LUCKY CEMENT

OUR PEOPLE - OUR STRENGTH

ANNUAL REPORT 2013

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CELEBRATING OUR PEOPLE

What makes the years that have passed and the ones that are yet to come so special? For Lucky Cement, it's not a set of numbers that matter. It is the people.

From our shareholders to our mechanics, from the technicians to the transporters, from the builders to the planners, from the hard workers to the dreamers, there are people who make Lucky Cement stand out in a league of its own, transcending to unparalleled heights, while all this time contributing to the greater good.
This year, we bring your way stories of our people, celebrating their resolve, their determination, their diversity and their domains. From the peaks of the Himalayas to the ports of Gwadar, from the terrains of Quetta to the hustle bustle of Karachi, our success isn't restricted by geography, or monopolized by race.

At Lucky Cement, our success is our people, representing diversity in backgrounds, cultures, regions and education, with one thing in common; to be driven by the unity of purpose and a sense of belonging.

Let us celebrate our strength, let us celebrate our people.

CONTENTS

VISION

We envision being the leader of the cement industry in Pakistan, identifying and capitalizing on new opportunities in the global market, contributing towards industrial progress and sustainable future, while being responsible corporate citizens.

MISSION

Our mission is to be a premium cement manufacturer by building a professional organization, having state-of-the-art technology, identifying new prospects to reach globally and maintain service and quality standards to cater to the international construction needs with an environment-friendly approach.

CORE VALUES

Customer Focused
Quality and Consistency
Commitment
Customer Satisfaction
Fair Practices

Innovation
Creative Solution
Modernization
First Mover Advantage
Setting Trends

Ethics and Integrity
Prestige
Honesty
Uprightness
Reliability

Social Responsibility
Sustainable Development
Philanthropy
Community Development
Environmentally Conscious

Entrepreneurship
Sense of Ownership
Loyalty
Identifying and Grabbing Opportunities
Foresightedness
Proactive Approach
Value Creation & Addition
Business Oriented

Excellence
Benchmark Practices
Continuous Improvement
Efficient and Effective Performance

BUSINESS STRATEGIES

Holding and growing local dominance
Further reinforcing our strength is what we keep in focus when designing our business strategies for the local market.

Increasing our share in international market
Broadening our horizons, we have engaged our resources to the unconventional markets to become accessible to the construction industry worldwide.

Efficiency
Efficiency is reflected in all our business approaches, giving us edge over the competitors in cost and energy by skillful utilization of resources.

Sustainable Development
We believe in giving back to the communities we operate in and to the society at large. We endeavor to stimulate environmental awareness among the stakeholders and have a broad vision for the sustainable world.

HR Excellence
We believe in people development. Our Human Resource is our asset and an important factor in our success. Our Intellectual Capital provides a framework that serves as a guiding force for the organization as a whole.

COMPANY INFORMATION

Board of Directors
Mr. Muhammad Yunus Tabba (Chairman)
Mr. Muhammad Ali Tabba
Mr. Muhammad Sohail Tabba
Mr. Jawed Yunus Tabba
Mrs. Rahila Aleem
Mrs. Zulekha Razzak Tabba
Mr. Muhammad Abid Ganatra
Mr. Tariq Iqbal Khan

Chief Executive
Mr. Muhammad Ali Tabba

Chief Operating Officer
Mr. Noman Hasan

Director Finance / CFO & Chief Investment Officer
Mr. Muhammad Faisal

Company Secretary
Mr. Fayyaz Abdul Ghaffar

Statutory Auditors
M/s. Ernst & Young Ford Rhodes
Sidat Hyder, Chartered Accountants

A member firm of Ernst &
Young Global Limited

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.
Dubai Islamic Bank (Pakistan) Limited
Soneri Bank Limited
Habib Bank Limited
Habib Metro Bank Limited
Meezan Bank Limited
MCB Bank Limited
NIB Bank Limited
Standard Charted 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 Shahra-e-Faisal, Karachi.
(Toll Free): 0800 23275

BOARD COMMITTEES

Audit Committee
Mr. Tariq Iqbal Khan - Chairman
Mr. Muhammad Ali Tabba
Mr. Muhammad Sohail Tabba
Mr. Jawed Yunus Tabba
Mrs. Zulekha Razzak Tabba
Mr. Muhammad Abid Ganatra

HR Committee
Mrs. Rahila Aleem - Chairperson
Mr. Muhammad Ali Tabba
Mr. Muhammad Sohail Tabba
Mr. Jawed Yunus Tabba
Mrs. Zulekha Razzak Tabba

Budget Committee
Mr. Muhammad Sohail Tabba - Chairman
Mr. Muhammad Ali Tabba
Mr. Jawed Yunus Tabba
Mr. Muhammad Abid Ganatra

Corporate Governance Committee
Mr. Jawed Yunus Tabba - Chairman
Mr. Muhammad Abid Ganatra
Mrs. Rahila Aleem

Our Road to Success

LUCKY CEMENT

1996

Entered into commercial business with production capacity of 1.2 million tons per annum (Lines A and B at Pezu Plant).

1999

Production capacity increased to 1.5 million tons per annum.

2001

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

2002

Started exporting cement.

2005

Started new production line (Line C) at Pezu.
Inaugurated new production facility in Karachi.
Became the largest cement exporter from Pakistan.

2006

Started new production line (Line D) in Pezu.
Started production in Karachi Plant (Lines E and F).
Became largest cement producer of Pakistan.
Acquired transportation fleet of bulkers and ship loaders.

2007

Became the first company to export loose cement through sea.

2008

Set up its own cement storage facility at Karachi Port with the capacity of 24,000 tons.
Conversion of furnace oil power generation engines to gas-based.
Got listed in London Stock Exchange and became the first cement company in Pakistan to issue GDR.

2009

Started the 7th production line (Line G) at Karachi plant, bringing the total production capacity to 7.75 million tons per annum.

2010

In line with our environment friendly policies, Waste Heat Recovery Project started operations at both Karachi and Pezu plants.
Acquired multipurpose trailers for moving all kinds of payload, either bagged or in raw form.

2011

Set up a plant to replace coal with Tyre Derived Fuel (TDF) further reducing the cost of production and further encourage pro-environment policies.
Started a JV cement plant in DR Congo.

2012

Started supplying electricity to HESCO.
Signed LOI for supply of electricity to PESCO.
Invested in a joint venture of cement grinding plant in Iraq.
Shares, acquisition of ICI Pakistan Limited.

2013

Became first Pakistani company to receive A+ rating from Global Reporting Initiative.
Installation of Ventomatic packing plants.
Inauguration of Abdul Razzak Tabba block at Institute of Business Administration.

MUHAMMAD YUNUS TABBA

Chairman

Mr. Muhammad Yunus Tabba started his 40-year long career with Yunus Brothers Group as one of its founding members and has seen it progressing through manufacturing, sales management, marketing management and general management. With his expertise and diversified experience, he has taken Yunus Brothers Group to a level which is appreciated by local and international business communities. He has also been awarded with the title of "Businessman of the Year" by the Chamber of Commerce, several times during his career.

Under Mr. Yunus Tabba's leadership, the Group has achieved many milestones and has received many awards from local and international institutions.

Directorships

Lucky Cement Limited
Gadoon Textile Mills Limited
Fazal Textile Mills Limited
Fashion Textile Mills (Private) Limited
Lucky Energy (Private) Limited
Security Electric Power Company Limited
Yunus Textile Mills Limited
Yunus Energy Limited
Y.B. Pakistan Limited
Lucky Textile Mills Limited
Lucky Air (Private) Limited
ICI Pakistan Limited
Y.B. Holdings (Private) Limited

MUHAMMAD ALI TABBA

Chief Executive

Mr. 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 Brother's Group since 1990 when he started his career as a Director in the 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 Limited, a leading name in the home textiles industry.

Mr. 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. Muhammad Ali Tabba with the honour of Young Global Leader 2010.

Directorships

Lucky Cement Limited
Gadoon Textile Mills Limited
Fazal Textile Mills Limited
Fashion Textile Mills (Private) Limited
Lucky Energy (Private) Limited
Yunus Textile (Private) Limited
Security Electric Power Company Limited
Lucky Paragon Readymix Limited
Yunus Textile Mills Limited
Luckyone (Private) Limited
Lucky Knits (Private) Limited
Yunus Energy Limited
Y.B. Pakistan Limited
Lucky Textile Mills Limited
Lucky Holdings Limited
Lucky Air (Private) Limited
Lucky Commodities (Private) Limited
ICI Pakistan Limited
Y.B. Holdings (Private) Limited

Mr. Muhammad Sohail Tabba
Director

Mr. Muhammad Sohail Tabba has vast experience in manufacturing sector since he started his career more than 20 years ago. 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.

Directorships

Fazal Textile Mills Limited
Lucky Cement Limited
Lucky Energy (Private) Limited
Gadoon Textile Mills Limited
Security Electric Power Company Limited
Lucky Paragon Readymix Limited
Yunus Textile Mills Limited
Luckyone (Private) Limited
Lucky Knits (Private) Limited
Yunus Energy Limited
Y.B. Pakistan Limited
Lucky Textile Mills Limited
Lucky Holdings Limited
Lucky Air (Private) Limited
ICI Pakistan Limited
Lucky Commodities (Private) Limited
Y.B. Holdings (Private) Limited

Mr. Jawed Yunus Tabba
Director

Mr. 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.

Directorships

Fazal Textile Mills Limited
Lucky Cement Limited
Lucky Energy (Private) Limited
Gadoon Textile Mills Limited
Yunus Textile (Private) Limited
Security Electric Power Company Limited
Yunus Textile Mills Limited
Luckyone (Private) Limited
Feroze 1888 Mills Limited
Yunus Energy Limited
Y.B. Pakistan Limited
Lucky Textile Mills Limited
Y.B. Holdings (Private) Limited

Mrs. Rahila Aleem
Director

With a rich experience in the export industry, Mrs. 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.

Directorships

Lucky Cement Limited
Fazal Textile Mills Limited
Gadoon Textile Mills Limited
Yunus Textile Mills Limited
Yunus Energy Limited
Y.B. Pakistan Limited
Lucky Textile Mills Limited

Mrs. Zulekha Razzak Tabba
Director

Having pursued a Bachelor's degree in Management Sciences from the University of Warwick, and a Master's degree in Management, Organisations, and Governance from the London School of Economics and Political Science, Mrs. Zulekha Tabba Maskatiya has been an indispensable part of the business since its inception. She holds a prestigious position within the Yunus Brothers Group and with her educational background brings the values of business focus, corporate governance, and social responsibility to the organization. In addition to this, she is also the Founder and Creative Director of the luxury jewelry brand, Lazuli, based in Pakistan.

Directorships

Lucky Cement Limited
Yunus Textile Mills Limited
Yunus Energy Limited
Y.B. Pakistan Limited
Lucky Textile Mills Limited
Y.B. Holdings (Private) Limited

Mr. Muhammad Abid Ganatra
Director

Abid Ganatra has been associated with the Yunus Brothers Group since 1994. He has more than 20 years of diversified experience at senior management positions with emphasis on financial management, operational management, capital restructuring, mergers and acquisitions, corporate and legal affairs as well as taxation. Abid is a fellow member of the Institute of Chartered Accountants and the Institute of Cost and Management Accountants of Pakistan. He has also gained a Master's degree in Economics and Bachelor's in Law.

Directorships

Lucky Cement Limited
ICI Pakistan Limited

Mr. Tariq Iqbal Khan
Director

Mr. Tariq Iqbal Khan is one of the leading professionals in the country having vast experience of the financial sector of Pakistan. Being an FCA Chartered Accountant and having started his career from A. F. Ferguson, Mr. Khan has been in leading policy making positions in various associations and institutes in the country including Founder Director of Islamabad Stock Exchange, President Islamabad Stock Exchange, Commissioner SECP, Acting Chairman SECP and Member Tax policy and coordination CBR. Mr. Tariq Iqbal Khan has also served as the Managing Director/Chairman at Investment Corporation of Pakistan and National Investment Trust Limited.

Directorships

Lucky Cement Limited
National Refinery Limited
Silkbank Limited
PICIC Insurance Limited
International Steel Limited
Gillette Pakistan Limited
Packages Limited

AUDIT COMMITTEE

The terms of reference of above committee are as under:

Terms of Reference

The terms of reference of the Audit Committee shall also include the following:

(a) determination of appropriate measures to safeguard the listed company's assets;
(b) review of quarterly, half-yearly and annual financial statements of the listed 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; and
- significant related party transactions.

(c) review of preliminary announcements of results prior to publication;
(d) 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);
(e) review of management letter issued by external auditors and management's response thereto;
(f) ensuring coordination between the internal and external auditors of the listed company;
(g) 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 listed company;
(h) consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
(i) ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;
(j) review of the listed company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;
(k) instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the CEO and to consider remittance of any matter to the external auditors or to any other external body;
(l) determination of compliance with relevant statutory requirements;
(m) monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and
(n) consideration of any other issue or matter as may be assigned by the Board of Directors.

Annual evaluation of Board's performance

The Corporate Governance Committee receives input on the Board's performance from Directors, which are then discussed with the Chairman of the Company in presence of full board. Based on such discussion, the Board of Directors itself evaluates board's performance to determine whether the board and its committees are functioning effectively.

Orientation & Professional Development of the Board

All Board of Directors are required to go through a formal orientation of the company on their induction and are quarterly engaged in professional development programs with institutions like PICG and other corporate governance institutions.

Report of the Audit committee

At Lucky Cement, the Board of Directors has established an Audit Committee in compliance with the Code of Corporate Governance. The Audit Committee reviewed the quarterly, half-yearly and annual financial statements before submission to the Board and their publication. The Audit Committee also reviewed internal auditors' findings and held separate meetings with internal auditors as required under the Code of Corporate Governance. The Internal Audit Department at Lucky Cement reports functionally to the Audit Committee and carried out audits of different functions based on approved Annual Audit Plan. The broader objectives of the department are to evaluate and contribute towards improving the effectiveness of Risk Management, Control and Governance processes.

In the current reporting year, Internal Audit department reviewed over 28 different functions of the organization (comprising both plants and Head Office). Reported findings included process improvement avenues and control weaknesses ranging from high to low risk. The rating system used for the Internal Audit Department comprises ratings on the basis of likelihood and impact, and overall evaluation of the processes of functions being reviewed. The high risk findings along with actions items agreed with management were reported to the Audit Committee during the quarterly meetings. Regular follow ups were also conducted to ensure timely implementation of agreed corrective actions.

HUMAN RESOURCE & REMUNERATION COMMITTEE (HR Committee)

Terms of Reference

(a) To review and advise on the Human Resource policies of the Company and its revision from time to time as and when necessary.
(b) 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.
(c) 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.

(d) To review and advice on the training, development and succession planning for the senior management of the Company.
(e) To devise a mechanism for the approval of HR related policies of the Company.
(f) 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

Terms of Reference

(a) 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.

(b) 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.

(c) 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.
(d) 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.

(e) To identify and assess the potential probable compliance risk and to devise measures to mitigate the impact of its contingencies.
(f) To recommend any matter of significance relating to the Corporate Governance to the Board of Directors.
(g) To comply with the Code of Corporate Governance prevailing in Pakistan as well as to introduce International best practices.
(h) To ensure disclosures and transparency of the above policies and material information to the shareholders in the timely manner.

Review of Terms of Reference

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

BUDGET COMMITTEE

Terms of Reference

(a) To review and analyze the annualized budgets for operative and capital expenditures as prepared by the Company and recommend the final budget to the Board for its approval.
(b) To review and analyze any revision in the budget and suggest such revision to the Board of Directors for its approval.
(c) To review and analyze the comparison of budget with actual results on quarterly and annual basis and give appropriate direction for any corrective action in case of major variances.
(d) 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.

CEO's Message

It is great pleasure for me; that by the Grace of Allah, this fiscal year has been the best performing year in the history of your Company. We have earned the highest-ever profit after tax of Rs. 9.714 billion, for the year 2012-13, which is an increase of 43% compared to the last year's profit.

I am happy in mentioning that our journey of great accomplishments and immaculate operations is driven by the success of our people who ensure that their individual efforts reap a performance which is unmatched in the whole industry.

Our relentless focus on pro-environment innovations stresses over the key areas of reduction in carbon footprints and a shift towards renewable source of energy. We believe in the concept of continuous improvement and excellence in the arenas of industrial growth, community development as well as our operational framework.

With the macro environment constantly changing, business conditions are beset with new challenges. We are addressing such challenges so we remain the low cost producer in the cement industry.

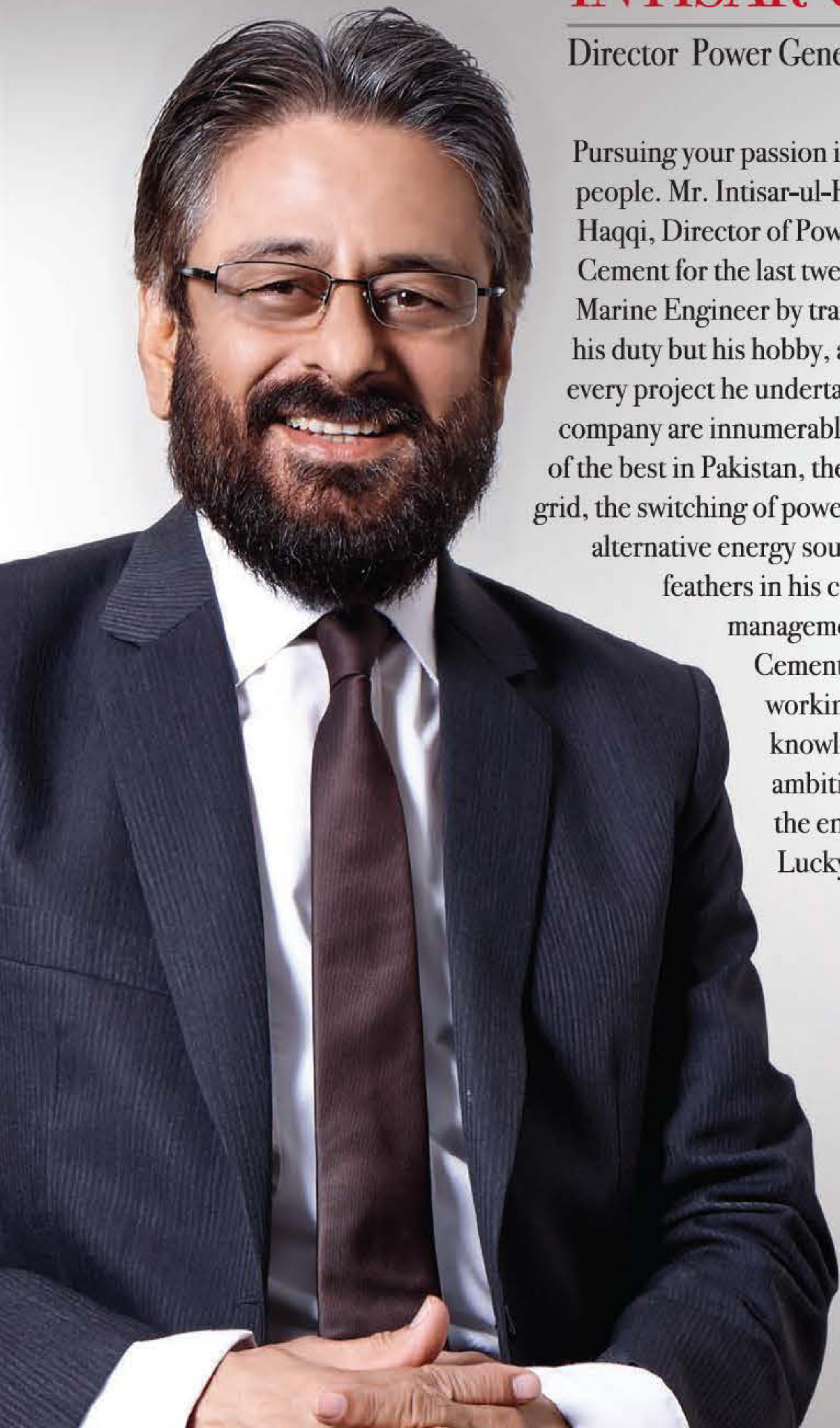
We maintain our leadership position through wealth of talent, strong brand and our horizon and vision to expand domestically as well as internationally. We will ensure that Insha Allah your Company maintain its leadership position, while expanding its footprint internationally.

I would like to thank all our stakeholders who have supported us and look forward to their continuous patronage.

Muhammad Ali Tabba
Chief Executive Officer

INTISAR-UL- HAQ HAQQI

Director Power Generation

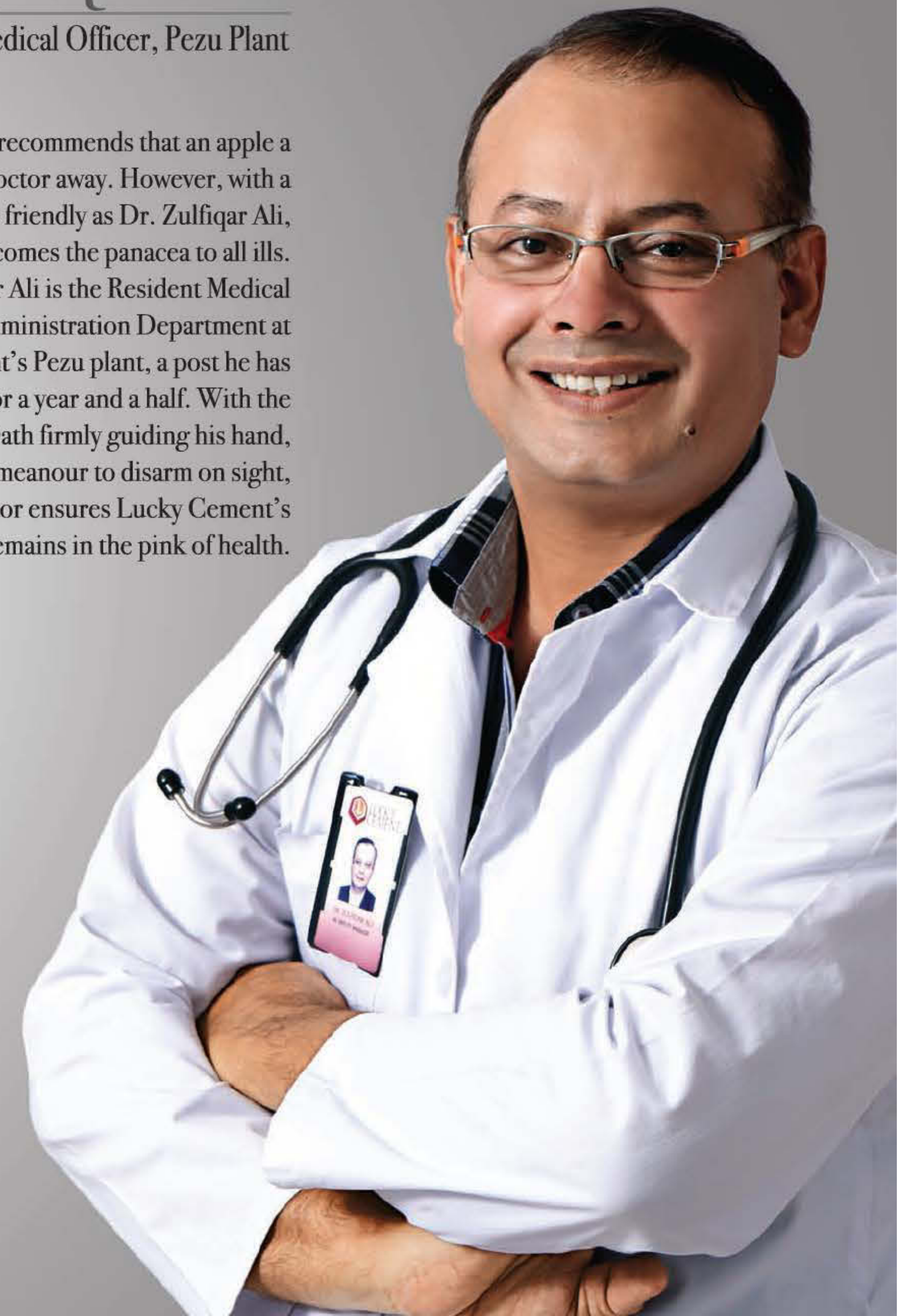


Pursuing your passion is easier said than done for most people. Mr. Intisar-ul-Haq Haqqi is not most people. Mr. Haqqi, Director of Power Generation, has been with Lucky Cement for the last twenty years. A First Class Professional Marine Engineer by training, Mr. Haqqi feels his work is not his duty but his hobby, and this passion manifests across every project he undertakes. His contributions to the company are innumerable. The set up of the power plant, one of the best in Pakistan, the supply of electricity to the national grid, the switching of power plant from heavy fuel oil to alternative energy sources is to name but a few feathers in his cap. Mr. Haqqi's proactive management nurtures both, the Lucky Cement power plants, as well as the team working there. A man with sophisticated knowledge of our power plants and infinite ambition to see them prosper, Mr. Haqqi is the energy source that has strengthened Lucky Cement through the years.

DR. ZULFIQAR ALI

Medical Officer, Pezu Plant

Popular wisdom recommends that an apple a day keeps the doctor away. However, with a doctor as friendly as Dr. Zulfiqar Ali, laughter becomes the panacea to all ills. Dr. Zulfiqar Ali is the Resident Medical Officer in the Administration Department at Lucky Cement's Pezu plant, a post he has held now for a year and a half. With the Hippocratic Oath firmly guiding his hand, and a friendly demeanour to disarm on sight, the good doctor ensures Lucky Cement's Pezu plant remains in the pink of health.



Group Profile

The history of Yunus Brothers Group (YBG) can be traced back to 1962 when the foundation of a trading house was laid. The establishment of the fabric trading business house, which turned into one of the largest conglomerates in Pakistan in a period spanning four decades, served as the first milestone in this prolific journey. Since then, Yunus Brothers Group has established various other business concerns in textiles, cement, construction and power generation sectors and has proved its business standing in local and international markets by virtue of its outstanding achievements. It proudly owns one of the largest cement manufacturing facility and the largest yarn manufacturing unit in the country.

The following companies are part of the Yunus Brothers Group:

A Part of YBG

Yunus Brothers (YB) 1962

In 1962, Yunus Brothers Group started as a trading house; exporting cotton yarn to Far-Eastern countries and gradually added other commodities in its business portfolio. It holds a strong reputation in provision of high-quality products; accompanied with reliability and excellent customer services.

Lucky Textile Mills Limited (LTML) 1983

Lucky Textile Mills took off as a fabric manufacturing concern in 1983. However, it modified its operations and currently has transformed into a vertically integrated mill, having annual production capacity of 60 Million meters. LTML has also exported its products and enjoys a strong presence in the international markets.

Aziz Tabba Foundation

Aziz Tabba Foundation (ATF) 1987

Social activism has always been a hallmark of YB Group. Aziz Tabba Foundation, started in 1987, serves as a testimony to the philanthropic spirit of the company's founders. The Foundation carries out various activities for social welfare of the community in areas of health, education and enhancing economic prosperity.

Fazal Textile Mills Limited (FTML) 1962

Fazal Textile Mills Limited is one of the top spinning mills in the country. It specializes in producing Cotton Ring Spun Yarn. FTML is equipped with state-of-the-art machinery from world's renowned textile machinery manufacturers and has the capacity to produce around 150 M tons of yarn daily.

Gadoon Textile Mills Limited 1988

Established in 1988, Gadoon Textile Mill's aim was to provide employment to the local natives of the Swabi District that used to rely on cultivation of poppy and opium on their lands for achieving their livelihood. Thus, not limited to a profit-making venture, GTML has a socially motivated reason as its essence. GTML holds the distinction of being the second largest textile mill in the world to introduce compact core spun yarn. However, in Pakistan, it's the largest spinning unit with an approximate number of 200,000 spindles under one roof.

Lucky Cement Limited (LCL) 1993

Lucky Cement Limited is Pakistan's largest cement manufacturing company with an annual production capacity of 7.75 million tons. 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 are its unique supply chain function with specialized loose cement carriers and ship loaders.

Lucky Energy (Private) Limited (LEPL) 1993

In 1993, YB Group diversified in the energy sector with establishment of Lucky Energy which is a gas-based thermal power generation unit. It is equipped with one of the most sophisticated and highly-efficient generators from Caterpillar USA. LEPL not only fulfills energy requirements of the Group companies, but also sells electricity to the Government of Pakistan.

Aziz Tabba Kidney Center (ATKC) 1995

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 also the only centre in Karachi where HB positive patients are treated separately.

Yunus Textile Mills Limited (YTML) 1998

Yunus Textile Mills Limited is the producer and exporter of home textiles and beddings accessories. It is a fully vertically-integrated textile manufacturing facility, from spinning to stitching, with the annual production capacity of 100 million meters. Although, the manufacturing facility is based in Karachi, the company has its distribution units in USA, Canada, France, United Kingdom and Spain.

Tabba Heart Institute (THI) 2005

Tabba Heart Institute, a state-of-the-art, yet 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.

ICI Pakistan 2012

Consequent to the acquisition of ICI Omicron B.V. shareholding by Lucky Holdings Limited in 2012, it is part of the Yunus Brothers Group. ICI Pakistan (formerly ICI Omicron B.V.) manufactures and trades in a diversified range of products including Polyester Staple Fiber, Soda Ash and Specialty Chemicals. It also markets toll-manufactured Pharmaceuticals and Animal Health products along with a range of Chemicals, Field Crop Seeds, Vegetable Seeds and other Agri Products. Its four businesses, Soda Ash, Polyester, Life Sciences and Chemicals manufacture and sell a wide range of industrial and consumer products.

ATTAULLAH KHAN

Senior Manager Marketing, Peshawar

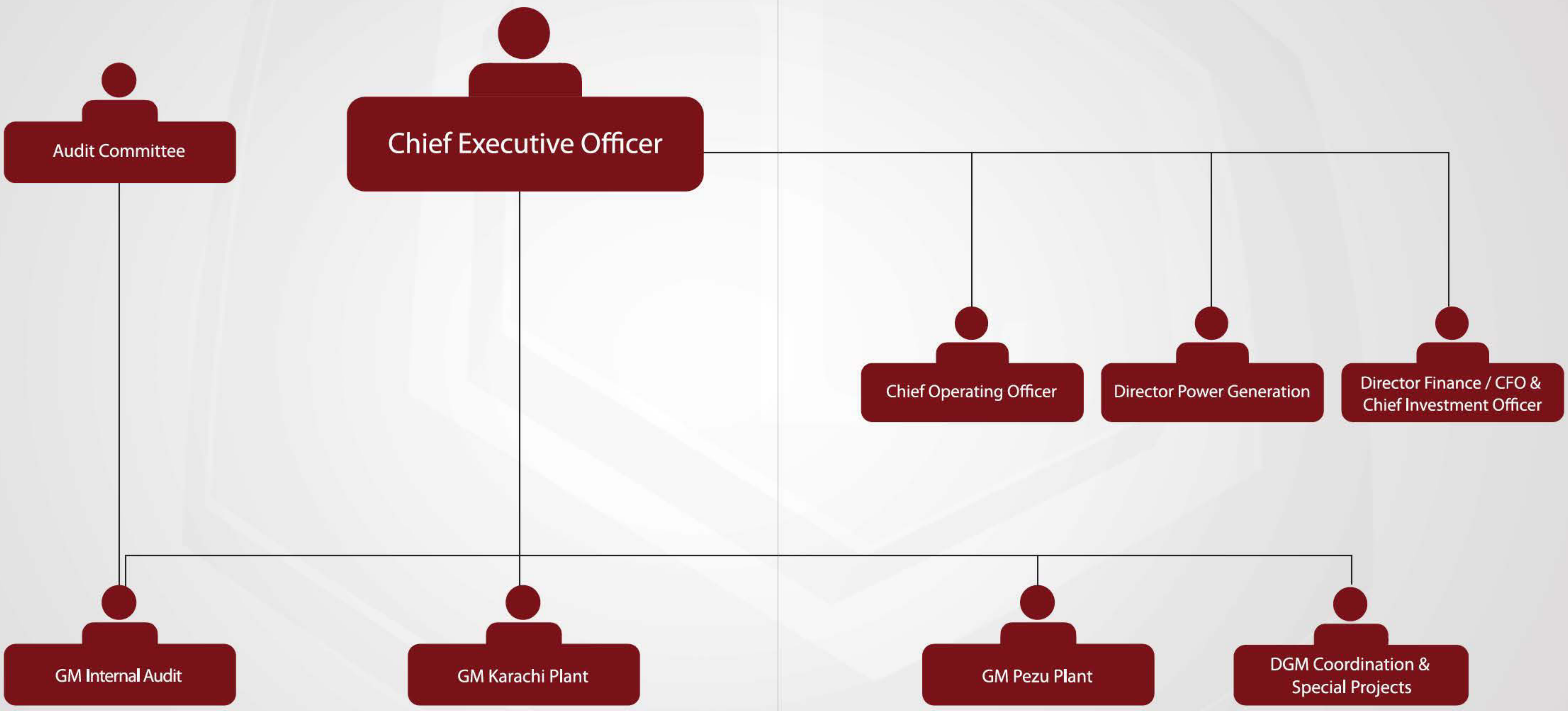
Mr.Atta Ullah, the Senior Manager Marketing at our Peshawar office has been with us for the past four years. With an Msc in Business Management from the UK and an MBA in Marketing from Pakistan, Mr. Atta Ullah's academic roots stretch far and wide. His first day at Lucky Cement saw him realise that the company was making transformative advancements following international trends. These changes ranged across the sectors of technology, economy, culture and the environment. His colleagues look to him as a focused yet friendly man who always finds the time to share a problem and offer a solution. Mr. Atta Ullah recounts his biggest professional milestone as being a part of the team that pioneered the export of Lucky Cement by developing trade systems, processes, and procedures.

UMAIR SUALEH

Manager Internal Audit, Karachi

Efficiency is doing things right. Effectiveness is doing the right things. Mr. Umair Sualeh, the Manager Internal Audit at Lucky Cement's Karachi head office ensures all operations run with efficiency, perennially guided by the goal of effectiveness. Mr. Sualeh, a qualified Chartered Accountant, has been with Lucky Cement for over two years and has taken inspiration from the opportunity to improve existing processes aimed at increasing the company's efficacy in the long run. Interacting with senior management has seen him experience personal and professional growth that he sows back into his own work. Efficiency and effectiveness hand in hand translate into a solid platform for Mr. Sualeh as well as for Lucky Cement.

Organizational Chart



Muhammad Faisal
Director Finance / CFO &
Chief Investment Officer

Noman Hasan
Chief Operating Officer

Muhammad Ali Tabba
Chief Executive

Intisar-ul-Haq-Haqqi
Director Power Generation

Kalim Mobin
Director Marketing (North)

Mashkoor Ahmed
GM Karachi Plant

Muhammad Shabbir
GM Pezu Plant

Humayun Khan
GM Govt. Relations &
Administration (Islamabad)

Syed Najmul Absar
GM Power Plant (Pezu)

Syed Hasan Mazhar Rizvi
GM Power Plant (Karachi)

Syed Nusrat Ali
GM Production (Karchi Plant)

Saifuddin A. Khan
GM Marketing (South)

Moez Narsi
GM Audit

Faiz Durrani
GM Legal & Corporate Affairs

Waqas Abrar
GM Human Resources

Amin Ganny
GM Supply Chain

Directors' Report

The Directors of your Company have the pleasure in presenting to you the annual results of your Company which include both, the Stand-alone and Consolidated audited financial statements for the year ended June 30, 2013.

Overview

With the blessings of Almighty Allah, the financial year under review concluded, as being the best performing year of the Company. Your Company has managed to achieve a new sales revenue mark of Rs. 37.81 billion which is an increase of 13.5% over sales revenue reported last year. Your Company also managed to achieve the highest after tax profit of Rs. 9.71 billion during the year under review which is an increase of 43.2% over profit after tax reported last year.

Cement industry in Pakistan grew by 2.8% to 33.43 million tons during the current year compared to 32.52 million tons of last year. Local sales volume registered a growth of 4.6% to 25.06 million tons during the current year compared to 23.95 million tons of last year. For the first time in the history of the country, the industry touched the mark of 25.0 million tons local sales. Export sales volume registered a decline of 2.3% to 8.37 million tons during the current year compared to 8.57 million tons of last year.

Your Company registered an overall growth of 1.4% to 6.06 million tons during the year compared to 5.97 million tons sold last year. Local sales volume registered a growth of 1.3% to 3.77 million tons during the current year compared to 3.72 million tons of last year. While industry registered a decline in export volumes, your company was able to register a growth of 1.7% to 2.29 million tons during the current year compared to 2.25 million tons of last year.

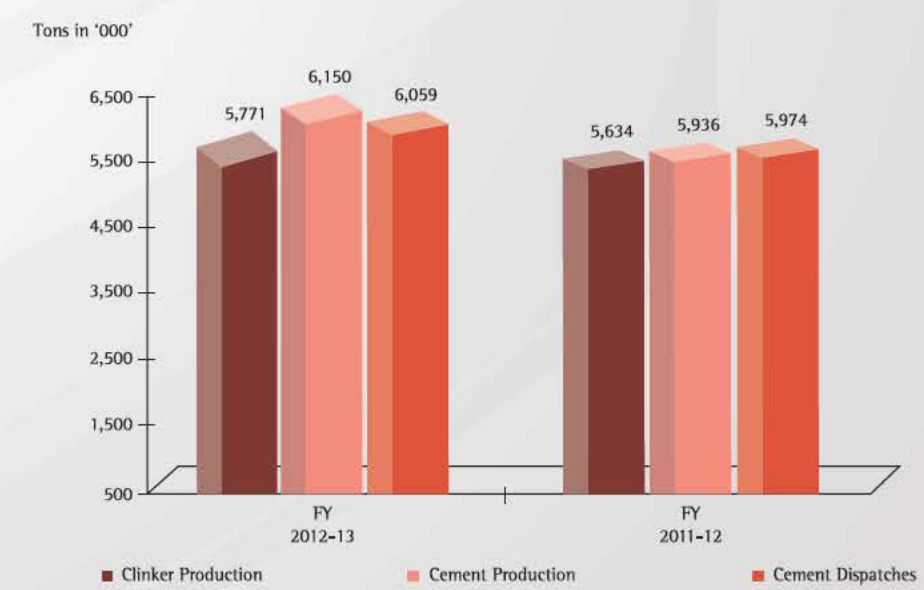
Business Performance

(A) PRODUCTION & SALES VOLUME PERFORMANCE

The production and sales statistics of your Company for the financial year under review compared to last year are as follows:

Particulars	FY 2012-13	FY 2011-12	Increase/ (Decrease) %
	---------- Tons ----------		
Clinker Production	5,770,980	5,633,811	2.4%
Cement Production	6,150,440	5,935,791	3.6%
Cement + Clinker Dispatches	6,059,343	5,973,960	1.4%

The production and sales volume data is graphically presented as under:



A comparison of dispatches of the Industry and your Company for the financial year ended on June 30, 2013 with last year is as under:

Particulars	FY 2012-13 (Tons)	FY 2011-12 (Tons)	Growth / (Decline) (Tons)	Growth / (Decline) %
Cement Industry				
Local Sales	25,058,747	23,947,161	1,111,586	4.6%
Export Sales				
Cement				
- Bagged	7,867,661	8,110,217	(242,556)	(3.0%)
- Loose	506,443	457,612	48,831	10.7%
Sub-Total	8,374,104	8,567,829	(193,725)	(2.3%)
Clinker	-	3,955	(3,955)	(100.0%)
Total Export	8,374,104	8,571,784	(197,680)	(2.3%)
Grand Total	33,432,851	32,518,945	913,906	2.8%
Lucky Cement				
Local Sales	3,769,880	3,722,420	47,460	1.3%
Export Sales				
Cement				
- Bagged	1,783,020	1,789,973	(6,953)	(0.4%)
- Loose	506,443	457,612	48,831	10.7%
Sub-Total	2,289,463	2,247,585	41,878	1.9%
Clinker	-	3,955	(3,955)	(100.0%)
Total Export	2,289,463	2,251,540	37,923	1.7%
Grand Total	6,059,343	5,973,960	85,382	1.4%

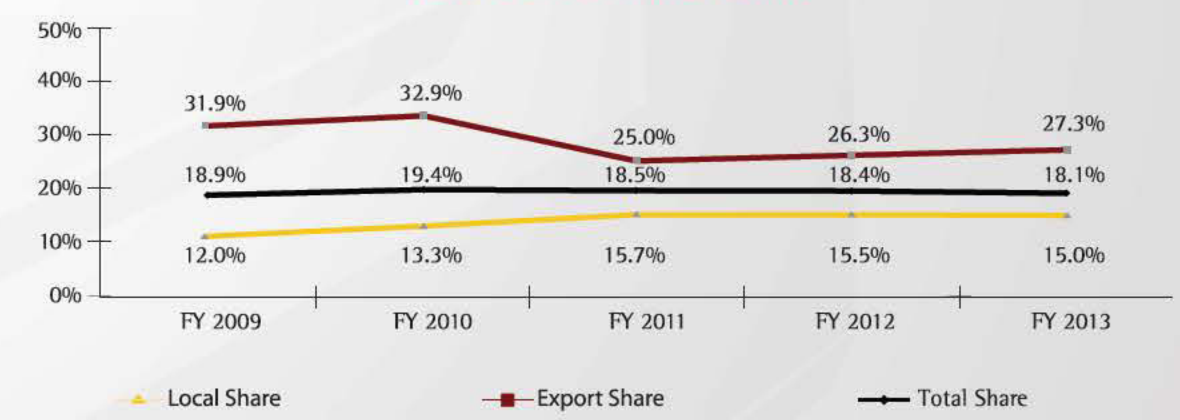
* Industry source: APCMA website

Market Share

LCL - Market Share (%)	FY 2012-13	FY 2011-12
Local Sales	15.0%	15.5%
Export Sales		
Cement		
- Bagged	22.7%	21.1%
- Loose	100.0%	100.0%
Sub-Total	27.3%	26.2%
Clinker	0%	100%
Total Export	27.3%	26.3%
Grand Total	18.1%	18.4%

A comparative year-wise analysis of market share of your company is as under:

Yearwise LCL Market Share



(B) FINANCIAL PERFORMANCE

A comparison of the key financial indicators of your Company for the year ended on June 30, 2013 with last year is as under:

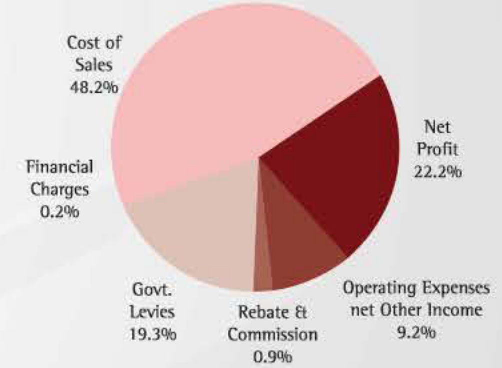
Particulars	FY 2012-13	FY 2011-12	% Change
Sales revenue	37,810	33,323	13.47%
Gross profit	16,721	12,721	31.44%
Operating profit	12,158	9,010	34.94%
Profit before tax	11,701	8,324	40.56%
Net profit after tax	9,714	6,782	43.22%
Earnings per share	30.04	20.97	43.22%

* Rupees in Million except EPS.

Revenues

During the year under review, your Company achieved an overall net sales revenue growth of 13.5% contributed by 1.4% increase in volume and 12.1% increase in net retention.

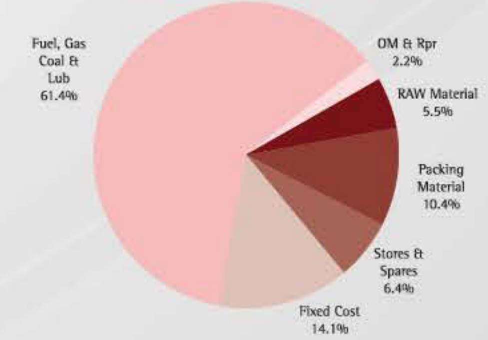
Distribution of Revenue FY 2012-13



Cost of Production

Per ton cost of sales of your Company was marginally increased by 0.9% during the financial year under review. The increase was mainly attributable to increase in transportation and energy cost.

Distribution of Cost FY 2012-13



Gross Profit

Your Company achieved a gross profit rate of 44.2% during the year compared to 38.2% reported last year.

Deferred Taxation

Deferred tax provision of Rs.1.72 billion has been made in the accounts during the year making the cumulative deferred tax liability to Rs. 4.58 billion as on June 30, 2013.

Profit Before and After Tax

Your Company achieved the before tax profit of Rs.11.70 billion during the year compared to Rs. 8.32 billion reported last year. Similarly, your company achieved after tax profit of Rs .9.71 billion for the year under review compared to Rs. 6.78 billion reported last year.

Earnings per share

The earnings per share of your Company for the year ended June 30, 2013 was Rs. 30.04 compared to Rs. 20.97 reported last year.

Quarter-wise EPS trend is as under:

Cash Flow Strategy

Your Company has an effective Cash Flow Management System in place whereby cash inflows and outflows are projected on a regular basis. Working capital requirements are planned through internal cash generations and short term borrowings.

During the year under review, an amount of Rs.12.82 billion was generated from operations of the Company which was mainly allocated for long term investments amounting to Rs. 6.11 billion, distribution of dividends amounting to Rs.1.93 billion and capital expenditures amounting to Rs.1.87 billion.

The Board is satisfied that there are no short or long term financial constraints due to efficient and timely debt repayment history with effective financial management.

PROJECTS (NEW AND ONGOING)

Vertical Grinding Mills at Karachi Plant

As informed earlier, your Company has placed order for two state-of-the-art vertical grinding mills to be installed in Karachi plant which will improve quality, enhance productivity and reduce energy cost. The first mill will become operational in the last quarter of the Financial Year 2013-14 whereas the second will become operational by September 2014.

TDF Plant at Pezu

Your company is planning to introduce Tyre Derived Fuel (TDF) plant at Pezu to replace coal. This initiative will enable your company to reduce fuel cost.

