



**Lucky
Cement**

Concrete Progress



Laying Stronger Foundations

ANNUAL REPORT
2010



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Vision

We envision being the leader of the cement industry by identifying and capitalizing on new market opportunities, meeting expectations of the stakeholders, contributing towards industrial progress and sustainable future, while being responsible corporate citizens.



Mission

Our mission is to expand our business network by forming strategic alliances in the global market. We endeavor to equip our business with the latest technology to produce quality cement while conserving energy and reducing CO₂ emission to reinforce eco-friendly business practices; thus meeting international standards.

Strategies

At Lucky Cement, we work together to achieve the following strategies:

Market Penetration

We believe in depth and width expansion, and have therefore broadened our horizons to do business globally.

Supporting Diversification

Diversity is our "strength". From producing a variety of cement brands, providing a range of logistics and transportation solutions and catering to a variety of markets globally, we have achieved it all.

Technological Advances

At Lucky Cement, we keep ourselves in line with technological advances to further improve cement quality and production methods to achieve optimum efficiency.

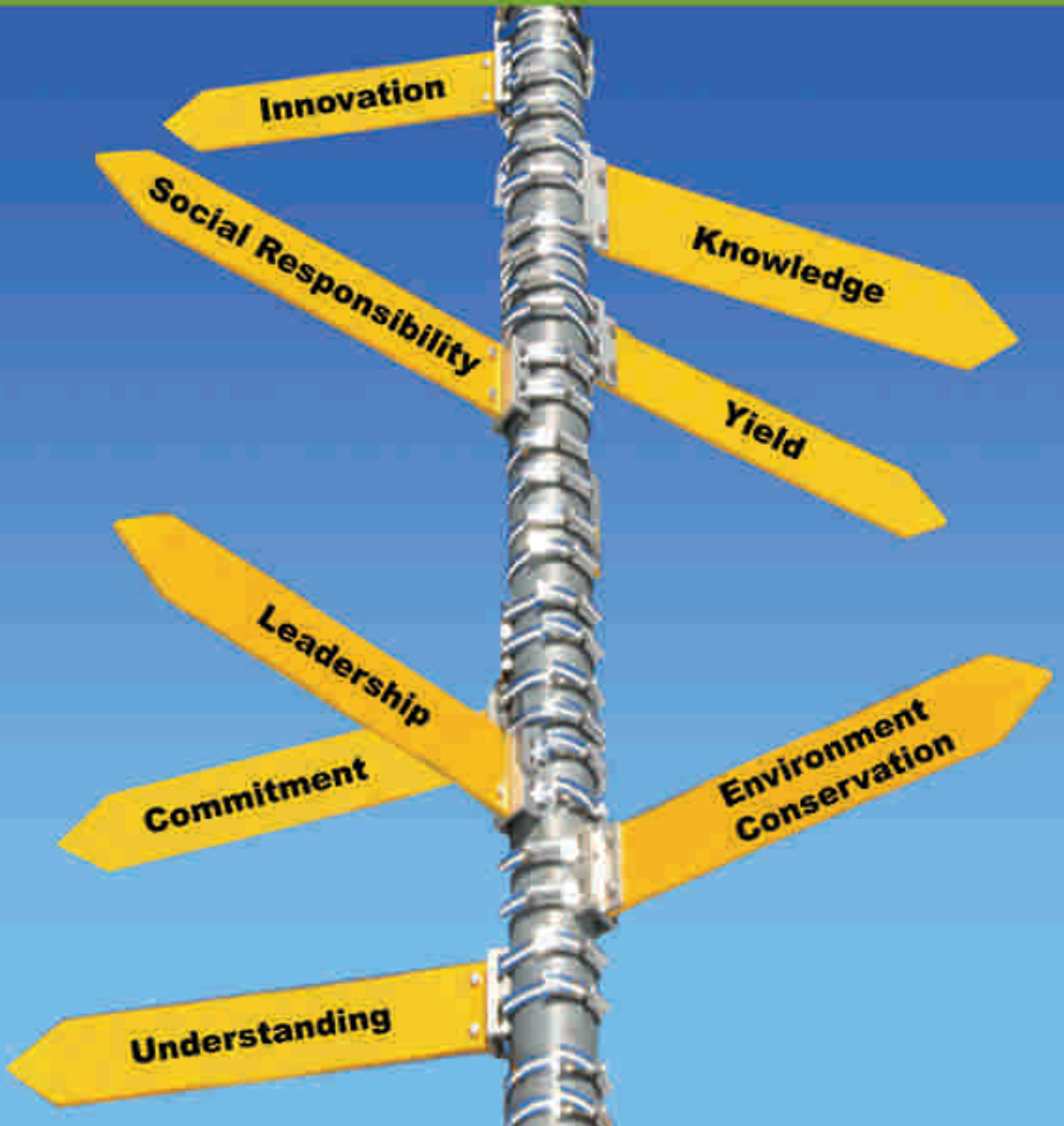
Human Resource Significance

We value our Human Resources for providing a framework that serves as a guiding force for the organization as a whole.

Production Edges

We employ the latest production techniques and the finest quality of raw materials to ensure optimum efficiency at all stages of production. The efficiency and the effectiveness of our production method(s) help us compete in the market and meet the growing demands of our customers.

Core Values





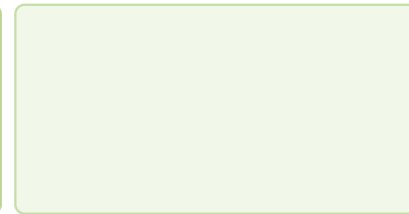
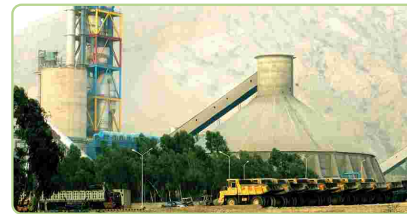
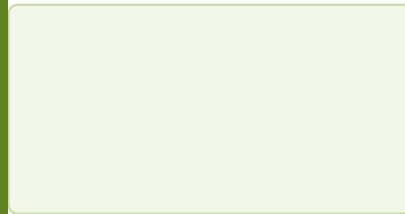
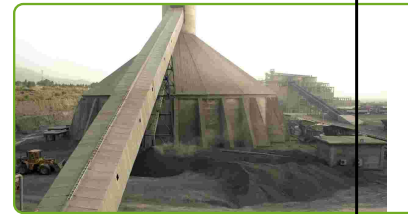
In Focus

Naikam Khan has been working as a security guard at Lucky Cement since 9 years.

He was detected with a Cardiac disease and needed an immediate surgery.

Lucky Cement bore all his medical expenses and stood by his side throughout the treatment, which saved his life.

Our Road to Success



2010

- Signed MOU to sell 50 MW electricity to Karachi Electric Supply Company
- Signed MOU with Oracle Coal Fields to purchase coal extracted from Thar Coal
- Waste Heat Recovery Project started operations at Karachi Plant

2008

- First company to set up its own cement storage facility at Karachi Port with capacity of 24k tonnes
- Conversion of furnace oil power generation engines to gas based
- First cement company in Pakistan to issue GDR & got listed in the London Stock Exchange

2009

- Started another production line at Karachi Plant (Line G) bringing total capacity to 7.75 mtpa

2006

- Started another production line in Pezu (Line D)
- Started production at Karachi Plant (Line E & F)
- Largest cement manufacturing company in Pakistan
- Transportation fleet increased to 55 bulkers & a ship loader. This now totals to 77 bulkers including another ship loader

2007

- First company to export loose cement through sea



2005

- Started New production Line in Pezu (Line C)
- Inauguration of Karachi Plant
- Largest cement exporter in Pakistan



2001

- Conversion of Kiln Firing System from furnace oil to coal based

2002

- Started cement export

1999

- Pezu Plant capacity increases from 1.2mtpa to 1.5mtpa

1996

- Pezu Plant started production with 1.2mtpa capacity (Line A & B)

1993

- Listed on the Karachi, Lahore & Islamabad Stock Exchanges



Milestones

Company Information

Board of Directors

Mr. Muhammad Yunus Tabba (Chairman / Director)
 Mr. Muhammad Sohail Tabba
 Mr. Imran Yunus Tabba
 Mr. Jawed Yunus Tabba
 Mrs. Rahila Aleem
 Mrs. Mariam Tabba Khan
 Mr. Ali J Siddiqui
 Mr. Manzoor Ahmed (NIT)

Chief Executive

Mr. Muhammad Ali Tabba

Executive Director

Mr. Abdur Razzaq Thaplalawa

Director Finance and Company Secretary

Mr. Muhammad Abid Ganatra
 FCA, FCMA, FCIS

Statutory Auditors

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

Internal Auditors

M/s. M. Yousuf Adil Saleem & Co.,
 Chartered Accountants
 A member firm of Deloitte Touche Tohmatsu

Cost Auditors

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

Bankers

Allied Bank Limited
 Askari Bank Limited
 Bank AL-Habib Limited
 Bank Alfalah Limited
 Barclays Bank plc
 Citibank N.A.
 Deutsche Bank
 Faysal Bank Limited
 Habib Bank Limited
 Habib Metropolitan Bank Limited
 JS Bank Limited
 KASB Bank Limited
 MCB Bank Limited
 National Bank of Pakistan
 NIB Bank Limited
 Soneri Bank Limited
 Standard Chartered Bank (Pakistan) Limited
 The Royal Bank of Scotland Limited
 United Bank Limited

Registered Office

Pezu, District Lakki Marwat, Khyber Pakhtunkhwa

Head Office

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

Website: www.lucky-cement.com

E-mail: info@lucky-cement.com

Production Facilities

1. Pezu, District Lakki Marwat, Khyber Pakhtunkhwa
 2. 58 Kilometers on Main Super Highway,
 Gadap Town, Karachi.

Share Registrar/Transfer Agent

Central Depository Company of Pakistan Limited
 CDC House, 99-B, Block-B, S.M.C.H.S
 Main Shahra-e-Faisal, Karachi.
 (Toll Free): 0800 23275

Board Committees

Audit Committee

Mr. Muhammad Sohail Tabba (Chairman)
 Mr. Imran Yunus Tabba
 Mr. Jawed Yunus Tabba
 Mrs. Mariam Tabba Khan
 Mr. Ali J Siddiqui

Budget Committee

Mr. Jawed Yunus Tabba (Chairman)
 Mr. Muhammad Sohail Tabba
 Mrs. Rahila Aleem

Human Resource and Remuneration Committee

Mrs. Mariam Tabba Khan (Chairperson)
 Mr. Imran Yunus Tabba
 Mr. Ali J Siddiqui

Corporate Governance Committee

Mr. Manzoor Ahmed (Chairman)
 Mr. Jawed Yunus Tabba
 Mrs. Rahila Aleem



YUNUS BROTHERS GROUP

YB Group has diversified interests in the fields of textile, cement and energy sectors. The Group was established in 1962 and today has a strong and sound standing position in Pakistan and around the globe. It owns the largest cement manufacturing facility and the largest yarn manufacturing unit in the country.

It has to its credit the honor of being Pakistan's largest exporter. YB Group is driven by the needs of its customers, shareholders, local communities and society at large.

The Government of Pakistan, acknowledging the Group's outstanding performance, has awarded various distinctions and trophies.

The YB group consists of the following entities:



Lucky Textile Mills Private Limited



Fazal Textile Mills Limited



Aziz Tabba Foundation



Gadoon Textile Mills LTD.

Gadoon Textile Mills Limited



Lucky Cement Limited



Aziz Tabba Kidney Centre



Lucky Energy Private Limited



Yunus Textile Mills Limited



A state-of-the-art Cardiac Hospital
WHERE YOU MEET CARING, FRIENDLY PEOPLE

Tabba Heart Institute

1962

Yunus Brothers



YUNUS
BROTHERS
GROUP

1983

Lucky Textile Mills



1987

Fazal Textile Mills Ltd



1987

Aziz Tabba Foundation



Aziz Tabba Foundation

1988

Gadoon Textile Mills Ltd



Gadoon
Textile Mills LTD.

1993

Lucky Cement Ltd



Lucky
Cement

Concrete Progress

1995

Aziz Tabba Kidney Centre



1993

Lucky Energy Private Ltd



1998

Yunus Textile Mills Ltd



2005

Tabba Heart Institute



<p>1962 Yunus Brothers</p> <p>Yunus Brothers Group was established as a commercial entity exporting cotton yarn to Far East Countries. The Group is recognized internationally and enjoys a strong reputation in respect of consistent quality, reliability and superb customer services. It also has a trading arm which is engaged in international trading of various commodities.</p>	<p>1983 Lucky Textile Mills</p> <p>A textile giant, founded in 1983, LTM is a well-blended amalgamation of fabric manufacturing activities ranging from weaving to finished goods including home textiles and apparels. With the annual production capacity of approximately 60 million meters, LTM is producing home textiles for international market.</p>
<p>1987 Fazal Textile Mills Ltd</p> <p>Fazal Textile Mills Limited is one of the top spinning mills in the country. It produces Cotton Ring Spun Yarn. FTML is equipped with the state-of-art machinery from world's renowned textile machinery manufacturers and has the capacity to produce 48.99 million pounds of Cotton yarn.</p>	<p>1987 Aziz Tabba Foundation</p> <p>Being very conscious of its social responsibility even in its early days, the Group owners established the Aziz Tabba Foundation in 1983 which actively carries out social welfare activities. ATF is dedicated to raising the standards of health, education and economic well-being of the humanity. The Foundation has so far launched several humanitarian projects and has its own strategy and guiding principles of functioning.</p>
<p>1988 Gadoon Textile Mills Ltd</p> <p>Gadoon Textile Mills is Pakistan's largest spinning unit with approximately 200,000 spindles under one shade. Gadoon was established with the intention of providing alternative source of income for the natives of Swabi District, who initially cultivated poppy and opium on their lands. GTML is the 2nd in the world and 1st in Pakistan to introduce Compact Core Spun Yarn.</p>	<p>1993 Lucky Cement Ltd</p> <p>Lucky Cement Limited is Pakistan's largest cement manufacturing company with the production capacity of 7.75 million tons per annum. LCL is also Pakistan's first and largest exporter of loose cement and is the only cement manufacturer to have loading and storage terminal at Karachi Port. Other exclusive attributes that allow Lucky Cement to stand ahead of its competitors is the transportation fleet of 77 bulkers as well as 2 ship loaders.</p>
<p>1995 Aziz Tabba Kidney Centre</p> <p>Aziz Tabba Kidney Centre is a centre of excellence that provides cost effective and state-of-the art dialysis facilities to the underprivileged section of the society. ATKC is the only centre in Karachi where HB positive patients are treated separately.</p>	<p>1993 Lucky Energy Private Ltd</p> <p>Lucky Energy Private Limited is a gas-powered, thermal power generation facility with a total production capacity of 16.52 MW. It is equipped with world's one of the most sophisticated and highly-efficient generator sets from Caterpillar USA. LEPL not only fulfills energy requirements of the group companies, but also sells electricity to the Government of Pakistan.</p>
<p>1998 Yunus Textile Mills Ltd</p> <p>Yunus Textile Mills Limited is the producer and exporter of home textile and beddings accessories from Pakistan. It is a vertically integrated textile manufacturing facility with the annual production capacity of 100 million meters and is based in Karachi. The company also markets and distributes its products in USA, Canada, France, United Kingdom and Spain as well.</p>	<p>2005 Tabba Heart Institute</p> <p>Tabba Heart Institute, a state-of-the-art not for profit Cardiac Hospital, was established with the aim to provide quality services and compassionate care at an affordable cost. THI is a 120-bed cardiac unit equipped with modern and up-to-date equipment, with renowned Cardiologists and Cardiac Surgeons.</p>

Board of Directors & CEO

Chairman



Muhammad Yunus Tabba

Muhammad Yunus Tabba started his 40-year long career with Yunus Brothers Group as one of its Founder Members and witnessed a small trading house turn into a successful business giant. With his expertise and diversified experience, he has taken Yunus Brothers Group to a level appreciated by local and international business communities.

Tabba has also been awarded “Businessman of the year” several times during his career by the Chamber of Commerce.

Under Yunus Tabba’s leadership, the Group has achieved many breakthroughs and has received many awards from local and international institutions. Mr. Yunus Tabba has also been actively participating in social welfare activities and supports many causes of social and community development.

With a degree in Commerce and experience of four decades, he plays an instrumental role in providing vision and guidelines to the management for taking Lucky Cement to new heights of success.

Other Directorships
Lucky Cement Limited
Fazal Textile Mills Limited
Fashion Textile Mills (Pvt) Limited
Security Investment Bank Limited
Lucky Energy (Private) Limited
Gadoon Textile Mills Limited
Security Electric Power Company Ltd
Yunus Textile Mills Limited

Chief Executive

Muhammad Ali Tabba

Muhammad Ali Tabba took over the position of Chief Executive of the company in 2005 succeeding his late father. Mr. Tabba has been associated with the Yunus Brothers Group since 1990 when he started his career as a Director in the small family-owned commodity trading business. Since then, he has successfully reformed and expanded the companies he heads in the Group which also includes Yunus Textile Mills, a leading name in the home textiles industry.



Muhammad Ali Tabba is a distinguished leader and has been actively involved in many welfare organizations as well. Mr. Tabba also serves as a Trustee of the Fellowship Fund for Pakistan, a board formed to identify and sponsor 'Leaders' of the country to polish their leadership skills. Due to his extensive engagement in many community welfare projects, he has received numerous recognitions and awards for his social interventions. Mr. Tabba is also on the Board of Governors at various universities, institutions and foundations. He also manages the Group's own Aziz Tabba Foundation with welfare projects in the field of education, health, housing and other social needs.

Acknowledging the professional accomplishments, distinguished leadership and commitment to shaping a better future, World Economic Forum bestowed Mr. Tabba with the honor of Young Global Leader 2010.

Other Directorships

Lucky Cement Limited - Chief Executive
Gadoon Textile Mills Limited
Fazal Textile Mills Limited
Fashion Textile Mills (Pvt) Limited
Lucky Energy (Private) Limited
Yunus Textile (Private) Limited
Security Electric Power Company Ltd
Lucky Paragon Readymix Limited
Yunus Textile Mills Limited
Luckyone (Private) Limited
Lucky Knits (Private) Limited



Muhammad Sohail Tabba - Director

Muhammad Sohail Tabba has vast experience in manufacturing sector since he started his career 20 years ago. As a profession, Mr. Sohail Tabba is heading various spinning mills in the country as its Chief Executive. He is also the Chairman of the Board's Audit Committee.

Other Directorships
Fazal Textile Mills Limited
Lucky Cement Limited
Lucky Energy (Private) Limited
Gadoon Textile Mills Limited
Security Electric Power Company Ltd
Lucky Paragon Readymix Limited
Yunus Textile Mills Limited
Luckyone (Private) Limited
Lucky Knits (Private) Limited



Jawed Yunus Tabba - Director

Jawed Tabba has a rich experience in the textile industry and is currently the Managing Partner and Chief Executive of a renowned textile mill. His untiring efforts helped him acquire deep insight and expertise of export and manufacturing activities. Mr. Jawed Tabba is also the Chairman of Budget Committee of the Board. He is also very keen in introducing best corporate governance practices in the Group.

Other Directorships
Fazal Textile Mills Limited
Lucky Cement Limited
Lucky Energy (Private) Limited
Gadoon Textile Mills Limited
Yunus Textile (Private) Limited
Security Electric Power Company Ltd
Yunus Textile Mills Limited
Luckyone (Private) Limited
Nakshbandi Industries Limited



Imran Yunus Tabba - Director

As a profession, Imran Tabba is the Joint Chief Executive in one of the renowned textile company in Pakistan and manages the administrative function of its various units located in various parts of Karachi. Mr. Imran Tabba has contributed significantly in the performance of the Board.

Other Directorships
Fazal Textile Mills Limited
Lucky Cement Limited
Lucky Energy (Private) Limited
Yunus Textile (Private) Limited
Security Electric Power Company Ltd
Yunus Textile Mills Limited
Lucky Paragon Readymix Limited

Mariam Tabba Khan - Director

With a Master's degree in Business Administration, Mariam Tabba Khan started her professional career in 2005 and is currently heading one of its kind not-for-profit cardiac hospital in the Karachi as its Chief Executive. Since, Mrs. Mariam took over the heart hospital in 2005, the hospital has seen the best of its times and is now an icon in the cardiac health community. She is also the Chairperson of the Human Resource Committee on the Board.

Other Directorships

Lucky Cement Limited

Gadoon Textile Mills Limited

Lucky Paragon Readymix Limited

Fashion Textile Mills (Pvt) Limited

Fazal Textile Mills Limited

Yunus Textile Mills Limited

Lucky Energy (Private) Limited

Security Electric Power Company Ltd



Rahila Aleem - Director

With a rich experience in the export industry, Rahila Aleem has been previously involved in the export driven Textile Industry with a background in management and export quality assurance. Mrs. Rahila is an active Board Member and is also serving as a member in other Board Committees.

Other Directorships

Lucky Cement Limited

Fazal Textile Mills Limited

Yunus Textile Mills Limited



Manzoor Ahmed - Director

With an experience of over 20 years in mutual funds industry, Manzoor Ahmed is the Chief Operating Officer of NIT. He represents NIT as a nominee director on the Board of Directors of Lucky Cement.

Other Directorships

NIT



Ali J Siddiqui - Director

Mr. Ali Jehangir Siddiqui is Managing Partner of JS Private Equity Fund. He is also a Director of JS Group and also served as an Executive Director of JS Investments. Mr. Siddiqui was also based in Hong Kong as a Director at Crosby. Apart from his professional commitments, he is a Board Member of the Acumen Fund as well as the Mahvash and JS Foundation. He graduated from Cornell University with a BA in Economics. He has also attended executive education programs at MIT and the University of Cambridge.

