Lucky Cement

Concrete Progress

Annual Report 2009

From a single brick...

combined with concrete progress...

...we make it happen!

From the house you live in to the road you travel on; from your child's classroom to hospital buildings, bridges and dams, cement stands out as the single most important ingredient. It is more than just an additive in the building process. It gives meaning to our everyday existence by satisfying one of the most basic needs of humanity – Shelter! It holds our lives together.

Contents

Vision

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

Mission

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

Strategy

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

1. **Market Penetration & Development:** We believe in depth and width expansion, and have therefore broadened our horizons to do business globally.

2. **Supporting Diversification:** Diversity is our "strength". From producing a variety of cement brands, providing a range of logistic and transportation solutions and catering to a variety of markets globally, we have achieved it all!

3. **Technological Advances:** At Lucky, we keep ourselves in line with technological advances to further improve cement quality and production methods to achieve optimum efficiency.

4. **Human Resource Significance:** We value our Human Resources for providing a framework that serves as a guiding force for the organization as a whole.

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

OUR CORE VALUES

Our values are reflected within the name of LUCKY itself

Leadership

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

Understanding

We understand the demand of cement industry at a global level, parallel to the needs of the people associated with us in one way or the other.

Commitment

One word that sums it all at Lucky Cement is the "commitment" of people to quality, relationships and most importantly to our customers.

Knowledge

We are keen to learn and explore new knowledge that would contribute to the growth of our organization.

Yield

We yield results to increase the value for our shareholders and to keep our customers satisfied, ensuring optimum level of efficiency is achieved at all stages.

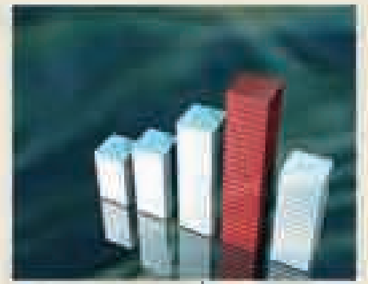
Lucky Cement

Concrete Progress

Company's Key Milestones

Listed on the Karachi, Lahore and Islamabad Stock Exchanges

Pezu Plant capacity increases from 1.2 mtpa to 1.5 mtpa



Started exporting cement

Started new production line in Pezu (Line-C)

Started another production line in Pezu (Line-D)

Started production at Karachi Plant (Line-E & F)

Became the largest cement manufacturing company in Pakistan

Became the 1st company to setup its own cement storage facility at Karachi Port with capacity of 24k tonnes.

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

1993 | 1996 | 1999 | 2001 | 2002 | 2005 | 2006 | 2007 | 2008 | 2009

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

Conversion of kiln firing system from furnace oil to coal-based

Inauguration of Karachi Plant

Became the largest cement exporter in Pakistan

Transportation fleet increased to 55 bulkers & a ship loader. This now totals to 77 bulkers including another ship loader.

Became the 1st company to export loose cement through sea

Became the 1st cement company in Pakistan to issue GDR & got listed in the London Stock Exchange

Conversion of furnace oil power generation engines to gas-based

Company Information

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

EXECUTIVE DIRECTOR
Mr. Abdur Razzaq Thaplawala

DIRECTOR FINANCE & COMPANY SECRETARY
Mr. MUHAMMAD ABID GANATRA
FCA, FCMA, FCIS

BOARD COMMITTEES
Audit Committee
Corporate Governance Committee
Finance Committee
Technical Committee
Modernization & Expansion (M&E) Committee

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

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

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

BANKERS
Allied Bank Limited
The Royal Bank of Scotland Limited
Bank AL-Habib Limited
Barclays Bank plc
Citibank N.A.
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
National Bank of Pakistan
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
United Bank Limited

REGISTERED OFFICE
Pezu, District Lakki Marwat, NWFP

PRODUCTION FACILITIES
1. Pezu, District Lakki Marwat, NWFP
2. 58 Kilometers on Main Super Highway
   Gadap Town, Karachi.

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

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

Website: www.lucky-cement.com E-mail: info@lucky-cement.com

Group Company's Establishment in Chronological Order

Indicates Charitable Foundations and Institutions

Yunus Brothers Group

- Yunus Brothers Group ("YB") was founded in1962 as a commercial exporter of cotton yarn to far east countries.
- Active player in international trading of various commodities
- Specializes in trading of rice and wheat

Aziz Tabba Foundation

- Incorporated in 1987
- Launched various humanitarian projects in the fields of health, education and housing
- Provides financial support to Aziz Tabba Kidney Center and Tabba Heart Institute

Lucky Textile Mills

- Consists of 3 weaving plants comprising of 800 looms
- State-of-the-art dyeing, printing and finishing unit
- Captive Power Generation of 6.20 MW

Gadoon Textile Mills Limited

- First of the only two mills in the world which started producing Compact Core Spun yarn
- 194,392 installed spindles. Produces high quality Compact yarn, Murata Jet Spinning yarn, Core Spun yarn and 100% Grey Cotton Ring Spun yarn
- OKO – Tex Standard 100 certified
- Power Generation Capacity of 34.36 MW
- Public listed Company

Fazal Textile Mills Limited

- Spinning mill with 65,000 installed spindles
- Produces 100% Grey Cotton Ring Spun Yarn and wide range of Blended and Heather Yarns
- ISO – 9001:2000 certified

Lucky Cement Limited

- The largest Portland Cement producer in Pakistan
- Present Capacity 7.75 mtpa
- Dry process technology runs on 100% coal firing system
- ISO – 9001:2000 certified
- Captive Power Generation Capacity of 140 MW
- Public listed Company

Lucky Energy (pvt) Limited

- NEPRA Approved Captive power unit
- Supplies uninterruptible power to Fazal Textile Mills and Lucky Textile Mills
- Generation capacity of 17.60MW

Aziz Tabba Kidney Center

- Providing dialysis facilities at very subsidized rates since last fourteen years
- Treats patients without any discrimination, financial or otherwise
- 24 dialysis machines catering to an average 100 dialysis per day working round the clock
- State-of-the-art health and laboratory facilities

Yunus Textile Mills Limited

- State-of-the-art machinery for weaving, printing, dyeing and finishing
- Completely vertically integrated textile mill
- The largest exporter of home textiles from Pakistan
- With a subsidiary branch in New Jersey – USA by the name of Royale Linens.
- Captive Power Generation Capacity of 14.00 MW

Tabba Heart Institute

- State-of-the-art 120 bed hospital
- Treated more than 30,000 patients since inception four years ago
- One of a kind clinical laboratory services and satellite outlets throughout the city

CEO's Message

The last financial year was full of challenge for industry around the globe and Pakistan was no exception. Your Company has outperformed the competition in terms of performance and profitability. Despite the turbulent economy, your Company has posted growth, both in revenue and operating profit by 55% and 135% respectively.

During the year, following achievements were also made:

- A new production line was commissioned in March-09, bringing the total manufacturing capacity to 7.75mtpa.
- Successful conversion of captive power plants to gas-based power generation.
- Inauguration of loose cement terminal at Karachi Port, making it the only facility in Pakistan to handle cement volume of 2.75mtpa.

The commissioning of Waste Heat Recovery (WHR) Plant at both, Pezu and Karachi, is under progress and Insha Allah will be completed on time.

Future Outlook

The demand of cement will improve in the domestic market as the government has allocated Rs. 621 billion for PSDP in the budget. This should help in stimulating the demand for cement in the local market. However, the export market will be under pressure due to the global financial crisis and increase in cement capacities in the region. Your Company has already taken measures to mitigate the risk of slowdown in exports and hopefully will be able to achieve the target set by the Company.

I would like to express my appreciation to the entire management and team members for their dedication and hard work. I would also like to thank the Board of Directors for their support, trust and valuable contributions.

Muhammad Ali Tabba

Board of Directors

Muhammad Yunus Tabba
Chairman

Muhammad Ali Tabba
Chief Executive

Muhammad Sohail Tabba
Director

Javed Yunus Tabba
Director

OTHER DIRECTORSHIPS

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

Muhammad Ali Tabba
Lucky Cement Limited
Yunus Textile Mills Limited
Fazal Textile Mills Limited
Gadoon Textile Mills Limited
Fashion Textile Mills (Pvt) Limited
Lucky Energy (Private) Limited
Yunus Textile (Private) Limited
Security Electric Power Company Ltd
Lucky Paragon Readymix Limited

Muhammad Sohail Tabba
Lucky Cement Limited
Yunus Textile Mills Limited
Fazal Textile Mills Limited
Gadoon Textile Mills Limited
Lucky Energy (Private) Limited
Security Electric Power Company Ltd
Lucky Paragon Readymix Limited

Javed Yunus Tabba
Lucky Cement Limited
Yunus Textile Mills Limited
Gadoon Textile Mills Limited
Fazal Textile Mills Limited
Lucky Energy (Private) Limited
Yunus Textile (Private) Limited
Security Electric Power Company Ltd

Board of Directors

Imran Yunus Tabba
Director

Mariam Razzak
Director

Rahila Aleem
Director

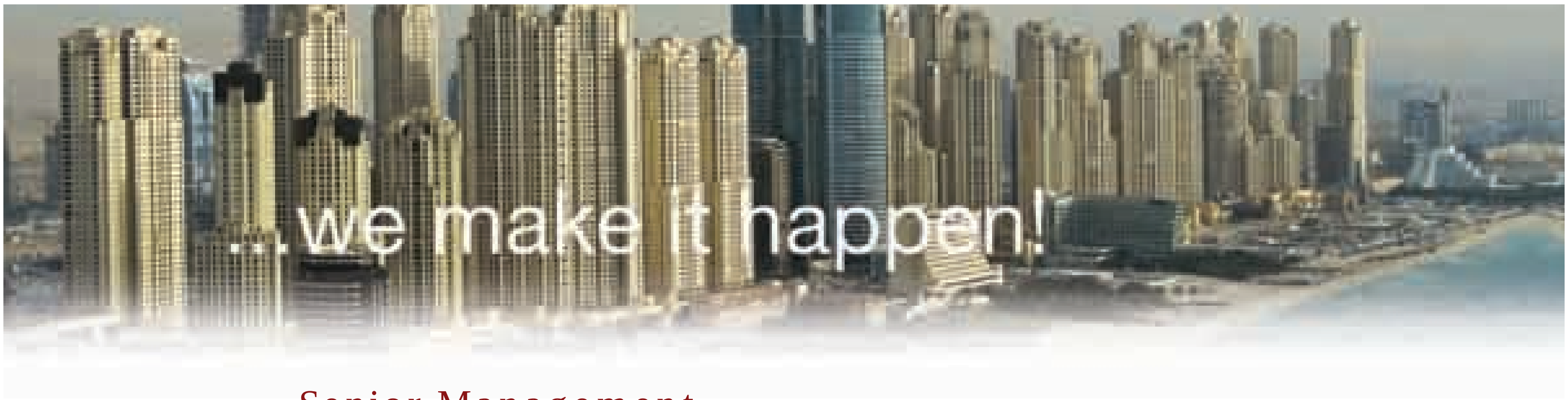
Manzoor Ahmed
Director

Imran Yunus Tabba
Lucky Cement Limited
Yunus Textile Mills Limited
Fazal Textile Mills Limited
Lucky Energy (Private) Limited
Yunus Textile (Private) Limited
Security Electric Power Company Ltd

Mariam Razzak
Lucky Cement Limited
Yunus Textile Mills Limited
Fazal Textile Mills Limited
Gadoon Textile Mills Limited
Lucky Paragon Readymix Limited

Rahila Aleem
Lucky Cement Limited
Yunus Textile Mills Limited

Manzoor Ahmed
Nominee of NIT



Senior Management

Abdur Razzaq Thaplawala – Executive Director

Mr. Abdur Razzaq Thaplawala has obtained his bachelor's degree in Commerce and Law from Karachi University. He is an Associate Member of DAIBP and Fellow Member of ICMAP. He served as Chairman of Branch Council of ICMAP for 3 years and the National Council of ICMAP for 9 years. Before joining Lucky Cement Ltd in 1994, he was Director of several Public Limited Companies and Executive Director of Dawood Cotton Mills Ltd, Dilon Ltd and Central Insurance Company Ltd. As Executive Director of Lucky Cement Ltd, Mr. Thaplawala has been instrumental in organizing the operations of Lucky Cement and has also worked actively in installing the first plant in Pakistan which replaced burning of furnace oil by coal.

Muhammad Mahbubur Rahman – Director Operations

Mr. Muhammad Mahbubur Rahman obtained his degree in Mining Engineering from the University of Engineering & Technology, Lahore in 1973. Having 10 years of experience in mining field, especially in Copper, Coal & Limestone, he also obtained training of 6 months in Turkey under RCD program, in the field of process / mining of copper, chromite, lead and zinc. Mr. Rahman has extensive experience of working in the Pakistan Cement Industry including Dadabhoy Cement, Essa Cement and Pakland Cement in different capacities. In 1999, he joined Lucky Cement as GM (Plant) and presently working as Director Operations, looking after both Pezu and Karachi plants.

Mohammad Abid Ganatra – Director Finance

Mr. Muhammad Abid Ganatra, has been associated with Lucky Cement Limited since 1994. He looks after the areas of Financial Management, Treasury, Accounts, Taxation and Corporate Affairs of the Company. Moreover, he has played a vital role in the development of export infrastructure and storage facilities at Karachi Port.

Before joining Lucky Cement, he was associated with a member firm of Deloitte Touche Tohmatsu International in Pakistan as Manager Consultancy where he was associated with various assignments of international repute.

Mr. Ganatra is a Fellow Member of the Institute of Chartered Accountants of Pakistan, Cost & Management Accountants of Pakistan and the Institute of Corporate Secretaries of Pakistan. He has also done M.A. (Economics) and L.L.B.

Senior Management

Muhammad Qutubuddin Baig – Technical Director

Mr. M.Q. Baig graduated in 1965 after which he worked in several cement companies including Zeal Pak Cement Ltd, Pakistan Cement Ltd, Mustehkam Cement Ltd, Javedan Cement, Arabian Cement (Saudi), Southern Cement Co. (Saudi), and Pakland Cement. He received his training in making dry process cement from Germany. Mr. Baig joined Lucky Cement Ltd in 1996 as Technical Director. He had been instrumental in removing bottlenecks for stable production and helped improve the reliability of operation an productivity with minimal investment and high cost benefit.

Intisar-ul-Haq Haqqi – Director Power Generation

Mr. Haqqi, a first class Marine Engineer, started his professional career in 1979 from Iran National shipping Lines and from there onwards served in different multinational companies gaining extensive international exposure including in Africa, Asia and Middle East. He joined Lucky Cement in 1994 and ultimately promoted to Director Power Generation in 2007. During his association with Lucky Cement, he helped establishing 80MWH Power Plant at the Pezu and 73 MWH Power Plant at Karachi Cement Plant.

Kalim Ahmad Mobin - Director Marketing

Mr. Kalim Ahmad Mobin has done his Bachelors of Science in 1969 followed by Masters in Arts, L.L.B and D.L.L.

He has served Lucky Cement since its inception and has been instrumental in establishing a successful Marketing & Logistics Strategy. He has been a keynote speaker at international conferences representing cement industry of Pakistan at various forums in multiple countries including Dubai and Kyrgyzstan. Mr. Mobin also oversees operations of all the field marketing offices of Lucky Cement in Punjab and NWFP and is responsible for handing the exports to neighboring countries including India and Afghanistan.

