, subscribed and paid-up capital	Capital reserve Share premium	Revenue reserves General Reserve	Revenue reserves Unappropriated profit	Total reserves	Total Equity
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**
Transfer to general reserves	–	–	2,000,000	(2,000,000)	–	–
Final dividend for the year ended June 30, 2007 @ Re. 1.25/- per share	–	–	–	(329,219)	(329,219)	(329,219)
Issuance of Global Depository Receipts (GDRs) (note 15.1)	600,000	6,600,036	–	–	6,600,036	7,200,036
GDRs issuance expense (note 16.1)	–	(246,614)	–	–	(246,614)	(246,614)
Net profit for the year	–	–	–	2,677,670	2,677,670	2,677,670
Balance as at June 30, 2008	**3,233,750**	**7,343,422**	**5,000,000**	**3,078,251**	**15,421,673**	**18,655,423**

The annexed notes from 1 to 41 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, 2008

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 During the year, the Company was admitted to the official list of the Financial Services Authority and to the London Stock Exchange for trading of Global Depositary Receipts (GDRs) issued by the Company on the Professional Securities Market of the London Stock Exchange. These GDRs are also eligible for trading on International Order Book (IOB) system of the London Stock Exchange. Trading in the GDRs on the London Stock Exchange had commenced on May 14, 2008. Refer note 15 for further reference.

2 STATEMENT OF COMPLIANCE

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

3 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 19.1 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 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

The calculation involves use of estimates with regard to interest and foreign currency rates which fluctuate with the market forces.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Accounting convention

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

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

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

Standards or interpretation	Effective date (accounting periods beginning on or after)
IAS 1 - Presentation of Financial Statements (Revised)	January 01, 2009
IAS 23 (Revised) - Borrowing Costs	January 01, 2009
IAS 27 - Consolidated and Separate Financial Statements (Revised)	January 01, 2009
IFRS 3 - Business Combinations	January 01, 2009
IFRS 7 - Financial Instruments: Disclosure	July 01, 2008
IFRS 8 - Operating Segments	January 01, 2009
IFRIC 12 - Service Concession Arrangements	January 01, 2009
IFRIC 13 - Customer Loyalty Programs	July 01, 2008
IFRIC 14 - The Limit on Defined Benefit Assets, Minimum Funding Requirements and their Interactions	January 01, 2008

The Company expects that the adoption of the above standards and interpretations will have no material impact on the Company's financial statements in the period of initial application other than certain changes and enhancements in the presentation and disclosures.

4.3 Property, plant and equipment

These are stated at cost less accumulated depreciation and impairment losses, if any, except for lease 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.

4.4 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.

4.5 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.

4.6 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.

4.7 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.

4.8 Long term and short term borrowings

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

4.9 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.

4.10 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.

4.11 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.

4.12 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.

4.13 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.

4.14 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.

4.15 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.

4.16 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.

4.17 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.

4.18 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.

4.19 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 an expense in the profit and loss account.

4.20 Related party transactions

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

4.21 Dividend and appropriation to reserves

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

4.22 Functional and presentation currency

These financial statements are presented in Pakistani Rupees, which is the company's functional and presentation currency.

5 PROPERTY, PLANT AND EQUIPMENT

(Rupees in '000)

	Note	2008	2007
Operating assets - tangible	5.1	**21,050,119**	20,116,388
Capital work-in-progress	5.5	**4,779,401**	202,520
		25,829,520	20,318,908

5.1 Operating assets - tangible

(Rupees in '000)

	COST			DEPRECIATION			Book value	Rate of
	At July 01, 2007	Additions / *transfers (disposals)	At June 30, 2008	At July 01, 2007	For the year / (disposals)	At June 30, 2008	at June 30, 2008	depreciation %
Land - leasehold	230,105	482,634	712,739	–	–	–	712,739	–
Building on leasehold land	4,463,597	*189,595	4,653,192	677,402	228,628	906,030	3,747,162	5
Plant and machinery	13,938,410	*248,713	14,187,123	1,531,251	471,548	2,002,799	12,184,324	Units of production method
Generators	3,188,656	2,448 *750,714	3,941,818	516,582	167,153	683,735	3,258,083	Units of production method
Quarry equipments	642,362	752	643,114	124,061	32,155	156,216	486,898	5
Vehicles	427,053	222,792 *1,771 (34,537)	617,079	60,721	56,298 (3,824)	113,195	503,884	10-20
Furniture and fixtures	36,757	1,165	37,922	9,323	2,866	12,189	25,733	10
Office equipments	81,082	5,665 (80)	86,667	21,233	6,547 (42)	27,738	58,929	10
Computers and accessories	34,723	5,273	39,996	18,025	7,251	25,276	14,720	33
Other assets	46,506	2,703 *29,292 (71)	78,430	14,265	6,523 (5)	20,783	57,647	10
2008	**23,089,251**	**723,432** ***1,220,085** **(34,688)**	**24,998,080**	**2,972,863**	**978,969** **(3,871)**	**3,947,961**	**21,050,119**	

	(Rupees in '000)							
	COST			DEPRECIATION			Book value	Rate of
	At July 01, 2006	Additions / *transfers (disposals)	At June 30, 2007	At July 01, 2006	For the year / (disposals)	At June 30, 2007	at June 30, 2007	depreciation %
Land - leasehold	230,105	–	230,105	–	–	–	230,105	–
Building on leasehold 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	Units of production method
Generators	3,131,403	*57,253	3,188,656	357,149	159,433	516,582	2,672,074	–
Quarry equipments	596,286	46,076	642,362	91,943	32,118	124,061	518,301	5
Vehicles	93,746	87,117 *253,536 (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	182,328 *4,459,989 (7,507)	23,089,251	2,090,726	883,125 (988)	2,972,863	20,116,388	

5.2 During the year borrowing costs amounting to Nil (2007: Rs. 98.935 million) have been capitalized in the operating assets pertaining to the new expansion projects.