Electricity Supply to PESCO

Your Company is also in the process of negotiation to supply surplus electricity generated at Pezu plant to Peshawar Electric Supply Company (PESCO).

INVESTMENTS

Investment in Lucky Holdings Limited for acquisition of ICI Pakistan

Your Company during the year acquired 75% shares of Lucky Holdings Limited (LHL) which in turn acquired 75.93% shares of ICI Pakistan Limited (ICIP). Consequently, both LHL and ICIP have become the subsidiaries of your company. As a result of this acquisition and as per the requirements of the Companies Ordinance, 1984 and International Financial Reporting Standards, the results of LHL and ICIP have been incorporated in the consolidated financial statements for the year ended June 30, 2013.

Joint Venture Investment in Cement Plant in DR Congo

Your Company is currently in the process of negotiating terms and conditions of financing with multilaterals and international financial institutions. Financial close is expected by December 2013.

Joint Venture Investment in Cement Grinding Facility in Iraq

Plant and Machinery from the equipment supplier has arrived at site. Project will be completed by end of October 2013 and start commissioning and trial production from early November 2013.

Equity Investment in Associated Company in 50 MW Wind Farm

Currently, the associated company has applied for Upfront Tariff to NEPRA which is expected to be awarded soon. Financial close is expected by December 2013. The project is likely to be completed by the calendar year 2015. Total Project cost is estimated to be US$ 143 million which would be financed through 75:25 Debt / Equity ratio. Your Company would contribute US$ 5.0 million towards 14% share of equity in the proposed investment.

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 part of 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 Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures there from has been adequately disclosed and explained.
- The system of internal control is sound in design and has been effectively implemented and monitored; and
- There are no significant doubts upon the 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.
- 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 six years has been given separately.

Attendance of Directors at Board Meetings

During the year under review seven 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	5 / 7
2	Mr. Muhammad Ali Tabba	7 / 7
3	Mr. Muhammad Sohail Tabba	6 / 7
4	Mr. Jawed Yunus Tabba	7 / 7
5	Mrs. Rahila Aleem	6 / 7
6	Mrs. Zulekha Razzak Tabba	3 / 4
7	Mr. Muhammad Abid Ganatra	3 / 3
8	Mr. Tariq Iqbal Khan	3 / 3
9	Mr. Imran Yunus Tabba	3 / 4
10	Mrs. Mariam Tabba Khan	4 / 4
11	Mr. Manzoor Ahmed	1 / 3
12	Mr. Ali J. Siddiqui	1 / 3

Corporate Social Responsibilty

Your Company is mainly focused towards educational assistance to deserving students who are perusing their professional studies in renowned local and international universities. Following this principle, your company has generously donated for building a state-of-the-art, academic block at IBA Karachi. This block will be used to impart business education to the bright minds of our country. Your company entered in to MoU with KSBL (Karachi School of Business and Leadership) for providing scholarships to the deserving students, analogous to the program which we have with LUMS. In addition to this, your Company actively supported local NGO's who are working in the field of education.

Keeping in line with our vision, your Company actively participated in various health projects at our Pezu plant. Your Company always ensures environment preservation as a front line demeanor in adopting all the possible means for environment protection. Your Company has been taking various steps to ensure minimal dust and gaseous emissions from our plant and our production lines are installed with pollutant trapping and suppression systems to control dust particles and other emissions. Furthermore; your Company participated in the WWF Earth Hour initiatives to raise awareness regarding different environment issues.

In a nutshell; your Company is committed to umbrella the scope of possibilities within human reach, to cater to the much needed and proactive response to the paradigms of society at large; which in turn is our definition, and the big picture of CSR.

Contribution to National Exchequer

Your Company contributed and amount of Rs. 8.42 billion (2012: Rs. 6.56 billion) into the Government Treasury on account of taxes, levies, excise duty and sales tax. Moreover, precious foreign exchange to the tune of USD 151.96 million was also earned for the country from export of cement during the year under review.

Future Outlook

The financial year under review was the best performing year of your Company. Going forward, the consumption of cement in the country is expected to grow due to Government's allocation of funds towards Public Sector Development Program as announced in the Federal Budget 2013-14. However, the anticipated increase in the utility cost, weakening of Pak Rupee against US$ and recent interest rate hike by the State Bank of Pakistan are some of the key challenges for the next financial year.

To mitigate the increase in utility cost, your Company is planning to install Waste Heat Recovery (WHR) plant at both Karachi and Pezu captive power plants. Each plant will produce 5 MW of power and on a cumulative basis, 10 MW. The expected time for the completion of the projects will be December 2014.

Your Company's Balance Sheet is completely unleveraged. This will help us undertake new expansion plans as and when needed to maintain our position as market leader.

On the positive side, the prices of coal have declined in the international market. The reduction in coal prices along with the use of TDF / RDF will help us reduce our fuel cost in the future.

Your Company is working proactively to peruse new projects to increase its revenue base. We are also undertaking new initiatives which will help the Company to reduce its fuel / power cost.

With the strong brand image of our product, committed and dedicated management team and the drive of the company to maintain its position as the low cost producer, we are confident that your company will Insha'Allah produce impressive results in the next financial year also.

Dividend

Taking into account the ongoing strength of our financial position, current capital investment plans, as well as the progressive dividend policy, management has recommended and the board has proposed the final dividend of Rs.8/- per share for the financial year ended June 30, 2013.

This approach remains in line with our commitment to consistently return sustainable value to shareholders.

Movement in un-appropriated profit is as follows:

Lucky Cement Limited – Stand-alone Results	Rs. in '000
Net Profit for the Year	744,323
Un-appropriated profit at the beginning of the year	9,713,948
Profit available for appropriation	10,458,271
Appropriations	
Proposed dividend for the Financial Year 2012-13 @ Rs. 8	(2,587,000)
Proposed transfer to General Reserves	(7,871,271)
Un-appropriated profit at the end of the year	-
Basic and diluted earnings per share - Rs.	30.04

Auditors

The retiring auditors Messrs. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants being eligible offer themselves for reappointment.

Acknowledgement

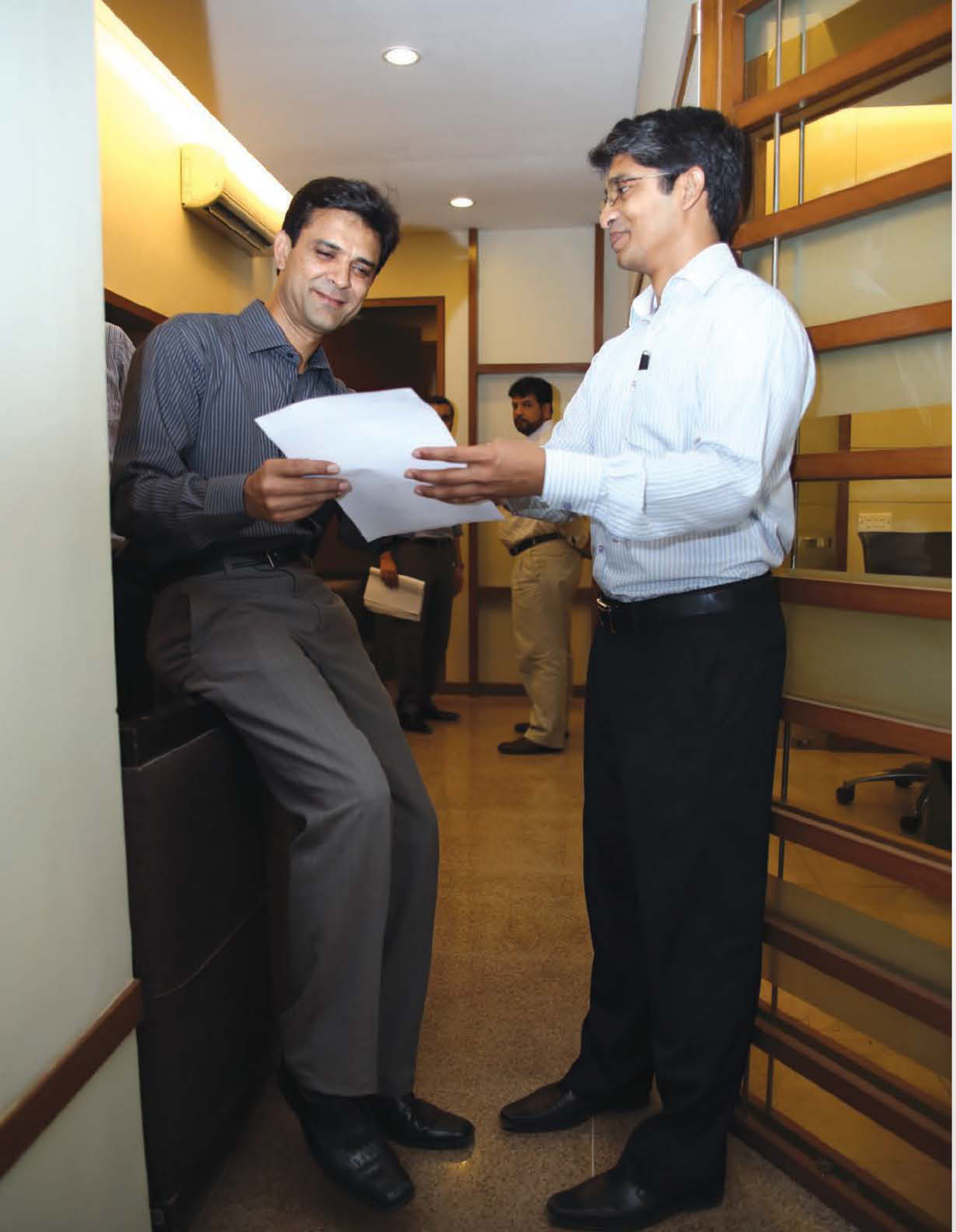
Your Directors take this opportunity to express their deep sense of gratitude to all the stakeholders for their encouragement and support.

We would also like to place on record our sincere appreciation for the commitment, dedication and hard work put in by every member of the Lucky family.

And also our Shareholders, who have always shown their confidence and faith in the Company.

On behalf of the Board

Muhammad Yunus Tabba
Chairman / Director
Karachi: September 17, 2013.



Additional Information

LUCKY CEMENT

Capital Structure

Capital Structure of your company is based mainly on equity finance as currently there is no major Long term finance.

Significant changes in financial position compared to last year arose due to long term investment in Lucky Holdings Limited for acquisition of ICI Pakistan Limited. The liquidity of your company improved significantly with the improvement in profit margins during the current financial year.

Entity's Significant Review

The risk to your company is no switching cost to customer because all the cement companies, due to severe competition, supply more or less the same quality of cement with more or less the similar price. Your company has always focused on satisfying customer demands.. The company is also exposed to foreign currency exchange rates and interest rates volatility. To mitigate the financial risk the Company uses derivatives to manage financial exposures that occur in the normal course of business.

Your company as a conscious corporate citizen has always maintain good relations with its stakeholders including customers, suppliers, employees, bankers and local community through various measures & schemes such as investment in environmental protection measures, welfare schemes, customers satisfaction surveys as part of the market research activity and the marketing department has the Customer Service Manager to deal with complains and customer queries. Your Company believes in giving back to society and believes that maintaining good relationship is crucial for the progress of company.

Key Performance Indicators	
Market Leader	Lucky Cement Holds a strong position in the market being the largest cement producer of country and 18 % market share of Cement industry.
Financial Performance	We have tried to keep our cost low through various measures such as RDF/TDF & WHR projects.
Sustain a customer satisfaction	Retain staff and keep up customer-focused training.
Investment in new projects	Secure financing for expansion and manage building work and disruption to the business.
Niche product/service	In response to the frequent requests by its customers to introduce a brand for lower-income customers we have launched RAJ Cement.

Indicative Prospects of the Entity

Indicators are categorized into financial and non-financial measures. Financial indicators are set on Revenue & Profitability, PE Ratio, EPS, Gearing (Debt/Equity), Liquidity while non-financial indicators include Market Share, Productivity & Sustainable growth, Human Asset, Consumer Preference, Innovation, Expansion and Diversification.

Targets	Measures
Cost Reduction	Installation of TDF Plant
Profitability	Achieving Sales Targets
Cash Flows	Better Management of Funds
Expansion	Progress on Iraq & Congo Projects
Employee Development	Regular Trainings of Employees and Members of Board of Directors
Diversification	Acquisition of ICI Pakistan

We have achieved the targets we set at the start of financial year and achieving these targets were necessary to maintain competitive edge in the market.

Business Ethics and Anti-Corruption

Ethics and Integrity being one of our core values and by virtue of code of corporate governance, LCL has zero tolerance approach to corruption. We strongly believe in and practice highest standards of ethical behavior, both within the organization as well as in our external relationships. Company is in the process of formalizing a code of conduct document that will be made mandatory for board of directors and employees to be well versed with. Outside Interest Disclosure recently introduced in the Company is another step in the same direction. The Audit Committee of the Board met with regular Intervals during the year to review the adequacy and effectiveness of the internal controls, including those relating to the strengthening of the Company's risk management policies and systems. There have been no significant incidents of corruption during the year ended June 30, 2013.

Policy for Safety of Records

The company makes a conscious effort in the safety of its books and records. Lucky Cement has purpose built record rooms at its Head Office, and both the facilities in Karachi and Pezu for the maintaining of important and necessary records. We have a fire proof vault for the safekeeping of legal documents, and have equipment and training to deal with hazards to our records. Besides the record rooms, each department also maintains their records in an orderly fashion to ensure minimal loss of intellectual property and records in case of any hazard. IT record keeping practises at Lucky Cement are at par with best practises world over with the MIS department as the custodian.

IT governance policy

At Lucky Cement Limited, IT governance forms an important part of governance structure, policies and procedures. LCL has formed IT Steering Committee that provides strategic leadership, establishes company-wide IT priorities and oversee the policies, accountable and transparent to the CEO and Board of Directors. The committee is governed by approved roles and responsibilities. The committee meets on periodic basis and mainly focuses on:

- Strategic direction of the LCL in terms of technology;
- Aligning the IT Strategy with Business Strategy;
- Ensure adequate Information Security; and
- Business continuity management including disaster recovery.

CEO's Performance Review

During the year under review, the cement industry witnessed a volumetric growth of 2.8% with 33.43 million tons cement sold compared to 32.52 million tons sold during last year.

Accomplishment of goals for the review period

Company registered an overall growth of 1.4% to 6.06 million tons during the year compared to 5.97 million tons of last year. Local sales volume registered a growth of 1.3% to 3.77 million tons during the current year compared to 3.72 million tons of last year. While industry registered a decline in export volumes, your Company was able to register a growth of 1.7% to 2.29 million tons during the current year compared to 2.25 million tons of last year.

Performance on key responsibilities in the job description

Production Performance

The Company has been able to meet all the production targets:

Particulars	FY2012-13	FY2011-12	Increase/(Decrease)
	------ Tons ------		%
Clinker Production	5,770,980	5,633,813	2.43%
Cement Production	6,150,440	5,935,791	3.62%
Cement + Clinker Dispatches	6,059,343	5,973,960	1.43%

Financial Performance

Sales Revenue

The combined sales revenue of the Company, during the year under review, was increased by 13.5% which comprised of 7.7% growth in domestic sales and 5.7% growth in export sales.

Cost of Sales

Per ton cost of sales of the Company was marginally increased by 0.9% during the financial year under review. The increase was mainly attributable to increase in transportation and energy cost.

Gross Profit

Company achieved a gross profit rate of 44.2% during the year compared to 38.2% reported last year.

Additional performance/management factors

Vertical Grinding Mills at Karachi Plant

As informed earlier, your Company has placed order for two state-of-the-art vertical grinding mills to be installed in Karachi plant which will improve quality, enhance productivity and reduce energy cost. The first mill will become operational in the last quarter of the financial year 2013-14 whereas the second will become operational by September 2014.

TDF Plant at Pezu

Your Company is planning to introduce Tyre Derived Fuel (TDF) plant at Pezu to replace coal. This initiative will enable your Company to reduce fuel cost.

Electricity Supply to PESCO

Your Company is also in the process of negotiation to supply surplus electricity generated at Pezu plant to Peshawar Electric Supply Company (PESCO).

Ventomatic Packing Plant – PEZU

The European technology packing plants have been installed and commissioned successfully at Pezu Plant.

Investment in international projects

Investment in Lucky Holdings Limited for acquisition of ICI Pakistan

Your Company during the year acquired 75% shares of Lucky Holdings Limited (LHL) which in turn acquired 75.93% shares of ICI Pakistan Limited (ICIP). Consequently, both LHL and ICIP have become the subsidiaries of your Company. As a result of this acquisition and as per the requirements of the Companies Ordinance, 1984 and International Financial Reporting Standards, the results of LHL and ICIP have been incorporated in the consolidated financial statements for the year ended June 30, 2013.

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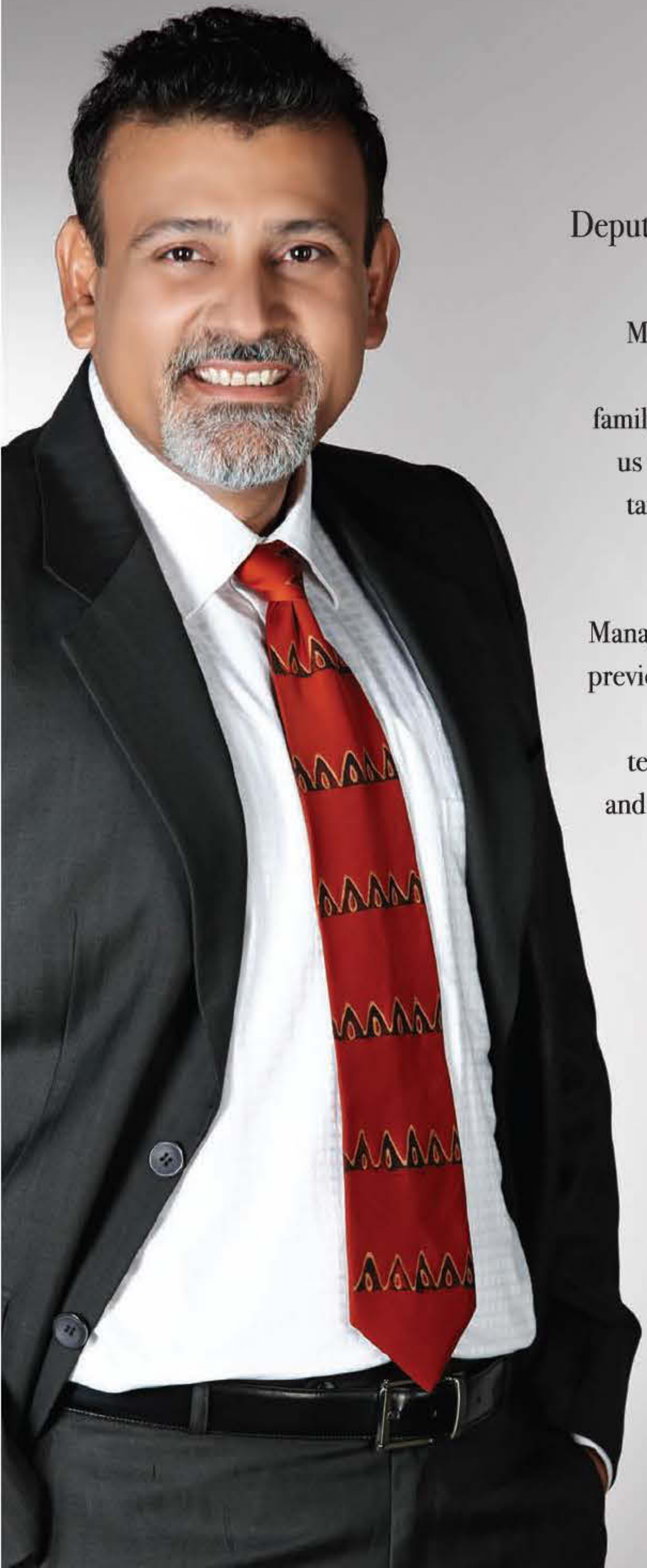
Currently, the associated company has applied for Upfront Tariff to NEPRA which is expected to be awarded soon. Financial close is expected by December 2013. The project is likely to be completed by the calendar year 2015. Total Project cost is estimated to be US$ 143 million which would be financed through 75:25 Debt / Equity ratio. Your Company would contribute US$ 5.0 million towards 14% share of equity in the proposed investment.

Corporate Social Responsibility

Your Company is mainly focused towards educational assistance to deserving students who are perusing their professional studies in renowned local and international universities. Following this principle, your Company has generously donated for building a state-of-the-art academic block at IBA Karachi. This block will be used to impart business education to the bright minds of our country. Your Company entered in to MoU with KSBL (Karachi School of Business and Leadership) for providing scholarships to the deserving students, analogous to the program which we have with LUMS. In addition to this, your Company actively supported local NGO's who are working in the field of education. Keeping in line with our vision, your Company actively participated in various health projects at our Pezu plant. Your Company always ensures environment preservation as a front line demeanor in adopting all the possible means for environment protection. Your Company has been taking various steps to ensure minimal dust and gaseous emissions from our plant and our production lines are installed with pollutant trapping and suppression systems to control dust particles and other emissions. Furthermore; your Company participated in the WWF Earth Hour initiatives to raise awareness regarding different environment issues.

In a nutshell; your Company is committed to umbrella the scope of possibilities within human reach, to cater to the much needed and proactive response to the paradigms of society at large; which in turn is our definition, and the big picture of CSR.



ATIF SAEED

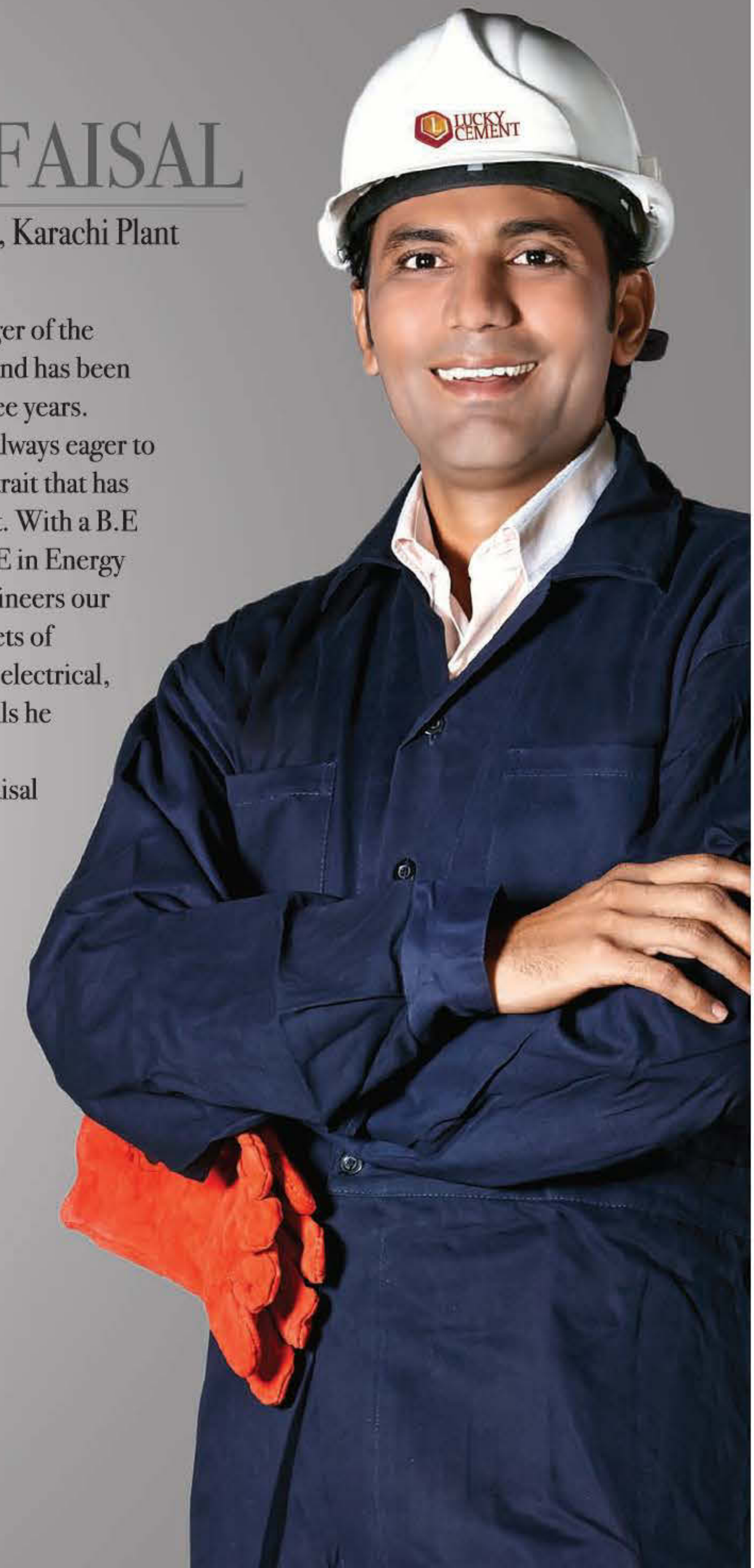
Deputy General Manager Technical, Karachi

Mr. Atif Saeed, our Deputy General Manager Technical became a part of Lucky Cement family in 2012. An Engineer by study, he joined us excited by the prospect of new professional targets, and has ended up exciting us with his tenacity and collaborative spirit. With his scholastic background in Operational Management complemented by his ambition and previous work experience, Mr. Saeed is a fond of knowledge for his team. It is this view to teamwork that becomes Mr. Saeed's strength and so becomes the strength of Lucky Cement.

SHAHZAD FAISAL

Senior Assistant Manager WHR, Karachi Plant

Mr. Faisal is Senior Assistant Manager of the Waste Heat Recovery Department and has been working with Lucky Cement for three years. Despite his expertise, Mr. Faisal is always eager to expand upon his knowledge base-a trait that has led him from one success to the next. With a B.E in Electrical Engineering and an M.E in Energy System Engineering, Mr. Faisal engineers our operations to success. His diverse sets of skills include technical expertise on electrical, boiler and turbine maintenance; skills he has employed to execute many vital projects to triumph. Mr. Shahzad Faisal ensures that Lucky Cement continues its advance full steam ahead.



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.

Energy Efficiency & reduction of CO_2 emissions

Energy efficiency is a powerful and cost-effective trail towards achieving a sustainable future. We have taken numerous initiatives towards saving energy. We have also substantially reduced our CO_2 emissions through various state-of-the-art interventions at our production facilities. Our Waste Heat Recovery Plants regain energy from waste-gasses and use it to generate electricity and increase process efficiency. We are now planning to replace coal burning by Tyre Derived Fuel (TDF). This project is a value-addition in cement manufacturing sector as it contains about the same amount of energy as oil and 25% more energy than coal. This means that each ton of the TDF used can replace the impacts of 1.25 tons of coal, coal mining and reduces Carbon emission by 19%. Lucky Cement also has the credit of preparing feasibility and educating other players in the industry.

Infrastructure at Karachi Port

Lucky Cement has its own terminal at Karachi Port, which has infrastructure and logistical arrangements to carry loose cement from its Karachi plant to the ports via a fleet of especially designed cement bulkers, with unique compressor system and capability of carrying up to 75 tons of cement.

Dealers' Network

Dealers, retailers and block makers form an essential part of Lucky Cement's sales strategy. We have a wide-spread network of more than 200 dealers, located at strategic locations enabling us to create an effective distribution system reaching even the remote parts of the country.

Advanced Quality Control

At Lucky Cement Limited we have attained an unrivaled reputation allowing us to reach the pinnacles of success in terms of quality, reliability, and customer service. We lay major emphasis on manufacturing premium quality cement through highly advanced quality control systems equipped with sophisticated gear like distributed controllers, programmable - logic-controls and online X-ray analyzers.

Supply Chain Management

As we expand the depth of our operations, our main focus is being the industry trend-setter in cost efficient manner. With the current market scenario, where only cost efficiency can help a company survive the competition, we are not only focused on cost reduction, but we aim at delivering the product to the right place at the right time. This calls for a well-defined integrated supply chain management program that offers high-quality and low-cost products within the shortest possible lead time. Our procurement process is directly beneficial for all the stakeholders. Our combined purchase strategies give us leverage and add to our negotiation strength. We have redesigned our internal process in a way that it is in the best interest of all the stakeholders. Our team consists of individuals with the ability to network and coordinate with our purveyors of goods, service, transportation and warehousing.

ICT Infrastructure

Lucky Cement Limited has made promising advancements in enhancing its ICT infrastructure to run its operations with a strong backbone of advanced information systems. Our internationally extended business nodes demands optimum connectivity and highly-efficient ERPs.

All our local and global offices have uninterrupted links with the head-office and plants availing resources like email, ERP and Intranet. Our IT department has in-house software development teams that are consistent in providing in depth solutions to our growing business needs.

Smart Logistical Set-up

In our struggle to make efficient logistical arrangement, Lucky Cement has acquired fleet of multi-purpose trailers which are capable of moving any kind of cement consignment in either bagged or raw state. This has made Lucky the first cement producing company to have its own multi-purpose transportation system.

Earlier, we had the unique facility of transporting loose cement through specialized bulkers. However, in order to optimally utilize the resources, our management brainstormed for acquiring multi-purpose trailers to move all kinds of payload.

Our Karachi Plant Logistics Department, with guidance of our senior management, worked tirelessly to turn this idea into a vivid reality and set a new trend in the cement industry. In the first phase, 18 trailers were inducted in our transportation fleet. These trailers transport bagged cement from factory to port and on return they carry coal from port to factory. These trailers carry goods up to 80 tons. This venture does not only strengthen the overall logistical capacity of Lucky Cement, but also reduces heavy transportation cost and the cost of outsourcing transport contractors.

Carbon Credits for Clean Development Mechanism

In all our operations much significance is being laid on reducing energy consumption and carbon emission. As a result, our Pezu Duel Fuel Project has qualified for Clean Development Mechanism (CDM) under the Kyoto Protocol. CDM allows emission-reduction projects in developing countries to earn Certified Emission Reduction (CER) credits, each equivalent to one ton of CO_2. These CERs can be traded and sold and are used by industrialized countries to meet a part of their emission reduction targets set by the Kyoto Protocol.

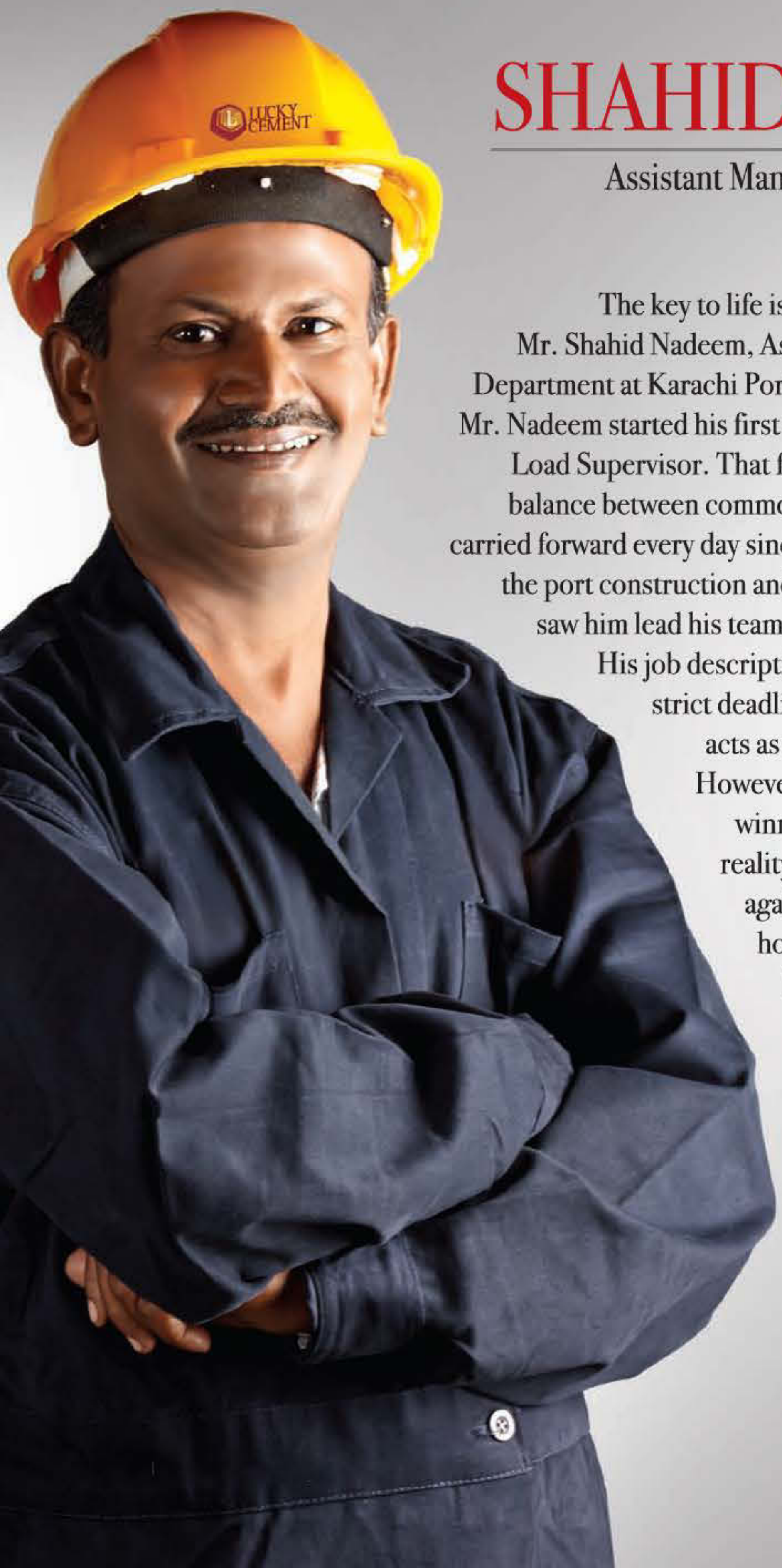
The collaboration with Clean Development Mechanism has resulted in Lucky Cement earning significant amount of Carbon points. To curtail carbon emissions along with earning carbon points, our Tyre Derived Fuel Plant in Karachi is also under consideration by Kyoto Protocol for registration.

Investment in International Projects

Our international projects depict our foresightedness and provide us an opportunity to have a strong footing in the African region and access neighboring markets.

Lucky Cement formed a joint venture with Group Rawji of Democratic Republic of Congo to build a 1.18 million-ton capacity plant in Congo, which is expected to reach its financial closure by October 2013.

Lucky Cement's cement grinding plant in Basra, Iraq will be completed by the end of October 2013 & the trial production is expected to start from November 2013.



SHAHID NADEEM

Assistant Manager Logistics Department,
Karachi Port

The key to life is finding method in the madness. Mr. Shahid Nadeem, Assistant Manager in the Logistics Department at Karachi Port has a firm grip on this key skill. Mr. Nadeem started his first day in the midst of chaos as Ship Load Supervisor. That first day saw him strike a winning balance between commotion and consistency that he has carried forward every day since. Mr. Nadeem is most proud of the port construction and terminal handling projects that saw him lead his team through the berth construction. His job description voices the need for following strict deadlines whilst the reality of his work acts as an impediment to that very goal. However, Mr. Nadeem has established a winning balance between theory and reality so that both work with, and not against, each other. Punctuality and honesty are the beacons that guide Mr. Nadeem; virtues that in turn make him a guiding light for Lucky Cement.

FARAH NAZ

Senior Assistant Manager (DCS/PPC)
Karachi Plant

At Lucky Cement our employees prove their mettle day in and day out. Ms. Farah Naz, our Senior Assistant Manager (Distributed Control System/Production Planning & Control) is testament to the Lucky way of work. With a B.E in computer systems and an MBA in Engineering Management, Ms. Farah Naz works at our Karachi Plant and has been with us for four and a half years. Her first day at the company saw her witness the startup of Line G, a programme that enabled the operation of a heavy cement plant with the single click of mouse via PLC. This initial excitement shaped the way she grew to view her work. Ms. Farah Naz lists the ability to take on challenges as her strength, as it keeps her mind stimulated and allows for constant skill growth. Her ambition to achieve more than is asked of her is not only her strength but also the strength of Lucky Cement.

Corporate Social Responsibility

Environment

Lucky Cement Limited relishes the privileged status of being the largest cement producer of Pakistan alongside being the leading exporter. Embracing this significant industrial position, Lucky Cement Limited has made monumental contributions in fostering a sustainable environment.

Lucky Cement emphasizes on weaving corporate social responsibility into its very fabric as it firmly believes that it is vital to the long-and short-term profitability of an organization. It is for this paramount reason that a well-structured 'Environmental Management and Monitoring" plan is religiously followed in the organization.

Lucky Cement Limited is always making continuous efforts to mitigate the adverse impact of industrial effluents by adapting latest technology and techniques. Lucky Cement strongly believes in following best practices regarding the management of gaseous emissions, particulate matter, noise levels, effluents (sewage) and solid waste. We strive to bring continuous improvement in our environmental management system to enhance the health, safety & environmental performance. Your Company holds several awareness raising and training programs to keep the employees up to date on current and enhanced practices.

Acquiring the Green Technology

Lucky Cement Limited has been focusing on front-end plant facility development on the framework of green design standards. Lucky Cement Limited has formed the pathway towards an eco-friendly management system by incorporating Waste Heat Recovery (WHR) project. This allows LCL to minimize the production cost along with utilizing waste heat as a form of valuable energy which was previously being released into the environment.

The WHR Project qualifies for Clean Development Mechanism (CDM) under the Kyoto Protocol. CDM allows emission-reduction projects in developing countries to earn Certified Emission Reduction (CER) credits, each equivalent to one ton of CO_2. These CERs can be traded and sold and are used by industrialized countries to meet a part of their emission reduction targets set by the Kyoto Protocol.

Tree Plantation 2013

Lucky Cement adopting the role of environmental custodian, intents to incorporate environmental responsibility as a core brand pillar. Lucky Cement has joined hands with Government of Pakistan to support the 'President Forestation Programme'. To contribute towards this great cause Lucky Cement is planting trees throughout its offices and plant's vicinity since last several years.

Lucky Cement has accomplished its pledge of planting 25,000 tree-saplings in April 2013. This was a team effort of the employees at Lucky Cement, who were further educated on the prevailing conditions of our deteriorating environment. A total of 120 employees joined hands to nurture a greener tomorrow by planting 1500 trees within the vicinity of Pezu plant. Moving a step closer to the local community, 1000 trees were planted at the Gomal University. The campaign was led by the Vice Chancellor, faculty members and students to instill the spirit of environmental sustainability in the leaders of tomorrow.

Earth Hour 2013

Pakistan is severely plagued by the menace of energy shortages. This calls for drastic measures in terms of effective utilization and preservation of country's scarce resources. Lucky Cement, being an 'Environment friendly' organization, fulfilled its obligation by being the main sponsor of WWF's Earth Hour 2013 with the aim of creating climate friendly lifestyles for urban and rural dwellers.

To promote this country-wide awareness program, billboards were placed in strategic locations across Karachi. To further highlight the WWF's global program, Earth Hour, awareness sessions were conducted by Lucky Cement to generate enthusiastic response among the youth of Pakistan. This purpose was achieved by launching awareness sessions in various schools and institutes ranging from NED University, Institute of Business Management (IoBM) and Lucky City School (Pezu).

The Earth Hour 2013 was globally observed on 23rd March and celebrated in Pakistan at Lucky Cement's Pezu Plant. The event was embellished by the presence of renowned celebrity, Adnan Siddiqui, who is also the star face of Lucky Cement's first-ever TVC. Embarking on nation-wide Earth Hour campaign, Lucky Cement conducted the activity simultaneously in the cities of Lahore, Islamabad and Karachi.

In Karachi, Earth Hour 2013 was celebrated at Mazar-e-Quaid in the presence of Lucky Cement's COO, Mr. Noman Hasan. It was attended by various prominent celebrities like Samina Pirzada, Ayesha Omar, Tapu Javeri, Fareha Altaf and Faakhir Mehmood that resulted in an enhanced out-reach and impact of the program. Lucky Cement's employees along with the celebrities gathered at Mazar-e-Quaid to switch off lights for one hour, 8 P.M to 9 P.M, and lit candles along with uplifting the patriotic spirit by singing national songs. While in Lahore and Islamabad, Earth Hour was celebrated at a local University and Faisal Mosque respectively.

Lucky Cement Limited partnering with WWF's Earth Hour 2013 brought an auspicious and ambitious agenda under its legacy of preserving the environment while promoting sustainable development.

Reduction in CO_2 Emissions

Lucky Cement Limited has established a renowned position through implementation of sustainability into its business processes and strategic orientations.

The implementation of Dual-fuel conversion project has shifted Lucky Cement's energy generation from furnace oil towards environment friendly natural gas. This has allowed Lucky Cement to reduce CO_2 emission by 29,000 metric tons per annum.

Lucky Cement has encompassed alternative fuel projects as a part of their environmentally sustainable practices. These include the use of raw materials like Municipal Solid Waste (MSW) and Rice Husk, referred together with the term Refused Derived Fuel (RDF). Lucky Cement prides itself in transforming from a fossil-based energy to alternative-energy structure. This accentuates LCL's leading position in recognition of its efforts in preserving the ecosystem.

Disposal of Paper-Waste via 'Gul Bahao'

Gul bahao, a renowned non-profit, has been working on industrial and municipal waste since past 15 years in order to bring forth a clean environment. Having the motto "Garbage is gold – Karachi's gift to the world," Gul bahao is fulfilling its green ambition by making commercially viable products through recycling.

Another green initiative was launched by Lucky Cement where departments were encouraged to donate their paper waste to Gul bahao for recycling. Through this campaign a huge amount of paper waste was delivered to Gul Bahao which was utilized for various projects such as Chandi Ghar, mobile toilets and wastic blocks.

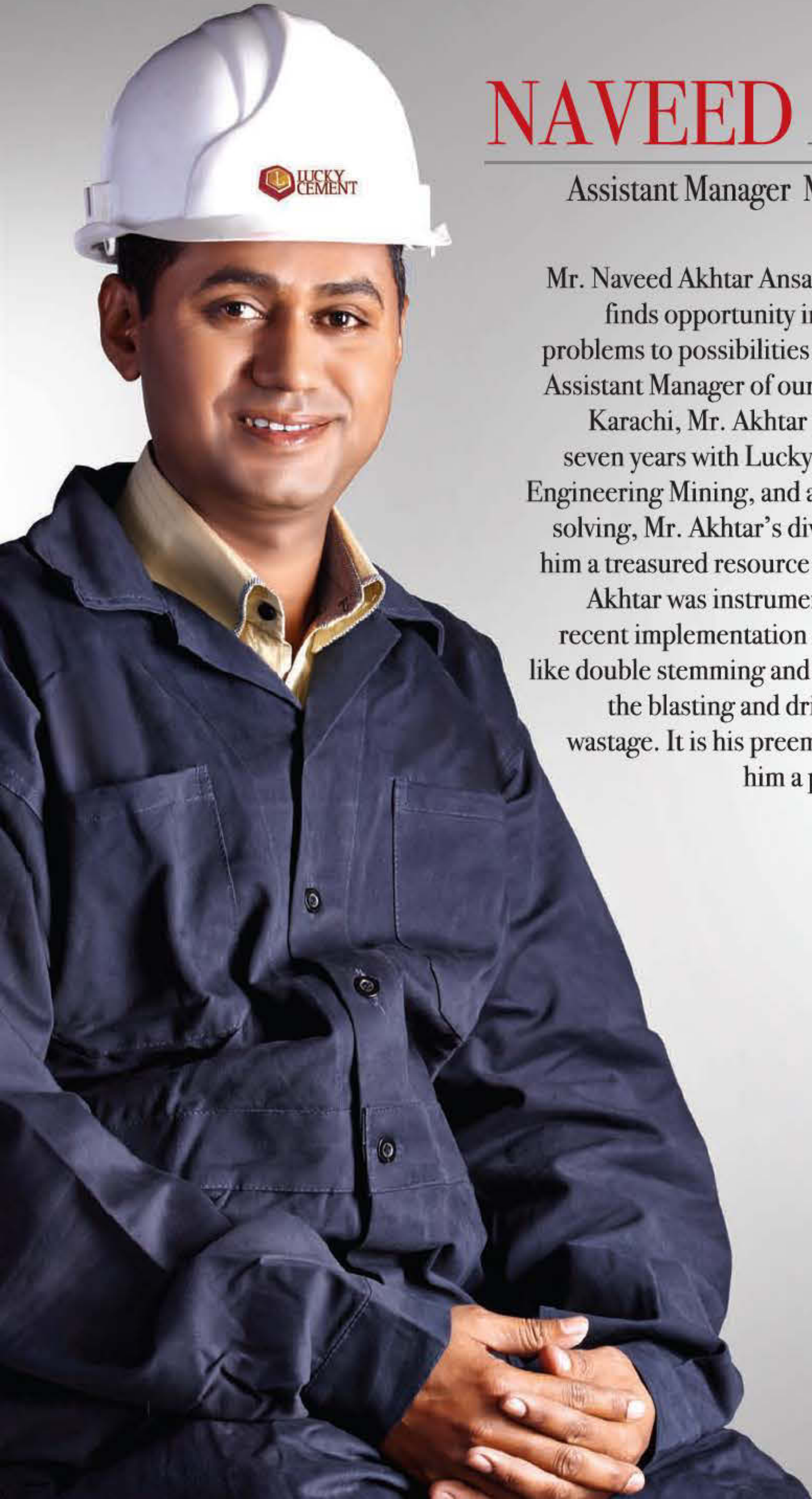
Education

Lucky Cement has been strengthening its philanthropic roots since its very inception. It has embarked on the journey of revitalizing the education sector of Pakistan aiming to make it more accessible and affordable.

