



**Lucky
Cement**

Concrete Progress



Laying Stronger Foundations

HALF YEARLY REPORT

DECEMBER 31, 2010



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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 Thaplawala

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
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 Shakra-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

Directors' Report

The Directors of your Company have pleasure to present before you the performance review together with the financial statements of the Company for the Half Year ended December 31, 2010 duly reviewed by the auditors.

OVERVIEW

The cement industry concluded the first half year ended December 31, 2010 with overall negative growth of 11.2% both in local and exports sales volume as compared to same period last year. The impact of negative growth in the second quarter alone was 4.5% only which in turn diluted the overall negative growth from 17.8% witnessed in first quarter to 11.2% during first half of this financial year.

The local sales volume of the industry during first half declined by 8.3% from 11.022 million tons last year to 10.108 million tons this year whereas a flat growth was seen during second quarter with 5.5 million tons which resultantly diluted the negative impact from 16.2% negative growth during first quarter to 8.3% during first half of this financial year. On export front, similar trend was also witnessed which resulted 17% negative growth during first half year of this financial year from 5.579 million tons last year to 4.629 million tons this year.

The major reasons for decline in growth were heavy monsoon rains with massive devastated floods, lack of government spending on public sector development projects, hyper inflation and deteriorated law and order situation across the Country.

Your Company as a part of its strategy increased its market share in domestic markets and enhanced its share by 3% from 12% last year to 15% during first half year of this financial year. The local sales volume of your Company registered a robust growth of 13.16% from 1.339 million tons cement sold last year to 1.515 million tons sold during the first half of this financial year. The export sales volume of the Company plunged sharply by 30% from 1.845 million tons last year to 1.291 million tons this financial year mainly due to sharp decline in clinker and loose cement sales in GCC countries due to slack construction activities coupled with oversupply of cement. However, the bagged cement exports sales volume of your Company increased by 8.2%.

A comparison of the key financial results of the Company for the half year ended December 31, 2010 with same period last year is as under:

Particulars	Half Year 2010-11	Half Year 2009-10	% Change
Sales revenue	12,028	12,116	(0.7%)
Gross profit	3,968	4,525	(12.3%)
Operating profit	1,994	2,640	(24.5%)
Profit before tax	1,581	2,179	(27.5%)
Net profit after tax	1,461	1,908	(23.4%)
Earnings per share (EPS)	4.52	5.90	(23.4%)

*Rupees in Million Except EPS

A comparison of 2nd quarter versus 1st quarter is as under:

Particulars	2Q 2010-11	1Q 2010-11	% Change
Sales revenue	6,444	5,584	15.4%
Gross profit	2,236	1,732	29.1%
Operating profit	1,009	985	2.4%
Profit before tax	798	783	2.0%
Net profit after tax	734	727	1.0%
Earnings per share (EPS)	2.27	2.25	1.0%

* Rupees in Million Except EPS

Directors' Report

A comparison of 2nd quarter versus same quarter last year is as under:

Particulars	2Q 2010-11	2Q 2009-10	% Change
Sales revenue	6,444	6,075	6.1%
Gross profit	2,236	2,291	(2.4%)
Operating profit	1,009	1,130	(10.7%)
Profit before tax	798	918	(13.0%)
Net profit after tax	734	805	(8.9%)
Earnings per share (EPS)	2.27	2.49	(8.9%)

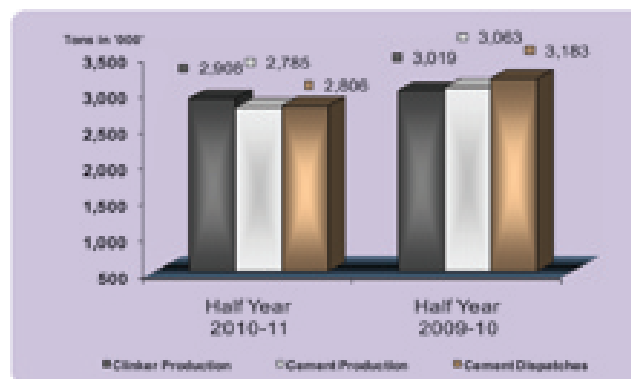
* Rupees in Million Except EPS

BUSINESS PERFORMANCE

(a) Production & Sales Volume Performance

The Production statistics of your Company for the half year under review as compared to same period last year is as under:

Particulars	Half Year 2010-11	Half Year 2009-10	Increase/ (Decrease) %
----- Tons -----			
Clinker Production	2,908,472	3,018,734	(3.7%)
Cement Production	2,785,390	3,063,290	(9.1%)
Cement Dispatches	2,805,612	3,183,061	(11.9%)



Directors' Report

A comparison of dispatches of the Industry and your Company for the half year ended on December 31, 2010 with the same corresponding period last year is as under:

Particulars	Half Year 2010-11 (Tons)	Half Year 2009-10 (Tons)	Growth	
			(Tons)	%
Cement Industry				
Local Sales	10,108,712	11,022,003	(913,291)	(8.29%)
Export Sales				
Cement				
- Bagged	4,176,972	4,449,554	(272,582)	(6.13%)
- Loose	381,483	916,521	(535,038)	(58.38%)
Sub-Total	4,558,455	5,366,075	(807,620)	(15.05%)
Clinker	70,551	213,165	(142,614)	(66.90%)
Total Export	4,629,006	5,579,240	(950,234)	(17.03%)
Grand Total	14,737,718	16,601,243	(1,863,525)	(11.23%)
Lucky Cement Limited				
Local Sales	1,514,734	1,338,559	176,175	13.16%
Export Sales				
Cement				
- Bagged	884,539	817,423	67,116	8.21%
- Loose	369,240	890,761	(521,521)	(58.55%)
Sub-Total	1,253,779	1,708,184	(454,405)	(26.60%)
Clinker	37,099	136,318	(99,219)	(72.78%)
Total Export	1,290,878	1,844,502	(553,624)	(30.01%)
Grand Total	2,805,612	3,183,061	(377,449)	(11.86%)

Market Share

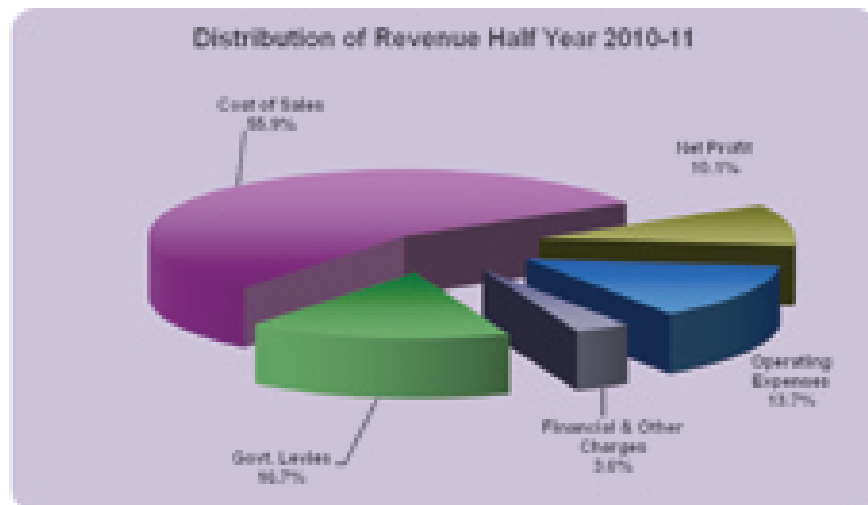
LCL - Market Share (%)	Half Year 2010-11 %	Half Year 2009-10 %
Local Sales	14.98%	12.14%
Export Sales		
Cement		
- Bagged	21.18%	18.37%
- Loose	96.79%	97.19%
Sub-Total	27.50%	31.83%
Clinker	52.58%	63.95%
Total Export	27.89%	33.06%
Grand Total	19.04%	19.17%