General Managers

Muhammad Shabbir
General Manager,
Pezu Plant

Syed Najmul Absar
General Manager,
Power Plant (Pezu)

M. Mansoor Khan Leghari
General Manager,
P&A (Pezu)

Mashkoor Ahmed
General Manager,
Karachi Plant

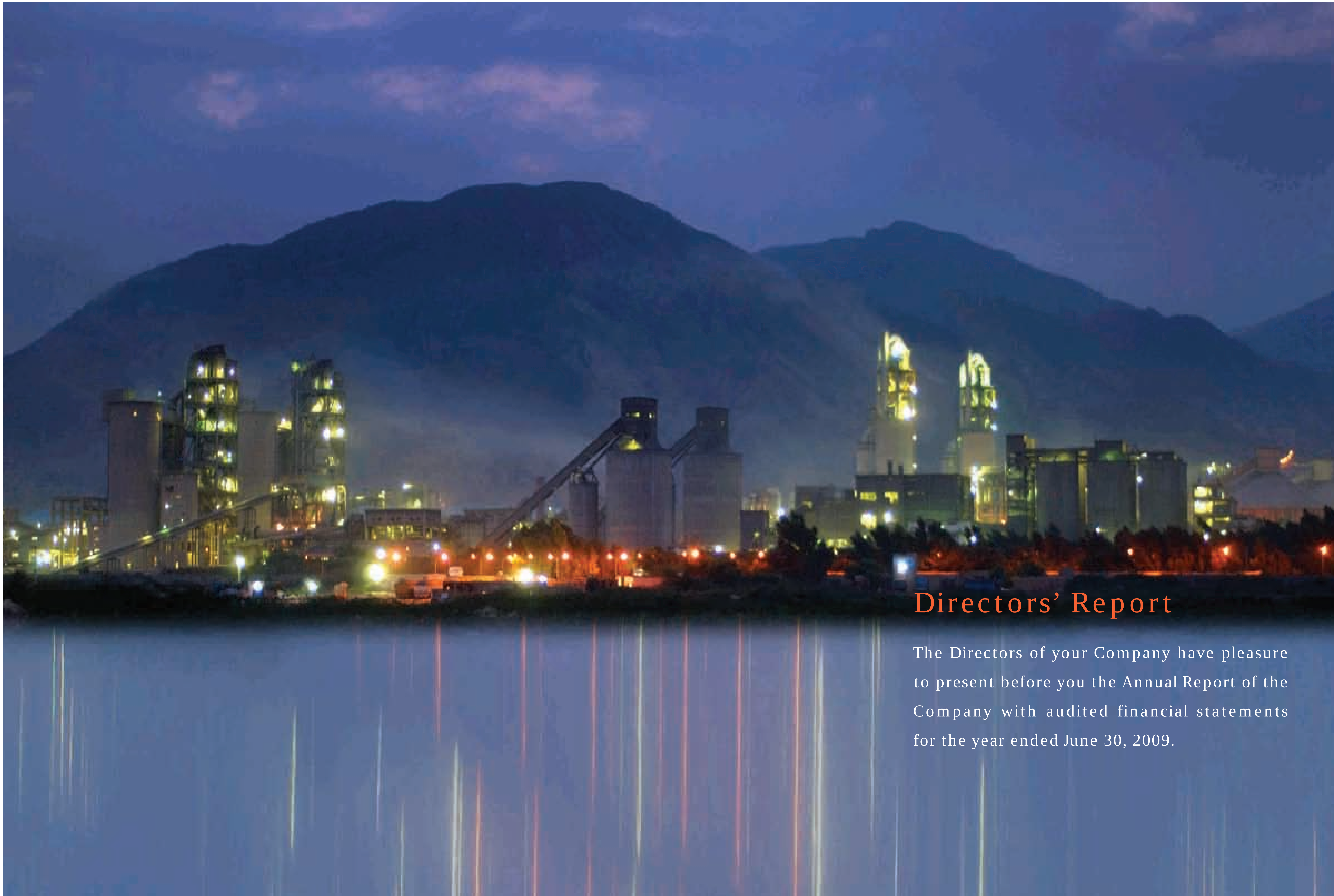
Humayun Khan
General Manager,
GR&A (Islamabad)

Saifuddin Khan
General Manager, Marketing

Nadeem Azhar
General Manager,
Human Resources

Muhammad Suhail
General Manager,
Finance

Abdul Latif Singapori
General Manager,
Procurement



Directors' Report

The Directors of your Company have pleasure to present before you the Annual Report of the Company with audited financial statements for the year ended June 30, 2009.

OVERVIEW

Overview

The Pakistan cement industry concluded the financial year ended June 30, 2009 with an overall meager growth of 2% with total sales volume of 30.77 million tons against last year's sales volume of 30.286 million tons. The demand in the domestic market witnessed a dismal negative growth of 14% due to adverse economic, financial as well as law and order situation prevailed in the country. On the export front, the industry witnessed a hefty growth of 47% with sales volume of 11.381 million tons against last year's sales volume of 7.716 million tons per annum. The shortfall in domestic sales was compensated by exports which ended with a proportion of 37% of the total sales of the industry.

By the grace of Almighty Allah, your Company managed a decent growth of 6.25% in overall sales volume during the year under review as compared to same period last year. The local sales witnessed a negative growth of 14% whereas exports registered a healthy growth of 29% during the year under review as compared to same period last year. The ratio of exports to total sales volume of your Company was 58% whereas the export market share of your Company was 30.18% during the year under review. The overall market share of your Company slightly improved from 18.35% last year to 19.18% this year despite of addition of new capacities by other peers.

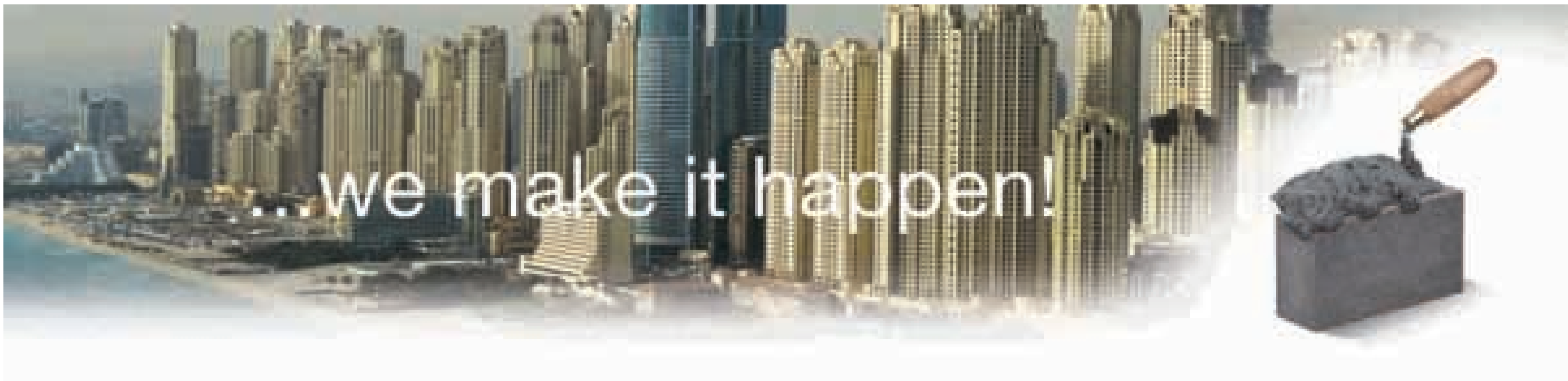
By the grace of Almighty, we are pleased to report that the financial year under review was concluded as the best ever performing year in the history of your Company inspite of difficult business environment prevailed both in the domestic and export markets. Your Company was able to achieve following significant performance during the year under review:

- Record gross sales revenue of Rs.30.915 billion which is 48% higher than last year
- Record net sales revenue of Rs.26.330 billion which is 55% higher than last year
- Record operating profit of Rs.7.240 billion which is 135% higher than last year
- Record after tax profits of Rs.4.596 billion with earnings per share of Rs.14.21.

Your Company was also able to complete following additional milestone projects which will pave a long way to further enhance the financial performance of your Company:

- Successful operation of 1.25 mtpa production capacity of Line "G" at Karachi Plant making total capacity of your Company to 7.75 mtpa
- Successful conversion of Pezu Plant Captive power generation units to gas based power generation, first of its kind experience in Pakistan for such huge capacity generators
- Inauguration of first ever loose cement export terminal owned by your Company to enjoy a unique position for export of loose cement from the country.

BUSINESS PERFORMANCE

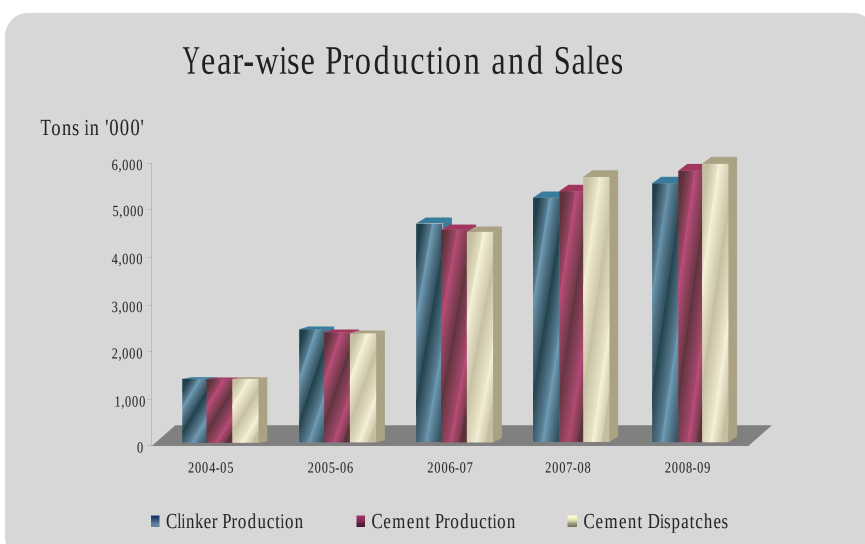


Business Performance

(a) Production & Sales Volume Performance

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

Particulars	2009	2008	Increase	Inc/(Dec) %
	Tons			
Clinker Production	5,610,455	5,161,380	449,075	8.70%
Cement Production	5,715,860	5,248,668	467,192	8.90%
Dispatches				
- Cement	5,675,871	5,272,072	403,799	7.66%
- Clinker	227,768	284,114	(56,346)	-19.83%
- Total Dispatches	5,903,639	5,556,186	347,453	6.25%



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

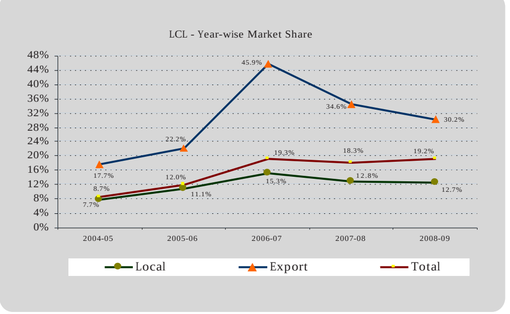
Particulars	Jul-08 to Jun-09 (Tons)	Jul-07 to Jun-08 (Tons)	Growth (Tons)	Growth %
Cement Industry				
Local Sales	19,394,025	22,569,394	(3,175,369)	-14.07%
Export Sales				
Cement				
- Bagged	8,344,850	4,850,392	3,494,458	72.04%
- Loose	2,093,845	1,760,101	333,744	18.96%
Sub-Total	10,438,695	6,610,493	3,828,202	57.91%
Clinker	942,135	1,106,127	(163,992)	-14.83%
Total Export	11,380,830	7,716,620	3,664,210	47.48%
Grand Total	30,774,856	30,286,014	488,842	1.61%

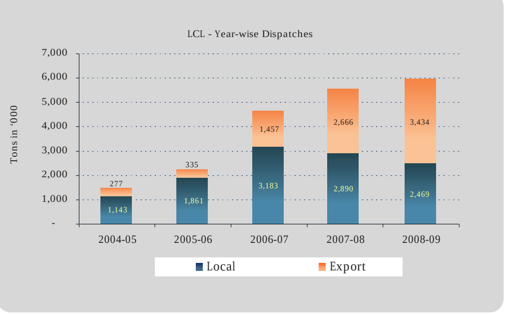
Particulars	Jul-08 to Jun-09 (Tons)	Jul-07 to Jun-08 (Tons)	Growth (Tons)	Growth %
Lucky Cement				
Local Sales	2,469,291	2,889,736	(420,445)	-14.55%
Export Sales				
Cement				
- Bagged	1,232,193	622,230	609,963	98.03%
- Loose	1,974,388	1,760,101	214,287	12.17%
Sub-Total	3,206,581	2,382,331	824,250	34.60%
Clinker	227,767	284,119	(56,352)	-19.83%
Total Export	3,434,348	2,666,450	767,898	28.80%
Grand Total	5,903,639	5,555,186	347,453	6.25%

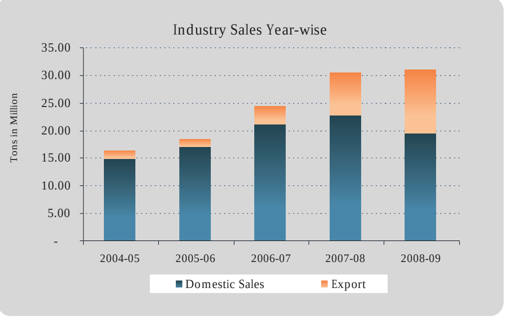
The analysis of the market share of your Company is as under:

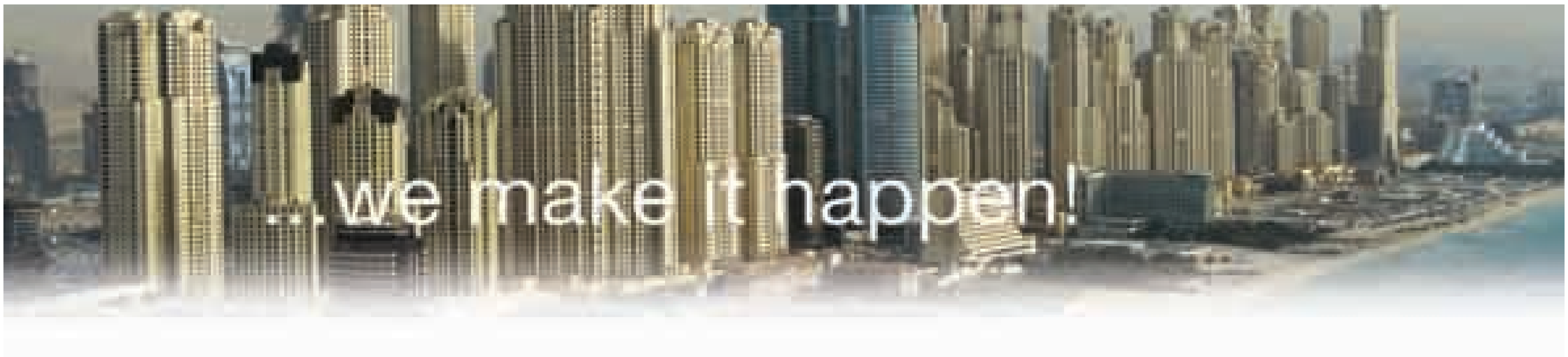
LCL - Market Share (%)	Jul-08 to Jun-09	Jul-07 to Jun-08
Local Sales	12.73%	12.80%
Export Sales		
Cement		
- Bagged	14.77%	12.83%
- Loose	94.29%	100.00%
Sub-Total	30.72%	36.04%
Clinker	24.18%	25.69%
Total Export	30.18%	34.55%
Grand Total	19.18%	18.35%

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







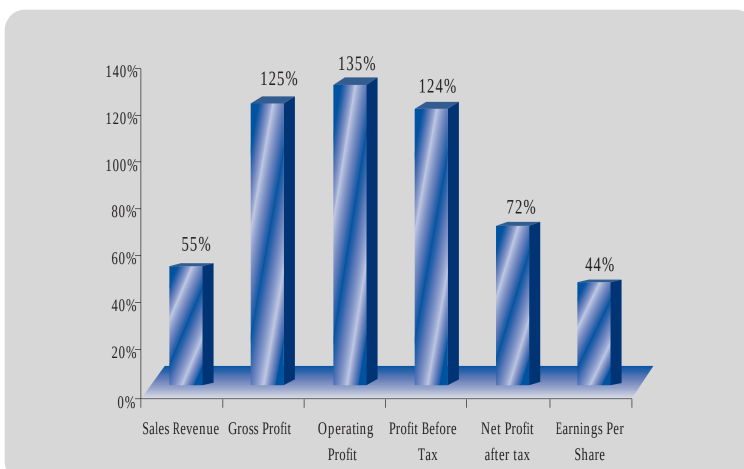


(b) Financial Performance

A comparison of the of key financial results of your Company for the year ended June 30, 2009 with the same period last year is as under:

Particulars	2009	2008	%
Sales Revenue	26,330,404	16,957,879	55.27%
Gross Profit	9,811,266	4,357,173	125.18%
Operating Profit	7,217,493	3,076,367	134.61%
Profit Before Tax	5,177,001	2,306,529	124.45%
Net Profit after tax	4,596,549	2,677,670	71.66%
Earning Per Share	14.21	9.84	44.41%

* Rupees in Thousand Except EPS



(i) Sales Performance

During the year under review, your Company achieved an overall net sales revenue growth of 55% as compared to same period last year. Increase in revenue was attributed due to both increases in volume by 6% and net retention by 46%. Your Company continued to focus more on exports because of strong establishment of its brand in various export markets with higher retention margins. The domestic sales revenue registered a hefty growth of 38% because of increase in prices of cement in the domestic market as compared to last year on the back drop of increase in cost of manufacturing.

The export sales registered a growth of 70% because of both volume and better retention as compared to last year. The ratio of sales revenue from exports was 60% whereas the local sales accounted for 40% during the financial year under review. The average combined net retention prices per ton improved by 46% over the comparative period last year. The prices of cement in the international markets remained firmed however slight reduction was observed in last quarter. The prices in domestic market were stable throughout the year except for adjustment of Excise Duty benefit passed on to the consumer as a result of Rs.200 per ton duty reduced through Finance Act 2009.

(ii) Cost of Sales

During the year under review, the cost of sales in terms of absolute value increased by 31% whereas cost per ton of cement increased by 23% as compared to same period last year. The major cost component is the energy cost which constitutes 72.62% of the total cost of production. In line with the international oil prices, the prices of coal in the international market were reduced during the second half of the financial year under review and prevailed in the range of US$ 65 to US$ 85 per ton.