Abdul Razzak Tabba Academic Block, Institute of Business Administration

Lucky Cement Limited strongly believes that the youth of today are the leaders of tomorrow. Sowing the seeds of a brighter future, Lucky Cement generously contributed in building the Abdul Razzak Tabba Academic Block at Institute of Business Administration. The building has been named after the late founder of Lucky Cement with the aim of enhancing the quality of education provided to students. The three-storied academic block covers an area of 51,300 square feet and has state-of-the-art facilities which includes:

- 12 classrooms with a total capacity of 600 students will be used for imparting of curriculum related lectures to students of the undergraduate programs. The students of BBA & BS classes will be able to utilize the classrooms.
- ICT Lab (60 workstations) will be used as 'Teaching Lab' for a wide range of computing facilities.
- 5 partition-able 'Breakout Rooms' with a total capacity of 250 students will be used for the under-graduate programs. Rooms will facilitate to carry out group / cohort work, project studies including case studies, preparation of projects / assignments.
- 10 Faculty Offices will house the work space of about twenty faculty members who will be taking classes and teaching various courses to the students who will be assigned instructional space in the Tabba Building as per weekly time table.
- 3 Seminar Halls of capacity 50 students each will be used time to time by students of all programs for collab orative learning, discussion sessions, utilizing guest speakers and conducting of class presentations, award ceremonies etc.



NAVEED ANSARI

Assistant Manager Mining, Karachi Plant

Mr. Naveed Akhtar Ansari is a seasoned eye that finds opportunity in adversity and polishes problems to possibilities in his area of expertise. Assistant Manager of our Mining Department in Karachi, Mr. Akhtar has been working since seven years with Lucky Cement. With a B.E in Engineering Mining, and a propensity to problem solving, Mr. Akhtar's diverse experience makes him a treasured resource for Lucky Cement. Mr. Akhtar was instrumental in his department's recent implementation of advanced techniques like double stemming and column changes within the blasting and drilling arena to minimize wastage. It is his preemptive vision that makes him a precious member of the Lucky Cement family.

SHAHID PATEL

Senior Manager Costing and Budgeting, Karachi

Mr. Patel is the Senior Manager of Costing and Budgeting at the Lucky Cement head office in Karachi. Hailing from the port city of Karachi, his ACMA accreditation and twelve year experience ensures that 2 + 2 always equals 4 in our books. Mr. Patel's personal milestone is one that is close to the company's heart; the issuance of GDR on the London Stock Exchange and ICIP acquisition. His way with numbers empowers Lucky Cement to soar higher on the charts of success daily. With a precision that paves the company's way to a brighter future, Mr. Patel adds strength to the pillars of Lucky Cement.

Scholarships/ Financial Assistance
Lucky Cement has partnered with various prestigious institutes of Pakistan providing educational assistance to the deserving and bright candidates. The primary aim is to make education accessible and affordable to talented students irrespective of their financial position.

Institute of Business Administration (IBA)
Lucky Cement Limited in the memory of its late founder and Chairman formed "Abdul Razzak Tabba Scholarship" to embark on another social milestone by devoting financial funds towards the deserving students. Lucky Cement in fiscal year 2012-2013 awarded scholarships to 39 students in pursuit of quality education from IBA.

Lahore University of Management Science (LUMS)
Lucky Cement Limited formulated the National Outreach Program (NOP) in collaboration with the Lahore University of Management Sciences. This is an extensive program that not only covers the educational expenses of the deserving bright students but also takes an initiative in the selection process of students from across Pakistan. In this connection, Lucky Cement in the year 2012-2013 awarded scholarships to 20 students at LUMS, in taking forward its mission of making quality education accessible to the bright minds of Pakistan regardless of their financial status.

Ghulam Ishaq Khan Institute of Science and Technology
In the current age, industries are considered as the backbone of any flourishing economy, which ultimately depends upon the quality and competitiveness of the graduates coming out from engineering institutes every year. Unfortunately, due to high cost of engineering and technical education in our country many bright and talented students are unable to afford the expenses. Lucky Cement Limited is providing scholarships and sponsorships to such students by joining hands with country's best engineering schools in order to promote quality engineers from every level of society and serves to build a strong, united and concrete nation.

Indus Valley School of Arts and Architecture
Lucky Cement Limited has strong emphasis over the promotion of Arts and Architecture in our society. In this connection, Lucky Cement through IVS is providing a helping hand to the students striving to adopt Arts or Architecture as a profession but lacking financial stability.

Foreign Scholarships
Lucky Cement Limited also provides scholarships to the finest meritorious students of Pakistan having exceptional education background and seeking further education in world-class foreign universities. In this context, Lucky Cement has granted sponsorships to the students of Magdalen College, Oxford-UK, St. John's College, Cambridge-UK, University of Oxford and New York University in the disciplines of Engineering, Medicine and Computer Sciences.

Health & other community projects

Lucky Welfare Dispensary – Pezu, Khyber Pakhtunkhwa
Lucky Cement Limited's social welfare project of dispensary and clinic in Pezu, is running successfully since its launch. It aims to provide medical facilities and treatments for the underprivileged patients at subsidized rates. Lucky Welfare Dispensary continues to be a beacon of hope for the local Pezu residents as well as the Lucky Cement's employees in getting accessible quality healthcare.

Female Dispensary, Pezu
Lucky Cement made a noteworthy initiative in improving the health of employees and local community in Pezu. The female dispensary offers 24 hours service along with up-to-date facilities for on-spot treatment. Dedicated female doctors are available at the dispensary to cater to the needs of female patients. It also offers ECG facilities along with free medicines for the patients. The female dispensary has treated 517 patients till date.

Modern Ambulance
Lucky Cement Limited recently donated a state-of-the-art ambulance equipped with latest First-aid medical apparatus with the aim of serving the employees and local community of Pezu. The ambulance service is a benchmark in quality and comfort, equipped with 32 superior facilities such as Oxygen cylinder and mask, comfortable and moveable-stretcher, adequate space for patient & attendants and comprehensive interior lighting for close examination.

Women and Children Hospital (WCH) – Ghazni Khel, Khyber Pakhtunkhwa
Lucky Cement Limited in its struggle of attaining a leading position in being a socially responsible organization always supports promising welfare projects. Lucky Cement is a major donor of the Women and Children Hospital Ghazni Khel located in Khyber Pakhtunkhwa (KPK). It offers quality maternity care to the under-privileged class and is equipped with a labour room, diagnostic laboratory, ultrasound facility and ambulance.

SOS Employee Volunteer Program
Lucky Cement Limited fosters an environment of compassion and accountability. Employee Volunteer Day is designed to inculcate the spirit of social welfare within Lucky Cement Limited's employees. "SOS Children's Village and Youth Home" was chosen as the first venue to give back to the society. The day was filled with activities like cricket, volleyball, book reading, storytelling, drawing, competition and face painting. It served to be a refreshing break for the employees from their monotonous routine, as they saw their efforts well-rewarded when they brought a priceless smile upon the faces of the children.

Higher Secondary School , Pezu – Lakki Marwat
Lucky Cement Limited laid another monument in reviving the educational sector by funding the rehabilitation of Higher Secondary School Pezu, district Lakki Marwat.

The local school was destroyed in a tragic bomb blast incident, depriving the students of their basic right to education. Lucky Cement extended its helping hand in not only rebuilding the school but also assisted in the funding of advanced educational facilities including projectors, pressure pumps and furnishing of classrooms.

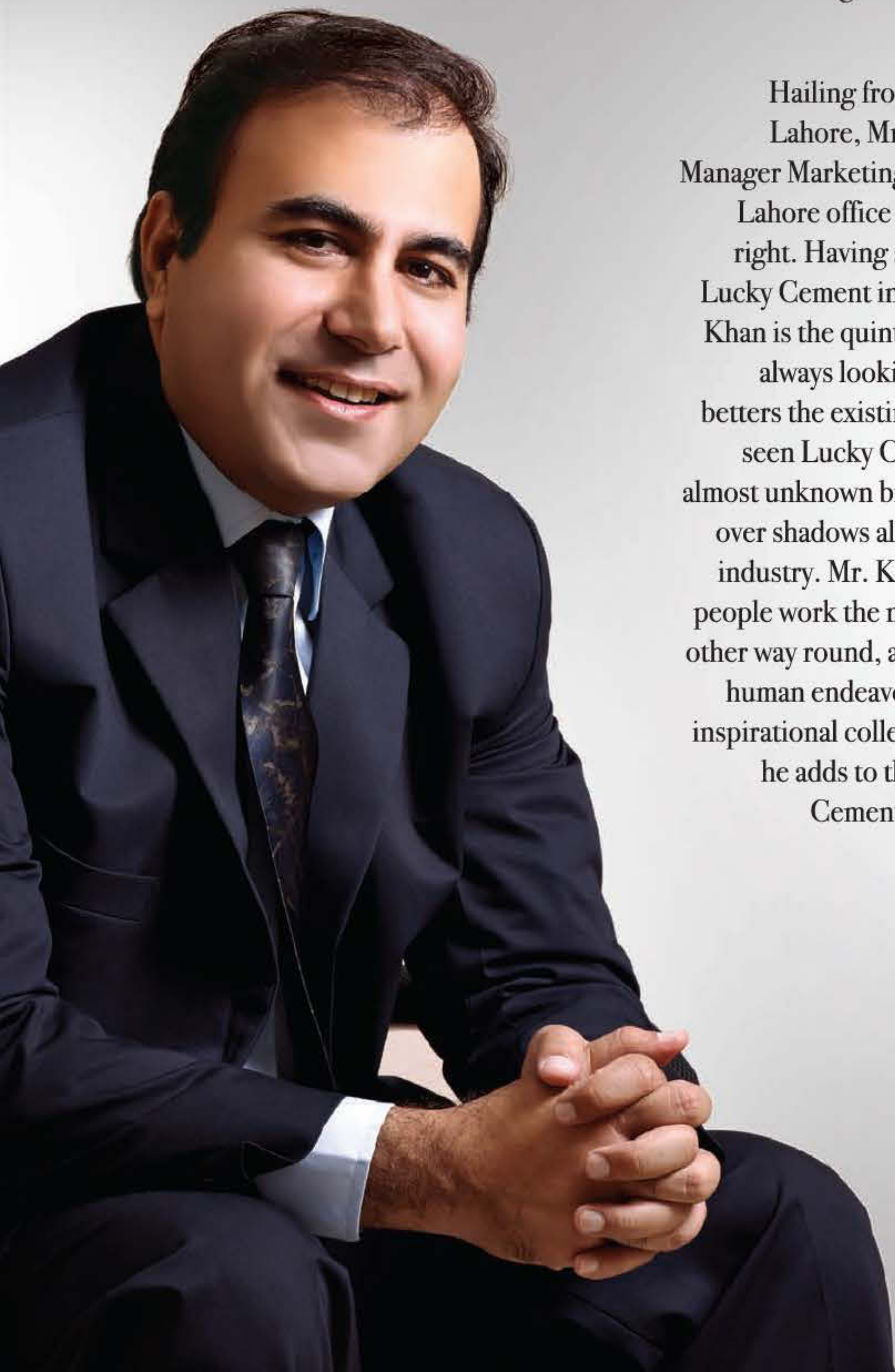
Family Educational Services Foundation (FESF)
Family Educational Services Foundation (FESF) is a non-profit educational organization committed to enhancing the quality of life, education and training for all members of the community, especially those who are disadvantaged. Lucky Cement generously offered financial assistance to bear the educational expenses of 15 students studying at FESF. Lucky Cement Limited is dedicated in continuing this philanthropic patronage for years to come.

Pezu Mosque
Lucky Cement Limited constructed a mega-mosque with 800 people capacity in the region of Pezu. It is a beautifully furnished mosque built on an area of 8,500 sq ft and total area comprising of approximately 15,000 sq ft and is fully air-conditioned. The mosque holds the Jumma congregation every Friday.

Sponsorships of Sports Activities in Pezu District
Lucky Cement Limited firmly advocates the belief that the key to longevity lies in an active lifestyle. A football tournament was held at Pezu where district-level teams were seen participating enthusiastically. Recently a cricket tournament was also held by Lucky Cement and promotion of such sports events educates the community about the health benefits of engaging in physical activities.

SOHAIL ZAFAR KHAN

Manager Marketing, Lahore



Hailing from the historic city of Lahore, Mr. Sohail Zafar Khan, Manager Marketing at Lucky Cement's Lahore office is a brand in his own right. Having spent fifteen years at Lucky Cement in different stints, Mr. Khan is the quintessential ideas man; always looking for a vantage that betters the existing paradigm. He has seen Lucky Cement grow from an almost unknown brand to one that now over shadows all other players in the industry. Mr. Khan believes that the people work the machines and not the other way round, and it is this value for human endeavor that makes him an inspirational colleague and this is how he adds to the strength of Lucky Cement in the marketplace.

NASEEM JAVED

Senior Manager MIS, Karachi

With an MBA in MIS, Mr. Naseem Javed has been with the Lucky Cement MIS department since 2008. With a dedicated and hardworking team to support him, Naseem's heads the MIS department which has now flourished into an efficient support system for Lucky Cement. Accomplishments to their credit include the Go-Live on all Oracle Applications modules, the video conferencing set-ups for virtual meetings, and development of a companywide infrastructure facilities at all Lucky Cement locations. Mr. Javed troubleshoots to allow for a seamless flow between the seeds of our ambition to the zenith of achievement.

Awards and Achievements

Lucky Cement has proudly received following distinctions during the year:

Level Check A+ for Sustainability Report 2012 by GRI

Lucky Cement Limited's 'Active Sustainability Report: 2012' received application level 'A+' by Global Reporting Initiative. This made Lucky Cement Pakistan's first company to have Level A+ Certification from GRI.

Best Corporate & Sustainability Report Award for 2011

Lucky Cement Limited received the award for publishing best Corporate & Sustainability Reports for year 2011. The prestigious awards are held every year by the Institute of Chartered Accountants of Pakistan and the Institute of Cost and Management Accountants of Pakistan. Upon receiving this award the company was recognized for excellence in corporate accountability and transparency. Lucky Cement is among a few Pakistani companies to compile its Sustainability Report as per the criteria of Global Reporting Initiative. Lucky Cement was honored 'A' rating from GRI on its publication in 2011.

7th CSR Excellence Award

CSR Association of Pakistan awarded Lucky Cement with the 7th CSR Excellence Award appreciating and acknowledging its continuous efforts to support and improve the educational standards in the society. Each year, the CSR Excellence Awards are presented to the organizations that are addressing social issues in Pakistan by leveraging corporate resources in new and unique ways. Lucky Cement has been receiving this award for four consecutive years.

Brand of the Year Award

Lucky Cement was declared as the Brand of the Year-2012 in category of cement. This award represents our increasing brand popularity, product availability, quality and consistency.

10th Environment Excellence Award

National Forum for Environment and Health (NFEH) awarded Lucky Cement with the Environment Excellence Award 2013 to recognize Lucky Cement's pro-environment initiatives including installation of WHR Plant, refused-derived-fuel and TDF projects at its production facilities, extensive participation in various community based environmental programs including association with the President of Pakistan's Forestation Program to contribute towards a cleaner environment. NFEH is affiliated with United Nations and is supported by Ministry of Environment, Government of Pakistan.

Best TVC 2012

Being the industry leader and innovator in the cement industry, Lucky Cement set the benchmark by launching its first ever Television Commercial with the positioning of 'tameer sey tabeer tak'. Our TVC was aired on mainstream national media including leading news, entertainment, sports and radio channels across Pakistan, and we received great reviews from people who were exposed to this communication. The Pakistan Media Awards 2012 honored Lucky Cement with the accolade of "Best TVC 2012" acknowledging its efforts and world class advertising.

6th Ranking in the Top-Ten Philanthropic Companies

Despite challenging economic conditions, Lucky Cement has been at the forefront of corporate philanthropy. In virtue, Pakistan Center for Philanthropy ranked Lucky Cement Limited as 6th in the top 25 public listed companies for contributing towards the corporate philanthropy. It is also notable that we are the only player from the cement industry to reach the top 10 in the ranking.

Green Supply Chain Award

Lucky Cement Limited has been awarded for its Green Supply Chain operations and logistics at the 2nd International Shipping, Logistics and Supply Chain Conference. This award is an endorsement and recognition for our green-supply-chain and strategies that we have adopted for the conservation of nature and environment.

Recognitions from Chamber of Commerce and Industry

In addition to its community development and pro-environment interventions Lucky Cement Limited has also been lauded for its revenue generation and contribution to the national exchequer.

The company has been honored with following distinctions by KPK Chamber of Commerce and Industry:

- Top Sales Tax Payer
- Top Income Tax Payer
- Top Exporter

BILAL SARWAR

Coal Mill Operator, Karachi Plant

A courteous and conscientious man, Mr. Bilal Sarwar's industriousness has seen him complete his Bachelors whilst balancing a fulltime professional career. Mr. Sarwar has been with Lucky Cement for four years as a Raw Mill and Coal Mill Operator within our Production Department in Karachi. Bilal has fond memories of his home town in Nowshera which he left to pursue a Bachelors of Technology in Mechanics, and ever since he has made Lucky Cement his abode.

DURANDA D'SOUZA

Receptionist, Karachi

Time is the only currency that cannot be exchanged or stretched. We are all given a finite amount to expend and the currency of time becomes the measure of our life. Ms. Duranda D'Souza, the receptionist at our Karachi office, understands and respects the value of time, both, her own and others. Having worked with Lucky Cement for over two years now, Ms. D'Souza ensures that the people she comes into contact with are expedited to their purpose. Her friendly demeanour and focus ensure that Lucky Cement stays connected.

Corporate Affiliations

Lucky Cement maintains a strong network of association with its stakeholders. Our association with credible public and corporate platforms enables us in strengthening our bond with local as well as international spheres.

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.

CSR Association of Pakistan

The CSR Association of Pakistan promotes CSR principles and practices to businesses in Pakistan because it makes companies more innovative, productive, and competitive.

Marketing Association of Pakistan (MAP)

MAP is an independent association that promotes the study of all branches of knowledge relevant to the profession of marketing. It provides facilities for the study of inquiry and research into marketing problems. The Association enjoys patronage from the Government of Pakistan and is represented on the Advisory Council of the Ministry of Commerce.

US Atlantic Council

The Atlantic Council has been a preeminent, nonpartisan institution devoted to promoting transatlantic co-operation and international security. The council provides an essential forum for navigating dramatic shifts in economic and political influence.

WWF-Pakistan

World Wide Fund for Nature - Pakistan was formed in 1970 to address the growing environmental and conservation issues in Pakistan that not only affected the flora and fauna, but were also affecting the human population. As an active partner with WWF-Pakistan, we collaborate in creating social-awareness and implementing best environmental practices.

Policy and procedure for stakeholder engagement
a) Institutional Investors

Activity	Activity Details	Frequency
Annual General Meeting	The Company convenes AGM in accordance with the Companies Ordinance, 1984. AGM provides a good platform to engage with the shareholders and listen to their views and suggestions.	Annual
Financial Reporting	The Company being a listed company publishes its periodic financial statements (annual, half-yearly and quarterly) at the stock exchange and makes it available as well at the Company's website so as to communicate the Company's financial results to the shareholders and potential investors.	Periodic (annual, half-yearly and quarterly)
Investors Relations	The Company realises the importance of interaction with the existing and potential shareholders and investors and hence participates in various local and international investor conferences held from time to time to help boost the investor base of the Company so as to expand it. In the above context, the Company has been attending the Pakistan Day Conferences held in New York and Singapore to meet and interact with existing and potential investors for attracting foreign investment to the Company which are attended by banks, asset management, insurance companies and various other corporate individuals. During the year, the management participated in the Company specific investor conference organized by Arif Habib here in Karachi. The conference was well attended and appreciated.	Ongoing
Stock Exchange Notifications	In compliance with the Code of Corporate Governance under the listing regulations of the stock exchange, the Company notifies information to the stock exchange from time to time. This helps the shareholders remain connected with the Company. The notifications mainly include: -Financial Results -Board of Directors' meetings minutes etc.	Ongoing

b) Customers and Suppliers

The Company engages with its customers through multiple channels to know the pulse of the customers, improve existing products and develop new products and services to meet the customers' aspirations and requirements.

Activity	Activity Details	Frequency
Customer Satisfaction Feedback	To help improve the product and service; meet the customer needs and expectations, feedback from customers is sought by circulating customer feedback form at the time of transactions with them. This ensures continuous customer engagement with the product and help the Company remain competitive in the market.	Ongoing
Customer Satisfaction Survey	Customer Satisfaction Surveys are conducted as part of the market research activities to research and know more about the customer to respond accordingly.	Annual
Customer Services Department	The marketing department at Lucky Cement has a dedicated resource for customer services. The CS Manager ensures all customer queries, complaints, and feedback is heard and responded to ensure 100% customer satisfaction.	Ongoing
Customer engagements (Retailers conventions, dealer conventions, expo)	Lucky Cement regularly conducts customer engagements activities to maintain the relationship with their customers. These include annual retailer conventions, dealer conventions and participation in national level exhibitions such as Expo Pakistan in Karachi and Build Asia in Lahore.	Annual

Banks and other lenders

Banks and lenders are of primary importance to Lucky Cement as they provide steadfast support to ensure smooth operations for any business. We understand the importance of these stakeholders and ensure continuous efforts to keep them engaged and manage our relationships. Our treasury department, which falls under the wing of the finance section of Lucky Cement serves an intermediary between banks and the company with the aim of fostering a sound professional relationship.

Media

We recognize that being the leader of cement industry, we should engage more frequently with the external world. Thus, we are making all possible efforts to disseminate our news and happenings to external stakeholders through active interaction with the media. We continuously engage with media through:

- Issuing press releases, briefings and presentations
- Corporate Communications Department which is staffed with highly qualified professionals

In order to respond more promptly to the demands of the media, we took the following actions during the year:

Social Media

We launched our own Facebook page during the year. The page allows our stakeholders to express their views and helps the company circulate its news in the fastest possible way. The page has quickly garnered a good number of likes. The corporate communication team is also coming up with innovative games and competitions on the page. The page may be accessed at www.facebook.com/luckycementlimited

Company's Website

We updated our website during the year under review. The website, with its user-friendly interface, allows access to its corporate details, newsletters, career portal as well as financial and sustainability reports. The website may be accessed at www.lucky-cement.com

Regulators

We believe in strict compliance of applicable laws and regulations. To maintain this compliance, we promptly and regularly file all the applicable statutory returns and forms with various regulatory bodies. We have an open-door policy towards all the regulators.

Calendar of Major Events

- Participation in 'Expo Pakistan' — September 2012
- Dealers Convention held in Multan — September 2012
- Annual General Meeting — October 2012
- Participation in 'Trade Expo Pakistan' — October 2012
- 1st Quarterly Meeting — October 2012
- Installation of 'Ventomatic Packers' at Pezu Project — November 2012
- Participation in Afghanistan EXPO — November 2012
- Employee Volunteer Day — December 2012
- 2nd Quarterly Meeting — January 2013
- Core Value Workshop held at Karachi Plant — January 2013
- Tree plantation conducted at Pezu Plant — February 2013
- 3rd Quarterly Meeting — April 2013
- Launch of 2nd television commercial — May 2013

AISHA WALI

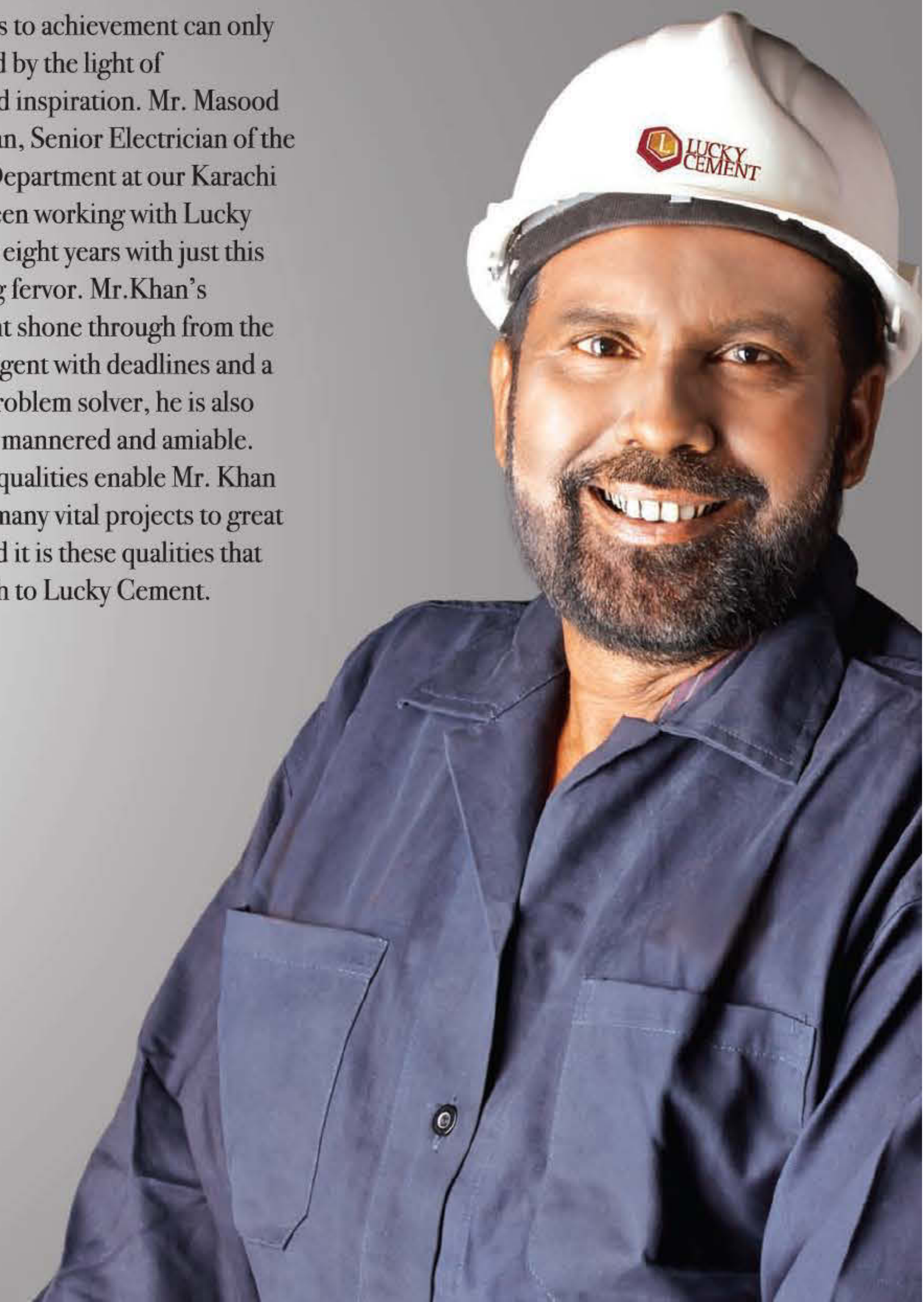
Senior HR Officer, Karachi

In a world that is often times overpoweringly structured, finding room for flexibility is truly a talent. Ms. Aisha Wali Muhammad Rahimoon, our Senior HR Officer, is truly talented. Having been with Lucky Cement for just a year, Ms. Rahimoon is testament to the fact that ability is flexible because it knows no gender, and that Lucky Cement recognizes raw ability. Having been born and brought up in Hyderabad, she travelled alone to Karachi to complete her MBA and secured a job soon after. Ms. Rahimoon believes Lucky Cement has enriched her life by providing her a platform to hone her skills and abilities. Lucky Cement believes that Ms. Rahimoon embodies the company's flexible vision to progress.

MASOOD HASSAN

Senior Electrician, Karachi Plant

The barriers to achievement can only be shattered by the light of impassioned inspiration. Mr. Masood Hassan Khan, Senior Electrician of the Electrical Department at our Karachi plant has been working with Lucky Cement for eight years with just this illuminating fervor. Mr.Khan's commitment shone through from the get-go. Diligent with deadlines and a proactive problem solver, he is also impeccably mannered and amiable. These very qualities enable Mr. Khan to execute many vital projects to great success, and it is these qualities that add strength to Lucky Cement.



Seeking out the Best Talent

At Lucky Cement, we know our future depends on our ability to find and bring onboard the best people from the talent pool. We believe the success of our ambitious business plans has a direct bearing on the quality of human resource that we have. Our thirst for best talent reached a new paradigm when we launched our businesses in Iraq and DR Congo. All our plans and achievements are directly dependent on our ability to seek out and attract talented people. We are determined to grow through building people's capability.

For the last couple of years, Lucky Cement has been on a high growth pedestal. To keep up with the business needs and pace, each day we aim for the next level of performance and excellence. We keep talented people satisfied and happy by moving them to positions of responsibility and value. This way they are challenged to achieve their full potential.

Performance Management

At Lucky Cement Limited, Performance Management is a strategy which relates to each business activity of the organization set in the context of its human resource policies, culture, style and communication systems.

We make sure our teams and individuals are aligned and their performance is focused towards organizational goals. During 2012-13, we further improvised our Performance Management process by introducing potent measures and practices. Systems are designed for fairness and transparency. New appraisal tools were introduced that enabled managers to look at their teams objectively minimizing bias and prejudices.

Salary Survey
To align ourselves with the market and make LCL a competitive employer, we have participated in salary surveys. This will help us align our compensation and benefits structure with the objective of attracting and retaining top talent.

Health, Safety & Environment
At Lucky Cement Limited, we are fully aware of our responsibilities to our employees, organization and the society at large. We are strengthening the Health, Safety & Environment (HSE) function whose job is to introduce policies and procedures, identify loopholes and suggest improvements and ultimately inculcate the HSE culture throughout the organization.

Women in Trade
This year, Lucky Cement is emphasizing on gender diversity in the company. To encourage more women to join us, conscious efforts are on the way and more and more women are becoming part of our organization. To speed up the change, we are especially are encouraging young women to join us as management trainees.

Training & Development
We are committed to continuously build and improve workforce knowledge, skills and competencies that are aligned with organization's long-term business goals and objectives. In this context, we extensively invest in the training and professional development of our employees to exercise their skills and develop their full potential. We offer our employees' on-the-job training along with external training and development programs tailored to specific business needs.

A series of trainings were launched with the slogan 'Team up to BEAM UP'; a team building and mindset shaping workshop. This is a powerful session where participants learn the value of working, struggling and fighting–and winning together as a team. This platform acts as our value cascade program.

During 2012-13, Lucky Cement has launched state of the art training programs on Technical knowledge & Skills enhancement, Management skills, Leadership, and HSE. We look forward to reaping the fruits of these initiatives.

A robust culture of in-house soft skill trainings is being launched this year. A comprehensive in-house training calendar is in place that takes care of all levels of management staff.

Lucky Start
New employee onboarding and orientation goes a long way in making a strong bond between the employer and the employee. The benefit of this activity is immense and the fruits are unending. The employees are introduced to the strength of the organization and its business. Subsequently they start to talk the Lucky language.

Industrial relations
We recognize the importance of good Industrial Relations Management, as labor is the key force behind execution of our day to day operations. There are dedicated IR managers in the organization, whose primary responsibility is to ensure Industrial Peace by ensuring fair labor practices, effective and efficient grievance handling and ensuring labor related compliances with the statutes. Conflict resolution department at Plants and HR department in Head office play very critical role in harmonizing labor and employee relations. There is a tribunal committee that conciliates and arbitrates all the issues and ensures a win-win situation.

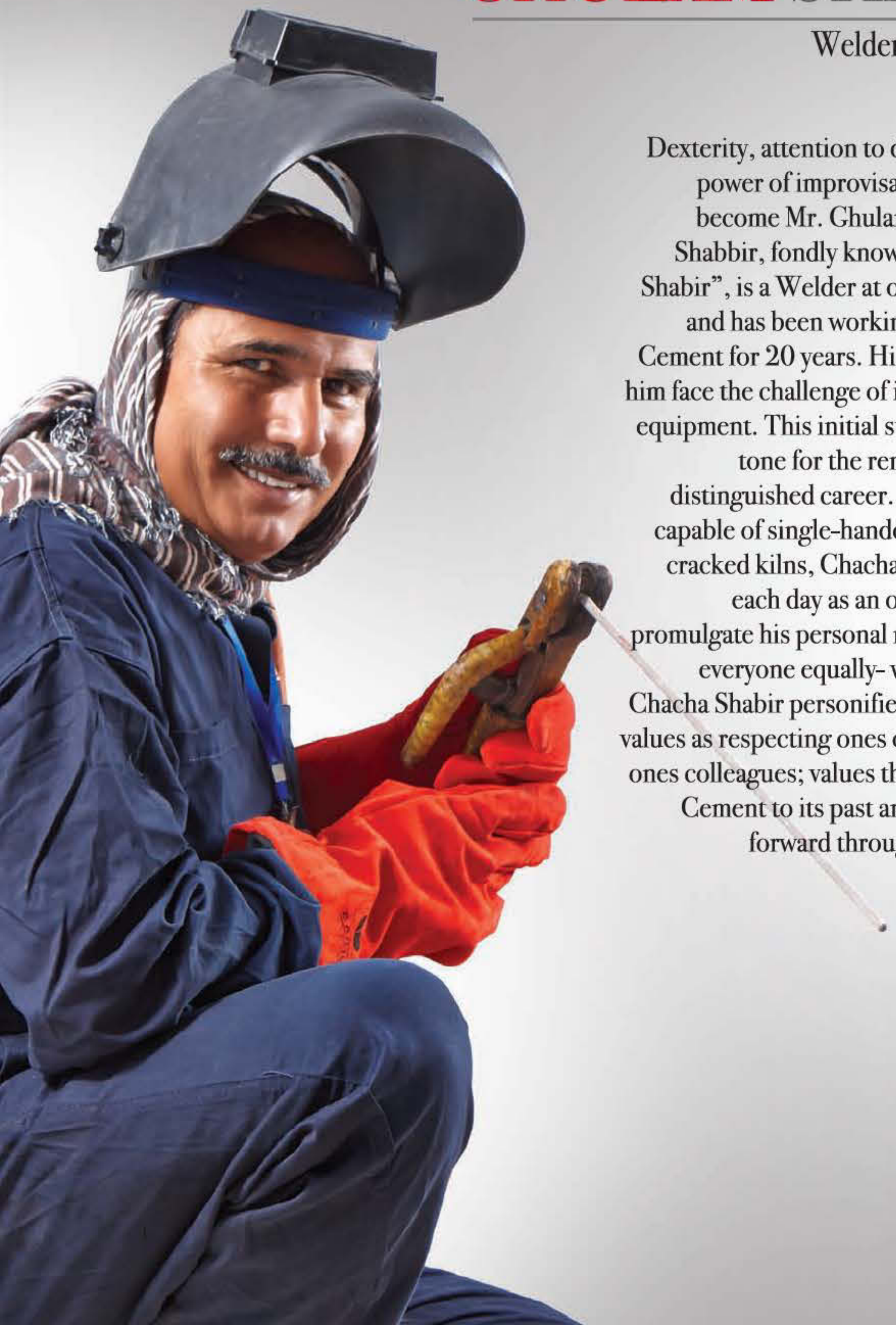
Employment for special-persons
We are conscious of the fact that diversity comes in various forms and have, therefore widened our scope of focus to incorporate a greater number of potential stakeholders that can serve as our employees. We are updating our policy that encourages recruiting special people to include diversity in our workforce, which can also be seen as the theme of this year's Annual Report 2013.

Whistle blowing policy and procedure
Lucky Cement maintains transparency throughout its business operations and organizational structure. We religiously follow a due set of behaviour and code of ethics to ensure an environment of impartiality in the organization. These behaviours collectively constitute code of conduct for our organization and sustains sound moral and ethical business practices. To enlighten the organization about any misconduct, criminal activity or any other genuine complaints, a stringent whistle blowing process is being followed. Anyone across the organization can access the 'Ethics Committee' through a dedicated email and P.O. Box to notify his/her concern in complete confidentiality and without any fear of reprisal in turn contributes in developing a culture of openness, justice and sound business ethics.

Succession Planning
We have a comprehensive policy manual in place for the purpose of systemizing the various practices in the organization. Lucky Cement believes in the development of its employees and diligently focuses on development of its existing talent. With this focus, Lucky Cement has formulated a well-defined strategy on succession planning. This strategy incorporates a special matrix to identify best talent available and to train them for future important strategic positions. The matrix has made us capable to assess employee performance and potential for effective succession planning. This matrix also helps Lucky Cement to identify competencies which can support the Company in achieving its organizational goals.

GHULAM SHABIR

Welder, Pezu Plant

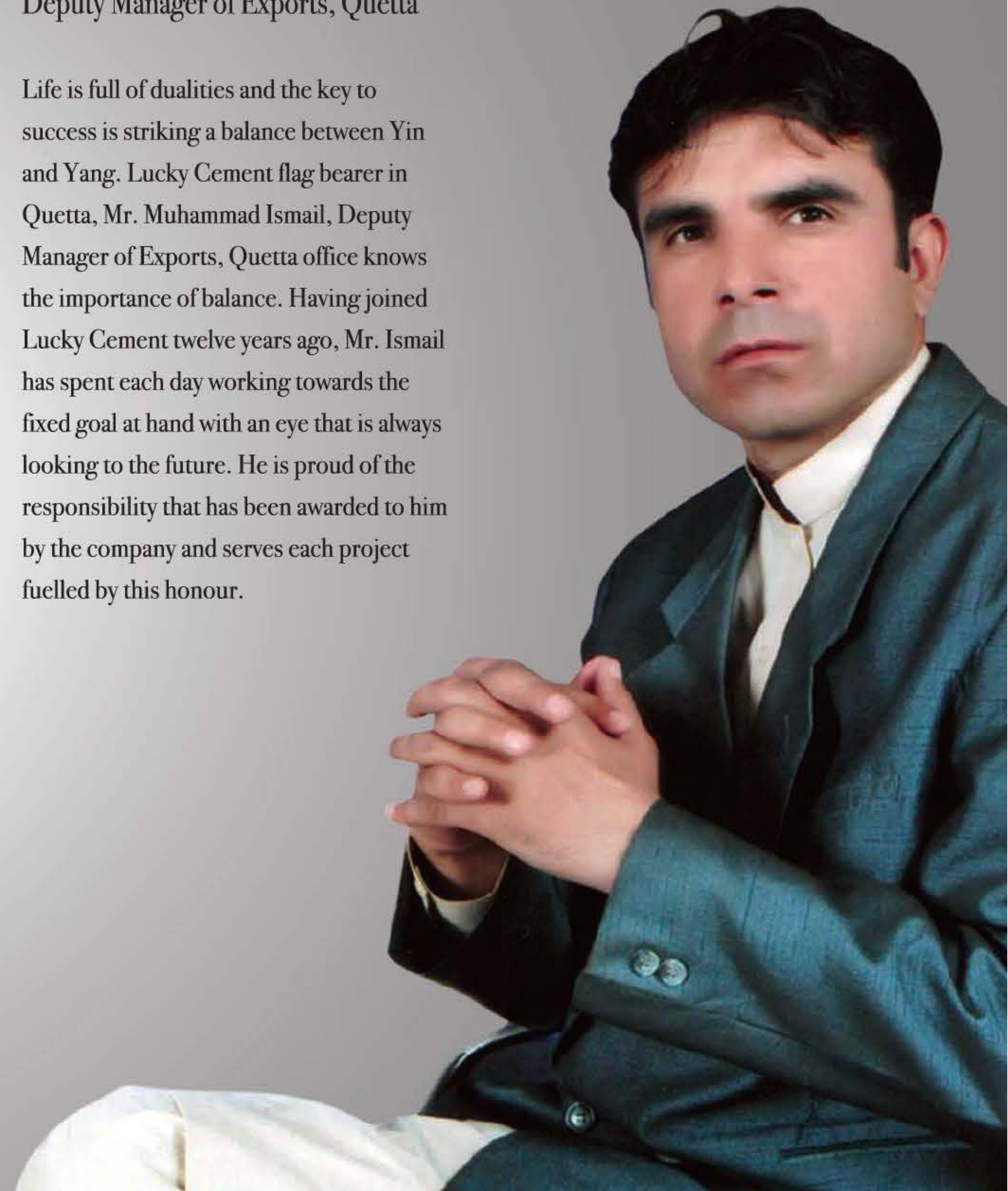


Dexterity, attention to detail, and the power of improvisation soldered become Mr. Ghulam Shabir. Mr. Shabbir, fondly known as “Chacha Shabir”, is a Welder at our Pezu plant and has been working with Lucky Cement for 20 years. His first day saw him face the challenge of installing new equipment. This initial success set the tone for the remainder of his distinguished career. A man who is capable of single-handedly repairing cracked kilns, Chacha Shabir treats each day as an opportunity to promulgate his personal motto: “Treat everyone equally- with respect”. Chacha Shabir personifies such crucial values as respecting ones own work and ones colleagues; values that link Lucky Cement to its past and will carry it forward through the future.

MUHAMMAD ISMAIL

Deputy Manager of Exports, Quetta

Life is full of dualities and the key to success is striking a balance between Yin and Yang. Lucky Cement flag bearer in Quetta, Mr. Muhammad Ismail, Deputy Manager of Exports, Quetta office knows the importance of balance. Having joined Lucky Cement twelve years ago, Mr. Ismail has spent each day working towards the fixed goal at hand with an eye that is always looking to the future. He is proud of the responsibility that has been awarded to him by the company and serves each project fuelled by this honour.



At Lucky Cement Limited, our aim is to foster an environment that empowers the concept of "prevention is better than cure". We treasure our employees, shareholders and stakeholders with the promise of meticulously ensuring that their safety and security is not compromised. Our struggle is not a one day process; instead we have sustained a secure work setting on the pillars of perpetual improvements. We envision a hazard-free future and believe that an investment in various first-aid technique workshops for our employees will inculcate safety and environmental excellence in our daily operations.

Cardiopulmonary Resuscitation (CPR) - Basic Life Support (BLS)

Basic Life Support (BLS) is a first-aid resuscitation that equips and educates individuals in recognizing several life-threatening emergencies. An extensive BLS workshop was organized for our employees so they can help victims appearing to be choking or suffering from cardiac arrest. It is an essential training that equips one with the medical practices of CPR and relieving choking in a safe and effective manner.

Fire Fighting

For us, ensuring the safety of our employees is a matter of crucial importance. By equipping our employees with the skills of firefighting they are able to save their own life. Thus, we ensure that fire safety trainings formulate a notable part of our operational framework.

Consumer Protection Measure

Lucky Cement is committed to provide world-class quality cement to its customers and is concerned about the safety of its customers and consumers. The product is internationally benchmarked that conforms to various international standards.

There are no significant health and safety impacts for the customers as the product contains all the natural raw-materials such as limestone, laterite, gypsum etc. that are non-hazardous in nature. However, in compliance with the South African and Kenyan standards, a safety notice is embossed on the packaging material of cement sold in the said markets, which enlightens customers over the safety measures to be taken including suitable safety clothing, dust masks etc. We also provide our Safety Data Sheet for information of our consumers and users.

Occupational Safety and Health

One of our foremost priorities is to provide safe and healthy working environment to our employees. Safety implementation on plant guidelines have to be followed by everyone. Due to difference in nature of work environment at plants and corporate offices, the level and responsibilities pertaining to Safety, Health and Environment vary according to the location. At plants the Operations heads are primarily responsible for developing OH&S policies and their execution, whereas at Head Office level the responsibility lies with the Head of Human Resources and Admin. We are also an ISO 14000: 2004 compliant organization.

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. Lucky Cement provides information to workers about workplace safety and health issues in both plants at Karachi and Pezu. The workers are informed 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. 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.

SHAHID ALLAH DITTA

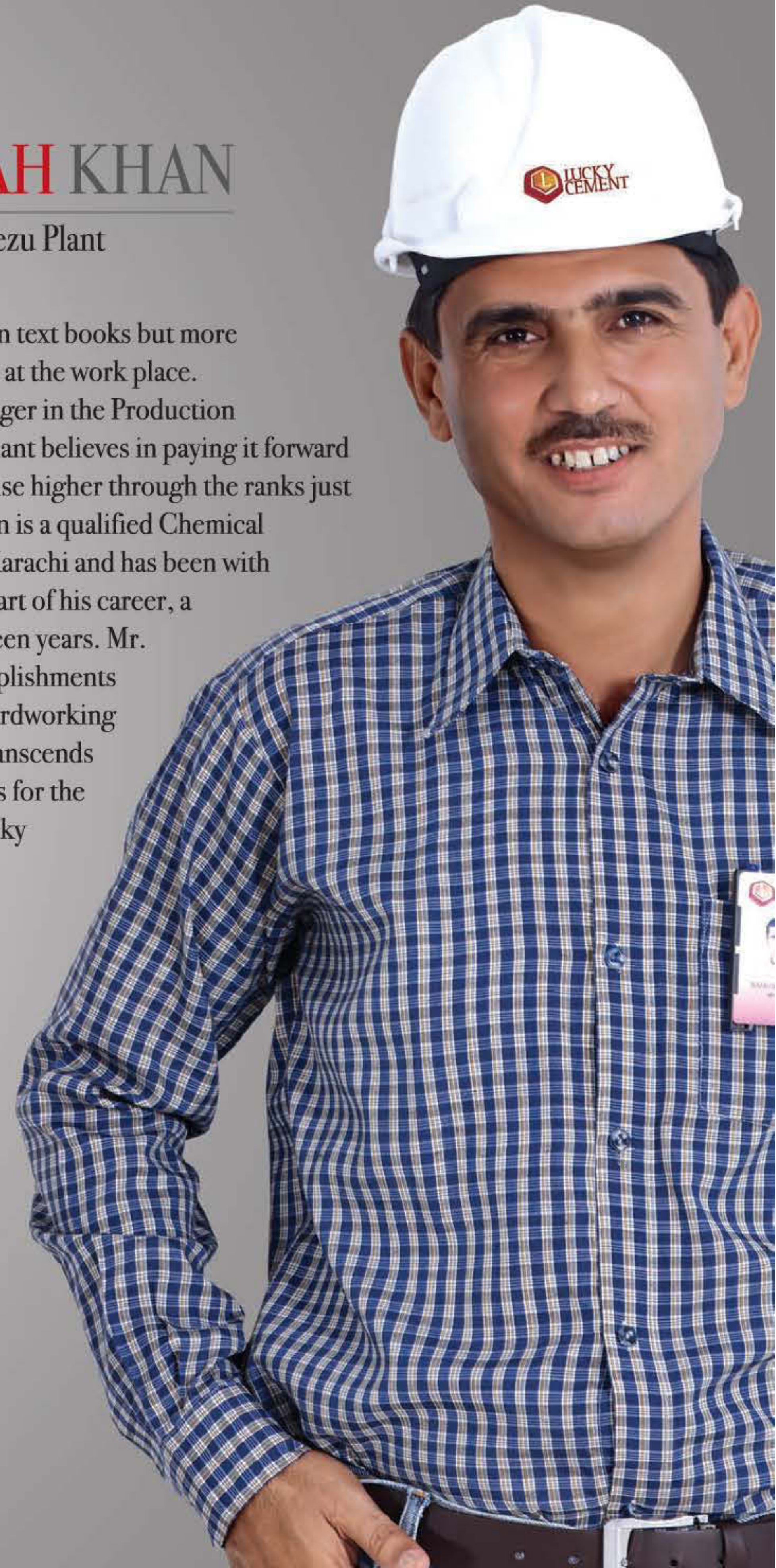
Manager Coordination, Karachi

Mr. Shahid Allah Ditta, Manager of Coordination Department started his career with Lucky Cement and has continued on over the past fourteen years to build a reputation that inspires confidence. Mr. Shahid does not limit himself by the constraints of time and is known to complete gargantuan tasks in skinny time frames. His dedication and good humour have seen him win many friends in the workplace; his personality and work ethic shine beyond.