Directors' Report

(b) Financial Performance

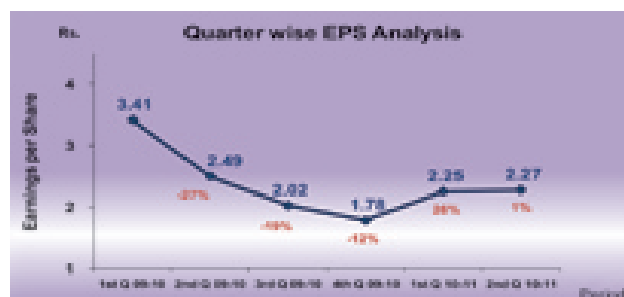
During the period under review, the local sales revenue increased by 32.8% because of 13.2% increase in volume and 17.3% increase in prices on the back of increase in production cost.

During the period under review, cost of sales in terms of absolute value increased by 6.2% whereas cost per ton of cement increased by 20.5% as compared to same period last year. Fuel cost comprising of heat and power, the major cost component which accounted for 67.2% of total cost of production, was increased by 14.2% during the period under review as compared to same period last year. Further, prices of coal in the international market have increased tremendously and reached a new height of US\$ 140/- CNF.



Your Company achieved a gross profit rate of 33% for the period under review as compared to 37.3% gross profit rate achieved during same period last year. The finance cost of your Company for the period under review was remained almost the same Rs. 294 million as compared to Rs. 298 million during the same period last year. The distribution costs were increased by Rs. 89 million during the period under review as compared to same period last year mainly because of higher sea freights.

The earnings per share of your Company during the period under review was Rs. 4.52 per share which was Rs. 5.90 per share during the same period last year.



Directors' Report

PROGRESS ON PROJECTS

After successful implementation of Waste Heat Recovery Projects at both Karachi and Pezu Plants, the management of your Company has taken another steps to install complete automated plant and machinery from renowned European supplier for Refused Derived Fuel (RDF) at our Karachi Plant in the first phase which will have the capability to use multiple cheaper alternative fuels to replace expensive imported coal. This will result in substantial cost reduction to enhance the competitive strength of your Company.

A MoU was earlier signed with KESC for supply of surplus electricity from Karachi Project but unfortunately the same could not be finally materialized due to the reasons beyond our control. However, we feel pleasure to inform that a Letter of Intent has been issued by HESCO for purchase of 20 MWs electricity which will Insha Allah generate additional revenue and cash flow for the Company in times to come.

After successful startup operation of 18 flat bed trailers, your Company has ordered another 22 trailers to enhance its fleet for transportation of coal and cement from Karachi Plant to port and vice versa. Your Company will Insha Allah be self sufficient for its own logistics requirements and will not be dependent on outsourcing transportation from third parties.

Your Company has successfully implemented the migration / up-gradation of its existing business applications earlier developed in older version of Oracle to latest 10G Oracle environment which will provide efficient database management and reporting.

CORPORATE SOCIAL RESPONSIBILITIES

Your Company has made arrangement for supply of clean drinking water for the residents of Pezu and for this purpose a 9 KM long water supply line has been laid down recently.

The Corporate Social Responsibility (CSR) Association of Pakistan has awarded Lucky Cement with 5th National CSR Award in recognition of its contribution towards Education, Health and Environment friendly business practices.

FUTURE OUTLOOK

After drastic reduction of cement demand in domestic market during first quarter by 16% because of heavy monsoon rains and devastated floods, we have seen handsome recovery in cement demand during the second quarter which slashed the overall negative growth by almost 50% for the half year ended December 31, 2010. Based on the recovery in second quarter, we anticipate that the demand of cement in domestic market may be normalized in remaining period of this financial year.