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

(Rupees in '000)

	Note	2008	2007
Cost of sales	26	**920,729**	856,929
Distribution costs	27	**47,019**	16,712
Administrative expenses	28	**11,221**	9,484
		978,969	883,125

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

Particulars	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Mode of Disposal	Particulars of Purchasers
	(Rupees in '000)					
Vehicles	899	321	578	886	Insurance Claim	New Jubilee Insurance Co. Ltd., Jubilee Insurance House, I.I. Chundrigar Road, Karachi
	803	392	411	715	Insurance Claim	New Jubilee Insurance Co. Ltd., Jubilee Insurance House, I.I. Chundrigar Road, Karachi
	1,442	1,381	61	525	Tendor	Mr. Jamil Khan R/O Ghari Qamar Din Kohat Road, Peshawar
	806	394	412	716	Insurance Claim	New Jubilee Insurance Co. Ltd., Jubilee Insurance House, I.I. Chundrigar Road, Karachi
	3,132	131	3,001	2,970	Insurance Claim	New Jubilee Insurance Co. Ltd., Jubilee Insurance House, I.I. Chundrigar Road, Karachi
	3,132	131	3,001	2,970	Insurance Claim	New Jubilee Insurance Co. Ltd., Jubilee Insurance House, I.I. Chundrigar Road, Karachi
	2,718	113	2,605	2,626	Insurance Claim	New Jubilee Insurance Co. Ltd., Jubilee Insurance House, I.I. Chundrigar Road, Karachi
	3,089	77	3,012	3,032	Insurance Claim	New Jubilee Insurance Co. Ltd., Jubilee Insurance House, I.I. Chundrigar Road, Karachi
	3,647	-	3,647	3,589	Insurance Claim	New Jubilee Insurance Co. Ltd., Jubilee Insurance House, I.I. Chundrigar Road, Karachi
	2,718	113	2,605	2,626	Insurance Claim	New Jubilee Insurance Co. Ltd., Jubilee Insurance House, I.I. Chundrigar Road, Karachi
	3,132	131	3,001	2,952	Insurance Claim	New Jubilee Insurance Co. Ltd., Jubilee Insurance House, I.I. Chundrigar Road, Karachi
	3,115	78	3,037	2,946	Insurance Claim	New Jubilee Insurance Co. Ltd., Jubilee Insurance House, I.I. Chundrigar Road, Karachi
	2,718	113	2,605	2,626	Insurance Claim	New Jubilee Insurance Co. Ltd., Jubilee Insurance House, I.I. Chundrigar Road, Karachi
	2,718	113	2,605	2,626	Insurance Claim	New Jubilee Insurance Co. Ltd., Jubilee Insurance House, I.I. Chundrigar Road, Karachi
Items having book value of less than Rs. 50,000 each	620	383	237	293	Negotiation/ Insurance Claim	Various
Total	**34,689**	**3,871**	**30,818**	**32,098**		

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

(Rupees in '000)

	Opening balance	Additions	Transferred to operating fixed assets	Closing balance **2008**	Closing balance 2007
Building and civil works	22,998	1,245,667	189,595	**1,079,070**	22,998
Plant and Machinery	49,093	1,312,257	278,005	**1,083,345**	49,093
Generators	–	1,151,086	750,714	**400,372**	–
Advance to suppliers and contractors	104,844	2,087,103	1,771	**2,190,176**	104,844
Advance for gas installation	25,585	853	–	**26,438**	25,585
	202,520	5,796,966	1,220,085	**4,779,401**	202,520

5.6 During the year borrowing costs amounting to Rs. 250.475 million (2007: Nil) have been included in the capital work-in-progress pertaining to the new expansion projects.

6 STORES AND SPARES

(Rupees in '000)

	Note	**2008**	2007
Stores	6.1	**2,793,577**	1,054,193
Spares	6.2	**1,372,117**	939,380
		4,165,694	1,993,573
Less: Provision for slow moving spares	28	**5,548**	–
		4,160,146	1,993,573

6.1 This includes stores in transit of Rs. 512.657 million (2007: Rs. 1.773 million) as at the balance sheet date.

6.2 This includes spares in transit of Rs. 15.091 million (2007: Rs. 33.456 million) as at the balance sheet date.

7 STOCK-IN-TRADE

Raw and packing materials	**294,295**	220,241
Work-in-process	**285,274**	307,868
Finished goods	**129,803**	148,147
	709,372	676,256

8 TRADE DEBTS - considered good

Bills receivable - secured	**620,824**	225,195
Others - unsecured	**99,490**	251,472
	720,314	476,667

9 LOANS AND ADVANCES

	Note	2008	2007
		(Rupees in '000)	
Considered good			
Secured			
Loans due from:			
- Employees	9.1	**1,371**	1,697
- Executives	9.1 & 9.2	**5,531**	2,942
		6,902	4,639
Unsecured			
Sales tax		**–**	73,807
Advances to suppliers and others		**85,643**	130,794
Collector of Customs	9.3	**19,444**	19,444
Advance to consultants	9.4	**51,855**	12,376
Excise duty		**–**	761
		156,942	237,182
		163,844	241,821

9.1 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 loans 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.6.331 million (2007: Rs. 3.906 million).

9.2 Reconciliation of carrying amount of loan to executives

	Opening balance as at July 01,	Disbursement	Repayment	Closing balance as at June 30,
	(Rupees in '000)			
2008	**2,942**	**4,446**	**(1,857)**	**5,531**
2007	545	3,712	(1,315)	2,942

9.3 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 Federal Board of Revenue (FBR) and deposit of post dated cheques for the differential amount of duty. The Company deposited three post dated cheques aggregating to Rs. 19.444 million for three different consignments of cement bulkers and simultaneously approached to the FBR for giving direction to the Collector of Customs, Karachi.

The FBR 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 in 2007 challenging the illegal and malafide act of encashment of post dated cheques. The matter is pending before the High Court of Sindh. The management believes that the ultimate outcome of the matter will be in favour of the Company and hence no provision is required against the said advance in these financial statements.

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

10 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	Note	2008	2007
		(Rupees in '000)	
Deposits			
Margin against letters of credit		**177,684**	–
Containers		**1,562**	1,727
Coal supplier		**4,000**	4,000
Others		**3,863**	3,367
		187,109	9,094
Prepayments			
Insurance		**144**	116
Rentals		**1,150**	281
Others		**1,238**	170
		2,532	567
		189,641	9,661

11 OTHER RECEIVABLES - Unsecured, considered good

	Note	2008	2007
Rebate on export sales		**11,363**	13,050
Accrued return on bank deposits		**379**	1,246
Fair value gain on the interest rate / cross currency swap	17.4	**874,005**	165,697
Others		**4,457**	3,145
		890,204	183,138

12 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 Federal Board of Revenue (FBR) from the very first day the Company started sales of cement in 1996. The FBR'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 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 FBR 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 Court of Sindh and Lahore High Court respectively. Both the Honorable Courts also decided the case against the method of calculation of excise duty as interpreted by the FBR.