NASRULLAH KHAN

Manager Production, Pezu Plant

Sharing is caring not just in text books but more importantly in real life and at the work place. Mr. Nasrullah Khan, Manager in the Production Department at our Pezu plant believes in paying it forward by training his juniors to rise higher through the ranks just as he did himself. Mr. Khan is a qualified Chemical Engineer from N.E.D in Karachi and has been with Lucky Cement from the start of his career, a career that now spans sixteen years. Mr. Khan attributes his accomplishments to firm dedication and a hardworking attitude. His work ethic transcends his office and instills values for the younger generation at Lucky Cement.



MUHAMMAD SARWAR

Assistant Manager Production, Karachi

Finding the perfect balance between attention to detail and the bigger picture is no mean feat. Mr. Muhammad Sarwar, the Assistant Manager of our Production Department, has this balance down to an art. Mr. Sarwar has been with Lucky Cement for nearly five years. With a diploma in Chemical Technology, Mr. Sarwar's passion for his field means he is always up to speed with regards to the latest cutting edge technology within the industry. His attention to detail is a valuable resource for the company, especially during the annual shutdown period– a critical period when errors need to be minimized and highest levels of quality control are to be maintained. Mr. Sarwar enriches the corporate environment by instilling an air of learning, and so encourages growth at Lucky Cement.

SWOT

Strengths	Weaknesses
• Largest cement producer in Pakistan. • Lucky Cement's profit is highest and most deleveraged balance sheet in industry. • Smart Logistical setup and management • Market leader in South Pakistan • Largest exporter of Cement from Pakistan • Pioneer in sea transport • Geographically positioned at 2 locations across the country, giving across to a Nationwide market, and which gives flexibility to choose both domestic as well as export market. • Extensive dealership network of 200 + dealers and distributors.	• High transport cost. • Highly regionalized and localized market. • Limited presence in some regions of North market.
Opportunities	**Threats**
• Rise in PSDP expenditure in infrastructure development to boost the cement demand domestically. • Rising population works as a catalyst for housing boom. • Untapped markets in North Pakistan • Untapped export potential • Consolidation of markets in South region, and growth in the North region	• Law and order situation of Pakistan • Rising input cost of materials. • Rising input cost of energy. • Rising cost of logistics. • Currency risk • New entrant threats due to high potential market.

Risk Mitigating Strategies and Actions

The Company engages with its customers through multiple channels to know the pulse of the customers, improve existing products and develop new products and services to meet the customers' aspirations and requirements.

Risk	Mitigation Strategies and Actions
Employee Risk	• Employees are given proper compensation and benefits for their services to the company. • Launched a Performance Management Framework to assess success and career development of employees. • Commitment towards Professional Development of employees through on the job and external training. • Equal Employment Opportunity is provided along with recruitment of highly talented professionals. • Striving towards creating an atmosphere of innovation, excellence and empowerment. • Reward and Recognition system.

Risk	Mitigation Strategies and Actions
Risk of Increase in cost of raw material/ cost of production resulting in low profit margin/ contribution margin	• Senior management is involved in pricing of the product and it is monitored on a regular basis. • Costs are controlled internally as much possible otherwise hedged or passed on to the customers. • To ensure profitability, the company is diversifying into different markets of the world and increasing production in order to offset the impact of increase in cost of raw material/ cost of production.
Safety and Security Risk	• Effective control over any risk to injury or health arising at workplace. • Organized session and training on Basic Life Support – Cardiopulmonary Resuscitation (CPR) to reduce safety and security risk. • Training for fire fighting and drills for in case of fire were performed to better equip the employees for safety. • Availability of fire extinguishers and safety helmets are ensured at both the plants and the head office.
Operational Risk	• Timely and regular maintenance and examination of plant machinery, operations and administrative function is carried out in order to mitigate operational risk.
Exchange Rate Risk	• Exchange Rate Risk is mitigated by Foreign Exchange Hedging through forward hedging and other financial instruments.
Interest Rate Risk	• Economic Indicators are monitored in order to better understand the interest rate trend and the senior management makes decisions and strategies accordingly.
Compliance/Legal Risk	• The company has departments looking after the legal and compliance requirements. The Internal Audit/Compliance and Legal Departments ensure that the company does not face any Compliance/Legal Risk.
Environmental Risk	• Great importance is given to environmental issues and actions are taken to mitigate environmental risk. • TDF (Tyre Derived Fuel) Plant is set up to reduce the carbon emission. • Moreover RDF (Refused Derived Fuel) Plant is also set to reduce environmental degradation. • Another initiative to reduce Environmental Risk is the WHR (Waste Heat Recovery) Plant which uses the heat which was previously released in the atmosphere to generate electricity. • Events like World Environment day, Earth Day, Earth Hour are celebrated to encourage the importance of environment.
Political and Economic Risk	• Both Plants are operational almost throughout the year despite the Political and economic risk that is faced by businesses in Pakistan. • The senior management ensures that the plant remains operational and production is not curtailed.

Key Figures and Highlights

Total Revenue
Rs. in million

2013	2012
37,810.46	33,322.54

EBITDA
Rs. in million

2013	2012
14.04	10.73

Total Equity
Rs. in million

2013	2012
41,035.44	33,261.75

Profit after tax
Rs. in million

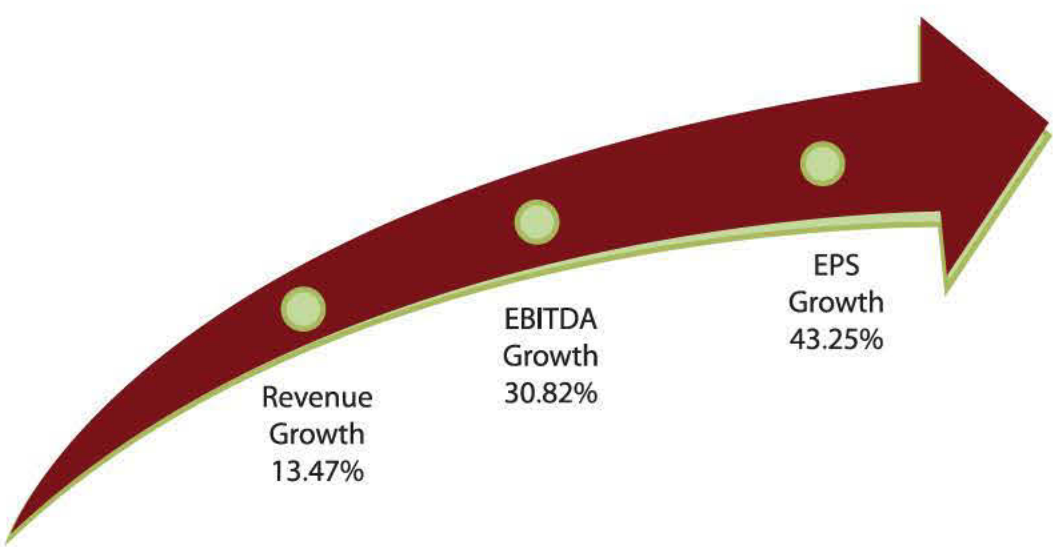
2013	2012
9,713.95	6,782.42

Total Assets
Rs. in million

2013	2012
50,196.17	40,631.24

Book value per share
Rs.

2013	2012
126.90	102.86



Return on Equity
%

2013	2012
23.67%	20.39%

Market Capitalization
Year - end - Rs. in million

2013	2012
67,818.21	37,314.24

Market price per year
Year - end - Rs.

2013	2012
209.72	115.39

Dividend per share
Rs.

2013	2012
8.00	6.00

Current Ratio
Times

2013	2012
3.38 : 1	2.64 : 1

Earnings per share
Rs.

2013	2012
30.04	20.97

Community Investment

Community investments in the year totaled to PKR 208.48 million.

Notes on Analysis

1. Comments on six year Statement of Comprehensive Income analysis

Turnover
Revenues grew from Rs. 16.9 billion in 2008 to Rs. 37.8 billion with an increase of 122.97%. This is mainly due to increase in domestic sales volume and Lucky being the market leader, higher net retention due to increase in prices to offset increase in cost.

Cost of Sales
Cost increased from Rs. 12.6 billion in 2008 to Rs. 21.1 billion with an increase of 67.37%. This is mainly due to increase in prices of main raw material inputs and fuel & power cost.

Gross Profit
GP increased from Rs. 4.4 billion in 2008 to Rs. 16.7 billion with an increase of 283.76%. This is mainly due to use of Alternative Energy sources to overcome furnace and coal usage and Waste Heat Recovery to overcome power cost which contributed to decrease in cost and attributed to increase in GP.

Finance Cost
Finance cost increased from Rs. 0.13 billion in 2008 to Rs. 0.09 billion with an decrease of 29.58%. This is mainly due to repayment of Long term finance and capital structure mainly based on equity finance.

2. Comments on six year Statement of Financial Position analysis

Share Capital & Reserves
Share Capital has increased due to issue of new shares at London Stock Exchange through GDR and increase in reserves over the period.

Non Current Liabilities
There is a decrease of 32.7% and it is mainly due to Deferred Tax Liability.

Non Current Assets
There is a surge of 43.65% from FY 2008 when compared with FY 2013 mainly due to capital expenditures on Alternative energy, WHR, Ventometic Packing and above all investment in ICI through Lucky Holdings Limited.

3. Comments on six year Statement of Cash Flows analysis

Lucky has a persuasive cash flow system. The liquidity of the Company improved substantially due to improved margins, cost reductions and main reliance on equity thus reducing finance cost over the period.

Financial Ratio	UoM	2008	2009	2010	2011	2012	2013
Profitability Ratios							
Gross profit to sales	percent	25.73%	37.26%	32.56%	33.48%	38.18%	44.22%
Net profit after tax to sales	percent	15.79%	17.46%	12.80%	15.26%	20.35%	25.69%
EBITDA to sales	percent	23.57%	31.51%	23.07%	25.88%	32.21%	37.14%
Operating Leverage	percent	0.94%	243.55%	595.79%	351.78%	265.61%	259.39%
Return on Equity after tax	percent	14.35%	19.77%	12.50%	14.30%	20.39%	23.67%
Return on Capital Employed	percent	12.46%	17.40%	11.55%	14.39%	21.85%	25.97%
Liquidity Ratios							
Current ratio	times	1.09 : 1	0.86 : 1	0.71 : 1	0.88 : 1	2.64 : 1	3.38 : 1
Quick/Acid test ratio	times	0.46 : 1	0.36 : 1	0.23 : 1	0.18 : 1	0.80 : 1	1.66 : 1
Cash to Current Liabilities	times	-0.19 : 1	0.10 : 1	0.03 : 1	0.03 : 1	0.23 : 1	0.73 : 1
Cash flow from Operations to Sales	times	0.07 : 1	0.25 : 1	0.21 : 1	0.16 : 1	0.28 : 1	0.32 : 1
Activity / Turnover Ratios							
Inventory turnover	times	3.34	3.49	3.58	2.84	2.89	3.18
No. of days in Inventory	days	109.28	104.58	101.96	128.52	126.30	114.78
Debtor turnover	times	28.33	26.50	23.95	37.16	39.87	27.81
No. of days in Receivables	days	12.88	13.77	15.24	9.82	9.15	13.12
Creditor turnover	times	4.95	5.31	5.78	4.88	5.58	6.10
No. of days in Payables	days	73.74	68.74	63.15	74.80	65.41	59.84
Operating Cycle	days	48.42	49.61	54.05	63.54	70.04	68.06
Total assets turnover	times	0.50	0.69	0.64	0.63	0.82	0.75
Fixed assets turnover	times	0.66	0.86	0.78	0.82	1.07	1.22
Investment Valuation Ratios							
Earnings per share (after tax)	rupees	9.84	14.21	9.70	12.28	20.97	30.04
Price / Earning ratio (after tax)	times	9.96	4.12	6.40	5.77	5.50	6.98
Dividend Yield	percent	-	6.83%	6.44%	5.65%	5.20%	3.81%
Dividend Payout ratio	percent	-	28.15%	41.23%	32.58%	28.61%	26.63%
Dividend Cover ratio	times	-	3.55	2.43	3.07	3.50	3.75
Cash Dividend per share	rupees	-	4.00	4.00	4.00	6.00	8.00
Break up value per share	rupees	57.69	71.90	77.61	85.88	102.86	126.90
Market Value Per Share as on 30th June	rupees	97.93	58.53	62.14	70.84	115.39	209.72
Capital Structure Ratios							
Financial leverage ratio	times	0.56 : 1	0.45 : 1	0.32 : 1	0.26 : 1	0.02 : 1	0.01 : 1
Weighted Average Cost of Debt	percent	1.09%	11.80%	6.12%	6.76%	6.42%	16.98%
Debt to Equity ratio	times	0.36 : 1	0.18 : 1	0.07 : 1	0.02 : 1	0.01 : 1	0.00 : 1
Interest Coverage ratio	times	24.27	5.83	7.45	9.97	35.58	136.21

Financial Highlights

Six Years at a Glance

Financial Position	2008	2009	2010	2011	2012	2013
Assets Employed						
Property, plant and equipment	25,881	30,477	31,378	31,705	31,017	31,008
Intangible Assets	-	-	3	2	1	5
Long term investments	-	-	-	-	-	5,619
Long term advance	-	55	55	55	55	547
Long term deposit & deferred cost	2	2	2	3	3	3
Current assets	8,356	7,858	6,871	9,444	9,555	13,013
Total Assets	34,239	38,392	38,310	41,210	40,631	50,196
Financed By						
Shareholders' Equity	18,655	23,252	25,096	27,773	33,262	41,035
Long-term liabilities						
Long term finance	6,633	4,300	1,659	658	393	127
Current portion of long term finance	242	-	176	265	265	265
	6,875	4,300	1,834	923	658	393
Long term deposits and deferred liabilities	1,264	1,742	1,914	2,082	3,352	5,187
Current liabilities	7,687	9,099	9,642	10,697	3,624	3,846
Current portion of long term finance	(242)	-	(176)	(265)	(265)	(265)
	7,445	9,099	9,466	10,432	3,359	3,580
Total Funds Invested	34,239	38,392	38,310	41,210	40,631	50,196
Turnover & Profit						
Turnover	16,958	26,330	24,509	26,018	33,323	37,810
Gross Profit	4,357	9,811	7,979	8,711	12,721	16,721
Operating Profit	3,076	7,217	4,243	5,161	9,010	12,158
Profit before taxation	2,307	5,177	3,418	4,321	8,324	11,701
Profit after taxation	2,678	4,597	3,137	3,970	6,782	9,714
Cash Dividends	329	-	1,294	1,294	1,294	1,940
General Reserve	2,000	-	5,000	2,500	2,500	5,000
Profit carried forward	3,078	7,675	4,519	4,696	7,685	10,459
Earning per share (Rupees)	9.84	14.21	9.70	12.28	20.97	30.04
Cash Flow Summary						
Net Cash from Operating Activities	1,225	6,515	5,267	4,074	9,375	12,239
Net Cash used in Investing Activities	(6,488)	(5,742)	(2,315)	(1,895)	(1,030)	(8,087)
Net Cash (Outflow) / Inflow from Financing Activities	2,841	1,577	(3,529)	(2,161)	(7,851)	(2,191)
(Decrease) /Increase in Cash and Cash Equivalents	(2,422)	2,350	(577)	18	493	1,961
Cash and Cash Equivalents at beginning of the Year	983	(1,439)	911	334	351	844
Cash and Cash Equivalents at end of the Year	(1,439)	911	334	351	844	2,806

Analysis of Balance Sheet

Amount in '000'	2008	2009	2010	2011	2012	2013
Share Capital & Reserves	18,655,423	23,251,972	25,095,929	27,772,829	33,261,745	41,035,443
Non Current Liabilities	7,896,754	6,041,712	3,572,624	2,740,237	3,745,172	5,314,888
Current Liabilities	7,686,897	9,098,678	9,641,691	10,696,789	3,624,324	3,845,844
Total Equity & Liabilities	34,239,074	38,392,362	38,310,244	41,209,855	40,631,241	50,196,175
Non Current Assets	25,883,550	30,534,420	31,438,780	31,765,389	31,076,594	37,182,851
Current Assets	8,355,524	7,857,942	6,871,464	9,444,466	9,554,647	13,013,324
Total Assets	34,239,074	38,392,362	38,310,244	41,209,855	40,631,241	50,196,175
Vertical Analysis - %	2008	2009	2010	2011	2012	2013
Share Capital & Reserves	54.49	60.56	65.50	67.39	81.86	81.75
Non Current Liabilities	23.06	15.74	9.33	6.65	9.22	10.59
Current Liabilities	22.45	23.70	25.17	25.96	8.92	7.66
Total Equity & Liabilities	100.00	100.00	100.00	100.00	100.00	100.00
Non Current Assets	75.60	79.53	82.06	77.08	76.48	74.08
Current Assets	24.40	20.47	17.94	22.92	23.52	25.92
Total Assets	100.00	100.00	100.00	100.00	100.00	100.00
"Horizontal Analysis (i) Cumulative %"	2008	2009	2010	2011	2012	2013
Share Capital & Reserves	100.00	24.64	34.52	48.87	78.30	119.97
Non Current Liabilities	100.00	(23.49)	(54.76)	(65.30)	(52.57)	(32.70)
Current Liabilities	100.00	18.37	25.43	39.16	(52.85)	(49.97)
Total Equity & Liabilities	100.00	12.13	11.89	20.36	18.67	46.60
Non Current Assets	100.00	17.97	21.46	22.72	20.06	43.65
Current Assets	100.00	(5.96)	(17.76)	13.03	14.35	55.75
Total Assets	100.00	12.13	11.89	20.36	18.67	46.60
"Horizontal Analysis (ii) Year on Year %"	2008 vs 2007	2009 vs 2008"	"2010 vs 2009"	"2011 vs 2010"	"2012 vs 2011"	"2013 vs 2012"
Share Capital & Reserves	100.00	24.64	7.93	10.67	19.76	23.37
Non Current Liabilities	100.00	(23.49)	(40.87)	(23.30)	36.67	41.91
Current Liabilities	100.00	18.37	5.97	10.94	(66.12)	6.11
Total Equity & Liabilities		12.13	(0.21)	7.57	(1.40)	23.54
Non Current Assets	100.00	17.97	2.96	1.04	(2.17)	19.65
Current Assets	100.00	(5.96)	(12.55)	37.44	1.17	36.20
Total Assets	100.00	12.13	(0.21)	7.57	(1.40)	23.54

Analysis of Profit & Loss Accounts

Amount in '000'	2008	2009	2010	2011	2012	2013
Turnover	16,957,879	26,330,404	24,508,793	26,017,519	33,322,535	37,810,456
Cost of Sales	12,600,706	16,519,138	16,529,932	17,306,400	20,601,261	21,089,359
Gross Profit	4,357,173	9,811,267	7,978,861	8,711,119	12,721,274	16,721,097
Distribution Cost	1,155,054	2,427,837	3,433,047	3,236,425	3,236,721	3,665,578
Administrative Cost	125,752	165,936	303,244	313,389	474,135	897,305
Operating Profit	3,076,367	7,217,494	4,242,570	5,161,305	9,010,418	12,158,214
Finance Cost	126,743	1,236,971	569,184	517,788	253,234	89,258
(Other Income)/Charges	643,095	803,521	255,872	322,996	433,207	368,422
Profit before taxation	2,306,529	5,177,002	3,417,514	4,320,521	8,323,977	11,700,534
Taxation	(371,141)	580,453	280,057	350,121	1,541,561	1,986,586
Profit after taxation	2,677,670	4,596,549	3,137,457	3,970,400	6,782,416	9,713,948

Vertical Analysis - %	2008	2009	2010	2011	2012	2013
Turnover	100.00	100.00	100.00	100.00	100.00	100.00
Cost of Sales	74.31	62.74	67.44	66.52	61.82	55.78
Gross Profit	25.69	37.26	32.56	33.48	38.18	44.22
Distribution Cost	6.81	9.22	14.01	12.44	9.71	9.69
Administrative Cost	0.74	0.63	1.24	1.20	1.42	2.37
Operating Profit	18.14	27.41	17.31	19.84	27.04	32.16
Finance Cost	0.75	4.70	2.32	1.99	0.76	0.24
(Other Income)/Charges	3.79	3.05	1.04	1.24	1.30	0.97
Profit before taxation	13.60	19.66	13.94	16.61	24.98	30.95
Taxation	(2.19)	2.20	1.14	1.35	4.63	5.25
Profit after taxation	15.79	17.46	12.80	15.26	20.35	25.69

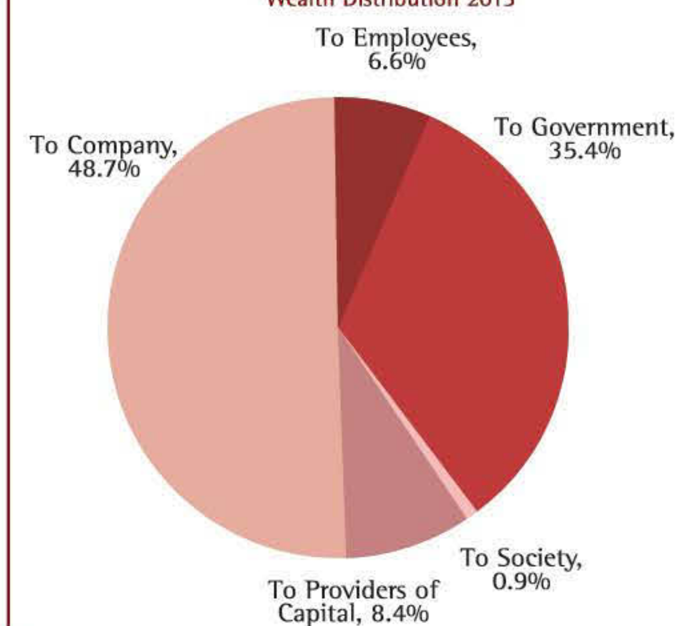
"Horizontal Analysis (i) Cumulative - %"	2008	2009	2010	2011	2012	2013
Turnover	100.00	55.27	44.53	53.42	96.50	122.97
Cost of Sales	100.00	31.10	31.18	37.34	63.49	67.37
Gross Profit	100.00	125.18	83.12	99.93	191.96	283.76
Distribution Cost	100.00	110.19	197.22	180.20	180.22	217.35
Administrative Cost	100.00	31.96	141.14	149.21	277.04	613.55
Operating Profit	100.00	134.61	37.91	67.77	192.89	295.21
Finance Cost	100.00	875.97	349.09	308.53	99.80	(29.58)
Other Income/Charges	100.00	24.95	(60.21)	(49.77)	(32.64)	(42.71)
Profit before taxation	100.00	124.45	48.17	87.32	260.89	407.28
Taxation	100.00	(256.40)	(175.46)	(194.34)	(515.36)	(635.26)
Profit after taxation	100.00	71.66	17.17	48.28	153.30	262.78

"Horizontal Analysis (ii) Year vs Year - %"	2008	"2009 vs 2008"	"2010 vs 2009"	"2011 vs 2010"	"2012 vs 2011"	"2013 vs 2012"
Turnover	100.00	55.27	(6.92)	6.16	28.08	13.47
Cost of Sales	100.00	31.10	0.07	4.70	19.04	2.37
Gross Profit	100.00	125.18	(18.68)	9.18	46.03	31.44
Distribution Cost	100.00	110.19	41.40	(5.73)	0.01	13.25
Administrative Cost	100.00	31.96	82.75	3.35	51.29	89.25
Operating Profit	100.00	134.61	(41.22)	21.66	74.58	34.94
Finance Cost	100.00	875.97	(53.99)	(9.03)	(51.09)	(64.75)
Other Income/Charges	100.00	24.95	(68.16)	26.23	34.12	(14.95)
Profit before taxation	100.00	124.45	(33.99)	26.42	92.66	40.56
Taxation	100.00	(256.40)	(51.75)	25.02	340.29	28.87
Profit after taxation	100.00	71.66	(31.74)	26.55	70.82	43.22

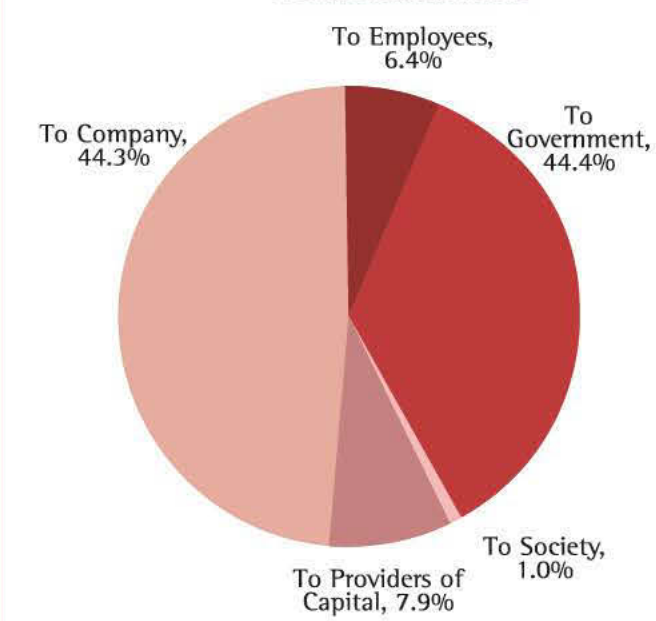
Statement of Value Addition & its Distribution

	2013 Rs. In '000'	%	2012 Rs. In '000'	%
WEALTH GENERATED				
Total revenue inclusive of sales tax and other income	43,738,002		39,128,351	
Bought-in-material and services	(19,957,769)		(19,928,801)	
	23,780,233	100.0%	19,199,550	100.0%
WEALTH DISTRIBUTION				
To Employees				
Salaries, benefits and other costs	1,565,130	6.6%	1,219,159	6.4%
To Government				
Income tax, sales tax, excise duty and others	8,420,187	35.4%	7,765,927	40.4%
To Society				
Donation towards education, health and environment	208,484	0.9%	184,507	1.0%
To Providers of Capital				
Dividend to shareholders	1,940,250	8.2%	1,293,500	6.7%
Markup / Interest expenses on borrowed funds	46,767	0.2%	229,713	1.2%
To Company				
Depreciation, amortization & retained profit	11,599,415	48.7%	8,506,744	44.3%
	23,780,233	100.0%	19,199,550	100.0%

Wealth Distribution 2013



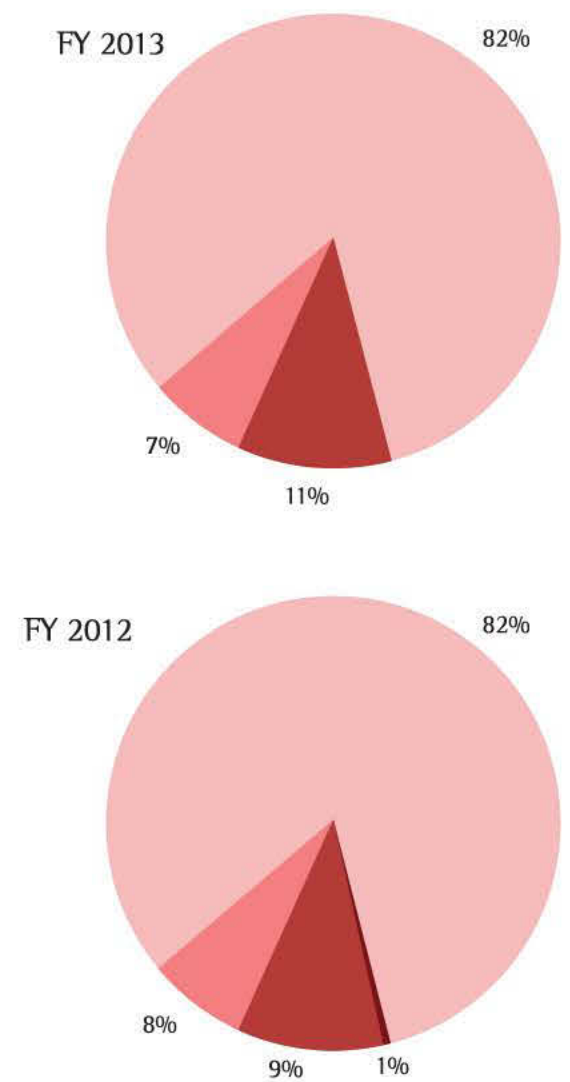
Wealth Distribution 2012



Quarter wise Financial Performance

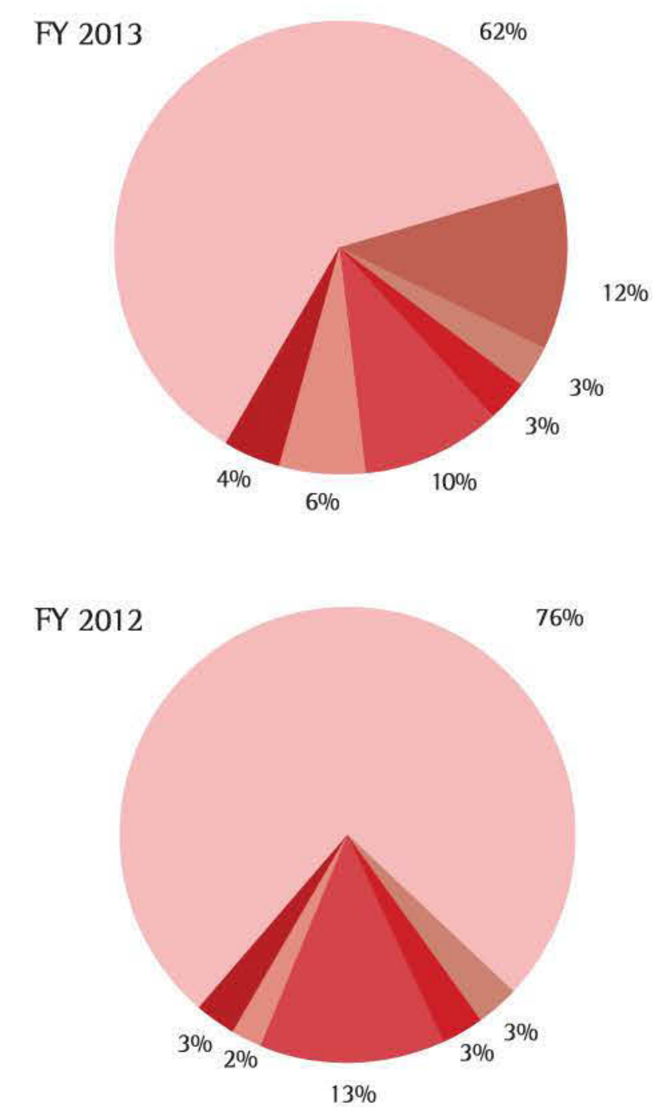
(Rs. In 000)	2012-2013 1Q	2012-2013 2Q	2012-2013 3Q	2012-2013 4Q	2011-2012 1Q	2011-2012 2Q	2011-2012 3Q	2011-2012 4Q
BALANCE SHEET								
NON CURRENT ASSETS								
Property, plant and equipment	30,778,141	31,741,298	31,392,099	31,008,392	31,715,491	31,495,403	31,284,439	31,016,532
Intangible assets	1,840	2,429	3,828	4,711	1,324	981	623	1,514
Long term Investments		5,619,000	5,619,000	6,111,200				
Long term advance	55,373	55,373	55,373	55,373	55,373	55,373	55,373	55,373
Long term deposits	3,175	3,175	3,175	3,175	3,175	3,175	3,175	3,175
	30,838,529	37,421,275	37,073,475	37,182,851	31,775,363	31,554,932	31,343,610	31,076,594
CURRENT ASSETS								
Stores and spares	5,364,008	4,792,039	4,888,884	5,179,055	5,695,714	6,780,234	5,932,957	5,396,220
Stock-in-trade	1,181,914	1,960,572	1,715,483	1,431,157	1,315,409	1,307,717	1,324,462	1,276,433
Trade debts - considered good	1,235,444	989,636	1,375,765	1,668,299	949,701	1,055,485	1,052,049	1,050,639
Loan and advances	124,282	140,912	237,643	259,998	139,951	148,649	147,649	148,189
Trade deposits and short term prepayments	22,217	54,798	47,737	41,814	27,492	58,593	79,004	67,894
Other receivables	262,963	645,557	1,079,046	692,191	220,550	222,906	220,686	105,677
Investments	-	-	-	110,062				
Tax refunds due from the Government	538,812	538,812	538,812	538,812	538,812	538,812	538,812	538,812
Taxation - net	175,517	303,320	286,456	286,096	42,761	19,179	46,974	126,361
Sales Tax refundable	-	-	-	-	-	15,561	-	-
Cash and bank balance	3,297,657	709,780	737,095	2,805,840	399,738	303,785	627,949	844,422
	12,202,814	10,135,426	10,906,921	13,013,324	9,330,128	10,450,921	9,970,542	9,554,647
TOTAL ASSETS	43,041,343	47,556,701	47,980,396	50,196,175	41,105,491	42,005,853	41,314,152	40,631,241
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	32,042,281	32,377,949	35,069,512	37,801,693	24,751,175	26,263,702	27,932,298	30,027,995
	35,276,031	35,611,699	38,303,262	41,035,443	27,984,925	29,497,452	31,166,048	33,261,745
NON CURRENT LIABILITIES								
Long term finance	326,548	260,198	193,848	127,498	591,948	525,598	459,248	392,898
Long term deposits	51,443	52,954	53,964	57,125	40,121	49,509	52,005	52,752
Deferred liability	464,796	487,660	514,260	552,042	407,997	433,684	440,901	438,391
Deferred tax liability	3,344,195	3,611,154	3,911,154	4,578,223	1,774,990	1,961,132	2,361,131	2,861,131
	4,186,982	4,411,966	4,673,226	5,314,888	2,815,056	2,969,923	3,313,285	3,745,172
CURRENT LIABILITIES								
Trade and other payables	3,300,826	4,698,739	3,946,654	3,572,282	4,938,143	3,343,516	3,351,642	3,345,605
Accrued interest / markup	12,104	18,897	41,854	8,162	51,535	58,069	86,434	13,319
Short term borrowings	-	2,550,000	750,000	-	5,050,432	5,871,493	3,131,343	-
Current portion of long term finance	265,400	265,400	265,400	265,400	265,400	265,400	265,400	265,400
	3,578,330	7,533,036	5,003,908	3,845,844	10,305,510	9,538,478	6,834,819	3,624,324
TOTAL CAPITAL EMPLOYED	43,041,343	47,556,701	47,980,396	50,196,175	41,105,491	42,005,853	41,314,152	40,631,241
PROFIT AND LOSS ACCOUNT								
Gross sales	10,194,616	10,095,742	11,791,231	11,656,413	8,707,521	9,199,627	10,168,075	11,047,924
Less: Sales tax and excise duty	1,243,502	1,329,364	1,450,181	1,524,709	1,142,749	1,260,838	1,497,809	1,584,233
Rebates and commission	99,309	107,580	116,883	56,018	68,683	60,659	98,522	87,119
	1,342,811	1,436,944	1,567,064	1,580,727	1,211,432	1,321,497	1,596,331	1,671,352
Net sales	8,851,805	8,658,798	10,224,167	10,075,686	7,496,089	7,878,130	8,571,744	9,376,572
cost of sales	4,979,044	4,842,038	5,666,353	5,601,924	4,581,287	4,978,391	5,323,400	5,718,183
GROSS PROFIT	3,872,761	3,816,760	4,557,814	4,473,762	2,914,802	2,899,739	3,248,344	3,658,389
Distribution cost	1,104,892	937,250	966,684	656,752	922,155	819,610	734,592	760,364
Administrative expenses	140,203	156,283	172,147	428,672	119,431	120,888	123,820	109,996
	1,245,095	1,093,533	1,138,831	1,085,424	1,041,586	940,498	858,412	870,360
OPERATING PROFIT	2,627,666	2,723,227	3,418,983	3,388,338	1,873,216	1,959,241	2,389,932	2,788,029
Finance cost & Other Charges	154,440	183,981	397,006	(29,819)	170,874	182,153	237,960	100,658
Other operating income	(86,552)	(66,203)	(43,045)	(52,128)	(410)	(361)	(2,341)	(2,092)
	67,888	117,778	353,961	(81,947)	170,464	181,792	235,619	98,566
Profit before taxation	2,559,778	2,605,449	3,065,022	3,470,285	1,702,752	1,777,449	2,154,313	2,689,463
Taxation								
Current	62,429	62,572	73,458	71,035	74,961	78,781	85,717	93,766
Deferred	483,063	266,959	300,001	667,069	122,195	186,141	400,000	500,000
	545,492	329,531	373,459	738,104	197,156	264,922	485,717	593,766
PROFIT FOR THE YEAR	2,014,286	2,275,918	2,691,563	2,732,181	1,505,596	1,512,527	1,668,596	2,095,697

EQUITY AND LIABILITIES



- Share Capital & Reserves
- Other non current Liabilities
- Long Term Finance
- Trade payables & Others

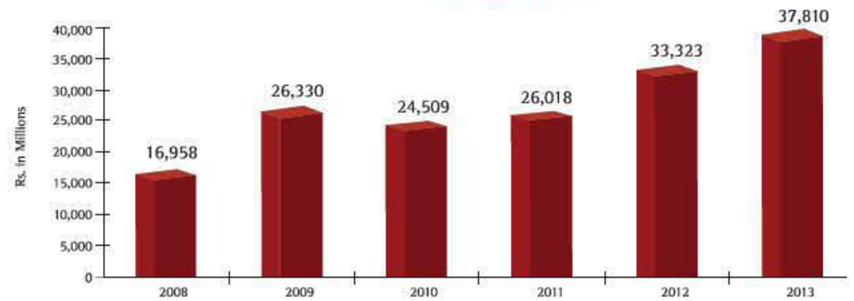
ASSETS



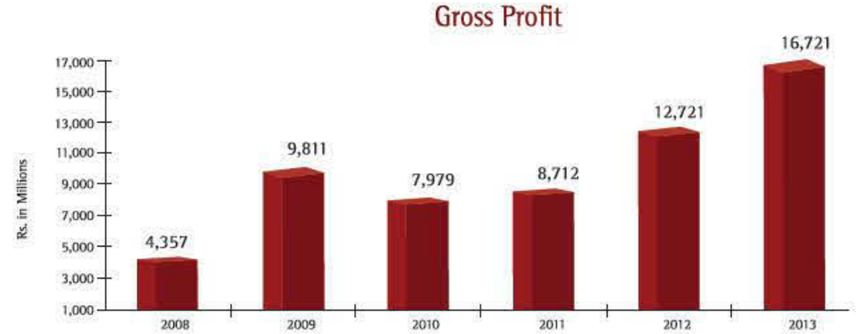
- Property, Plant & Equipment
- Trade Debts
- Stores & Spares
- Other Assets
- Long Term Investments
- Stock-in-Trade
- Cash and Bank Balance

FINANCIALS AT A GLANCE

Sales Revenue

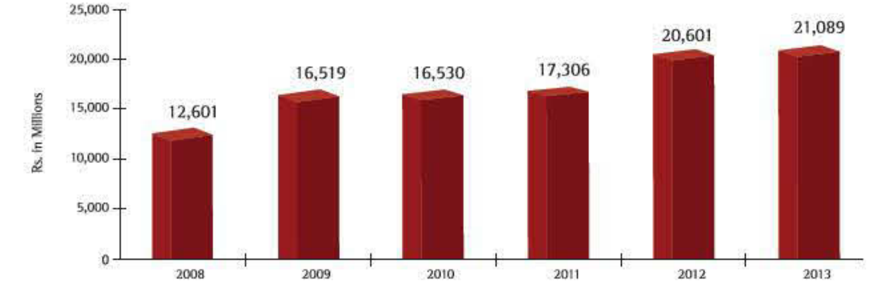


Gross Profit

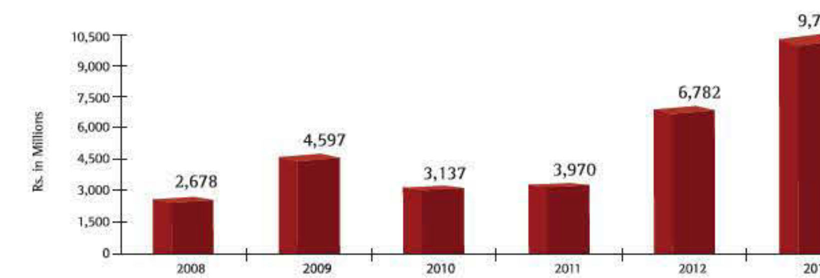


Shareholder's Equity

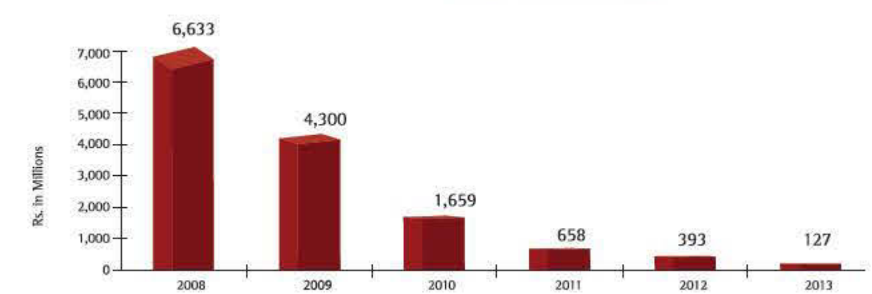
Cost of Sales



Net Profit



Long Term Finance



Factors that can influence the share price of Lucky Cement are categorized as under;

Commodity Prices
Greater volatility in commodity prices can lead to the increase in cost of production and resulting in lower profit margins, which can be mitigated through more efficient supply chain operations, hedging against such volatility, and economies of scale as compared to other players in the industry.

Interest rates
The state Bank of Pakistan can raise or lower interest rates to stabilize or stimulate the Pakistani economy. This is known as monetary policy. If a company borrows money to expand and improve its business, higher interest rates will affect the cost of its debt. This can reduce company profits and the dividends it pays shareholders. As a result, its share price may drop. And, in times of higher interest rates, investments that pay interest tend to be more attractive to investors than stocks.

Inflation
Inflation means higher consumer prices. This often slows sales and reduces profits. Higher prices will also often lead to higher interest rates. For example, the State Bank of Pakistan may raise interest rates to slow down inflation. These changes will tend to bring down stock prices. Commodities however, may do better with inflation, so their prices may rise.

Deflation
Falling prices tend to mean lower profits for companies and decreased economic activity. Stock prices may go down, and investors may start selling their shares and move to fixed-income investments like bonds. Interest rates may be lowered to encourage people to borrow more. The goal is increased spending and economic activity.

Economic and political shocks
Changes around the world can affect both the economy and stock prices. For example, a rise in energy costs can lead to lower sales, lower profits and lower stock prices. An act of terrorism can also lead to a downturn in economic activity and a fall in stock prices.

Changes in economic policy
If a new government decides to make new policies. Sometimes these changes can be seen as good for business, and sometimes not. They may lead to changes in inflation and interest rates, which in turn may affect stock prices.

The value of the Pak Rupee
Lucky cement export cement to foreign countries, If the Pak rupee rises, their customers will have to spend more to buy Pakistani goods. This can drive down sales, which in turn can lead to lower stock prices. When the price of the Pak rupee falls, it makes it cheaper for others to buy our products. This can make stock prices rise.

Statement of Compliance with the Code of Corporate Governance
Lucky Cement Limited
For the year ending June 30, 2013

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35 (Chapter XI) of listing regulations of Karachi, Lahore and Islamabad Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

   Non-Executive Directors:
   Mr. Muhammad Yunus Tabba
   Mr. Muhammad Sohail Tabba
   Mr. Jawed Yunus Tabba
   Mrs. Zulekha Razzak Tabba
   Mr. Muhammad Abid Ganatra

   Executive Directors:
   Mr. Muhammad Ali Tabba
   Mrs. Rahila Aleem

   Independent Director:
   Mr. Tariq Iqbal Khan

The independent director meets the criteria of independence under clause i (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.

3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. Casual vacancies occurring on the board on November 14, 2012 were filled up by the directors within stipulated time frame.

5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with 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, other executive and non-executive directors, have been taken by the board/shareholders.

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

Statement of Compliance

9. The Directors of the Company are adequately trained to perform their duties. One Director of the Company has completed his Director's Training Program and certificate will be issued in due course.

10. The board has appointed the Chief Financial Officer (CFO) and the Company Secretary during the current year and also approved their remuneration and terms and conditions of employment.

11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.

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

14. The company has complied with all the corporate and financial reporting requirements of the CCG.

15. The board has formed an Audit Committee. It comprises 6 members, of whom 5 are non-executive directors and the chairman of the committee is an independent director.