Other Directorships

Lucky Cement Limited

Jahangir Siddiqui & Co. Limited



Board Committees

Audit Committee

Muhammad Sohail Tabba (Chairman)

Imran Yunus Tabba

Jawed Yunus Tabba

Mariam Tabba Khan

Ali J Siddiqui

TERMS OF REFERENCE

- ▶ The terms of reference of audit committee were presented to the members as required under the Code of Corporate Governance and the same were approved by the Committee accordingly, contents of which are as under:
 - ↓ determination of appropriate measures to safeguard the assets of the company.
 - ↓ review of preliminary announcements of results prior to publication.
 - ↓ review of quarterly, half-yearly and annual financial statements of the company, prior to their approval by the Board of Directors, focusing on:
 - major judgmental areas
 - significant adjustments resulting from the audit
 - the going-concern assumption
 - any changes in accounting policies and practices
 - compliance with applicable accounting standards
 - compliance with listing regulations and other statutory and regulatory requirements
- ▶ facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary)
- ▶ review of management letter issued by external auditors and managements response thereto
- ▶ ensuring coordination between the internal and external auditors of the company
- ▶ review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the company
- ▶ consideration of major findings of internal investigations and management's response thereto
- ▶ ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective
- ▶ review of company's statement on internal control systems prior to endorsement by the Board of Directors
- ▶ instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive and to consider remittance of any matter to the external auditors or to any other external body
- ▶ determination of compliance with relevant statutory requirements
- ▶ monitoring compliance with the best practices of corporate governance and identification of significant violations thereof
- ▶ consideration of any other issue or matter as may be assigned by the Board of Directors

Budget Committee

Jawed Yunus Tabba (Chairman)
Muhammad Sohail Tabba
Rahila Aleem

TERMS OF REFERENCE

- ▶ Review and analyse the annual and revised budgets as prepared by the Company and recommend the final budget to the Board for its approval.
- ▶ Review and analyse the budget comparison with actual results on quarterly and annual basis and give appropriate direction for any corrective action in case of major variances.
- ▶ To recommend any matter of significance to the Board of Directors.

Review of Terms of Reference

- ▶ The terms of reference of the Committee may be revised and modified with the approval of the board.

Human Resource and Remuneration Committee

Mariam Tabba Khan (Chairperson)
Imran Yunus Tabba
Ali J Siddiqui

TERMS OF REFERENCE

- ▶ To review and advise on the Human Resource policies of the Company and its revision from time to time as and when necessary.
- ▶ To determine the remuneration and terms of service of the Chief Executive and other non board Directors of the Company including their performance benefits and other benefits such as pensions, gratuity, cars/car allowances and other contractual terms.
- ▶ To ensure that the best practices are adopted by the management of the Company with emphasis that:
 - the people of appropriately high ability and caliber are recruited, retained and motivated by offering market competitive packages.
 - clear statement of job description and responsibilities for each individual position are defined for proper performance measurement.
 - performance evaluation process / mechanism is in place and carried out annually.
 - market competitive pay scales of comparable size and turnover companies are determined through independent sources and compared with Company's existing pay scale.
- ▶ To review and advice on the training, development and succession planning for the senior management of the Company.
- ▶ To devise a mechanism for the approval of HR related policies of the Company.
- ▶ To recommend any matter of significance to the Board of Directors.

Review of Terms of Reference

- ▶ The terms of reference of the Committee may be revised and modified with the approval of the board.

Corporate Governance Committee

Manzoor Ahmed (Chairman)
Jawed Yunus Tabba
Rahila Aleem

TERMS OF REFERENCE

- ▶ To adopt appropriate corporate governance policies and procedures with emphasis on the following and make appropriate changes whenever necessary:
 - the roles and responsibilities of the Board.
 - duties and responsibilities of Directors and Officers.
 - conflict of interest procedures.
 - procedures for nomination, selection, and removal of Directors.
 - disclosures and transparency of the above policies.
- ▶ To provide orientation and training programs for board members with emphasis on:
 - the organization's vision, mission and corporate strategy.
 - the organization's budget and financial statements and their analysis.
 - the roles, duties and responsibilities of the Board, Committees, Individual Directors and the Non-Board Directors.
- ▶ To review the Company's "Statement of Compliance with the Code of Corporate Governance Practices" set out in the Company's Annual Report on annual basis before publication.
- ▶ To review Report to the Members on Statement of Compliance with the Best Practices of the Code of Corporate Governance issued by the Statutory auditors.
- ▶ To identify and assess the potential probable compliance risk and to devise measures to mitigate the impact of its contingencies.
- ▶ To recommend any matter of significance relating to the Corporate Governance to the Board of Directors.
- ▶ To comply with the Code of Corporate Governance prevailing in Pakistan as well as to introduce International best practices.

Review of Terms of Reference

- ▶ The terms of reference of the Committee may be revised and modified with the approval of the board.

In Focus

Qamar Abbas, a student from the tribal areas of Pakistan and son of a taxi driver, is the only student from Khyber Pakhtunkhwa to have been honored as the Star Boy of Pakistan and have its profile published in 'Who's Who in Pakistan' by South Asia Publications. He is also a Gold Medalist from the Technical Education Board of KP Province.

Due to financial constraints, he could not pursue his career as a Chartered Accountant. To help him realize his dreams, Lucky Cement sponsored not only his educational expenses but also funded other boarding and lodging costs.



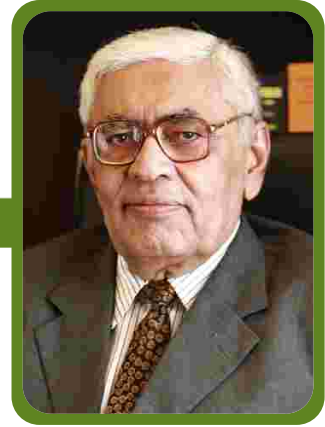
"To protect his privacy, his picture is being concealed"



Senior Management

Our team consists of a veteran select group of managers who all have a wealth of experience when it comes to managing organizations. It is largely due to their commitment, hard work and dedication that Lucky Cement has accomplished so much over the past few years.

Our management is the team of strategic thinkers who see the big picture and demonstrate leadership attributes. With business insight and technical understanding, they are committed to creating superior value for all stakeholders. They have a common vision for the future and are team players who lead innovation.



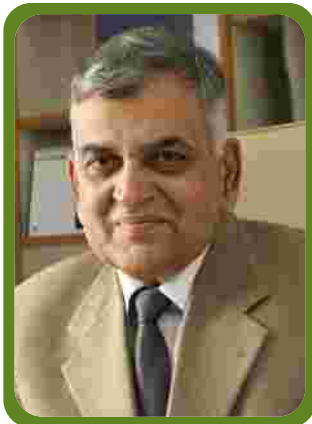
Abdur Razzaq Thaplawala - Executive Director



Muhammad Mahbubur Rahman - Director Operations



Mohammad Abid Ganatra - Director Finance



Muhammad Qutubuddin Baig - Technical Director



Intisar-ul-Haq Haqqi - Director Power Generation



Kalim Ahmad Mobin - Director Marketing

Role of Cement Industry in Socio-Economic Development

Studies have found direct relationship between percentage increases in cement consumption and the rate of GDP growth. Globally, it has been observed that increase in demand of cement has been followed by prosperity and uplift in the standard of living of common people. Pakistan which was till recently a relatively insignificant in terms of production capacity now has grown by leaps and bounds in recent years. With annual cement exports of over 10 million metric tons consecutively in last two years, Pakistan has not only fulfilled regional demand but has also earned for itself valuable foreign exchange.

Growth in the cement industry is believed to have direct impact on allied industries. Manufacturers of paints, steel, glass, furniture and other building materials often base their future productions on the basis of patterns in cement consumption. Pakistan is fortunate to have sufficient lime stone and gypsum which are the two basic raw materials for cement production. Future of cement industry seems promising and it will subsequently continue to play its due role in economic growth and development of Pakistan.

Role of Lucky Cement in Socio-Economic Development

Being an undisputed market leader in the cement industry, the role of Lucky Cement Limited in the economy of Pakistan is very important. Its significance can be gauged from the fact that Lucky Cement has one-fifth of Pakistan's total production capacity and one-third share in overall exports of cement from Pakistan.

Being the largest player in the industry, Lucky Cement is also the biggest employment provider. Besides giving direct employment to around 5,000 employees, Lucky Cement is a source of indirect employment for countless individuals including dealers, wholesalers, retailers, vendors, transporters and construction industry.

Bringing in the latest management practices and state-of-the-art technology in the country, Lucky Cement has truly been an important contributor to the economy of Pakistan. Lucky Cement established itself as the preferred brand for its quality-conscious customers. Today Pakistan has emerged as a leading supplier of premium quality cement to Middle East, Africa and South Asia and no doubt Lucky Cement has played a leading role in earning laurels for Pakistan.

Additionally, cement industry in general and Lucky Cement in particular have been contributing substantially in the total exports from Pakistan to non-traditional markets.

Supply Chain Management

Supply



Raw Material



Clinkerization Process

Operations



Cement Grinding & Storage

Logistics



Loose Cement



Bagged Cement

For Exports



Sea Ports

For Customers



Institutions



Construction Industry

Competitive Edges



Lucky Cement is the current market leader in terms of capacity as well as sales. The leadership in both the local and export market is a virtue of pro-active decisions, initiative and strategic presence in both Northern and Southern parts of Pakistan.

Lucky Cement has the first-mover advantage in capacity building, exploring export markets, innovative solution for transport and infrastructure of loose cement handling and providing better quality cement while being cost effective.

Economies of Scale

The economy of scale enables Lucky Cement to maintain overhead cost and provides an edge over other competitors due to lower fixed cost per ton. Operational process cost is constantly monitored for increasing efficiency and reducing cost.

Cost Efficient Energy Sources

The hybrid technology adopted for new expansions reduces capital expenditures significantly without compromising on efficiency and quality. Conversion of power generators from oil to gas and the project of power generation through waste heat recovery have drastically reduced the cost of production.

State-of-the-art Technology

Lucky Cement has established sound reputations for quality, reliability, and customer service by giving major emphasis to manufacture high quality cement by stringent quality control techniques, computerized control system using advance state of the art sophisticated equipment like Distributed Controllers, PLCs and online X-ray Analyzers.



Proven Track Record of Timely Expansion

Being the first in the industry to expand, Lucky Cement has emerged as a market leader in Pakistan. The timely completion of the project enabled the company to exploit rapidly to the growing domestic demand. When other companies were still busy in planning their expansionary work, the timely expansion has helped the company outperform in capturing the domestic market with a wide gap. Lucky Cement's decision to expand in the Southern Pakistan enabled it to take advantage in exporting to the Middle East for booming construction activities in the region, especially when the other major cement suppliers like Iran, India, and Egypt were facing a shortage.



Waste Heat Recovery:

Lucky Cement, pioneering innovation, has recently invested in the pro-environment waste heat recovery project which qualifies under the Clean Development Mechanism (CDM) within the framework of Kyoto Protocol.

The design of this plant hinges around the idea of encapsulating all the wasted heat from the production system, using this steam to heat up boilers, which eventually runs the turbine engines, thus producing electricity from its own waste.

This machine comprises of boilers, low pressure single condensate turbine, Reverse Osmosis Plant, pumps and a high tech PLC based redundant control unit.

The plant is performing exceptionally well and the management has now decided to setup the same unit in its Pezu Plant.



Bulk Cement Transportation

Lucky Cement has given a new dimension to the Pakistani cement industry by introducing the concept of exporting loose cement despite lack of public and port infrastructure. Hence, the Company setup its own export related infrastructure on self finance basis. The company has invested to develop infrastructure and logistical arrangements to carry loose cement from its Karachi plant to the ports via its fleet of especially designed cement bulkers capable of carrying up to 75 tons of cement in each bulker. These first-of-its-kind bulkers are capable of off-loading loose cement into carrier ships directly through a unique compressor system installed on each vehicle.



Loose Cement Storage & Ship Loading Terminal

For reducing the vessels idle time in turn making the shipments timely as per the customer requirements, Lucky Cement also installed cement storage silos at the port capable of storing 24,000 tons of cement and also setup automatic ship loaders at the site to make a fully automatic loading from the silos when the vessels arrive.

This system of discharging cement from the silos to the vessels at very fast discharge rates enables very quick loading time and ensures cement availability at the port anytime; thus playing a major role in increasing export capacity of the Company and making it a market leader in the country.

This is a state-of-the-art project is based on latest European Technology and is first of its kind in the South East Asia and Middle Eastern region. The loading capacity of this terminal is 10,000 to 12,000 tons per day of loose cement depending upon the size and construction of vessel(s).

Dealers' Network

Dealers, retailers and block makers are the integral part of Lucky Cement's sales strategy. This strong network of more than 200 dealers, located at strategic locations throughout the country, has enabled the company to create an impressive distribution system and access to markets at even the remote parts of the country.



Certifications

Known for its exceptional quality and superiority in product value, Lucky Cement possesses quality accreditation from various local and international standards including:

- Bureau of Indian Standards (BIS)
- South African Bureau of Standards (SABS)
- Standards Organization of Nigeria Conformation Assessment Programme (SONCAP)
- Sri Lankan Standards Institute. (SLSI)

CEO's Message



Muhammad Ali Tabba
Chief Executive

The Pakistan Cement Industry was under pressure due to over capacity. The demand in domestic market has shown positive growth of 16.6%. The industry sold the highest ever cement in the history of the country with 23.53 million tons of cement dispatches.

The growth in domestic demand is due to private sector spending and also on back of the recovery of rural economy due to higher agriculture support prices offered by the government of Pakistan. Having said that, the prices still remained very depressed during this financial year.

Despite all odds, your Company has performed reasonably well and posted a growth in volume by 26.32%. With the successful installation and operation of the Waste Heat Recovery Plant at Karachi during the third quarter of the financial year, it has helped the Company to become cost efficient, while also promoting eco-friendly production practices. The Waste Heat Recovery Project of the Pezu Plant is at the final stages of commissioning and will hopefully start operations during the 1st quarter of the next financial year.

However the export of cement by sea will be under pressure due to increase in cement capacity in the region. On positive note, the demand in Afghanistan has increased and hopefully in the coming financial year, it may touch 5.0 million tons. The industry is still facing challenges due to over capacity which will keep the domestic prices under pressure.

Your company has improved overall operations through cost efficiencies from the investments which were made in the recent years. Hopefully this will help to mitigate the risk of price pressure in the domestic market and Inshallah we will be able to achieve the targets set by the company.

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Directors' Report

The Directors of your Company have pleasure to present before you the annual report of the Company with audited financial statements for the year ended June 30, 2010.

Directors' Report

Overview

The Pakistan Cement Industry concluded the financial year ended June 30, 2010 with a decent growth of 9.4% and achieved highest ever total sales volume of 34.22 million tons against the last year's sales volume of 31.28 million tons. The industry witnessed a handsome growth of 14.6% in local sales volume and achieved the highest ever local sales of 23.53 million tons in the history of the Country in spite of depressed public sector development project spending by the Government. The recovery in local sales was mainly achieved on the back of private sector, coupled with recovery of rural economy because of better agriculture support prices. On contrary, the industry witnessed a breakeven in export sales and exported 10.69 million tons of cement and clinker as compared to 10.75 million tons exported last year.

By the grace of Almighty Allah, your Company managed the highest ever total sales volume of 6.63 million tons during this financial year and witnessed an overall handsome growth of 12.3% over the last year total sales volume of 5.90 million tons. Out of the total sales, the local sales volume witnessed a robust growth of 26.3% with 3.12 million tons over last year's volume of 2.47 million tons whereas the export sales volume witnessed a meager growth of 2.2% with sales volume of 3.51 million tons over last year's volume of 3.43 million tons.

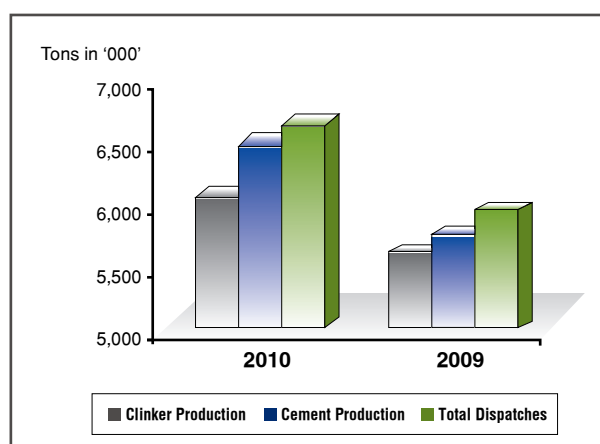
Your Company is in continuous process of improving operational and cost efficiencies and has made huge investment in recent years. Alhamdulillah, during this financial year, your Company has achieved another milestone by successful operation of the Waste Heat Recovery Project of Karachi Plant which has replaced almost 23% power generation related fuel cost of the Company. With the increase in prices of oil and gas, the benefit of cheap electricity generation from Waste Heat Recovery Project without any fuel consumption will enhance the cost competitive strength of your Company.

Business Performance

(a) Production & Sales Volume Performance:

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

Particulars	2010	2009	Increase	Inc/(Dec) %
	-----Tons-----			
Clinker Production	6,054,713	5,610,455	444,258	7.92%
Cement Production	6,461,726	5,715,860	745,866	13.05%
Cement Dispatches	6,475,376	5,675,871	799,505	14.09%
Clinker Dispatches	153,814	227,768	(73,954)	-32.47%
Total Dispatches	<u>6,629,190</u>	<u>5,903,639</u>	<u>725,551</u>	<u>12.29%</u>



Directors' Report

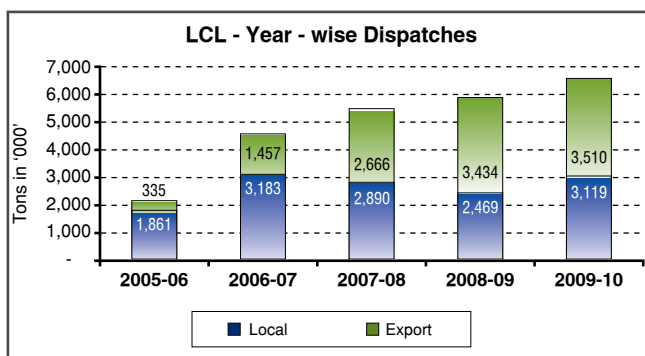
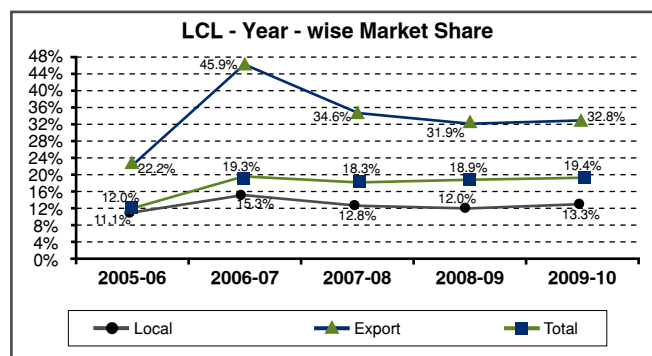
A comparative analysis of sales volume of the industry vis-à-vis your Company is as under:

Particulars	Jul-09 to Jun-10 (Tons)	Jul-08 to Jun-09 (Tons)	Growth	
			(Tons)	%
Cement Industry				
Local Sales	<u>23,524,190</u>	<u>20,533,321</u>	<u>2,990,869</u>	<u>14.57%</u>
Export Sales				
Cement				
- Bagged	8,717,850	7,716,506	1,001,344	12.98%
- Loose	1,721,947	2,093,845	(371,898)	-17.76%
Sub-Total	10,439,797	9,810,351	629,446	6.42%
Clinker	258,536	942,135	(683,599)	-72.56%
Total Export	<u>10,698,333</u>	<u>10,752,486</u>	<u>(54,153)</u>	<u>-0.50%</u>
Grand Total	<u>34,222,523</u>	<u>31,285,807</u>	<u>2,936,716</u>	<u>9.39%</u>
Lucky Cement				
Local Sales	<u>3,119,107</u>	<u>2,469,291</u>	<u>649,816</u>	<u>26.32%</u>
Export Sales				
Cement				
- Bagged	1,685,845	1,232,193	453,652	36.82%
- Loose	1,670,424	1,974,388	(303,964)	-15.40%
Sub-Total	3,356,269	3,206,581	149,688	4.67%
Clinker	153,814	227,767	(73,953)	-32.47%
Total Export	<u>3,510,083</u>	<u>3,434,348</u>	<u>75,735</u>	<u>2.21%</u>
Grand Total	<u>6,629,190</u>	<u>5,903,639</u>	<u>725,551</u>	<u>12.29%</u>

Directors' Report

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

LCL - Market Share (%)	Jul-09 to Jun-10	Jul-08 to Jun-09
Local Sales	13.26%	12.03%
Export Sales Cement		
- Bagged	19.34%	15.97%
- Loose	97.01%	94.29%
Sub-Total	32.15%	32.69%
Clinker	59.49%	24.18%
Total Export	32.81%	31.94%
Grand Total	19.37%	18.87%



(b) Financial Performance:

A comparison of the key financial results of your Company for the year ended June 30, 2010 with the same period last year is as under:

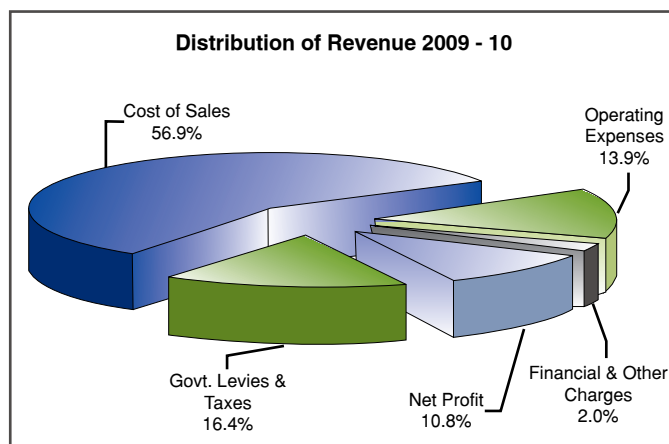
Particulars	2010	2009	%
Sales Revenue	24,508,793	26,330,404	-6.92%
Gross Profit	7,978,861	9,811,266	-18.68%
Operating Profit	4,242,570	7,217,493	-41.22%
Profit Before Tax	3,417,514	5,177,001	-33.99%
Net Profit after tax	3,137,457	4,596,549	-31.74%
Earnings Per Share	9.70	14.21	-31.74%

* Rupees in Thousands Except EPS.