The FBR 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 FBR.

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 FBR has moved a review petition before the Supreme Court of Pakistan which is pending adjudication. On the other hand FBR has also amended the law of excise duty to bring it inline with the Judgement of the Superior Courts. The 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.

13 SALES TAX REFUNDABLE

This represents claims lodged with the sales tax authorities in respect of excess of input tax over output tax for the months of January, February and April to June 2008.

14 CASH AND BANK BALANCES

	Note	2008	2007
		(Rupees in '000)	
Cash in hand		**2,219**	4,184
Sales collection in transit		**212,835**	151,266
Cash at bank - on current accounts		**20,641**	53,122
- on deposit accounts	14.1	**34,316**	1,030,586
		54,957	1,083,708
		270,011	1,239,158

14.1 This carries markup at a rate ranging upto 11 percent (2007: 11.75 percent) per annum.

15 SHARE CAPITAL

(Number of shares) 2008	2007		Note	(Rupees in '000) 2008	2007
		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
60,000,000	–	Issued during the year Ordinary shares of Rs. 10/- each issued for cash	15.1	**600,000**	–
323,375,000	263,375,000			**3,233,750**	2,633,750

15.1 During the year, the Company was admitted to the official list of the Financial Services Authority and to the London Stock Exchange for trading of Global Depository Receipts (GDRs) issued by the Company on the Professional Securities Market of the London Stock Exchange. The GDR issue constituted an offering to qualified institutional buyers in the United States under Rule 144A and to non US persons outside the United States under Regulation S of the US securities Act of 1933. The GDRs have also been included for trading on the International Order Book system of the London Stock Exchange, which will make the GDRs issued under Rule 144A to become eligible for trading by qualified institutional buyers in the Portal Market; a subsidiary of the NASDAQ Stock Market, Inc in the United States. The Company has issued 15,000,000 GDRs each representing four ordinary equity shares at an offer price of US$. 7.2838 per GDR (total receipt being US$. 109.257 million). Accordingly, based on an exchange rate of Rs. 65.90 = US$ 1.00 (which was the exchange rate on the date of final offering circular relating to the GDR issue made by the Company) 60,000,000 ordinary equity shares of a nominal value of Rs. 10 each of the Company were issued at a premium of Rs. 110 per ordinary equity share (total premium amount being Rs. 6,600 million).

The holders of GDRs are entitled, subject to the provisions of the Deposit Agreement, to receive dividend, if any and rank pari passu with other equity shareholders in respect of dividend. However, the holders of GDRs have no voting rights or other direct rights of shareholders with respect to the equity shares underlying such GDRs. Subject to the terms and restrictions set out in the offering circular dated May 08, 2008, the deposited equity shares in respect of which the GDRs were issued may be withdrawn from the depository facility. Upon withdrawal, the holders will rank pari passu with other equity shareholders in respect of dividend, voting and other direct rights of shareholders.

15.2 Associated companies held 15,756,075 (2007: 15, 260,375) ordinary shares in the Company as of the balance sheet date.

16 RESERVES

(Rupees in '000)

	Note	2008	2007
Capital Reserve			
Share premium	16.1	**7,343,422**	990,000
Revenue Reserve			
General reserve		**5,000,000**	3,000,000
Unappropriated profit		**3,078,251**	2,729,800
		8,078,251	5,729,800
		15,421,673	6,719,800

16.1 This includes premium of Rs. 110 per share received on the issuance of 15,000,000 GDRs equivalent to 60,000,000 shares net of issuance expenses of Rs. 246.614 million (2007: Nil) comprising fees to lead manager amounting to Rs. 126.00 million, auditors amounting to Rs. 10.54 million, International counsel fees amounting to Rs. 76.09 million and other expenses amounting to Rs. 33.98 million.

17 LONG TERM FINANCE - secured

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

(Rupees in '000)

	Installments			
	Number	Commencing from / Payable on	2008	2007
Citibank N.A. - Demand Finance I	8 quarterly	March 2007	**75,000**	225,000
Bank Al-Habib Limited	6 semi annual	December 2008	**500,000**	500,000
National Bank of Pakistan - Demand Finance V	8 quarterly	March 2013	**2,000,000**	–
Habib Bank Limited - Demand Finance III	Bullet payment	July 2009	**1,000,000**	–
Allied Bank Limited - Demand Finance IV	8 semi annual	July 2011	**2,300,000**	–
Faysal Bank Ltd - Demand Finance I	6 semi annual	June 2010	**1,000,000**	–
National Bank of Pakistan - Demand Finance I	Paid	–	**–**	666,666
Standard Chartered Bank	Paid	–	**–**	500,000
Citibank N.A. - Demand Finance II	Paid	–	**–**	909,090
KASB Bank Limited - Demand Finance I	Paid	–	**–**	300,000
National Bank of Pakistan - Demand Finance II	Paid	–	**–**	1,000,000
National Bank of Pakistan - Demand Finance IV	Paid	–	**–**	700,000
Habib Bank Limited - Demand Finance I	Paid	–	**–**	400,000
- Demand Finance II	Paid	–	**–**	1,000,000
United Bank Limited - Demand Finance II	Paid	–	**–**	450,000
Allied Bank Limited - Demand Finance I	Paid	–	**–**	1,500,000
- Demand Finance II	Paid	–	**–**	500,000
- Demand Finance III	Paid	–	**–**	1,300,000
			6,875,000	9,950,756
Less: Current portion of long term finance			**(241,667)**	(1,615,152)
			6,633,333	8,335,604

17.1 The long-term finances carry floating mark-up rates ranging between 9.41% to 14.55% (2007: 3.95 % to 11.65 %) per annum.

17.2 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.

17.3 The Company has entered into three interest rate swap agreements with banks for a notional amount of Rs.1,600 million (2007: 3,600 million), maturing upto March 17, 2009. The outstanding balance of these arrangements is Rs.650 million (2007: 2,100 million) as at the balance sheet date. Under the swap arrangements, the Company would receive 6 months 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.22.012 million (2007: 20.486 million) in favour of the Company.