The demand of cement in the regional markets except Afghanistan and Iraq is expected to be under pressure due to slack construction activities and surplus capacity created. However, the African markets will continue to be potential export markets for your Company.

ACKNOWLEDGEMENT

The Directors express their deep appreciation to our valued customers, the dedication of Company's employees to their professional obligations and the cooperation extended by financial institutions / government agencies, which have enabled the Company to display excellent performance both in operational and financial fields.

CONCLUSION

With profound gratitude to the blessings of Allah Almighty, the Board is of the opinion that the Company remains on its way to success.

For and on behalf of the Board



MUHAMMAD YUNUS TABBA
Chairman / Director

Karachi: January 31, 2011

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Lucky Cement Limited** (the Company) as at 31 December 2010 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity and notes to the accounts for the six-months period then ended (here-in-after referred to as "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

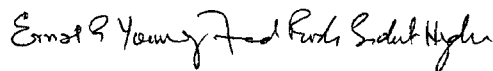
Scope of Review

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

Conclusion

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

Without qualifying our review report, we draw attention to note 5 to the accompanying interim financial information regarding the reasons for recognizing a claim of refund of excise duty amounting to Rs. 538.8 million.



Chartered Accountants

Karachi: January 31, 2011

Condensed Interim Balance Sheet as at December 31, 2010

		December 31, 2010 (Un-audited)	June 30, 2010 (Audited)
	Note	----- (Rupees in '000) -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	31,201,018	31,378,255
Intangible assets		2,244	2,977
		<u>31,203,262</u>	<u>31,381,232</u>
Long-term advance		55,373	55,373
Long-term deposits		2,175	2,175
		<u>31,260,810</u>	<u>31,438,780</u>
CURRENT ASSETS			
Stores and spares		4,899,633	4,008,288
Stock-in-trade		1,394,815	608,813
Trade debts - considered good		891,148	779,305
Loans and advances		84,828	105,915
Trade deposits and short term prepayments		63,504	48,807
Other receivables		200,176	184,805
Tax refunds due from the government	5	538,812	538,812
Taxation – net		90,197	145,151
Sales tax refundable		262,103	117,939
Cash and bank balances		364,200	333,629
		<u>8,789,416</u>	<u>6,871,464</u>
		<u>40,050,226</u>	<u>38,310,244</u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized			
500,000,000 (June 30, 2010: 500,000,000) Ordinary shares of Rs.10 each		<u>5,000,000</u>	<u>5,000,000</u>
Issued, subscribed and paid up		3,233,750	3,233,750
Reserves		<u>22,029,264</u>	<u>21,862,179</u>
		<u>25,263,014</u>	<u>25,095,929</u>
NON-CURRENT LIABILITIES			
Long-term finance	6	790,998	1,658,600
Long-term deposits		36,435	31,957
Deferred liabilities		360,663	319,217
Deferred taxation	7	<u>1,562,850</u>	<u>1,562,850</u>
		<u>2,750,946</u>	<u>3,572,624</u>
CURRENT LIABILITIES			
Trade and other payables		3,837,131	3,043,320
Accrued mark-up		164,002	155,500
Short-term borrowings	8	7,769,733	6,267,112
Current portion of long-term finance		265,400	175,759
		<u>12,036,266</u>	<u>9,641,691</u>
CONTINGENCIES AND COMMITMENTS			
	9		
TOTAL EQUITY AND LIABILITIES		<u>40,050,226</u>	<u>38,310,244</u>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.