(iii) Gross Profit

Your Company achieved a gross profit rate of 37.26% for the year ended June 30, 2009 compared to 25.73% gross profit rate achieved during the same period last year. However, the gross profit in terms of absolute value was increased by 125% because of the volumetric growth, and better retention prices achieved.

(iv) Finance Costs

The financing cost of your Company during the year under review was increased to Rs.1,237 million from Rs.126.7 million during the same period last year. The finance cost was mainly increased due to winding up of cross currency swap transactions during first quarter of this financial year which were providing interest rates hedging. Moreover, the markup rates were also increased by the State Bank of Pakistan during the year under review which also increased the financing cost of your Company.

(v) Distribution Costs

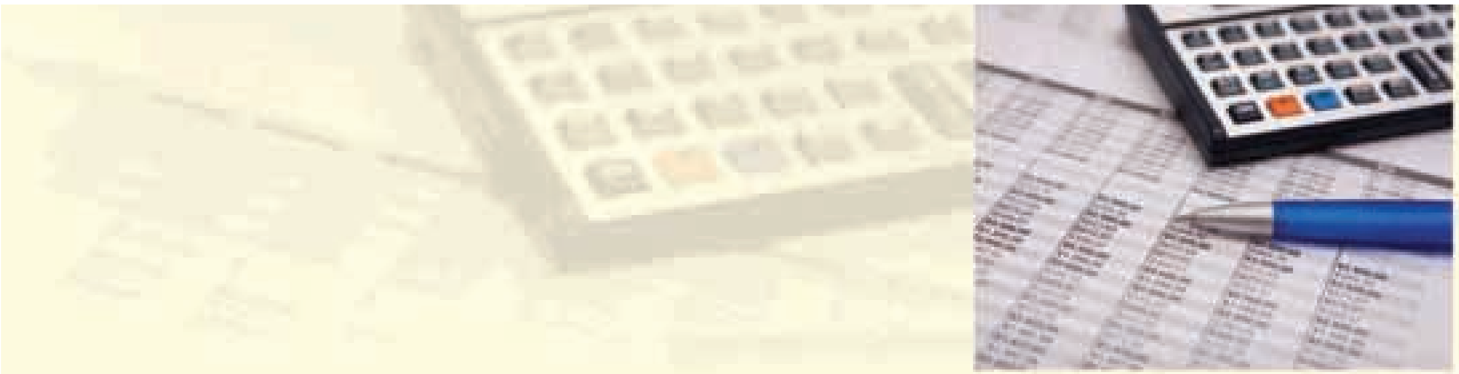
The distribution cost incurred by the Company was increased due to increase in volume of export sales, sea freights as well as increase in prices of oil consumed on transportation. The percentage of distribution cost to exports sales was 14.4% for the year ended June 30, 2009 as compared to 12.51% last year.

(vi) Deferred Taxation

During the year under review, the deferred tax provision of Rs.419.493 million was provided in the profit and loss account making the total deferred tax liabilities to Rs.1.478 billion appearing in the balance sheet as on June 30, 2009 on account of temporary timing differences between the accounting and tax records.

(vii) Contribution to the National Exchequer

Your Company contributed a total amount of Rs.5.339 billion (2008: Rs.3.907 billion) to the Government Treasury in shape of taxes, levies, excise duty and sales tax. In addition to that your Company earned precious foreign exchange of approximate US$ 208 million during the year under review from exports.



CAPITAL EXPENDITURES & CASH FLOW STRATEGY

Capital Expenditures

The Company incurred total expenditures of Rs.8.4 billion as addition to buildings and plant & machinery mainly consisted of Line “G” at Karachi plant, loose cement export terminal at Karachi Port and conversion of dual fuel power generators.

Cash Flow Strategy

The Company has an effective Cash Flow Management System in place whereby cash inflows and outflows are projected on regular basis. Repayments of all long term and short term loans due in 2009 and onwards have been accounted for.

Working capital requirements have been planned through internal cash generations and short term borrowings.

During the year under review, an amount of Rs.6.5 billion was generated from operating activities of the Company which was spent mainly on net capital expenditures of Rs.5.8 billion. The Company is well placed for its commitments towards long and short term loans.

The Board is satisfied that there are no short or long term financial constraints because of efficient and timely debt discharging history with strong financial statement.

BUSINESS STRATEGY

Business Strategy

Your Company has been focusing on a four tier business strategy; each is briefly narrated as under:

- **Exploring and Establishing Export Markets**

  The management of your Company has successfully established a well diversified export market to mitigate the risk of shortfall in exports. Your Company has exported its high quality cement in more than 23 countries across Middle East, Africa and South East Asian countries and its brand is recognized and known as the best quality product amongst the high profile buyers.

- **Economy of Scale with Foreign Operations**

  After commissioning of Line “G”, your Company has reached a new height of scale of production. The operation of Line “G” has been very smooth and its capacity utilization has reached to almost 90% within a short period of three months.The management of your Company is now actively pursuing the setup of grinding facilities abroad for capitalizing the vast experience of its management together with its international brand recognition.

- **Cost Reduction with Efficient Operation**

  Without cost reduction measures and efficient operations, no company can achieve sustainable growth in its business operation in a highly competitive world. The management of your Company has successfully implemented various cost reduction measures taken earlier except for the heat recovery project which is progressing according to schedule. As a result of various cost reducing measures, your Company is one of the lowest cost producers of cement in the country with hybrid technology. The Kiln operation of our Karachi Plant has achieved a milestone of 342 days of continuous running.

- **Strong Infrastructure**

  Logistics and cost effective infrastructure are very vital for handling large scale export operations. After the commissioning of cement terminal project at Karachi Port, the turnaround of sea going vessels has been increased drastically enabling your Company to further enhance its exports.

  Your Company has so far achieved the record single day loading of 14,203 tons loose cement in 24 hours on sea going vessel through the terminal facility.

CODE OF CORPORATE GOVERNANCE

Code of Corporate Governance

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

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

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- The system of internal control is sound in design and is being effectively implemented and monitored. The function of internal audit has been outsourced to M/s. M. Yousuf Adil Saleem & Co. a member firm of Deloitte Touche Tohmatsu., Chartered Accountants.
- The Company has a very sound balance sheet with excellent debt equity ratio and therefore there is no doubt at all about Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- We have an Internal Audit Committee the members of which are amongst from the Board of Directors.
- We have prepared and circulated a Statement of Ethics and business strategy among directors and employees.
- The Board of Directors has adopted a mission statement and a statement of overall corporate strategy.
- As required by the Code of Corporate Governance, we have included the following information in this report:
  - Statement of pattern of shareholding has been given separately.
  - Statement of shares held by associated undertakings and related persons has been given separately.
  - Statement of the Board meetings held during the year and attendance by each director.
  - Key operating and financial statistics for last five years has been given separately.

Attendance of Directors at Board Meetings

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

S.#	Name of Directors	No. of Meetings Attended
1	Muhammad Yunus Tabba	4
2	Muhammad Ali Tabba	5
3	Muhammad Sohail Tabba	3
4	Imran Yunus Tabba	4
5	Javed Yunus Tabba	5
6	Rahila Aleem	4
7	Mariam Razzak	4
8	Manzoor Ahmed	5

Corporate Social Responsibility

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

Future Outlook

The demand of cement in domestic market was reduced by 14% during the financial year under review mainly because of drastic reduction of PSDP allocation, deteriorated economic, financial, law and order situation in the country. However, the government has substantially increased the PSDP allocation for the next financial year together with the inflow of project specific contribution from United States of America and other donor countries but still their exists some uncertainties for the mega development activities in the country. Your management is of the view that during the next financial year the demand of cement will at least maintained at the same level of demand as of financial year under review. Moreover, there are prospects for 10% to 15% growth in the demand of cement during the next financial year.

On the export front, the cement industry achieved a robust growth of 47.48% in the export of cement despite of earlier apprehensions for slow down in exports. We understand that the potential of exports still exists at least for a couple of years in the region. Thereafter, African markets will be the future growth engine for the demand of cement where in the supply legs far behind then the ever increasing demand of cement in almost every country.

Your Company has already taken various measures to mitigate the risk of slow down in its exports. The management of your Company is hopeful to achieve exports target for the next financial year.

Dividend

The Board is pleased to propose a dividend of Rs. 4/- per share for the financial year ended June 30, 2009. The appropriations approved by the Board of Directors are as follows:

Appropriation	Rs. in '000'
Profit after Taxation	4,596,549
Un-appropriated profits from prior year	3,078,251
Available for appropriation	7,674,800
Subsequent Effects	
Proposed dividends for the year on ordinary shares @ Rs. 4/-	1,293,500
Proposed transfer to General Reserves	5,000,000
	6,293,500
Un-appropriated profit carried forward	1,381,300

Election of Directors

The three years term of the offices of existing Board of Directors is being completed and an election of Directors of the next term of three years to be held in the coming annual general meeting as per Article 56 and 59 of the Article of Association of the Company and Section 171 and 178 of the Companies Ordinance 1984. The Board has fixed the same 8 numbers of directors to be elected in the coming election of Directors.

Auditors

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

Acknowledgement

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

On behalf of the Board

MUHAMMAD YUNUS TABBA
Chairman / Director
Karachi: August 05, 2009.

Corporate Memberships

Awards & Achievements

Safety & Security

WE ARE MORE THAN JUST CEMENT

Human Resource Excellence

Corporate Social Responsibility

Innovation

Environment & Energy Conservation

CORPORATE SOCIAL RESPONSIBILITY

Lucky Cement has been actively discharging its Corporate Social Responsibility in areas of education, healthcare and community welfare. Apart from the Group's own charitable foundations and entities such as Aziz Tabba Foundation, Tabba Heart Institute, Aziz Tabba Kidney Center, etc., Lucky Cement also contributes on its own for the welfare of the people and society at large. Lucky Cement has supported several noble causes that deserve to mention in this report.

CORPORATE SOCIAL RESPONSIBILITY

Karachi School for Business and Leadership (KSBL) Project

A group of business leaders recognized that the metropolitan city of Karachi needed a world-class business school that would offer quality programs and produce the future business leaders of Pakistan. Together, these business leaders formed the Karachi Education Initiative (KEI), a non-profit organization with the goal of establishing a world-class, international graduate level business institution namely Karachi School of Business and Leadership (KSBL). KEI has been successful in arranging a partnership with Judge Business School (JBS) of the University of Cambridge. JBS will take a lead partnership role in the setting up of KSBL: including curriculum and teaching materials development, faculty development, technology support and executive education development.

For this cause, Lucky Cement's Board of Directors has approved, in its last quarter's meeting, a generous donation of Rs. 100 million to be made towards the construction of this world class institution. Furthermore, the Board of Directors of KEI has invited the Chief Executive of Lucky Cement to be part of their Board.

The Hub School Project

The Hub School project is located at Deh Loharko Lung, near Madinatul Hikmat, Hub Dam Road, Karachi on a land area spanning over 60 acres. Further 190 acres are reserved for future development of a girl's boarding school, a university, playing fields, park and staff housing. While the Ahmed E. H. Jaffer Foundation has provided the land and part of the initial capital needed, a major part of the funds are raised through donations and support in kind. The project is due to complete in August 2010 and Lucky Cement has very generously donated towards the construction of this non-profit school meant to educate the under-privileged children of the area and elsewhere.

SCHOLARSHIPS

Institute of Business Administration (IBA)

In memory of its late Founder and Chairman, Lucky Cement has recently established an ongoing scholarship at IBA, Karachi called "Lucky Cement/Abdul Razzak Tabba Scholarship". Through this scholarship, all students, who excel in their merits but don't have the means to pursue education on their own, are fully sponsored by Lucky Cement, provided they maintain the minimum GPA decided by the institute. The Scholarship Committee at IBA will recommend such students to the Company.

Institute of Business Management (IoBM)

Needy students who are unable to pay their fees at IoBM are also referred and recommended to the company for assistance.

Scholarship for studies at Ghulam Ishaq Khan (GIK) institute, NWFP

Scholarship was awarded to a needy student for four years of study at GIK Institute of Engineering Sciences and Technology in NWFP.

The Jinnah Foundation School

Scholarships were awarded to non-affording students of The Jinnah Foundation School.

Other Charities

CORPORATE SOCIAL RESPONSIBILITY

Swat IDPs Rehabilitation

Due to the intensive military operations in the northern regions of Pakistan, hundreds and thousands of the local population of the area migrated to safer regions. These internally displaced persons (IDPs) needed immediate assistance in absence of any major

government intervention in the early days. Lucky Cement, along with its group companies, stepped up its gear to arrange and provide immediate assistance to these IDPs. Apart from providing relief items such as tents, food, medicines, clothes and blankets to the general population of the IDPs, the group companies also arranged to adopt 100 families consisting of 526 persons and situated them in a rehabilitation center, set up and completely run by the group

companies, and provided relief to these people. Doctors and dispensary personnel were also hired and assigned at these rehab centers for medical assistance.

WWF - PAKISTAN

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

Women and Children Hospital - Ghazni Khel, NWFP

Lucky Cement is a major regular donor of the Women & Children Hospital (WCH) – Ghazni Khel, NWFP in order to assist in providing necessary and quality maternity medical care to the poor and needy persons.

WCH is a 16-bed hospital in the remote area of NWFP with a well equipped labour room, a diagnostic laboratory, ultra sound facility and an ambulance.

Lucky Welfare Dispensary - Pezu, NWFP

Lucky Cement has set up a dispensary clinic in Pezu, NWFP which provides medical facilities and treatment to the patients at very subsidized rates. This clinic has been set up specially to support the residents of the area and employees of the Lucky Cement plant in Pezu and their family members.

LUCKY GO GREEN

ENVIRONMENT & ENERGY CONSERVATION

Lucky Cement believes that while the development process brings about socio-economic advancement, it need not be environmentally destructive. We firmly believe that industrial development should be environment friendly and sustainable. To contribute to environment conservation, we have initiated a number of programs that contribute to our environment friendly policies.

ENVIRONMENT & ENERGY CONSERVATION

Environment Interventions

Environment Management

i. Greening of the factory premises through tree plantation.
ii. Internal Environmental Impact Assessments and Environment Audits.
iii. Promote Corporate Social Responsibility through environment projects.
iv. Waste and environment pollution reduction.

Atmospheric Pollution Control

Lucky Cement has taken steps to ensure minimal dust and gaseous emission from its plant. Our production lines are installed with pollutant substance trapping and suppression systems to control dust and other substance emissions with the help of environmentally friendly bag-houses. The World Bank Standard for the dust concentration and gaseous emissions is max. 50mg/Nm3. Our bag filter technology is controlling and giving better results which is 35mg/Nm3, which is better than World Bank Standard. Trees and vegetation around the production area also act as carbon and dust traps.

Joining hands with the Government for a Greener Pakistan (CSR)

Lucky Cement has also joined hands with the Government of Pakistan under the President's Aforestation Program this year. As part of this program, Lucky Cement has agreed to plant trees throughout the vicinity of the factory during the next 15 years. Although this is a long-term project, the Company has developed and implemented the following short term plantation schedule:

2008-10 :	5,000 Trees
2010 -12 :	10,000 Trees
2012 -15 :	15,000 Trees

Energy Efficiency and Conservation

Efficient use of energy and its conservation/consumption assumes even greater importance in view of the fact that one unit of energy saved at the consumption of level reduces the need for fresh capacity creation by 2.5 times to 3 times. The increasing demand for power has also led to considerable fuel-burning, which has in turn had an adverse impact on environment. Therefore, in order to avoid this, conservation of energy became the priority objective for Lucky Cement.
To meet this objective, Lucky Cement has taken necessary steps to:

- reduce energy consumption
- modernize its plants and constantly improve its industrial processes to use alternative energy sources
- using alternative fuels
- using industrial waste, particularly slag to manufacture cement.

Power Plant

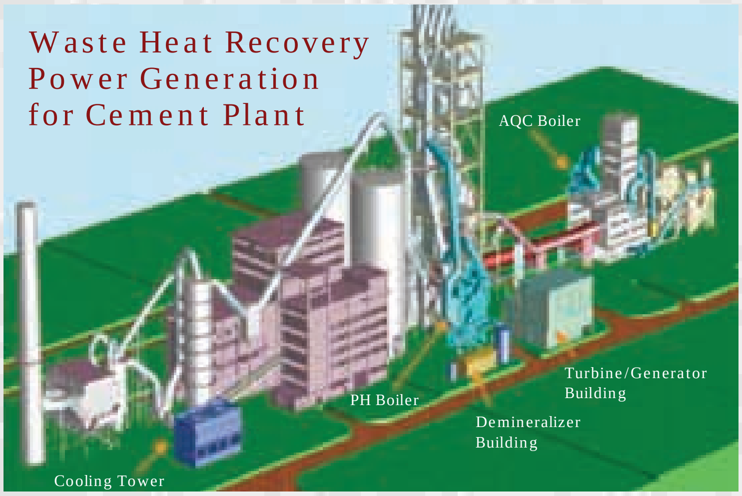
Lucky Cement, being the largest cement manufacturing plant with capacity of 7.75 million tons per annum, also requires a considerable amount of power to run its plants. Due to the unavailability of reliable and consistent power, Lucky Cement developed 100% captive power generation units for both production facilities. These power plants, consisting of 21 most modern and energy efficient generators, have installed capacity of 175 MW/Hr. Amongst these generators also include the latest Rolls Royce models which Lucky Cement recently acquired, becoming the first company in Pakistan to import these extraordinary generators.