17.4 The Company has entered into four cross currency swaps against long term finances for a notional amount of Rs.7,174 million (2007: 3,000 million), maturing upto March 28, 2010. The outstanding balance of these arrangements is Rs.6,901 million (2007: Rs. 2,909 million) as at the balance sheet date. Under the swap arrangement the principal payable amount of Rs. 6,901 million is swapped with US $ component at Rs. 60.69 to 62.84 per US $ making the loan amount to US $ 112.421 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 1.27% 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. 851.994 million (2007: 138.619 million) in favour of the Company.

18 LONG TERM DEPOSITS - Unsecured

	Note	2008	2007
		(Rupees in '000)	
Cement stockists	18.1	**9,667**	11,328
Transporters	18.2	**20,200**	14,200
Others		**385**	335
		30,252	25,863

18.1 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.

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

19 DEFERRED LIABILITIES

Staff gratuity	19.1	**174,171**	147,245

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

Present value of defined benefit obligation	**174,171**	147,245

	Note	2008	2007
		(Rupees in '000)	
Movement in the liability recognized in the balance sheet are as follows:			
Opening balance		**147,245**	113,967
Net charge for the year		**36,013**	43,367
		183,258	157,334
Payments made during the year		**(9,087)**	(10,089)
Closing balance		**174,171**	147,245
The amount recognized in the profit and loss account is as follows:			
Current service cost		**29,193**	25,474
Interest cost		**14,725**	11,397
Actuarial (gains)/losses recognized		**(7,905)**	6,496
		36,013	43,367
The charge for the year has been allocated as follows:			
Manufacturing expenses		**26,554**	33,465
Distribution costs		**1,325**	3,121
Administrative expenses		**8,134**	6,781
		36,013	43,367
Principal actuarial assumptions used are as follows:			
Expected rate of increase in salary level		**12%**	10%
Valuation discount rate		**12%**	10%

Comparisons for five years:

	2008	2007	2006	2005	2004
	(Rupees in '000)				
As at June 30					
Present value of defined benefit Obligation	174,171	147,245	113,967	57,636	38,095

20 DEFERRED TAXATION

	Note	2008	2007
		(Rupees in '000)	
This comprises of the following:			
Deferred tax liability - difference in tax and accounting bases of property, plant and equipment		**1,502,668**	2,359,180
Deferred tax assets			
- Unabsorbed tax losses		**(419,285)**	(814,012)
- Provision for staff gratuity		**(24,385)**	(29,633)
		(443,670)	(843,645)
		1,058,998	1,515,535

21 TRADE AND OTHER PAYABLES

	Note	2008	2007
		(Rupees in '000)	
Creditors		**508,898**	364,074
Bills payable		**1,448,011**	577,091
Accrued liabilities		**177,932**	112,294
Running account with customers		**206,218**	104,819
Retention money		**144,216**	224,994
Workers' profit participation fund	21.1	**130,370**	151,543
Unclaimed dividend		**13,695**	10,638
Excise duty payable		**173,904**	–
Fair value loss on the cross currency swap	17.4 & 21.2	**740,313**	–
Others		**5,986**	1,246
		3,549,543	1,546,699

21.1 Workers' profit participation fund

Balance at July 01	**151,543**	103,685
Allocation for the year	**121,845**	142,095
Interest on funds utilized by the Company	**8,525**	9,448
	281,913	255,228
Payments during the year	**(151,543)**	(103,685)
	130,370	151,543

21.2 This represents exchange differences on the cross currency transactions at a rate prevailing on the balance sheet date.

22 ACCRUED MARK-UP

Long term finance	**248,031**	289,095
Short term borrowings	**40,946**	37,086
	288,977	326,181

23 SHORT TERM BORROWINGS - Secured

Running finance under mark-up arrangements from Banks	23.1 & 23.2	**1,708,760**	256,221
Export Refinance	23.1 & 23.3	**1,897,950**	735,000
Foreign Currency Import Finance		**–**	1,873,176
		3,606,710	2,864,397

23.1 The financing facilities available from various banks as at June 30, 2008 amounted to Rs. 4,850 million (2007: Rs. 5,300 million), of which Rs. 1,243 million (2007: Rs. 2,436 million) remained unutilized at the year end. These facilities are renewable and are secured by way of hypothecation on stores, stock and trade debts.

23.2 These facilities are payable on various dates by June 30, 2009. The rate of mark-up on these facilities ranges between 9.77% to 14.63% (2007: 6.65% to 11.12%) per annum.

23.3 The export refinance facilities carries mark up rate ranging between 6.65% to 7.50% (2007: 6.65% to 6.70%) per annum.

24 CONTINGENCIES AND COMMITMENTS

CONTINGENCIES

24.1 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 Federal Board of Revenue (FBR) that the machinery being imported was not manufactured locally. In April 1995 the Federal 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 FBR'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.

24.2 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.

24.3 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 which is pending. The amount of tax has already been deposited and as a matter of prudence the same has been provided in the financial statements.

24.4 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 amount of claim has been made in these financial statements.

24.5 Also refer note 9.3 and 12.

(Rupees in '000)

	2008	2007
COMMITMENTS		
24.6 Capital commitments		
Plant and machinery under letters of credit	**4,014,855**	768,366
Civil works and others	**88,580**	61,880
24.7 Other commitments		
Stores, spares and packing material under letters of credit	**604,061**	626,679
Bank guarantees issued on behalf of the Company in respect of letters of credit	**608,775**	533,488

25 TURNOVER - net

	Note	2008	2007
		(Rupees in '000)	
Sales - local		**11,538,960**	12,309,586
- export		**9,280,789**	4,313,798
		20,819,749	16,623,384
Less: Sales tax		**1,495,107**	1,606,894
Federal Excise duty		**2,167,302**	2,387,206
Special Excise Duty		**78,517**	–
Rebates and commission on sales		**120,944**	107,423
		3,861,870	4,101,523
		16,957,879	12,521,861