Directors' Report

Distribution of Revenue:

Pictorial presentation of revenue distribution during the year under review:



(i) Sales Performance

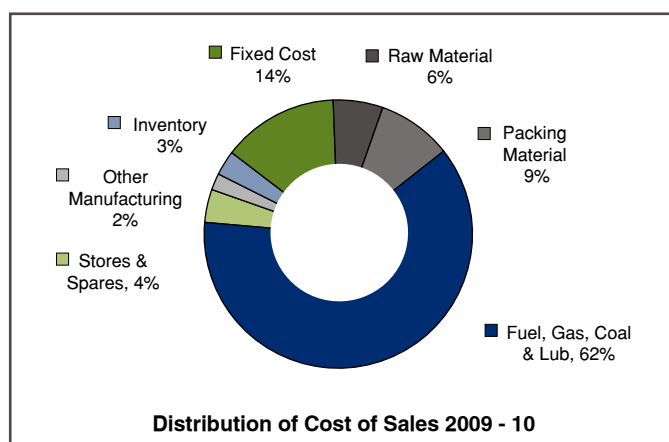
During the financial year ended June 30, 2010, the sales revenue of your Company registered a decline of 6.9% as compared to same period last year inspite of handsome sales volumetric growth of 12.30%. The main reason for decline in sales revenue was decline in selling prices of cement, both in local and export markets. The ratio of net sales revenue from exports was 59% whereas the local sales accounted for 41% during the financial year under review. The local sales revenue registered a handsome growth of 26.32% because of significant recovery of cement demand in domestic markets.

The prices of cement in domestic market were under severe pressure during the year and on overall weighted average basis, local prices declined by 26.6% despite of increase in cost of production. The export prices declined by 8.7%.

(ii) Cost of Sales

During the year under review, the overall cost of sales remained at par. However, due to various cost reduction measures taken by your Company, the cost per ton of cement was decreased by 11% as compared to same period last year. Fuel and Power was the major cost component which accounted for 62% of the total cost of sales. The fuel and power cost was reduced by 16.2% because of better planning with coal procurement at lower prices and startup of Waste Heat Recovery Project at Karachi Plant during 3rd quarter of this financial year.

The breakup of cost of sales is as under:



Directors' Report

(iii) Gross Profit

Your Company achieved a gross profit rate of 32.56% for the year ended June 30, 2010 compared to 37.26% gross profit rate achieved during the same period last year. The decline in gross profit rate was mainly because of decline in selling prices which was partially offset by the reduction of cost per ton.

(iv) Finance Costs

The financing cost of your Company during the year under review was reduced by Rs.667.79 million, i.e. from Rs.1,236.97 million last year to Rs.569.18 million during this financial year. Resultantly, the financing cost per ton also reduced from Rs.210 per ton to Rs.86 per ton during this financial year. This cost was mainly reduced due to early repayment of high markup carrying long term loans and resorting to export refinance and Foreign Currency Import Finance (FCIF) facilities. The FCIF is based on Libor and repayable in USD, therefore, the Company is carrying certain exchange risk but the same is covered on the back of natural hedge of exports.

Moreover, the Company has also availed special long term financing facility provided by the State Bank of Pakistan at comparatively lower financing rate which has also helped to reduce the overall financing cost.

(v) Distribution Costs

The distribution costs incurred by the Company was mainly increased due to increase in export sales, sea freights as well as increase in prices of oil consumed on transportation. Major component of distribution costs is ocean freight which accounted for 49.8% of total export expenses as compared to 24.6% for the same period last year.

(vi) Inland Freight Subsidy

In view of the Inland Freight Subsidy scheme announced by the Government for encouraging cement export through sea route, your Company has submitted inland freight subsidy claims of Rs.135.7 million which are pending with the Trade & Development Authority of Pakistan due to want of funds from the Ministry of Commerce, Government of Pakistan. The Company has accounted for this subsidy claim amount as receivable from the Government due to its legitimate claim which will Inshaallah be received in due course of time.

(vii) Deferred Taxation

During the year under review, the deferred tax provision of Rs.84.36 million was provided in the profit and loss account making the total deferred tax liabilities to Rs.1.563 billion appearing in the balance sheet as on June 30, 2010 on account of temporary timing differences between the accounting and tax records.

Capital Expenditures

During the period under review, your Company incurred the total capital expenditure of Rs.2.3 billion mainly on the Waste Heat Recovery Projects of both plants, balance payment on duel fuel conversion and Coal Crusher and Packing Plant at Karachi Project.

Directors' Report

Cash Flow Strategy

Your Company has an effective Cash Flow Management System in place whereby cash inflow and outflows are projected on regular basis to ensure overall liquidity. During the financial year, an amount of Rs. 5.3 billion was generated from operating activities of the Company which was spent mainly on net capital expenditures of Rs.2.3 billion, repayment of long term finance and payment of dividend to the shareholders.

Working capital requirements were planned through internal cash generation and short term borrowings. The long term debts amounting to Rs.4.664 billion carrying high interest rates were repaid during financial year before maturity. The Company also closely monitors interest and foreign exchange rates to take advantage of any potential savings due to change in market dynamics.

The Board is satisfied that there are no short or long term financial constraints and the Company has a very efficient and timely debt discharging history with strong financial statement.

Business Strategy

Your Company has been focusing on the following business strategy; each is briefly narrated as under:

Exploring and Establishing Domestic and Export Markets:

The management of your Company has successfully established a well diversified export market to mitigate the risk of shortfall in exports. The high quality cement produced by the Company is being exported in many countries across Middle East, Africa and South East Asian countries and its brand is recognized and known as the best quality product amongst the high profile buyers.

The Company is also focusing to capture the demand coming in the local market for increasing its market share.

Cost Reduction with Efficient Operation

Without cost reduction measures and efficient operations, no Company can achieve sustainable growth in its business operation in a highly competitive world. The Company adopts latest technologies to improve efficiency and reduce cost. The Waste Heat Recovery Project of Karachi Project started its successful operation in 3rd quarter which has enabled to reduce 23% power generation related fuel requirement of the plant.

The Waste Heat Recovery Project of the Pezu plant is at the final stages of commissioning and will Inshaallah start operation during the first quarter of the next financial year.

Strong Infrastructure:

Logistics and cost effective infrastructure are very vital for handling large scale export operations. After the loose cement transportation and loading terminal at Karachi Port, the Company is in process of setting up cement bags and coal handling / transportation operation to further reduce its cost. In the first phase, 18 long trailers have been ordered which will start operation shortly.

Directors' Report

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:

- 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.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- 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. M. Yousuf Adil Saleem & Co. a member firm of Deloitte Touche Tohmatsu., Chartered Accountants.
- 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.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- We have an Internal Audit Committee, the members of which are amongst from the Board of Directors.
- We have prepared and circulated a Statement of Ethics and business strategy among directors and employees.
- The Board of Directors has adopted a mission statement and a statement of overall corporate strategy.
- As required by the Code of Corporate Governance, we have included the following information in this report:
 - Statement of pattern of shareholding has been given separately.
 - Statement of shares held by associated undertakings and related persons has been given separately.
 - Statement of the Board meetings held during the year and attendance by each director.
 - Key operating and financial statistics for last five years has been given separately.

Directors' Report

Attendance of Directors at Board Meetings:

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

S. No.	Name of Directors	No. of Meeting Attended
1	Mr. Muhammad Yunus Tabba	2/4
2	Mr. Muhammad Sohail Tabba	2/4
3	Mr. Imran Yunus Tabba	4/4
4	Mr. Javed Yunus Tabba	4/4
5	Mrs. Rahila Aleem	4/4
6	Mrs. Mariam Tabba Khan	3/4
7	Mr. Manzoor Ahmed	3/4
8	Mr. Ali J Siddiqui	2/3

Leave of absence was granted to the Directors who could not attend meetings.

Corporate Social Responsibility

The Company is committed towards fulfilling its Corporate Social Responsibility (CSR) and actively participates in social work programmes. As a part of CSR activities, contributions were made in the sectors of health, education, environment and relief work.

Community Investment and Welfare Schemes

During the year under review, your Company generously donated Rs.100 million to Karachi Education Initiative (KEI), a non-profit organization, with a goal to establish a world-class, international graduate level business institution in Karachi city with the name of Karachi School of Business and Leadership (KSBL).

During the year under review, your Company had started a student training program whereby management has given the opportunity to deserving candidates to be part of our professional environment so that this could lead to a major break through in their careers.

Welfare Spending for Under-Privileged Classes

Your Company is a regular donor to the "Women & Children Hospital - Ghazni Khel, Khyber Pakhtoon Khawan" for providing medical care to the poor and needy women of the locality where the mortality rate was very high due to lack of proper medical care facility. The Company also has setup a dispensary clinic in Pezu, Khyber Pakhtoon Khawan which provides medical facilities and treatment to the patients at very subsidized rates.

Environmental Protection Measures

Cement production is one of the most energy intensive industrial processes; your Company through the commissioning of Waste Heat Recovery Projects is converting the waste heat into a primary source of fuel for power generation, thus, resulting in reduction of green house gases emission.

As a part of environment protection measures, the Company has planted thousand of trees at both production facilities to make a green belt across the plant sites.

Directors' Report

Safety, Health & Environment

Your Company is focused to establish itself as responsible citizen of the Country and committed to continuous improvement the Health, Safety and Security performance as well as compliance with industry requirements.

All production facilities were remained fully compliant with safety standards and there was no reportable occupational illness to our employees or supervised contractors during the year under review.

Contribution To The National Exchequer

Your Company contributed a total amount of Rs.5.002 billion (2009: Rs.5.339 billion) to the Government Treasury in shape of taxes, levies, excise duty and sales tax. In addition to that your Company has earned precious foreign exchange of approximately US\$ 179 million during the year under review from exports of cement / clinker.

Future Outlook

During the financial year ended June 30, 2010, the demand of cement in domestic market witnessed a handsome growth of 14.6% with highest ever sales volume of 23.53 million without support of Government spending. It is, therefore, anticipated that the demand of cement in domestic market may likely be increased during next financial year because of probable spending by Government on infrastructure and low cost housing projects together with contribution from Friends of Pakistan on construction and rehabilitation of flood effected areas. The demand during the first quarter of next financial year may slightly be affected due to heavy monsoon rains and floods which have ruined certain parts of the Country. However, the cement demand may be recovered in the remaining period of the year once the rehabilitation and reconstruction process is started.

On the export front, the prices of cement in the international markets will be competitive. Your Company will continue to focus on high retention markets. Afghanistan has become a potential export market for the industry where the cement export increased significantly during the financial year under review. It is anticipated that cement demand in Afghanistan will increase further in coming years and Pakistan cement industry will reap the benefit because of its close proximity. Your Company will also put its efforts to increase its share in Afghanistan market because of its nearest location at Pezu on main Indus Highway. The cement plants located in the northern parts of the Country will gradually be phased out from export markets through sea route if the Inland Freight Subsidy is not continued by the Government in the next financial year.

Dividend

The Board is pleased to propose a dividend of Rs. 4/- per share for the financial year ended June 30, 2010. The appropriations approved by the Board of Directors are as follows:

Appropriation:	Rs. in '000'
Profit after Taxation	3,137,457
Un-appropriated profits from prior year	1,381,300
Available for appropriation	4,518,757
Subsequent Effects:	
Proposed dividends for the year on ordinary shares @ Rs. 4/-	1,293,500
Proposed transfer to General Reserves	2,500,000
	3,793,500
Un-appropriated profit carried forward	725,257

Directors' Report

Election of Directors

At the 16th Annual General Meeting of the Company held on October 26, 2009, the following Directors were elected to constitute the new Board for a term of three years:

1. Muhammad Yunus Tabba (Chairman)
2. Muhammad Sohail Tabba
3. Imran Yunus Tabba
4. Jawed Yunus Tabba
5. Mrs. Rahila Aleem
6. Mrs. Mariam Tabba Khan
7. Mr. Manzoor Ahmed (NIT)
8. Mr. Ali Jehangir Siddiqui

The newly elected Board appointed Mr. Muhammad Ali Tabba as the Chief Executive of the Company for a period of three years w.e.f. October 30, 2009.

Auditors

The Auditors, M/s. Ernst & Young Ford Rhodes Sidat Hyder 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, supplier and contractors for their support, staff and executives for their devotion and hard work, which enabled the Company to achieve this performance.

On behalf of the Board



MUHAMMAD YUNUS TABBA
Chairman / Director

Karachi: August 10, 2010.

Auditors' Report to the Members

We have audited the annexed balance sheet of **Lucky Cement Limited** (the Company) as at 30 June 2010 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 conduct 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, except for the change as stated in note 4.4 to the accompanying financial statements, with which we concur;
 - 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 2010 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 Usher 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 14 to the financial statements regarding the reasons for recognising a claim of refund of excise duty amounting to Rs. 538.8 million.



Chartered Accountants

Audit Engagement Partner: Shariq Ali Zaidi

Karachi. August 10, 2010

Review Report to the Members

Review Report to the Members on Statement of Compliance with the Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) for the year ended 30 June 2010, prepared by the Board of Directors of Lucky Cement Limited (the Company) to comply with the Listing Regulation No. 35 of the Karachi Stock Exchange (Guarantee)Limited, Listing Regulation No. 35 of the Lahore Stock Exchange (Guarantee) Limited and Listing Regulation No. 35 of Islamabad Stock Exchange (Guarantee) Limited where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Sub-Regulation (xiii) of Listing Regulations 35 notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated 19 January 2009 requires the company to place before the board of directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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.



CHARTERED ACCOUNTANTS

KARACHI: 10 August 2010

Statement of Compliance

Statement of Compliance with the Code of Corporate Governance For the year ended June 30, 2010

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 Company encourages representation of non-executive directors on its Board. The Board of Directors comprises eight directors, excluding the Chief Executive Officer (CEO). At present the Board includes six non executive directors and two executive directors.
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 NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. The three years term of office of previous Board of Directors was completed and new board comprising of eight directors were elected unopposed for next term of three years during this financial year.
5. The Company has already adopted and circulated 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 or chief executive 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 Company arranges orientation courses / meeting for its Directors.
10. The CFO and Company Secretary continued their service and no change was made during this financial year.
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.

Statement of Compliance

14. The Company has complied with all the Corporate and Financial Reporting Requirements of the Code.
15. The Board has formed an Audit Committee comprising of 5 members, all of whom are non Executive Directors including Chairman.
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. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The related party transactions have been placed before the Audit Committee and approved by the Board of Directors along with pricing methods for transactions carried out on terms equivalent to those that prevail in the arm's length transactions.
18. The Board has outsourced the scope of Internal Audit work to M/s. M. Yousuf Adil Saleem & Co., Chartered Accountants. A member firm of Deloitte Touche Tohmatsu. 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.
19. 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.
20. 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.
21. 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



Jawed Yunus Tabba
Director

Notice of 17th Annual General Meeting

Notice is hereby given that the 17th Annual General Meeting of the members of **Lucky Cement Limited** will be held on Tuesday, October 26, 2010 at 10:30 a.m., at the registered office of the Company situated at factory premises Pezu, District Lakki Marwat, Khyber Pakhtunkhwa to transact the following businesses:

1. To confirm the minutes of 16th Annual General Meeting held on October 26, 2009.
2. To receive, consider and adopt the audited financial statements for the year ended June 30, 2010 together with the Board of Directors' and Auditors' reports thereon.
3. To approve and declare cash dividend @ 40% i.e. Rs. 4/- per share for the year ended June 30, 2010 as recommended by the Board of Directors.
4. To appoint Auditors and fix their remuneration for the year 2010-2011. The present Auditors, Messrs Ernst and Young Ford Rhodes Sidat Hyder, Chartered Accountants, retire and being eligible, offer themselves for reappointment.
5. To transact any other business with the permission of the Chairman.

By Order of the Board



Muhammad Abid Ganatra
Company Secretary

Karachi: October 1, 2010

Notes:

1. The Share Transfer Books of the Company will remain closed from Tuesday, October 19, 2010 to Tuesday, October 26, 2010 (both days inclusive). Transfers received at our Share Registrar/Transfer Agent M/s. Central Depository Company of Pakistan Limited, CDC House, 99-B, Block 'B', S.M.C.H.S. Main Shahrah-e-Faisal, Karachi-74400 at the close of business on Monday, October 18, 2010 will be treated in time for the purpose of above entitlement to the transferees.
2. A member entitled to attend and vote may appoint another member as his/her proxy to attend and vote instead of him/her.
3. An individual beneficial owner of shares from CDC must bring his/her original CNIC or Passport, Account and Participant's I.D. numbers to prove his/her identity. A representative of corporate members from CDC, must bring the Board of Directors' Resolution and/or Power of Attorney and the specimen signature of the nominee.
4. The members are requested to notify change in their address, if any, at our Share Registrar/Transfer Agent M/s. Central Depository Company of Pakistan Limited, CDC House, 99-B, Block 'B', S.M.C.H.S. Main Shahrah-e Faisal, Karachi-74400.



Corporate Calendar

Board of Directors Meetings

5-Aug-09

30-Oct-09

25-Jan-10

22-Apr-10

Audit Committee Meetings

3-Aug-09

29-Oct-09

23-Jan-10

21-Apr-10

Budget Committee Meeting

9-Aug-10

Human Resource and Remuneration Committee Meeting

9-Aug-10

Corporate Governance Committee Meeting

10-Aug-10

Dividend Announcement

5-Aug-09

Last Annual General Meeting

26-Oct-09

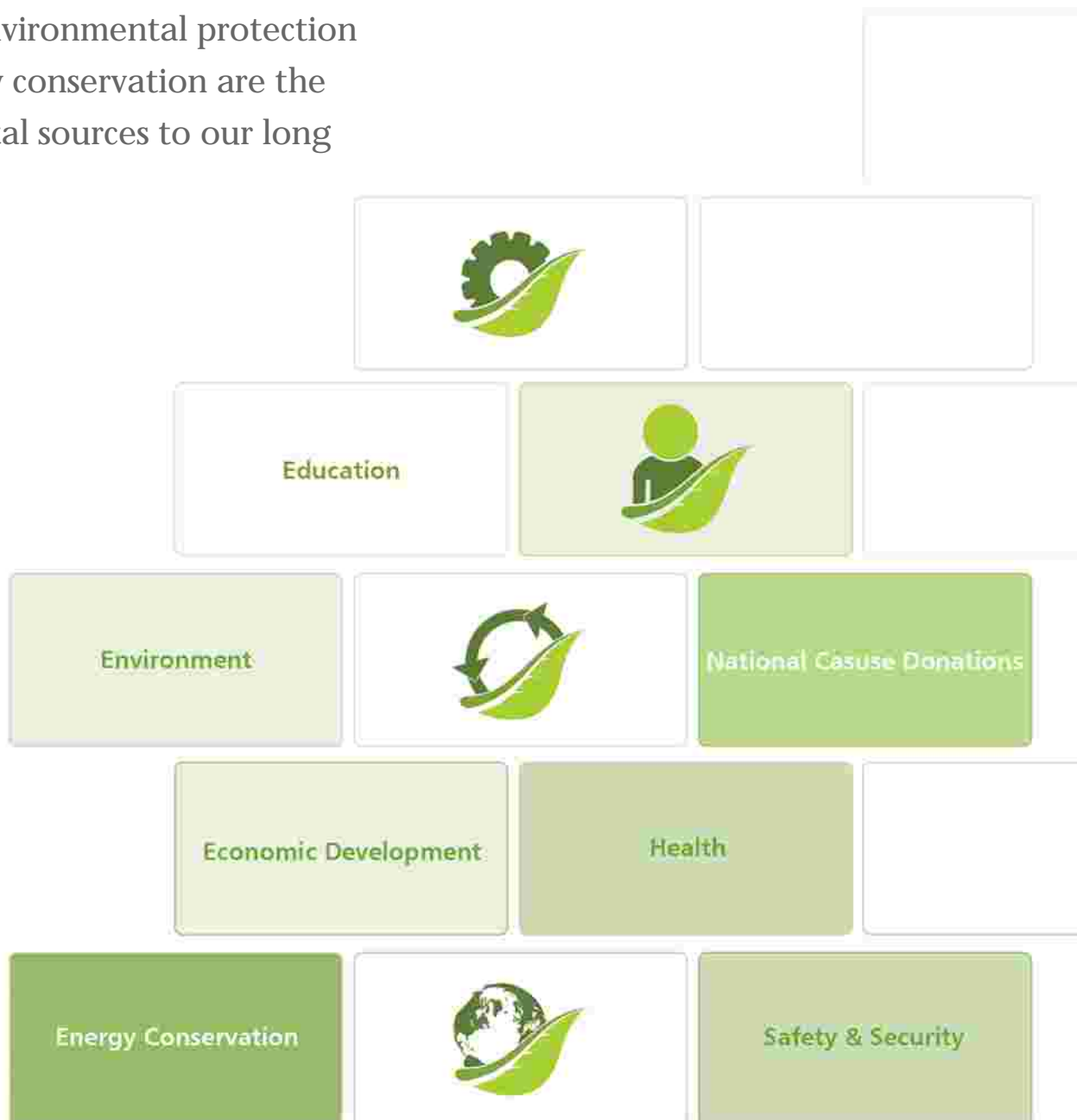
Dividend Despatch

16-Nov-09

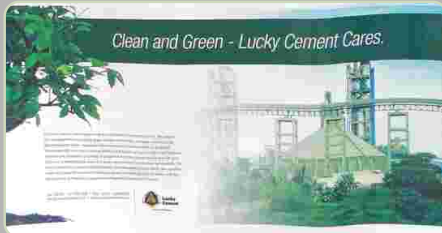
Laying Stronger Foundations

Transparency, accountability and integrity are the key foundations of our corporate identity. We believe our social interventions in developmental areas such as educational achievement, health-care services, environmental protection and energy conservation are the fundamental sources to our long

lasting commitment towards the communities that we operate in. Our relationship with stakeholders, clients and customers exudes our ability to build families and sustainable systems across Pakistan.



Corporate Social Responsibility



Corporate Social Responsibility or CSR as it is fondly called is an instrument of positive change for businesses. CSR continues to be one of the most important aspects of business in the global economy - receiving much attention from business managers, government leaders and academics. CSR is not just "doing social good" but, it is a business necessity and an organizational obligation to address the issues of the stakeholders, local communities, human rights and environment. There are many new aspects and approaches evolving in this global phenomenon and the rewards, both for the corporation and society at large, are enormous.

Environment & Energy Conservation

Environment Friendly business practices and responsibility to conserve the environment has always been on the forefront at Lucky Cement. Lucky Cement has always played a vital role in bringing environmental revolution in the cement industry.



Waste Heat Recovery Plant

Pakistan is facing an acute energy shortfall since a decade now due to which most of the production facilities have set up their own power generation plants. This is an optimistic approach and need of the time. However this self energy generation is an expensive idea. Lucky Cement, pioneering innovation, reduced this cost by co-generating electricity by the wasted heat, which was previously being fed to the atmosphere. This power generation unit does not



need any external fed fuel to operate, but it uses the wasted heat from the system as its fuel. Thus we are saving cost, environment and curtailing our energy needs in a unique way.