In order to conserve fuel and to become energy efficient, Lucky Cement converted its furnace-oil operating engines to gas fired system. This enabled Lucky Cement to become cost efficient and it also resulted in fuel efficiency by adding an alternative fuelling option.

Waste Heat Recovery Plant Project

Cement Production is one of the most energy intensive industrial processes in the world. In many world regions, energy cost is 60% to 70% of the direct production cost of cement. Energy cost is incurred due to the need for large quantities of thermal heat for the kiln, calcinations and drying processes. The waste heat generated from the cement production process can be used to generate electrical energy with no additional fuel consumption and ultimate reduction in greenhouse gases. For example, a large quantity of hot gas is generated from kilns, ovens and furnaces. If this waste heat could be recovered, a considerable amount of primary fuel could be saved resulting in reduction of greenhouse gases emissions.

Lucky Cement has invested for this pro-environment waste heat recovery project which also qualifies under the Clean Development Mechanisms (CDM) within the framework of the Kyoto Protocol. Companies which finance CO2 emission reduction projects in developing countries are also compensated with carbon credits. The waste heat recovery plant for both production facilities are in the commissioning stage and will start functioning by the end of 2009.



CORPORATE MEMBERSHIPS

Enjoying the status of being the largest and fastest growing cement company in Pakistan, Lucky Cement has taken a step further by associating itself with some well-reputed professional bodies to expand its network and influence in the region.

CORPORATE MEMBERSHIPS

World Economic Forum

The World Economic Forum (WEF) is an independent international organization committed to improving the state of the world by engaging leaders in partnerships to shape global, regional and industry agendas.

Realizing the importance of networking with various internationally renowned companies, Lucky Cement Limited has obtained the membership of an elite group of companies that are driving the world economy forward. The WEF Membership is offered to global enterprises which rank among the top companies within their industry and/or country and plays a leading role in shaping the future of their industry and/or region. Lucky Cement is proud to be a Foundation Member of this prestige Forum.

Apart from being a Foundation Member, Lucky Cement Limited is amongst the only four companies from Pakistan who have also qualified to be included in the WEF's Community of Global Growth Companies (GGC). The World Economic Forum's Community of GGC was formed in 2007 to engage dynamic high-growth companies with the potential to be tomorrow's industry leaders and to become a driving force of economic and social change. Members of this Community of Global Growth Companies have an opportunity to benefit from new business opportunities across industries and regions; Networking with the world's leading businesses and policy experts; Peer-to-peer collaboration and experience exchange; and industry-specific and cross-industry knowledge sharing.

The Forum selects companies on the basis of their revenue, growth rate, internationalization and leadership. Key selection criteria include:

- Annual growth rate exceeding industry and regional average by 15%
- Minimum turnover between US$ 100 million and US$ 5 billion, depending on the industry
- Demonstrated growth potential
- Capacity and intent to build a global business
- Exemplary executive leadership

Pakistan Business Council

Lucky Cement Limited is proud to be a leading member of the Pakistan Business Council (PBC). PBC was established by 14 of the country's leading Groups and Companies that cover a diversity of business activities. PBC is not a trade body. It has been created as a forum for Pakistani business to address the challenges arising from progressive global and regional free trade, and from the relatively sluggish trends in current national Investment flows, against the much higher levels needed to sustain GDP growth.

PBC's work would consist of producing position papers for review by business and appropriate Government authority; holding lectures and seminars; and sponsoring research. In time, PBC would expect to be able to broaden its membership and activities, to include advisory and consultative services both to Pakistani and foreign investors.

Pakistan Institute of Corporate Governance

Good corporate governance is an essential pre-requisite for the integrity and credibility of any company. It builds greater confidence and trust by ensuring transparency, fairness and accountability with respect to shareholders and other stakeholders. Giving due importance to this objective, Lucky Cement Limited has obtained corporate membership of the Pakistan Institute of Corporate Governance (PICG). PICG aims to strengthen compliance and conformance by companies, corporations and other institutions to applicable laws and regulations and generally to enhance self-regulating practices that are comparable with the best global practices in good governance. PICG is involved in training and education, creating awareness, undertaking research, publishing guidelines and other resource material. It also provides a forum for discussion on corporate governance.

Being an associate member of the PICG, Lucky Cement aims to take full advantage of these resources at PICG to implement best practices and good corporate governance throughout the Company.

INNOVATION

With changing environment, technology, industrial structures and strategies, innovation has become the central point of all industries. Keeping this in mind, Lucky Cement has taken steps to explore the potential for export of loose cement from Pakistan. This was achieved through the implementation of innovative ideas like bulkers, ship loaders and cement storage terminal.

INNOVATION

Bulk Transport System

One of the key factors which played a major role in exponential growth of Lucky Cement and giving it a remarkable edge over competitors, is the revolutionary idea of movement of loose cement from plant to sea ports in bulk quantities through specialized and unique vehicles called 'Bulkers'.

These first-of-its-kind bulkers are also capable of off-loading loose cement into carrier ships directly through a unique compressor system installed on each vehicle; thus playing a major role in increasing export capacity of the Company and making it a market leader in the country. The first bulk transporting system was rolled out from factory in February 2007 when it started off with only 29 vehicles.

Today, Lucky Cement has its own fleet of around 77 bulkers and a full-fledged workshop to cater to the maintenance requirements of these vehicles. There is also a state-of-the-art online tracking system for efficient control of the movement of these bulkers throughout their routes.

Loose Cement Storage and Ship Loading Terminal at Karachi Port

Lucky Cement has successfully started operation of its export oriented loose cement storage and ship loading terminal at Berth -25 West Wharf at Karachi Port. This is a state-of-the-art project based on latest European technology and first of its kind in the South East Asian and Middle East Region. The total storage capacity of this terminal is 24,000 tons of loose cement which is divided into four steel fabricated silos with individual storage capacity of 6,000 tons each. The loading capacity of this terminal is 10,000 to 12,000 tons per day of loose cement depending upon the size and construction of vessel(s). The heighest single day rate of loading loose cement into sea going vessel achieved by the Company is 14,202 tonnes.

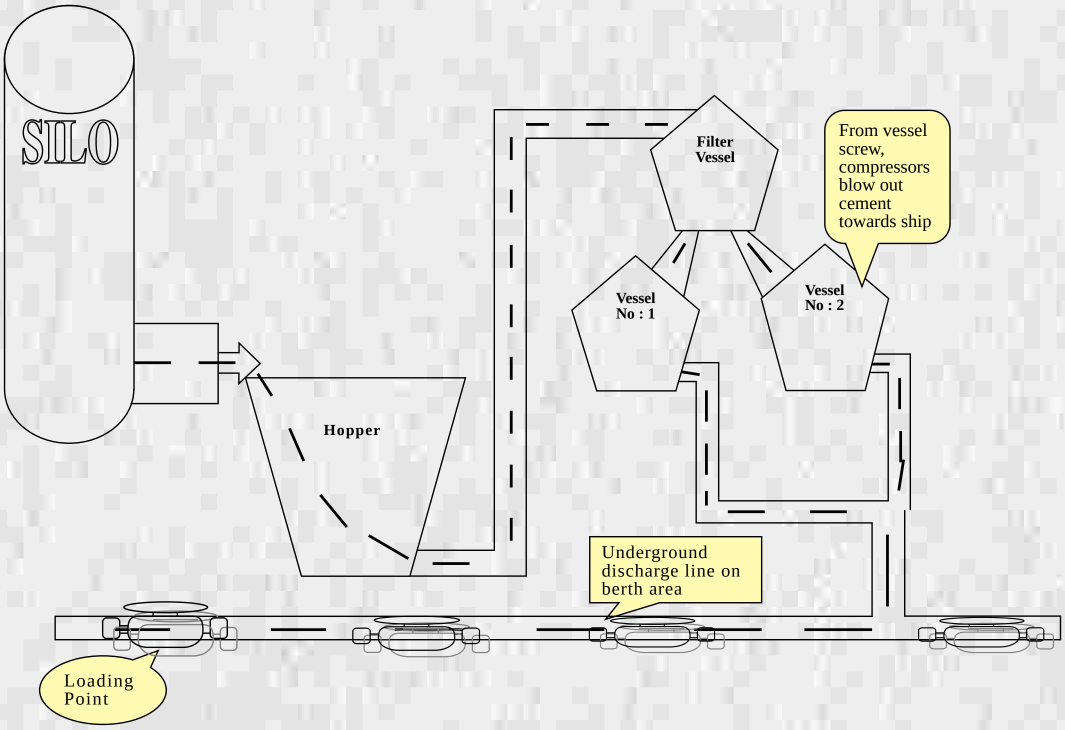
The loose cement is first loaded / pumped into the storage silo(s) as buffer stock at port through compressors from the Bulker's (specialized cement transport trucks) bringing loose cement from the Karachi Plant approx 90 Kms from the Karachi Port.

On arrival of ships, the loose cement is pumped directly into sea going vessels from storage facility through complete automatic machinery operated through PLC from the Central Control Room.

The loose cement is fluidized (mixed with air) through the aerated floor of the silos to behave like liquid and then it is pumped into the hatches of sea going vessels under complete piping system connected with a ship loader through pneumatic air generated from the heavy compressors.

With changing environment, technology, industrial structures and strategies, innovation has become the central point of all industries. Keeping this in mind, Lucky Cement has taken steps to explore the export potential of loose cement in Pakistan. This was achieved through the implementation of innovative ideas like bulkers and cement storage terminal.

Automatic process of loading loose cement into vessles from silos



AWARDS & ACHIEVEMENTS

Lucky Cement has mastered the art of being the best in all arenas. Since many years, Lucky Cement has been a shining star in the industry and was able to receive multiple awards, ranging from Best Export Award to Best Taxpayer Award to the Brand of the Year Award. This year was no different !

AWARDS & ACHIEVEMENTS

Awards

Sarhad Chamber of Commerce and Industry (SCCI) Awards

Lucky Cement was awarded the following distinctions in the SCCI awards this year:

- 'Businessman of the Year Gold Medal Award' presented to our Chairman, Mr. Muhammad Yunus Tabba.
- 'Top Income Taxpayer Award' presented to Lucky Cement Limited.
- 'Top Sales Taxpayer Award' presented to Lucky Cement Limited.
- 'Top Importer Award' presented to Lucky Cement Limited.
- 'Top Exporter Award' presented to Lucky Cement Limited.
- Export Trophy Winner presented to Lucky Cement Limited.

Achievements

The financial year 2008-2009 concluded as the best ever performing year in the history of our Company. This landmark was achieved despite difficult business environment in domestic and export markets. During this year, Lucky Cement was able to achieve the following distinctions:

- Record gross sales revenue of Rs.30.915 billion; which is 48% higher then last year.
- Record net sales revenue of Rs.26.330 billion; which is 55% higher than last year.
- Record operating profit of Rs.7.240 billion; which is 135% higher than last year.
- Record after tax profits of Rs.4.596 billion with earnings per share of Rs.14.21

Also during this year, Lucky Cement has also completed a range of projects that will play a pivotal role in enhancing the financial performance of the Company for the years to come:

- Successful operation of another 1.25 mtpa Production Line at Karachi Plant; bringing the total annual production capacity of the Company to 7.75 mtpa. The Company has increased the capacity of its Karachi Plant by adding this line which has a capacity of 4,200 tons per day.
- Successful conversion of Pezu Plant Captive power generation units to gas based power generation. This is first of its kind experience in Pakistan for such a huge capacity generators.
- Inauguration of the first ever loose cement export terminal owned by the Company at the Karachi Port.

HUMAN RESOURCE EXCELLENCE

Successful human development is essential to national progress and prosperity. Our goal at Lucky Cement is to produce mature, well-adjusted, responsible people who respond creatively to economic and educational opportunities and to their obligations as members of the Lucky family.

HUMAN RESOURCE EXCELLENCE

At Lucky Cement, we attach a great amount of importance to Human Resource as it plays a pivotal role in ensuring our goals are achieved on time. Empowering employees and keeping their interest at heart, defines the primary objectives of the Human Resource at Lucky. Our strategy is based on the philosophy of 'the right man for the right job'.

We at Lucky Cement, use our Human Resource as a platform to create opportunities for the most deserving candidate. In addition to being a recruitment champion, our Human Resource works as a change agent and strategic partner in business. Lucky Cement's organizational culture accepts a diverse pool of human capital. We aim to foster an environment where transparency of procedures is an important part of our organization.

Learning Culture

We at Lucky are staunch advocate of the belief that each human being has an in-born talent. But what is needed is a platform to unleash and utilize the talent to the fullest. We believe that each individual has the potential and importance of its own. Therefore, our Human Resource lays great emphasis on grooming professionals. For this purpose, the Company has designed a well structured assessment of training and development needs, which is reviewed annually to allocate necessary funds in the Annual Budget. A training schedule is also formulated, where departmental heads are consulted for training needs on regular basis.

Employee Welfare Scheme

It is the employees that ensure the sustainability of a company. The amount of hard work and time they invest determines the future of a company. Hence, the welfare of employees should be the top priority of a Company.

At Lucky, we attach a great amount of importance to our employees. Their well being determines our today and tomorrow. We believe in giving the members of the Lucky family the same level of care as you would do for your family. Our Employee Welfare Scheme is designed to incorporate areas that play a pivotal role in strengthening the well being of the Lucky family.

Lucky Cement's Employee Welfare Scheme includes the provision of the following services:

Dispensary services

Lucky Cement believes that one of the ways to ensure your employees' welfare is through adequate provision of healthcare facilities. Therefore, two dispensaries under the banner of Lucky Cement have been established at the Pezu and Karachi plants. The service is aimed at facilitating the employees of the Company. The motive behind the service is to keep an intermittent check on employees' health and safety.

Educational Services Lucky School

The training of a human mind is not complete without education. Receiving

education is like being in a room with all its windows open towards outside world. The school in Pezu effectively caters to the educational needs of children of our employees. The motive behind this setup is to provide a platform to unveil talent and polish skills for a better tomorrow. The school is registered with Benu Education Board and provides education till the fifth standard.

Sports Activities

High-performing organizations are calling forth an approach to work that stirs and touches the souls of those who make up the

organization, generating unbounded enthusiasm for their extraordinary services. What is called for is relating and working together in a spirited way, so that teams inspire bolder and more imaginative responses to the challenges confronting the Company. Keeping this in mind, Lucky Cement has also capitalized on sports as an attempt to strengthen the concept of team spirit among its employees.

For the said purpose, Lucky Cement organized cricket tournaments that included teams with a diverse pool of talent. It aims to unite the employees under one platform and work as a team to achieve common objectives and mutual understanding. To foster an environment where mutual understanding prevails, we also invite our sister concern companies to compete in the tournament.

SAFETY & SECURITY

Lucky Cement is committed to protecting the Safety and Security of its stakehoders as well as ensuring the safe operations of its processes. In order to promptly address the growing and multitask needs of the industry pertaining to safety and secruity, Lucky Cement implemented a range of safety interventions throughout the Company.

SAFETY & SECURITY

Lucky Cement is committed to protecting the Safety and Security of its stakeholders as well as ensuring the safe operation of its processes. The Company is focused to establish itself as a responsible citizen of the country, and therefore is committed to continuous improvement of Safety and Security performance as well as compliance with industry requirements. With regards to Safety and Security, the Company's senior management regularly establishes and renews goals, objectives and targets.

Lucky Cement's Safety and Security programs provide multidisciplinary means to identify and assess hazards, prevent unsafe acts and conditions, maintain and improve

employees health, and foster communication of Safety and Security issues. We at Lucky Cement are committed to working with our customers, suppliers, carriers and contractors regarding the safe handling, use and transportation of cement.