26 COST OF SALES

	Note	2008	2007
Raw material consumed		**717,439**	481,522
Packing material [net of duty draw back on export sales amounting to Rs. 15.114 million (2007: Rs. 11.150 million)]		**889,482**	789,738
Salaries, wages and benefits		**552,588**	469,774
Fuel and power		**8,648,773**	5,722,243
Stores and spares consumed		**496,938**	430,746
Repairs and maintenance		**46,223**	46,826
Depreciation	5.3	**920,729**	856,929
Insurance		**105,617**	41,682
Earth moving machinery		**78,643**	54,049
Vehicle running and maintenance		**23,736**	19,581
Communication		**8,938**	8,179
Entertainment and mess subsidy		**16,139**	13,505
Transportation		**9,194**	3,139
Traveling and conveyance		**2,770**	3,490
Inspection fee for electrical installation		**1,049**	1,114
Rent, rates and taxes		**5,956**	3,675
Printing and stationery		**1,018**	715
Other manufacturing expenses		**28,988**	23,464
		12,554,220	8,970,371
Work-in-process			
Opening		**307,868**	264,403
Closing		**(285,274)**	(307,868)
		22,594	(43,465)
Cost of goods manufactured		**12,576,814**	8,926,906
Finished goods			
Opening		**148,147**	67,949
Closing		**(129,803)**	(148,147)
		18,344	(80,198)
		12,595,158	8,846,708

27 DISTRIBUTION COSTS

(Rupees in '000)

	Note	2008	2007
Salaries and benefits		**32,485**	24,177
Communication		**2,172**	1,925
Export logistics and related charges		**1,002,291**	413,181
Loading and others		**35,707**	25,341
Traveling and conveyance		**971**	1,057
Printing and stationery		**715**	707
Insurance		**7,504**	2,384
Rent, rates and taxes		**8,192**	2,701
Utilities		**689**	569
Vehicles running and maintenance		**4,285**	2,546
Repairs and maintenance		**441**	209
Fees, subscription and periodicals		**178**	281
Advertisement and sales promotion		**9,451**	4,625
Entertainment		**651**	478
Depreciation	5.3	**47,019**	16,712
Others		**2,303**	836
		1,155,054	497,729

28 ADMINISTRATIVE EXPENSES

	Note	2008	2007
Salaries and benefits		**66,787**	53,471
Communication		**5,327**	4,956
Traveling and conveyance		**3,913**	2,686
Insurance		**954**	511
Rent, rates and taxes		**1,499**	1,180
Vehicles running and maintenance		**6,422**	5,591
Printing and stationery		**4,368**	2,748
Fees and subscription		**2,362**	2,806
Security services		**1,749**	1,508
Legal and professional		**2,591**	6,658
Transportation and freight		**183**	169
Utilities		**2,393**	1,948
Repairs and maintenance		**2,790**	7,040
Advertisement		**616**	1,551
Donations	28.1	**5,764**	4,041
Auditors' remuneration	28.2	**4,100**	4,143
Provision for slow moving spares	6	**5,548**	–
Depreciation	5.3	**11,221**	9,484
Others		**2,713**	820
		131,300	111,311

28.1 No directors or their spouses have any interest in any donee's fund to which donation was made.

28.2 Auditors' remuneration

(Rupees in '000)

	Note	2008	2007
Statutory auditors (Ford Rhodes Sidat Hyder & Co)			
Audit fee		**600**	450
Half yearly review fee		**190**	165
Fee for the review of Code of Corporate Governance		**60**	50
Out of pocket expenses		**88**	143
		938	808
Internal Auditors (A.F. Ferguson & Co.)			
Remuneration		**2,400**	2,400
Others		**653**	833
		3,053	3,233
Cost auditors (KPMG Taseer Hadi & Co.)			
Cost audit fee		**100**	100
Out of pocket expenses		**9**	2
		109	102
		4,100	4,143

29 FINANCE COSTS

Mark-up on long term finances		**713,152**	889,071
Mark-up on short term borrowings		**280,064**	127,527
Interest on workers' profit participation fund		**8,525**	9,448
Bank charges and commission		**21,419**	10,656
		1,023,160	1,036,702
Fair value gain on the interest rate and cross currency swap	17.3 & 17.4	**(896,417)**	(173,855)
		126,743	862,847

30 OTHER OPERATING INCOME

Gain on disposal of fixed assets		**1,280**	–
Net exchange differences		**–**	22,817
Excise duty refundable	12	**–**	538,812
Liabilities no more payable written back		**–**	67,656
Others		**13**	4
		1,293	629,289

31 OTHER CHARGES

Workers' profit participation fund		**121,845**	142,095
Net exchange differences	31.1	**522,543**	–
Loss on disposal of fixed assets		**–**	109
		644,388	142,204

31.1 It includes fair value loss on the cross currency swap amounting to Rs. 800.359 million (2007: Nil).

32 TAXATION

32.1 In view of tax losses for the preceding years which is available for off-setting the current year's profit, provision for current taxation represents the minimum tax under Section 113 of the Income Tax Ordinance, 2001.

32.2 The tax assessments of the Company have been finalized upto and including the tax year 2007 and assessed tax losses amounting to Rs. 3,778.694 million (2007: 4,358 million) are available to be carried forward.

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

33 EARNINGS PER SHARE - Basic and diluted

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

	2008	2007
Profit after tax (Rupees in thousands)	**2,677,670**	2,547,292
Weighted average number of ordinary shares (in thousands)	**272,087**	263,375
Earnings per share - after tax (Rupees)	**9.84**	9.67

34 CASH GENERATED FROM OPERATIONS

(Rupees in '000)

	2008	2007
Profit before taxation	**2,306,529**	2,690,351
Adjustments for non cash charges and other items		
Depreciation	**978,969**	883,125
Provision for slow moving spares	**5,548**	–
(Gain) / loss on disposal of property, plant and equipment	**(1,280)**	109
Liabilities no more payable written back	**–**	(67,656)
Provision for gratuity	**36,013**	43,367
Finance costs	**126,743**	862,847
Profit before working capital changes	**3,452,522**	4,412,143
(Increase) / decrease in current assets		
Stores and spares	**(2,172,121)**	(726,573)
Stock in trade	**(33,116)**	(244,838)
Trade debts	**(243,647)**	(378,278)
Loans and advances	**77,977**	(39,583)
Trade deposits and short term prepayments	**(179,980)**	275,460
Other receivables	**(707,066)**	(92,762)
Tax refunds due from government	**–**	(538,812)
Sales tax refundable	**(634,136)**	–
	(3,892,089)	(1,745,386)
Increase / (decrease) in current liabilities		
Trade and other payables	**1,999,785**	(52,400)
Cash generated from operations	**1,560,218**	2,614,357

35 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	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
Remuneration	**3,440**	3,440	**3,401**	3,019	**36,214**	26,804	**43,055**	33,263
House rent allowance	**1,376**	1,376	**1,360**	1,207	**16,476**	12,061	**19,212**	14,644
Utility allowance	**343**	343	**340**	301	**3,621**	2,681	**4,304**	3,325
Conveyance allowance	**–**	–	**–**	–	**3,621**	2,680	**3,621**	2,680
	5,159	5,159	**5,101**	4,527	**59,932**	44,226	**70,192**	53,912
Number	1	1	2	2	41	29	44	32

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

35.1 An aggregate amount of Rs. 147,500/- was paid to 8 directors during the year on account of board meeting fee (2007: 8 directors - Rs. 75,000/-).