This is a Chinese technology branded as SINOMA, with a rated power generation capacity of 15 MW/Hr, if operated at 80% efficiency. The design of this plant hinges around the idea of encapsulating all the wasted heat from the production system and using this steam to heat up boilers which eventually runs the turbine engines, thus producing electricity.

Apart from saving cost it is able to prove our corporate social responsibility by taking our carbon emission to minimum level. Lucky Cement qualifies for Carbon Credit allowances on this achievement under the Kyoto Protocol.

Joining Hands with Government for a Greener Pakistan

We ensure that environment preservation and progress go hand-in-hand, and we have initiated and invested in a number of programs that has shown results and will go a long way in maintaining a clean and green environment for our future generations. We have joined hands with the Government of Pakistan to support the President Forestation Program. As a part of this program Lucky Cement Limited will plant trees throughout its vicinity during upcoming years.

200-2010: 5000 trees (target achieved)

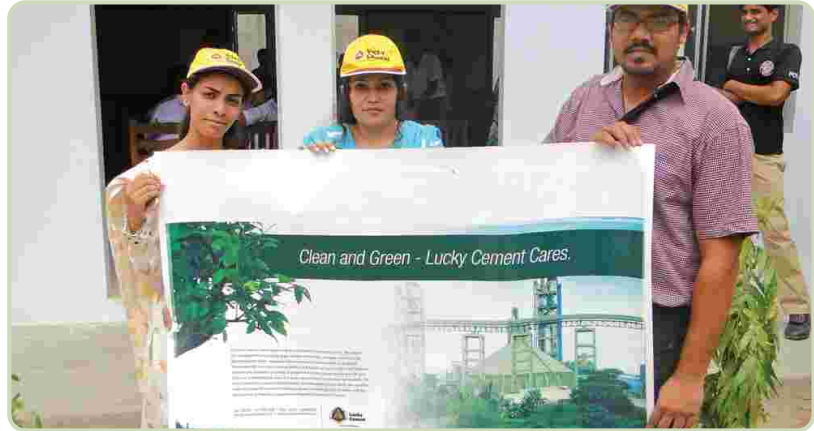
2010-2012: 10,000 trees (in process)

2012-2015: 15,000 trees

Celebrating World Environment Day

Lucky cement has always shown a front line demeanor and has adopted all the possible means of being environmentally and socially responsible corporate player. Corporate Communications team at Lucky Cement thus participated in tree plantation on World Environment Day and various other occasions to support the cause of cleaner and greener Pakistan. Lucky Cement's team planted trees pledged to further extend its resources and play a vital role in leading the environmental revolution throughout the industry.





Atmospheric Pollution Control

We have taken steps to ensure minimal dust and gaseous emission from our plant. Our production lines are installed with pollutant trapping and suppression systems to control dust particles and other emissions with the help of environmentally friendly bag houses. The World Bank Standard for the dust concentration and gaseous emissions is maximum 50 mg/Nm³. Our bag filter systems are giving exemplary results and have brought the emission down to 35 mg/Nm³, which is far better than the set standards. Trees and greenery around the production facility also helps in particle emission control and acts as dust traps.

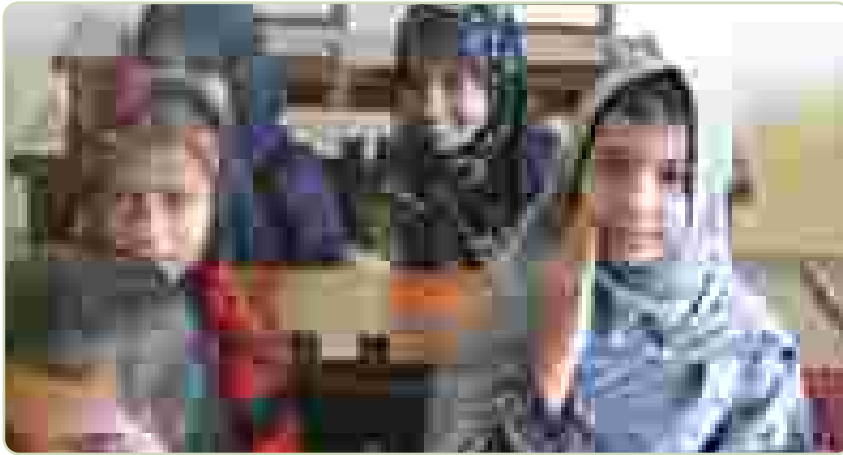
Environment Excellence Award

Acknowledging Lucky Cement's efforts for a sustainable environment, National Forum for Environment and Health (NFEH) revered Lucky Cement with the Environment Excellence Award 2010.

WWF - PAKISTAN

In order to conduct its conservation efforts independently, WWF Pakistan approached the local corporate sector to play its role of taking up an important national cause of conservation of Pakistan's natural heritage and take ownership of work and values of WWF, support its effort and guarantee its future. Lucky Cement very willingly became an active corporate member of WWF Pakistan and in doing so, also become a leader in fulfilling our environmental and social responsibility.

Education



Supporting and promoting educational endeavors is the highlight of all the CSR projects Lucky Cement undertakes. We believe that education is a fundamental way to bring any desired change in society. This can be attained only if schools become real centers of learning.

Following are some of the educational projects which Lucky Cement along with Yunus Brothers Group and other welfare foundations is working on:

Karachi School of Business and Leadership (KSBL)

Karachi Education Initiative (KEI) is a not-for-profit organization, being run by group of diverse business leaders. KEI is establishing a world class graduate and post graduate level school in Karachi by the name of Karachi School of Business and Leadership (KSBL). KEI has partnered with Judge Business School (JBS) of the University of Cambridge for KSBL's curriculum designing, teaching material development, faculty formation, technological assistance and executive educational development.

To support the cause, Lucky Cement has donated a generous amount of Rs. 100 million for the construction of this world-class institution. Mr. Muhammad Ali Tabbba also serves on the Board of Directors of KEI and is playing an active role in establishing this center of excellence.

The Hub School Project

The Hub School Project, which is located near Hub Dam Road in Karachi, is spread over a land area of 250 acres out of which, 190 acres is reserved for construction of a girls' boarding school, a university, play ground, parks and residential facility for the staff. Lucky Cement has very generously contributed in the construction of this non-profit school meant to educate the underprivileged children of the surrounding areas, especially females.

Concern for Children Trust Partnership

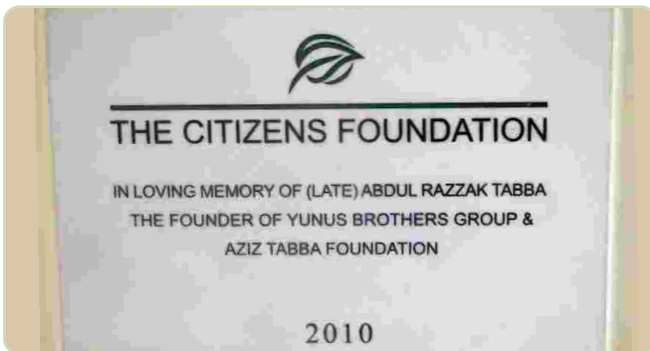
Partnering up with Concern for Children Trust, Lucky Cement provided material support of cement to renovate three schools located at Machar Colony, a slum in suburbs of Karachi.

Ilm Jo Sohro School in Interior Sindh

Lucky cement also donated very generously towards the construction of a school "ILM JO SOHRO" which is aimed to provide free education to the children of the underprivileged areas of interior Sindh province.

Scholarships

Lucky Cement offers various scholarship programs for the students studying in numerous prestigious institutions across Pakistan to ensure that talented young Pakistanis have access to the quality education regardless of their financial stature. Scholarship funds at following universities have been established:



Institute of Business Administration (IBA)

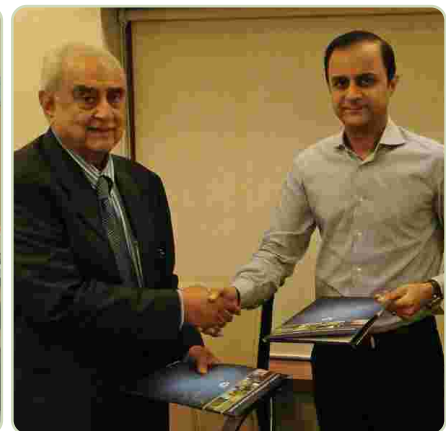
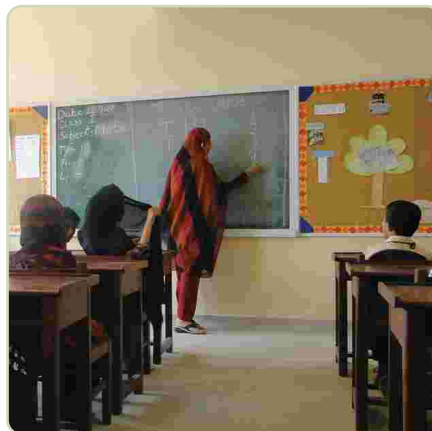
In memory of its late founder and Chairman, Lucky Cement has established an ongoing scholarship at IBA called "Lucky Cement - Abdul Razzak Tabba Scholarship" for the students who are exceptional in academics, but are in need for financial assistance.

Institute of Business Management (IoBM)

Lucky Cement also setup a need-cum-merit scholarship at IoBM, needy students are thus referred by the institute administration to the Company for assistance.

Lahore University of Management Sciences (LUMS)

Extending the effort to facilitate the youth of Pakistan with quality education, Lucky Cement has joined hands with Lahore University of Management Sciences (LUMS) to set up a scholarship program to sponsor students of LUMS - National Outreach Program (NOP). Through this Outreach program, students from far flung areas of Pakistan are selected and provided full funding for education. The first batch of 23 Lucky Cement Scholars will graduate in 2014.



Health

Lucky Cement believes that one of the ways to ensure your employees welfare is through adequate provision of health-care facilities. Colossal donations and initiatives have been witnessed from the company's platform for the betterment in health sector. Following are some of the relevant initiatives:

Lucky Welfare Dispensary - Pezu, Khyber Pakhtunkhwa

Lucky Cement has set up a dispensary clinic in Pezu, Khyber Pakhtunkhwa for providing medical facilities and treatment to the patients at very subsidized rates. This clinic has been set up specially to support the residents of the area and employees of Lucky Cement Plant in Pezu and their family members.



Women and Children Hospital (WCH) - Ghazni Khel, Khyber Pakhtunkhwa

Lucky Cement is a major and regular donor of the Women and Children Hospital Ghazni Khel, Khyber Pakhtunkhwa (KPK). This hospital provides necessary and quality maternity medical care to the poor and needy people. WCH is a 16-bed hospital in the remote area of the KPK Province with a well-equipped Labor room, a diagnostic laboratory with an Ultrasound facility and an ambulance.

Maternity and Child Welfare Association

Continued financial assistance has been provided since several years towards "Support to Health and Welfare Program for Mothers and Children" which is an initiative by Maternity and Child Welfare Association of Pakistan.

National Cause Donations

ASSISTANCE TO FLOOD VICTIMS

The country underwent the worst ever floods in the history this year. Within days of this catastrophic incident, Lucky Cement came forward worked diligently for primary rescue, relief and medical aid of the displaced people. Lucky Cement did not only arrange to provide tents, food, water, comforters for the relief of the displaced but also set up medical camps and provided free of cost medicine to fight against the posed threats of various epidemic conditions. The relief effort will continue until the floods are over and Lucky Cement is also committed to assist the IDPs extensively in rehabilitation efforts post floods.



In Focus

Meharban supplies milk for the canteens of Lucky Cement's Pezu Plant and lives in a Ketch village near D.I Khan. His family was seriously affected by the recent devastation of floods. Lucky Cement arranged for immediate relief items and medicines for his family and is making efforts to rehabilitate him along with hundreds of other families in the Khyber Pakhtunkhwa province.



Awards & Achievements



Lucky Cement is recognized all across the country for its achievements. From bringing innovative services in the market to remarkable charity work and sustainability initiatives; its innovation and commitment to deliver the best has earned the company applauds from various international and local sources.

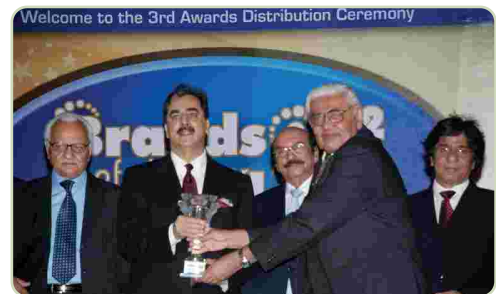
National CSR Excellence Award

The CSR Association of Pakistan has awarded Lucky Cement with the National CSR Excellence Award which aims at recognizing and appreciating companies which are extensively contributing towards a more sustainable future for the communities they work in and the society at large.



Brand of the Year Award

Lucky Cement was declared as the Brand of the Year - 2009 in category of cement. This award represents our increasing brand popularity, product availability, quality and consistency.



Global HR Award

Lucky Cement was honored with the Global HR Recognition Award 2010 in the category of having the "Most Innovative Infrastructure - Technology based" HR System. The award was organized by Global Media Links.



Annual Environment Excellence Award

National Forum for Environment and Health (NFEH) awarded Lucky Cement with the Environment Excellence Award 2010 to recognize a number of Lucky Cement's pro-environment initiatives including installation of Waste Heat Recovery Plant at its production facilities and actively participating in the President of Pakistan's Forestation Program to support the cause and contribute towards a cleaner environment. NFEH is affiliated with United Nations and is supported by Ministry of Environment, Government of Pakistan.



Recognitions from Chamber of Commerce and Industry

1. Karachi Chamber of Commerce and Industry: Awarded the Export Trophy to Lucky Cement for highest exports of cement from Pakistan.
2. Khyber Pakhtunkhwa Chamber of Commerce and Industry: Awarded the following distinctions:
 - Top Sales Tax Payer
 - Top Income Tax Payer
 - Top Exporter
 - Top Importer
 - Exports Trophy 2008 - 2009



Accolade from the Government of Pakistan

Performance Par Excellence Award to Chairman -
Lucky Cement, Mr. Muhammad Yunus Tabba.



International honors

Young Global Leader Award 2010 by World Economic Forum (WEF)

Acknowledging the professional accomplishments, distinguished leadership and commitment to shaping a better future, World Economic Forum bestowed Mr. Muhammad Ali Tabba, CEO of Lucky Cement with the honor of Young Global Leader in 2010. The World Economic Forum is a multi-stakeholder community of global decision-makers in which the Young Global Leaders (YGL) represent the voice for the future and the hopes of the next generation. The diversity of the YGL community and its commitment to shaping a better future through action-oriented initiatives of public interest is even more important at a time when the world is in need of new energy to solve intractable challenges.



Corporate Affiliations



Corporate memberships are a simple yet meaningful way for companies interacting with other companies with similar interests and investing in its development. Realizing the importance of networking with various international companies, Lucky Cement has obtained the memberships of following elite professional bodies to strengthen its network and reinforce the influence.

World Economic Forum

The World Economic Forum is the foremost global community of businessmen, political, intellectual and other leaders of society who are committed to improving the state of the world. The World Economic Forum is an independent international organization that engages leaders in partnerships to shape global, regional and industrial agendas.



COMMITTED TO
IMPROVING THE STATE
OF THE WORLD

Pakistan Business Council (PBC)

PBC represents big businesses, enterprises with substantial investments in manufacturing and in the financial sector. PBC's aim is to promote and facilitate the integration of Pakistani businesses into World economy and to encourage the development and growth of Pakistani companies.



Pakistan Institute of Corporate Governance (PICG)

The PICG undertakes activities geared towards achieving good corporate governance in the country and creating an enabling environment for effective implementation of the Code of Corporate Governance. PICG is focused on encouraging professional interaction between members and to enhance competitiveness of the domestic corporations.



Memorandums of Understanding

Karachi Electric Supply Company (KESC)

Lucky Cement Entered into a MoU with Karachi Electric Supply Corporation (KESC) with the intention to sell up to 49.5 MW of electrical power from its Captive Power Generation facility located on Main Super Highway Karachi to KESC. Both the companies have already held a series of formal contacts and agreed to engage and cooperate for the sale and purchase of energy for an initial period of 10 years; however Lucky Cement has marked interest to incrementally increase the capacity of the facility to 100 MW and accordingly increase the sale of electricity to KESC in future.



Human Resource Excellence



People deliver results. Therefore, Human capital is the most valuable asset of any organization. Strength of Lucky Cement is not just its business strategies and international penetration but, its skilled intellectual capital - The Human Resource. We therefore, aim to achieve the organizational strategic goals by attracting, retaining and developing our employees.

We realize the role of HR through strategies that are in-line with our core organizational values, such as:

Learning Culture

Lucky Cement is all about "working to learn, learning to work" culture. Here people measure the opportunities, learn to convert them into success and adjust as per the needs of the change. We lay great emphasis on grooming of a professional outback as well as the personal attributes of each employee. We aim to strengthen our organizational capability by building a high performance culture and transparency of procedures and systems.

Employee Welfare

Welfare of the employees is a top priority at Lucky Cement. Our Employee Welfare Scheme is designed to incorporate areas that are critical in strengthening the well being of the Lucky family.

We provide following provision to our employees:

Dispensary Services

A well managed dispensary is maintained at both Karachi and Pezu Plant for the welfare of the employees and the residents to ensure proper health and safety.

Access to quality education

The school in Pezu effectively caters to the educational needs of children of our employees. The motive behind this setup is to provide a platform to unveil talent and polish skills for a better tomorrow. The school is registered with Benu Education Board and provides education till the fifth standard. This school provides quality and free of cost education to the children of employees who are working day and night for the betterment of the company.





Recreational Activities

Recreational activities at work place are an essential part in motivating employees. This year, a notable extravaganza was organized by management at a local farm house, and this time, families of the staff were also invited to take part in the joyful celebration at picnic.

This resulted in ample socializing and interacting of families from diverse backgrounds who share the same identity of Lucky Cement. The event was planned to incorporate recreation by engaging in adventure sports and indoor games. The event became a healthy source of attaining a positive mood, lightened the spirits and helped in gaining mental peace and relaxation. Exquisite coordination and excellent arrangements added glee to the occasion and became a trend setting show for others to come forward and arrange such fascinating events.

Internal Staff Newsletter

At Lucky Cement, we believe that effective communication is the basis of a strong and long term relationship. We therefore, ensure clear communication among staff at all levels. Our quarterly internal staff newsletter is an excellent example of this practice. Our newsletter - The Lucky Charm contains a summary of all the happenings and events of the company, motivational articles, detailed coverage of important events and also quizzes to keep our employees motivated and up to date.

Other facilities for plant employees

- Subsidized mess • Residential facility • Swimming pool
- Dispensary • Ambulance • Shuttle service



Issue: Jan-March 2010

The LUCKY Charm

Lucky Cement's quarterly internal newsletter

EDITOR'S NOTE

I feel pleasure in writing these lines to announce the latest happening in the Lucky family, our own quarterly newsletter - The Lucky Charm.

Charming it is as the name suggests, Lucky Charm aims to link all the departments of Lucky Cement in a single loop, sharing their effusive lives, professional membership at work, and keeping the flow of communication going.

In this first issue, we have focused on incorporating all the bits and flavors from over the corporate affairs as well as shared some lighthearted articles and motivational writings that nourish the knowledge of our fellow colleagues about the company. I hope you will find this first issue informative, engaging and interesting to read.

Please don't forget to take our quiz and submit your answers to us. This can be an attractive prize too.

Our team at Communications department will be waiting for your comments and feedback to make this newsletter even better for future publications. Please feel free to call us at the head office or write back at communications@lucky-cement.com to help us in bringing the Lucky family closer in a charming way!

We also invite you all to send in your contributions in form of articles, news and events which we can include in the next quarter. Happy reading!!!

Ruhai Thohani
Sr. Manager - Coordination & Corporate Communications

COVER STORY

Lucky Cement organized a special evening for all the dealers and retailers on March 22, 2010. This get-together was held at PAF's Mission and was attended by more than 1,000 guests. All the dealers and retailers were welcomed by attractive gift hampers.

The program began at 7:30 and General Manager Marketing - Mr. Saleem A. Khan welcomed the esteemed audience and shared his experiences of working with cement industry for more than a decade. He mentioned that this practice of thanking dealers, retailers, block makers and all those who are an integral part of Lucky's sales team, would continue from now on. And they all will be appreciated on the basis of their performances. The launch of a new brand, especially for block makers was also announced at the event.

Then came the time for the biggest surprise - The lucky Draw!! All the lucky winners were related on receiving lucrative gifts like microwaves, dinner sets, cell phones and generators.

The culinary arrangement was the highlight of the event. An event like this cannot happen overnight. Lucky has been fortunate enough to be blessed by a team of very motivated and dedicated colleagues who know their job and are result oriented.

The event was closed with the hope that Lucky Cement will succeed in further expanding its position as Pakistan's largest cement company.

TALK OF THE TOWN

We take great pleasure in sharing with you all that our CEO Mr. Muhammad Ali Iqbal was honored as Young Global Leader (YGL) - 2010 by the World Economic Forum. The World Economic Forum is an independent, non-profit, international organization incorporated as a not-for-profit foundation which brings together top business leaders, international political leaders, selected intellectuals and parliamentarians to discuss the most pressing issues facing the world, including health and the environment.

This honor is bestowed by the World Economic Forum each year to recognize the most distinguished young leaders nominated below the age of 40 from around the world. The Forum of WGL is a unique, multi-stakeholder community of exceptional young leaders who share a commitment to shaping the global future.

Each year the World Economic Forum identifies extraordinary individuals, drawn from every region of the world. Together, they form a powerful international community that can dramatically impact the global future.

Mr. Muhammad Ali Iqbal was chosen by a selection committee chaired by Her Majesty Queen Rania Al Abdullah of the Hashemite Kingdom of Jordan. Many other eminent international leaders were also part of the selection committee.

Young Global Leaders are the voice for the future and hopes for the next generation and are committed to make a difference.

Safety and Security



Lucky Cement takes all the required measures for health and safety of its employees. We believe that it is our duty to protect the health, safety and welfare of our workers and other people who might be affected by our business.

This means, we make sure that all stakeholders are protected from anything that may cause harm and we effectively control any risks to injury or health that could arise at the workplace.