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 CCG. The terms of reference of the committee have been formed and advised to the committee for compliance

17. The board has formed an HR and Remuneration Committee. It comprises 4 members, of whom 2 are non-executive directors and the chairman of the committee is an executive director.

18. The board has set up an effective internal audit function managed by qualified and experienced professionals who are conversant with the policies and procedures of the company and industry best practices. They are involved in the internal audit function on a full time basis. The head of Internal Audit department functionally reports to the Board Audit Committee.

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 the 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. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchanges.

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.

23. We confirm that all other material principles enshrined in the CCG have been complied with.

MUHAMMAD YUNUS TABBA
Chairman/Director

MUHAMMAD ALI TABBA
Chief Executive/Director

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 2013, prepared by the Board of Directors of Lucky Cement Limited (the Company) to comply with the Listing Regulation No. 35 (Chapter XI) of Karachi, Lahore and Islamabad Stock Exchanges, where the Company is listed.

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

As part of our audit of financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We 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, the Listing Regulations of Karachi, Lahore and Islamabad Stock Exchanges require the Company to place before the Board of Directors for their consideration and approval of 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 of the Company. 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 of the Company. 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 does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code.

Ernst & Young Ford Rhodes Sidat Hyder

Chartered Accountants
Date: September 17, 2013
Karachi

Financial Statements

LUCKY CEMENT

Auditors' Report to the Members

We have audited the annexed balance sheet of Lucky Cement Limited (the Company) as at 30 June 2013 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

b) in our opinion:

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied, except for the changes as stated in note 4.3 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 2013 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.

We draw attention to note 16 to the financial statements which explains the reasons for recording an asset representing a claim of refund of excise duty amounting to Rs 538.812 million in the books of account of the Company. Our opinion is not qualified in respect of this matter.

Ernst & Young Ford Rhodes Sidat Hyder

Chartered Accountants
Audit Engagement Partner: Shariq Ali Zaidi
Date: September 17, 2013
Karachi

LUCKY CEMENT

Balance Sheet
As at June 30, 2013

	Note	2013	2012
		(Rupees in '000')	
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	5	31,008,392	31,016,532
Intangible assets	6	4,711	1,514
		31,013,103	31,018,046
Long-term investments	7	5,619,000	-
Long-term advance	8	547,573	55,373
Long-term deposits		3,175	3,175
		37,182,851	31,076,594
CURRENT ASSETS			
Stores and spares	9	5,179,055	5,396,220
Stock-in-trade	10	1,431,157	1,276,433
Trade debts	11	1,668,299	1,050,639
Loans and advances	12	259,998	148,189
Trade deposits and short-term prepayments	13	41,814	67,894
Other receivables	14	692,191	105,677
Investments	15	110,062	-
Tax refunds due from the Government	16	538,812	538,812
Taxation - net		286,096	126,361
Cash and bank balances	17	2,805,840	844,422
		13,013,324	9,554,647
TOTAL ASSETS		50,196,175	40,631,241
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	18	3,233,750	3,233,750
Reserves	19	37,801,693	30,027,995
		41,035,443	33,261,745
NON-CURRENT LIABILITIES			
Long-term finance	20	127,498	392,898
Long-term deposits	21	57,125	52,752
Deferred liabilities	22	5,130,265	3,299,522
		5,314,888	3,745,172
CURRENT LIABILITIES			
Trade and other payables	23	3,572,282	3,345,605
Accrued mark-up	24	8,162	13,319
Current portion of long-term finance	20	265,400	265,400
		3,845,844	3,624,324
CONTINGENCIES AND COMMITMENTS	25		
TOTAL EQUITY AND LIABILITIES		50,196,175	40,631,241

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, 2013

	Note	2013	2012
		(Rupees in '000')	
GROSS SALES	26	43,738,002	39,123,147
Less: Sales tax and excise duty		5,547,756	5,485,629
Rebates and commission		379,790	314,983
		5,927,546	5,800,612
Net sales		37,810,456	33,322,535
Cost of sales	27	(21,089,359)	(20,601,261)
GROSS PROFIT		16,721,097	12,721,274
Distribution costs	28	(3,665,578)	(3,236,721)
Administrative expenses	29	(897,305)	(474,135)
Finance costs	30	(89,258)	(253,234)
Other charges	31	(616,350)	(438,411)
Other income	32	247,928	5,204
PROFIT BEFORE TAXATION		11,700,534	8,323,977
Taxation			
current	33	(269,494)	(333,225)
deferred		(1,717,092)	(1,208,336)
		(1,986,586)	(1,541,561)
PROFIT AFTER TAXATION		9,713,948	6,782,416
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		9,713,948	6,782,416
		(Rupees)	
Earnings per share - basic and diluted	34	30.04	20.97

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, 2013

	Note	2013	2012
		(Rupees in '000')	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	35	12,819,205	10,138,988
Finance costs paid		(94,415)	(325,363)
Income tax paid		(429,229)	(417,935)
Gratuity paid	22.1.1.2	(60,821)	(36,219)
		(584,465)	(779,517)
Long-term deposits		4,373	15,446
Net cash generated from operating activities		12,239,113	9,374,917
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(1,886,264)	(1,051,458)
Long-term investments	7	(5,619,000)	-
Long-term advance against issuance of shares	8.1	(492,200)	-
Investments	15	(110,062)	-
Sale proceeds on disposal of property, plant and equipment		20,396	21,020
Net cash used in investing activities		(8,087,130)	(1,030,438)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term finance	20	(265,400)	(265,400)
Repayment of short-term borrowings		-	(6,302,252)
Dividends paid		(1,925,165)	(1,283,607)
Net cash used in financing activities		(2,190,565)	(7,851,259)
Net increase in cash and cash equivalents		1,961,418	493,220
Cash and cash equivalents at the beginning of the year		844,422	351,202
Cash and cash equivalents at the end of the year	17	2,805,840	844,422

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, 2013

	Issued, subscribed and paid up capital	Capital reserve	Revenue reserves		Total reserves	Total equity
		Share premium	General reserves	Unappropri--ated Profit		
	(Rupees in '000')					
Balance as at June 30, 2011	3,233,750	7,343,422	12,500,000	4,695,657	24,539,079	27,772,829
Transfer to general reserve	-	-	2,500,000	(2,500,000)	-	-
Final dividend at the rate of Rs.4/- per share for the year ended June 30, 2011	-	-	-	(1,293,500)	(1,293,500)	(1,293,500)
Total comprehensive income for the year	-	-	-	6,782,416	6,782,416	6,782,416
Balance as at June 30, 2012	3,233,750	7,343,422	15,000,000	7,684,573	30,027,995	33,261,745
Transfer to general reserve	-	-	5,000,000	(5,000,000)	-	-
Final dividend at the rate of Rs.6/- per share for the year ended June 30, 2012	-	-	-	(1,940,250)	(1,940,250)	(1,940,250)
Total comprehensive income for the year	-	-	-	9,713,948	9,713,948	9,713,948
Balance as at June 30, 2013	3,233,750	7,343,422	20,000,000	10,458,271	37,801,693	41,035,443

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, 2013

1. THE COMPANY AND ITS OPERATION

1.1 Lucky Cement Limited (the Company) was incorporated in Pakistan on September 18, 1993 under the Companies Ordinance, 1984 (the Ordinance). The shares of the Company are quoted on all the three stock exchanges in Pakistan. The 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.

1.2 These financial statements are the separate financial statements of the Company in which investment in subsidiary has been accounted for at cost less accumulated impairment losses, if any.

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 (IASB) 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, ESTIMATES AND ASSUMPTIONS

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. Estimates 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. Revision to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. 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:

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.

Provision for stores and spares

The Company has made estimation with respect to provision for slow moving, damaged and obsolete items and their net realizable value.

Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in note 22.1.1.5 to these financial statements for valuation of present value of defined benefit obligations.

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 the 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Accounting convention

These financial statements have been prepared under the historical cost convention except for:

- Investments which are carried at fair value in accordance with IAS-39 "Financial Instruments: Recognition and measurement"; and

- Defined benefit obligations which are stated at present value in accordance with the requirements of IAS-19 "Employee Benefits", as referred to in note 22.1.

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 standard or interpretation:

	Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 7	Financial Instruments: Disclosures - (Amendments) Amendments enhancing disclosures about offsetting of financial assets and financial liabilities	January 01, 2013
IAS 19	Employee Benefits - (Amendment)	January 01, 2013
IAS 32	Offsetting Financial Assets and Financial Liabilities (Amendment)	January 01, 2014
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	January 01, 2013

The Company expects that the adoption of the above revisions, amendments and interpretations of the standards will not affect on the Company's financial statements in the period of initial application other than the amendments to IAS-19 'Employee Benefits' as described below:

Amendments to IAS 19 range from fundamental changes to simple clarification and re-wording. The significant changes include the following:

- For defined benefit plans, the ability to defer recognition of actuarial gains and losses (i.e., the corridor approach) has been removed. As revised, actuarial gains and losses are recognized in other comprehensive income when they occur. Amounts recorded in profit and loss are limited to current and past service costs, gains or losses on settlements, and net interest income (expense). All other changes in the net defined benefit asset (liability) are recognized in other comprehensive income with no subsequent recycling to profit and loss.

  The distinction between short-term and other long-term employee benefits will be based on the expected timing of settlement rather than the employee's entitlement to the benefits.

- Objectives for disclosures of defined benefit plans are explicitly stated in the revised standard, along with new or revised disclosure requirements. These new disclosures include quantitative information of the sensitivity of the defined benefit obligation to a reasonably possible change in each significant actuarial assumption.

While the Company is currently assessing the impact of the above amendments which are effective from January 1, 2013 on the financial statements, it is expected that the adoption of the said amendments will result in retrospective change in the Company's accounting policy related to recognition of actuarial gains and losses and past service costs to recognize actuarial gains and losses in total in other comprehensive income in the period in which they occur and to recognise past service cost immediately in profit and loss account when changes in plan occur. The potential impact of the said changes on the financial performance for the year ended June 30, 2013 upon adoption of the standard in the year 2014, is estimated as under :

	(Rupees in '000')
Net increase in profit for the year	45,334
Net decrease in other comprehensive income	45,334

In addition to the above, the following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan.

Standard		IASB Effective date(annual periods beginning on or after)
IFRS 9	Financial Instruments: Classification and Measurement	January 01, 2015
IFRS 10	Consolidated Financial Statements	January 01, 2013
IFRS 11	Joint Arrangements	January 01, 2013
IFRS 12	Disclosure of Interests in Other Entities	January 01, 2013
IFRS 13	Fair Value Measurement	January 01, 2013

4.3 Standards, amendments and interpretations adopted during the year

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described below:

New and amended standards and interpretations

The Company has adopted the following new and amended IFRS and interpretations which became effective during the year:

IAS 1 Presentation of Financial Statements - Presentation of items of other comprehensive income (Amendment)
IAS 12 Income Taxes - Recovery of Underlying Assets (Amendment)

The adoption of the above amendments did not have any material effect on the financial statements of the Company.

4.4 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 losses, if any.

Cost in relation to certain fixed assets, including capital work-in-progress, signifies historical cost and financial charges on borrowings as stated in note 4.19 to these financial statements.

Except for plant and machinery, depreciation / amortization is charged to profit and loss account applying the straight line method at the rates mentioned in the note 5.1 to these financial statements. On plant and machinery depreciation is charged on units of production method based on higher of estimated life or production. Depreciation on additions is charged from the date of acquisition / transfer of asset, whereas depreciation on disposals is charged till the date of disposal.

Assets' residual values, the method of depreciation 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.

4.5 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.

4.6 Investments in subsidiaries

Investments in subsidiaries are stated at cost less impairment losses, if any.

4.7 Investments at fair value through profit or loss

An investment is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are classified as held for trading if they are acquired for the purpose of selling and repurchasing in near term. These assets are acquired principally for the purpose of generating a profit from short-term fluctuation in price. Financial instruments are designated at fair value through profit or loss if the Company manages such investments and makes sales and purchase decision based on their fair value in accordance with the Company's investment strategy.

All investments classified as investments at fair value through profit or loss are initially measured at cost being fair value of consideration given. All transaction costs are recognized directly in profit and loss account. At subsequent dates these investments are measured at fair value with any resulting gain or loss recognized directly in the profit and loss account.

4.8 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. Provision for slow moving, damaged and obsolete items are charged to profit and loss account. Value of items is reviewed at each balance sheet date to record provision for any slow moving items, damaged and obsolete items.

Net realizable value signifies the selling price in the ordinary course of business less costs necessarily to be incurred in order to make the sale, which is generally equivalent to the estimated replacement cost.

4.9 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 the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

4.10 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 / receivables is based on the management's assessment of customers' outstanding balances and creditworthiness. Bad debts are written-off when identified.

4.11 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of cash and bank balances.

4.12 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.

4.13 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 Projected Unit Credit Method.

Staff retirement benefits are payable to staff on completion of prescribed qualifying period of service under the scheme. Actuarial gains and losses are recognized as income or expense immediately in the period in which they arise.

4.14 Compensated absences

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

4.15 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.

4.16 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.

4.17 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.

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 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.

4.18 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.
- Revenue from the sale of electricity is recorded based on the output delivered and capacity available at the rates as specified under Power Purchase Agreement.
- Return on bank deposits is recognized on a time proportion basis on the principal amount outstanding and at the rate applicable.

4.19 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.

4.20 Foreign currency translations

Foreign currency transactions are translated into Pakistani Rupee using the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities in foreign currencies are re-translated into Pakistani Rupee using the exchange rate ruling 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.

4.21 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 to 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 and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognized when the Company loses control of the contractual rights that comprise the financial asset. Financial liabilities are removed from the balance sheet when the obligation is extinguished, discharged, cancelled or expired.

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

4.22 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.

4.23 Impairment

At each balance sheet date, the carrying amount of assets are 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.

4.24 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 Rupee, which is the Company's functional and presentation currency.

	Note	2013	2012
		(Rupees in '000')	

5. PROPERTY, PLANT AND EQUIPMENT

	Note	2013	2012
Operating assets - tangible	5.1	30,810,820	30,637,815
Capital work-in-progress	5.4	197,572	378,717
		31,008,392	31,016,532

5.1 Operating assets – tangible

Particulars	COST			DEPRECIATION / AMORTIZATION			NET BOOK VALUE	Rate of depre- -ciation
	At July 01, 2012	Additions / *transfers / (disposals)	At June 30, 2013	At July 01, 2012	For the year / (disposals)	At June 30, 2013	At June 30, 2013	
	(Rupees in '000')							
Land – leasehold	969,080	-	969,080	34,431	11,722	46,153	922,927	99 & 53 Yrs
Building on leasehold land	6,309,071	- * 250,885	6,559,956	2,066,594	319,931 -	2,386,525	4,173,431	5%
Plant and machinery	20,430,617	- * 557,882	20,988,499	4,504,587	766,140 -	5,270,727	15,717,772	UPM
Generators **	10,662,951	- * 29,254	10,692,205	2,287,372	534,288	2,821,660	7,870,545	UPM
Quarry equipments	754,368	- * 332,954 -	1,087,322	307,500	95,046 -	402,546	684,776	10%
Vehicles including cement bulkers	830,799	80,564 * 8,307 (25,210)	894,460	325,871	77,063 (20,088)	382,846	511,614	10%-20%
Aircraft	-	640 * 744,024	744,664	-	35,070 -	35,070	709,594	20%
Furniture and fixtures	46,570	3,279 * 3,024 (94)	52,779	23,394	5,939 (73)	29,260	23,519	20%
Office equipments	116,198	2,556 * 5,437 (49)	124,142	59,261	14,589 (27)	73,823	50,319	20%
Computer and accessories	62,294	18,147 * 11,401 (5,849)	85,993	45,531	11,377 (5,283)	51,625	34,368	33%
Other assets (Laboratory equipment etc.)	174,830	1,875 * 12,755	189,460	64,422	13,083 -	77,505	111,955	10%
June 30, 2013	40,356,778	107,061 * 1,955,923 (31,202)	42,388,560	9,718,963	1,884,248 (25,471)	11,577,740	30,810,820	

UPM = Unit of production method

Particulars	COST			DEPRECIATION / AMORTIZATION			NET BOOK VALUE	Rate of depre- -ciation
	At July 01, 2011	Additions / *transfers / (disposals)	At June 30, 2012	At July 01, 2011	For the year / (disposals)	At June 30, 2012	At June 30, 2012	
	(Rupees in '000')							
Land – leasehold	951,113	17,967	969,080	22,819	11,612	34,431	934,649	99 & 53 Yrs
Building on leasehold land	6,054,969	363 * 253,739	6,309,071	1,758,177	308,417	2,066,594	4,242,477	5%
Plant and machinery	19,227,409	- * 1,203,208	20,430,617	3,803,272	701,315 -	4,504,587	15,926,030	UPM
Generators **	10,448,532	- * 214,419	10,662,951	1,764,806	522,566 -	2,287,372	8,375,579	UPM
Quarry equipments	800,927	495 * 15,322 (62,376)	754,368	275,935	81,471 (49,906)	307,500	446,868	10%
Vehicles including cement bulkers	767,740	73,827 - (10,768)	830,799	272,222	62,211 (8,562)	325,871	504,928	10%-20%
Furniture and fixtures	43,655	3,354 * 926 (1,365)	46,570	19,047	5,445 (1,098)	23,394	23,176	20%
Office equipments	105,311	7,447 * 5,074 (1,634)	116,198	47,244	12,750 (733)	59,261	56,937	20%
Computer and accessories	51,845	6,682 * 3,842 (75)	62,294	40,840	4,694 (3)	45,531	16,763	33%
Other assets (Laboratory equipment etc.)	170,343	659 * 3,838 (10)	174,830	52,271	12,152 - (1)	64,422	110,408	10%
June 30, 2012	38,621,844	110,794 * 1,700,368 (76,228)	40,356,778	8,056,633	1,722,633 (60,303)	9,718,963	30,637,815	

UPM = Unit of production method

** The carrying value of major spare parts and stand by equipments included in generators amount to Rs. 592.982 million (2012: 631.385 million).

	Note	2013	2012
		(Rupees in '000')	
5.2 Depreciation charged for the year has been allocated as follows:			
Cost of sales	27	1,636,773	1,626,225
Distribution costs	28	76,961	74,546
Administrative expenses	29	68,442	21,862
Cost of sale of electricity		102,072	-
Total		1,884,248	1,722,633

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

Particulars	Cost	Accumulated Depreciation	Net Book Value	Sale Proceeds	Gain / (Loss)	Mode of Disposal	Particulars of Buyers
	(Rupees in '000')						
Toyota Corolla IDM-1606	1,213	1,085	128	757	629	Tender	Mr. Aziz Khan, Rawalpindi
Toyota Corolla HZ-815	1,251	1,043	208	692	484	Negotiation	Mr. Shahid Aftab, Pezu
Honda City IDM-4964	793	709	84	505	421	Negotiation	Mr. Sadiq Hussain, Pezu
Honda City APL-920	912	619	293	883	590	Tender	Mr. Danish Alvi, Karachi
Honda City AJQ-976	846	672	174	717	543	Tender	Mr. Danish Alvi, Karachi
Toyota Corolla HV-534	1,019	852	167	767	600	Tender	Mr. M. Mansah, Islamabad
Honda City HG-651	803	672	131	753	622	Tender	Mr. Sajawal Khan, Islamabad
Suzuki Cultus AFE-461	598	520	78	472	394	Tender	Mr. Hasnain Agha, Karachi
Toyota Corolla AJQ-185	892	725	167	1,011	844	Insurance Claim	Jubilee General Insurance, Karachi
Toyota Corolla ARW-029	1,423	901	522	1,458	936	Insurance Claim	Jubilee General Insurance, Karachi
Suzuki Cultus AJJ-531	600	483	117	471	354	Tender	M.Zafar, Islamabad
Honda City IDM-1803	793	714	79	667	588	Tender	Hussain Hyder, Islamabad
Honda City AHX-463	849	731	118	654	536	Tender	Syed Adil Ali, Karachi
Shehzore KN-6179	586	484	102	637	535	Tender	Muhammad Imran, Karachi
Suzuki Cultus ARV-134	907	608	299	735	436	Tender	Mr. Imran Hashwani, Karachi
Honda City AGG-748	806	697	109	637	528	Tender	Mr. Taimor Dyer, Karachi
Suzuki Cultus AJJ-416	600	500	100	434	334	Tender	Syed Adil Ali, Karachi
Toyota Corolla AHC-684	1,027	890	137	564	427	Tender	Syed Adil Ali, Karachi
Honda City APD-992	866	640	226	880	654	Tender	Mr. Muhammad Iqbal, Karachi
Suzuki Cultus APC-206	647	476	171	600	429	Negotiation	Mr. Zafar Iqbal, Karachi
Suzuki Cultus AQE-227	626	462	164	504	340	Tender	Syed Adil Ali, Karachi
Honda City ALG-078	858	720	138	807	669	Tender	Mr. Danish Alvi, Karachi
Suzuki Cultus APC-204	647	485	162	568	406	Tender	Mr. Ghulam Mohuddin, Karachi
Honda City AQE-749	869	654	215	778	563	Tender	Syed Adil Ali, Karachi
Honda City AHA-855	846	735	111	676	565	Tender	Syed Adil Ali, Karachi
Alto-AMS-913	475	329	146	430	284	Tender	Ghulam Murtaza, Karachi
Toyota Corolla AGY-838	1,219	1,053	166	166	-	Negotiation	Mr. Abid Ganatra, Karachi
Honda Civic	1,561	1,145	416	416	-	Negotiation	Mr. Abid Ganatra, Karachi
Suzuki Cultus U-3047	607	479	128	475	347	Negotiation	Mr. Muhammad Aslam, Peshawar
Honda CD-70	71	5	66	67	1	Insurance Claim	Jubilee General Insurance, Karachi
Computer & Accessories	583	555	28	821	793	Insurance Claim	Jubilee General Insurance, Karachi
Computer & Accessories	188	37	151	104	(47)	Tender	NDS Computers, Karachi
Items having book value less than Rs.50,000 each	5,221	4,791	430	290	(140)	-	Various
Total	31,202	25,471	5,731	20,396	14,665		
2012	76,228	60,303	15,925	21,020	5,095		

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

Particulars	Opening balance	Additions	Transferred to operating fixed assets	Closing balance 2013	Closing balance 2012
	(Rupees in ' 000')				
Building and civil works	103,476	173,613	250,885	26,204	103,476
Plant and machinery	187,456	454,009	557,882	83,583	187,456
Generators	-	29,254	29,254	-	-
Hydel power project	61,347	-	-	61,347	61,347
Others	26,438	1,117,902	1,117,902	26,438	26,438
	378,717	1,774,778	1,955,923	197,572	378,717

6. INTANGIBLE ASSETS

Represents various computer softwares which are amortized on straight line basis over the period of 36 months. Movement during the year is as follows:

	Note	2013	2012
		(Rupees in '000')	
Opening balance (NBV)		1,514	1,685
Add: Additions during the year		4,425	1,524
		5,939	3,209
Less: Disposals during the year (NBV)		(9)	-
Amortization charge for the year		(1,219)	(1,695)
Closing balance (NBV)		4,711	1,514

7. LONG-TERM INVESTMENTS - at cost

	Note	2013	2012
Lucky Holdings Limited	7.1	5,619,000	-

7.1 During the year, the Company invested in Lucky Holdings Limited (LHL). LHL is a public unlisted company incorporated in Pakistan. As of the balance sheet date, the Company owns 75 percent shareholdings of LHL.

As at the balance sheet date, LHL held 75.93 percent shares of ICI Pakistan Limited. The said acquisition was made as per the share purchase agreement with ICI Omicron B.V. a wholly owned subsidiary of Akzo Nobel N.V. Netherlands.

	Note	2013	2012
		(Rupees in '000')	

8. LONG-TERM ADVANCE

	Note	2013	2012
Long-term advance against issuance of shares	8.1	492,200	-
Other	8.2	55,373	55,373
		547,573	55,373

8.1 During the year, the Company has made an investment in LCL Investment Holdings Limited (LCLIHL), the wholly owned subsidiary of the Company, incorporated and domiciled in Mauritius. During the year, LCLIHL concluded a joint venture agreement with Al-Shumookh Construction Materials Trading FZE, United Arab Emirates for establishing Lucky Al-Shumookh Holdings Limited for constructing a cement grinding unit in the Republic of Iraq. LCLIHL holds 50 percent ownership interest in the aforementioned joint venture.

During the year, LCLIHL also concluded a joint venture agreement with Rawsons Investments Limited (registered in Cayman Islands) for establishing LuckyRawji Holdings Limited for constructing a fully integrated cement manufacturing unit in the Democratic Republic of Congo. LCLIHL holds 50 percent ownership interest in the aforementioned joint venture.

8.2 This represents advance given to Sui Southern Gas Company Limited in respect of additional gas line which will be adjusted after commissioning of gas line in 48 equal monthly installments.

9. STORES AND SPARES

	Note	2013	2012
Stores	9.1	2,512,213	2,986,372
Spares	9.2	2,861,915	2,559,876
		5,374,128	5,546,248
Less: Provision for slow moving spares	9.3	195,073	150,028
		5,179,055	5,396,220

9.1 This includes stores in transit of Rs. 28.209 million (2012: Rs. 663.158 million) as at the balance sheet date.

9.2 This includes spares in transit of Rs. 53.010 million (2012: Rs. 79.205 million) as at the balance sheet date.

9.3 Movement in provision for slow moving spares:

	Note	2013	2012
Opening balance		150,028	100,659
Provision during the year	27	45,045	49,369
Closing balance		195,073	150,028

10. STOCK-IN-TRADE

	2013	2012
Raw and packing materials	623,547	552,924
Work-in-process	373,356	564,367
Finished goods	434,254	159,142
	1,431,157	1,276,433

	Note	2013	2012
		(Rupees in '000')	

11. TRADE DEBTS - considered good

	Note	2013	2012
Bills receivable - secured		1,268,434	664,245
Others - unsecured		399,865	386,394
	11.1	1,668,299	1,050,639

11.1 The ageing of trade debts at June 30 is as follows:

	2013	2012
Neither past due nor impaired	1,668,299	1,050,639

12. LOANS AND ADVANCES - secured, considered good

	Note	2013	2012
Loans and advances due from :			
Employees	12.1	16,127	10,638
Executives	12.1&12.2	18,416	27,119
		34,543	37,757
Advances to suppliers and others	12.3	225,455	110,432
		259,998	148,189

12.1 Represent 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.34.039 million (2012: Rs.27.119 million)

12.2 Reconciliation of carrying amount of loan to executives (key management personnel)

	2013	2012
Opening balance	27,119	5,946
Disbursements during the year	19,749	27,320
Repayment during the year	(28,452)	(6,147)
Closing balance	18,416	27,119

12.3 These advances are mainly secured against the insurance and bank guarantees from the respective suppliers.

13. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

	Note	2013	2012
		(Rupees in '000')	
Deposits			
Containers		315	210
Coal supplier		1,000	1,000
Karachi Port Trust		10,150	7,770
Utilities		735	735
Others		9,308	5,021
		21,508	14,736
Prepayments			
Insurance		11,418	12,282
Rent		6,543	4,402
Others		2,345	36,474
		20,306	53,158
		41,814	67,894

14. OTHER RECEIVABLES - unsecured, considered good

	Note	2013	2012
Rebate on export sales		63,875	60,977
Due from Collector of Customs	14.1	19,444	19,444
Hyderabad Electricity Supply Company (HESCO)		420,920	-
Others		187,952	25,256
		692,191	105,677

14.1 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 the fact that the said classification was issued on the representation of the Company.

The Company has filed a writ petition before the High Court of Sindh at Karachi in 2007 challenging the illegal and malafide act of encashment of post dated cheques. The matter is pending before the High Court of Sindh. The management believes that the ultimate outcome of the matter will be in favor of the Company. Hence no provision has been made against the said advance in these financial statements.

15. INVESTMENTS - held-for-trading

	Note	2013	2012
Mutual Funds			
Meezan Sovereign Fund		65,025	-
Lakson Money Market Fund		45,037	-
	15.1	110,062	-

15.1 The fair value of these investments is determined using their respective redemption net asset value (NAV).

16. 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. In June 2, 1997 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 paragraph 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 Honourable High Courts of Sindh and Lahore respectively. Both the 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 Honourable Supreme Court of Pakistan against the judgments of all three High Courts of the country. A full bench of the Honourable 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 Honourable 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, recognized this refund claim in the financial statements for the year ended June 30, 2007.

A review petition was also filed by the Federal Board of Revenue (FBR) in the Honourable 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 Honourable Peshawar High Court and taken the stance that this matter has already been dealt with at the Honourable Supreme Court of Pakistan level, based on the doctrine of res judicata. The Honourable Peshawar High Court granted a stay order to the Company against any adverse proceeding by the FBR in this case.

During the year, the Company filed a complaint before the Federal Tax Ombudsman (FTO) with a request that the FBR may be directed for early issuance of refund along-with the compensation for the delayed refund. The FTO has directed the FBR to verify the claim of the Company and submit a report in the matter.

17. CASH AND BANK BALANCES

	Note	2013	2012
		(Rupees in '000')	
Sales collection in transit		669,765	398,317
Cash at bank - on current accounts		33,381	36,250
- on deposit accounts		2,100,986	408,625
		2,134,367	444,875
Cash in hand		1,708	1,230
		2,805,840	844,422

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		2,134,367	444,875
Cash in hand		1,708	1,230
		2,805,840	844,422

18. SHARE CAPITAL

	Note	2013	2012
		(Rupees in '000')	
Authorized capital			
500,000,000 (2012: 500,000,000) Ordinary shares of Rs.10/- each		5,000,000	5,000,000
Issued, subscribed and paid-up capital			
305,000,000 (2012: 305,000,000) Ordinary shares of Rs.10/- each issued for cash	18.1	3,050,000	3,050,000
18,375,000 (2012: 18,375,000) Ordinary shares of Rs. 10/- each issued as bonus shares		183,750	183,750
		3,233,750	3,233,750

18.1 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 Global Depository Receipts (GDRs) issued by the Company on the Professional Securities Market of the London Stock Exchange. The GDR issue constituted an offering to qualified institutional buyers in the United States under Rule 144A and to non US persons outside the United States (US) 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.

19. RESERVES

	2013	2012
Capital reserve		
Share premium	7,343,422	7,343,422
Revenue reserves		
General reserve	20,000,000	15,000,000
Unappropriated profit	10,458,271	7,684,573
	30,458,271	22,684,573
	37,801,693	30,027,995

20. LONG-TERM FINANCE - secured

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

	Installments Number	Installments From	Note	2013	2012
				(Rupees in '000')	
Allied Bank Ltd.	16 quarterly	Oct-10		253,148	425,384
Allied Bank Ltd.	16 quarterly	Mar-11		139,750	232,914
				392,898	658,298
Less : Current portion of long-term finance				(265,400)	(265,400)
			20.1 & 20.2	127,498	392,898

20.1 The long-term finance carries mark-up at the rates of 7.50% and 8.2% (2012: 7.50% and 8.2%) per annum.

20.2 The above finance is secured by a letter of hypothecation providing charge over plant, machinery, equipment, 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.

21. LONG-TERM DEPOSITS

	Note	2013	2012
Cement stockists	21.1	19,195	17,747
Transporters	21.2	36,500	32,675
Others		1,430	2,330
		57,125	52,752

21.1 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.

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

22. DEFERRED LIABILITIES

	Note	2013	2012
Staff gratuity	22.1	552,042	438,391
Deferred tax liability	22.2	4,578,223	2,861,131
		5,130,265	3,299,522
22.1 Staff gratuity	22.1.1	552,042	438,391
		552,042	438,391

22.1.1 The amounts recognized in the balance sheet, based on the recent actuarial valuation carried on June 30, 2013, are as follows:

	2013	2012
22.1.1.1 Present value of defined benefit obligation	552,042	438,391

	Note	2013	2012
		(Rupees in '000')	

22.1.1.2 Movement in the liability recognized in the balance sheet are as follows:

Opening balance		438,391	391,837
Net charge for the year		174,472	82,773
		612,863	474,610
Payments made during the year		(60,821)	(36,219)
Closing balance		552,042	438,391

22.1.1.3 The amount recognized in the profit and loss account is as follows:

Current service cost		78,140	66,213
Interest cost		50,998	52,322
Actuarial losses / (gains) recognized		45,334	(35,762)
		174,472	82,773

22.1.1.4 The charge for the year has been allocated as follows:

Cost of sales	27	133,472	65,717
Distribution costs	28	7,125	2,295
Administrative expenses	29	33,875	14,761
		174,472	82,773

22.1.1.5 Principal actuarial assumptions used are as follows:

Expected rate of increase in salary level		11.50%	12.50%
Valuation discount rate		11.50%	12.50%

22.1.1.6 Comparisons for five years:

As at June 30	2013	2012	2011	2010	2009
	(Rupees in '000')				
Present value of defined benefit obligation	552,042	438,391	391,837	319,217	234,633

22.2 Deferred tax liability

	2013	2012
	(Rupees in '000')	
This comprises of the following:		
Deferred tax liability		
- Difference in tax and accounting bases of fixed assets	4,809,400	3,789,558
Deferred tax assets		
- Unabsorbed tax losses	-	(768,313)
- Provisions	(231,177)	(160,114)
	(231,177)	(928,427)
	4,578,223	2,861,131

22.2.1 Deferred tax asset has not been recognized on the tax credit available due to minimum tax provision amounting to Rs. 224.651 million (2012: Rs. 401.675 million) in accordance with the Company's policy as stated in note 4.17 to these financial statements.

23. TRADE AND OTHER PAYABLES

	Note	2013	2012
		(Rupees in '000')	
Creditors		838,546	802,516
Bills payable		2,445	1,577
Accrued liabilities		1,462,651	1,006,590
Customers running account		254,868	487,610
Retention money		16,090	96,989
Sales tax payable		339,199	110,527
Excise and other government levies		319,444	441,155
Unclaimed and unpaid dividend		59,499	44,414
Workers' profit participation fund (WPPF) payable	23.1	276,467	336,532
Others		3,073	17,695
		3,572,282	3,345,605

23.1 The Movement of WPPF is as follows:

Opening balance		336,532	234,365
Allocation for the year	31	616,350	438,411
Interest on funds utilized by the Company		10,117	5,837
		962,999	678,613
Payments during the year		(686,532)	(342,081)
		276,467	336,532

24. ACCRUED MARK-UP

Long-term finance		8,160	13,256
Short-term borrowings		2	63
		8,162	13,319

25. CONTINGENCIES AND COMMITMENTS

CONTINGENCIES

25.1 The Honourable Supreme Court of Pakistan while disposing off an appeal of the Collector of Customs, Karachi has issued a judgment on July 28, 2009 whereby it has set aside the earlier order of the Peshawar Honourable 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. On August 20, 2009 the Company has filed a review petition against the referred order which is pending before the Honourable Supreme Court of Pakistan. The amount of disputed levy is not ascertainable at this stage as no order was earlier framed by the Collector of Customs.

25.2 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, 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. The 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.

On August 3, 2011, the Company filed an execution petition for realization of the decretal amount as per the decree granted by the civil court on November 20, 2009. The Civil Judge, Peshawar, however, dismissed the recovery suit of the Company on December 18, 2012. Dismissal of the recovery suit by the lower court has been challenged by the Company in Peshawar High Court on March 9, 2013.

25.3 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 Commissioner Income Tax (CIT) [Appeals] has reversed the order of the assessing officer and decided the case in favour of the Company. The Income Tax Department filed appeals before Income Tax Appellate Tribunal (ITAT) who deleted the order of CIT (Appeals). The Company filed an appeal in Honourable Peshawar High Court and the Court has decided the case against the Company. The Company has now filed appeal in the Honourable 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 with the relevant tax authority.

25.4 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 a penalty at the rate of 7.5% of total turnover of each company consisting of both local and export sales. The amount of penalty imposed on the Company is Rs. 1,271.84 million which has been challenged in the Courts 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.

25.5 Also refer to notes 14.1 and 16 to these financial statement.

	Note	2013	2012
		(Rupees in '000)	
COMMITMENTS			
25.6 Capital commitments			
Plant and machinery under letters of credit		1,745,415	439,303
25.7 Other commitments			
Stores, spares and packing material under letters of credit		1,992,477	1,685,833
Bank guarantees issued on behalf of the Company		684,448	685,425

26. GROSS SALES

		2013	2012
Local		29,017,255	26,277,041
Export		14,720,747	12,846,106
		43,738,002	39,123,147

27. COST OF SALES

	Note	2013	2012
		(Rupees in '000)	
Salaries, wages and benefits	22.1.1.4	1,263,526	1,021,952
Raw material consumed		1,163,164	1,207,864
Packing material	27.1	2,203,968	2,020,140
Fuel and power		12,984,960	13,190,935
Stores and spares consumed		1,307,709	1,049,973
Repairs and maintenance		131,829	75,147
Depreciation / amortization	5.2	1,636,773	1,626,225
Insurance		74,929	75,421
Provision for slow moving spares	9.3	45,045	49,369
Earth moving machinery		186,666	150,198
Vehicle running and maintenance		44,526	39,076
Communication		11,813	11,180
Mess subsidy		27,567	23,634
Transportation		4,604	4,363
Travelling and conveyance		3,697	6,149
Inspection fee for electrical installation		1,279	1,353
Rent, rates and taxes		2,114	2,593
Printing and stationery		4,720	5,023
Other manufacturing expenses		74,571	54,839
		21,173,460	20,615,434
Work-in-process:			
Opening		564,367	484,692
Closing		(373,356)	(564,367)
		191,011	(79,675)
Cost of goods manufactured		21,364,471	20,535,759
Finished goods:			
Opening		159,142	224,644
Closing		(434,254)	(159,142)
		(275,112)	65,502
		21,089,359	20,601,261

27.1 These are net of duty draw back on export sales amounting to Rs.56.545 million (2012: 56.116 million)

	Note	2013	2012
		(Rupees in '000')	

28. DISTRIBUTION COSTS

	Note	2013	2012
Salaries and benefits	22.1.1.4	69,975	52,727
Logistics and related charges		3,307,396	2,956,950
Loading and others		58,748	52,771
Communication		3,444	3,669
Travelling and conveyance		3,691	2,254
Printing and stationery		1,243	879
Insurance		19,750	13,198
Rent, rates and taxes		12,968	8,707
Utilities		1,627	1,725
Vehicle running and maintenance		12,251	10,599
Repairs and maintenance		1,155	1,020
Fees, subscription and periodicals		408	746
Advertisement and sales promotion		86,166	50,463
Entertainment		1,395	976
Security service		1,702	1,213
Depreciation	5.2	76,961	74,546
Others		6,698	4,278
		3,665,578	3,236,721

29. ADMINISTRATIVE EXPENSES

	Note	2013	2012
Salaries and benefits	22.1.1.4	231,629	144,480
Communication		13,068	9,995
Travelling and conveyance		23,539	16,388
Insurance		3,144	1,518
Rent, rates and taxes		4,434	4,191
Vehicle running and maintenance		19,345	13,807
Aircraft running and maintenance		20,052	-
Printing and stationery		9,247	6,223
Fees and subscription		19,473	10,382
Security services		8,542	5,266
Legal fee		6,955	10,097
Professional and advisory services		216,887	8,495
Transportation and freight		1,297	822
Utilities		5,745	4,841
Repairs and maintenance		19,954	10,080
Advertisement		2,219	3,280
Donations	29.1	208,484	184,507
Auditors' remuneration	29.2	1,629	1,603
Other auditors' remuneration	29.3	218	6,138
Depreciation	5.2	68,442	21,862
Amortization	6	1,219	1,695
Trainings cost		1,708	-
Others		10,075	8,465
		897,305	474,135

29.1 Donations during the year includes donation amounting to Rs. 135 million (2012: nil) to Aziz Tabba Foundation (ATF). ATF is located at 1-A, Latif Cloth Market, M.A. Jinnah Road, Karachi. Mr. Muhammad Younus Tabba, Chairman of the Board of Directors of the Company, is the Chairman of ATF and Mr. Muhammad Ali Tabba, the Chief Executive of the Company, is the Vice Chairman of ATF. Further, Mr. Muhammad Sohail Tabba, Mr. Muhammad Jawed Tabba, Mrs. Raheela and Ms. Zulekha Tabba, the Directors of the Company, are the Directors of ATF.

	Note	2013	2012
		(Rupees in '000')	

29.2 Auditors' remuneration

	Note	2013	2012
Statutory auditors (Ernst & Young Ford Rhodes Sidat Hyder)			
Audit fee		1,100	1,100
Half yearly review fee		300	300
Fee for the review of Code of Corp. Governance		75	75
Out of pocket expenses		154	128
		1,629	1,603

29.3 Other auditors' remuneration

	Note	2013	2012
Internal auditors (M.Yousuf Adil Saleem & Co.,)			
Remuneration		-	5,400
Others		-	521
		-	5,921
Cost auditors (KPMG Taseer Hadi & Co.,)			
Cost audit fee		200	200
Out of pocket expenses		18	17
		218	217
		218	6,138

30. FINANCE COSTS

	Note	2013	2012
Mark-up on long-term finance		3,547	22,183
Mark-up on short-term borrowings		43,220	207,530
Interest on workers' profit participation fund		10,117	5,837
Exchange loss		13,429	-
Bank charges and commission		18,945	17,684
		89,258	253,234

31. OTHER CHARGES

	Note	2013	2012
Workers' Profit Participation Fund	23.1	616,350	438,411

32. OTHER INCOME

	Note	2013	2012
Income from non financial assets			
Gain on disposal of property, plant and equipment	5.3	14,665	5,095
Sale of electricity		1,525,398	-
Cost of sale of electricity		(1,302,914)	-
		222,484	-
Others		10,717	109
Income from financial assets			
Unrealized gain on revaluation of investments		62	-
		247,928	5,204

33. TAXATION

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

33.2 The tax assessments of the Company have been finalized upto and including the tax year 2012.

34. EARNINGS PER SHARE - Basic and diluted

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

	Note	2013	2012
		(Rupees in '000')	
Profit after tax (Rupees in thousands)		9,713,948	6,782,416
Weighted average no. of ordinary shares (in thousands)		323,375	323,375
Basic earnings per share - (Rupees)		30.04	20.97

35. CASH GENERATED FROM OPERATIONS

	Note	2013	2012
Profit before taxation		11,700,534	8,323,977
Adjustments for non cash charges and other items			
Depreciation	5.2	1,884,248	1,722,633
Amortization on intangible assets	6	1,219	1,695
Provision for slow moving spares	9.3	45,045	49,369
Gain on disposal of property, plant and equipment	5.3	(14,665)	(5,095)
Loss on disposal of intangible asset		9	-
Provision for staff gratuity	22.1.1.3	174,472	82,773
Finance costs	30	89,258	253,234
Profit before working capital changes		13,880,120	10,428,586
(Increase) / decrease in current assets			
Stores and spares		172,120	867,995
Stock-in-trade		(154,724)	(27,895)
Trade debts		(617,660)	(429,678)
Loans and advances		(111,809)	(76,025)
Trade deposits and short-term prepayments		26,080	(29,225)
Other receivables		(586,514)	113,207
		(1,272,507)	418,379
Increase / (decrease) in current liabilities			
Trade and other payables		211,592	(707,977)
		12,819,205	10,138,988

36. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

36.1 Aggregate amounts charged in these financial statements are as follows :

Particulars	Chief Executive		Director(s)		Executives		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
	(Rupees in '000')							
Remuneration	22,044	12,000	2,150	3,401	155,267	114,046	179,461	129,447
House rent allowance	8,818	4,800	860	1,360	69,870	51,320	79,548	57,480
Utility allowance	2,205	1,200	215	339	15,527	11,404	17,947	12,943
Conveyance allowance	-	-	-	-	15,527	11,404	15,527	11,404
Charge for defined benefit							-	-
obligation	17,500	1,500	613	425	18,744	13,632	36,857	15,557
	50,567	19,500	3,838	5,525	274,935	201,806	329,340	226,831
Number of persons	1	1	2	2	137	114	140	117

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

36.3 An amount of Rs. 360,000/- was paid to 9 non executive directors and Rs. 130,000/- was paid to 2 executive directors during the year as fee for attending board meetings (2012: 7 non executive directors were paid Rs. 210,000/- and 2 executive directors were paid Rs. 80,000/-).

37. TRANSACTIONS WITH RELATED PARTIES

37.1 Related parties comprise subsidiaries, associated entities, entities 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:

	2013	2012
	(Rupees in '000')	
Subsidiaries		
Lucky Holdings Limited		
Investment made during the year	5,619,000	-
LCL Investment Holdings Limited		
Advance against issuance of shares	492,200	-
Associated Companies		
Lucky Paragon ReadyMix Limited		
Sales	193,459	111,932
Purchases	-	-
Fazal Textile Mills Limited		
Sales	32,663	39,594
Yunus Textile Mills Limited		
Sales	4,607	5,060
Lucky Textile Mills		
Sales	27,205	21,777
Gadoon Textile Mills Limited		
Sales	9,709	27,184
Aziz Tabba Foundation		
Sales	1,562	-
Donation	135,000	-
Lucky One (Pvt) Limited		
Sales	112,208	2,907
ICI Pakistan Limited		
Sales	8,580	-
Lucky Commodities		
Sales	31,237	-
Lucky Air (Pvt) Limited		
Services	13,455	-

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

38. PRODUCTION CAPACITY

	Note	2013	2012
		(Rupees in '000')	
Production Capacity - (Cement)		7,750,000	7,750,000
Actual Production Clinker		5,770,980	5,633,811
Actual Production Cement		6,150,440	5,935,790

38.1 Production capacity utilization is 79.36% (2012: 76.59%) of total installed capacity.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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, and trade and other payables. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has various financial assets such as investments, loans, deposits, trade and other receivables and cash and bank balances, which are directly related to its operations. The Company's finance and treasury departments oversee the management of these risks and provide assurance to the Company's senior management that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company policies and risk appetite. No changes were made in the objectives, policies or processes and assumptions during the year ended June 30, 2013. The policies for managing each of these risks are summarized below:

39.1 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 risks: interest rate risk, currency risk and other price risk. Financial instruments susceptible to market risk include deposits, loans and borrowings. The sensitivity analysis in the following sections relate to the position as at June 30, 2013 and 2012.