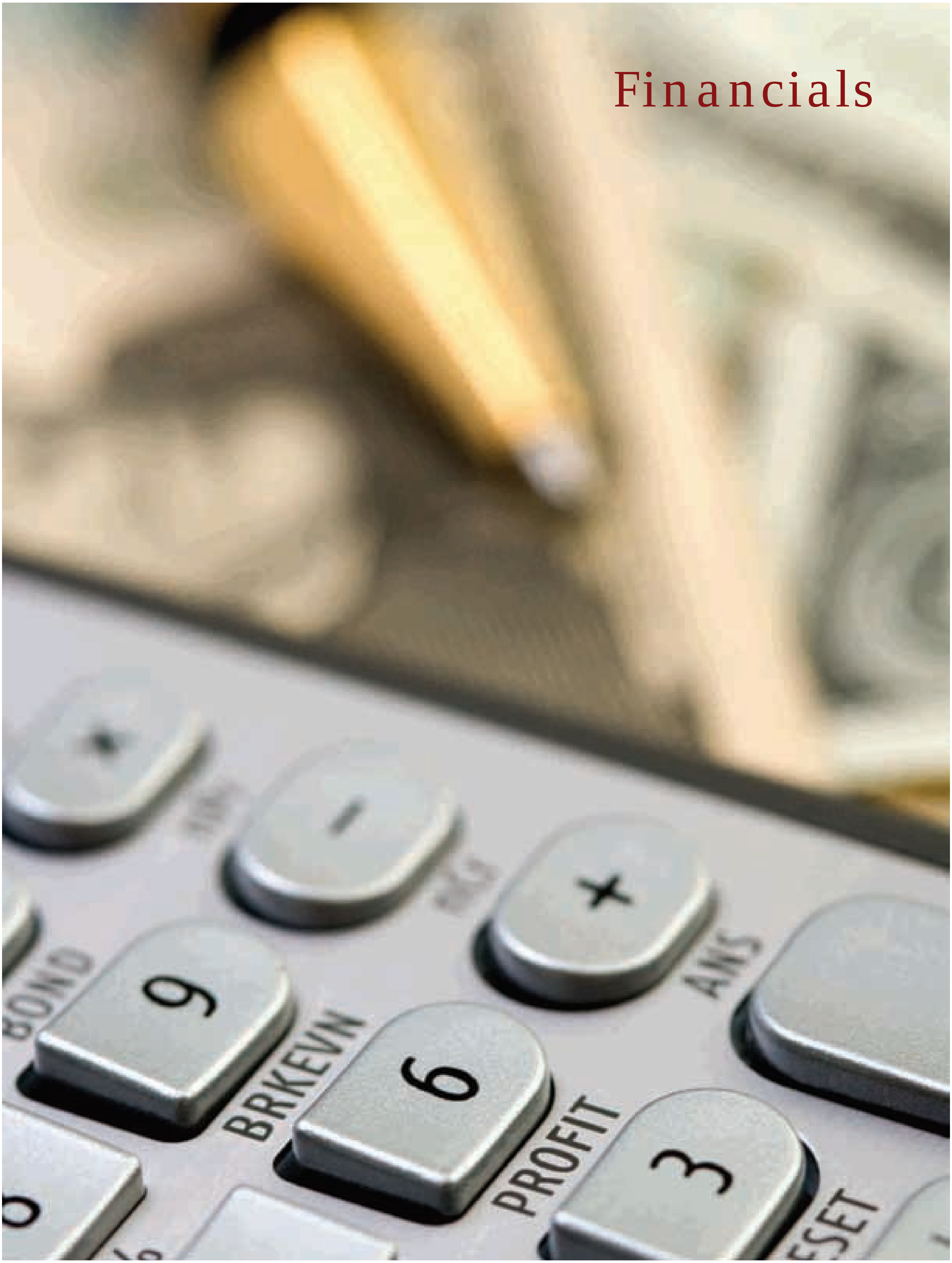
In order to address the growing needs of the industry pertaining to Safety and Security, Lucky Cement implemented a range of safety interventions throughout the Company. Now at Lucky Cement, Safety and Security responsibilities are integral to the way Company operates.

The vision of Lucky Cement is to sustain the title of 'A Zero Injury Company' and the motto is 'Safety First'. Everyone can individually and collectively make a difference following this slogan. Committed to improving safety standards and also to prevent accidents and injuries to employees, Lucky Cement implemented the following safety interventions:

1. Conducted Health and Safety workshops.
2. Provision of personal protective equipments to staff.
3. Organized occupational medical examination events for staff.
4. Carried out internal Safety and Security audits.
5. Organized safety training, including emergency response to fire and other accidents as well as first aid administration.

Safety training on the procedures for working in confined areas at Lucky Cement.

Financials



Six Years at a Glance

Description	2004	2005	2006	2007	2008	2009
Assets Employed						
Property, plant and equipment	5,032	13,462	19,165	20,319	25,881	30,477
Long term investments						55
Long term deposit & deferred cost	2	2	2	2	2	2
Current assets	1,978	1,343	4,456	5,403	8,356	7,858
	7,012	14,807	23,623	25,724	34,239	38,392
Financed By						
Shareholder's equity	4,307	5,134	7,070	9,354	18,655	23,252
Long-term liabilities						
Long term finance	1,150	6,530	10,156	8,329	6,633	4,300
Current portion of long term finance	-	617	2,383	1,615	242	-
	1,150	7,147	12,539	9,944	6,875	4,300
Long term deposits and deferred liabilities	624	1,000	1,645	1,689	1,264	1,742
Current liabilities	931	2,143	4,752	6,352	7,687	9,099
Current portion of long term finances	-	(617)	(2,383)	(1,615)	(242)	-
	931	1,526	2,369	4,737	7,445	9,099
Total funds invested	7,012	14,807	23,623	25,724	34,239	38,392
Turnover & Profit						
Turnover	2,908	3,980	7,985	12,522	16,958	26,330
Gross profit	1,100	1,380	2,911	3,675	4,357	9,811
Operating profit	1,034	1,294	2,770	3,066	3,076	7,217
Profit/(loss) before taxation	971	1,210	2,553	2,690	2,307	5,177
Profit/(loss) after taxation	686	827	1,936	2,547	2,678	4,597
Cash dividends	184	-	-	263	329	-
Bonus shares	-	184	-	-	-	-
General reserve				3,000	2,000	-
Profit/(loss) carried forward	867	1,510	3,446	2,730	3,078	7,675
Earning per share (rupees)	2.60	3.14	7.35	9.67	9.84	14.21
Break up value per share (rupees)	17.58	19.49	26.84	35.51	57.69	71.90
Cash Flow Summary						
Net cash from operating activities	806	1,488	2,724	1,850	1,225	6,515
Net cash used in investing activities	(1,005)	(8,498)	(6,053)	(2,037)	(6,488)	(5,742)
Net cash (outflow) / inflow from financing activities	868	5,933	6,038	(893)	2,841	1,577
(Decrease) /increase in cash and cash equivalents	669	(1,077)	2,709	(1,081)	(2,422)	2,350
Cash and cash equivalents at beginning of the year	(238)	432	(645)	2,064	983	(1,439)
Cash and cash equivalents at end of the year	432	(645)	2,064	983	(1,439)	911

Financial Highlights

Yearwise Statistical Summary

Description		2004	2005	2006	2007	2008	2009
Profitability Ratios							
Gross profit to sales	percent	37.84%	34.66%	37.00%	29.35%	25.73%	37.26%
EBITDA to sales	percent	42.97%	38.50%	39.58%	31.54%	23.57%	31.51%
Net profit after tax to sales	percent	23.58%	20.77%	24.04%	20.34%	15.79%	17.46%
Return on equity after tax	percent	15.92%	16.10%	27.38%	27.23%	14.35%	19.77%
Return on capital employed	percent	11.28%	6.53%	10.26%	13.15%	10.08%	15.69%
Solvency/Debt Ratios							
Debt : Equity ratio	times	0.63 : 1	1.88 : 1	2.34 : 1	1.75 : 1	0.84 : 1	0.65 : 1
Interest coverage ratio	times	95.38	59.67	33.45	3.55	24.27	5.83
Operating/Activity Ratios							
Inventory turnover	times	12.58	18.06	18.54	15.97	18.18	17.33
No. of days in inventory	days	29.01	20.21	19.69	22.86	20.08	21.06
Creditor turnover	times	5.96	5.37	4.91	5.90	4.95	5.31
No. of days in payables	days	61.22	67.92	74.30	61.84	73.81	68.79
Operating cycle	days	(32.21)	(47.71)	(54.61)	(38.99)	(53.73)	(47.73)
Total assets turnover	percent	41.47%	26.88%	34.09%	48.67%	49.53%	68.58%
Fixed assets turnover	percent	57.76%	29.56%	42.02%	61.62%	65.52%	86.23%
Liquidity Ratios							
Current ratio	percent	2.12 : 1	0.63 : 1	0.94 : 1	0.85 : 1	1.09 : 1	0.86 : 1
Quick/Acid test ratio	percent	1.94 : 1	0.57 : 1	0.85 : 1	0.75 : 1	1.00 : 1	0.73 : 1
Investment Valuation Ratios							
Earnings per share (after tax)	rupees	2.80	3.14	7.35	9.67	9.84	14.21
Price / Earning ratio (after tax)	rupees	13.97	13.51	13.66	12.72	9.96	4.12
Cash dividend per share	rupees	-	-	1.00	1.25	-	4.00
Dividend yield	percent	-	-	1.00%	1.02%	-	6.83%
Dividend payout ratio	percent	-	-	13.61%	12.93%	-	28.15%
Dividend cover ratio	times	-	-	7.35	7.74	-	3.55
Market value per share as on 30th June 09	rupees	39.10	42.39	100.42	123.04	97.93	58.53
EBITDA	rs. million	1,249	1,532	3,188	3,949	4,055	8,366

Analysis of Balance Sheet

Amount in '000	2004	2005	2006	2007	2008	2009
Share Capital & Reserve	4,307,096	5,133,683	7,069,633	9,353,550	18,655,423	23,251,972
Non Current Liabilities	1,774,346	7,530,390	11,801,109	10,024,247	7,896,754	6,041,712
Current Liabilities	930,882	2,142,763	4,752,035	6,352,429	7,686,897	9,098,678
Total Equity & Liabilities	7,012,324	14,806,836	23,622,777	25,730,226	34,239,074	38,392,362
Non Current Assests	5,034,232	13,464,325	19,167,283	20,321,083	25,883,550	30,534,420
Currrent Assets	1,978,092	1,342,511	4,455,494	5,409,143	8,355,524	7,857,942
Total Assets	7,012,324	14,806,836	23,622,777	25,730,226	34,239,074	38,392,362

Vertical Analysis - %	2004	2005	2006	2007	2008	2009
Share Capital & Reserve	61.42	34.67	29.93	36.35	54.49	60.56
Non Current Liabilities	25.30	50.86	49.96	38.96	23.06	15.74
Current Liabilities	13.28	14.47	20.11	24.69	22.45	23.70
Total Equity & Liabilities	100.00	100.00	100.00	100.00	100.00	100.00
Non Current Assests	71.79	90.93	81.14	78.98	75.60	79.53
Currrent Assets	28.21	9.07	18.86	21.02	24.40	20.47
Total Assets	100.00	100.00	100.00	100.00	100.00	100.00

Horizontal Analysis (i) Cummulative - %	2004	2005	2006	2007	2008	2009
Share Capital & Reserve	100.00	19.19	64.14	117.17	333.13	439.85
Non Current Liabilities	100.00	324.40	565.10	464.95	345.05	240.50
Current Liabilities	100.00	130.19	410.49	582.41	725.76	877.43
Total Equity & Liabilities	100.00	111.15	236.88	266.93	388.27	447.50
Non Current Assests	100.00	167.46	280.74	303.66	414.15	506.54
Currrent Assets	100.00	(32.13)	125.24	173.45	322.40	297.25
Total Assets	100.00	111.15	236.88	266.93	388.27	447.50

Horizontal Analysis (ii) Year vs Year - %	2004	05 vs 04	06 vs 05	07 vs 06	08 vs 07	09 vs 08
Share Capital & Reserve	100.00	19.19	37.71	32.31	99.45	24.64
Non Current Liabilities	100.00	324.40	56.71	(15.06)	(21.22)	(23.49)
Current Liabilities	100.00	130.19	121.77	33.68	21.01	18.37
Total Equity & Liabilities	100.00	111.15	59.54	8.92	33.07	12.13
Non Current Assests	100.00	167.46	42.36	6.02	27.37	17.97
Currrent Assets	100.00	(32.13)	231.88	21.40	54.47	(5.96)
Total Assets	100.00	111.15	59.54	8.92	33.07	12.13

Analysis of Profit and Loss Accounts

Amount in '000	2004	2005	2006	2007	2008	2009
Turnover	2,907,807	3,980,109	8,054,101	12,521,861	16,957,879	26,330,404
Cost of Sales	1,807,353	2,600,589	5,073,797	8,846,708	12,600,706	16,519,138
Gross Profit	1,100,454	1,379,520	2,980,304	3,675,153	4,357,173	9,811,267
Distribution Cost	19,599	23,817	103,489	497,729	1,155,054	2,427,837
Administrative Cost	46,751	61,355	106,740	111,311	125,752	165,936
Operating Profit	1,034,104	1,294,348	2,770,075	3,066,113	3,076,367	7,217,494
Finance Cost	10,842	21,691	82,809	862,847	126,743	1,236,971
Other Income/Charges	52,161	62,706	134,290	(487,085)	643,095	803,521
Profit before Taxation	971,101	1,209,951	2,552,976	2,690,351	2,306,529	5,177,002
Taxation	285,339	383,364	617,026	143,059	(371,141)	580,453
Profit after Taxation	685,762	826,587	1,935,950	2,547,292	2,677,670	4,596,549

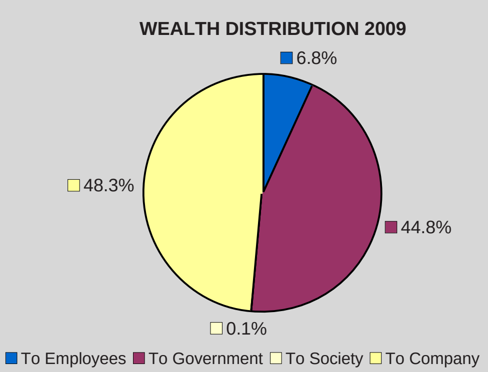
Vertical Analysis - %	2004	2005	2006	2007	2008	2009
Turnover	100.00	100.00	100.00	100.00	100.00	100.00
Cost of Sales	62.16	65.34	63.00	70.65	74.27	62.74
Gross Profit	37.84	34.66	37.00	29.35	25.73	37.26
Distribution Cost	0.67	0.60	1.28	3.97	6.81	9.22
Administrative Cost	1.61	1.54	1.33	0.89	0.77	0.63
Operating Profit	35.56	32.52	34.39	24.49	18.14	27.41
Finance Cost	0.37	0.54	1.03	6.89	0.75	4.70
Other Income/Charges	0.04	0.02	0.02	(0.04)	0.04	0.03
Profit before Taxation	33.40	30.40	31.70	21.49	13.60	19.66
Taxation	9.81	9.63	7.66	1.14	(2.19)	2.20
Profit after Taxation	23.58	20.77	24.04	20.34	15.79	17.46

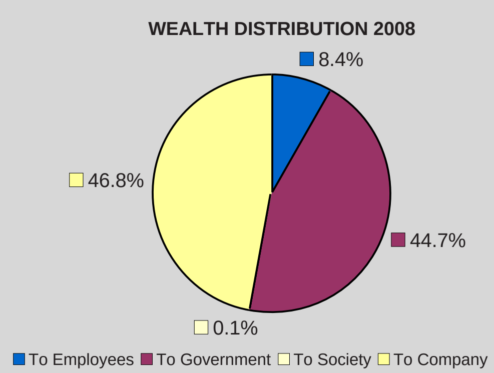
Horizontal Analysis (i) Cummulative - %	2004	2005	2006	2007	2008	2009
Turnover	100.00	36.88	176.98	330.63	483.18	805.51
Cost of Sales	100.00	43.89	180.73	389.48	597.19	814.00
Gross Profit	100.00	25.36	170.82	233.97	295.94	791.57
Distribution Cost	100.00	21.52	428.03	2,439.56	5,793.43	12,287.55
Administrative Cost	100.00	31.24	128.32	138.09	168.98	254.94
Operating Profit	100.00	25.17	167.87	196.50	197.49	597.95
Finance Cost	100.00	100.06	663.78	7,858.37	1,069.00	11,309.07
Other Income/Charges	100.00	20.22	157.45	(1,033.81)	1,132.90	1,440.46
Profit before Taxation	100.00	24.60	162.90	177.04	137.52	433.11
Taxation - Current	100.00	34.35	116.24	(49.86)	(230.07)	103.43
Profit after Taxation	100.00	20.54	182.31	271.45	290.47	570.28

Horizontal Analysis (ii) Year vs Year - %	2004	05 vs 04	06 vs 05	07 vs 06	08 vs 07	09 vs 08
Turnover	100.00	36.88	102.36	55.47	35.43	55.27
Cost of Sales	100.00	43.89	95.10	74.36	42.37	31.10
Gross Profit	100.00	25.36	116.04	23.31	18.71	125.18
Distribution Cost	100.00	21.52	334.52	380.95	132.06	110.19
Administrative Cost	100.00	31.24	73.97	4.28	17.96	31.95
Operating Profit	100.00	25.17	114.01	10.69	0.33	134.61
Finance Cost	100.00	100.06	281.77	941.97	(85.31)	875.97

Statement of Value Addition & its Distribution

	2009 Rs. in '000'	%	2008 Rs. in '000'	%
Wealth Generated				
Total revenue inclusive of sales tax and other income	30,915,035		20,819,748	
Bought-in-material and service	(19,009,662)		(13,013,855)	
	11,905,372	100.0%	7,805,893	100.0%
Wealth Distribution				
To Employees				
Salaries, benefits and other costs	814,690	6.8%	651,860	8.4%
To Government				
Income Tax, sales tax, excise duty and others	5,339,044	44.8%	3,491,630	44.7%
To Society				
Donation towards education, health and environment	6,872	0.1%	5,764	0.1%
To Company				
Depreciation, amortization & relained profit	5,744,767	48.3%	3,656,639	46.8%
	11,905,372	100.0%	7,805,893	100.0%





Statement of Compliance with the Code of Corporate Governanace for the Year Ended June 30, 2009

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

The Company had applied the principles contained in The Code in the following manner:

1. The Board of Directors (BOD) comprises eight directors, including the Chief Executive Officer (CEO). The number of Executive Directors on the Board is three including CEO.