36 TRANSACTIONS WITH RELATED PARTIES

36.1 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)

Associated companies	2008	2007
Lucky Paragon Ready Mix Limited		
Sales	**73,991**	–
Purchases	**21,046**	–
Fazal Textile Mills Limited		
Sales	**43,896**	529
Lucky Textile Mills		
Sales	**3,725**	15,663
Gadoon Textile Mills Limited		
Sales	**1,720**	2,425
Yunus Textile Mills Limited		
Sales	**94**	523
Lucky knits (Private) Limited		
Sales	**–**	1,343
Lucky Energy (Private) Limited		
Sales	**–**	124

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

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

37 PRODUCTION CAPACITY

(Matric Tons)

	2008	2007
Production capacity		
Unit 1 (A & B)	**1,500,000**	1,500,000
Unit 2 (C & D)	**2,500,000**	2,500,000
Unit 3 (E & F)	**2,500,000**	2,500,000
Actual Production clinker		
Unit 1 (A & B)	**1,178,790**	1,163,225
Unit 2 (C & D)	**1,875,300**	1,827,470
Unit 3 (E & F)	**2,107,290**	1,522,181
Actual Production cement		
Unit 1 (A & B)	**1,067,180**	1,340,460
Unit 2 (C & D)	**1,721,080**	1,679,755
Unit 3 (E & F)	**2,460,404**	1,402,485

38 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

38.1 Capital risk management

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, to maximise shareholder value and reduce the cost of capital.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policy and processes during the year ended June 30, 2008.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt is calculated as total loans and borrowings including any finance cost thereon, trade and other payables, less cash and bank balances. Capital signifies equity as shown in the balance sheet plus net debt.

During 2008, the Company's strategy was to minimize leveraged gearing. The gearing ratios as at June 30, 2008 and 2007 were as follows:

(Rupees in '000)

	2008	2007
Long term financing	**6,633,333**	8,335,604
Trade and other payables	**3,549,543**	1,546,699
Accrued interest / markup on borrowings	**288,977**	326,181
Current portion of long term finance	**241,667**	1,615,152
Short term borrowings	**3,606,710**	2,864,397
Total debt	**14,320,230**	14,688,033
Cash and bank balances	**270,011**	1,239,158
Net debt	**14,050,219**	13,448,875
Share capital	**3,233,750**	2,633,750
Reserves	**15,421,673**	6,719,800
Equity	**18,655,423**	9,353,550
Capital	**32,705,642**	22,802,425
Gearing Ratio	**42.9%**	58.9%

The Company finances its expansions projects through equity, borrowings and management of its working capital with a view to maintaining an appropriate mix between various sources of finance to minimise risk. A significant decline in the gearing ratio during 2008 resulted primarily from the issue of share capital (note 15) with a view to finance the Company's long term investment strategy for sustaining competitive advantage.

38.2 Liquidity risk

Liquidity risk reflects the Company's inability in raising fund to meet commitments. Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customer.

38.3 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 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.

38.4 Yield / 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)		
	2008		
	Exposed to yield / mark-up rate risk		
	Maturity upto one year	Maturity after one year	Total
Financial assets			
Long-term deposits	–	–	–
Trade debts - unsecured, considered good	–	–	–
Loans	–	–	–
Trade deposits	–	–	–
Other receivables	**874,005**	–	**874,005**
Cash and bank balances	**34,316**	–	**34,316**
	908,321	–	**908,321**
Financial liabilities			
Long-term finances	**241,667**	**6,633,333**	**6,875,000**
Long-term deposits	–	–	–
Trade and other payables	**130,370**	–	**130,370**
Accrued mark-up	–	–	–
Short-term borrowings	**3,606,710**	–	**3,606,710**
	3,978,747	**6,633,333**	**10,612,080**
Total yield / mark-up rate risk sensitivity gap	**(3,070,426)**	**(6,633,333)**	**(9,703,759)**

	(Rupees in '000)		
	2007		
	Exposed to yield / mark-up rate risk		
	Maturity upto one year	Maturity after one year	Total
Financial assets			
Long-term deposits	–	–	–
Trade debts - unsecured, considered good	–	–	–
Loans	–	–	–
Trade deposits	–	–	–
Other receivables	159,105	–	159,105
Cash and bank balances	1,030,586	–	1,030,586
	1,189,691	–	1,189,691
Financial liabilities			
Long-term finances	1,615,152	8,329,012	9,944,164
Long-term deposits	–	–	–
Trade and other payables	151,543	–	151,543
Accrued mark-up	–	–	–
Short-term borrowings	2,864,397	–	2,864,397
	4,631,092	8,329,012	12,960,104
Total yield / mark-up rate risk sensitivity gap	(3,441,401)	(8,329,012)	(11,770,413)

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

38.5 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.

38.6 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.

38.7 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 55% of the Company's sales are denominated in currencies other than rupee, while almost 45% of sales are denominated in local currency. The Company is exposed to foreign currency risk due to cross currency swaps as explained in note 17.4 on long term finance amounting to US $ 112.421 million (2007: US $ 40.047 million) which is covered against the export proceeds.

39 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on August 21, 2008 by the Board of Directors of the Company.