39.1.1 Interest 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. Bank balances carrying interest at rates between 5% and10.25% (2012: 5% and 11.5%) . The Company mitigates its risk against exposure through focusing on short term borrowings that are available at lower rates to the Company and maintaining bank balances.

39.1.1.1 Interest 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.

	Increase / decrease in basis points	Effect on profit before tax
	(Rupees in '000')	
2013		
Pak Rupee	+100	21,010
Pak Rupee	-100	(21,010)
2012		
Pak Rupee	+100	4,086
Pak Rupee	-100	(4,086)

39.1.2 Currency risk

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 Rupee. Approximately 34% (2012: 33%) of the Company's sales are denominated in currencies other than Pakistani Rupee, while almost 66% (2012: 67%) of sales are denominated in local currency.

The following table demonstrates the sensitivity to a reasonably possible change in the USD exchange rate. If Pakistani Rupee (Pak Rupee) 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, 2013 and 2012 would have been as follows:

	Increase / decrease in US Dollar to Pak Rupees	Effect on profit before tax
	(Rupees in '000')	
2013		
Pak Rupee	+5%	58,224
Pak Rupee	-5%	(58,224)
2012		
Pak Rupee	+5%	33,239
Pak Rupee	-5%	(33,239)

39.1.3 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 including equity risk except for investments in mutual funds as disclosed in note 15 to these financial statements.

39.2 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. As of the balance sheet date, the Company is exposed to credit risk on the following assets:

	Note	2013	2012
		(Rupees in '000')	
Long-term deposits		3,175	3,175
Trade debts	11	1,668,299	1,050,639
Loans	12	34,543	37,757
Trade deposits	13	21,508	14,736
Other receivables	14	608,872	25,256
Bank balances	17	2,804,132	843,192
		5,140,529	1,974,755

Credit quality of financial assets

The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. The credit quality of cash at bank (in current and deposit accounts) as per credit rating agencies are as follows:

	Note	2013	2012
		(Rupees in '000')	
A1+		2,751,430	842,673
A1		52,702	519
		2,804,132	843,192

39.3 Liquidity risk

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

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	(Rupees in '000')				
June 30, 2013					
Long-term finance	-	66,350	208,424	140,093	414,867
Long-term deposit	-	-	-	57,125	57,125
Trade and other payables	600,912	1,652,712	128,679	-	2,382,303
Accrued mark-up	-	8,162	-	-	8,162
	600,912	1,727,224	337,103	197,218	2,862,457
June 30, 2012					
Long-term finance	-	66,350	199,050	392,898	658,298
Long-term deposit	-	-	-	52,752	52,752
Trade and other payables	507,442	1,286,424	175,915	-	1,969,781
Accrued mark-up	-	13,319	-	-	13,319
	507,442	1,366,093	374,965	445,650	2,694,150

39.4 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. As of the balance sheet date, the carrying value of all financial assets and liabilities reflected in the financial statements approximate to their fair values.

39.5 Capital 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, policies and processes during the year ended June 30, 2013.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing 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 the year, the Company's strategy was to minimize leveraged gearing. The gearing ratios as at June 30, 2013 and 2012 were as follows:

	Note	2013	2012
		(Rupees in '000')	
Long-term finance	20	127,498	392,898
Trade and other payables	23	3,572,282	3,345,605
Accrued mark-up	24	8,162	13,319
Current portion of long-term finance	20	265,400	265,400
Total debt		3,973,342	4,017,222
Cash and bank balances	17	(2,805,840)	(844,422)
Net debt		1,167,502	3,172,800
Share capital	18	3,233,750	3,233,750
Reserves	19	37,801,693	30,027,995
Equity		41,035,443	33,261,745
Capital		42,202,945	36,434,545
Gearing ratio		2.77%	8.71%

The Company finances its expansion 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.

40 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 17,2013 by the Board of Directors of the Company.

41 NUMBER OF EMPLOYEES

The number of persons employed as on the balance sheet date was 2,209 (2012: 2,186) and the average number of employees during the year was 2,198 (2012: 2,106).

42 GENERAL

42.1 The Board of Directors in their meeting held on September 17,2013 (i) approved the transfer of Rs.7,871.271 million (2012: Rs.5,000 million) from un-appropriated profit to general reserve; and (ii) proposed final dividend of Rs.8/- per share for the year ended June 30, 2013 amounting to Rs.2,587 million (2012: Rs.1,940 million) for approval of the members at the Annual General Meeting to be held on October 24, 2013 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 to certain changes in the current year's presentation. However, there have been no material reclassification to report.

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

Consolidated Financial Statements

Auditors' Report on Consolidated Financial Statements to the Members

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of Lucky Cement Limited (the Holding Company) and its subsidiary companies namely Lucky Holdings Limited (LHL) and LCL Investment Holdings Limited (LCLIHL) as at 30 June 2013 and the related consolidated profit and loss account, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinion on the financial statements of the Holding Company. The financial statements of LHL has been audited by other firm of auditors whose report has been furnished to us and our opinion, in so far as it relates to the amounts included for such subsidiary company, is based solely on the report of such other auditor. The financial statements of LCLIHL are un-audited. These consolidated financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of the Holding Company and its subsidiary companies as at 30 June 2013 and the results of their operations for the year then ended.

We draw attention to note 18 to the consolidated financial statements which explains the reasons for recording an asset representing a claim of refund of excise duty amounting to Rs 538.812 million in the books of account of the Holding Company. Our opinion is not qualified in respect of this matter.

Ernst & Young Ford Rhodes Sidat Hyder

Chartered Accountants
Audit Engagement Partner: Shariq Ali Zaidi
Date: September 17, 2013
Karachi

Consolidated Balance Sheet
As at June 30, 2013

	Note	2013	2012
		(Rupees in '000')	
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	6	42,091,094	31,016,532
Intangible assets	7	8,057,855	1,514
		50,148,949	31,018,046
Long-term investment	8	2,500	-
Long-term loans and advances	9	749,644	55,373
Long-term deposits and prepayments	10	36,513	3,175
		50,937,606	31,076,594
CURRENT ASSETS			
Stores, spares and consumables	11	6,050,757	5,396,220
Stock-in-trade	12	6,026,034	1,276,433
Trade debts	13	2,559,485	1,050,639
Loans and advances	14	420,638	148,189
Trade deposits and short-term prepayments	15	203,702	67,894
Other receivables	16	1,881,749	105,677
Investments	17	110,062	-
Tax refunds due from the Government	18	538,812	538,812
Taxation - net		1,759,287	126,361
Cash and bank balances	19	3,746,968	844,422
		23,297,494	9,554,647
TOTAL ASSETS		74,235,100	40,631,241
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	20	3,233,750	3,233,750
Reserves	21	37,895,741	30,027,995
Attributable to the equity holders of the Holding Company		41,129,491	33,261,745
Non-controlling interests		5,490,672	-
Total equity		46,620,163	33,261,745
NON-CURRENT LIABILITIES			
Long-term finance	22	7,791,524	392,898
Long-term deposits	23	57,125	52,752
Deferred liabilities	24	8,555,982	3,299,522
		16,404,631	3,745,172
CURRENT LIABILITIES			
Short-term borrowings and running finance	25	2,654,549	-
Trade and other payables	26	8,065,628	3,345,605
Accrued mark-up	27	224,729	13,319
Current portion of long-term finance	22	265,400	265,400
		11,210,306	3,624,324
CONTINGENCIES AND COMMITMENTS	28		
TOTAL EQUITY AND LIABILITIES		74,235,100	40,631,241

The annexed notes from 1 to 47 form an integral part of these consolidated financial statements.

Muhammad Yunus Tabba
Chairman / Director

Muhammad Ali Tabba
Chief Executive

Consolidated Profit and Loss Account
For the year ended June 30, 2013

	Note	2013	2012
		(Rupees in '000')	
Turnover	30.1	63,871,979	39,123,147
Less: Sales tax and excise duty		6,620,438	5,485,629
Rebates and commission		1,201,048	314,983
		7,821,486	5,800,612
Net turnover		56,050,493	33,322,535
Cost of turnover	30.2	(37,511,103)	(20,601,261)
Gross profit		18,539,390	12,721,274
Distribution costs	32	(4,144,631)	(3,236,721)
Administrative expenses	33	(1,333,849)	(474,135)
Finance costs	34	(564,226)	(253,234)
Other charges	35	(696,711)	(438,411)
Other income	36	374,693	5,204
Profit before taxation		12,174,666	8,323,977
Taxation	37	(2,171,942)	(1,541,561)
Profit after taxation		10,002,724	6,782,416
Other comprehensive income		-	-
Total comprehensive income		10,002,724	6,782,416
Attributable to:			
Owners of the Holding Company		9,807,996	6,782,416
Non-controlling interests		194,728	-
		10,002,724	6,782,416
		(Rupees)	
Earnings per share - basic and diluted	38	30.33	20.97

The annexed notes from 1 to 47 form an integral part of these consolidated financial statements.

Muhammad Yunus Tabba
Chairman / Director

Muhammad Ali Tabba
Chief Executive

Consolidated Cash Flow Statement

For the year ended June 30, 2013

	Note	2013	2012
		(Rupees in '000')	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	39	12,507,303	10,138,988
Finance costs paid		(352,816)	(325,363)
Income tax paid		(863,064)	(417,935)
Gratuity paid	24.1.1.2	(72,995)	(36,219)
		(1,288,875)	(779,517)
Long-term loan		(7,639)	-
Long-term deposits		7,553	15,446
Net cash generated from operating activities		11,218,342	9,374,917
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(2,892,981)	(1,051,458)
Payment against acquisition of ICI	5	(13,073,938)	-
Long-term advance against issue of shares	9.2	(492,200)	-
Investments	17	(110,062)	-
Sale proceeds on disposal of property, plant and equipment		25,753	21,020
Net cash used in investing activities		(16,543,428)	(1,030,438)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term finance - net		7,108,356	(265,400)
Shares issued to non-controlling interests		1,873,000	-
Dividends paid		(1,984,706)	(1,283,607)
Long term deposits		4,373	-
Short-term borrowings and running finance - net		322,492	(6,302,252)
Net cash generated from / (used in) financing activities		7,323,515	(7,851,259)
Net increase in cash and cash equivalents		1,998,429	493,220
Cash and cash equivalents at the beginning of the year		844,422	351,202
Cash and cash equivalents acquired on acquisition of ICI	5	904,117	-
Cash and cash equivalents at the end of the year		3,746,968	844,422

The annexed notes from 1 to 47 form an integral part of these consolidated financial statements.

Muhammad Yunus Tabba
Chairman / Director

Muhammad Ali Tabba
Chief Executive

Consolidated Statement of Changes in Equity

For the year ended June 30, 2013

Attributable to the equity holders of the Holding Company

	Issued, subscribed and paid up capital	Capital reserve	Revenue reserves		Total reserves	Non-controlling interests	Total equity
		Share premium	General reserves	Unappropri--ated Profit			
	(Rupees in '000')						
Balance as at June 30, 2011	3,233,750	7,343,422	12,500,000	4,695,657	24,539,079	-	27,772,829
Transfer to general reserve	-	-	2,500,000	(2,500,000)	-	-	-
Final dividend at the rate of Rs. 4/- per share for the year ended June 30, 2011	-	-	-	(1,293,500)	(1,293,500)	-	(1,293,500)
Total comprehensive income for the year	-	-	-	6,782,416	6,782,416	-	6,782,416
Balance as at June 30, 2012	3,233,750	7,343,422	15,000,000	7,684,573	30,027,995	-	33,261,745
Transfer to general reserve	-	-	5,000,000	(5,000,000)	-	-	-
Final dividend at the rate of Rs. 6/- per share for the year ended June 30, 2012	-	-	-	(1,940,250)	(1,940,250)	-	(1,940,250)
Shares issued to non-controlling interests	-	-	-	-	-	1,873,000	1,873,000
Non controlling interest - at acquisition of sub-subsidiary (ICI)	-	-	-	-	-	3,467,400	3,467,400
Dividends paid to non-controlling interests of sub-subsidiary (ICI)	-	-	-	-	-	(44,456)	(44,456)
Total comprehensive income for the year	-	-	-	9,807,996	9,807,996	194,728	10,002,724
Balance as at June 30, 2013	3,233,750	7,343,422	20,000,000	10,552,319	37,895,741	5,490,672	46,620,163

The annexed notes from 1 to 47 form an integral part of these consolidated financial statements.

Muhammad Yunus Tabba
Chairman / Director

Muhammad Ali Tabba
Chief Executive

Notes to the Consolidated Financial Statements
For the year ended June 30, 2013

1. THE GROUP AND ITS OPERATIONS
The Group consists of Lucky Cement Limited ("the Holding Company") and its subsidiary companies LCL Investment Holdings Limited, Lucky Holdings Limited, ICI Pakistan Limited and ICI Pakistan PowerGen Limited. Brief profiles of the Holding companies and its subsidiary companies are as follows :

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

1.2 LCL Investment Holdings Limited
During the year, the Holding Company has established an investment in LCL Investment Holdings Limited ("LCLIHL"), the wholly owned subsidiary of the Holding Company, incorporated and domiciled in Mauritius. During the year, LCLIHL concluded a joint venture agreement with Al-Shumookh Construction Materials Trading FZE, United Arab Emirates for establishing Lucky Al-Shumookh Holdings Limited for constructing a cement grinding unit in the Republic of Iraq. LCLIHL holds 50 percent ownership interest in the aforementioned joint venture.

During the year, LCLIHL also concluded a joint venture agreement with Rawsons Investments Limited (registered in Cayman Islands) for establishing LuckyRawji Holdings Limited for constructing a fully integrated cement manufacturing unit in the Democratic Republic of Congo. LCLIHL holds 50 percent ownership interest in the aforementioned joint venture.

The financial year of LCLIHL ends on December each year hence unaudited financial statements of LCLIHL have been used in preparation of these consolidated financial statements. Following is the brief summary of un-audited financial statements of LCLIHL:

	2013
	(Rupees in '000')
Total assets	493,968
Total equity	493,968

No activity affecting the profit and loss account of LCLIHL has been carried out as of the balance sheet date.

1.3 Lucky Holdings Limited
Lucky Holdings Limited ("LHL") was incorporated in Pakistan on September 6, 2012 as a public unlisted Company limited by shares under the Companies Ordinance, 1984. The registered office of LHL at Main Indus Highway, Pezu, District Lakki Marwat in the province of Khyber Pakhtunkhwa. LHL holds 75.933% shares in ICI Pakistan Limited. The main source of earning is dividend and royalty income.

1.4 ICI Pakistan Limited
ICI Pakistan Limited ("ICI") was incorporated in Pakistan and is listed on the Karachi, Lahore and Islamabad Stock Exchanges. The Company is engaged in the manufacture of polyester staple fiber, POY chips, soda ash, specialty chemicals, sodium bicarbonate and polyurethanes; marketing of seeds, toll manufactured and imported pharmaceuticals and animal health products; and merchanting of general chemicals. It also acts an indenting agent and toll manufacturer. The registered office of ICI is situated at 5 West Wharf, Karachi.

1.5 ICI Pakistan PowerGen Limited
ICI Pakistan PowerGen Limited ("ICI PowerGen") was incorporated in Pakistan as an unlisted public company and is a wholly owned subsidiary company of ICI. ICI PowerGen is engaged in generating, selling and supplying electricity to the ICI. The registered office of ICI PowerGen is situated at 5 West Wharf, Karachi.

2. STATEMENT OF COMPLIANCE
These consolidated 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 (IASB) 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. BASIS OF CONSOLIDATION
These consolidated financial statements include the financial statements of the Holding Company and its subsidiary companies, here-in-after referred to as "the Group".

A company is a subsidiary, if an entity (the Holding Company) directly or indirectly controls, beneficially owns or holds more than fifty percent of its voting securities or otherwise has power to elect and appoint more than fifty percent of its directors.

Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the Holding Company, using consistent accounting policies. The accounting policies of the subsidiaries have been changed to conform with accounting policies of the Group, where required.

All intra-group balances, transactions and unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Where the ownership of a subsidiary is less than 100% and therefore, a non controlling interest (NCI) exists, the NCI is allocated its share of the total comprehensive income of the period, even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the assets (including goodwill) and liabilities of the subsidiary, carrying amount of any NCI, cumulative translation differences recognized in equity, and recognizes fair value of consideration received, any investment retained, surplus or deficit in profit and loss account, and reclassifies the Holding Company share of components previously recognized in other comprehensive income to profit and loss account or retained earnings, as appropriate.

The assets, liabilities, income and expenses of subsidiary companies are consolidated on a line by line basis and carrying value of investments held by the Holding Company is eliminated against the subsidiary companies' shareholders' equity in the consolidated financial statements.

The presentation and functional currency of the Holding Company and subsidiaries other than LCLIHL are Pakistani Rupee and the functional currency of LCLIHL is US Dollar. For the purpose of consolidation, the financial statements of the LCLIHL are translated to functional currency of the Holding Company.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Accounting convention

These consolidated financial statements have been prepared under the historical cost convention except for:

- Investments which are carried at fair value in accordance with IAS-39 "Financial Instruments: Recognition and measurement"; and

- Defined benefit obligations which are stated at present value in accordance with the requirements of IAS-19 "Employee Benefits", as referred to in note 24.1.

4.2 Significant accounting judgments, estimates and assumptions

The preparation of consolidated 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 Group's accounting policies. Estimates 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. Revision to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Judgements and estimates made by the management that may have a significant risk of material of adjustments to the consolidated financial statements are discussed in note 44.

4.3 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 standard or interpretation:

	Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 7	Financial Instruments: Disclosures - (Amendments) Amendments enhancing disclosures about offsetting of financial assets and financial liabilities	January 01, 2013
IAS 19	Employee Benefits - (Amendment)	January 01, 2013
IAS 32	Offsetting Financial Assets and Financial Liabilities (Amendment)	January 01, 2014
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	January 01, 2013

The Group expects that the adoption of the above revisions, amendments and interpretations of the standards will not affect on the Group's consolidated financial statements in the period of initial application other than the amendments to IAS-19 'Employee Benefits' as described below:

Amendments to IAS 19 range from fundamental changes to simple clarification and re-wording. The significant changes include the following:

- For defined benefit plans, the ability to defer recognition of actuarial gains and losses (i.e., the corridor approach) has been removed. As revised, actuarial gains and losses are recognized in other comprehensive income when they occur. Amounts recorded in profit and loss are limited to current and past service costs, gains or losses on settlements, and net interest income (expense). All other changes in the net defined benefit asset (liability) are recognized in other comprehensive income with no subsequent recycling to profit and loss.

  The distinction between short-term and other long-term employee benefits will be based on the expected timing of settlement rather than the employee's entitlement to the benefits.

- Objectives for disclosures of defined benefit plans are explicitly stated in the revised standard, along with new or revised disclosure requirements. These new disclosures include quantitative information of the sensitivity of the defined benefit obligation to a reasonably possible change in each significant actuarial assumption.

While the Group is currently assessing the impact of the above amendments which are effective from January 1, 2013 on the financial statements, it is expected that the adoption of the said amendments will result in retrospective change in the Group's accounting policy related to recognition of actuarial gains and losses and past service costs to recognize actuarial gains and losses in total in other comprehensive income in the period in which they occur and to recognise past service cost immediately in profit and loss account when changes in plan occur. The potential impact of the said changes on the consolidated financial performance for the year ended June 30, 2013 upon adoption of the standard in the year 2014, is estimated as under:

	2013
	(Rupees in '000')
Net increase in profit for the year	264,264
Net decrease in other comprehensive income	264,264

In addition to the above, the following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan.

Standard		IASB Effective date (annual periods beginning on or after)
IFRS 9	Financial Instruments: Classification and Measurement	January 01, 2015
IFRS 10	Consolidated Financial Statements	January 01, 2013
IFRS 11	Joint Arrangements	January 01, 2013
IFRS 12	Disclosure of Interests in Other Entities	January 01, 2013
IFRS 13	Fair Value Measurement	January 01, 2013

4.4 Standards, amendments and interpretations adopted during the year

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those of the previous financial year except as described below:

New and amended standards and interpretations

The Group has adopted the following new and amended IFRS and interpretations which became effective during the year:

IAS 1 Presentation of Financial Statements - Presentation of items of other comprehensive income (Amendment)

IAS 12 Income Taxes - Recovery of Underlying Assets (Amendment)

The adoption of the above amendments did not have any material effect on the consolidated financial statements of the Group.

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 losses, if any.

Cost in relation to certain fixed assets, including capital work-in-progress, signifies historical cost and financial charges on borrowings as stated in note 4.20 to these consolidated financial statements.

Except for certain plant and machinery, depreciation is charged on units of production method based on higher of estimated life or production. Depreciation / amortization is charged to profit and loss account applying the straight line method at the rates mentioned in the note 6.1 to these consolidated financial statements. Depreciation on additions is charged from the date of acquisition / transfer of asset, whereas depreciation on disposals is charged till the date of disposal.

Assets' residual values, the method of depreciation 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

Intangible assets other than goodwill, distribution relationship, principal relationship and product rights are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Distribution relationship, principal relationship and product rights are stated at cost less accumulated impairment losses, if any, as their useful life is indefinite. However, these assets are tested for impairment annually. Amortisation is charged to the profit and loss account applying the straight line method, whereby, the cost of intangible asset is written off over its useful economic life. The useful lives of the intangible assets are stated in note 7 to these consolidated financial statements. Full month's amortisation is charged in the month of addition, whereas, amortisation on disposals is charged upto the month in which the disposal takes place.

4.7 Investments at fair value through profit or loss

An investment is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are classified as held for trading if they are acquired for the purpose of selling and repurchasing in near term. These assets are acquired principally for the purpose of generating a profit from short-term fluctuation in price. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes sales and purchase decision based on their fair value in accordance with the Group's investment strategy.

All investments classified as investments at fair value through profit or loss are initially measured at cost being fair value of consideration given. All transaction costs are recognized directly in profit and loss account. At subsequent dates these investments are measured at fair value with any resulting gain or loss recognized directly in the profit and loss account.

4.8 Investment in joint venture

Investment in joint venture is accounted for using the equity method, whereby, the investment is initially recorded at cost and adjusted thereafter for the post acquisition changes in the Holding Company's share of net assets of the joint ventures.

4.9 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. Provision for slow moving, damaged and obsolete items are charged to profit and loss account. Value of items is reviewed at each balance sheet date to record provision for any slow moving items, damaged and obsolete items.

Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

Net realizable value signifies the selling price in the ordinary course of business less costs necessarily to be incurred in order to make the sale, which is generally equivalent to the estimated replacement cost.

4.10 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.

Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

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

4.11 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 / receivables is based on the management's assessment of customers' outstanding balances and creditworthiness. Bad debts are written-off when identified.

4.12 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of cash and bank balances.

4.13 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.

4.14 Staff retirement benefits

The Group's retirement benefit plans comprise of provident funds, pensions, gratuity schemes and a medical scheme for eligible retired employees.

Defined benefit plans

The Group recognizes staff retirements benefits expense in accordance with IAS 19 "Employee Benefits". An actuarial valuation of all defined benefit schemes is conducted every year. The valuation uses the Projected Unit Credit method. Actuarial gains and losses are recognized as income or expense immediately in the period in which they arise. All past service costs are recognized at the earlier of when the amendment or curtailment occurs and when the Group has recognized related restructuring or terminations benefits.

The Group operates an unfunded gratuity scheme covering all permanent employees of the Holding Company. Contribution is made to this scheme on the basis of actuarial recommendations. Staff retirement benefits are payable to staff on completion of prescribed qualifying period of service under the scheme.

The Group operates a funded pension scheme and a funded gratuity scheme for the management staff of its subsidiary companies (ICI and ICI PowerGen). The pension and gratuity schemes are salary schemes providing pension and lump sums, respectively. Pension and gratuity schemes for ICI's management staff are invested through two approved trust funds. The Group also operates unfunded gratuity scheme for non-management staff and the unfunded pensioners' medical scheme for its subsidiary companies (ICI and ICI PowerGen). The pension and gratuity plans are final salary plans. The pensioner's medical plan reimburses actual medical expenses to pensioners as per entitlement.

Defined contributory plans

The Group operates two registered contributory provident funds for entire staff of its subsidiary companies (ICI and ICI PowerGen) and a registered defined contribution superannuation fund for management staff of its subsidiary companies (ICI and ICI PowerGen), who have either opted for this fund by July 31, 2004 or have joined ICI after April 30, 2004. In addition to this, the Group also provides group insurance to all employees of its subsidiary companies (ICI and ICI PowerGen).

4.15 Compensated absences

The Group accounts for compensated absences in the accounting period in which these are accrued.

4.16 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.

4.17 Provisions

Provision are recognized in the balance sheet when the Group 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.

4.18 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.

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 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.

4.19 Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group 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. For those products which are often sold with a right of return, accumulated experience is used to estimate and provide for such returns at the time of sale.
- Revenue from the sale of electricity is recorded based on the output delivered and capacity available at the rates as specified under Power Purchase Agreement.
- Return on bank deposits is recognized on a time proportion basis on the principal amount outstanding and at the rate applicable.
- Commission income is recognized on date of shipment from suppliers.
- Dividend income is recognized when the right to receive dividend is established. Toll manufacturing income is recognized when services are rendered.

4.20 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.

4.21 Foreign currency translations

Foreign currency transactions are translated into Pakistani Rupee using the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities in foreign currencies are re-translated into Pakistani Rupee using the exchange rate ruling 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.

4.22 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 to 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 and financial liabilities are recognized at the time when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the Group 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 Group.

4.23 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.

4.24 Impairment

At each balance sheet date, the carrying amount of assets are 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.

4.25 Dividend and appropriation to reserves

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

4.26 Functional and presentation currency

These consolidated financial statements are presented in Pakistani Rupee, which is the Holding Company's functional and presentation currency.

4.27 Segment reporting

Segment reporting is based on the operating (business) segments of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Chief Executive Officer (the CEO) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, income tax assets, liabilities and related income and expenditure. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

The business segments are engaged in providing products or services which are subject to risks and rewards which differ from the risk and rewards of other segments. Segments reported are Cement, Polyester, Soda Ash, Life Sciences, Chemicals and others (LCLIHL / ICI PowerGen), which also reflects the management structure of the Group.

4.28 Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. Derivatives qualifying for hedge accounting are accounted for accordingly whereas, derivatives that do not qualify for hedge accounting are accounted for as held for trading instruments. All changes in the fair value are recognized in the profit and loss account.

4.29 Operating leases / Ijarah contracts

Leases, other than those under Ijarah contracts, in which a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Ijarah contracts are classified as operating leases irrespective of whether significant portion of the risks and rewards of ownership are retained by lessor. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit and loss account on a straight-line basis over the period of the lease.

Payments made under operating leases and Ijarah contracts are recognized in the profit and loss account on a straight-line basis over the term of the lease.

4.30 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit after tax attributable to ordinary shareholders of the Holding Company by the weighted average number of ordinary shares outstanding during the period.

4.31 Business combinations and goodwill

The Group uses acquisition method of accounting for acquisitions of assets or class of assets, whereby, the purchase consideration is allocated to the identifiable assets and liabilities assumed based on the fair value at the date of acquisition. Acquisition related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and liabilities assumed are recognized at their fair value, except deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 and 19 respectively.

Goodwill is initially measured as of the acquisition date, being the excess of (a) the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree; and (b) the net of the acquisition date amount of the identifiable assets acquired and the liabilities assumed.

In case the fair value attributable to the Group's interest in the identifiable net assets exceeds the fair value of consideration, the Group recognizes the resulting gain in the profit and loss account on the acquisition date.

Goodwill acquired in a business combination is measured, subsequent to initial recognition, at cost less accumulated impairment losses, if any.

For the purpose of testing, goodwill is allocated to each of the Group's cash generating unit (or the groups of cash generating unit) that is expected to benefit from the synergies of the operations. However, as of the balance sheet date, the initial allocation of the goodwill to cash generating units, or group of cash generating units is not completed for the reason stated in note 5 to these consolidated financial statements.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the units on pro rata based on the carrying amount of each assets in the unit. Any impairment loss for goodwill is recognized directly in profit and loss account. An impairment loss is recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

5. BUSINESS COMBINATION

In accordance with share purchase agreement dated July 27, 2012 amended on September 17, 2012 between LHL and ICI Omricon B.V (the seller), LHL acquired 70,131,157 shares of ICI on December 28, 2012 resulting in the controlling interest of 75.93% of the paid up capital of ICI.

The acquisition of ICI is a part of the management's strategy to diversify the business of the Group into five well established business segments of Cement, Soda Ash, Polyester Fiber, Life Sciences and Chemicals which are integral to the economic fabric and opportunities in Pakistan.

At the acquisition date, the identifiable assets acquired and liabilities assumed are recognized at their carrying value which are approximately equal to fair value, except:

- Revaluation of land, buildings (freehold and leasehold) and plant and machinery was carried out as at December 31, 2012 by independent valuer on the basis of present market value.

- Fair value of Intangibles (softwares and licenses) is determined at acquisition date using the quotes from vendor on the basis of present market value.

- Fair value of stores and spares is determined at following basis:

Particular of stores and spares	Basis of fair value
Items having active market	At replacement cost
Items having no active market	At carrying value adjusted with inflation rate
Items provided because of slow moving and obsolescence	At carrying value

- Fair value of stock in trade is determined at acquisition date in accordance with the following basis:

Classes of stock-in-trade	Basis of fair value
Raw and packing material	At replacement cost (otherwise carrying value, if not available)
Work-in-process	At estimated selling price less cost to complete
Finished goods	At estimated selling price less cost to sell and profit margin (if applicable)

The following table summarizes the estimated fair values of consideration paid, non-controlling interests, as well as the assets acquired and liabilities assumed at the date of acquisition:

	Note	Fair value recognized on acquisition	Carrying value as at December 31, 2012
		(Rupees in '000')	
Property, plant and equipment		10,684,312	10,310,313
Intangible assets (softwares and licenses)		318,941	40,992
Intangible assets arose through business combination other than goodwill		5,775,480	-
Long-term investments		2,500	2,500
Long-term loans		194,432	194,432
Long-term deposits and prepayments		40,891	40,891
Stores, spares and consumables		853,279	597,360
Stock-in-trade		5,666,432	5,411,611
Trade debts		595,693	595,693
Loans and advances		193,848	193,848
Trade deposits and short-term prepayments		105,931	105,931
Other receivables		1,065,523	1,065,523
Taxation - net		1,157,952	1,157,952
Cash and bank balances		904,117	904,117
		27,559,331	20,621,163
Long-term loans		290,270	290,270
Staff retirement gratuity		422,886	422,886
Deferred tax liability - net		3,239,327	880,350
Trade and other payables		6,867,409	6,867,409
Short-term borrowings and running finance		2,332,056	2,332,057
		13,151,948	10,792,972
Surplus of revaluation of property, plant and equipment		-	884,867
		13,151,948	11,677,839
Net assets		14,407,383	8,943,324
Net assets attributable to non-controlling interest (24.067%)		(3,467,400)	
Net assets acquired through business combination		10,939,983	
Goodwill	5.2	2,133,955	
Total consideration		13,073,938	

Cash outflow on acquisition:

Net cash acquired with subsidiary	904,117
Cash paid	(13,073,938)
Net cash outflow	(12,169,821)

5.1 The management has decided to finalize the determination of valuation of assets acquired within one year from the acquisition date, which is allowed under IFRS 3 "Business Combinations" as measurement period, therefore provisional figures based on latest available information have been considered for the acquisition accounting.

5.2 Goodwill arose in the acquisition because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected revenue growth, future market development , assembled work force of' the Group and the requirements to recognize deferred tax assets and liabilities for the differences between the assigned fair values and tax bases of assets acquired and liabilities assumed in a business combination. The management is in the process of identifying and allocating amount of goodwill to the respective cash generating units.

The results of operations of ICI Pakistan Limited since the acquisition date included in the consolidated profit and loss account for the year ended June 30, 2013 are as follows:

	2013 (Rupees in '000')
Turnover	20,133,977
Net income attributable to owners of the Holding Company	297,817

6. PROPERTY, PLANT AND EQUIPMENT

	Note	2013	2012
		(Rupees in '000')	
Operating assets - tangible	6.1	39,313,315	30,637,815
Capital work-in-progress	6.4	2,777,779	378,717
		42,091,094	31,016,532

6.1 Operating assets - tangible

Particulars	COST				DEPRECIATION / AMORTIZATION			NET BOOK VALUE	Rate of depre- -ciation
	At July 01, 2012	Additions / *transfers / (disposals)	Acquisitions through business combination	At June 30, 2013	At July 01, 2012	For the year / (disposals)	At June 30, 2013	At June 30, 2013	
	(Rupees in '000')								
Land - freehold	-	-	416,081	416,081	-	-	-	416,081	
Land - leasehold	969,080	-	-	969,080	34,431	11,722 -	46,153	922,927	25-99 Yrs
Building on freehold land		* 8,993	360,663	369,656	-	27,946	27,946	341,710	5%-10%
Building on leasehold land	6,309,071	- * 265,268 (32,440)	667,687	7,209,586	2,066,594	361,633 (31,637)	2,396,590	4,812,996	2.5%-10%
Limebeds on freehold land		* 12,534	127,434	139,968	-	5,443	5,443	134,525	3.33%-7.5%
Plant and machinery	20,430,617	- * 915,461 (95,489)	6,885,112	28,135,701	4,504,587	1,231,779 (91,835)	5,644,531	22,491,170	UPM / 3.33%-50%
Generators	10,662,951	- * 29,254	-	10,692,205	2,287,372	534,288	2,821,660	7,870,545	UPM
Quarry equipments	754,368	- * 332,954	-	1,087,322	307,500	95,046 -	402,546	684,776	10%
Vehicles including cement bulkers and rolling stock	830,799	80,564 * 8,707 (27,810)	21,010	913,270	325,871	85,000 (22,180)	388,691	524,579	10%-25%
Aircraft	-	640 * 744,024	-	744,664	-	35,070 -	35,070	709,594	20%
Furniture and fixtures	46,570	3,279 * 17,335 (5,916)	199,593	260,861	23,394	35,563 (5,866)	53,091	207,770	10%-33%
Office equipments	116,198	2,556 * 5,437 (49)	-	124,142	59,261	14,589 (27)	73,823	50,319	10%-33%
Computer and accessories	62,294	18,147 * 11,401 (5,849)	-	85,993	45,531	11,377 (5,283)	51,625	34,368	33%
Other assets (Laboratory equipment etc.)	174,830	1,875 * 12,755	-	189,460	64,422	13,083 -	77,505	111,955	10%
June 30, 2013	40,356,778	107,061 * 2,364,123 (167,553)	8,677,580	51,337,989	9,718,963	2,462,539 (156,828)	12,024,674	39,313,315	

UPM = Unit of production method

Particulars	COST				DEPRECIATION / AMORTIZATION			NET BOOK VALUE	Rate of depre- -ciation
	At July 01, 2011	Additions / *transfers / (disposals)	Acquisitions through business combination	At June 30, 2012	At July 01, 2011	For the year / (disposals)	At June 30, 2012	At June 30, 2012	
	(Rupees in '000')								
Land - leasehold	951,113	17,967	-	969,080	22,819	11,612	34,431	934,649	99 & 53 Yrs
Building on leasehold land	6,054,969	363 * 253,739	-	6,309,071	1,758,177	308,417	2,066,594	4,242,477	5%
Plant and machinery	19,227,409	- * 1,203,208 -	-	20,430,617	3,803,272	701,315 -	4,504,587	15,926,030	UPM
Generators	10,448,532	- * 214,419 -	-	10,662,951	1,764,806	522,566 -	2,287,372	8,375,579	UPM
Quarry equipments	800,927	495 * 15,322 (62,376)	-	754,368	275,935	81,471 (49,906)	307,500	446,868	10%
Vehicles including cement bulkers	767,740	73,827 - (10,768)	-	830,799	272,222	62,211 (8,562)	325,871	504,928	10%-20%
Furniture and fixtures	43,655	3,354 * 926 (1,365)	-	46,570	19,047	5,445 (1,098)	23,394	23,176	20%
Office equipments	105,311	7,447 * 5,074 (1,634)	-	116,198	47,244	12,750 (733)	59,261	56,937	20%
Computer and accessories	51,845	6,682 * 3,842 (75)	-	62,294	40,840	4,694 (3)	45,531	16,763	33%
Other assets (Laboratory equipment etc.)	170,343	659 * 3,838 (10)	-	174,830	52,271	12,152 (1)	64,422	110,407	10%
June 30, 2012	38,621,844	110,794 * 1,700,368 (76,228)	-	40,356,778	8,056,633	1,722,633 (60,303)	9,718,963	30,637,815	

UPM = Unit of production method

6.1.1 The carrying value of major spare parts and stand by equipments included in plant and machinery and generators amount to Rs. 205.170 million (2012: nil) and Rs. 592.982 million (2012: 631.385 million) respectively.

6.1.2 Plant and machinery including equipments held with Searle Pakistan Limited and Maple Pharmaceutical (Private) Limited (toll manufacturers), having cost and net book values amounting to Rs. 2.272 million (2012: nil) and Rs. 1.099 million (2012: nil) respectively.

	Note	2013	2012
		(Rupees in '000')	
6.2 Depreciation charged for the year has been allocated as follows:			
Cost of turnover	31	2,185,432	1,626,225
Distribution costs	32	79,798	74,546
Administrative expenses	33	95,238	21,862
Cost of sale of electricity		102,071	-
Total		2,462,539	1,722,633

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

Particulars	Cost	Accumulated Depreciation	Net Book Value	Sale Proceeds	Gain / Loss	Mode of Disposal	Particulars of Buyers
	(Rupees in ' 000')						
Toyota Corolla IDM-1606	1,213	1,085	128	757	629	Tender	Mr. Aziz Khan, Rawalpindi
Toyota Corolla HZ-815	1,251	1,043	208	692	484	Negotiation	Mr. Shahid Aftab, Pezu
Honda City IDM-4964	793	709	84	505	421	Negotiation	Mr. Sadiq Hussain, Pezu
Honda City APL-920	912	619	293	883	590	Tender	Mr. Danish Alvi, Karachi
Honda City AJQ-976	846	672	174	717	543	Tender	Mr. Danish Alvi, Karachi
Toyota Corolla HV-534	1,019	852	167	767	600	Tender	Mr. M. Mansah, Islamabad
Honda City HG-651	803	672	131	753	622	Tender	Mr. Sajawal Khan, Islamabad
Suzuki Cultus AFE-461	598	520	78	472	394	Tender	Mr. Hasnain Agha, Karachi
Toyota Corolla AJQ-185	892	725	167	1,011	844	Insurance Claim	Jubilee General Insurance, Karachi
Toyota Corolla ARW-029	1,423	901	522	1,458	936	Insurance Claim	Jubilee General Insurance, Karachi
Suzuki Cultus AJJ-531	600	483	117	471	354	Tender	M.Zafar, Islamabad
Honda City IDM-1803	793	714	79	667	588	Tender	Hussain Hyder, Islamabad
Honda City AHX-463	849	731	118	654	536	Tender	Syed Adil Ali, Karachi
Shehzore KN-6179	586	484	102	637	535	Tender	Muhammad Imran, Karachi
Suzuki Cultus ARV-134	907	608	299	735	436	Tender	Mr. Imran Hashwani, Karachi
Honda City AGG-748	806	697	109	637	528	Tender	Mr. Taimor Dyer, Karachi
Suzuki Cultus AJJ-416	600	500	100	434	334	Tender	Syed Adil Ali, Karachi
Toyota Corolla AHC-684	1,027	890	137	564	427	Tender	Syed Adil Ali, Karachi
Honda City APD-992	866	640	226	880	654	Tender	Mr. Muhammad Iqbal, Karachi
Suzuki Cultus APC-206	647	476	171	600	429	Negotiation	Mr Zafar Iqbal, Karachi
Suzuki Cultus AQE-227	626	462	164	504	340	Tender	Syed Adil Ali, Karachi
Honda City ALG-078	858	720	138	807	669	Tender	Mr. Danish Alvi, Karachi
Suzuki Cultus APC-204	647	485	162	568	406	Tender	Mr. Ghulam Mohuddin, Karachi
Honda City AQE-749	869	654	215	778	563	Tender	Syed Adil Ali, Karachi
Honda City AHA-855	846	735	111	676	565	Tender	Syed Adil Ali, Karachi
Alto-AMS-913	475	329	146	430	284	Tender	Ghulam Murtaza, Karachi
Toyota Corolla AGY-838	1,219	1,053	166	166	-	Negotiation	Mr. Abid Ganatra, Karachi
Honda Civic APR-241	1,561	1,145	416	416	-	Negotiation	Mr. Abid Ganatra, Karachi
Suzuki Cultus U-3047	607	479	128	475	347	Negotiation	Mr. Muhammad Aslam, Peshawar
Honda CD-70	71	5	66	67	1	Insurance Claim	Jubilee General Insurance, Karachi
Computer & Accessories	583	555	28	821	793	Insurance Claim	Jubilee General Insurance, Karachi
Computer & Accessories	188	37	151	104	(47)	Tender	NDS Computers, Karachi
Diesel generator set	16,594	13,333	3,261	1,037	(2,224)	Tender	Shehbaz & Company, Mandi
Toyota corolla, Altis and Fork	2,600	2,092	508	2,470	1,962	Tender	Bahauddin
Lifter							S. Muhammad Shakeel, Zahid Qadri
Scrap items	2,930	2,274	656	10	(646)	Tender	and Asif Mahmood, Karachi
Items having book value less							Anjum Wood Craft, Khewra, District
than Rs.50,000 each	119,448	118,449	999	2,130	1,131	-	Jhelum
							Various
Total	167,553	156,828	10,725	25,753	15,028		
2012	76,228	60,303	15,925	21,020	5,095		

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

	Opening balance	Additions	Acquisitions through business combination	Transferred to operating fixed assets	Closing balance 2013	Closing balance 2012
	(Rupees in '000')					
Building and civil works	103,476	339,332	160,949	286,795	316,962	103,476
Plant and machinery	187,456	1,161,855	1,689,775	915,461	2,123,625	187,456
Generators	-	29,254	-	29,254	-	-
Hydel power project	61,347	-	-	-	61,347	61,347
Others	26,438	1,226,012	156,008	1,132,613	275,845	26,438
	378,717	2,756,453	2,006,732	2,364,123	2,777,779	378,717

7. INTANGIBLE ASSETS

June 30, 2013

	Note	At July 01, 2012	Additions	Acquisitions through business combination	Disposals	Amortisation Note 7.2	At June 30, 2013	Amortization rate %
		(Rupees in '000')						
Goodwill	5	-	-	2,133,955	-	-	2,133,955	
Trademark & Roundil	-	-	-	2,299,128	-	(114,956)	2,184,172	10
Customer relationship	-	-	-	709,679	-	(36,611)	673,068	9 - 25
Distribution relationship	7.1	-	-	108,490	-	-	108,490	-
Principal relationship	7.1	-	-	1,831,328	-	-	1,831,328	-
Product rights	7.1	-	-	826,855	-	-	826,855	-
Software and license		1,514	29,467	318,941	(9)	(49,926)	299,987	20 - 50
		1,514	29,467	8,228,376	(9)	(201,493)	8,057,855	

June 30, 2012

	At July 01, 2011	Additions	Acquisitions through business combination	Disposals	Amortisation Note 7.2	At June 30, 2012	Amortization rate %
	(Rupees in '000')						
Software and license	1,685	1,524	-	-	(1,695)	1,514	20 - 50
	1,685	1,524	-	-	(1,695)	1,514	

7.1 These have been recognised on the acquisition of ICI Pakistan Limited by Lucky Holdings Limited (LHL). These intangible assets have been treated as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely based on the analysis of various economic factors prepared by the management of the Group which indicated that there is no limit to the period these assets would contribute to the net cash inflows and, consequently, the said intangibles will not be amortised until their useful life is determined to be finite.

7.2 The amortisation charge for the year has been allocated as follows:

	Note	2013	2012
		(Rupees in '000')	
Cost of turnover	31	166,067	-
Distribution costs	32	6,620	-
Administrative expenses	33	28,806	1,695
		201,493	1,695

8. LONG-TERM INVESTMENT

Unquoted Equity security available-for-sale Arabian Sea Country Club Limited (250,000 ordinary shares of Rs. 10 each)		2,500	-

9. LONG-TERM LOANS AND ADVANCES

	Note	2013	2012
Long-term loans - considered good due from directors, executives and employees	9.1	202,071	-
Long-term advance against issuance of shares	9.2	492,200	-
Other	9.3	55,373	55,373
		749,644	55,373

9.1 Due from Directors, Executives and Employees

	Note	2013	2012
Due from directors and executives	9.1.1 & 9.1.2	186,930	-
Less: Receivable within one year	14	47,148	-
		139,782	-
Due from employees	9.1.2	86,023	-
Less: Receivable within one year	14	23,734	-
		62,289	
		202,071	-
Outstanding for period:			
- less than three years but over one year		113,643	-
- more than three years		88,428	-
		202,071	-

	Note	2013	2012
9.1.1 Reconciliation of the carrying amount of loans to Directors and Executives:		(Rupees in '000')	
Acquisitions through business combination		182,008	-
Disbursements during the year		46,528	-
Repayments during the year		(41,606)	-
Closing balance	9.1.3	186,930	-

9.1.2 Loans for purchase of motor cars and house building are repayable between two to ten years. These loans are interest free and granted to the employees including executives of the Group in accordance with their terms of employment.

9.1.3 The maximum aggregate amount of loans due from the Executives at the end of any month during the year was Rs 186.930 million (2012: Rs Nil).

9.2 This represents advance given to LCLIHL for making investment in Lucky Al-Shumookh Holdings Company (joint venture) against issuance of shares.

9.3 This represents advance given to Sui Southern Gas Company Limited in respect of additional gas line which will be adjusted after commissioning of gas line in 48 equal monthly installments.