2. The Directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.

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

4. No casual vacancy occurred in the Board during the year ended June 30, 2009.

5. The Company has prepared a "Statement of Ethics and Business Practices", which has been signed by all the Directors and employees of the Company.

6. The BOD has adopted a vision / mission statement and overall Corporate Strategy of the Company and has also formulated significant policies as mentioned in the Code. A complete record of particulars of significant policies alongwith the dates on which they were approved or amended has been maintained.

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

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

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

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

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

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

12. The Financial statements of the Company were duly endorsed by the CEO and CFO before approval of the Board.

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

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

15. The Board has formed an Audit Committee. It comprises of 5 members, three (3) of whom are non-Executive Directors.

16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has outsourced the scope of Internal Audit work to M/s. M. Yousuf Adil Saleem & Co., Chartered Accountants. A member firm of Deloittee Touche Tohmatsu. The firm has set-up an effective internal audit function managed by suitable qualified and experienced personnel. They are involved in the internal audit function on full time basis.

18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.

19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

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

On Behalf of the Board of Directors

Muhammad Yunus Tabba
Chairman / Director

Muhammad Ali Tabba
Chief Executive

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

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

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company’s compliance, in all material respects, with the best practices contained in the Code, effective for the year ended 30 June 2009.

Ford Rhodes Sidat Hyder

KARACHI: August 5, 2009

CHARTERED ACCOUNTANTS

Auditors' Report to the Members

Lucky Cement
Concrete Progress

We have audited the annexed balance sheet of LUCKY CEMENT LIMITED as at 30 June 2009 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

(b) in our opinion:

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

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

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

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at 30 June 2009 and of the profit, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980),

Without qualifying our opinion, we draw attention to note 13 to the financial statements wherein the justification for recognising a claim of refund of excise duty amounting to Rs.538.8 million has been fully explained.

Ford Rhodes Sidat Hyder

Chartered Accountants

Audit Engagement Partner: Riaz A. Rehman Chamdia

August 5, 2009

Karachi.

Balance Sheet

As at June 30, 2009

Lucky Cement

Concrete Progress

	Note	2009	2008
		(Rupees in '000')	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	**30,476,872**	25,881,375
Long term advance	6	**55,373**	-
Long term deposits		**2,175**	2,175
		30,534,420	25,883,550
CURRENT ASSETS			
Stores and spares	7	**3,411,549**	4,160,146
Stock-in-trade	8	**1,196,608**	709,372
Trade debts – considered good	9	**1,267,248**	720,314
Loans and advances	10	**108,876**	111,989
Trade deposits and short term prepayments	11	**9,761**	189,641
Other receivables	12	**59,251**	890,204
Tax refunds due from the government	13	**538,812**	538,812
Taxation-net		**176,584**	130,899
Sales tax refundable	14	**40,162**	634,136
Cash and bank balances	15	**1,049,091**	270,011
		7,857,942	8,355,524
TOTAL ASSETS		**38,392,362**	34,239,074
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	16	**3,233,750**	3,233,750
Reserves	17	**20,018,222**	15,421,673
		23,251,972	18,655,423
NON – CURRENT LIABILITIES			
Long term finance	18	**4,300,000**	6,633,333
Long term deposits	19	**28,589**	30,252
Deferred liabilities	20	**234,633**	174,171
Deferred taxation	21	**1,478,490**	1,058,998
		6,041,712	7,896,754
CURRENT LIABILITIES			
Trade and other payables	22	**2,677,356**	3,549,543
Accrued mark-up	23	**233,381**	288,977
Short term borrowings	24	**6,187,941**	3,606,710
Current portion of long term finance	18	**-**	241,667
		9,098,678	7,686,897
CONTINGENCIES AND COMMITMENTS	25		
		38,392,362	34,239,074

The annexed notes from 1 to 43 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, 2009

Lucky Cement
Concrete Progress

	Note	2009	2008
		(Rupees in '000')	
Gross Sales	26	**30,915,035**	20,819,749
Less: Sales tax and excise duty		**4,368,490**	3,740,926
Rebates and Commission		**216,141**	120,944
		4,584,631	3,861,870
Net Sales		**26,330,404**	16,957,879
Cost of sales	27	**16,519,138**	12,600,706
Gross profit		**9,811,266**	4,357,173
Distribution costs	28	**2,427,837**	1,155,054
Administrative expenses	29	**165,936**	125,752
		2,593,773	1,280,806
Operating profit		**7,217,493**	3,076,367
Finance costs	30	**1,236,971**	126,743
Other operating income	31	**(23,255)**	(1,293)
Other charges	32	**826,776**	644,388
		2,040,492	769,838
Profit before taxation		**5,177,001**	2,306,529
Taxation - current	33	**156,744**	85,394
- prior year		**4,216**	-
- deferred		**419,492**	(456,535)
		580,452	(371,141)
Profit after taxation		**4,596,549**	2,677,670
		(Rupees)	
Basic and diluted earnings per share	34	**14.21**	9.84

The annexed notes from 1 to 43 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, 2009

Lucky Cement
Concrete Progress

	Note	2009	2008
		(Rupees in '000')	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	35	**8,084,365**	1,612,073
Finance costs paid		**(1,292,567)**	(163,947)
Income tax paid		**(206,645)**	(166,236)
Gratuity paid		**(13,369)**	(9,087)
		(1,512,581)	(339,270)
Long term deposits		**(1,663)**	4,389
Long term advance paid		**(55,373)**	-
Net cash generated from operating activities		**6,514,748**	1,277,192
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		**(5,779,313)**	(6,572,254)
Sale proceeds on disposal of property, plant and equipment		**37,487**	32,098
Net cash used in investing activities		**(5,741,826)**	(6,540,156)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term finance		**(2,575,000)**	(3,075,756)
Receipt/(repayment) of short term borrowings		**4,151,790**	(710,226)
Proceeds from issue of Global Depository Receipts (net of expenses)		**-**	6,953,422
Dividends paid		**(73)**	(326,162)
Net cash generated from financing activities		**1,576,717**	2,841,278
Net increase / (decrease) in cash and cash equivalents		**2,349,639**	(2,421,686)
Cash and cash equivalents at the beginning of the year		**(1,438,749)**	982,937
Cash and cash equivalents at the end of the year		**910,890**	(1,438,749)
CASH AND CASH EQUIVALENTS			
Cash and bank balances	15	**1,049,091**	270,011
Short term running finance	24	**(138,201)**	(1,708,760)
		910,890	(1,438,749)

The annexed notes from 1 to 43 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, 2009

	Issued, subscribed and paid-up capital	Capital reserve	Revenue reserves			
		Share premium	General Reserve	Unappro-priated profit	Total reserves	Total Equity
	------------------------		(Rupees in '000')			------------------------
Balance as at June 30, 2007	2,633,750	990,000	3,000,000	2,729,800	6,719,800	9,353,550
Transfer to general reserves	-	-	2,000,000	(2,000,000)	-	-
Final dividend for the year ended June 30, 2007 @ Rs. 1.25 per share	-	-	-	(329,219)	(329,219)	(329,219)
Issuance of Global Depository Receipts (GDRs)	600,000	6,600,036	-	-	6,600,036	7,200,036
GDRs issuance expense	-	(246,614)	-	-	(246,614)	(246,614)
Net profit for the year	-	-	-	2,677,670	2,677,670	2,677,670
Balance as at June 30, 2008	**3,233,750**	**7,343,422**	**5,000,000**	**3,078,251**	**15,421,673**	**18,655,423**
Net profit for the year	-	**-**	-	**4,596,549**	**4,596,549**	**4,596,549**
Balance as at June 30, 2009	**3,233,750**	**7,343,422**	**5,000,000**	**7,674,800**	**20,018,222**	**23,251,972**

The annexed notes from 1 to 43 form an integral part of these financial statements.

Muhammad Yunus Tabba
Chairman / Director

Muhammad Ali Tabba
Chief Executive

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 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 North West Frontier Province (NWFP). The Company has two production facilities at Pezu, District Lakki Marwat in NWFP and at Main Super Highway in Karachi Sindh.

2. STATEMENT OF COMPLIANCE

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimate and judgements are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the process of applying the Company's accounting policies, management has made the following estimates and judgements which are significant to the financial statements:

Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in note 20.1 to the financial statements for valuation of present value of defined benefit obligations.

Property, plant and equipment

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

Income Taxes

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

Future estimation of export sales

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

Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgement 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 event(s).

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Accounting convention

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

4.2 Standards issued but not yet effective:

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

	Standards or Interpretation	Effective date (accounting periods beginning on or after)
IAS 1 -	Presentation of Financial Statements (Revised)	January 01, 2009
IAS 23 -	Borrowing Costs (Revised)	January 01, 2009
IAS 27 -	Consolidated and Separate Financial Statements (Revised)	January 01, 2009
IAS 32 -	Financial Instruments (Amended)	January 01, 2009
IAS 39 -	Financial Instruments: Recognition and Measurement (Amended)	January 01, 2009
IFRS 2 -	Share-based Payment (Amended)	January 01, 2009
IFRS 3 -	Business Combinations (Revised)	July 01, 2009
IFRS 8 -	Operating Segments	January 01, 2009
IFRIC 15 -	Agreement for the Construction of Real Estate	January 01, 2009
IFRIC 16 -	Hedge of Net Investment in a Foreign Operation	October 01, 2008
IFRIC 17 -	Distribution of Non-Cash Assets to Owners	July 01, 2009
IFRIC 18 -	Transfer of Assets from Customers	July 01, 2009

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

4.3 Adoption of new accounting standards:

The Company has adopted the following new and amended IFRS and IFRIC interpretations as of July 01, 2008:

IFRS 7 - Financial Instruments: Disclosures

IFRIC 12 - Service concession arrangements

IFRIC 13 - Customer loyalty programmes; and

IFRIC 14 - IAS 19 – The limit on defined benefit asset, minimum funding requirement and their interactions

Adoption of these standards and interpretations did not have any material effect on the financial statements of the Company except for certain additional disclosures in respect of IFRS 7 included in the relevant notes to the financial statements.

4.4 Property, plant and equipment

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

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

Depreciation is charged to income applying the straight line method on building and quarry equipment and on written down value on all other assets at the rates mentioned in the relevant note. On plant and machinery depreciation is charged on units of production method based on higher of estimated life or production. Full year's depreciation is charged on additions while no depreciation is charged on assets deleted during the year. However, capitalisation of major projects cost is depreciated proportionately for the period of use.

Assets residual values and useful lives are reviewed and adjusted, if appropriate at each balance sheet date.

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

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

4.5 Stores and spares

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

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

4.6 Stock in trade

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

i) Raw and packing material - at average cost comprising of quarrying/purchase price, transportation, government levies and other overheads.

ii) Work in process and finished goods - at average cost comprising direct cost of raw material, labour and other manufacturing overheads.

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

4.7 Trade debts and other receivables

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

4.8 Cash and cash equivalents

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

4.9 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.

4.10 Staff retirement benefits

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

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

4.11 Compensated absences

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

4.12 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services.

4.13 Provisions

Provisions are recognised 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.

4.14 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, and tax paid on final tax regime basis, whichever is higher.

Deferred

Deferred tax is provided in full using the balance sheet liability method on all temporary differences arising at the balance sheet date, between the tax bases of the assets and the liabilities and their carrying amounts. Deferred tax liabilities are generally recognised 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 utilised.

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

4.15 Revenue recognition

Revenue is recognised 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 recognised:

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

4.16 Borrowing costs

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

4.17 Foreign currency translations

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

4.18 Financial assets and liabilities

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

Financial assets are derecognised 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.

4.19 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 realise the asset and settle the liability simultaneously.

4.20 Impairment

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

4.21 Related party transactions

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

4.22 Dividend and appropriation to reserves

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

4.23 Functional and presentation currency

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

4.24 Derivative financial instruments

The Company uses derivative financial instruments to hedge its exposure to foreign exchange risks arising from operational activities. In accordance with its treasury policy, the Company does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

	Note	2009	2008
		(Rupees in '000')	
5. PROPERTY, PLANT AND EQUIPMENT			
Operating assets – tangible	5.1	**28,333,761**	21,050,119
Capital work-in-progress	5.5	**2,143,111**	4,831,256
		30,476,872	25,881,375

5.1 Operating assets – tangible

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

	COST			DEPRECIATION/AMORTIZATION				
	At July 01, 2007	Additions / *transfers / (disposals)	At June 30, 2008	At July 01, 2007	For the year/ (disposals)	At June 30, 2008	Book value at June 30, 2008	Rate of depreciation %
	(Rupees in '000')							
Land – leasehold	230,105	482,634	712,739	-	-	-	712,739	-
Building on leasehold land	4,463,597	*189,595	4,653,192	677,402	228,628	906,030	3,747,162	5
Plant and machinery	13,938,410	*248,713	14,187,123	1,531,251	471,548	2,002,799	12,184,324	Units of production method
Generators	3,188,656	2,448 *750,714	3,941,818	516,582	167,153	683,735	3,258,083	Units of production method
Quarry equipments	642,362	752	643,114	124,061	32,155	156,216	486,898	5
Vehicles	427,053	222,792 *1,771 (34,537)	617,079	60,721	56,298 (3,824)	113,195	503,884	10-20
Furniture and fixtures	36,757	1,165	37,922	9,323	2,866	12,189	25,733	10
Office equipments	81,082	5,665 (80)	86,667	21,233	6,547 (42)	27,738	58,929	10
Computers and accessories	34,723	5,273	39,996	18,025	7,251	25,276	14,720	33
Other assets	46,506	2,703 *29,292 (71)	78,430	14,265	6,523 (5)	20,783	57,647	10
2008	23,089,251	723,432 *1,220,085 (34,688)	24,998,080	2,972,863	978,969 (3,871)	3,947,961	21,050,119	

5.2 During the year, the Company has changed its accounting estimate in respect of leasehold land and decided to amortize its cost over the lease period. Previously, no amortization was charged as the impact was immaterial. Had the estimate not been revised profit after tax and carrying value of operating fixed assets would have been higher by Rs.7.406 million.

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

	Note	2009	2008
		(Rupees in '000')	
Cost of sales	27	**1,078,002**	920,729
Distribution costs	28	**58,952**	47,019
Administrative expenses	29	**11,264**	11,221
		1,148,218	978,969

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

Particulars	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Gain / Loss	Mode of Disposal	Particulars of Buyers
	---------- (Rupees in '000') ----------						
Vehicles							
ARE – 318	623	-	623	704	81	Insurance claim	New Jubilee Insurance Co. Ltd., Jubilee Insurance House, I.I. Chundrigar Road, Karachi.
TLL - 409	3,677	276	3,401	3,595	194	Insurance claim	New Jubilee Insurance Co. Ltd., Jubilee Insurance House, I.I. Chundrigar Road, Karachi.
TLL – 214	3,679	276	3,403	3,595	192	Insurance claim	New Jubilee Insurance Co. Ltd., Jubilee Insurance House, I.I. Chundrigar Road, Karachi.
TLK – 324	3,672	449	3,223	3,595	372	Insurance claim	New Jubilee Insurance Co. Ltd., Jubilee Insurance House, I.I. Chundrigar Road, Karachi.
KQ – 1742	1,096	-	1,096	1,069	(27)	Insurance claim	New Jubilee Insurance Co. Ltd., Jubilee Insurance House, I.I. Chundrigar Road, Karachi.
AQY - 215	1,403	274	1,129	1,369	240	Insurance claim	New Jubilee Insurance Co. Ltd., Jubilee Insurance House, I.I. Chundrigar Road, Karachi.
JY – 3980	574	280	294	555	261	Insurance claim	New Jubilee Insurance Co. Ltd., Jubilee Insurance House, I.I. Chundrigar Road, Karachi.
IDL – 946	1,242	917	325	407	82	Tender / Negotiation	Kalim Ahmed Mobin, House No. 1485-2-A, Asad Jan Road, Lahore Cantt.
Generator	25,092	4,182	20,910	21,565	655	Insurance claim	New Jubilee Insurance Co. Ltd., Jubilee Insurance House, I.I. Chundrigar Road, Karachi.
Furniture & Fixture	2,621	1,581	1,040	33	(1,007)	Negotiation	Various
Items having book value less than Rs. 50,000 each	2,706	2,552	154	1,000	846	Tender /Negotiation/ Insurance claim	Various
Total	**46,385**	**10,787**	**35,598**	**37,487**	**1,889**		

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

	Opening balance	Additions	Transferred to operating fixed assets	**Closing balance 2009**	Closing balance 2008
	(Rupees in '000')				
Building and civil works	**1,079,070**	176,527	1,158,292	**97,305**	1,079,070
Plant and machinery	**1,083,345**	2,167,265	3,194,509	**56,101**	1,083,345
Generators	**400,372**	2,474,490	2,608,172	**266,690**	400,372
Advance to suppliers and contractors	**2,190,176**	885,021	1,439,967	**1,635,230**	2,190,176
Pre-feasibility study cost of a Hydel power project	**51,855**	9,492	-	**61,347**	51,855
Advance for gas installation	**26,438**	-	-	**26,438**	26,438
	4,831,256	5,712,795	8,400,940	**2,143,111**	4,831,256

5.6 During the year borrowing costs amounting to Rs. 634.298 million (2008: Rs. 250.475 million) have been capitalised in the capital work-in-progress pertaining to new expansion projects.