40 CORRESPONDING FIGURES

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

Note	Reclassification From	Reclassification To	Nature	(Rupees in '000)
17	Long term finance	Other receivables	Fair value gain on the cross currency swap	6,592

41 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, 2008

Number of Share Holders	Share Holding From		Share Holding To	Total Shares Held
1,304	1	–	100	70,651
1,599	101	–	500	545,221
3,565	501	–	1,000	2,128,909
899	1,001	–	5,000	2,192,356
194	5,001	–	10,000	1,475,998
88	10,001	–	15,000	1,072,182
49	15,001	–	20,000	876,496
27	20,001	–	25,000	625,100
20	25,001	–	30,000	556,100
16	30,001	–	35,000	528,350
18	35,001	–	40,000	683,474
9	40,001	–	45,000	395,562
23	45,001	–	50,000	1,134,079
11	50,001	–	55,000	590,482
8	55,001	–	60,000	466,825
4	60,001	–	65,000	248,000
5	65,001	–	70,000	340,000
2	70,001	–	75,000	148,500
4	75,001	–	80,000	313,000
3	80,001	–	85,000	248,200
2	85,001	–	90,000	174,941
4	90,001	–	95,000	367,200
11	95,001	–	100,000	1,087,200
3	100,001	–	105,000	309,250
1	105,001	–	110,000	107,500
3	110,001	–	115,000	342,900
2	115,001	–	120,000	236,900
3	120,001	–	125,000	375,000
2	125,001	–	130,000	256,490
2	135,001	–	140,000	279,500
3	145,001	–	150,000	445,700
2	150,001	–	155,000	307,000
1	155,001	–	160,000	160,000
4	160,001	–	165,000	656,000
3	165,001	–	170,000	503,100
6	170,001	–	175,000	1,043,350
2	175,001	–	180,000	358,700
1	180,001	–	185,000	183,000
1	185,001	–	190,000	187,581
2	195,001	–	200,000	400,000
1	205,001	–	210,000	205,800
2	210,001	–	215,000	430,000
2	220,001	–	225,000	447,000
1	240,001	–	245,000	240,100
2	245,001	–	250,000	497,108
1	260,001	–	265,000	265,000
2	265,001	–	270,000	537,000
1	270,001	–	275,000	272,000
1	275,001	–	280,000	276,525
1	300,001	–	305,000	305,000
1	320,001	–	325,000	325,000
1	335,001	–	340,000	335,800
1	345,001	–	350,000	350,000
2	360,001	–	365,000	726,500
2	365,001	–	370,000	734,687
1	370,001	–	375,000	373,025
1	390,001	–	395,000	394,000
1	395,001	–	400,000	398,000
1	400,001	–	405,000	402,000
1	410,001	–	415,000	412,400
1	415,001	–	420,000	418,800
3	425,001	–	430,000	1,290,000
2	445,001	–	450,000	900,000
1	450,001	–	455,000	455,000
1	455,001	–	460,000	459,000
1	460,001	–	465,000	463,100
1	465,001	–	470,000	466,100
1	470,001	–	475,000	472,000
1	495,001	–	500,000	500,000
1	500,001	–	505,000	505,000

Number of Share Holders	Share Holding From		Share Holding To	Total Shares Held
2	510,001	–	515,000	1,027,523
1	515,001	–	520,000	517,925
1	525,001	–	530,000	527,600
1	595,001	–	600,000	600,000
1	625,001	–	630,000	628,300
1	640,001	–	645,000	645,000
1	650,001	–	655,000	652,000
1	655,001	–	660,000	658,900
1	665,001	–	670,000	670,000
1	685,001	–	690,000	687,000
1	695,001	–	700,000	699,400
1	725,001	–	730,000	730,000
1	750,001	–	755,000	751,500
1	855,001	–	860,000	857,600
1	895,001	–	900,000	897,900
1	935,001	–	940,000	938,592
1	965,001	–	970,000	970,000
1	995,001	–	1,000,000	1,000,000
1	1,170,001	–	1,175,000	1,172,600
1	1,270,001	–	1,275,000	1,270,600
1	1,475,001	–	1,480,000	1,477,487
1	1,485,001	–	1,490,000	1,486,712
2	1,925,001	–	1,930,000	3,858,900
1	1,935,001	–	1,940,000	1,938,600
2	2,045,001	–	2,050,000	4,090,924
1	2,095,001	–	2,100,000	2,095,212
1	2,685,001	–	2,690,000	2,687,500
1	3,095,001	–	3,100,000	3,097,250
1	3,200,001	–	3,205,000	3,200,100
2	3,215,001	–	3,220,000	6,438,900
1	3,275,001	–	3,280,000	3,278,750
1	3,495,001	–	3,500,000	3,499,075
1	3,975,001	–	3,980,000	3,977,500
1	4,715,001	–	4,720,000	4,717,346
1	4,835,001	–	4,840,000	4,837,500
1	5,195,001	–	5,200,000	5,200,000
3	5,370,001	–	5,375,000	16,125,000
1	6,060,001	–	6,065,000	6,060,339
2	6,065,001	–	6,070,000	12,140,000
1	6,295,001	–	6,300,000	6,299,400
1	6,525,001	–	6,530,000	6,528,000
1	6,560,001	–	6,565,000	6,560,550
1	6,650,001	–	6,655,000	6,652,389
1	7,510,001	–	7,515,000	7,510,275
1	7,560,001	–	7,565,000	7,560,275
1	8,155,001	–	8,160,000	8,158,700
1	8,400,001	–	8,405,000	8,400,500
1	8,955,001	–	8,960,000	8,958,351
1	9,725,001	–	9,730,000	9,726,200
1	11,630,001	–	11,635,000	11,632,875
1	13,590,001	–	13,595,000	13,591,550
2	22,800,001	–	22,805,000	45,606,058
1	33,800,001	–	33,805,000	33,803,600
8,006				323,375,000

Catagories ofNumber of Share Holders	Total Share Holders	Shares Held	Percentage
Individuals	7,642	134,000,443	41.44
Investment Companies	36	58,000,056	17.94
Insurance Companies	17	3,109,230	0.96
Joint Stock Companies	152	26,294,170	8.13
Leasing Companies	3	5,230,000	1.62
Modaraba Companies	11	162,014	0.05
Financial Institutions	70	64,914,061	20.07
Charitable Trusts	3	8,446,500	2.61
Mutual Fund	50	12,862,364	3.98
Others	22	10,356,162	3.20
	8,006	323,375,000	100.00

	(No. of shares)
	June 30, 2008
Associated Companies, undertakings and related parties (name wise details):	
Lucky Energy Limited	**11,632,875**
Younus Textile (Private) Limited	**3,977,500**
Younus Textile Mills Limited	**145,700**
NIT & ICP (name wise detail):	
National Bank of Pakistan, Trustee Department (NIT)	**12,119,260**
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)	**11,657,775**
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)	**5,314,662**
Miss Mariam Razzak (Director)	**3,975,162**
Mr. Manzoor Ahmed (Director)	**Nominee of N.I.T**
Executive	**32,250**
Banks, Development Finance Institutions, Non-Banking Financial Institutions	**64,914,061**
Insurance Companies	**3,109,230**
Modarabas	**162,014**
Mutual Funds	**12,862,364**
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 shares transmitted to the legal heirs of (Late) Mr. Abdul Razzak Tabba:

Mr. Muhammad Ali Tabba 1,208,500 shares, Mrs. Rahila Aleem 604,300 shares and Miss Mariam Razzak 604,300 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	5
3	Mr. Muhammad Sohail Tabba	3
4	Mr. Imran Yunus Tabba	3
5	Mr. Javed Yunus Tabba	3
6	Mrs. Rahila Aleem	4
7	Miss Mariam Razzak	5
8	Mr. Manzoor Ahmed	5

Proxy Form

A YUNUS BROTHERS GROUP PROJECT

Lucky Cement

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 15th Annual General Meeting of the Company to be held on October 15, 2008 and/or any adjournment thereof.