Muhammad Ali Tabba
Chief Executive



Muhammad Yunus Tabba
Chairman / Director

Condensed Interim Profit And Loss Account For The Half Year Ended December 31, 2010 (Un-audited)

	Note	Half Year Ended		Quarter Ended	
		December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
		(Rupees in '000')		(Rupees in '000')	
Gross sales	10	14,407,070	14,126,273	7,768,339	7,087,546
Less: Sales tax and excise duty		2,286,199	1,836,130	1,280,333	890,905
Rebate and Commission		92,971	173,970	44,278	122,108
		2,379,170	2,010,100	1,324,611	1,013,013
Net sales		12,027,900	12,116,173	6,443,728	6,074,533
Cost of sales		8,060,188	7,591,617	4,208,048	3,784,031
Gross profit		3,967,712	4,524,556	2,235,680	2,290,502
Distribution costs		1,815,628	1,726,582	1,127,247	1,046,220
Administrative expenses		158,071	158,145	99,525	114,103
		1,973,699	1,884,727	1,226,772	1,160,323
Operating profit		1,994,013	2,639,829	1,008,908	1,130,179
Finance costs		294,149	297,885	150,589	143,129
Other operating income		(259)	(1,657)	(111)	(349)
Other charges		119,259	164,470	60,105	69,271
		413,149	460,698	210,583	212,051
Profit before taxation		1,580,864	2,179,131	798,325	918,128
Taxation					
- Current		120,279	99,317	64,438	50,797
- Deferred		-	172,127	-	62,155
		120,279	271,444	64,438	112,952
Profit after taxation		1,460,585	1,907,687	733,887	805,176
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		1,460,585	1,907,687	733,887	805,176
			(Rupees)	(Rupees)	
Basic and diluted earnings per share		4.52	5.90	2.27	2.49

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.



Muhammad Ali Tabba
Chief Executive



Muhammad Yunus Tabba
Chairman / Director

Condensed Interim Cash Flow Statement For The Half Year Ended December 31, 2010 (Un-audited)

Note	December 31, 2010	December 31, 2009
------(Rupees in '000')-----		
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	11	1,361,321
Finance costs paid	(285,647)	(363,534)
Income tax paid	(65,325)	(88,352)
Gratuity paid	(7,871)	(2,637)
	(358,843)	(454,523)
Long-term deposits	4,478	316
Net cash generated from operating activities	1,006,956	2,703,854
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(598,368)	(1,639,529)
Sale proceeds on disposal of property, plant and equipment	1,638	5,192
Net cash used in investing activities	(596,730)	(1,634,337)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term finances	(777,961)	(2,101,086)
Receipts of short-term borrowings (net)	1,502,621	1,315,410
Dividends paid	(1,104,315)	(1,113,729)
Net cash used in financing activities	(379,655)	(1,899,405)
Net increase / (decrease) in cash and cash equivalents	30,571	(829,888)
Cash and cash equivalents at the beginning of the period	333,629	910,890
Cash and cash equivalents at the end of the period	364,200	81,002
CASH AND CASH EQUIVALENTS		
Cash and bank balances	364,200	239,333
Short-term running finances	-	(158,331)
	364,200	81,002

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.



Muhammad Ali Tabba
Chief Executive



Muhammad Yunus Tabba
Chairman / Director

Condensed Interim Statement Of Changes In Equity For The Half Year Ended December 31, 2010 (Un-audited)

	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 July 01, 2009	3,233,750	7,343,422	5,000,000	7,674,800	20,018,222	23,251,972
Transferred to general reserve	-	-	5,000,000	(5,000,000)	-	-
Final dividend at 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 period	-	-	-	1,907,687	1,907,687	1,907,687
Balance as at December 31, 2009	3,233,750	7,343,422	10,000,000	3,288,987	20,632,409	23,866,159
Balance as at July 01, 2010	3,233,750	7,343,422	10,000,000	4,518,757	21,862,179	25,095,929
Transferred to general reserve	-	-	2,500,000	(2,500,000)	-	-
Final dividend at Rs. 4/- per share for the year ended June 30, 2010	-	-	-	(1,293,500)	(1,293,500)	(1,293,500)
Total comprehensive income for the period	-	-	-	1,460,585	1,460,585	1,460,585
Balance as at December 31, 2010	3,233,750	7,343,422	12,500,000	2,185,842	22,029,264	25,263,014

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.