Risk Assessments

We conduct risk assessments that address all the hazards that might cause harm in workplace. We train all our workers about the risks in the workplace and instruct them on how to deal with the risks.

Ensuring health and safe working conditions for employees is one of the most important issues at Lucky Cement and we are committed to playing an active part in the process.



Creating Awareness

Lucky Cement provides information to workers about workplace safety and health issues through regular internal communication channels such as supervisor-worker meetings, internal newsletter, and internal safety workshops. Each worker is also trained to obey safety rules and to exercise caution in all work activities. Standard Operating Procedures have been developed in an event of an incident to provide immediate remedy to the hazard.



Input

Some of the best safety improvement ideas come from workers. Those with ideas, concerns, or suggestions for improved safety in the workplace are encouraged to raise them with their supervisor or bring them to the attention of the Human Resources Department.





Financial Highlights

Financial Highlights

Six Years at a Glance

(Rupees in Millions)

Financial Position	2005	2006	2007	2008	2009	2010
Assets Employed						
Property, plant and equipment	13,462	19,165	20,319	25,881	30,477	31,378
Intangible assets	-	-	-	-	-	3
Long term investments	-	-	-	-	55	55
Long term deposit & deferred cost	2	2	2	2	2	2
Current assets	1,343	4,456	5,403	8,356	7,858	6,871
Total Assets	14,807	23,623	25,724	34,239	38,392	38,310
Financed By						
Shareholders' Equity	5,134	7,070	9,354	18,655	23,252	25,096
Long-term liabilities						
Long term finance	6,530	10,156	8,329	6,633	4,300	1,659
Current portion of long term finance	617	2,383	1,615	242	-	176
	7,147	12,539	9,944	6,875	4,300	1,834
Long term deposits and deferred liabilities	1,000	1,645	1,689	1,264	1,742	1,914
Current liabilities	2,143	4,752	6,352	7,687	9,099	9,642
Current portion of long term finance	(617)	(2,383)	(1,615)	(242)	-	(176)
	1,526	2,369	4,737	7,445	9,099	9,466
Total Funds Invested	14,807	23,623	25,724	34,239	38,392	38,310
Turnover & Profit						
Turnover	3,980	8,054	12,522	16,958	26,330	24,509
Gross Profit	1,380	2,980	3,675	4,357	9,811	7,979
Operating Profit	1,294	2,770	3,066	3,076	7,217	4,243
Profit before taxation	1,210	2,553	2,690	2,307	5,177	3,418
Profit after taxation	827	1,936	2,547	2,678	4,597	3,137
Cash Dividends	-	-	263	329	-	1,294
Bonus Shares	184	-	-	-	-	-
General Reserve	-	-	3,000	2,000	-	5,000
Profit carried forward	1,510	3,446	2,730	3,078	7,675	4,519
Earnings per share (Rupees)	3.14	7.35	9.67	9.84	14.21	9.70
Break up value per share (Rupees)	19.49	26.84	35.51	57.69	71.90	77.61
Cash Flow Summary						
Net Cash from Operating Activities	1,488	2,724	1,850	1,225	6,515	5,267
Net Cash used in Investing Activities	(8,498)	(6,053)	(2,037)	(6,488)	(5,742)	(2,315)
Net Cash (Outflow) / Inflow from Financing Activities	5,933	6,038	(893)	2,841	1,577	(3,529)
(Decrease) / Increase in Cash and Cash Equivalents	(1,077)	2,709	(1,081)	(2,422)	2,350	(577)
Cash and Cash Equivalents at beginning of the Year	432	(645)	2,064	983	(1,439)	911
Cash and Cash Equivalents at end of the Year	(645)	2,064	983	(1,439)	911	334

Financial Highlights

Financial Performance

Financial Ratios	UoM	2005	2006	2007	2008	2009	2010
Profitability Ratios							
Gross profit to sales	percent	34.66%	37.00%	29.35%	25.73%	37.26%	32.56%
EBITDA to sales	percent	38.50%	39.58%	31.54%	23.57%	31.51%	23.07%
Net profit after tax to sales	percent	20.77%	24.04%	20.34%	15.79%	17.46%	12.80%
Return on Equity after tax	percent	16.10%	27.38%	27.23%	14.35%	19.77%	12.50%
Return on Capital Employed	percent	6.53%	10.26%	13.15%	10.08%	15.69%	10.94%
Solvency/Debt Ratios							
Debt : Equity ratio	times	1.88 : 1	2.34 : 1	1.75 : 1	0.84 : 1	0.65 : 1	0.53 : 1
Interest Coverage ratio	times	59.67	33.45	3.55	24.27	5.83	7.45
Operating/Activity Ratios							
Inventory turnover	times	18.06	18.54	15.97	18.18	17.33	18.31
No. of days in Inventory	days	20.21	19.69	22.86	20.08	21.06	19.93
Creditor turnover	times	5.37	4.91	5.90	4.95	5.31	5.78
No. of days in Payables	days	67.92	74.30	61.84	73.81	68.79	63.16
Operating Cycle	days	(47.71)	(54.61)	(38.99)	(53.73)	(47.73)	(43.23)
Total assets turnover	percent	26.88%	34.09%	48.67%	49.53%	68.58%	63.97%
Fixed assets turnover	percent	29.56%	42.02%	61.62%	65.52%	86.23%	77.96%
Liquidity Ratios							
Current ratio	percent	0.63 : 1	0.94 : 1	0.85 : 1	1.09 : 1	0.86 : 1	0.71 : 1
Quick/Acid test ratio	percent	0.57 : 1	0.85 : 1	0.75 : 1	1.00 : 1	0.73 : 1	0.65 : 1
Investment Valuation Ratios							
Earnings per share (after tax)	rupees	3.14	7.35	9.67	9.84	14.21	9.70
Price / Earning ratio (after tax)	rupees	13.51	13.66	12.72	9.96	4.12	6.40
Cash Dividend per share	rupees	-	1.00	1.25	-	4.00	4.00
Dividend Yield	percent	-	1.00%	1.02%	-	6.83%	6.44%
Dividend Payout ratio	percent	-	13.61%	12.93%	-	28.15%	41.23%
Dividend Cover ratio	times	-	7.35	7.74	-	3.55	2.43
Market Value Per Share as on 30th June	rupees	42.39	100.42	123.04	97.93	58.53	62.14
EBITDA	rs. million	1,532	3,188	3,949	4,055	8,366	5,655

Financial Highlights

Analysis of Balance Sheet

Amount in '000'	2005	2006	2007	2008	2009	2010
Share Capital & Reserves	5,133,683	7,069,633	9,353,550	18,655,423	23,251,972	25,095,929
Non Current Liabilities	7,530,390	11,801,109	10,024,247	7,896,754	6,041,712	3,572,624
Current Liabilities	2,142,763	4,752,035	6,352,429	7,686,897	9,098,678	9,641,691
Total Equity & Liabilities	14,806,836	23,622,777	25,730,226	34,239,074	38,392,362	38,310,244
Non Current Assets	13,464,325	19,167,283	20,321,083	25,883,550	30,534,420	31,438,780
Current Assets	1,342,511	4,455,494	5,409,143	8,355,524	7,857,942	6,871,464
Total Assets	14,806,836	23,622,777	25,730,226	34,239,074	38,392,362	38,310,244

Vertical Analysis - %	2005	2006	2007	2008	2009	2010
Share Capital & Reserves	34.67	29.93	36.35	54.49	60.56	65.51
Non Current Liabilities	50.86	49.96	38.96	23.06	15.74	9.32
Current Liabilities	14.47	20.11	24.69	22.45	23.70	25.17
Total Equity & Liabilities	100.00	100.00	100.00	100.00	100.00	100.00
Non Current Assets	90.93	81.14	78.98	75.60	79.53	82.06
Current Assets	9.07	18.86	21.02	24.40	20.47	17.94
Total Assets	100.00	100.00	100.00	100.00	100.00	100.00

Horizontal Analysis (i) Cumulative %	2005	2006	2007	2008	2009	2010
Share Capital & Reserves	100.00	37.71	82.20	263.39	352.93	388.85
Non Current Liabilities	100.00	56.71	33.12	4.87	(19.77)	(52.56)
Current Liabilities	100.00	121.77	196.46	258.74	324.62	349.97
Total Equity & Liabilities	100.00	59.54	73.77	131.24	159.29	158.73
Non Current Assets	100.00	42.36	50.93	92.24	126.78	133.50
Current Assets	100.00	231.88	302.91	522.38	485.32	411.84
Total Assets	100.00	59.54	73.77	131.24	159.29	158.73

Horizontal Analysis (ii) Year on Year %	2005	2006 vs 2005	2007 vs 2006	2008 vs 2007	2009 vs 2008	2010 vs 2009
Share Capital & Reserves	100.00	37.71	32.31	99.45	24.64	7.93
Non Current Liabilities	100.00	56.71	(15.06)	(21.22)	(23.49)	(40.87)
Current Liabilities	100.00	121.77	33.68	21.01	18.37	5.97
Total Equity & Liabilities	100.00	59.54	8.92	33.07	12.13	(0.21)
Non Current Assets	100.00	42.36	6.02	27.37	17.97	2.96
Current Assets	100.00	231.88	21.40	54.47	(5.96)	(12.55)
Total Assets	100.00	59.54	8.92	33.07	12.13	(0.21)

Financial Highlights

Analysis of Profit & Loss Account

Amount in '000'	2005	2006	2007	2008	2009	2010
Turnover	3,980,109	8,054,101	12,521,861	16,957,879	26,330,404	24,508,793
Cost of Sales	2,600,589	5,073,797	8,846,708	12,600,706	16,519,138	16,529,932
Gross Profit	1,379,520	2,980,304	3,675,153	4,357,173	9,811,267	7,978,861
Distribution Cost	23,817	103,489	497,729	1,155,054	2,427,837	3,433,047
Administrative Cost	61,355	106,740	111,311	125,752	165,936	303,244
Operating Profit	1,294,348	2,770,075	3,066,113	3,076,367	7,217,494	4,242,570
Finance Cost	21,691	82,809	862,847	126,743	1,236,971	569,184
Other Income/Charges	62,706	134,290	(487,085)	643,095	803,521	255,872
Profit before taxation	1,209,951	2,552,976	2,690,351	2,306,529	5,177,002	3,417,514
Taxation	383,364	617,026	143,059	(371,141)	580,453	280,057
Profit after taxation	826,587	1,935,950	2,547,292	2,677,670	4,596,549	3,137,457

Vertical Analysis - %	2005	2006	2007	2008	2009	2010
Turnover	100.00	100.00	100.00	100.00	100.00	100.00
Cost of Sales	65.34	63.00	70.65	74.31	62.74	67.44
Gross Profit	34.66	37.00	29.35	25.69	37.26	32.56
Distribution Cost	0.60	1.28	3.97	6.81	9.22	14.01
Administrative Cost	1.54	1.33	0.89	0.74	0.63	1.24
Operating Profit	32.52	34.39	24.49	18.14	27.41	17.31
Finance Cost	0.54	1.03	6.89	0.75	4.70	2.32
Other Income/Charges	1.58	1.67	(3.89)	3.79	3.05	1.04
Profit before taxation	30.40	31.70	21.49	13.60	19.66	13.94
Taxation	9.63	7.66	1.14	(2.19)	2.20	1.14
Profit after taxation	20.77	24.04	20.34	15.79	17.46	12.80

Horizontal Analysis (i) Cumulative - %	2005	2006	2007	2008	2009	2010
Turnover	100.00	102.36	214.61	326.07	561.55	515.78
Cost of Sales	100.00	95.10	240.18	384.53	535.21	535.62
Gross Profit	100.00	116.04	166.41	215.85	611.21	478.38
Distribution Cost	100.00	334.52	1,989.81	4,749.70	10,093.71	14,314.27
Administrative Cost	100.00	73.97	81.42	104.96	170.45	394.24
Operating Profit	100.00	114.01	136.88	137.68	457.62	227.78
Finance Cost	100.00	281.77	3,877.90	484.31	5,602.69	2,524.06
Other Income/Charges	100.00	114.16	(876.78)	925.57	1,181.41	308.05
Profit before taxation	100.00	111.00	122.35	90.63	327.87	182.45
Taxation	100.00	60.95	(62.68)	(196.81)	51.41	(26.95)
Profit after taxation	100.00	134.21	208.17	223.94	456.09	279.57

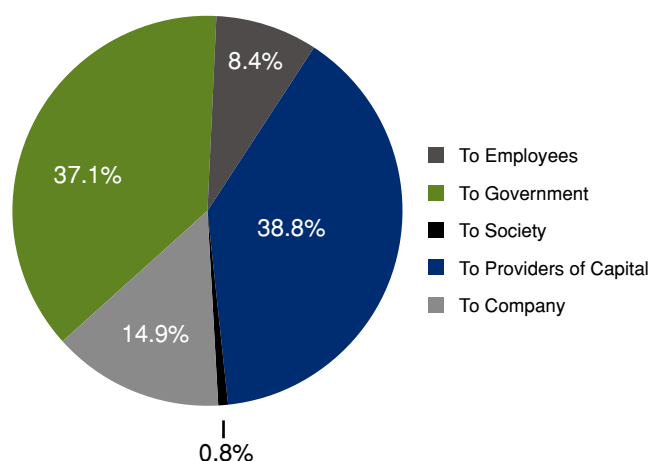
Horizontal Analysis (ii) Year vs Year %	2005	2006 vs 2005	2007 vs 2006	2008 vs 2007	2009 vs 2008	2010 vs 2009
Turnover	100.00	102.36	55.47	35.43	55.27	(6.92)
Cost of Sales	100.00	95.10	74.36	42.43	31.10	0.07
Gross Profit	100.00	116.04	23.31	18.56	125.18	(18.68)
Distribution Cost	100.00	334.52	380.95	132.06	110.19	41.40
Administrative Cost	100.00	73.97	4.28	12.97	31.96	82.75
Operating Profit	100.00	114.01	10.69	0.33	134.61	(41.22)
Finance Cost	100.00	281.77	941.97	(85.31)	875.97	(53.99)
Other Income/Charges	100.00	114.16	(462.71)	(232.03)	24.95	(68.16)
Profit before taxation	100.00	111.00	5.38	(14.27)	124.45	(33.99)
Taxation	100.00	60.95	(76.81)	(359.43)	(256.40)	(51.75)
Profit after taxation	100.00	134.21	31.58	5.12	71.66	(31.74)

Financial Highlights

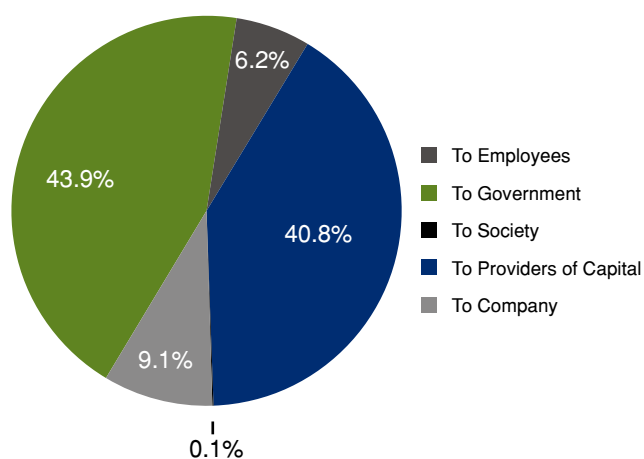
Statement of Value Addition & its Distribution

	2009-10 Rs. In '000'	%	2008-09 Rs. In '000'	%
WEALTH GENERATED				
Total revenue inclusive of sales tax and other income	29,054,803		30,938,290	
Bought-in-material and services	(16,776,878)		(17,838,550)	
	12,277,925	100.0%	13,099,740	100.0%
WEALTH DISTRIBUTION				
To Employees				
Salaries, benefits and other costs	1,034,769	8.4%	814,690	6.2%
To Government				
Income tax, sales tax, excise duty and others	4,764,290	38.8%	5,339,130	40.8%
To Society				
Donation towards education, health and environment	104,046	0.8%	6,872	0.1%
To Providers of Capital				
Dividend to shareholders	1,293,500	10.5%	-	0.0%
Markup / Interest expenses on borrowed funds	531,401	4.4%	1,194,281	9.1%
To Company				
Depreciation, amortization & retained profit	4,549,919	37.1%	5,744,767	43.9%
	12,277,925	100.0%	13,099,740	100.0%

Wealth Distribution 2009-10



Wealth Distribution 2008-09



Quarterly Analysis

Balance Sheet	2009 - 2010				2008 - 2009			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
------(Rupees in '000')-----								
NON CURRENT ASSETS								
Property plant and equipment	30,604,920	31,422,802	31,505,488	31,378,255	27,260,710	28,602,583	29,061,446	30,476,872
Intangible assets	-	3,620	3,173	2,977	-	-	-	-
Long term advance	55,373	55,373	55,373	55,373	-	-	-	55,373
Long term deposits and prepayments	2,175	2,175	2,175	2,175	2,175	2,175	2,175	2,175
	<u>30,662,468</u>	<u>31,483,970</u>	<u>31,566,209</u>	<u>31,438,780</u>	<u>27,262,885</u>	<u>28,604,758</u>	<u>29,063,621</u>	<u>30,534,420</u>
CURRENT ASSETS								
Stock-in-trade	1,129,129	1,076,728	724,218	608,813	1,308,824	812,637	1,285,663	1,196,608
Stores and spares	3,626,195	3,321,496	3,395,176	4,008,288	5,540,236	4,824,183	3,257,378	3,411,549
Trade debts	1,066,870	945,808	793,669	779,305	637,401	921,215	1,038,181	1,267,248
Loan and advances	120,302	103,426	92,519	105,915	158,579	168,047	236,417	108,876
Trade deposits and short term prepayments	13,186	65,936	43,617	48,807	155,823	68,736	104,963	9,761
Other receivables	42,438	62,959	49,912	184,805	655,663	24,142	33,570	59,251
Tax refunds due from government	538,812	538,812	538,812	538,812	538,812	538,812	538,812	538,812
Taxation - net	171,896	165,618	155,550	145,151	167,302	171,150	173,176	176,584
Sales Tax refundable	79,589	166,741	92,040	117,939	459,207	152,319	158,548	40,162
Cash and bank balance	184,563	239,333	460,382	333,629	359,591	286,665	2,060,870	1,049,091
	<u>6,972,980</u>	<u>6,686,857</u>	<u>6,345,895</u>	<u>6,871,464</u>	<u>9,981,438</u>	<u>7,967,906</u>	<u>8,887,578</u>	<u>7,857,942</u>
TOTAL ASSETS	<u>37,635,448</u>	<u>38,170,827</u>	<u>37,912,104</u>	<u>38,310,244</u>	<u>37,244,323</u>	<u>36,572,664</u>	<u>37,951,199</u>	<u>38,392,362</u>
CURRENT LIABILITIES								
Trade and other payables	2,391,703	2,461,763	2,628,883	3,043,320	3,218,304	2,157,255	2,357,808	2,677,356
Accrued interest / markup	235,747	167,732	155,739	155,500	302,086	320,304	319,239	233,381
Short term borrowings	7,331,238	7,523,481	6,445,495	6,267,112	5,880,549	5,282,087	5,216,266	6,187,941
Current portion of long term finance	-	181,699	319,131	175,759	204,167	166,667	166,667	-
	<u>9,958,688</u>	<u>10,334,675</u>	<u>9,549,248</u>	<u>9,641,691</u>	<u>9,605,106</u>	<u>7,926,313</u>	<u>8,059,980</u>	<u>9,098,678</u>
NON CURRENT LIABILITIES								
Long term finance	1,453,593	2,017,215	1,879,783	1,658,600	6,633,333	6,550,000	6,550,000	4,300,000
Deferred taxation	1,588,462	1,650,617	1,650,617	1,562,850	1,170,619	1,262,132	1,362,884	1,478,490
Deferred liabilities	251,253	273,256	283,889	319,217	186,427	195,165	206,177	234,633
Long term deposits	28,969	28,905	29,421	31,957	30,424	45,274	44,503	28,589
	<u>3,322,277</u>	<u>3,969,993</u>	<u>3,843,710</u>	<u>3,572,624</u>	<u>8,020,803</u>	<u>8,052,571</u>	<u>8,163,564</u>	<u>6,041,712</u>
SHARE CAPITAL AND RESERVES								
Authorized	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Issued, subscribed and paid up	3,233,750	3,233,750	3,233,750	3,233,750	3,233,750	3,233,750	3,233,750	3,233,750
Reserves	21,120,733	20,632,409	21,285,396	21,862,179	16,384,664	17,360,030	18,493,905	20,018,222
	<u>24,354,483</u>	<u>23,866,159</u>	<u>24,519,146</u>	<u>25,095,929</u>	<u>19,618,414</u>	<u>20,593,780</u>	<u>21,727,655</u>	<u>23,251,972</u>
TOTAL CAPITAL EMPLOYED	<u>37,635,448</u>	<u>38,170,827</u>	<u>37,912,104</u>	<u>38,310,244</u>	<u>37,244,323</u>	<u>36,572,664</u>	<u>37,951,199</u>	<u>38,392,362</u>