6. LONG TERM ADVANCE

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

7. STORES AND SPARES

	Note	**2009**	2008
		(Rupees in '000')	
Stores	7.1	**1,833,214**	2,793,577
Spares	7.2	**1,628,961**	1,372,117
		3,462,175	4,165,694
Less: Provision for slow moving spares	27	**50,626**	5,548
		3,411,549	4,160,146

7.1 This includes stores in transit of Rs. 876.998 million (2008: Rs. 512.657 million) as at the balance sheet date.

7.2 This includes spares in transit of Rs. 21.293 million (2008: Rs. 15.091 million) as at the balance sheet date.

8. STOCK-IN-TRADE

	2009	2008
	(Rupees in '000')	
Raw and packing materials	**344,204**	294,295
Work-in-process	**591,659**	285,274
Finished goods	**260,745**	129,803
	1,196,608	709,372

9. TRADE DEBTS - considered good

	2009	2008
Bills receivable - secured	**1,144,770**	620,824
Other - unsecured	**122,478**	99,490
	1,267,248	720,314

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

	2009	2008
Past due but not impaired		
- within 90 days	**1,267,248**	720,314

9.2 Trade debts include overdue amount of Rs. Nil (2008: Nil) receivable.

9.3 This includes Rs. 15.696 million (2008: Nil) receivable from Lucky Paragon ReadyMix Limited, a related party.

	Note	2009	2008
		(Rupees in '000')	
10. LOANS AND ADVANCES			
Considered good			
Secured			
Loans and advances due from:			
- Employees	10.1	**2,561**	1,371
- Executives	10.1 & 10.2	**7,121**	5,531
		9,682	6,902
Unsecured			
Advances to suppliers and others		**79,750**	85,643
Collector of Customs	10.3	**19,444**	19,444
		99,194	105,087
		108,876	111,989

10.1 Represents loans provided as per the Company's employee loan policy. These loans are secured against the gratuity of respective employees. The maximum aggregate balance due from executives at the end of any month during the year was Rs.13.942 million (2008: Rs. 6.331 million).

10.2 Reconciliation of carrying amount of loan to executives

	2009	2008
	(Rupees in '000')	
Opening balance	**5,531**	2,942
Disbursements	**10,342**	4,446
Repayment	**(8,752)**	(1,857)
Closing balance	**7,121**	5,531

10.3 The Company imported cement bulkers during October 19, 2006 to December 05, 2006 under SRO 575(1) of 2006 dated June 05, 2006 for export of loose cement which provided concessionary rate of import duty to an industrial concern. The Company claimed exemption of duty at the time of port clearance, however, the collector of customs passed order allowing provisional release of consignment subject to final approval from the Federal Board of Revenue (FBR) and deposit of post dated cheques for the differential amount of duty. The Company deposited three post dated cheques aggregating to Rs. 19.444 million for three different consignments of cement bulkers and simultaneously approached to the FBR for giving direction to the Collector of Customs, Karachi.

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

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

	2009	2008
	(Rupees in '000')	

11. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	2009	2008
Deposits		
Margin against letters of credit	-	177,684
Containers	402	1,562
Coal supplier	1,000	4,000
Others	5,273	3,863
	6,675	187,109
Prepayments		
Insurance	158	144
Rentals	1,808	1,150
Others	1,120	1,238
	3,086	2,532
	9,761	189,641

12. OTHER RECEIVABLES – Unsecured, considered good

	2009	2008
Rebate on export sales	30,746	11,363
Fair value gain on the interest rate / cross currency Swap	-	874,005
Accrued return on bank deposits	5,655	379
Fair value gain on forward exchange contracts	21,363	-
Others	1,487	4,457
	59,251	890,204

13. TAX REFUNDS DUE FROM THE GOVERNMENT

A dispute with respect to the calculation of excise duty on retail price of cement arose between the Company and the Federal Board of Revenue (FBR) from the very first day the Company started sales of cement in 1996. The FBR's point of view was that excise duty be calculated on the declared retail price inclusive of excise duty whereas the Company contended that the excise duty would not included in retail price for calculation of the excise duty payable to the Government. The Company filed a writ petition before the Peshawar High Court seeking judgement 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 @ Rs.1,400 per ton. The Peshawar High Court after hearing both the parties issued a detailed judgement, operating para of which is reproduced as follows:

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

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

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

As a result of the full bench judgement of the Supreme Court of Pakistan, the Company filed a refund claim of Rs.538.812 million on May 08, 2007 with the Collector of Central Excise and Sales Tax, Peshawar, who had earlier collected the same due to incorrect interpretation of law. The Company on the basis of legal opinions obtained recognised this refund claim in the financial statements for the year ended June 30, 2007.

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

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

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

14. SALES TAX REFUNDABLE

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

	Note	2009	2008
		(Rupees in '000')	
15. CASH AND BANK BALANCES			
Cash in hand		**2,270**	2,219
Sales collection in transit		**229,833**	212,835
Cash at bank - on current accounts		**750,315**	20,641
- on deposit accounts		**66,673**	34,316
		816,988	54,957
		1,049,091	270,011

16. SHARE CAPITAL

2009	2008		Note	2009	2008
(Number of shares)				(Rupees in '000')	
Authorized capital					
500,000,000	500,000,000	Ordinary shares of Rs.10 each		**5,000,000**	5,000,000
Issued, subscribed and paid-up capital					
		Issued for cash			
305,000,000	245,000,000	Opening balance		**3,050,000**	2,450,000
-	60,000,000	Issued during the year	16.1	**-**	600,000
305,000,000	305,000,000			**3,050,000**	3,050,000
18,375,000	18,375,000	Ordinary shares of Rs. 10/- each issued as bonus shares		**183,750**	183,750
323,375,000	323,375,000			**3,233,750**	3,233,750

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

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

16.2 Associated companies held 25,116,475 (2008: 15,756,075) ordinary shares in the Company as of the balance sheet date.

	2009	2008
	(Rupees in '000')	
17. RESERVES		
Capital Reserves		
Share premium	**7,343,422**	7,343,422
Revenue Reserves		
General reserve	**5,000,000**	5,000,000
Unappropriated profit	**7,674,800**	3,078,251
	12,674,800	8,078,251
	20,018,222	15,421,673

18. LONG TERM FINANCE – secured

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

Bank		Installments Number	Installments Commencing from / payable on	**2009**	2008
				(Rupees in '000')	
• National Bank of Pakistan	– Demand Finance V	8 quarterly	March 2013	**2,000,000**	2,000,000
• Allied Bank Limited	– Demand Finance IV	8 semi annual	July 2011	**2,300,000**	2,300,000
• Citibank N.A.	– Demand Finance I			**-**	75,000
• Bank Al-Habib Limited				**-**	500,000
• Faysal Bank Ltd.	– Demand Finance I			**-**	1,000,000
• Habib Bank Limited	– Demand Finance III			**-**	1,000,000
				4,300,000	6,875,000
Less: Current portion of long term finance				**-**	(241,667)
				4,300,000	6,633,333

18.1 The long-term finances carry floating mark-up rates ranging between 11.82% to 16.18% (2008: 9.41% to 14.55%) per annum.

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

	Note	2009	2008
		(Rupees in '000')	
19. LONG TERM DEPOSITS – Unsecured			
Cement stockists	19.1	**8,359**	9,667
Transporters	19.2	**19,900**	20,200
Others		**330**	385
		28,589	30,252

19.1 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.

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

	Note	2009	2008
		(Rupees in '000')	
20. DEFERRED LIABILITIES			
Staff gratuity	20.1	**234,633**	174,171

20.1 The amounts recognised in the balance sheet are as follows:

	2009	2008
Present value of defined benefit obligation	**234,633**	174,171
Movement in the liability recognised in the balance sheet are as follows:		
Opening balance	**174,171**	147,245
Net charge for the year	**73,831**	36,013
	248,002	183,258
Payments made during the year	**(13,369)**	(9,087)
Closing balance	**234,633**	174,171
The amount recognised in the profit and loss account is as follows:		
Current service cost	**33,448**	29,193
Interest cost	**20,901**	14,725
Actuarial (gains)/losses recognised	**19,482**	(7,905)
	73,831	36,013
The charge for the year has been allocated as follows:		
Manufacturing expenses	**57,751**	26,554
Distribution costs	**3,512**	1,325
Administrative expenses	**12,568**	8,134
	73,831	36,013
Principal actuarial assumptions used are as follows:		
Expected rate of increase in salary level	**13%**	12%
Valuation discount rate	**13%**	12%

Comparisons for five years:

	2009	2008	2007	2006	2005
	(Rupees in '000')				
As at June 30 Present value of defined benefit Obligation	**234,633**	174,171	147,245	113,967	57,636

	Note	2009	2008
		(Rupees in '000')	
21. DEFERRED TAXATION			
This comprises of the following:			
Deferred tax liability – difference in tax and accounting bases of property, plant and equipment		**1,870,067**	1,502,668
Deferred tax assets			
- Unabsorbed tax losses		**(349,494)**	(419,285)
- Provision for staff gratuity and compensated absences		**(42,083)**	(24,385)
		(391,577)	(443,670)
		1,478,490	1,058,998
22. TRADE AND OTHER PAYABLES			
Creditors		**804,826**	508,898
Bills payable		**472,061**	1,448,011
Accrued liabilities		**274,251**	177,932
Advance from customers		**238,728**	206,218
Retention money		**401,847**	144,216
Workers' profit participation fund	22.1	**170,136**	130,370
Workers' welfare fund		**111,483**	-
Unclaimed and unpaid dividend		**13,622**	13,695
Excise duty payable		**190,223**	173,904
Fair value loss on the cross currency swap		**-**	740,313
Others		**179**	5,986
		2,677,356	3,549,543
22.1 Workers' profit participation fund			
Balance at July 01		**130,370**	151,543
Allocation for the year		**278,704**	121,845
Interest on funds utilized by the Company		**6,793**	8,525
		415,867	281,913
Payments during the year		**(245,731)**	(151,543)
		170,136	130,370
23. ACCRUED MARK-UP			
Long term finance		**142,858**	248,031
Short term borrowings		**90,523**	40,946
		233,381	288,977
24. SHORT TERM BORROWINGS – Secured			
Export refinance	24.1 & 24.2	**6,049,740**	1,897,950
Running finance under mark-up arrangements from banks	24.1 & 24.3	**138,201**	1,708,760
		6,187,941	3,606,710

24.1 The financing facilities available from various banks as at June 30, 2009 amounted to Rs. 10,450 million (2008: Rs. 4,850 million), of which Rs. 4,262 million (2008: Rs. 1,243 million) remained unutilised at the year end. These facilities are renewable and are secured by way of hypothecation on stores, stock-in-trade and trade debts.

24.2 The export refinance facilities carries mark up rate of 7.50% (2008: 6.65% to 7.50%) per annum.

24.3 These facilities are payable on various dates by June 30, 2010. The rate of mark-up on these facilities ranges between 12.87% to 17.75% (2008: 9.77% to 14.63%) per annum.

25. CONTINGENCIES AND COMMITMENTS

CONTINGENCIES

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

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 9-06-1994 respectively. In June 1997 the Federal Government withdrew the sales tax from the entire cement industry and deprived the Company from the advantage of its sales tax exemption. Being aggrieved by the denial of the benefit of sales tax exemption, the Company had filed a writ petition in the Peshawar High Court. Subsequently, the sales tax exemption was restored on September 5, 2000. The writ petition was therefore withdrawn on legal advice but at the same time a suit for compensation in the sum of Rs.1,565 million was filed by the Company with the Senior Civil Judge, Islamabad.

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 CIT (Appeal) has reversed the order of the assessing officer and decided the case in favour of the Company. The Tax Department filed appeal before Income Tax Appellate Tribunal who deleted the order of CIT (Appeal). The Company filed appeal in Peshawar High Court and the Court has decided the case against the Company. The Company has now filed appeal in the Supreme Court of Pakistan which is pending. The amount of tax has already been deposited and as a matter of prudence the same has been provided in the financial statements.

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

25.5 The Company filed a suit in the Honorable High Court of Sindh against the imposition of infrastructure cess on the import of goods. The Honorable High Court of Sindh has granted stay on this cess subject to the submission of bank guarantees. The Company has accordingly submitted a bank guarantee of Rs.100 million to the Director Excise and Taxation. The amount of the disputed cess on the goods imported by the Company up to balance sheet date is not material and therefore, no provision has been made in these financial statements of the above cess.

25.6 The Competition Commission of Pakistan (CCP) had issued a show cause notice to the Company on a Suo Moto action for an increase in prices of cement across the country on March 20, 2008. The similar notices were also issued to the other cement manufacturers. The Company filed a writ petition before the Honorable Islamabad High Court (HIHC) challenging the Competition Ordinance, 2007. The HIHC granted a stay order restricting the CCP to pass any adverse order(s) against the show cause notices issued to the cement manufacturers.

Subsequent to the year end, the HIHC has dismissed the writ petition and vacating the stay order. However, the management of the Company is of the view that any adverse action to be taken by the CCP will be contested in the appropriate court of law.

25.7 Also refer note 10.3 and 13.

		Note	2009	2008
			(Rupees in '000')	
	COMMITMENTS			
25.8	**Capital commitments**			
	Plant and machinery under letters of credit		**1,203,584**	4,014,855
	Civil works and others		**-**	88,580
25.9	**Other commitments**			
	Stores, spares and packing material under letters of credit		**540,414**	604,061
	Bank guarantees issued on behalf of the Company		**677,379**	608,775
26.	**Sales - Gross**			
	Sales - local		**15,083,209**	11,538,960
	- export		**15,831,826**	9,280,789
			30,915,035	20,819,749
27.	**COST OF SALES**			
	Raw material consumed		**899,891**	717,439
	Packing material [net of duty draw back on export sales amounting to Rs. 34.365 million (2008: Rs. 15.114 million)]		**1,161,123**	889,482
	Salaries, wages and benefits		**697,836**	552,588
	Fuel and power		**12,091,086**	8,648,773
	Stores and spares consumed		**573,929**	496,938
	Repairs and maintenance		**48,164**	46,223
	Depreciation / amortisation	5.3	**1,078,002**	920,729
	Insurance		**174,634**	105,617
	Provision for slow moving spares	7	**45,078**	5,548
	Earth moving machinery		**92,550**	78,643
	Vehicle running and maintenance		**26,414**	23,736
	Communication		**8,904**	8,938
	Mess subsidy		**13,963**	16,139
	Transportation		**16,062**	9,194
	Traveling and conveyance		**2,266**	2,770
	Inspection fee for electrical installation		**1,068**	1,049
	Rent, rates and taxes		**2,102**	5,956
	Printing and stationery		**842**	1,018
	Other manufacturing expenses		**22,551**	28,988
			16,956,465	12,559,768

	Note	2009	2008
		(Rupees in '000')	
Work-in-process			
Opening		285,274	307,868
Closing		(591,659)	(285,274)
		(306,385)	22,594
Cost of goods manufactured		16,650,080	12,582,362
Finished goods			
Opening		129,803	148,147
Closing		(260,745)	(129,803)
		(130,942)	18,344
		16,519,138	12,600,706

28. DISTRIBUTION COSTS

	Note	2009	2008
Salaries and benefits		35,765	32,485
Communication		3,250	2,172
Logistics and related charges		2,267,954	1,002,291
Loading and others		29,285	35,707
Traveling and conveyance		1,340	971
Printing and stationery		771	715
Insurance		10,322	7,504
Rent, rates and taxes		6,361	8,192
Utilities		822	689
Vehicles running and maintenance		5,951	4,285
Repairs and maintenance		549	441
Fees, subscription and periodicals		107	178
Advertisement and sales promotion		4,465	9,451
Entertainment		465	651
Depreciation	5.3	58,952	47,019
Others		1,478	2,303
		2,427,837	1,155,054

29. ADMINISTRATIVE EXPENSES

	Note	2009	2008
Salaries and benefits		81,089	66,787
Communication		6,239	5,327
Traveling and conveyance		6,415	3,913
Insurance		1,311	954
Rent, rates and taxes		1,577	1,499
Vehicles running and maintenance		8,438	6,422
Printing and stationery		4,142	4,368
Fees and subscription		8,214	2,362
Security services		1,430	1,749
Legal and professional		9,215	2,591
Transportation and freight		242	183
Utilities		3,833	2,393
Repairs and maintenance		8,444	2,790
Advertisement	29.1	173	616
Donations	29.2	6,872	5,764
Auditors' remuneration	5.3	4,964	4,100
Depreciation		11,264	11,221
Others		2,074	2,713
		165,936	125,752

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

	Note	2009	2008
		(Rupees in '000')	
29.2 Auditors' remuneration			
Statutory auditors (Ford Rhodes Sidat Hyder & Co.)			
Audit fee		750	600
Half yearly review fee		250	190
Fee for the review of Code of Corporate Governance		60	60
Out of pocket expenses		52	88
		1,112	938
Internal Auditors (M.Yousuf Adil Saleem & Co.) (2008: A. F. Ferguson & Co.)			
Remuneration		3,200	2,400
Others		490	653
		3,690	3,053
Cost auditors (KPMG Taseer Hadi & Co.)			
Cost audit fee		130	100
Out of pocket expenses		32	9
		162	109
		4,964	4,100
30. FINANCE COSTS			
Mark-up on long term finances		788,431	713,152
Mark-up on short term borrowings		405,850	280,064
Interest on workers' profit participation fund		6,793	8,525
Bank charges and commission		35,897	21,419
		1,236,971	1,023,160
Fair value gain on the interest rate and cross currency swap		-	(896,417)
		1,236,971	126,743
31. OTHER OPERATING INCOME			
Income from non-financial assets			
Gain on disposal of fixed assets		1,889	1,280
Income from financial assets			
Fair value gain on foreign exchange forward contracts		21,363	-
Others		3	13
		21,366	13
		23,255	1,293
32. OTHER CHARGES			
Workers' profit participation fund		278,704	121,845
Workers' welfare fund		111,482	-
Net exchange differences	32.1	436,590	522,543
		826,776	644,388

32.1 It includes fair value loss on the cross currency swap amounting to Rs. 419.583 million (2008: Rs. 800.359 million).