10. LONG-TERM DEPOSITS AND PREPAYMENTS

	Note	2013	2012
		(Rupees in '000')	
Deposits		27,807	3,175
Prepayments		8,706	-
		36,513	3,175

11. STORES, SPARES AND CONSUMABLES

	Note	2013	2012
Stores	11.1	2,563,487	2,986,372
Spares	11.2	3,568,848	2,559,876
Consumables		113,495	
		6,245,830	5,546,248
Less: Provision for slow moving spares	11.3	195,073	150,028
		6,050,757	5,396,220

11.1 This includes stores in transit of Rs. 28.209 million (2012: Rs. 663.158 million) as at the balance sheet date.

11.2 This includes spares in transit of Rs. 72.831 million (2012: Rs. 79.205 million) as at the balance sheet date.

11.3 Movement in provision for slow moving spares:

	Note	2013	2012
Opening balance		150,028	100,659
Provision during the year	31	45,045	49,369
Closing balance		195,073	150,028

	Note	2013	2012
		(Rupees in '000')	

12. STOCK-IN-TRADE

	Note	2013	2012
Raw and packing materials (include in-transit Rs 741.313 million 2012: Rs Nil)	12.1	2,714,476	552,924
Work-in-process		606,197	564,367
Finished goods		2,705,361	159,142
		6,026,034	1,276,433

12.1 Raw and packing materials include Rs 414.694 million (2012: Rs. Nil) which are held with the following toll manufacturers:

	2013	2012
Searle Pakistan Limited	305,766	-
Maple Pharmaceutical (Private) Limited	1,934	-
EPLA Laboratories (Private) Limited	46,258	-
Breeze Pharma (Private) Limited	33,831	-
Nova Med Pharmaceuticals	25,308	-
Others	1,597	-
	414,694	-

13. TRADE DEBTS

	Note	2013	2012
Considered good			
Bills receivable - secured		1,556,526	664,245
Others - unsecured		1,143,849	386,394
		2,700,375	1,050,639
Considered doubtful		94,802	-
		2,795,177	
Less: Provision for:			
- Doubtful debts	13.2	94,802	-
- Discounts payable on sales		140,890	-
		235,692	-
		2,559,485	1,050,639

13.1 The above balances include amounts due from the following associated undertakings:

	2013	2012
Yunus Textile Mills Limited	17,496	-
Lucky Textile Mills Limited	10,657	-
Lucky Knits (Private) Limited	730	-
	28,883	-

13.2 Movement of provision for doubtful debts is as follows:

	2013	2012
Opening balance	-	-
Acquisitions through business combination	94,802	-
Closing balance	94,802	-

	Note	2013	2012
		(Rupees in ' 000')	

14. LOANS AND ADVANCES

	Note	2013	2012
Considered good - secured			
Loans and advances due from:			
Employees	14.1 & 14.4	39,861	10,638
Directors and executives	14.1, 14.2 & 14.4	65,564	27,119
		105,425	37,757
Advances to suppliers and others		315,213	110,432
		420,638	148,189
Considered doubtful		7,292	-
		427,930	148,189
Less: Provision for doubtful loans and advances	14.3	7,292	-
		420,638	148,189

14.1 Represent loans provided as per the Group's employee loan policy. The maximum aggregate balance due from executives at the end of any month during the year was Rs.58.890 million (2012: Rs.27.119 million)

14.2 Reconciliation of carrying amount of loan to executives (key management personnel)

	2013	2012
Opening balance	27,119	5,946
Acquired through business acquisition	47,148	-
Disbursements during the year	19,749	27,320
Repayment during the year	(28,452)	(6,147)
Closing balance	65,564	27,119

14.3 Movement of provision for doubtful debts is as follows:

	2013	2012
Opening balance	-	-
Acquisitions through business combination	7,292	-
Closing balance	7,292	-

14.4 Included herein is Rs 23.734 million (2012: Rs Nil) and Rs 47.148 million (2012: Rs Nil) pertaining to current maturity of long term loan of a subsidiary company.

	Note	2013	2012
		(Rupees in '000')	

15. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

Deposits			
Containers		315	210
Coal supplier		1,000	1,000
Karachi Port Trust		10,150	7,770
Utilities		735	735
Others		171,196	5,021
		183,396	14,736
Prepayments			
Insurance		11,418	12,282
Rent		6,543	4,402
Others		2,345	36,474
		20,306	53,158
		203,702	67,894

16. OTHER RECEIVABLES - unsecured

Considered good			
Duties, sales tax and octroi refunds due		392,101	-
Commission and discounts receivable		21,784	-
Receivable from principal		710,600	-
Rebate on export sales		63,875	60,977
Due from Collector of Customs	16.1	19,444	19,444
Hyderabad Electricity Supply Company (HESCO)		420,920	-
Interest income receivable		11,577	-
Others	16.2	241,448	25,256
		1,881,749	105,677
Considered doubtful		57,312	-
		1,939,061	105,677
Less: Provision for doubtful receivables	16.3	57,312	-
		1,881,749	105,677

16.1 The Group 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 Group 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 Group 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 Group 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 Group with retrospective effect despite the fact that the said classification was issued on the representation of the Group.

The Group has filed a writ petition before the High Court of Sindh at Karachi in 2007 challenging the illegal and malafide act of encashment of post dated cheques. The matter is pending before the High Court of Sindh. The management believes that the ultimate outcome of the matter will be in favor of the Group. Hence no provision has been made against the said advance in these consolidated financial statements.

16.2 This amount includes Rs 23.36 million (2012: Rs Nil) on account of exchange gain / loss on forward exchange contracts.

	Note	2013	2012
		(Rupees in '000')	
16.3 Movement of provision for doubtful receivables			
Opening balance		-	-
Acquisitions through business combination		57,312	-
Closing balance		57,312	-

17. INVESTMENTS - held-for-trading

Mutual Funds			
Meezan Sovereign Fund		65,025	-
Lakson Money Market Fund		45,037	-
	17.1	110,062	-

17.1 The fair value of these investments is determined using their respective redemption net asset value (NAV).

18. TAX REFUNDS DUE FROM THE GOVERNMENT

A dispute with respect to the calculation of excise duty on retail price of cement arose between the Holding Company and the Federal Board of Revenue (FBR) from the very first day the Holding 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 Holding Company contended that the excise duty would not be included in retail price for calculation of the excise duty payable to the Government. In June 2, 1997 the Holding 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 paragraph 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 Honourable High Courts of Sindh and Lahore respectively. Both the 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 Honourable Supreme Court of Pakistan against the judgments of all three High Courts of the country. A full bench of the Honourable 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 Honourable Supreme Court of Pakistan, the Holding 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 Holding Company on the basis of legal opinions obtained, recognized this refund claim in the financial statements for the year ended June 30, 2007.

A review petition was also filed by the Federal Board of Revenue (FBR) in the Honourable 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 Holding Company.

While verifying the refund claim, the Collector of Excise and Sales Tax Peshawar has issued show cause notice to the Holding 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 Holding Company has challenged this show cause notice in the Honourable Peshawar High Court and taken the stance that this matter has already been dealt with at the Honourable Supreme Court of Pakistan level, based on the doctrine of res judicata. The Honourable Peshawar High Court granted a stay order to the Holding Company against any adverse proceeding by the FBR in this case.

During the year, the Holding Company filed a complaint before the Federal Tax Ombudsman (FTO) with a request that the FBR may be directed for early issuance of refund along-with the compensation for the delayed refund. The FTO has directed the FBR to verify the claim of the Holding Company and submit a report in the matter.

	Note	2013	2012
		(Rupees in '000')	

19. CASH AND BANK BALANCES

	Note	2013	2012
Sales collection in transit		669,765	398,317
Cash at bank - on current accounts		498,978	36,250
- on deposit accounts	19.1	2,307,682	408,625
		2,806,660	444,875
In hand			
- Cheques		261,159	-
- Cash		9,384	1,230
		3,746,968	844,422

19.1 Deposits amounting to Rs. 206.696 million (2012: Rs. Nil) pertain to security deposits from customers.

20. SHARE CAPITAL

	Note	2013	2012
Authorized capital			
500,000,000 (2012: 500,000,000) Ordinary shares of Rs.10/- each		5,000,000	5,000,000
Issued, subscribed and paid-up capital			
305,000,000 (2012: 305,000,000) Ordinary shares of Rs.10/- each issued for cash	20.1	3,050,000	3,050,000
18,375,000 (2012: 18,375,000) Ordinary shares of Rs. 10/- each issued as bonus shares		183,750	183,750
		3,233,750	3,233,750

20.1 During the year ended June 30, 2008, the Holding Company was admitted to the official list of the Financial Services Authority and to the London Stock Exchange for trading of Global Depository Receipts (GDRs) issued by the Holding 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 (US) 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 Holding 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 Holding Company) 60,000,000 ordinary equity shares of a nominal value of Rs.10 each of the Holding 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.

21. RESERVES

	Note	2013	2012
		(Rupees in '000')	
Capital reserve			
Share premium		7,343,422	7,343,422
Revenue reserves			
General reserve		20,000,000	15,000,000
Unappropriated profit		10,552,319	7,684,573
		30,552,319	22,684,573
		37,895,741	30,027,995

22. LONG-TERM FINANCE - secured

From banking companies / financial institutions:
Long-term finance utilized under mark-up arrangements from the following:

	Installments	Note	2013	2012
			(Rupees in '000')	
Allied Bank Limited	16 quarterly	22.1	253,148	425,384
Allied Bank Limited	16 quarterly	22.1	139,750	232,914
Faysal Bank Limited	14 semi annually	22.2	343,591	-
Habib Bank Limited	14 semi annually	22.2	543,435	-
Standard Chartered Bank (Pakistan) Limited - islamic finance	12 quarterly	22.3	1,000,000	-
Bank al Habib	20 quarterly	22.4	1,000,000	-
Meezan Bank	10 semi annually	22.4	2,000,000	-
Habib Bank Limited	20 quarterly	22.4	777,000	-
Soneri Bank limited	10 semi annually	22.5	500,000	-
Bank Alfalah Limited	20 quarterly	22.5	1,500,000	-
			8,056,924	658,298
Less : Current portion of long-term finance			(265,400)	(265,400)
			7,791,524	392,898

22.1 The above finance is secured by a letter of hypothecation providing charge over plant, machinery, equipment, generators, all tools and spares of the Holding company and all future modifications and replacement thereof. The finance agreements executed by the Holding company with the above mentioned financial institutions contain a prepayment clause with no penalty. The long-term facility carries mark-up at the rates of 7.50% and 8.2% (2012: 7.50% and 8.2%) per annum.

22.2 The Group has obtained Long-Term Finance Facility (LTFF) for imported and locally manufactured plant and machinery from Faysal Bank Limited of Rs 343.591 million (limit: Rs 500 million) and Habib Bank Limited of Rs 543.435 million (limit: Rs 1,000 million) for a period of 7 years (including 2 year grace period), with the principal payable on semi annual basis. These facilities are secured against first pari passu hypothecation charge on the Property, Plant and Equipment (PPE) of the Groups's Soda Ash Business. The loans have been refinanced by the State Bank of Pakistan under LTFF for Export Oriented Projects.

22.3 The Group has obtained long-term loan for Rs 1,000 million from Standard Chartered Bank (Pakistan) Limited under Islamic Diminishing Musharaka upto a limit of Rs.1,000 million for a period of 3 years (including 6 month grace period). The rental payment is charged at relevant KIBOR plus 0.25% p.a. payable on quarterly basis. This facility is initially secured by a ranking charge to be subsequently replaced by a first pari passu hypothecation charge on the PPE of the Group's Polyester Business located at Sheikhupura.

22.4 The facility is secured against joint exclusive pari passu letter of hypothecation over specific fixed assets of Yunus Textile Mills Limited (an associated undertaking) amounting to Rs. 5.333 billion with lien and pledge over subsidiary shares in favour of Bank covering facility with margin. The facility is charged at 3 months KIBOR plus 0.25% p.a.

22.5 The facility is secured against exclusive joint pari passu letter of hypothecation amounting to Rs.2.667 billion of plant, machinery and equipment in favour of the banks to be created by Lucky Textile Mills Limited (an associated undertaking) with the pledge of shares of the subsidiary company covering facility with margin. The facility is charged at 3 months KIBOR plus 0.25% p.a.

23. LONG-TERM DEPOSITS

	Note	2013	2012
		(Rupees in '000')	
Cement stockists	23.1	19,195	17,747
Transporters	23.2	36,500	32,675
Others		1,430	2,330
		57,125	52,752

23.1 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.

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

24. DEFERRED LIABILITIES

	Note	2013	2012
Staff gratuity and eligible retired employees' medical scheme	24.1	671,673	438,391
Deferred tax liability	24.2	7,884,309	2,861,131
		8,555,982	3,299,522
24.1 Staff gratuity		671,673	438,391
	24.1.1	671,673	438,391

24.1.1 The amounts recognized in the balance sheet, based on the recent actuarial valuation carried on June 30, 2013, are as follows:

	2013					2012
	Funded			Unfunded	(Rupees in '000')	
	Pension	Gratuity	Total			
24.1.1.1 Present value of defined benefit obligation					671,673	438,391
24.1.1.2 Movement in the liability recognized in the balance sheet are as follows:						
Opening balance	-	-	-	438,391	438,391	391,837
Acquisitions through business combination	(29,126)	(302,098)	(331,224)	422,886	422,886	
Net charge for the year	179,903	92,430	272,333	(116,609)	(116,609)	82,773
	150,777	(209,668)	(58,891)	744,668	744,668	474,610
Payments made during the year	75,000	19,556	94,556	(72,995)	(72,995)	(36,219)
Closing balance	225,777	(190,112)	35,665	671,673	671,673	438,391
24.1.1.3 The amount recognized in the profit and loss account is as follows:						
Current service cost	11,998	20,760	32,758	250,845	283,603	66,213
Interest cost	63,871	34,764	98,635	74,317	172,952	52,322
Actuarial losses / (gains) recognized	(64,311)	(18,406)	(82,717)	45,334	(37,383)	(35,762)
Past service cost	-	-	-	(302,563)	(302,563)	-
	11,558	37,118	48,676	67,933	116,609	82,773

	Note	2013	2012
		(Rupees in '000')	
24.1.1.4 The charge for the year has been allocated as follows:			
Cost of turnover	31	171,898	65,717
Distribution costs	32	(31,027)	2,295
Administrative expenses	33	(24,262)	14,761
		116,609	82,773
24.1.1.5 Principal actuarial assumptions used are as follows:			
Expected rate of increase in salary level		11.50%	12.50%
Valuation discount rate		11.50%	12.50%

24.1.1.6 Comparisons for five years:

As at June 30	2013	2012	2011	2010	2009
	(Rupees in '000')				
Present value of defined benefit obligation	671,673	438,391	391,837	319,217	234,633

	Note	2013	2012
		(Rupees in '000')	
24.2 Deferred tax liability			
This comprises of the following:			
Deferred tax liability			
- Difference in tax and accounting bases of fixed assets		8,510,660	3,789,558
Deferred tax assets			
- Unabsorbed tax losses		-	(768,313)
- Provisions		(626,351)	(160,114)
		(626,351)	(928,427)
		7,884,309	2,861,131

24.2.1 Deferred tax asset has not been recognized on the tax credit available due to minimum tax provision amounting to Rs. 224. 651million (2012: Rs. 401.675 million) in accordance with the Company's policy as stated in note 4.18 to these consolidated financial statements.

25. SHORT-TERM BORROWINGS AND RUNNING FINANCE

	Note	2013	2012
		(Rupees in '000')	
Running finance	25.1	2,524,549	-
Export Refinance	25.2	130,000	-
		2,654,549	-

25.1 Short-term borrowings and running finance facilities from various banks aggregated to Rs 4,740 million (2012: Rs 4,100 million) and carry mark-up during the period ranging from relevant KIBOR + 0.40% to 0.75% per annum with an average markup rate of relevant KIBOR + 0.43% as at June 30, 2013 on utilised limits (2012: relevant KIBOR + 0.50% to 0.75% per annum with an average markup rate of relevant KIBOR + 0.61% on utilised limits). These facilities are secured by hypothecation charge over the present and future stock-in-trade and book debts of a subsidiary company.

The above short-term borrowings are secured by first pari passu hypothecation charge as mentioned above and carry mark-up during the period ranging from relevant KIBOR + 0.20% to 0.40% (2012: Rs. 994 million, relevant KIBOR + 0.50%).

25.2 The Group has export refinance facility upto Rs 200 million (2012: Nil) available from Faysal Bank Limited as at June 30, 2013 out of which Rs 130 million was utilised (2012: Nil). The above export refinance facility is secured by first pari passu hypothecation charge. The export refinance facility carries mark-up at State Bank of Pakistan rate (currently 8.40%) + 0.25% per annum.

26. TRADE AND OTHER PAYABLES

	Note	2013	2012
		(Rupees in '000')	
Creditors		1,489,590	802,516
Bills payable	26.1	2,116,253	1,577
Accrued liabilities		2,264,375	1,006,590
Customers running account		254,868	487,610
Retention money		16,090	96,989
Sales tax payable		382,439	110,527
Excise and other government levies		319,444	441,155
Unclaimed and unpaid dividend		105,481	44,414
Workers' profit participation fund (WPPF) payable	26.2	348,914	336,532
Workers' welfare fund		54,110	-
Advances from customers	26.4	118,086	-
Distributors' security deposits - payable on termination of distributorship	26.3	118,888	-
Contractors' earnest / retention money		9,550	-
Payable for capital expenditure		253,710	-
Provision for compensated absences	26.5	31,249	-
Technical service fee / royalty		680	-
Others		181,901	17,695
		8,065,628	3,345,605

26.1 This amount includes Rs 1.17 million (2012: Rs 52.5 million) on account of exchange gain / loss on forward exchange contracts.

26.2 The Movement of WPPF is as follows:

	Note	2013	2012
Opening balance		418,419	234,365
Allocation for the year	35	674,316	438,411
Interest on funds utilized by the Group		12,711	5,837
		1,105,446	678,613
Payments during the year		(756,532)	(342,081)
		348,914	336,532

26.3 Interest on security deposits from certain distributors is payable at 11.2 % (2012: 11.9 %) per annum as specified in the respective agreements.

26.4 It includes amounts due to the following associated undertakings (related parties):

	2013	2012
Gadoon Textile Mills Limited	2,891	-
Fazal Textile Mills Limited	249	-
	3,140	-

26.5 This figure is based on actuarial valuation and estimation.

27. ACCRUED MARK-UP

	2013	2012
Long-term finance	157,529	13,256
Short-term borrowings	28,467	63
Accrued interest on expansion project	38,733	-
	224,729	13,319

	Note	2013	2012
		(Rupees in '000')	

28. CONTINGENCIES AND COMMITMENTS

CONTINGENCIES

	Note	2013	2012
Claims against the Group not acknowledged as debts are as follows:			
Local bodies	28.5	30,446	-
Others		28,288	-
		58,734	-

28.1 The Honourable Supreme Court of Pakistan while disposing off an appeal of the Collector of Customs, Karachi has issued a judgment on July 28, 2009 whereby it has set aside the earlier order of the Peshawar Honourable High Court decided in favour of the Holding 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. On August 20, 2009 the Holding company has filed a review petition against the referred order which is pending before the Honourable Supreme Court of Pakistan. The amount of disputed levy is not ascertainable at this stage as no order was earlier framed by the Collector of Customs.

28.2 The Holding 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 Holding Company from the advantage of its sales tax exemption. Being aggrieved, the Holding 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. The civil judge Peshawar has granted the ex-parte decree in favor of the Holding Company amounting to Rs. 1,693.61 million along with 14% per annum until the said amount is actually paid.

On August 3, 2011, the Holding Company filed an execution petition for realization of the decretal amount as per the decree granted by the civil court on November 20, 2009. The Civil Judge, Peshawar, however, dismissed the recovery suit of the Holding Company on December 18, 2012. Dismissal of the recovery suit by the lower court has been challenged by the Holding Company in Peshawar High Court on March 9, 2013.

28.3 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 Commissioner Income Tax (CIT) [Appeals] has reversed the order of the assessing officer and decided the case in favour of the Holding Company. The Income Tax Department filed appeals before Income Tax Appellate Tribunal (ITAT) who deleted the order of CIT (Appeals). The Holding Company filed an appeal in Honourable Peshawar High Court and the Court has decided the case against the Holding Company. The Holding Company has now filed appeal in the Honourable 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 with the relevant tax authority.

28.4 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 a penalty at the rate of 7.5% of total turnover of each company consisting of both local and export sales. The amount of penalty imposed on the Holding Company is Rs. 1,271.84 million which has been challenged in the Courts of Law. The Holding Company's legal counsel is confident that the Holding 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 consolidated financial statements.

28.5 The subsidiary Company (ICI) was served notice by Punjab Employees Social Security Institution's Local office Shahdara, dated November 24, 1997 on Polyester Plant for alleged non payment Rs 11.96 million on account of Social Security Contribution on the basis of assessment made by the PESSI for the period 1996 and 1997, on behalf of contractors' workers (M/s Descon Engineering Limited) engaged for Expansion Project. The Group challenged the notice and filed an appeal with Vice Commissioner Social Security Institution and also filled petition in High Court Lahore on July 20, along with stay application, the court granted stay order on July 25, 2012. The outcome of the case cannot be determined yet.

28.6 A demand for additional electricity duty amounting to Rs. 17.711 million (December 31, 2012: Rs. 17.711 million) has been raised by the electric inspector to a subsidiary company (ICI PowerGen) for the period from March 2004 to June 2007. The matter along with other legal options are currently being explored by the Group. No provision has been made for the demand as the Group considers that this additional duty is not payable.

28.7 Also refer to notes 16.1, 18 and 44 to these consolidated financial statement for income tax contingencies.

	2013	2012
	(Rupees in '000')	

COMMITMENTS

	2013	2012
28.8 Capital commitments		
Plant and machinery under letters of credit	2,312,724	439,303
28.9 Other commitments		
28.9.1 Stores, spares and packing material under letters of credit	1,992,477	1,685,833
28.9.2 Bank guarantees issued on behalf of the Holding company and its subsidiaries	684,448	685,425

28.9.3 Commitments for rentals under operating lease / ijarah contracts in respect of vehicles amounting to Rs 135.266 million (2012: Rs Nil) are as follows:

Year	2013	2012
2014	55,030	-
2015	43,872	-
2016	26,783	-
2017	9,581	-
	135,266	-
Payable not later than one year	55,030	-
Payable later than one year but not later than five years	80,236	-
	135,266	-

28.9.4 Outstanding foreign exchange contracts as at June 30, 2013 entered into by the Group amounted Rs.1,166.117 million (2012: Rs. Nil)

29. OPERATING SEGMENT RESULTS

	Note	Cement 2013	Cement 2012	Polyester 2013	Polyester 2012	Soda Ash 2013	Soda Ash 2012	Life Sciences 2013	Life Sciences 2012	Chemicals 2013	Chemicals 2012	Others LCLIHL / ICI PowerGen 2013	Others LCLIHL / ICI PowerGen 2012	Company 2013	Company 2012
		(Rupees in '000')													
Gross sales															
Exports		14,720,747	26,277,041	8,233	-	185,667	-	699	-	9,789	-	-	-	14,925,135	26,277,041
Inter-segment		-	-	-	-	-	-	-	-	9,785	-	543,181	-	552,966	-
Local		29,017,255	12,846,106	9,701,479	-	4,683,715	-	3,383,635	-	2,125,869	-	-	-	48,911,953	12,846,106
		43,738,002	39,123,147	9,709,712	-	4,869,382	-	3,384,334	-	2,145,443	-	543,181	-	64,390,054	39,123,147
Commission / Toll income		-	-	-	-	-	-	-	-	34,891	-	-	-	34,891	-
Turnover		43,738,002	39,123,147	9,709,712	-	4,869,382	-	3,384,334	-	2,180,334	-	543,181	-	64,424,945	39,123,147
Sales tax and excise duty		5,547,756	5,485,629	126,708	-	645,513	-	9,189	-	215,631	-	75,641	-	6,620,438	5,485,629
Rebates and commission		379,790	314,983	126,914	-	137,643	-	424,271	-	132,430	-	-	-	1,201,048	314,983
		5,927,546	5,800,612	253,622	-	783,156	-	433,460	-	348,061	-	75,641	-	7,821,486	5,800,612
Net turnover		37,810,456	33,322,535	9,456,090	-	4,086,226	-	2,950,874	-	1,832,273	-	467,540	-	56,135,919	33,322,535
Cost of turnover	31	21,089,359	20,601,261	9,579,717	-	3,278,387	-	2,229,420	-	1,492,616	-	396,369	-	38,065,868	20,601,261
Gross profit		16,721,097	12,721,274	(123,627)	-	807,839	-	721,454	-	339,657	-	71,171	-	18,537,591	12,721,274
Distribution costs	32	3,665,578	3,236,721	41,016	-	49,388	-	299,177	-	89,472	-	-	-	4,144,631	3,236,721
Administrative expenses	33	897,305	474,135	111,445	-	94,147	-	67,277	-	50,708	-	112,967	-	1,333,849	474,135
Operating result		12,158,214	9,010,418	(276,088)	-	664,303	-	355,000	-	199,477	-	(41,796)	-	13,059,110	9,010,418
29.1 Segment assets	29.5	44,577,175	40,631,241	8,988,264	-	13,995,600	-	7,489,480	-	2,975,150	-	602,248	-	69,673,431	40,631,241
29.2 Unallocated assets														4,561,669	-
														74,235,100	40,631,241
29.3 Segment liabilities	29.5	9,160,732	7,369,496	9,171,863	-	3,649,032	-	2,577,011	-	1,005,652	-	96,493	-	17,168,864	7,369,496
29.4 Unallocated liabilities														10,446,073	-
														27,614,937	7,369,496

29.5 Inter unit current account balances of respective businesses have been eliminated from the total.

	Note	Cement 2013	Cement 2012	Polyester 2013	Polyester 2012	Soda Ash 2013	Soda Ash 2012	Life Sciences 2013	Life Sciences 2012	Chemicals 2013	Chemicals 2012	Others LCLIHL / ICI PowerGen 2013	Others LCLIHL / ICI PowerGen 2012	Company 2013	Company 2012
29.6 Depreciation and amortisation		1,783,395	1,724,328	296,920	-	408,593	-	14,505	-	28,462	-	30,086	-	2,561,961	1,724,328
29.7 Capital expenditure		1,886,264	1,051,458	407,574	-	550,903	-	16,997	-	19,671	-	11,573	-	2,485,408	1,051,458

29.8 Inter-segment pricing

Transactions among the business segments are recorded at arm's length prices using admissible valuation methods.

29.9 There were no major customer of the Group which formed part of 10% or more of the Group's revenue.

30. RECONCILIATIONS OF REPORTABLE SEGMENT TURNOVER, COST OF SALES, ASSETS AND LIABILITIES

	Note	2013	2012
		(Rupees in '000')	
30.1 Turnover			
Total turnover for reportable segments	29	64,424,945	39,123,147
Elimination of inter-segment turnover		(9,785)	-
Elimination of inter-segment turnover from subsidiary		(543,181)	-
		63,871,979	39,123,147
30.2 Cost of turnover			
Total cost of sales for reportable segments	29	38,065,868	20,601,261
Elimination of inter-segment purchases		(9,785)	-
Elimination of inter-segment purchases from subsidiaries		(544,980)	-
		37,511,103	20,601,261
30.3 Assets			
Total assets for reportable segments	29	69,673,431	40,631,241
Unallocated assets included in:			
- taxation - net		1,759,287	-
- bank deposits	19	2,307,682	-
- long term investments	8	2,500	-
- long term advance against issuance of shares	9	492,200	-
		74,235,100	40,631,241
30.4 Liabilities			
Total liabilities for reportable segments	29	17,168,864	7,369,496
Unallocated liabilities included in:			
- short-term borrowings and running finance	25	2,654,549	-
- long-term finance	22	7,791,524	-
		27,614,937	7,369,496

31. COST OF TURNOVER

	Note	Cement		Polyester		Soda Ash		Life Sciences		Chemicals		Others LCLIHL / ICI PowerGen		Company	Company
		2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
		(Rupees in '000')													
Salaries, wages and benefits		1,263,526	1,021,952	92,841	-	152,903	-	624	-	12,032	-	6,883	-	1,528,808	1,021,952
Raw material consumed		1,163,164	1,207,864	8,075,007	-	894,512	-	618,434	-	922,186	-	331,020	-	12,004,323	1,207,864
Packing material	31.1	2,203,968	2,020,140	-	-	-	-	-	-	-	-	-	-	2,203,968	2,020,140
Fuel and power		12,984,960	13,190,935	1,002,818	-	1,210,796	-	-	-	4,690	-	13,950	-	15,217,214	13,190,935
Stores and spares consumed		1,307,709	1,049,973	69,819	-	47,339	-	-	-	2,293	-	7,621	-	1,434,781	1,049,973
Conversion fee paid to contract manufacturers		-	-	-	-	-	-	136,435	-	4,871	-	-	-	141,306	-
Repairs and maintenance		131,829	75,147	1,657	-	5	-	-	-	2,174	-	61	-	135,726	75,147
Depreciation / amortization	6.2 & 7.2	1,636,773	1,626,225	279,676	-	389,387	-	461	-	15,115	-	30,086	-	2,351,499	1,626,225
Insurance		74,929	75,421	12,923	-	16,970	-	-	-	563	-	875	-	106,260	75,421
Provision for slow moving spares	11.3	45,045	49,369	-	-	-	-	-	-	-	-	-	-	45,045	49,369
Earth moving machinery		186,666	150,198	-	-	-	-	-	-	-	-	-	-	186,666	150,198
Vehicle running and maintenance		44,526	39,076	-	-	-	-	-	-	-	-	-	-	44,526	39,076
Communication		11,813	11,180	-	-	-	-	-	-	-	-	-	-	11,813	11,180
Mess subsidy		27,567	23,634	-	-	-	-	-	-	-	-	-	-	27,567	23,634
Transportation		4,604	4,363	-	-	-	-	-	-	-	-	-	-	4,604	4,363
Travelling and conveyance		3,697	6,149	-	-	-	-	-	-	-	-	-	-	3,697	6,149
Inspection fee for electrical installation		1,279	1,353	-	-	-	-	-	-	-	-	-	-	1,279	1,353
Rent, rates and taxes		2,114	2,593	490	-	864	-	-	-	6,948	-	210	-	10,626	2,593
Printing and stationery		4,720	5,023	-	-	-	-	-	-	-	-	-	-	4,720	5,023
Excise duty		-	-	-	-	-	-	-	-	-	-	4,736	-	4,736	-
Technical fees		-	-	-	-	-	-	-	-	1,354	-	-	-	1,354	-
Other manufacturing expenses		74,571	54,839	67,477	-	67,482	-	1,167	-	6,940	-	464	-	218,101	54,839
		21,173,460	20,615,434	9,602,708	-	2,780,258	-	757,121	-	979,166	-	395,906	-	35,688,619	20,615,434
Work-in-process:															
Opening		564,367	484,692	78,518	-	-	-	75,076	-	1,336	-	-	-	719,297	484,692
Closing		(373,356)	(564,367)	(170,516)	-	-	-	(59,475)	-	(2,850)	-	-	-	(606,197)	(564,367)
		191,011	(79,675)	(91,998)	-	-	-	15,601	-	(1,514)	-	-	-	113,100	(79,675)
Cost of goods manufactured		21,364,471	20,535,759	9,510,710	-	2,780,258	-	772,722	-	977,652	-	395,906	-	35,801,719	20,535,759
Finished goods:															
Opening		159,142	224,644	1,057,345	-	401,569	-	1,154,780	-	292,063	-	-	-	3,064,899	224,644
Purchases		-	-	6,979	-	175,327	-	1,098,109	-	631,964	-	463	-	1,912,842	-
Closing		(434,254)	(159,142)	(994,304)	-	(78,767)	-	(793,560)	-	(404,476)	-	-	-	(2,705,361)	(159,142)
Provision		-	-	(1,013)	-	-	-	(2,631)	-	(4,587)	-	-	-	(8,231)	-
		(275,112)	65,502	69,007	-	498,129	-	1,456,698	-	514,964	-	463	-	2,264,149	65,502
		21,089,359	20,601,261	9,579,717	-	3,278,387	-	2,229,420	-	1,492,616	-	396,369	-	38,065,868	20,601,261

31.1 These are net of duty draw back on export sales amounting to Rs 56.545 million (2012: 56.116 million).

31.2 Included herein is an amount Rs 0.870 million (2012: Rs 1.740 million) charged within the Group for certain administrative service charges in accordance with the service level agreement which has been eliminated from the total.

32. DISTRIBUTION COSTS

	Note	Cement		Polyester		Soda Ash		Life Sciences		Chemicals		Others LCLIHL / ICI PowerGen		Company	Company
		2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
		(Rupees in '000')													
Salaries and benefits		69,975	52,727	11,370	-	5,340	-	72,512	-	16,396	-	-	-	175,593	52,727
Logistics and related charges		3,307,396	2,956,950	5,014	-	30,530	-	30,299	-	28,307	-	-	-	3,401,546	2,956,950
Loading and others		58,748	52,771	-	-	-	-	-	-	-	-	-	-	58,748	52,771
Communication		3,444	3,669	779	-	343	-	8,856	-	2,477	-	-	-	15,899	3,669
Travelling and conveyance		3,691	2,254	3,350	-	1,336	-	43,833	-	7,761	-	-	-	59,971	2,254
Printing and stationery		1,243	879	-	-	-	-	-	-	-	-	-	-	1,243	879
Insurance		19,750	13,198	-	-	597	-	5,069	-	1,594	-	-	-	27,010	13,198
Rent, rates and taxes		12,968	8,707	192	-	1,529	-	4,179	-	613	-	-	-	19,481	8,707
Utilities		1,627	1,725	59	-	680	-	1,357	-	1,453	-	-	-	5,176	1,725
Vehicle running and maintenance		12,251	10,599	-	-	-	-	-	-	-	-	-	-	12,251	10,599
Repairs and maintenance		1,155	1,020	101	-	1,092	-	1,378	-	856	-	-	-	4,582	1,020
Fees, subscription and periodicals		408	746	-	-	-	-	-	-	-	-	-	-	408	746
Advertisement and sales promotion		86,166	50,463	193	-	42	-	62,127	-	3,926	-	-	-	152,454	50,463
Entertainment		1,395	976	-	-	-	-	-	-	-	-	-	-	1,395	976
Security service		1,702	1,213	-	-	-	-	-	-	-	-	-	-	1,702	1,213
Depreciation / amortization	6.2 & 7.2	76,961	74,546	-	-	446	-	5,593	-	3,417	-	-	-	86,417	74,546
Other general expenses		6,698	4,278	19,958	-	7,453	-	63,974	-	22,672	-	-	-	120,755	4,278
		3,665,578	3,236,721	41,016	-	49,388	-	299,177	-	89,472	-	-	-	4,144,631	3,236,721

33. ADMINISTRATIVE EXPENSES

	Note	Cement 2013	Cement 2012	Polyester 2013	Polyester 2012	Soda Ash 2013	Soda Ash 2012	Life Sciences 2013	Life Sciences 2012	Chemicals 2013	Chemicals 2012	Others 2013	Others 2012	Company 2013	Company 2012
Salaries and benefits		231,629	144,480	42,486	-	37,620	-	26,930	-	19,617	-	-	-	358,282	144,480
Communication		13,068	9,995	1,633	-	1,420	-	1,167	-	827	-	-	-	18,115	9,995
Travelling and conveyance		23,539	16,388	3,203	-	1,941	-	2,402	-	2,292	-	-	-	33,377	16,388
Insurance		3,144	1,518	493	-	589	-	2,390	-	160	-	-	-	6,776	1,518
Rent, rates and taxes		4,434	4,191	2,838	-	1,441	-	466	-	312	-	-	-	9,491	4,191
Vehicle running and maintenance		19,345	13,807	-	-	-	-	-	-	-	-	-	-	19,345	13,807
Aircraft running and maintenance		20,052	-	-	-	-	-	-	-	-	-	-	-	20,052	-
Printing and stationery		9,247	6,223	-	-	-	-	-	-	-	-	34	-	9,281	6,223
Fees and subscription		19,473	10,382	-	-	-	-	-	-	-	-	5,630	-	25,103	10,382
Security services		8,542	5,266	-	-	-	-	-	-	-	-	-	-	8,542	5,266
Legal fee		6,955	10,097	-	-	-	-	-	-	-	-	98,673	-	105,628	10,097
Professional and advisory services		216,887	8,495	-	-	-	-	-	-	-	-	-	-	216,887	8,495
Transportation and freight		1,297	822	-	-	-	-	-	-	-	-	91	-	1,388	822
Utilities		5,745	4,841	2,987	-	2,874	-	2,909	-	621	-	-	-	15,136	4,841
Repairs and maintenance		19,954	10,080	2,797	-	1,582	-	1,686	-	481	-	-	-	26,500	10,080
Advertisement		2,219	3,280	1,018	-	1,159	-	388	-	251	-	-	-	5,035	3,280
Donations *	33.1	208,484	184,507	-	-	-	-	-	-	-	-	7,450	-	215,934	184,507
Auditors' remuneration *	33.2	2,029	1,603	1,378	-	596	-	430	-	267	-	468	-	5,168	1,603
Other auditors' remuneration	33.3	218	6,138	-	-	-	-	-	-	-	-	-	-	218	6,138
Depreciation / amortization	6.2 & 7.2	69,661	23,557	17,244	-	18,759	-	8,451	-	9,929	-	-	-	124,044	23,557
Provision for doubtful debts		-	-	-	-	-	-	-	-	774	-	-	-	774	-
Provision for obsolete stocks		-	-	1,013	-	-	-	2,631	-	4,587	-	-	-	8,231	-
Trainings cost		1,708	-	-	-	-	-	-	-	-	-	-	-	1,708	-
Other general expenses	33.4	9,675	8,465	34,355	-	26,166	-	17,427	-	10,590	-	621	-	98,834	8,465
		897,305	474,135	111,445	-	94,147	-	67,277	-	50,708	-	112,967	-	1,333,849	474,135

* Expense reported under the segment "Others" represents expenses incurred by a subsidiary company which are not allocated to any of its specific segment.

33.1 Donations in cement segment during the year includes donation amounting to Rs. 135 million (2012: nil) to Aziz Tabba Foundation (ATF). ATF is located at 1-A, Latif Cloth Market, M.A. Jinnah Road, Karachi. Mr. Muhammad Yunus Tabba, Chairman of the Board of Directors of the Holding Company, is the Chairman of ATF and Mr. Muhammad Ali Tabba, the Chief Executive of the Holding Company, is the Vice Chairman of ATF. Further, Mr. Muhammad Sohail Tabba, Mr. Muhammad Jawed Tabba, Mrs. Rahila and Ms. Zulekha Tabba, the Directors of the Holding Company, are the Directors of ATF.

	Note	2013	2012
		(Rupees in '000')	
33.2 Auditors' remuneration			
Statutory auditors (Ernst & Young Ford Rhodes Sidat Hyder)			
Audit fee of the Holding Company's			
- standalone financial statements		1,100	1,100
- consolidated financial statements		300	-
Audit fee of the subsidiary companies		2,750	
Half yearly review fee		300	300
Fee for the review of Code of Corporate Governance		75	75
Out of pocket expenses		643	128
		5,168	1,603
33.3 Other auditors' remuneration			
Internal auditors (M. Yousuf Adil Saleem & Co.)			
Remuneration		-	5,400
Others		-	521
		-	5,921
Cost auditors (KPMG Taseer Hadi & Co.)			
Cost audit fee		200	200
Out of pocket expenses		18	17
		218	217
		218	6,138

33.4 Included herein is an amount Rs 0.120 million (2012: Rs 0.240 million) charged within the Group for certain administrative service charges in accordance with the service level agreement which has been eliminated from the total.

34. FINANCE COSTS

	Note	2013	2012
Mark-up on long-term finance		290,204	22,183
Mark-up on short-term borrowings		180,590	207,530
Interest on workers' profit participation fund		12,711	5,837
Discounting charges on receivables		20,917	-
Exchange loss		38,343	-
Bank charges and commission		19,463	17,684
Guarantee fee and others		1,998	
		564,226	253,234

35. OTHER CHARGES

	Note	2013	2012
Workers' Profit Participation Fund	26.2	674,316	438,411
Workers' welfare fund		22,395	-
		696,711	438,411

	Note	2013	2012
		(Rupees in '000')	
36. OTHER INCOME			
Income from non-financial assets			
Gain on disposal of property, plant and equipment	6.3	15,028	5,095
Sale of electricity		1,525,398	-
Cost of sale of electricity		(1,302,914)	-
		222,484	-
Scrap sales		22,563	-
Provisions and accruals no longer required written back		92,214	-
Others		19,378	109
		371,667	5,204
Income from financial assets			
Unrealised gain on revaluation of investments		62	-
Interest income on Savings account		2,964	-
		374,693	5,204
37. TAXATION			
Current		541,867	333,225
Deferred		1,665,962	1,208,336
Prior year		(35,887)	-
		2,171,942	1,541,561

37.1 The Holding Company is under minimum tax on local turnover and on income chargeable under Final Tax Regime (FTR), therefore, no numerical tax reconciliation is reported.

37.2 The tax assessments of the Holding company have been finalized upto and including the tax year 2012.

37.3 The minimum turnover tax on ICI PowerGen has been waived under second schedule of the Income Tax Ordinance 2001 and accordingly, the income of the ICI PowerGen is exempt under the provision of Income Tax Ordinance 2001.

38. EARNINGS PER SHARE - Basic and diluted

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

	2013	2012
Profit attributable to owners of the Holding Company (Rupees in thousands)	9,807,996	6,782,416
Weighted average no. of ordinary shares (in thousands)	323,375	323,375
Basic earnings per share - (Rupees)	30.33	20.97

	Note	2013	2012
		(Rupees in '000')	

39. CASH GENERATED FROM OPERATIONS

	Note	2013	2012
Profit before taxation		12,174,666	8,323,977
Adjustments for non cash charges and other items			
Depreciation	6.2	2,462,539	1,722,633
Amortization on intangible assets	7.2	201,493	1,695
Provision for slow moving spares	11.3	45,045	49,369
Gain on disposal of property, plant and equipment	6.3	(15,028)	(5,095)
Loss on disposal of intangible asset		9	-
Provision for staff retirement plan	24.1.1.2	(116,609)	82,773
Finance costs	34	564,226	253,234
Profit before working capital changes		15,316,341	10,428,586
(Increase) / decrease in current assets			
Stores, spares and consumables		153,697	867,995
Stock-in-trade		916,831	(27,895)
Trade debts		(913,153)	(429,678)
Loans and advances		(78,601)	(76,025)
Trade deposits and short-term prepayments		(29,877)	(29,225)
Other receivables		(710,549)	113,207
		(661,652)	418,379
Increase / (decrease) in current liabilities			
Trade and other payables		(2,147,386)	(707,977)
		12,507,303	10,138,988

40. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

40.1 Aggregate amounts charged in these consolidated financial statements are as follows:

	Chief Executive		Director (s)		Executives		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
	(Rupees in '000')							
Remuneration	22,044	12,000	2,150	3,401	361,437	114,046	385,631	129,447
House rent allowance	8,818	4,800	860	1,360	125,246	51,320	134,924	57,480
Utility allowance	2,205	1,200	215	339	28,901	11,404	31,321	12,943
Conveyance allowance	-	-	-	-	15,527	11,404	15,527	11,404
Charge for defined benefit obligation	17,500	1,500	613	425	69,627	13,632	87,740	15,557
Group insurance	-	-	-	-	580	-	580	-
Medical expenses	-	-	-	-	15,206	-	15,206	-
	50,567	19,500	3,838	5,525	616,524	201,806	670,929	226,831
Number of persons	1	1	2	2	511	114	514	117

40.2 In addition to the above, Chief Executive, Director and some Executives are provided with Group maintained cars.

40.3 An amount of Rs. 360,000/- was paid to 9 non executive directors and Rs. 130,000/- was paid to 2 executive directors during the year as fee for attending board meetings (2012: 7 non executive directors were paid Rs. 210,000/- and 2 executive directors were paid Rs. 80,000/-).

41. TRANSACTIONS WITH RELATED PARTIES

41.1 Related parties comprise associated entities, entities 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 consolidated financial statements, are as follows:

	2013	2012
	(Rupees in '000')	
Associated Companies		
Lucky Paragon ReadyMix Limited		
Sales	193,459	111,932
Purchases	-	-
Fazal Textile Mills Limited		
Sales	32,663	39,594
Yunus Textile Mills Limited		
Sales	4,607	5,060
Lucky Textile Mills		
Sales	27,205	21,777
Gadoon Textile Mills Limited		
Sales	9,709	27,184
Aziz Tabba Foundation		
Sales	1,562	-
Donation	135,000	-
Lucky One (Pvt) Limited		
Sales	112,208	2,907
Lucky Commodities		
Sales	31,237	-
Lucky Air (Pvt) Limited		
Services	13,455	-

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

42. PRODUCTION CAPACITY

- in metric tons except ICI PowerGen which is thousand of Megawatt hours:

	Note	2013 Annual Name Plate Capacity	2013 Production	2012 Annual Name Plate Capacity	2012 Production
Cement	42.1	7,750,000	6,150,440	7,750,000	5,935,790
Clinker		-	5,770,980	-	5,633,811
Polyester	42.2	122,000	54,428	-	-
Soda Ash	42.2	350,000	118,864	-	-
Chemicals	42.3	-	9,291	-	-
Sodium Bicarbonate		20,000	13,070	-	-
PowerGen	42.4	122,640	22,567	-	-

42.1 Production capacity utilization is 79.36% (2012: 76.59%) of total installed capacity.

42.2 Production was below name plate capacity due to gas curtailment.

42.3 The capacity of Chemicals is indeterminable because these are multi-product plants.

42.4 Electricity by ICI PowerGen is produced as per demand.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group 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 Group is exposed to market risk (including interest rate risk, currency risk and other price risk), credit risk and liquidity risk. The Group's principal financial liabilities comprise long-term finance, long-term deposits, short-term borrowings and running finance and trade and other payables. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as investments, loans, deposits, trade and other receivables and cash and bank balances, which are directly related to its operations. The Group's finance and treasury departments oversee the management of these risks and provide assurance to the Group's senior management that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with group policies and risk appetite. No changes were made in the objectives, policies or processes and assumptions during the year ended June 30, 2013. The policies for managing each of these risks are summarized below:

43.1 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 deposits, loans and borrowings. The sensitivity analysis in the following sections relate to the position as at June 30, 2013 and 2012.