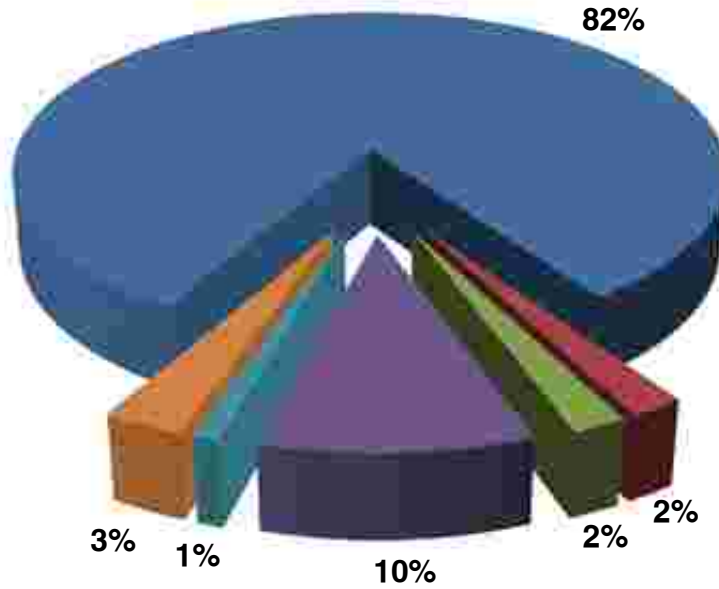
Quarterly Analysis

Profit and Loss Account	2009 - 2010				2008 - 2009			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
------(Rupees in '000')-----								
Gross sales	7,038,727	7,087,546	7,173,180	7,753,448	6,860,817	7,768,478	7,838,809	8,446,931
Less: Sales tax and excise duty	945,225	890,905	1,177,635	1,212,694	1,119,236	1,026,573	1,075,257	1,147,424
Rebates and commission	51,862	122,108	84,900	58,779	26,518	50,204	63,456	75,963
	997,087	1,013,013	1,262,535	1,271,473	1,145,754	1,076,777	1,138,713	1,223,387
Net sales	6,041,640	6,074,533	5,910,645	6,481,975	5,715,063	6,691,701	6,700,096	7,223,544
Cost of sales	3,807,586	3,784,031	4,147,722	4,790,593	3,370,869	4,152,363	4,472,750	4,523,156
GROSS PROFIT	2,234,054	2,290,502	1,762,923	1,691,382	2,344,194	2,539,338	2,227,346	2,700,388
Distribution cost	680,362	1,046,220	823,674	882,791	367,559	732,307	648,850	679,121
Administrative expenses	44,042	114,103	67,512	77,587	48,801	35,464	35,463	46,208
	724,404	1,160,323	891,186	960,378	416,360	767,771	684,313	725,329
OPERATING PROFIT	1,509,650	1,130,179	871,737	731,004	1,927,834	1,771,567	1,543,033	1,975,059
Finance cost	154,756	143,129	120,424	150,875	320,772	504,703	172,557	238,939
Other operating income	(1,308)	(349)	(73)	(172)	-	(945)	(1,447)	(20,863)
Other charges	95,199	69,271	52,685	40,619	502,707	159,300	96,261	68,508
	248,647	212,051	173,036	191,322	823,479	663,058	267,371	286,584
Profit before taxation	1,261,003	918,128	698,701	539,682	1,104,355	1,108,509	1,275,662	1,688,475
Taxation								
Current	48,520	50,797	45,714	50,666	29,745	41,627	41,035	44,337
Prior year	-	-	-	-	-	-	-	4,216
Deferred	109,972	62,155	-	(87,767)	111,619	91,515	100,752	115,606
	158,492	112,952	45,714	(37,101)	141,364	133,142	141,787	164,159
PROFIT FOR THE YEAR	1,102,511	805,176	652,987	576,783	962,991	975,367	1,133,875	1,524,316

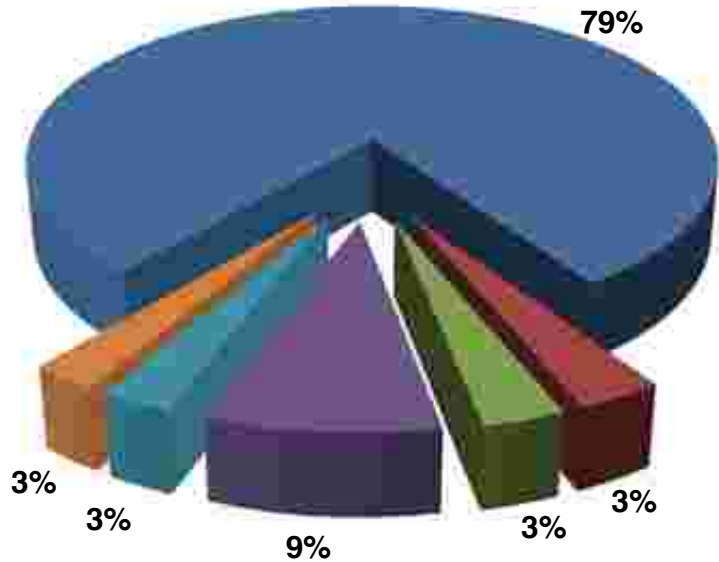
Composition of Balance Sheet

Assets

FY 2010



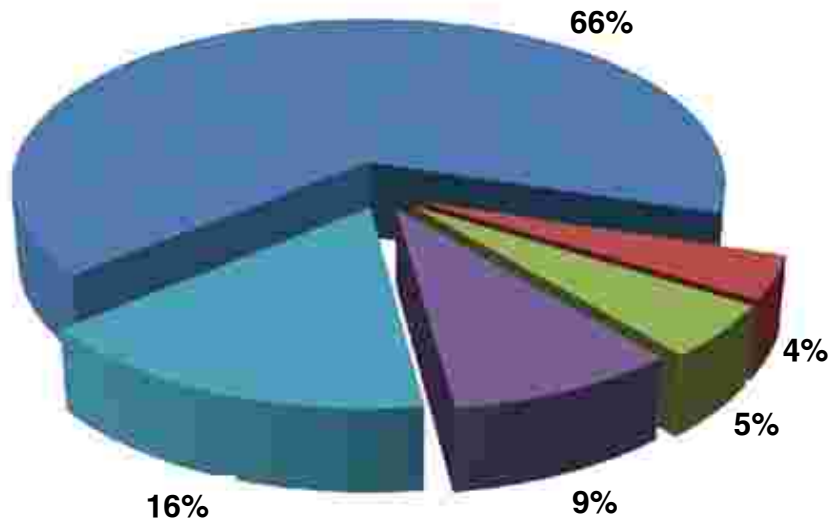
FY 2009



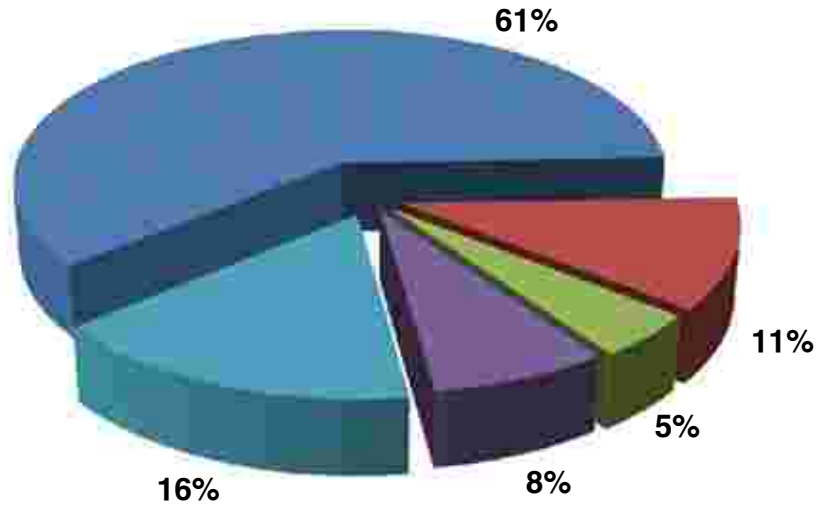
- Property, Plant & Equipment
- Trade Debts
- Stock-in-Trade
- Stores & Spares
- Cash and Bank Balances
- Other Assets

Composition of Balance Sheet Equity and Liabilities

FY 2010



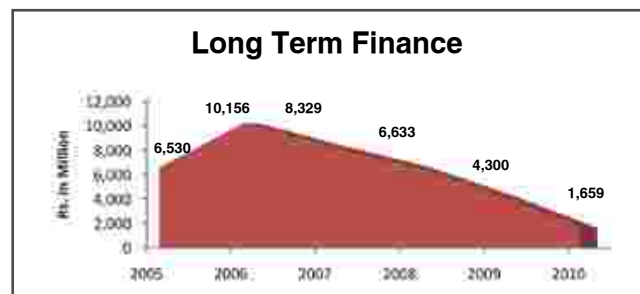
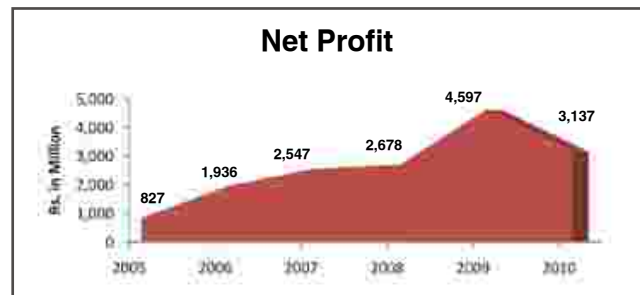
FY 2009



- Share Capital & Reserves
- Long Term Finance
- Other Non Current Liabilities
- Trade Payables & Others
- Short Term Borrowings

Financial Highlights

Financials at a Glance





Financial Performance

Balance Sheet as at June 30, 2010

	Note	2010	2009
------(Rupees in '000')-----			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	31,378,255	30,476,872
Intangible assets	6	2,977	-
Long term advance	7	55,373	55,373
Long term deposits		2,175	2,175
		<u>31,438,780</u>	<u>30,534,420</u>
CURRENT ASSETS			
Stores and spares	8	4,008,288	3,411,549
Stock-in-trade	9	608,813	1,196,608
Trade debts - considered good	10	779,305	1,267,248
Loans and advances	11	105,915	108,876
Trade deposits and short term prepayments	12	48,807	9,761
Other receivables	13	184,805	59,251
Tax refunds due from the government	14	538,812	538,812
Taxation - net		145,151	176,584
Sales tax refundable	15	117,939	40,162
Cash and bank balances	16	333,629	1,049,091
		<u>6,871,464</u>	<u>7,857,942</u>
TOTAL ASSETS		<u>38,310,244</u>	<u>38,392,362</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	17	3,233,750	3,233,750
Reserves	18	21,862,179	20,018,222
		<u>25,095,929</u>	<u>23,251,972</u>
NON-CURRENT LIABILITIES			
Long term finance	19	1,658,600	4,300,000
Long term deposits	20	31,957	28,589
Deferred liabilities	21	319,217	234,633
Deferred taxation	22	1,562,850	1,478,490
		<u>3,572,624</u>	<u>6,041,712</u>
CURRENT LIABILITIES			
Trade and other payables	23	3,043,320	2,677,356
Accrued mark-up	24	155,500	233,381
Short term borrowings	25	6,267,112	6,187,941
Current portion of long term finance	19	175,759	-
		<u>9,641,691</u>	<u>9,098,678</u>
CONTINGENCIES AND COMMITMENTS	26		
TOTAL EQUITY AND LIABILITIES		<u>38,310,244</u>	<u>38,392,362</u>

The annexed notes from 1 to 42 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, 2010

	Note	2010	2009
------(Rupees in '000')-----			
Gross sales	27	29,052,901	30,915,035
Less: Sales tax and excise duty		4,226,459	4,368,490
Rebates and commission		317,649	216,141
		4,544,108	4,584,631
Net sales		24,508,793	26,330,404
Cost of sales	28	16,529,932	16,519,138
Gross profit		7,978,861	9,811,266
Distribution cost	29	3,433,047	2,427,837
Administrative expenses	30	303,244	165,936
		3,736,291	2,593,773
Operating profit		4,242,570	7,217,493
Finance cost	31	569,184	1,236,971
Other operating income	32	(1,902)	(23,255)
Other charges	33	257,774	826,776
		825,056	2,040,492
Profit before taxation		3,417,514	5,177,001
Taxation			
-current	34	195,697	156,744
-prior year		-	4,216
-deferred		84,360	419,492
		280,057	580,452
Profit after taxation		3,137,457	4,596,549
Other comprehensive income for the year		-	-
Total comprehensive income for the year		3,137,457	4,596,549
------(Rupees)-----			
Earnings per share - basic and diluted	35	9.70	14.21

The annexed notes from 1 to 42 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, 2010

	Note	2010	2009
------(Rupees in '000')-----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	36	6,087,267	8,084,365
Finance costs paid		(647,065)	(1,292,567)
Income tax paid		(164,264)	(206,645)
Gratuity paid		(12,300)	(13,369)
		(823,629)	(1,512,581)
Long term deposits		3,368	(1,663)
Long term advance paid		-	(55,373)
Net cash generated from operating activities		5,267,006	6,514,748
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(2,320,832)	(5,779,313)
Sale proceeds on disposal of property, plant and equipment		5,879	37,487
Net cash used in investing activities		(2,314,953)	(5,741,826)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term finance (net)		(2,465,641)	(2,575,000)
Receipt of short term borrowings		217,372	4,151,790
Dividends paid		(1,281,045)	(73)
Net cash (used in) / generated from financing activities		(3,529,314)	1,576,717
Net (decrease) / increase in cash and cash equivalents		(577,261)	2,349,639
Cash and cash equivalents at the beginning of the year		910,890	(1,438,749)
Cash and cash equivalents at the end of the year		333,629	910,890
CASH AND CASH EQUIVALENTS			
Cash and bank balances	16	333,629	1,049,091
Short term running finance	25	-	(138,201)
		333,629	910,890

The annexed notes from 1 to 42 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, 2010

	Issued, subscribed and paid up capital	Capital reserve	Revenue reserves		Total reserves	Total equity
		Share premium	General Reserve	Unappropriated profit		
------(Rupees in '000')-----						
Balance as at June 30, 2008	3,233,750	7,343,422	5,000,000	3,078,251	15,421,673	18,655,423
Total comprehensive income for the year	-	-	-	4,596,549	4,596,549	4,596,549
Balance as at June 30, 2009	<u>3,233,750</u>	<u>7,343,422</u>	<u>5,000,000</u>	<u>7,674,800</u>	<u>20,018,222</u>	<u>23,251,972</u>
Transfer to general reserve	-	-	5,000,000	(5,000,000)	-	-
Final dividend at the rate of Rs. 4/- per share for the year ended June 30, 2009	-	-	-	(1,293,500)	(1,293,500)	(1,293,500)
Total comprehensive income for the year	-	-	-	3,137,457	3,137,457	3,137,457
Balance as at June 30, 2010	<u>3,233,750</u>	<u>7,343,422</u>	<u>10,000,000</u>	<u>4,518,757</u>	<u>21,862,179</u>	<u>25,095,929</u>

The annexed notes from 1 to 42 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, 2010

1. THE COMPANY AND ITS OPERATION

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 Company has also issued Global Depository Receipts (GDRs) which are listed and traded on the Professional Securities Market of the London Stock Exchange. 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 Khyber Pakhtunkhwa. The Company has two production facilities at Pezu, District Lakki Marwat in Khyber Pakhtunkhwa and at Main Super Highway in Karachi, Sindh.

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 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 JUDGMENTS 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 judgment 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 judgments which are significant to these financial statements:

Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in note 21.1 to these 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 equipments. Further, the Company reviews the value of assets for possible impairment on each reporting period. 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.

Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non occurrence of the uncertain future events.

Notes to the Financial Statements for the Year Ended June 30, 2010

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Accounting convention

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

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

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

	Standard or Interpretation	Effective Date (accounting periods beginning on or after)
IFRS - 2	Share-based Payments: Amended relating to Group Cash-settled Share-based Payment Transactions	January 01, 2010
IAS -24	Related Party Disclosures (Revised)	January 01, 2011
IAS -32	Financial Instruments: Presentation - Classification of Right Issue	February 01, 2010
IFRIC 14	The Limit on Defined Benefit Assets, Minimum Funding Requirements and their Interaction (Amendments)	January 01, 2011
IFRIC -19	Extinguishing Financial Liabilities with Equity Instruments	July 01, 2010

The Company expects that the adoption of the above revisions, amendments and interpretations of the standards will not have any material impact on the Company's financial statements in the period of initial application.

In addition to the above, amendments to various accounting standards have also been issued by the IASB as a result of its annual improvement project in April 2009 primarily with a view to remove inconsistencies and clarify wordings. Such improvements are generally effective for accounting periods beginning on or after January 01, 2010. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

4.3 Standards, amendments and interpretations adopted during the year

During the year, the following new / revised standards, amendments and interpretations of accounting standards become effective:

Notes to the Financial Statements for the Year Ended June 30, 2010

Standards, amendments and interpretations

IFRS - 2	Share Based Payment - Vesting Conditions and Cancellations (Amendment)
IFRS - 3	Business Combinations (Revised)
IFRS -7	Financial Instruments : Disclosures (Amendments)
IFRS - 8	Operating Segments
IAS -1	Presentation of Financial Statements (Revised)
IAS -23	Borrowing Costs (Revised)
IAS -27	Consolidated and Separate Financial Statements (Amendment)
IAS -32	Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements-Putable Financial Instruments and Obligations Arising on Liquidation (Amendments)
IAS -39	Financial Instruments: Recognition and Measurement – Eligible hedged items (Amendments)
IFRIC-15	Agreement for the Construction of Real Estate
IFRIC-16	Hedges of a Net Investment in a Foreign Operation
IFRIC-17	Distributions of Non-Cash Assets to Owners
IFRIC-18	Transfers of Assets from Customers

Improvement to International Financial Reporting Standards (Issued 2008)

The adoption of the above standards, amendments and interpretations did not have any effect on the financial statements except for IAS - 1 (revised) which is explained in note 4.4 below.

4.4 Change in accounting policy and disclosures

The accounting policies adopted in preparation of these financial statements are consistent with those of the previous financial year except for the adoption of IAS 1 (Revised) as of 1 July 2009:

The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented as a single line item in the statement of changes in equity. In addition, the standard introduces the statement of comprehensive income which presents all items of recognized income and expense, either in one single statement (the statement of comprehensive income), or in two linked statements (the income statement and the statement of comprehensive income).

The Company has chosen to present all non-owner changes in equity in one performance statement – statement of comprehensive income (profit and loss account). The Company does not have any items of income and expenses representing other comprehensive income. Accordingly, the adoption of the above standard does not have any significant impact on the presentation of the Company's financial statements and does not require the restatement or reclassification of comparative information.

Notes to the Financial Statements for the Year Ended June 30, 2010

4.5 Property, plant and equipment

These are stated at cost less accumulated depreciation/amortization and impairment losses, if any, except for capital work-in-progress which are stated at cost less impairment, if any.

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 profit and loss account applying the straight line method on building and quarry equipment and on diminishing balance method 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 profit and loss account as and when incurred. Major renewals and improvements are capitalized.

Gains and losses on disposal of assets, if any, are included in profit and loss account.

4.6 Intangible assets

These are stated at cost less accumulated amortization and impairment losses, if any.

Amortization is charged to profit and loss account applying the straight line method. Full year's amortization is charged on addition while no amortization is charged on assets deleted during the year.

4.7 Stores and spares

These are valued at lower of weighted 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.

4.8 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 weighted average cost comprising of quarrying/purchase price, transportation, government levies and other overheads. |
| ii) Work in process and finished goods | at weighted 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.

Notes to the Financial Statements for the Year Ended June 30, 2010

4.9 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' outstandings balances and creditworthiness. Bad debts are written-off when identified.

4.10 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.

4.11 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.

4.12 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.

4.13 Compensated absences

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

4.14 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.

4.15 Provisions

Provision 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.

4.16 Taxation

Current

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

Notes to the Financial Statements for the Year Ended June 30, 2010

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 profit and loss account.

4.17 Revenue recognition

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

- Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods to customers.
- Return on bank deposits is recognized on a time proportion basis on the principal amount outstanding and at the rate applicable.

4.18 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.

4.19 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 prevailing 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.

4.20 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.

Notes to the Financial Statements for the Year Ended June 30, 2010

4.21 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.

4.22 Impairment

At each balance sheet date, the carrying amount of assets is reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense in the profit and loss account.