Signature this ____________ (day) ____________________ (date, month) Year 2008

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

House No. 1-A,
Street No. 70,
Sector F-8/3, Islamabad.
Fax : (+92-51) 2287087
UAN : (+92-51) 111-786-555
Tel : (+92-51) 2287085, 2287086

MARKETING OFFICES

LAHORE

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

MULTAN

1st Floor, Hall No. 1 & 2,
Aneesa Plaza, Shop No. 34 to 36,
Khanewal Road, Multan
Tel : (+92-61) 6783261- 66
UAN : (+92-61) 111-786-555
Fax : (+92-61) 6783263

PESHAWAR

Ground Floor, Aptma House,
Jammrud Road, Peshawar.
Tel : (+92-91) 5844903,
5840271, 5701750, 5705189
UAN : (+92-91) 111-786-555
Fax : (+92-91) 5850969

QUETTA

F-1 , The Institute of Eng
Bldg, Zargoon Road, Quetta.
UAN : (+92-81) 111-786-555
Fax : (+92-81) 2837583
Tel : (+92-81) 2837853

MOODY
INTERNATIONAL CERTIFICATION
ISO 9001
APPROVED

UKAS
QUALITY MANAGEMENT
Registration No.014

PNAC
Pakistan National Accreditation Council
CBA - 001

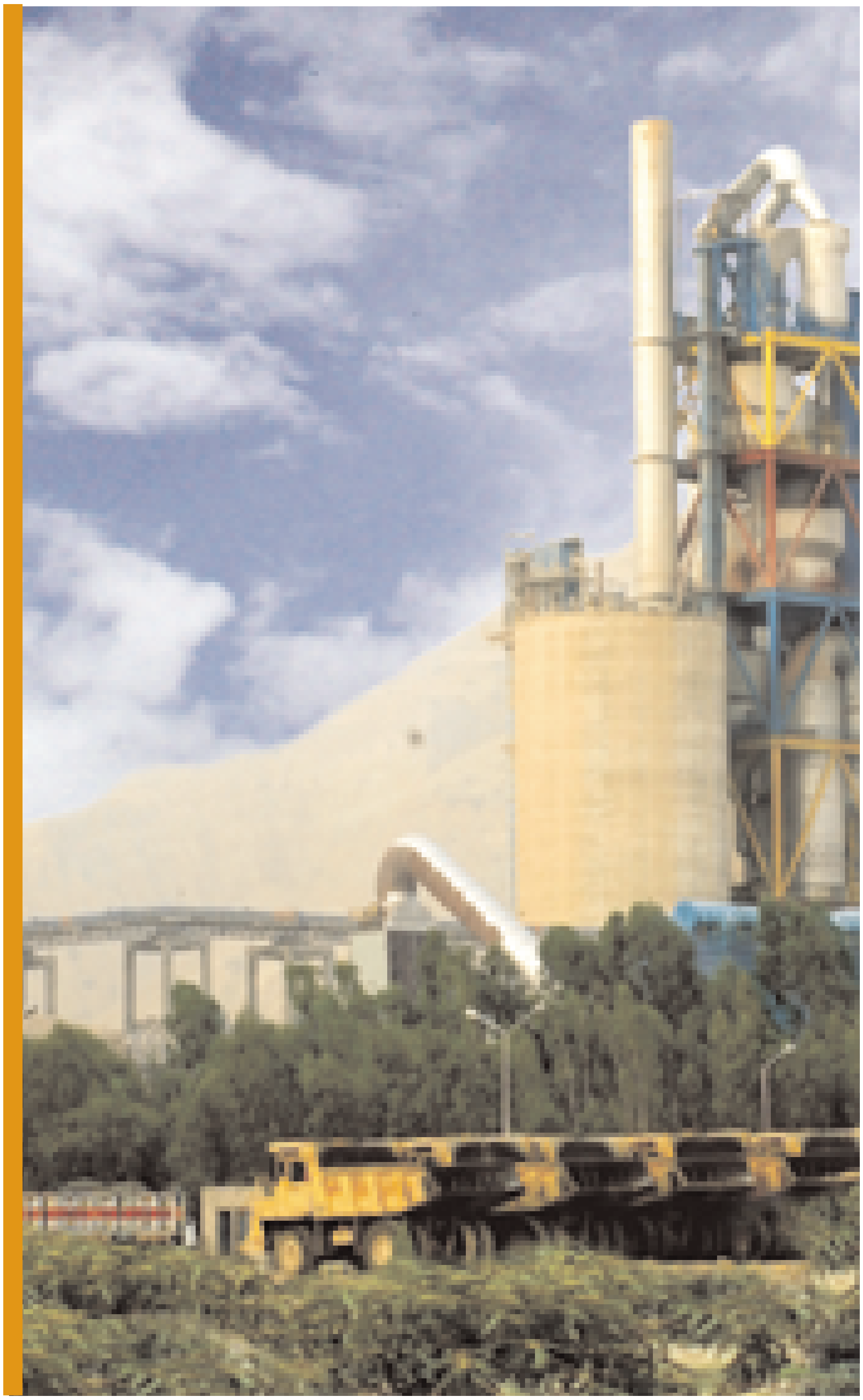
PS Mark - The Sign of Quality

IS:8112
CM/L-4006941
Bureau of Indian Standard

Registered
ISO 9001:2000

IAF
MEMBER OF MULTILATERAL RECOGNITION ARRANGEMENT

Brands of the year Award
2006-07



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