Muhammad Ali Tabba
Chief Executive



Muhammad Yunus Tabba
Chairman / Director

Notes To The Condensed Interim Financial Statements For The Half Year Ended December 31, 2010 (Un-audited)

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 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. BASIS OF PREPARATION

These condensed interim financial statements are un-audited but subject to limited scope review by the auditors. These condensed interim financial statements of the company for the six months period ended December 31, 2010 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) - 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where the requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

The figures of the condensed interim profit and loss account for the quarters ended December 31, 2009 and 2010 have not been reviewed by the auditors of the Company as they have reviewed the cumulative figures for the half years ended December 31, 2009 and 2010. These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2010.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended June 30, 2010, except as follows:

The Company has adopted the following amended IFRS and related interpretations which became effective during the period:

IAS 32 - Financial Instruments: Presentation - Classification of Rights Issues (Amendment)

IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments

In April 2009, International Accounting Standards Board issued amendments to various standards primarily with a view to removing inconsistencies and clarifying wording. These improvements are made in the following standards:

IFRS 5 - Non-Current Assets Held for Sale and Discontinued Operations

IFRS 8 - Operating Segments

IAS 1 - Presentation of Financial Statements

IAS 7 - Statement of Cash Flows

IAS 17 - Leases

IAS 36 - Impairment of Assets

IAS 39 - Financial Instruments: Recognition and measurement

The adoption of the above standards, amendments / improvements and interpretations did not have any material effect on the condensed interim financial statements of the Company.

		December 31, 2010 (Un-audited)	June 30, 2010 (Audited)
4. PROPERTY, PLANT AND EQUIPMENT		----- (Rupees in '000')-----	
4.1	The following is the movement in property, plant and equipment during the period/year:		
	Opening balance	29,465,134	28,333,761
	Add: Additions during the period/year	2,258,548	2,546,379
		<u>31,723,682</u>	<u>30,880,140</u>
	Less: Disposals during the period / year (WDV)	1,477	4,010
	Depreciation charge for the period / year	774,126	1,410,996
		<u>30,948,079</u>	<u>29,465,134</u>
	Add: Capital work-in-progress	252,939	1,913,121
		<u>31,201,018</u>	<u>31,378,255</u>

4.2 The following additions and deletions were made during the period in operating fixed assets:

		Additions (Cost)	Deletions (Cost)
		----- (Rupees in '000')-----	
Operating fixed assets			
	Building on leasehold land	126,628	-
	Plant and machinery	292,883	-
	Power Generation including Waste Heat Recovery	1,760,318	-
	Vehicles including cement bulkers	54,234	2,595
	Furniture and fixtures	825	153
	Office equipments	3,179	-
	Computers and accessories	2,358	68
	Other assets	18,123	-
		<u>2,258,548</u>	<u>2,816</u>

		December 31, 2010 (Un-audited)	June 30, 2010 (Audited)
		----- (Rupees in '000')-----	
4.3	The following is the movement in capital work-in-progress during the period/year:		
	Opening balance	1,913,121	2,143,111
	Add: Additions during the period/year	582,655	2,260,805
		<u>2,495,776</u>	<u>4,403,916</u>
	Less: Transferred to fixed assets	2,242,837	2,490,795
	Closing balance	<u>252,939</u>	<u>1,913,121</u>

4.4 Borrowing costs amounting to Rs.8.274 million (June 30, 2010: Rs.154.240 million) have been capitalized in capital work-in-progress during the period / year.

5. TAX REFUNDS DUE FROM THE GOVERNMENT

As more fully explained in note 14 to the financial statements of the Company for the year ended June 30, 2010, a review petition was filed by the Federal Board of Revenue (FBR) against the order of the Honorable Supreme Court of Pakistan, whereby Supreme Court of Pakistan had dismissed the FBR's point of view that excise duty be calculated on declared retail price inclusive of excise duty.