4.23 Related party transactions

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

4.24 Dividend and appropriation to reserves

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

4.25 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

	Note	2010	2009
		------(Rupees in '000')-----	
Operating assets - tangible	5.1	29,465,134	28,333,761
Capital work-in-progress	5.4	1,913,121	2,143,111
		<u>31,378,255</u>	<u>30,476,872</u>

Notes to the Financial Statements for the Year Ended June 30, 2010

5.1 OPERATING ASSETS - Tangible

	Cost			Depreciation / Amortization			Book Value	Rate of depreciation
	At July 01, 2009	Additions/ *transfers/ (disposals)	June 30, 2010	At July 01, 2009	For the year / (disposals)	At June 30, 2010	At June 30, 2010	
------(Rupees in '000')-----								
Land - lease hold	738,922	3,000	741,922	7,406	7,436	14,842	727,080	99 Yrs
Building on leasehold land	5,812,040	400 * 100,639	5,913,079	1,154,327	292,534	1,446,861	4,466,218	5%
Plant and machinery	18,609,299	800 * 274,000	18,884,099	2,522,480	636,743	3,159,223	15,724,876	Units of Production Method
Generators	6,524,898	29,176 *2,070,002	8,624,076	925,289	352,711	1,278,000	7,346,076	Units of Production Method
Quarry equipments	792,539	* 8,388	800,927	195,843	40,046	235,889	565,038	5%
Vehicle including cement bulkers	644,868	* 14,874 1,380 (7,588)	653,534	170,115	56,666 (3,736)	223,045	430,489	10%-20%
Furniture and fixtures	40,406	* 1,403 791 (41)	42,559	13,593	2,906 (30)	16,469	26,090	10%
Office equipments	96,749	* 2,290 1,020 (131)	99,928	34,619	6,538 (83)	41,074	58,854	10%
Computer and accessories	43,592	* 3,223 1,601 (75)	48,341	31,318	5,631 (41)	36,908	11,433	33%
Other assets (Laboratory equipment etc.)	115,840	* 418 32,974 (72)	149,160	30,402	9,785 (7)	40,180	108,980	10%
June 30, 2010	33,419,153	55,584 *2,490,795 (7,907)	35,957,625	5,085,392	1,410,996 (3,897)	6,492,491	29,465,134	

Notes to the Financial Statements for the Year Ended June 30, 2010

	Cost			Depreciation / Amortization			Book Value	Rate of depreciation
	At July 01, 2008	Additions/ *transfers/ (disposals)	June 30, 2009	At July 01, 2008	For the year / (disposals)	At June 30, 2009	At June 30, 2009	
------(Rupees in '000)'-----								
Land - lease hold	712,739	26,183	738,922	-	7,406	7,406	731,516	99 Yrs
Building on leasehold land	4,653,192	556 *1,158,292	5,812,040	906,030	248,297	1,154,327	4,657,713	5%
Plant and machinery	14,187,123	*4,422,176	18,609,299	2,002,799	519,681	2,522,480	16,086,819	Units of Production Method
Generators	3,941,818	*2,608,172 (25,092)	6,524,898	683,735	245,737 (4,183)	925,289	5,599,609	Units of Production Method
Quarry equipments	643,114	* 149,425	792,539	156,216	39,627	195,843	596,696	5%
Vehicle including cement bulkers	617,079	* 34,578 11,865 (18,654)	644,868	113,195	61,940 (5,020)	170,115	474,753	10%-20%
Furniture and fixtures	37,922	* 648 4,457 (2,621)	40,406	12,189	2,985 (1,581)	13,593	26,813	10%
Office equipments	86,667	* 2,707 7,375	96,749	27,738	6,881	34,619	62,130	10%
Computer and accessories	39,996	* 1,664 1,932	43,592	25,276	6,042	31,318	12,274	33%
Other assets (Laboratory equipment etc.)	78,430	* 182 37,246 (18)	115,840	20,783	9,622 (3)	30,402	85,438	10%
June 30, 2009	24,998,080	66,518 *8,400,940 (46,385)	33,419,153	3,947,961	1,148,218 (10,787)	5,085,392	28,333,761	

Notes to the Financial Statements for the Year Ended June 30, 2010

5.2 Depreciation/amortization charge for the year has been allocated as follows:

	Note	2010	2009
------(Rupees in '000')-----			
Cost of sales	28	1,327,229	1,078,002
Distribution cost	29	73,570	58,952
Administrative expenses	30	10,197	11,264
Total		<u>1,410,996</u>	<u>1,148,218</u>

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

Particulars	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Gain / Loss	Mode of Disposal	Particulars of Buyers
------(Rupees in '000')-----							
Vehicles							
IDM-2544	857	677	180	281	101	Tender / Negotiation	Mr. Mansoor Khan Leghari, Islamabad.
AQR-390	523	187	336	514	178	Insurance Claim	New Jubilee Insurance Co. Ltd, Karachi
ARM-653	829	166	663	814	151	Insurance Claim	New Jubilee Insurance Co. Ltd, Karachi
IDM-1802	793	627	166	641	475	Insurance Claim	New Jubilee Insurance Co. Ltd, Karachi
TLK-3216	2,718	608	2,110	2,639	529	Insurance Claim	New Jubilee Insurance Co. Ltd, Karachi
ACY-953	496	426	70	141	71	Tender / Negotiation	M/s. Auto Tech, Karachi.
KEI-4485	66	6	60	63	3	Insurance Claim	New Jubilee Insurance Co. Ltd, Karachi
ALV-283	402	196	206	330	124	Tender / Negotiation	Muhammad Wasim, Karachi
Items having book value less than Rs. 50,000 each	1,223	1,004	219	456	237	Tender / Negotiation	Various
Total	<u>7,907</u>	<u>3,897</u>	<u>4,010</u>	<u>5,879</u>	<u>1,869</u>		
2009	<u>46,385</u>	<u>10,787</u>	<u>35,598</u>	<u>37,487</u>	<u>1,889</u>		

Notes to the Financial Statements for the Year Ended June 30, 2010

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

Note	Opening balance	Additions	Transferred to operating fixed assets	Closing balance	
				2010	2009
------(Rupees in '000')-----					
Building and civil works	97,725	124,413	100,639	121,499	97,725
Plant and machinery	38,281	313,058	320,154	31,185	38,281
Generators	1,919,320	1,823,334	2,070,002	1,672,652	1,919,320
Hydel Power Project	61,347	-	-	61,347	61,347
Advance for gas installation	26,438	-	-	26,438	26,438
	<u>2,143,111</u>	<u>2,260,805</u>	<u>2,490,795</u>	<u>1,913,121</u>	<u>2,143,111</u>

5.4.1 It includes advance to suppliers and contractor Rs. 17.282 million (2009: Rs.0.409 million).

5.5 During the year borrowing costs amounting to Rs. 154.240 million (2009: Rs. 634.298 million) have been capitalized in the capital work in progress pertaining to the new expansion projects.

6. INTANGIBLE ASSETS

Represents computer software - Oracle at a cost of Rs.4.443 million and is amortized on straight line basis over the period of 36 months.

7. LONG TERM ADVANCE

This represents advance given to Sui Southern Gas Company Limited in respect of new gas line which will be adjusted in 48 equal monthly instalments alongwith interest at the rate of 2.9% per annum after commissioning of gas.

8. STORES AND SPARES

Note	2010	2009
------(Rupees in '000')-----		
Stores	1,912,626	1,833,214
Spares	2,171,672	1,628,961
	<u>4,084,298</u>	<u>3,462,175</u>
Less: Provision for slow moving spares	76,010	50,626
	<u>4,008,288</u>	<u>3,411,549</u>

8.1 This includes stores in transit of Rs. 549.985 million (2009: Rs. 876.998 million) as at the balance sheet date.

8.2 This includes spares in transit of Rs. 107.649 million (2009: Rs. 21.293 million) as at the balance sheet date.

Notes to the Financial Statements for the Year Ended June 30, 2010

9. STOCK-IN-TRADE

	2010	2009
	------(Rupees in '000')-----	
Raw and packing materials	315,374	344,204
Work-in-process	100,813	591,659
Finished goods	192,626	260,745
	<u>608,813</u>	<u>1,196,608</u>

10. TRADE DEBTS - considered good

	Note	2010	2009
		------(Rupees in '000')-----	
Bills receivable - secured		619,776	1,144,770
Others - unsecured		159,529	122,478
	10.1&10.2	<u>779,305</u>	<u>1,267,248</u>

10.1 This includes Rs. Nil (2009: Rs. 15.696 million) receivable from Lucky Paragon ReadyMix Limited, a related party.

10.2 The ageing of trade debts as at June 30, 2010 is as follows:

	2010	2009
	------(Rupees in '000')-----	
neither past due nor impaired - within 90 days	<u>779,305</u>	<u>1,267,248</u>

11. LOANS AND ADVANCES

	Note	2010	2009
		------(Rupees in '000')-----	
Considered good			
Secured			
Loans and advances due from:			
Employees	11.1	5,632	2,561
Executives	11.1&11.2	3,123	7,121
		<u>8,755</u>	<u>9,682</u>
Unsecured			
Advances to suppliers and others		77,716	79,750
Collector of Customs	11.3	19,444	19,444
		<u>97,160</u>	<u>99,194</u>
		<u>105,915</u>	<u>108,876</u>

Notes to the Financial Statements for the Year Ended June 30, 2010

11.1 Represents loans provided as per the Company's employee loan policy. 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. 10.297 million (2009: Rs. 13.942 million).

11.2. Reconciliation of carrying amount of loan to executives

	2010	2009
	------(Rupees in '000')-----	
Opening balance	7,121	5,531
Disbursements	642	10,342
Repayment	(4,640)	(8,752)
Closing balance	3,123	7,121

11.3 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 mala fide 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 favor of the Company. Hence, no provision has been made against the said advance in these financial statements.

12. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	2010	2009
	------(Rupees in '000')-----	
Deposits		
Containers	-	402
Coal supplier	1,000	1,000
Others	8,220	5,273
	9,220	6,675
Prepayments		
Insurance	16,349	158
L/c Margin	3,454	-
Rentals	1,717	1,808
Others	18,067	1,120
	39,587	3,086
	48,807	9,761

Notes to the Financial Statements for the Year Ended June 30, 2010

13. OTHER RECEIVABLES - Unsecured, considered good

	Note	2010	2009
------(Rupees in '000')-----			
Inland freight subsidy - export	13.1	135,790	-
Rebate on export sales		37,865	30,746
Fair value gain on foreign exchange forward contracts		-	21,363
Others		11,150	7,142
		<u>184,805</u>	<u>59,251</u>

- 13.1** This represents the amount receivable from the Government on account of inland freight subsidy on exports claimed by the Company pursuant to the inland freight subsidy scheme announced by the Trade Development Authority of Pakistan through public notice advertised on March 26, 2010 covering period from date of advertisement to June 30, 2010.

14. 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 be included in retail price for calculation of the excise duty payable to the Government. The Company filed a writ petition before the Peshawar High Court seeking judgment on this matter. The dispute 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 at the rate of 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 filed petitions before the High Courts of Sindh and Lahore respectively. Both the Honorable Courts also decided the case against the method of calculation of excise duty as interpreted by the 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, 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 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 due to incorrect interpretation of law. The Company on the basis of legal opinions obtained, recognised this refund claim in the financial statements for the year ended June 30, 2007.

A review petition was filed by the Federal Board of Revenue (FBR) in the Honorable Supreme Court of Pakistan. The Honourable Supreme Court of Pakistan vide its order dated January 27, 2009 dismissed the review petition filed by the FBR and upheld its earlier decision which was in favour of the Company.

While verifying the refund claim, the Collector of Excise and Sales Tax Peshawar has issued show cause notice to the Company raising certain objections against the release of said refund including an objection that the burden of this levy has been passed on to the end consumer. The Company has challenged this show cause notice in the Honorable Peshawar High Court and taken the stance that this matter has already been dealt with at the Supreme Court level, based on the doctrine of res judicata. The Honorable Peshawar High Court granted a stay order to the Company against any adverse proceeding by the Department in this case.

The Company is actively pursuing the matter with the department for the settlement of the said refund claim.

Notes to the Financial Statements for the Year Ended June 30, 2010

15. SALES TAX REFUNDABLE

This represents claims lodged with the sales tax authorities in respect of excess of input tax over output tax.

16. CASH AND BANK BALANCES

	2010	2009
------(Rupees in '000')-----		
Cash in hand	1,031	2,270
Sales collection in transit	263,940	229,833
Cash at bank		
- on current accounts	22,286	15,064
- on deposit accounts	46,372	801,924
	68,658	816,988
	333,629	1,049,091

17. SHARE CAPITAL

	Note	2010	2009
------(Rupees in '000')-----			
Authorized capital			
500,000,000 (June 30, 2009 : 500,000,000) Ordinary shares of Rs.10/- each		5,000,000	5,000,000
Issued, subscribed and paid-up capital			
305,000,000 (June 30, 2009 : 305,000,000) Ordinary shares of Rs.10/- each issued for cash	17.1	3,050,000	3,050,000
18,375,000 (June 30, 2009 : 18,375,000) Ordinary shares of Rs.10/- each issued as bonus shares		183,750	183,750
		3,233,750	3,233,750

17.1 During the year ended June 30, 2008, the Company was admitted to the official list of the Financial Services Authority and to the London Stock Exchange for trading of 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.

Notes to the Financial Statements for the Year Ended June 30, 2010

18. RESERVES

	2010	2009
------(Rupees in '000')-----		
Capital reserves		
Share premium	7,343,422	7,343,422
Revenue reserves		
General Reserve	10,000,000	5,000,000
Unappropriated profit	4,518,757	7,674,800
	14,518,757	12,674,800
	21,862,179	20,018,222

19. LONG TERM FINANCE - Secured

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

	Number	Installments From	2010	2009
------(Rupees in '000')-----				
Allied Bank Limited	16 quarterly	October 2010	1,135,620	-
Allied Bank Limited	16 quarterly	March 2011	698,739	-
Allied Bank Limited			-	2,300,000
National Bank of Pakistan			-	2,000,000
			1,834,359	4,300,000
Less : Current portion of long term finance			(175,759)	-
			1,658,600	4,300,000

19.1 The long term finances carry floating mark-up rates ranging between 10.17% to 10.53% (2009:11.82% to 16.18%) per annum.

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

20. LONG TERM DEPOSITS

	Note	2010	2009
------(Rupees in '000')-----			
Cement stockists	20.1	9,727	8,359
Transporters	20.2	21,900	19,900
Others		330	330
		31,957	28,589

20.1 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.

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

Notes to the Financial Statements for the Year Ended June 30, 2010

21. DEFERRED LIABILITIES

	Note	2010	2009
----- (Rupees in '000') -----			
Staff gratuity	21.1	<u>319,217</u>	<u>234,633</u>
21.1 The amounts recognized in the balance sheet, based on the recent actuarial valuation carried on June 30, 2010, are as follows:			
Present value of defined benefit obligation		<u>319,217</u>	<u>234,633</u>
Movement in the liability recognized in the balance sheet are as follows:			
Opening balance		234,633	174,171
Net charge for the year		<u>96,884</u>	73,831
		<u>331,517</u>	248,002
Payments made during the year		<u>(12,300)</u>	(13,369)
Closing balance		<u>319,217</u>	<u>234,633</u>
The amount recognized in the profit and loss account is as follows:			
Current service cost		51,754	33,448
Interest cost		30,502	20,901
Actuarial (gains)/ losses recognized		<u>14,628</u>	19,482
		<u>96,884</u>	<u>73,831</u>
The charge for the year has been allocated as follows:			
Cost of sales		67,155	57,751
Distribution cost		3,884	3,512
Administrative expenses		<u>25,845</u>	12,568
		<u>96,884</u>	<u>73,831</u>
Principal actuarial assumptions used are as follows:			
Expected rate of increase in salary level		14%	13%
Valuation discount rate		14%	13%

Comparisons for five years:

As at June 30	2010	2009	2008	2007	2006
----- (Rupees in '000') -----					
Present value of defined benefit obligation	<u>319,217</u>	<u>234,633</u>	<u>174,171</u>	<u>147,245</u>	<u>113,967</u>

Notes to the Financial Statements for the Year Ended June 30, 2010

22. DEFERRED TAXATION

This comprises of the following :

Deferred tax liability - difference in tax and accounting bases of property, plant and equipment
 Deferred tax assets
 - Unabsorbed tax losses
 - Provision for staff gratuity and compensated absences

	2010	2009
	------(Rupees in '000')-----	
	3,351,606	1,870,067
	(1,693,176)	(349,494)
	(95,580)	(42,083)
	(1,788,756)	(391,577)
	<u>1,562,850</u>	<u>1,478,490</u>

23. TRADE AND OTHER PAYABLES

Creditors
 Bills payable
 Accrued liabilities
 Customers running account
 Retention money
 Other charges payable
 Unclaimed and unpaid dividend
 Excise duty payable
 Others

Note	2010	2009
	------(Rupees in '000')-----	
	920,236	804,826
	254,170	472,061
	617,667	274,251
	281,052	238,728
	373,789	401,847
23.1	342,074	281,619
	26,077	13,622
	228,201	190,223
	54	179
	<u>3,043,320</u>	<u>2,677,356</u>

23.1 It includes workers' profit participation fund, the movement of which is as follows:

Balance at July 01,
 Allocation for the year
 Interest on funds utilized by the Company
 Payments during the year

Note	2010	2009
	------(Rupees in '000')-----	
	170,136	130,370
33	184,124	278,704
	7,196	6,793
	<u>361,456</u>	<u>415,867</u>
	(204,514)	(245,731)
	<u>156,942</u>	<u>170,136</u>

24. ACCRUED MARK UP

Long term finance
 Short term borrowings

	2010	2009
	------(Rupees in '000')-----	
	49,740	142,858
	105,760	90,523
	<u>155,500</u>	<u>233,381</u>

Notes to the Financial Statements for the Year Ended June 30, 2010

25. SHORT TERM BORROWINGS - Secured

	Note	2010	2009
------(Rupees in '000')-----			
Export Refinance	25.1 & 25.2	4,732,366	6,049,740
Foreign Currency Import Finance	25.1 & 25.3	1,534,746	-
Running finance under mark-up arrangements from banks		-	138,201
		<u>6,267,112</u>	<u>6,187,941</u>

25.1 The Company has financing facilities of Rs. 12,200 million available from various banks as at June 30, 2010 of which Rs.5,932.89 million remained unutilized at the year end. These facilities are renewable and are secured by way of hypothecation on stores, stock-in-trade and trade debts.

25.2 The export refinance facility carries mark-up rate ranging between 7.5% to 9% (2009: 7.50%) per annum.

25.3 These facilities are payable on various dates by June 30, 2011. The rate of interest on these facilities ranges between 1.25% to 1.75% (2009: Nil) per annum.

26. CONTINGENCIES AND COMMITMENTS

CONTINGENCIES

26.1 The Supreme Court of Pakistan while disposing off an appeal of the Collector of Customs, Karachi has issued a judgement on July 28, 2009 whereby it has set aside the earlier order of the Peshawar High Court decided in favour of the Company on the issue of plant and machinery imported under SRO 484(I)/92 dated May 14, 1992 after obtaining approvals from the concerned Ministries. The Company has filed a review petition against the referred order which is pending before the Supreme Court of Pakistan. The amount of disputed liabilities is not ascertainable at this stage as no order was earlier framed by the Collector of Customs.

26.2 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 09-06-1994 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 was filed for compensation. During the year, civil judge Peshawar has granted the ex-parte decree in favor of the Company amounting to Rs. 1,693.61 million along with 14% per annum until the said amount is actually paid. The above would be recorded at the appropriate time in accordance with the requirements of International Accounting Standard-37.

26.3 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 and also referred the matter to FBR for constitution of Dispute Resolution Committee. The amount of tax has already been deposited and as a matter of prudence the same has been provided in the financial statements.

Notes to the Financial Statements for the Year Ended June 30, 2010

26.4 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.

26.5 The Competition Commission of Pakistan has passed a single order on August 27, 2009 against all the cement manufacturers of the Country on the alleged ground of formation of cartel for marketing arrangement and thereby imposed upon a penalty at the rate of 7.5% on total turnover of each company consisting of both local and export sales. The amount of penalty imposed on the Company is Rs. 1,271,840,925/- which has been challenged in the Court of Law. The Company's legal counsel is confident that the Company has a good case and there are reasonable chances of success to avoid the penalty, hence, no provision for the above has been made in these financial statements.

26.6 Also refer note 11.3 and 14 to these financial statements.

COMMITMENTS

26.7 Capital commitments

	2010	2009
	------(Rupees in '000')-----	
Plant and machinery under letters of credit	<u>163,325</u>	<u>1,203,584</u>

26.8 Other commitments

	2010	2009
	------(Rupees in '000')-----	
Stores, spares and packing material under letters of credit	<u>1,960,445</u>	<u>540,414</u>
Bank guarantees issued on behalf of the Company	<u>672,940</u>	<u>677,379</u>

27. SALES - Gross

	2010	2009
	------(Rupees in '000')-----	
Sales - local	<u>14,191,487</u>	15,083,209
- export	<u>14,861,414</u>	<u>15,831,826</u>
	<u>29,052,901</u>	<u>30,915,035</u>

Notes to the Financial Statements for the Year Ended June 30, 2010

28. COST OF SALES

	Note	2010	2009
------(Rupees in '000')-----			
Raw material consumed		959,358	899,891
Packing material	28.1	1,472,287	1,161,123
Salaries, wages and benefits		881,365	697,836
Fuel and power		10,131,354	12,091,086
Stores and spares consumed		731,240	573,929
Repairs and maintenance		53,675	48,164
Depreciation/amortization	5.2	1,327,229	1,078,002
Insurance		170,692	174,634
Provision for slow moving spares	8	25,384	45,078
Earth moving machinery		105,212	92,550
Vehicle running and maintenance		28,380	26,414
Communication		9,413	8,904
Mess subsidy		16,371	13,963
Transportation		10,459	16,062
Traveling and conveyance		3,740	2,266
Inspection fee for electrical installation		1,049	1,068
Rent, rates and taxes		1,404	2,102
Printing and stationery		1,424	842
Other manufacturing expenses		40,931	22,551
		<u>15,970,967</u>	<u>16,956,465</u>
Work-in-process			
Opening		591,659	285,274
Closing		(100,813)	(591,659)
		<u>490,846</u>	<u>(306,385)</u>
Cost of goods manufactured		16,461,813	16,650,080
Finished goods			
Opening		260,745	129,803
Closing		(192,626)	(260,745)
		<u>68,119</u>	<u>(130,942)</u>
		<u>16,529,932</u>	<u>16,519,138</u>

28.1 Net of duty draw back on export sales amounting to Rs.52.857 million (2009 : Rs.34.365 million).

29. DISTRIBUTION COST

Salaries and benefits		42,490	35,765
Communication		3,499	3,250
Logistic and related charges		3,233,415	2,267,954
Loading and others		28,472	29,285
Travelling and conveyance		2,518	1,340
Printing and stationery		812	771
Insurance		10,897	10,322
Rent, rates and taxes		6,537	6,361
Utilities		1,298	822
Vehicles running and maintenance		7,002	5,951
Repairs and maintenance		8,597	549
Fees, subscription and periodicals		606	107
Advertisement and sales promotion		9,713	4,465
Entertainment		580	465
Depreciation	5.2	73,570	58,952
Others		3,041	1,478
		<u>3,433,047</u>	<u>2,427,837</u>

Notes to the Financial Statements for the Year Ended June 30, 2010

30. ADMINISTRATIVE EXPENSES

	Note	2010	2009
------(Rupees in '000')-----			
Salaries and benefits		110,914	81,089
Communication		6,503	6,239
Travelling and conveyance		9,353	6,415
Insurance		1,268	1,311
Rent, rates and taxes		2,298	1,577
Vehicles running and maintenance		10,034	8,438
Printing and stationery		6,731	4,142
Fees and subscription		7,102	8,214
Security services		1,708	1,430
Legal and professional		8,638	9,215
Transportation and freight		329	242
Utilities		5,542	3,833
Repairs and maintenance		6,870	8,444
Advertisement		1,238	173
Donations	30.1	104,046	6,872
Auditors' remuneration	30.2	1,481	1,112
Other auditors' remuneration	30.3	5,279	3,852
Depreciation	5.2	10,197	11,264
Amortization		1,466	-
Others		2,247	2,074
		<u>303,244</u>	<u>165,936</u>

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

30.2 Auditors' remuneration

	2010	2009
------(Rupees in '000')-----		
Statutory auditors (Ernst & Young Ford Rhodes Sidat Hyder)		
Audit fee	1,000	750
Half yearly review fee	275	250
Fee for the review of compliance with Code of Corporate Governance	75	60
Out of pocket expenses	131	52
	<u>1,481</u>	<u>1,112</u>

30.3 Other auditors' remuneration

Internal auditors (M.Yousuf Adil Saleem & Co.)		
Remuneration	4,650	3,200
Others	487	490
	<u>5,137</u>	<u>3,690</u>
Cost auditors (KPMG Taseer Hadi & Co.)		
Cost audit fee	130	130
Out of pocket expenses	12	32
	<u>142</u>	<u>162</u>
	<u>5,279</u>	<u>3,852</u>

Notes to the Financial Statements for the Year Ended June 30, 2010

31. FINANCE COST

	2010	2009
------(Rupees in '000')-----		
Mark-up on long term finances	21,280	788,431
Mark-up on short term borrowings	510,121	405,850
Interest on workers' profit participation fund	7,196	6,793
Bank charges and commission	30,587	35,897
	569,184	1,236,971

32. OTHER OPERATING INCOME

		2010	2009
------(Rupees in '000')-----			
Income from non-financial assets			
Gain on disposal of fixed assets	5.3	1,869	1,889
Income from financial assets			
Fair value gain on foreign exchange forward contracts		-	21,363
Others		33	3
		33	21,366
		1,902	23,255

33. OTHER CHARGES

		2010	2009
------(Rupees in '000')-----			
Workers' profit participation fund	23.1	184,124	278,704
Net exchange differences		-	436,590
Others		73,650	111,482
		257,774	826,776

34. TAXATION

34.1 This represents minimum tax on local turnover and on income chargeable under Final Tax Regime (FTR), therefore, no numerical tax reconciliation is given.