43.1.1 Interest 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. Bank balances carrying interest at rates between 5% and 11.50% (2012: 5% and 11.5%) . The Group mitigates its risk against exposure through focusing on short term borrowings that are available at lower rates to the Group and maintaining bank balances.

43.1.1.1 Interest 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 Group's profit before tax.

	Increase / decrease in basis points	Effect on profit before tax
	---------(Rupees in '000')---------	
2013		
Pak Rupee	+100	23,077
Pak Rupee	-100	(23,077)
2012		
Pak Rupee	+100	4,086
Pak Rupee	-100	(4,086)

43.1.2 Currency risk

Currency risk arises mainly due to fluctuation in foreign exchange rates. The Group also has transactional currency exposure. Such exposure arises from sales and purchases of certain materials by the group in currencies other than Rupee. Approximately 23% (2012: 33%) of the group's sales are denominated in currencies other than Pakistani Rupee, while almost 77% (2012: 67%) of sales are denominated in local currency.

The following table demonstrates the sensitivity to a reasonably possible change in the USD exchange rate. If Pakistani Rupee (Pak Rupee) had weakened / strengthened by 5% against the USD, with all other variables held constant, the effect on the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) at June 30, 2013 and 2012 would have been as follows:

	Increase / decrease in US Dollars to Pak Rupee	Effect on profit before tax
	---------(Rupees in '000')---------	
2013		
Pak Rupee	+5%	89,839
Pak Rupee	-5%	(89,839)
2012		
Pak Rupee	+5%	33,239
Pak Rupee	-5%	(33,239)

43.1.3 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 Group is not materially exposed to other price risk including equity risk except for investments in mutual funds as disclosed in note 17 to these consolidated financial statements.

43.2 Credit risk

43.2.1 Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed to perform as contracted. The group manages credit risk by limiting significant exposure to any individual customers, by obtaining advance against sales and developing a formal approval process whereby credit limits are applied to its customers. The management also continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery. To mitigate the risk, the Group has a system of assigning credit limits to its customers based on an extensive evaluation based on customer profile and payment history. Outstanding customer receivables are regularly monitored. Some customers are also secured, where possible, by way of inland letters of credit, cash security deposit, bank guarantees and insurance guarantees. The Group does not have significant exposure to any individual customer. As of the balance sheet date, the Group is exposed to credit risk on the following assets:

	Note	2013	2012
		(Rupees in '000')	
Long-term loans	9	202,071	-
Long-term deposits	10	36,513	3,175
Trade debts	13	2,795,177	1,050,639
Loans and advances	14	105,425	37,757
Trade deposits and short term prepayments	15	183,396	14,736
Other receivables	16	985,409	25,256
Bank balances	19	3,476,425	843,192
		7,784,416	1,974,755

43.2.2 The ageing of bank balances, trade debts and loans and advances at the reporting date is as follows:

	2013	2012
Not past due	6,545,012	2,042,020
Past due but not Impaired:		
Not more than three months	63,946	-
Past due and Impaired:		
More than three months and not more than six months	2,000	-
More than one year	103,858	-
	169,804	-
Less: Provision for:		
- Doubtful debts	94,802	-
- Doubtful loans and advances	7,292	-
	102,094	-
	6,612,722	2,042,020

43.2.3 Credit quality of financial assets

The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. The credit quality of cash at bank (in current and deposit accounts) as per credit rating agencies are as follows:

	Note	2013	2012
		(Rupees in '000')	
A1+		3,476,425	842,673
A1		-	519
		3,476,425	843,192

43.3 Liquidity risk

Liquidity risk reflects the Group's inability in raising fund to meet commitments. Management closely monitors the Group'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 customers.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

	Less than one year	1 to 5 years	Total
	(Rupees in '000')		
June 30, 2013			
Long-term finance	265,400	7,791,524	8,056,924
Long-term deposit	-	57,125	57,125
Short-term borrowings and running finance	2,654,549	-	2,654,549
Trade and other payables	8,065,628	-	8,065,628
Accrued mark-up	224,729	-	224,729
	11,210,306	7,848,649	19,058,955
June 30, 2012			
Long-term finance	265,400	392,898	658,298
Long-term deposit	-	52,752	52,752
Trade and other payables	3,345,605	-	3,345,605
Accrued mark-up	13,319	-	13,319
	3,624,324	445,650	4,069,974

43.4 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. As of the balance sheet date, the carrying value of all financial assets and liabilities reflected in the consolidated financial statements approximate to their fair values.

43.5 Capital management

The primary objective of the Group'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 Group 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 Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the year ended June 30, 2013.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest bearing 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 the year, the Group's strategy was to minimize leveraged gearing. The gearing ratios as at June 30, 2013 and 2012 were as follows:

	Note	2013	2012
		(Rupees in '000')	
Long-term finance	22	7,791,524	392,898
Short-term borrowings and running finance	25	2,654,549	-
Trade and other payables	26	8,065,628	3,345,605
Accrued mark-up	27	224,729	13,319
Current portion of long-term finance	22	265,400	265,400
Total debt		19,001,830	4,017,222
Cash and bank balances	19	(3,746,968)	(844,422)
Net debt		15,254,862	3,172,800
Share capital	20	3,233,750	3,233,750
Reserves	21	37,895,741	30,027,995
Equity		41,129,491	33,261,745
Capital		56,384,354	36,434,545
Gearing ratio		27.06%	8.71%

The Group finances its expansion projects through equity, borrowings and management of its working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

44. ACCOUNTING JUDGEMENTS AND ESTIMATES

Income taxes

In making the estimates for income taxes payable by the Group, the management considers current Income Tax law and the decisions of appellate authorities on certain cases issued in the past. The details of the tax matters are as follows:

The Appellate Tribunal Inland Revenue had earlier set aside subsidiary company (ICI) assessment for the assessment year 1998-99 on the issues of date of commissioning of PTA plant & depreciation thereon, restriction of cost of capitalization of PTA plant and addition to income in respect of trial production stocks. The re-assessment was finalized by the department on June 29, 2010 giving rise to an additional tax demand. The subsidiary company (ICI) had filed an appeal against the said order before the CIR(Appeals), the hearing of appeal of which has been completed and the order is awaited.

The tax department reopened the income tax assessment for the assessment year 2001-2002 on the ground that demerger of PTA business from ICI Pakistan Limited was effective from the completion date i.e. August 6, 2001. This was challenged by the Group in the High Court which upheld the subsidiary company's (ICI) contention that the department did not have the right to reopen this finalized assessment. The department filed an appeal in the Supreme Court against the High Court's order. The appeal was dismissed by the Supreme Court under the principle of well known case of Eli Lilly. After the Supreme Court's decision on retrospectively as mentioned above, a notice has been issued u/s 66A of the repealed Ordinance by Tax department on June 20, 2011, which was challenged by the subsidiary company (ICI) in the High Court on the basis of Supreme Court's decision as above. However, despite the stay granted by High Court, the Tax Department issued an order on May 7, 2012 and raised the demand of the additional tax liability of Rs 19 million. The subsidiary company (ICI) filed an appeal before the Appellate Tribunal Inland Revenue which decided the case in subsidiary company's (ICI) favour on the basis that order issued on May 7, 2012 was time barred. The tax department has also issued an order through which Tribunal's order has been given effect and subsidiary company's (ICI) position has been accepted.

For the assessment year 2002-2003 on receipt of notice under section 62 of the Income Tax Ordinance, 1979, the subsidiary company (ICI) had filed a writ petition in the Supreme Court 'after it being dismissed by the Sindh High Court on maintainability', challenging the tax department's notice that the effective date of PTA's demerger was August 6, 2001 rather than the effective date given in the Scheme of Arrangement as October 1, 2000. That notice had raised certain issues relating to vesting of PTA assets by the subsidiary company (ICI). It is the subsidiary company's (ICI) contention that such an action is unwarranted and which has illegally changed the settled position.

Whilst amending subsidiary company's (ICI) assessment for the Tax Year 2003, 2004, 2005, 2007, 2008 and 2010 tax department has taken certain action in the order, considered by the department as "protective assessment" on the matter of unabsorbed depreciation carried forward. It is the subsidiary company's (ICI) contention that such an action is unwarranted. An appeal before the CIR (Appeals), on the matter has been filed, which is pending. The very basis of such an action has also been challenged before the High Court of Sindh which are pending for hearing.

In April 2012, a notice had been issued by the Tax Department for recovery of tax demand of Rs 271 million for Tax year 2003 and Rs 310 million for Tax year 2004 on account of unabsorbed tax depreciation relating to the demerger of PPTA business. This notice has been issued by the Tax Department on the basis that revenue cases cannot be stayed by the High Court of Sindh for a period of more than six months as mentioned in Article 199(4A) of the Constitution of Pakistan. The subsidiary company (ICI) through its counsel has filed a reply to Tax Department stating that since our assessments are protective assessments and as stated in the order the demand can only arise after the matter is finally decided by the Supreme Court for assessment year 2002-03. No action has been taken by the Tax Department after the reply of the subsidiary company (ICI).

Notice under section 221 of the Income Tax Ordinance 2001 for rectification of deemed assessment order for the Tax Year 2005 has been issued to disallow unabsorbed depreciation carried forward. A writ petition against the said notice has been filed with the High Court of Sindh which is pending for hearing.

For Tax Year 2006, the case had been selected for audit/scrutiny and whilst framing the order tax department has taken certain action in the orders, considered by the department as "protective assessments" on the matter of unabsorbed depreciation carried forward. A tax demand of Rs 616 million was raised in the order. It is the subsidiary company's (ICI) contention that such an action is unwarranted. An appeal before the CIR (Appeals) on the matter has been filed which is pending to date.

In June 2012, whilst amending the assessment for the Tax Year 2009, the tax department had disallowed the unabsorbed depreciation on the ground that there was no brought forward depreciation from Tax Year 2008 and a demand of Rs 972 million was created. It was the subsidiary company's (ICI) contention that such an action was unwarranted. This position was totally different from the position taken earlier by the tax department. The subsidiary company (ICI) had filed an appeal before the High Court of Sindh challenging the said order which had decided the case with the direction that the matter will be finalised by the CIR(Appeals) within six weeks from the date of High Court's Order. On August 15, 2012 CIR(Appeals) issued its order and upheld the order passed by the tax department earlier. The subsidiary company (ICI) then filed an appeal before the Appellate Tribunal Inland Revenue against the said order of CIR(Appeals) as well as for the stay of demand. On November 15, 2012, the Tribunal decided the case in subsidiary company's (ICI) favour on the basis that the original assessment order for assessment year 2001-02 passed on May 29, 2002 is now crystallized and therefore unabsorbed depreciation is available to the subsidiary company (ICI). The Tax Department has also issued an order giving effect to the Tribunal's decision through which the unabsorbed depreciation has been allowed to be carried forward for adjustment in Tax Year 2009. Subsequently in July the Tax Department has also passed an order for Tax Year 2010 giving us the benefit of carried forward depreciation from Tax Year 2009. Subsequently, in July 2013 the Tax Department has also passed an order for Tax Year 2010, whereby allowed the benefit of carried forward depreciation from Tax Year 2009.

Pension and Gratuity

Certain actuarial assumptions have been adopted as disclosed in note 24 to the consolidated financial statements for valuation of present value of defined benefit obligations and fair value of plan assets. Any changes in these assumptions in future years might affect gains and losses in those years.

Property, plant and equipment

The estimates for revalued amounts, if any, of different classes of property, plant and equipment, are based on valuation performed by external professional valuer and recommendation of technical teams of the Group. The said recommendations also include estimates with respect to residual values and depreciable lives. Further, the Group reviews the value of the assets for possible impairment on an annual basis. The future cash flows used in the impairment testing of assets is based on management's best estimates which may change in future periods. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipments with a corresponding affect on the depreciation charge and impairment.

Provision for stores and spares

The Group has made estimation with respect to provision for slow moving, damaged and obsolete items and their net realizable value.

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 Group, 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.

45. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on September 17, 2013 by the Board of Directors of the Holding Company.

46. NUMBER OF EMPLOYEES

The number of persons employed as on the balance sheet date was 3,275 (2012: 2,186) and the average number of employees during the year was 3,267 (2012: 2,106).

47. GENERAL

47.1 The Board of Directors in their meeting held on September 17, 2013 (i) approved the transfer of Rs. 7,871.271 million (2012: Rs. 5,000 million) from un-appropriated profit to general reserve; and (ii) proposed final dividend of Rs. 8/- per share for the year ended June 30, 2013 amounting to Rs. 2,587 million (2012: Rs.1,940 million) for approval of the members at the Annual General Meeting to be held on October 24, 2013. These consolidated financial statements do not reflect this appropriation and the proposed dividend payable.

47.2 The corresponding figures presented represents the standalone financial information of the Holding Company since these are the first consolidated financial statements of the Holding Company and are, accordingly, not comparable.

47.3 For better presentation certain prior year's figures have been reclassified consequent to certain changes in the current year's presentation. However, there have been no material reclassification to report.

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

Muhammad Yunus Tabba
Chairman / Director

Muhammad Ali Tabba
Chief Executive

Glossary

Derivative financial instruments.
Transactions used to manage interest rate and/or currency risks.

Dividend payout ratio.
The dividend payout ratio is the ratio between the dividend for the fiscal year and the earnings per share

EBIT.
Earnings Before Interest and Taxes. EBIT represents the results of operations

EBITDA.
Earnings Before Interest, Taxes, Depreciation and Amortization

EPS Earnings Per Share

Gearing ratio.
The gearing ratio represents the net indebtedness divided by total equity, expressed as a percentage

Hedging. Securing a transaction against risks, such as fluctuations in exchange rates, by entering into an offsetting hedge transaction, typically in the form of a forward contract.

HESCO. Hyderabad Electric Supply Corporation

IAS. International Accounting Standards. Accounting standards of the IASB

IASB. International Accounting Standards Board. The authority that defines the International Financial Reporting Standards.

IFRIC. International Financial Reporting Interpretations Committee (predecessor of the International Financial Reporting Standards Interpretations Committee, IFRS IC). IFRS. International Financial Reporting Standards. The accounting standards of the IASB.

IFRS IC. International Financial Reporting Standards Interpretations Committee. The body that determines appropriate accounting treatment in the context of existing IFRS and IAS.

LCL. Lucky Cement Limited

LHL. Lucky Holdings Limited

Net indebtedness. The net amount of interest-bearing financial liabilities as recognized in the balance sheet, cash and cash equivalents, the positive fair values of the derivative instruments as well as other interest bearing investments.

NEPRA. National Electric & Power Regulatory Authority

OPC. Ordinary Portland Cement

Operating assets. Operating assets are the assets less liabilities as reported in the balance sheet, without recognizing the net indebtedness, discounted trade bills, deferred tax assets, income tax receivable and payable, as well as other financial assets and debts.

Operating lease. A form of lease that is largely similar to rental. Leased assets are recognized in the lessor's balance sheet and capitalized.

PESCO. Peshawar Electric supply Corporation

RDF. Refuse Derived Fuel

ROCE. Return On Capital Employed. We define ROCE as the ratio of EBIT to average operating assets for the fiscal year.

SIC. Standing Interpretations Committee (predecessor to the IFRIC).

SRC. Sulphate Resistant Cement

TDF. Tyre Derived Fuel

WHR. Waste Heat Recovery

YBG. Yunus Brother Group

Notice of 20th Annual General Meeting

Notice is hereby given that the 20th Annual General Meeting of the members of Lucky Cement Limited will be held on Thursday, October 24, 2013 at 10:30 a.m., at the registered office of the Company situated at factory premises Pezu, District Lakki Marwat, Khyber Pukhtunkhwa to transact the following businesses:

ORDINARY BUSINESS

1. To confirm the minutes of Annual General Meeting held on October 31, 2012.
2. To receive, consider and adopt the audited financial statements for the year ended June 30, 2013 together with the Board of Directors' and Auditors' reports thereon.
3. To approve and declare cash dividend @ 80% i.e. Rs. 8/- per share for the year ended June 30, 2013 as recommended by the Board of Directors.
4. To appoint Auditors and fix their remuneration for the year ending June 30, 2014. The present Auditors, Messrs Ernst and Young Ford Rhodes Sidat Hyder, Chartered Accountants, retire and being eligible, offer themselves for reappointment.

SPECIAL BUSINESS

5. To consider and approve the increase in the amount of investment to be made in an Associated Undertaking, M/s Yunus Energy Limited, from Rs. 465 million (including cost overrun) of Rs. 80 million to Rs. 605 million (including cost overrun of Rs. 85 million) for setting up a Wind Power Project of 50 MW and pass the following Special Resolution with or without modification, in terms of Section 208 of the Companies Ordinance, 1984 subject to the approval of shareholders:

   a) "RESOLVED that the Company be and is hereby authorized to increase the amount of investment to be made in an Associated Undertaking, M/s. Yunus Energy Limited from Rs. 465 million (including cost overrun) of Rs. 80 million to Rs. 605 million (including cost overrun of Rs. 85 million) for setting up a Wind Power Project of 50 MW.

   b) FURTHER RESOLVED THAT the Chief Executive and / or Director(s) of the Company be and are hereby authorized to do all such acts necessary for the investment to be made in the best interest of the Company."

6. To consider, approve and authorize the Company to issue Corporate Guarantee / Undertaking on behalf of the fully integrated Cement plant (Project Company) to be set up in DR Congo and in favor of lenders (local and international financial institutions) to the extent of Rs. 6.360 billion (equivalent US$ 60.0 million) to provide cover against the portion financed by the lenders and comfort to repay the debt on accelerated basis if the project is not able to be completed due to reasons beyond the control of the Company and pass the following Special Resolution with or without modification, in terms of Section 208 of the Companies Ordinance, 1984 subject to the approval of shareholders:

   a) "RESOLVED that the Company be and is hereby authorized to issue Corporate Guarantee / Undertaking on behalf of the fully integrated Cement plant (Project Company) to be set up in DR Congo and in the favor of lenders (local and international financial institutions) to the extent of Rs. 6.360 billion (equivalent US$ 60.0 million) to provide cover against the portion financed by the lenders and comfort to repay the debt on accelerated basis if the project is not able to be completed due to reasons beyond the control of the Company.

   b) "FURTHER RESOLVED THAT the Chief Executive and / or Director(s) of the Company be and are hereby authorized to take any and all actions as may be required from time to time in this regard".

ANY OTHER BUSINESS:

7. To transact any other business with the permission of the Chair.

By Order of the Board

Fayyaz Abdul Ghaffar
Company Secretary

Karachi: October 2, 2013

Notes:

1. The Share Transfer Books of the Company will remain closed from Tuesday, October 15, 2013 to Thursday, October 24, 2013 (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 14, 2013 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.

A statement under section 160(1)(b) of the Companies Ordinance, 1984 pertaining to the Special Business is appended below:

Item no. 5 - Special Business

The Directors in their board meeting held on September 17, 2013 have recommended the enhancement in investment in an Associated Company, M/s Yunus Energy Limited, from Rs. 465 million (including cost overrun of Rs. 80 million) to Rs. 605 million (including cost overrun of Rs. 85 million) for setting up a Wind Power Project of 50 MW due to:

1) Change of Tariff Regime from Cost plus tariff to upfront tariff, compelled to change the debt equity ratio from 80:20 to 75:25.

2) Difference of Dollar/Rupee parity

According to S.R.O. 27(I)/2012 dated January 16, 2012, the following information is required to be annexed with the Special Resolution for approval of investment in an associated undertaking for the purpose of section 208 of the Companies Ordinance, 1984 and information required under Regulation 3(1)(a) of the Companies (Investment in Associated Undertakings) Regulations, 2012:

Sr. No.	Description	Information Required
(i)	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established.	Yunus Energy Limited due to Common Directorship by the following : 1) MR. MUHAMMAD YUNUS TABBA 2) MR. MUHAMMAD ALI TABBA 3) MR. MUHAMMAD SOHAIL TABBA 4) MR. JAWED YUNUS TABBA 5) MRS. RAHILA ALEEM 6) MRS. ZULEKHA RAZZAK TABBA
(ii)	Purpose, benefits and period of investment.	To make seed / equity investment. To earn dividend income. Initially for the life of the project i.e. twenty years after commercial operation date.
(iii)	Maximum amount of investment.	Long term equity investment up-to Rs. 605,000,000/- including cost overrun of Rs. 85,000,000/- to maintain its shareholding ratio in the project.
(iv)	Maximum price at which securities will be acquired.	At face value of Rs.10/- per share
(v)	Maximum number of securities to be acquired.	Approximately 60,500,000 ordinary shares.
(vi)	Number of securities and percentage thereof held before and after the proposed investment.	No. of Shares & Shareholding percentage before investment: Nil No. of Shares after investment: 60,500,000 approx. Shareholding percentage: Approx. 14% of equity after the proposed investment.
(vii)	In case of investment in listed securities, average of the preceding twelve weekly average price of the security intended to be acquired.	Not Applicable as M/s Yunus Energy Limited is public unlisted company.
(viii)	In case of investment in unlisted securities, fair market value of such securities determined in terms of regulation 6(1).	Since the company is still in its preliminary stages and has not commenced the electricity generation through wind energy, no revenues have been earned till the year ended June 30, 2013. In absence of actual "business" activities it is abundantly difficult to estimate the value of the share of the associated company. Hence, in the absence of the said information, the management of the company estimates that the fair value of the shares of the company should be equivalent to the book value that is PKR 10/- per share.

Sr. No.	Description	Information Required
(ix)	Break-up value of securities intended to be acquired on the basis of the latest audited financial statements.	(Rs. 1,151.21) per share as at June 30, 2013
(x)	Earnings per share of the associated company or associated undertaking for the last three years.	Loss per share for the year ended June 30, 2013 was Rs.367.93, for the year ended June 30, 2012 was Rs.305.21 and for the period ended June 30, 2011 was Rs.488.01
(xi)	Sources of fund from which securities will be acquired.	Surplus funds of the company.
(xii)	Where the securities are intended to be acquired using borrowed funds:	
	(I) Justification for investment through borrowing; and	Not Applicable
	(II) Detail of guarantees and assets pledged for obtaining such funds	Not Applicable
(xiii)	Salient features of the agreement(s), if any, entered into with its associated company or associated undertaking with regards to the proposed investment	Not Applicable
(xiv)	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration.	Mr. Muhammad Yunus Tabba, Mr. Muhammad Ali Tabba, Mr. Muhammad Sohail Tabba, Mr. Jawed Yunus Tabba, Mrs. Rahila Aleem and Mrs. Zulekha Razzak Tabba, Directors of the Company are also Directors of M/s Yunus Energy Limited, however, they have no direct or indirect interest except to the extent of shareholding in the investing company.
(xv)	Any others important details necessary for the members to understand the transaction.	The Company intends to invest in an associated company, for the development of a 50 MW Wind Power Project in the context that the country is facing severe shortage of electricity and Government of Pakistan has announced the lucrative incentives for investment in power sector, especially in Renewable Energy Sector, which includes; (i) Tax exemptions for the life of the project. (ii) Guaranteed off-take of power generation. (iii) Government of Pakistan Guarantees for payment of power off-take. (iv) Levelized tariff, includes financial costs (Loan & interest) repayment to lenders. (v) Allocation of sizeable land by the Government of Sindh through Alternative Energy Development Board in wind corridor. ((vi) Wind Power project is not exposed to availability & prices of fuel. (vii) Determined upfront tariff is worked to aim 17% return on equity, with no floor or cap on return on investment, due to wind speed.
(xvi)	In case of investment in securities of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information, is required, namely:	
	(I) Description of the project and its history since conceptualizations.	(i) As mentioned in (XV).
	(II) Starting and expected dated of completion of work.	(ii) Commencement of construction is expected in July, 2014 and to be completed within eighteen months thereof.
	(III) Time by which such project shall become commercially operational; and	(iii) Eighteen months after the start of construction.
	(IV) Expected time by which the project shall start paying return on investment.	(iv) One year after Commercial Operation.

As per the disclosure requirement of Para 4(1) of the Companies (Investment in Associated Undertakings) Regulations, 2012, it is informed that the following directors of the company are also the directors in the investee company; however, they have no direct or indirect interest except to the extent of shareholding in the investee company:

1) MR. MUHAMMAD YUNUS TABBA
2) MR. MUHAMMAD ALI TABBA
3) MR. MUHAMMAD SOHAIL TABBA
4) MR. JAWED YUNUS TABBA
5) MRS. RAHILA ALEEM
6) MRS. ZULEKHA RAZZAK TABBA

Item no. 6 – Special Business

The Directors in their board meeting held on September 17, 2013 have recommended issuance of Corporate Guarantee / Undertaking on behalf of the fully integrated Cement plant (Project Company) to be set up in DR Congo and in the favor of lenders (local and international financial institutions) to the extent of Rs. 6.360 billion (equivalent US$ 60.0 million) to provide cover against the portion financed by the lenders and comfort to repay the debt on accelerated basis if the project is not able to be completed due to reasons beyond the control of the Company.

According to S.R.O. 27(I)/2012 dated January 16, 2012, the following information is required to be annexed with the Special Resolution for approval of investment in an associated undertaking for the purpose of section 208 of the Companies Ordinance, 1984 and information required under Regulation 3(1)(a) of the Companies (Investment in Associated Undertakings) Regulations, 2012:

Sr. No.	Description	Information Required
(i)	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established.	Nyumba Ya Akiba S.A.R.L. (associated company based on indirect shareholding of 50%)
(ii)	Amount of loans or advances.	Corporate guarantee up to Rs. 6.360 billion (equivalent US$ 60.0 million)
(iii)	Purpose of loans or advances and benefits likely to accrue to the investing company and its members from such loans or advances.	Being one of the sponsors of the associated company, Lucky Cement Limited may be required to issue corporate guarantee / undertaking in favour of the project lenders as a security for provision of long-term finance for the project.
(iv)	In case any loan has already been granted to the said associated company or associated undertaking, the complete details thereof.	Not applicable.
(v)	Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements.	No work has so far been started in the Company.
(vi)	Average borrowing cost of the investing company or in case of absence of borrowing the Karachi Inter Bank Offered Rate for the relevant period.	Not applicable.
(vii)	Rate of profit, mark up, profit, fees or commission etc. to be charged	Not applicable.
(viii)	Sources of funds from where loans or advances will be given	Not applicable.
(ix)	Where loans or advances are being granted using borrowed funds:	Not applicable.
	I. Justification for granting loan or advance out of borrowed funds	Not applicable.
	II. Details of guarantees / assets pledged for obtaining such funds, if any	Not applicable.
	III. Repayment schedule of borrowing of the investing company	Not applicable.
(x)	Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any	Not applicable.
(xi)	Repayment schedule and terms of loans or advances to be given to the investee company	Not applicable.
(xii)	Salient features of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment	Not applicable.
(xiii)	Direct or in direct interest of directors, sponsors, majority shareholders and their relatives, if any in the associated company or associated undertaking or the transaction under consideration	Mr. Muhammad Yunus Tabba, Mr. Muhammad Ali Tabba, Mr. Muhammad Sohail Tabba are Nominee Directors in the associated company, however no directors, sponsors, majority shareholders and their relatives, have any direct or indirect interest in the associated company
(xiv)	Any others important details necessary for the members to understand the transaction.	None.
(xv)	In case of investment in securities of a project of an associated company or associated undertaking that has not commenced operations, in additions to the information referred to above, the following further information , is required, namely:	Not applicable.
	I. A description of the project and its history since conceptualizations	Not applicable.
	II. Starting and expected dated of completion of work.	Not applicable.
	III. Time by which such project, shall become commercially operational	Not applicable.
	IV. Expected return on total capital employed in the project	Not applicable.
	V. Funds invested or to be invested by the promoters distinguishing between cash and non-cash amounts	Not applicable.

As per the disclosure requirement of Para 4(1) of the Companies (Investment in Associated Undertakings) Regulations, 2012, it is informed that the following directors of the company are also the nominee directors in the investee company; however, they have no direct or indirect interest except to the extent of shareholding in the investee company:

1) MR. MUHAMMAD YUNUS TABBA
2) MR. MUHAMMAD ALI TABBA
3) MR. MUHAMMAD SOHAIL TABBA

STATUS OF INVESTMENT IN ASSOCIATED COMPANIES

As required under Clause 4(2) of the Companies (Investment in Associated Undertakings) Regulations, 2012, the status of the previous investments in associated companies against approvals held by the Company are as under :

1) The Company has already obtained the approval in Yunus Energy Limited to invest in equity investment to the extent of Rs. 385,000,000/- divided into 38,500,000 ordinary shares of Rs. 10/- each and a cost overrun of Rs. 80 million totaling Rs. 465.000,000/-; which is not yet disbursed.

2) The Company has approved long term equity investment in its associated company M/s. Lucky Holdings Limited to the extent of Rs. 5,625,000,000/- divided into 112,500,000 ordinary shares at a price of Rs.50/= per share including share premium of Rs.40/= per share. The amount so invested is Rs. 5,619,000,000/-.

Pattern of Shareholding

As at June 30, 2013

No. of Shareholders	Shareholdings From	To	Total Shares Held
1403	1	100	56,895
994	101	500	311,097
2827	501	1000	1,620,749
549	1001	5000	1,274,817
119	5001	10000	880,805
60	10001	15000	748,677
44	15001	20000	790,142
31	20001	25000	713,085
23	25001	30000	641,594
14	30001	35000	464,040
12	35001	40000	459,475
11	40001	45000	467,760
14	45001	50000	685,215
5	50001	55000	270,282
4	55001	60000	229,042
7	60001	65000	443,304
7	65001	70000	472,290
1	70001	75000	70,894
3	75001	80000	236,500
3	80001	85000	248,372
1	85001	90000	86,967
1	95001	100000	100,000
1	100001	105000	101,300
2	105001	110000	217,400
2	115001	120000	235,300
1	120001	125000	124,000
1	125001	130000	130,000
3	135001	140000	412,801
3	145001	150000	444,546
1	155001	160000	160,000
2	160001	165000	324,177
1	165001	170000	170,000
4	175001	180000	709,499
1	190001	195000	191,433
2	195001	200000	395,500
1	205001	210000	206,600
1	210001	215000	210,608
2	215001	220000	434,800
2	220001	225000	450,000
3	225001	230000	683,290
1	230001	235000	234,369
1	235001	240000	240,000

No. of Shareholders	Shareholdings From	To	Total Shares Held
2	250001	255000	505,806
3	255001	260000	776,281
4	265001	270000	1,071,931
1	275001	280000	276,525
2	285001	290000	575,390
1	290001	295000	291,500
1	295001	300000	300,000
1	305001	310000	309,806
2	315001	320000	635,410
1	325001	330000	326,451
1	340001	345000	345,000
2	345001	350000	694,087
1	350001	355000	350,300
1	360001	365000	363,110
1	370001	375000	373,025
1	375001	380000	377,600
1	380001	385000	384,000
1	400001	405000	404,200
1	410001	415000	414,709
2	430001	435000	863,700
3	450001	455000	1,361,500
1	455001	460000	455,204
1	460001	465000	461,500
1	465001	470000	469,418
3	480001	485000	1,450,000
1	485001	490000	488,700
1	490001	495000	492,800
1	515001	520000	517,925
1	540001	545000	544,100
1	545001	550000	550,000
1	555001	560000	555,015
1	570001	575000	574,400
1	615001	620000	620,000
2	620001	625000	1,241,900
1	630001	635000	631,515
2	640001	645000	1,286,500
1	645001	650000	650,000
1	675001	680000	678,936
2	680001	685000	1,366,900
1	690001	695000	690,317
1	695001	700000	696,400
1	745001	750000	747,300

No. of Shareholders	Shareholdings From	To	Total Shares Held
1	780001	785000	782,531
1	800001	805000	802,824
1	835001	840000	839,000
1	875001	880000	878,300
1	900001	905000	901,769
1	920001	925000	925,000
1	955001	960000	955,417
1	1160001	1165000	1,165,000
1	1195001	1200000	1,200,000
1	1225001	1230000	1,226,500
1	1300001	1305000	1,303,500
1	1320001	1325000	1,324,600
1	1425001	1430000	1,430,000
1	1485001	1490000	1,486,712
3	1925001	1930000	5,788,900
1	1975001	1980000	1,978,400
1	2035001	2040000	2,040,000
2	2045001	2050000	4,090,924
1	2095001	2100000	2,095,212
1	2165001	2170000	2,166,500
1	2220001	2225000	2,223,301
1	2345001	2350000	2,345,718
1	2665001	2670000	2,665,002
1	2685001	2690000	2,687,500
1	2715001	2720000	2,719,335
1	2810001	2815000	2,815,000
1	2820001	2825000	2,824,800
1	3095001	3100000	3,097,250
1	3190001	3195000	3,194,700
2	3215001	3220000	6,438,900
1	3275001	3280000	3,278,750
1	3295001	3300000	3,298,598
1	3305001	3310000	3,307,179
1	3445001	3450000	3,450,000
1	3495001	3500000	3,499,075
1	3975001	3980000	3,977,500
1	4075001	4080000	4,078,700
1	4255001	4260000	4,256,700
1	4835001	4840000	4,837,500
3	5370001	5375000	16,125,000
1	5630001	5635000	5,631,800
1	5640001	5645000	5,641,700

No. of Shareholders	Shareholdings From	To	Total Shares Held
2	6065001	6070000	12,140,000
1	6560001	6560000	6,560,550
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	11230001	11235000	11,235,000
1	11480001	11485000	11,482,875
1	11590001	13595000	13,591,550
1	21750001	21280000	21,279,483
2	22800001	22805000	45,606,058
6,288			323,375,000

Shareholders' Category	Number of Shareholders	Number Shares Held	Percentage %
Directors, Chief Executive Officer and their spouse and minor children	17	76,370,724	23.62
Associated Companies, Undertakings and related parties	4	40,038,456	12.38
NIT and ICP	3	5,341,578	1.65
Public Sector Companies and Corporations	5	3,248,613	1.00
Banks, Development Financial Institutions, Non Banking Financial Institutions	16	8,614,756	2.66
Insurance Companies	12	974,315	0.30
Modarabas and Mutual Funds	60	9,900,672	3.06
Share holders holding 10% or more:	0	-	-
General Public			
a. Local	5954	53,421,347	16.52
b. Foreign	88	117,330,794	36.28
Other (to be specified)	129	8,133,745	2.52
	6288	323,375,000	100.00

Additional Information

As at June 30, 2013

Shareholders' Category	No. of Shareholders	No. of Shares Held	Percentage %
Associated Companies, Undertakings and related parties			-
YUNUS TEXTILE MILLS LIMITED	1	21,279,483	6.58
YB PAKISTAN LIMITED	1	3,298,598	1.02
LUCKY ENERGY (PRIVATE) LIMITED	1	11,482,875	3.55
YUNUS TEXTILE (PRIVATE) LIMITED	1	3,977,500	1.23
Mutual Funds			-
SECURITY STOCK FUND LTD	1	3,762	0.00
PRUDENTIAL STOCKS FUND LTD (03360)	1	30,000	0.01
CDC - TRUSTEE PAKISTAN STOCK MARKET FUND	1	175,199	0.05
CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	1	48,215	0.01
CDC - TRUSTEE JS LARGE CAP. FUND	1	300,000	0.09
CDC - TRUSTEE PAK STRATEGIC ALLOC. FUND	1	2,619	0.00
CDC - TRUSTEE ATLAS STOCK MARKET FUND	1	225,000	0.07
CDC - TRUSTEE MEEZAN BALANCED FUND	1	326,451	0.10
CDC - TRUSTEE ALFALAH GHP VALUE FUND	1	161,277	0.05
CDC - TRUSTEE UNIT TRUST OF PAKISTAN	1	25,000	0.01
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	30,848	0.01
CDC-TRUSTEE PAK. INT. ELEMENT ISLAMIC ASSET ALLOCATION FUND	1	41,575	0.01
MC FSL - TRUSTEE JS KSE-30 INDEX FUND	1	6,608	0.00
CDC - TRUSTEE AL MEEZAN MUTUAL FUND	1	690,317	0.21
CDC - TRUSTEE MEEZAN ISLAMIC FUND	1	3,307,179	1.02
CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	1	484,000	0.15
CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	1	225,000	0.07
CDC - TRUSTEE UBL SHARIA STOCK FUND	1	550,000	0.17
CDC - TRUSTEE NAFA STOCK FUND	1	191,433	0.06
CDC - TRUSTEE NAFA MULTI ASSET FUND	1	63,564	0.02
CDC - TRUSTEE MCB DYNAMIC STOCK FUND	1	139,813	0.04
CDC - TRUSTEE ASKARI ASSET ALLOCATION FUND	1	55,700	0.02
CDC - TRUSTEE APF-EQUITY SUB FUND	1	20,000	0.01
CDC - TRUSTEE ALFALAH GHP ISLAMIC FUND	1	170,000	0.05
CDC - TRUSTEE HBL - STOCK FUND	1	678,936	0.21
CDC - TRUSTEE NAFA ISLAMIC MULTI ASSET FUND	1	31,900	0.01
CDC - TRUSTEE APIF - EQUITY SUB FUND	1	35,000	0.01
CDC - TRUSTEE HBL MULTI - ASSET FUND	1	135,488	0.04
FIRST CAPITAL MUTUAL FUND LIMITED	1	20,000	0.01
CDC - TRUSTEE IGI STOCK FUND	1	147,846	0.05
CDC - TRUSTEE ALFALAH GHP ALPHA FUND	1	66,000	0.02
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	2,345,718	0.73
MC FSL-TRUSTEE ASKARI ISLAMIC ASSET ALLOCATION FUND	1	39,697	0.01
CDC - TRUSTEE FIRST HABIB STOCK FUND	1	22,600	0.01
CDC - TRUSTEE LAKSON EQUITY FUND	1	32,500	0.01
MCBFSL-TRUSTEE URSF-EQUITY SUB FUND	1	62,940	0.02
MCBFSL-TRUSTEE UIRSF-EQUITY SUB FUND	1	43,000	0.01
CDC-TRUSTEE NAFA ASSET ALLOCATION FUND	1	42,800	0.01
CDC-TRUSTEE PAKISTAN PREMIER FUND	1	82,500	0.03
CDC-TRUSTEE NAFA SAVINGS PLUS FUND - MT	1	10,500	0.00
CDC - TRUSTEE PICIC INCOME FUND - MT	1	39,800	0.01
CDC-TRUSTEE HBL ISLAMIC STOCK FUND	1	234,369	0.07
CDC-TRUSTEE MEEZAN CAPITAL PROTECTED FUND-II	1	42,048	0.01
CDC - TRUSTEE PICIC STOCK FUND	1	20,100	0.01

Additional Information

Shareholders' Category	No. of Shareholders	No. of Shares Held	Percentage %
CDC - TRUSTEE HBL IPF EQUITY SUB FUND	1	28,200	0.01
CDC - TRUSTEE HBL PF EQUITY SUB FUND	1	20,000	0.01
CDC - TRUSTEE ASKARI EQUITY FUND	1	41,000	0.01
CDC - TRUSTEE KSE MEEZAN INDEX FUND	1	229,290	0.07
MCBFSL - TRUSTEE PAK OMAN ISLAMIC ASSET ALLOCATION FUND	1	10,000	0.00
CDC-TRUSTEE FIRST HABIB ISLAMIC BALANCED FUND	1	25,000	0.01
CDC - TRUSTEE ATLAS INCOME FUND - MT	1	10,000	0.00
MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	1	124,000	0.04
NATIONAL BANK OF PAKISTAN-TRUSTEE DEPARTMENT NI(U)T FUND	1	2,719,335	0.84
Directors and their spouse(s) and minor children			
MR. MUHAMMAD YUNUS TABBA (DIRECTOR)	2	9,839,300	3.04
MRS. KHAIRUNNISA (SPOUSE)	2	8,062,500	2.49
MR. MUHAMMAD ALI TABBA (DIRECTOR)	2	11,657,775	3.61
MRS. FEROZA TABBA (SPOUSE)	1	645,000	0.20
MR. MUHAMMAD SOHAIL TABBA (DIRECTOR)	2	12,397,775	3.83
MRS. SAIMA SOHAIL TABBA (SPOUSE)	1	6,070,000	1.88
MR. JAWED YUNUS TABBA (DIRECTOR)	2	18,966,550	5.87
MRS. RAHILA ALEEM (DIRECTOR)	2	5,314,662	1.64
MRS. ZULEKHA RAZZAK TABBA (DIRECTOR)	2	3,416,162	1.06
MR. TARIQ IQBAL KHAN (DIRECTOR)	1	1,000	0.00
MR. MUHAMMAD ABID GANATRA (DIRECTOR)	1	4,900	0.00
Executives	1	5,000	0.00
Public Sector Companies and Corporations	6	3,525,138	1.09
"Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds"	48	11,604,159	3.59
Share holders holding 5% or more:			
Mr. Jawed Yunus Tabba - Director	2	18,966,550	5.87
Yunus Textile Mills Limited - Associated Company	1	21,279,483	6.58
Kenzo Holdings Limited - Foreigner	1	22,803,029	7.05
Rossneath Investments Limited - Foreigner	1	22,803,029	7.05

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

None of the Directors, CEO, CFO, Company Secretary and their spouses and minor Children has traded in the shares of the Company during the year except 5000 shares traded by CFO of the Company

Dear Shareholder,

Dividend Mandate

Lucky Cement Limited wishes to inform its Shareholders that under the Law (Section 250 of the Companies Ordinance, 1984) they are entitled (if they so opt) to receive their cash dividend directly in their designated bank accounts instead of receiving it through dividend warrants. This will not only be convenient but will also save considerable time as funds will be credited into their bank account.

Shareholders who desire to exercise this option or wish to update the Bank Mandate information already provided, should send the following information to Share Registrar of Lucky Cement Limited at their address given below:

S. No.	Shareholder/Member Details	
1.	Shareholder's Name	
2.	Father's / Husband's Name	
3.	Folio Number	
4.	Name of Bank	
5.	Name of Branch	
6.	Title of Bank Account	
7.	Bank Account Number	
8.	Cell Number	
9.	Telephone Number (if any)	
10.	CNIC Number (attach copy)	
11.	NTN (in case of corporate entity, attach copy)	

Signature of Member / Shareholder

Please note that dividend mandate is OPTIONAL and NOT COMPULSORY. In case, you do not wish your dividend to be directly credited into your bank account, then the same shall be paid to you through the dividend warrants in its normal course of business.

CNIC Submission (Mandatory)

Shareholders are further advised that pursuant to the directives of SECP, CNIC numbers of Shareholders are mandatorily required to be mentioned on dividend warrants. Shareholders are therefore requested to submit a copy of their CNIC to Share Registrar of Lucky Cement Limited, as in the absence of availability of CNIC number, the company shall not be able to process the dividend dispatch.

CDC account holders should submit their request directly to their broker (participant) / CDC.

Yours Faithfully,

Fayyaz Abdul Ghaffar
Company Secretary

Share Registrar CDC House, 99-B, Block B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi. Toll : 0800 23275

Proxy Form

LUCKY CEMENT

I/We ____

of (full address) ____

being a Member of Lucky Cement Limited hereby appoint ____

______________________ of (full address) ______________________

____

or failing him / her ____

of (full address) ____

who is also a member of Lucky Cement Limited, as my / our proxy in my / our absence to attend and vote for me / us and on my / our behalf at the 20th Annual General Meeting of the Company to be held on October 24, 2013 and / or any adjournment thereof.

Signature this ______________________ ______________________ Year 2013

(day) (date, month)

Signature of Member: ______________________

Folio / CDC Number: ______________________

Number of shares held: ______________________

CNIC No. : ______________________

Please affix revenue stamp

Signature and Company seal

Signatures, name and addresses of witnesses

1. ____

____

2. ____

____

Important:

1. In order to be effective, this Proxy Form duly completed, stamped, signed and witnessed 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, Khybar 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.

Head Office
6-A Muhammad Ali Housing Society, A. Aziz Hashim Tabba Street, Karachi-75350, Pakistan.
UAN: (+92-21) 111-786-555 Fax: (+92-21) 34534302 info@lucky-cement.com

Liaison Offices

Multan
Dastagir Tower, 1st Floor, Hassan Parwana Road, Near Deira Ada, Multan.
Tel: (+92-61) 4540556-7 Fax: (+92-61) 4540558 multan@lucky-cement.com

Lahore
17-C/3, Gulberg III, near Hussain Chowk, Lahore.
UAN: (+92-42) 111-786-555 Tel: (+92-42) 35772508 Fax: (+92-42) 35772512 lahore@lucky-cement.com

Islamabad
House No. 26, Street No. 8, Sector F-7/3, Islamabad.
UAN: (+92-51) 111-786-555 Tel: (+92-51) 2610804-7 Fax: (+92-51) 2610809 dm@lucky-cement.com

Peshawar
7-Park Avenue, University Town, Peshawar.
UAN: (+92-91) 111-786-555 Tel: (+92-91) 5844903-5840271 Fax: (+92-91) 5850969 peshawar@lucky-cement.com

Quetta
F1, First Floor, Institute of Engineers Building, Zarghoon Road, Quetta.
Tel: (+92-81) 2837583 Fax: (+92-81) 2829267 quetta@lucky-cement.com

Plants

Pezu Plant
Main Indus Highway, Pezu, Distt. Lakki Marwat, Khyber Pakhtunkhwa.
Tel: (+92-969) 580123-5 Fax: (+92-969) 580122

Karachi Plant
104 km Milestone from Karachi to x (58 km towards Karachi)
Fax: (+92-21) 35206421

Report compiled by: Corporate Communications Department

A Part of
YBG

111-786-555
www.lucky-cement.com