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

		December 31, 2010 (Un-audited)	June 30, 2010 (Audited)
	Note	----- (Rupees in '000')-----	
6. LONG-TERM FINANCE			
Long-term finance	6.1	1,056,398	1,834,359
Less: Current portion of long-term finance		265,400	175,759
		790,998	1,658,600

6.1 The Company has made early repayment of long-term finance of Rs. 734.901 million during the period, as per option available to it. The terms and conditions of long-term finance are the same as disclosed in the Company's annual financial statements for the year ended June 30, 2010.

7. DEFERRED TAXATION

As of balance sheet date, there are no major changes in deferred taxation of the Company, accordingly, no adjustment has been reflected in deferred tax for the period.

		December 31, 2010 (Un-audited)	June 30, 2010 (Audited)
		----- (Rupees in '000')-----	
8. SHORT-TERM BORROWINGS – Secured			
Foreign Currency Import Finance		2,554,655	1,534,746
Export refinance		5,215,078	4,732,366
	8.1	7,769,733	6,267,112

8.1 The terms and conditions of short-term borrowings are the same as disclosed in the Company's annual financial statements for the year ended June 30, 2010.

9. CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

There are no major changes in the status of contingencies as reported in the annual financial statements for the year ended June 30, 2010.

		December 31, 2010 (Un-audited)	June 30, 2010 (Audited)
		----- (Rupees in '000')-----	
9.2 Commitments			
Capital Commitments			
Plant and machinery under letters of credit		838,229	163,325
Other Commitments			
Stores and spares and packing material under letters of credit		2,571,761	1,960,445
Bank guarantees issued on behalf of the Company		470,597	672,940

	For the half-year ended	
	December 31, 2010	December 31, 2009
----- (Rupees in '000')-----		
10. GROSS SALES		
Local	8,096,461	6,243,717
Export	6,310,609	7,882,556
	<u>14,407,070</u>	<u>14,126,273</u>
11. CASH GENERATED FROM OPERATIONS		
Profit before taxation	1,580,864	2,179,131
Adjustments for non cash charges and other items		
Depreciation	774,126	686,444
Amortization on intangible assets	733	-
Gain on disposal of property, plant and equipment	(161)	(1,657)
Provision for gratuity	49,317	41,260
Finance costs	294,149	297,885
	<u>2,699,028</u>	<u>3,203,063</u>
Working capital changes		
(Increase) / Decrease in current assets	(1,942,335)	350,361
Increase / (Decrease) in current liabilities	604,628	(395,363)
	<u>(1,337,707)</u>	<u>(45,002)</u>
Cash generated from operations	<u>1,361,321</u>	<u>3,158,061</u>

12. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise associated undertakings, directors and key management personnel. Transactions with related parties during the period, other than remuneration and benefits to key management personnel under the terms of their employment, are as follows:

	For the half-year ended	
	December 31, 2010	December 31, 2009
----- (Rupees in '000')-----		
Associated Undertakings		
Lucky Paragon Ready Mix Limited		
Sales	38,313	25,708
Purchase	55	22
Lucky Textile Mills		
Sales	3,021	224
Gadoon Textile Mills Limited		
Sales	4,748	239
Yunus Textile Mills Limited		
Sales	1,416	826
Fazal Textile Mills Limited		
Sales	2,944	324
Aziz Tabba Foundation		
Sales	1,262	-
Lucky Knits (Private) Limited		
Sales	-	95

13. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue on January 31, 2011 by the Board of Directors of the Company.

14. GENERAL

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



Muhammad Ali Tabba
Chief Executive



Muhammad Yunus Tabba
Chairman / Director

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Karachi Plant

104km Milestone from Karachi to Hyderabad
(58 km towards Karachi)
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**Lucky
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