34.2 The tax assessments of the Company have been finalized upto and including the tax year 2009.

Notes to the Financial Statements for the Year Ended June 30, 2010

35. EARNINGS PER SHARE - Basic and diluted

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

	2010	2009
	------(Rupees in '000')-----	
Profit after tax (Rupees in thousands)	3,137,457	4,596,549
Weighted average number of ordinary shares (in thousands)	323,375	323,375
Earnings per share - after tax (Rupees)	<u>9.70</u>	<u>14.21</u>

36. CASH GENERATED FROM OPERATIONS

	2010	2009
	------(Rupees in '000')-----	
Profit before taxation	3,417,514	5,177,001
Adjustments for non cash charges and other items		
Depreciation	1,410,996	1,148,218
Amortization on intangible assets	1,466	-
Provision for slow moving spares	25,384	45,078
(Gain) / loss on disposal of property, plant and equipment	(1,869)	(1,889)
Provision for gratuity	96,884	73,831
Gain on fair value of foreign exchange forward contracts	-	(21,363)
Finance costs	569,184	1,236,971
Profit before working capital changes	<u>5,519,559</u>	<u>7,657,847</u>
(Increase) / decrease in current assets		
Store and spares	(622,123)	703,519
Stock in trade	587,795	(487,236)
Trade Debts	487,943	(546,934)
Loans and advances	2,961	3,113
Trade deposits and short term prepayments	(39,046)	179,880
Other receivables	(125,554)	852,316
Sales Tax refundable	(77,777)	593,974
	214,199	1,298,632
Increase / (decrease) in		
Trade and other payables	353,509	(872,114)
Cash generated from operations	<u>6,087,267</u>	<u>8,084,365</u>

Notes to the Financial Statements for the Year Ended June 30, 2010

37. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

37.1 Aggregate amounts charged in the financial statements are as follows:

	Chief Executive		Director(s)		Executives		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
------(Rupees in '000')-----								
Remuneration	9,147	3,440	3,401	3,401	67,412	57,687	79,960	64,528
House rent allowance	3,659	1,376	1,360	1,360	30,335	25,824	35,354	28,560
Utility allowance	914	343	340	340	6,741	5,768	7,995	6,451
Conveyance allowance	-	-	-	-	6,741	5,768	6,741	5,768
	<u>13,720</u>	<u>5,159</u>	<u>5,101</u>	<u>5,101</u>	<u>111,229</u>	<u>95,047</u>	<u>130,050</u>	<u>105,307</u>
Number of persons	<u>1</u>	<u>1</u>	<u>2</u>	<u>2</u>	<u>71</u>	<u>65</u>	<u>74</u>	<u>68</u>

In addition the Chief Executive, Director and some Executives are provided with Company maintained cars.

37.2 An aggregate amount of Rs. 280,000/- was paid to 9 directors during the year as fee for attending board meetings (2009: 8 directors Rs. 195,000/-).

38. TRANSACTIONS WITH RELATED PARTIES

38.1 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:

		2010	2009
------(Rupees in '000')-----			
Associated companies			
Lucky Paragon ReadyMix Limited	Sales	80,163	150,443
	Purchases	22	9,928
Fazal Textile Mills Limited	Sales	4,768	11,472
Yunus Textile Mills Limited	Sales	1,650	1,563
Lucky Textile Mills	Sales	717	748
Gadoon Textile Mills Limited	Sales	614	534
Aziz Tabba Foundation	Sales	2,278	-

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

Notes to the Financial Statements for the Year Ended June 30, 2010

39. PRODUCTION CAPACITY

	2010	2009
	-----Metric Tons-----	
Production Capacity	<u>7,750,000</u>	<u>7,750,000</u>
Actual Production Clinker	<u>6,054,713</u>	<u>5,610,455</u>
Actual Production Cement	<u>6,461,726</u>	<u>5,715,860</u>

39.1 In spite of difficult business environment prevailed both in domestic and export markets, the Company was able to achieve production capacity utilization of 83.38 percent (2009: 73.75 percent) of total installed capacity.

40. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. Taken as a whole, the Company is exposed to market risk (including interest rate risk, currency risk and other price risk), credit risk and liquidity risk. The Company's principal financial liabilities comprise bank loans, short-term borrowings and trade and other payables. The main purpose of these financial liabilities is to raise finance for Company's operations. The Company has various financial assets such as loans, advances, deposits, trade and other receivables and cash and bank balances, which are directly related to its operations.

40.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk. Financial instruments susceptible to market risk include trade and other payables and receivables, loans and borrowings. The sensitivity analysis in the following sections relate to the position as at June 30, 2010 and 2009.

40.1.1 Mark-up rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in market interest rates. The Company has long term and short term Rupee based loans at variable rates.

Notes to the Financial Statements for the Year Ended June 30, 2010

40.1.1.1 Yield / mark-up rate exposure

The Company is exposed to yield/mark-up rate risk in respect of the following:

		2010			
		Exposed to yield/mark-up rate risk			
Effective profit / mark-up%		Maturity up to one year	Maturity after one year	Total	
----- (Rupees in '000) -----					
Financial assets					
	Long term advances	2.9	-	55,373	55,373
	Other receivables		-	-	-
	Cash and bank balances	5-11.5	46,372	-	46,372
			<u>46,372</u>	<u>55,373</u>	<u>101,745</u>
Financial liabilities					
	Long term finances	10.17-10.53	175,759	1,658,600	1,834,359
	Short term borrowings	7.5-9.0	6,267,112	-	6,267,112
			6,442,871	1,658,600	8,101,471
	Total yield/mark-up rate risk sensitivity gap		<u>(6,396,499)</u>	<u>(1,603,227)</u>	<u>(7,999,726)</u>

		2009			
		Exposed to yield/mark-up rate risk			
Effective profit / mark-up%		Maturity up to one year	Maturity after one year	Total	
----- (Rupees in '000) -----					
Financial assets					
	Long term advances	2.9	-	55,373	55,373
	Other receivables		-	-	-
	Cash and bank balances	5-15.02	801,924	-	801,924
			<u>801,924</u>	<u>55,373</u>	<u>857,297</u>
Financial liabilities					
	Long term finances	11.82-16.18	-	4,300,000	4,300,000
	Short term borrowings	7.5-17.75	6,187,941	-	6,187,941
			6,187,941	4,300,000	10,487,941
	Total yield/mark-up rate risk sensitivity gap		<u>(5,386,017)</u>	<u>(4,244,627)</u>	<u>(9,630,644)</u>

Notes to the Financial Statements for the Year Ended June 30, 2010

40.1.12 Mark-up rate sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, on the Company's profit before tax (through impact on floating rate borrowings). This analysis excludes the impact of movement in market variables on non-financial assets and liabilities of the Company. Further, interest rate sensitivity does not have an asymmetric impact on the Company's result.

	Increase / decrease in basis points	Effect on profit before tax
(Rupees in '000')		
2010		
Pak Rupees	+50	(33,611)
Pak Rupees	-50	33,611
2009		
Pak Rupees	+50	(53,607)
Pak Rupees	-50	53,607

40.1.2 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 51% of the Company's sales are denominated in currencies other than rupees, while almost 49% of sales are denominated in local currency.

The following table demonstrates the sensitivity to a reasonably possible change in the USD exchange rate. As at June 30, 2010, if Pakistani Rupee (PKR) had weakened / strengthened by 5% against the USD, with all other variables held constant, the effect on the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities) at June 30, 2010 and 2009 is as follows:

	Increase / decrease in US Dollars to Pak Rupee	Effect on profit before tax
(Rupees in '000')		
2010		
Pak Rupees	+5%	(63,370)
Pak Rupees	-5%	63,370
2009		
Pak Rupees	+5%	28,696
Pak Rupees	-5%	(28,696)

40.1.3 Other price risk

Other price risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market prices such as equity price risk. Equity price risk is the risk arising from uncertainties about future values of investment securities. As at the balance sheet date, the Company is not materially exposed to other price risk.

Notes to the Financial Statements for the Year Ended June 30, 2010

40.2 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. The carrying values of financial assets which are neither past due nor impaired are as under:

	2010	2009
------(Rupees in '000')-----		
Long-term deposits	2,175	2,175
Trade debts	779,305	1,267,248
Loans	28,199	29,126
Trade deposits	9,220	6,675
Other receivables	11,150	28,505
Bank balances	68,658	816,988
	<u>898,707</u>	<u>2,150,717</u>

Credit quality of financial assets

The credit quality of cash at bank (in current and deposit account) as per credit rating agencies are as follows:

A1+	332,310	1,022,623
A1	288	-
AAA	-	24,198
	<u>332,598</u>	<u>1,046,821</u>

40.3 Liquidity rate 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.

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
------(Rupees in '000')-----						
June 30, 2010						
Long-term financing	-	-	175,759	1,658,600	-	1,834,359
Long-term deposit	-	-	-	31,957	-	31,957
Trade and other payables	26,077	1,792,127	715,863	-	-	2,534,067
Accrued mark-up	-	155,500	-	-	-	155,500
Short-term borrowings	-	544,834	5,722,278	-	-	6,267,112
	<u>26,077</u>	<u>2,492,461</u>	<u>6,613,900</u>	<u>1,690,557</u>	<u>-</u>	<u>10,822,995</u>
June 30, 2009						
Long-term financing	-	-	-	4,300,000	-	4,300,000
Long-term deposit	-	-	-	28,589	-	28,589
Trade and other payables	13,622	1,551,317	683,466	-	-	2,248,405
Accrued mark-up	-	233,381	-	-	-	233,381
Short-term borrowings	138,201	-	6,049,740	-	-	6,187,941
	<u>151,823</u>	<u>1,784,698</u>	<u>6,733,206</u>	<u>4,328,589</u>	<u>-</u>	<u>12,998,316</u>

Notes to the Financial Statements for the Year Ended June 30, 2010

40.4 Fair values of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged, or a liability can be settled, between knowledgeable willing parties in an arm's length transaction. The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values.

40.5 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, 2010.

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 2010, the Company's strategy was to minimize leveraged gearing. The gearing ratios as at June 30, 2010 and 2009 were as follows:

	2010	2009
	------(Rupees in '000')-----	
Long term financing	1,658,600	4,300,000
Trade and other payables	3,043,320	2,677,356
Accrued interest	155,500	233,381
Current portion of long term finance	175,759	-
Short term borrowings	6,267,112	6,187,941
Total debt	11,300,291	13,398,678
Cash and bank balances	(333,629)	(1,049,091)
Net debt	10,966,662	12,349,587
Share capital	3,233,750	3,233,750
Reserves	21,862,179	20,018,222
Equity	25,095,929	23,251,972
Capital	36,062,591	35,601,559
Gearing ratio	30.41%	34.69%

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.

41. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on August 10, 2010 by the Board of Directors of the Company.

Notes to the Financial Statements for the Year Ended June 30, 2010

42. GENERAL

42.1 Dividend and appropriation

The Board of Directors in their meeting held on August 10, 2010 (i) approved the transfer of Rs. 2.5 billion (2009: Rs. 5 billion) from un-appropriated profit to general reserve; and (ii) proposed a final dividend of Rs. 4/- per share for the year ended June 30, 2010 amounting to Rs. 1.29 billion (2009: Rs. 1.29 billion) for approval of the members at the Annual General Meeting to be held on October 26, 2010. These financial statements do not reflect this appropriation and the proposed dividend payable.

42.2 For better presentation certain prior year's figures have been reclassified consequent upon certain changes in the current year's presentation.

42.3 Figures have been rounded off to the nearest thousand of Rupees, unless otherwise stated.



Muhammad Yunus Tabba
Chairman / Director



Muhammad Ali Tabba
Chief Executive

Pattern of Shareholding as at June 30, 2010

No. of Shareholders	Shareholdings		Total Shares Held
	From	To	
1,497	1	100	70,747
1,516	101	500	502,130
3,389	501	1000	2,061,401
972	1001	5000	2,393,856
201	5001	10000	1,520,893
106	10001	15000	1,326,585
68	15001	20000	1,228,873
41	20001	25000	948,843
15	25001	30000	413,382
8	30001	35000	261,633
18	35001	40000	686,323
7	40001	45000	306,137
18	45001	50000	886,432
5	50001	55000	269,582
4	55001	60000	230,997
4	60001	65000	255,110
3	65001	70000	205,390
6	70001	75000	442,974
5	75001	80000	384,451
4	80001	85000	333,183
2	85001	90000	176,967
1	90001	95000	91,372
4	95001	100000	400,000
3	105001	110000	327,300
2	110001	115000	225,088
1	115001	120000	120,000
1	120001	125000	125,000
1	125001	130000	130,000
2	140001	145000	283,200
3	145001	150000	449,452
1	150001	155000	154,023
3	155001	160000	472,172
3	160001	165000	492,900
1	165001	170000	166,600
1	170001	175000	175,000
1	175001	180000	180,000
1	180001	185000	181,376
1	185001	190000	190,000
1	190001	195000	190,750
2	195001	200000	400,000
1	200001	205000	204,800
1	210001	215000	213,108
1	215001	220000	217,500
1	220001	225000	225,000
2	225001	230000	454,000
4	240001	245000	968,104
1	245001	250000	250,000
2	250001	255000	505,500
1	255001	260000	255,579
3	265001	270000	802,320
1	275001	280000	276,525
1	290001	295000	292,950

Pattern of Shareholding as at June 30, 2010

No. of Shareholders	Shareholdings		Total Shares Held
	From	To	
3	300001	305000	912,600
1	335001	340000	335,800
1	355001	360000	360,000
1	365001	370000	368,287
2	370001	375000	744,334
1	380001	385000	383,192
1	415001	420000	415,753
3	450001	455000	1,361,500
1	490001	495000	490,421
1	495001	500000	500,000
1	515001	520000	517,925
1	545001	550000	547,500
1	595001	600000	600,000
1	600001	605000	602,973
1	640001	645000	645,000
1	655001	660000	655,609
1	680001	685000	685,000
1	690001	695000	691,717
2	695001	700000	1,400,000
1	765001	770000	767,308
2	800001	805000	1,607,300
1	815001	820000	815,287
1	890001	895000	895,000
1	895001	900000	898,579
1	995001	100000	1,000,000
1	1070001	1075000	1,070,659
1	1080001	1085000	1,081,100
1	1280001	1285000	1,282,400
1	1290001	1295000	1,291,000
1	1325001	1330000	1,328,724
1	1425001	1430000	1,427,000
1	1475001	1480000	1,477,487
1	1485001	1490000	1,486,712
1	1850001	1855000	1,854,931
2	1925001	1930000	3,858,900
2	2045001	2050000	4,090,924
1	2095001	2100000	2,095,212
1	2105001	2110000	2,106,708
1	2685001	2690000	2,687,500
1	2850001	2855000	2,851,122
1	3095001	3100000	3,097,250
1	3140001	3145000	3,143,520
2	3215001	3220000	6,438,900
1	3275001	3280000	3,278,750
1	3330001	3335000	3,334,000
1	3495001	3500000	3,499,075
1	3655001	3660000	3,658,400
1	3975001	3980000	3,977,500
1	4145001	4150000	4,145,846
1	4480001	4485000	4,484,281
1	4835001	4840000	4,837,500
1	4995001	5000000	5,000,000

Pattern of Shareholding as at June 30, 2010

No. of Shareholders	Shareholdings		Total Shares Held
	From	To	
3	5370001	5375000	16,125,000
2	6065001	6070000	12,140,000
1	6135001	6140000	6,137,731
1	6560001	6565000	6,560,550
1	7440001	7445000	7,444,852
1	7510001	7515000	7,510,275
1	7560001	7565000	7,560,275
1	8155001	8160000	8,158,700
1	8955001	8960000	8,958,351
1	9725001	9730000	9,726,200
1	11830001	11835000	11,832,875
1	13590001	13595000	13,591,550
1	15570001	15575000	15,570,200
2	22800001	22805000	45,606,058
1	25040001	25045000	25,040,389
8,022			323,375,000

Categories of Shareholders	Number of Shareholders	Shares Held	Percentage
Directors, Chief Executive Officer and their spouse and minor children	20	95,928,999	29.66
Associated Companies, Undertakings and related parties	4	31,455,575	9.73
NIT and ICP	4	6,737,252	2.08
Banks, Development Financial Institutions, Non Banking Financial Institutions	28	10,246,498	3.17
Insurance Companies	10	1,920,200	0.59
Modarabas and Mutual Funds	55	19,570,457	6.05
Share holders holding 10%	0	-	-
General Public			
a. Local	7681	30,872,838	9.55
b. Foreign	37	71,577,352	22.13
Others	183	55,065,829	17.03
	8022	323,375,000	100.00

Pattern of Shareholding - Additional Information as at June 30, 2010

Shareholder's Category	Number of Shareholders	Number of Shares
Associated Companies, undertakings and related parties (name wise details):		
Yunus Textile Mills Limited	1	15,570,200
Lucky Energy Limited	1	11,832,875
Yunus Textile (Private) Limited	1	3,977,500
Lucky Knits (Private) Limited	1	75,000
NIT and ICP (name wise details):		
National Investment Trust Limited (NIT)	4	6,737,252
Investment Corporation of Pakistan (ICP)	0	None
Directors, CEO and their spouse and minor children (name wise details):		
Mr. Muhammad Yunus Tabba (Chairman / Director)	2	9,839,300
Mrs. Khairunnisa W/o. Muhammad Yunus Tabba (Spouse)	2	8,062,500
Mr. Muhammad Ali Tabba (Chief Executive)	2	11,657,775
Mrs. Feroza Tabba W/o. Muhammad Ali Tabba (Spouse)	1	645,000
Mr. Muhammad Sohail Tabba (Director)	2	12,397,775
Mrs. Saima Sohail W/o. Muhammad Sohail Tabba (Spouse)	1	6,070,000
Mr. Imran Yunus Tabba (Director)	2	12,885,275
Mrs. Meher Imran W/o. Imran Yunus Tabba (Spouse)	1	6,070,000
Mr. Jawed Yunus Tabba (Director)	2	18,966,550
Mrs. Rahila Aleem (Director)	2	5,314,662
Mrs. Mariam Tabba Khan (Director)	2	3,975,162
Mr. Ali J Siddiqui (Director)	1	45,000
Mr. Manzoor Ahmed (Director)	0	NIT Nominee
Executive	1	500
Public Sector Companies and Corporations	6	4,517,866
Banks, Development Finance Institutions, Non-Banking Financial Institutions, Insurance Companies, Modarabas and Mutual Funds	93	31,737,155
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.

The shares of the Company in the form of Global Depository Receipts (GDRs) are listed on the Professional Securities Market of the London Stock Exchange.

Each GDR represents 4 ordinary shares of the Company with two way fungibility i.e., from GDRs to Ordinary Shares and vice versa. The GDR holders do not enjoy any voting rights. Out of the total GDRs issued in May, 2008, a substantial number has been converted into ordinary shares.

Proxy Form

I/We _____

of (full address) _____

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

_____ of (full address) _____

or failing him / her _____

of (full address) _____

who is also a member of **Lucky Cement Limited**, as my / our proxy in my / our absence to attend and vote for me / us and on my / our behalf at the 17th Annual General Meeting of the Company to be held on October 26, 2010 and / or any adjournment thereof.

Signature this _____ Year 2010
(day) (date, month)

Signature of Member: _____

Folio / CDC Number: _____

Number of shares held: _____

Please affix
revenue stamp

Signatures, name and addresses of witnesses

Signature and Company seal

1. _____

2. _____

Important:

1. In order to be effective, this Proxy Form duly completed, stamped, signed and witnessed along with 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, Khyber Pakhtunkhwa 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 Computerised National Identity Card or Passport, Account and Participant's ID numbers must be deposited along with 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 along with the form of Proxy. The Proxy shall produce his / her original Computerised National Identity Card or Passport at the time of the meeting.

Marketing Office

Marketing Head Office- Islamabad

House No. 1-A Street No. 70 F-8/3, Islamabad

UAN: (+92-51) 111-786-555

Tel: (+92-51) 2287085-6

Fax: (+92-51) 2287087

Email: gmmarketing@lucky-cement.com

Head Office

6-A, Mohammad Ali Housing Society,

A. Aziz Hashim Tabba Street,

Karachi-75350, Pakistan

UAN: (+92-21) 111-786-555

Fax: (+92-21) 34534302

Email: info@lucky-cement.com

Plants

Pezu Plant

Main Indus Highway, PEZU,

Distt: Lucky Marwat, Khyber Pakhtunkhwa

UAN: (+92-966) 1111-786-555

Fax: (+62-966) 780122

Karachi Plant

104km Milestone from Karachi to Hyderabad

(58 km towards Karachi)

Tel: (092-21) 8258227

Fax: (+92-21) 5206421

Lahore

2nd Floor, Al-Hassan Plaza, Jamia Ashrafia, Main

Ferozpur Road, Lahore

UAN: (+92-42) 111-786-555

Tel: (+92-42) 37530480-2

Fax: (+92-42) 37530435

Email: lahore@lucky-cement.com

Multan Office

Aneesa Plaza OPP, Mashallah CNG Station, Main

Khanewal Road Multan

UAN: (+92-61) 111-786-555

Tel: (+92-61) 6783262

Fax: (+92-61) 6783263

Email: multan@lucky-cement.com

Peshawar

Ground Floor, Aptma House, Jammrud Road,

Peshawar

Tel: (+92-91) 6783262

Fax: (+92-91) 6783263

Email: peshawar@lucky-cement.com

Quetta Office

F-1 The Institute Of Eng Bldg, Zargoan Road Quetta

Tel: (+9,837583

Fax: (+92-81) 2837583

Email: quetta@lucky-cement.com

D I Khan Office

Mezzanine Floor, State Life Bldg.

East Circular Road, D I Khan

Tel: (+92-966) 712279

Fax: (+92-966) 713799



**Lucky
Cement**

Concrete Progress

Lucky Cement Limited

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www.lucky-cement.com