33. TAXATION

33.1 This represents tax on income chargeable under Final Tax Regime (FTR).

33.2 The tax assessments of the Company have been finalised up to and including the tax year 2008 and assessed tax losses amounting to Rs. 3,816.461 million (2008: Rs. 3,778.694 million) are available to be carried forward.

33.3 Since the Company is not liable to any tax under the Normal Tax Regime, therefore, no numerical tax reconciliation is given.

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:

	2009	2008
Profit after tax (Rupees in thousands)	**4,596,549**	2,677,670
Weighted average number of ordinary shares (in thousands)	**323,375**	272,087
Earnings per share - after tax (Rupees)	**14.21**	9.84

35. CASH GENERATED FROM OPERATIONS

	2009	2008
	(Rupees in '000')	
Profit before taxation	**5,177,001**	2,306,529
Adjustments for non cash charges and other items		
Depreciation	**1,148,218**	978,969
Provision for slow moving spares	**45,078**	5,548
(Gain) / loss on disposal of property, plant and equipment	**(1,889)**	(1,280)
Provision for gratuity	**73,831**	36,013
Gain on fair value of foreign exchange forward contracts	**(21,363)**	-
Finance costs	**1,236,971**	126,743
Profit before working capital changes	**7,657,847**	3,452,522
(Increase) / decrease in current assets		
Stores and spares	**703,519**	(2,172,121)
Stock in trade	**(487,236)**	(33,116)
Trade debts	**(546,934)**	(243,647)
Loans and advances	**3,113**	129,832
Trade deposits and short term prepayments	**179,880**	(179,980)
Other receivables	**852,316**	(707,066)
Sales tax refundable	**593,974**	(634,136)
	1,298,632	(3,840,234)
(Decrease) / increase in Trade and other payables	**(872,114)**	1,999,785
Cash generated from operations	**8,084,365**	1,612,073

36. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Director(s)		Executives		Total	
	(Rupees in '000')							
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
Remuneration	**3,440**	3,440	**3,401**	3,401	**57,687**	36,214	**64,528**	43,055
House rent allowance	**1,376**	1,376	**1,360**	1,360	**25,824**	16,476	**28,560**	19,212
Utility allowance	**343**	343	**340**	340	**5,768**	3,621	**6,451**	4,304
Conveyance allowance	**-**	-	**-**	-	**5,768**	3,621	**5,768**	3,621
	5,159	5,159	**5,101**	5,101	**95,047**	59,932	**105,307**	70,192
Number	**1**	1	**2**	2	**65**	41	**68**	44

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

36.2 An aggregate amount of Rs. 195,000/- was paid to 8 directors during the year on account of board meeting fee (2008: 8 directors – Rs. 147,000/-).

37. TRANSACTIONS WITH RELATED PARTIES

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

	2009	2008
	(Rupees in '000')	
Associated companies		
Lucky Paragon Ready Mix Limited		
Sales	**150,443**	73,991
Purchases	**9,928**	21,046
Fazal Textile Mills Limited		
Sales	**11,472**	43,896
Lucky Textile Mills		
Sales	**748**	3,725
Gadoon Textile Mills Limited		
Sales	**534**	1,720
Yunus Textile Mills Limited		
Sales	**1,563**	94

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

38. PRODUCTION CAPACITY

	2009	2008
	Metric Tons	
Production capacity		
Unit 1 (A & B)	**1,500,000**	1,500,000
Unit 2 (C & D)	**2,500,000**	2,500,000
Unit 3 (E, F & G)	**3,750,000**	2,500,000
Actual production clinker		
Unit 1 (A & B)	**715,245**	1,178,790
Unit 2 (C & D)	**2,252,015**	1,875,300
Unit 3 (E, F & G)	**2,643,195**	2,107,290
Actual production cement		
Unit 1 (A & B)	**545,700**	1,067,180
Unit 2 (C & D)	**1,924,700**	1,721,080
Unit 3 (E, F & G)	**3,245,460**	2,460,404

39. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

39.1 Capital risk management

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

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policy and processes during the year ended June 30, 2009.

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

During 2009, the Company's strategy was to minimise leveraged gearing. The gearing ratios as at June 30, 2009 and 2008 were as follows:

	2009	2008
	(Rupees in '000')	
Long term finance	**4,300,000**	6,633,333
Trade and other payables	**2,677,356**	3,549,543
Accrued interest	**233,381**	288,977
Current portion of long term finance	**-**	241,667
Short term borrowings	**6,187,941**	3,606,710
Total debt	**13,398,678**	14,320,230
Cash and bank balances	**1,049,091**	270,011
Net debt	**12,349,587**	14,050,219
Share capital	**3,233,750**	3,233,750
Reserves	**20,018,222**	15,421,673
Equity	**23,251,972**	18,655,423
Capital	**35,601,559**	32,705,642
Gearing Ratio	**34.69%**	42.9%

The Company finances its expansions projects through equity, borrowings and management of its working capital with a view to maintaining an appropriate mix between various sources of finance to minimise risk. A significant decline in the gearing ratio during 2009 resulted primarily from the issue of share capital (note 16) with a view to finance the Company's long term investment strategy for sustaining competitive advantage.

39.2 Liquidity risk

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

39.3 Mark-up rate risk

The Company has long term and short-term Rupee based loans at variable rates. Rates on short term finances are effectively fixed and are disclosed in the relevant notes.

39.4 Yield / mark-up rate exposure

Yield/mark-up rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market yield/mark-up rates. Sensitivity to yield/mark-up rate risk arises from mismatches of financial assets and financial liabilities that mature or reprice in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The Company is exposed to yield/mark-up rate risk in respect of the following:

	Effective profit / mark-up %	2009		
		Exposed to yield/mark-up rate risk		
		Maturity up to one year	**Maturity after one year**	**Total**
		(Rupees in '000')		
Financial assets				
Long-term advances	2.9	-	55,373	55,373
Other receivables		-	-	-
Cash and bank balances	5-15.02	66,673	-	66,673
		66,673	**55,373**	**122,046**
Financial liabilities				
Long-term finances	11.82 -16.18	-	4,300,000	4,300,000
Short-term borrowings	7.5 - 17.75	6,187,941	-	6,187,941
		6,187,941	4,300,000	10,487,941
Total yield / mark-up rate risk sensitivity gap		**(6,121,268)**	**(4,244,627)**	**(10,365,895)**

		2008		
		Exposed to yield/mark-up rate risk		
		Maturity up to one year	Maturity after one year	Total
		(Rupees in '000')		
Financial assets				
Long-term advances		-	-	-
Other receivables	6 months LIBOR + 0.5-1.27	874,005	-	874,005
Cash and bank balances	11	34,316	-	34,316
		908,321	-	908,321
Financial liablities				
Long-term finances	9.41 - 14.55	241,667	6,633,333	6,875,000
Short-term borrowings	6.65 - 14.63	3,606,710	-	3,606,710
		3,848,377	6,633,333	10.481,710
Total yield / mark-up rate risk sensitivity gap		(2,940,056)	(6,633,333)	(9,573,389)

39.5 Fair value of financial assets and liabilities

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

39.6 Concentration of credit risk

Credit risk represents the accounting loss that would be recognised 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.

39.7 Foreign currency risk management

Foreign currency risk arises mainly due to fluctuation in foreign exchange rates. The Company also has transactional currency exposure. Such exposure arises from sales and purchases of certain materials by the Company in currencies other than rupees. Approximately 52% of the Company's sales are denominated in currencies other than rupee, while almost 48% of sales are denominated in local currency. In appropriate cases, the management takes out forward contracts to mitigate risk.

39.8 Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates:

	2009	2008
	(Rupees in '000')	
Trade debts		
Customers with no defaults in the past one year	**1,267,248**	720,314
Cash at bank and short-term deposits		
AAA	**24,198**	9,816
A1+	**1,022,623**	257,976
	1,046,821	267,792

40. DIVIDEND AND APPROPRIATION

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

41. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on August 5, 2009 by the Board of Directors of the Company.

42. CORRESPONDING FIGURES

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

Note	Reclassification From	To	Nature	Rupees in '000'
9	Loans and advances	Property, plant and equipment	Advance for pre-feasibility study cost of a Hydel Power Project	51,855
28	Administrative expenses	Cost of sales	Provision for slow moving spares	5,548

43. GENERAL

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

Muhammad Yunus Tabba
Chairman / Director

Muhammad Ali Tabba
Chief Executive

Notice of 16th Annual General Meeting

Lucky Cement
Concrete Progress

Notice is hereby given that the 16th Annual General Meeting of the members of **Lucky Cement Limited** will be held on Monday, October 26, 2009 at 3:00 p.m., at the registered office of the Company situated at factory premises Pezu, District Lakki Marwat, N.W.F.P. to transact the following businesses:

1. To confirm the minutes of 15^{th} Annual General Meeting held on October 15, 2008.

2. To receive, consider and adopt the audited financial statements for the year ended June 30, 2009 together with the Board of Directors' and Auditors' reports thereon.

3. To approve and declare cash dividend @ 40% i.e. Re. 4/- per share for the year ended June 30, 2009 as recommended by the Directors.

4. To appoint Auditors and fix their remuneration for the year 2009-2010. The present Auditors, Messrs Ford Rhodes Sidat Hyder & Co., Chartered Accountants, retire and being eligible, offer themselves for reappointment.

5. To elect eight Directors of the Company as fixed by the Board of Directors in accordance with the provisions of the Companies Ordinance, 1984 for a period of three years commencing from October 26, 2009. The names of retiring Directors are as follows:

    1. Mr. Muhammad Yunus Tabba
    2. Mr. Muhammad Ali Tabba
    3. Mr. Muhammad Sohail Tabba
    4. Mr. Imran Yunus Tabba
    5. Mr. Javed Yunus Tabba
    6. Mrs. Rahila Aleem
    7. Miss Mariam Razzak
    8. Mr. Manzoor Ahmed

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

By Order of the Board

Muhammad Abid Ganatra
Company Secretary

Karachi: October 3, 2009

Notes:

1. The Share Transfer Books of the Company will remain closed from Saturday, October 17, 2009 to Monday, October 26, 2009 (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 Friday, October 16, 2009 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. Nomination from shareholders for the office of Director must be received at least 14 days before the time of meeting at the Registered Office of the Company.

4. 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.

5. 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.

Pattern of Shareholding
As at June 30, 2009

Lucky Cement
Concrete Progress

No. of Shareholders	Shareholdings From	Shareholdings To	Total Shares Held
1,355	1	100	75,532
1,925	101	500	682,275
3,873	501	1000	2,427,954
1,381	1001	5000	3,564,657
301	5001	10000	2,362,832
126	10001	15000	1,606,133
77	15001	20000	1,410,017
55	20001	25000	1,284,948
43	25001	30000	1,207,961
20	30001	35000	670,350
24	35001	40000	933,414
9	40001	45000	391,104
31	45001	50000	1,533,627
9	50001	55000	485,282
11	55001	60000	649,710
3	60001	65000	186,711
2	65001	70000	140,000
6	70001	75000	447,500
4	75001	80000	305,019
3	80001	85000	253,400
5	85001	90000	436,378
1	90001	95000	94,500
20	95001	100000	1,980,700
1	100001	105000	105,000
3	105001	110000	328,400
3	115001	120000	356,900
5	120001	125000	625,000
4	125001	130000	513,490
2	135001	140000	274,249
5	145001	150000	746,800
4	160001	165000	653,800
2	165001	170000	331,900
4	170001	175000	697,000
1	180001	185000	183,000
2	190001	195000	384,400
5	195001	200000	1,000,000
2	200001	205000	405,600
3	205001	210000	626,343
1	215001	220000	217,500
1	220001	225000	225,000
3	225001	230000	684,000
1	230001	235000	231,700
1	245001	250000	246,608
1	255001	260000	257,000
3	260001	265000	787,839
5	265001	270000	1,340,500
1	275001	280000	276,525

1	290001	295000	293,500
3	295001	300000	900,000
2	300001	305000	608,100
1	320001	325000	325,000
1	330001	335000	334,800
1	335001	340000	335,800
1	345001	350000	350,000
1	360001	365000	360,500
2	365001	370000	733,387
1	370001	375000	373,025
1	385001	390000	387,000
1	400001	405000	405,000
3	420001	425000	1,267,623
1	445001	450000	448,700
4	450001	455000	1,811,800
1	455001	460000	459,000
2	460001	465000	926,813
1	470001	475000	475,000
2	495001	500000	996,000
1	515001	520000	517,925
1	520001	525000	525,000
1	550001	555000	550,500
1	640001	645000	645,000
1	645001	650000	650,000
1	695001	700000	700,000
1	725001	730000	726,200
1	735001	740000	740,000
2	795001	800000	1,595,600
1	810001	815000	814,700
1	845001	850000	850,000
1	970001	975000	974,000
3	995001	1000000	3,000,000
1	1095001	1100000	1,100,000
1	1130001	1135000	1,135,000
1	1195001	1200000	1,200,000
1	1200001	1205000	1,202,000
1	1385001	1390000	1,390,000
1	1480001	1485000	1,482,300
1	1485001	1490000	1,486,712
1	1600001	1605000	1,603,700
1	1625001	1630000	1,626,525
1	1730001	1735000	1,732,100
1	1750001	1755000	1,752,600
2	1925001	1930000	3,858,900
1	1950001	1955000	1,951,300
1	1960001	1965000	1,963,400
2	2045001	2050000	4,090,924
1	2095001	2100000	2,095,212
1	2685001	2690000	2,687,500
1	3015001	3020000	3,017,346

Pattern of Shareholding
As at June 30, 2009

1	3095001	3100000	3,097,250
2	3215001	3220000	6,438,900
1	3275001	3280000	3,278,750
1	3495001	3500000	3,499,075
1	3520001	3525000	3,522,000
1	3975001	3980000	3,977,500
1	4195001	4200000	4,200,000
1	4835001	4840000	4,837,500
1	4885001	4890000	4,889,989
1	4995001	5000000	5,000,000
3	5370001	5375000	16,125,000
2	6065001	6070000	12,140,000
1	6560001	6565000	6,560,550
1	7240001	7245000	7,244,852
1	7510001	7515000	7,510,275
1	7560001	7565000	7,560,275
1	8155001	8160000	8,158,700
1	8905001	8910000	8,906,100
1	8955001	8960000	8,958,351
1	9725001	9730000	9,726,200
1	10940001	10945000	10,944,300
1	11430001	11435000	11,434,900
1	12080001	12085000	12,082,875
1	13590001	13595000	13,591,550
2	22800001	22805000	45,606,058
9,443			**323,375,000**

S. No.	Categories of Shareholders	Number of Shareholders	Shares Held	Percentage
1	Individuals	9,077	154,057,415	47.64
2	Investment Companies	27	47,721,531	14.76
3	Insurance Companies	18	3,873,568	1.20
4	Joint Stock Companies	180	46,908,374	14.51
5	Leasing Companies	1	5,000	0.00
6	Modarabas	12	168,489	0.05
7	Financial Institutions	45	33,733,037	10.43
8	Charitable Trusts	4	5,036,002	1.56
9	Mutual Fund	44	20,447,900	6.32
10	Others	35	11,423,684	3.53
	Total:	**9,443**	**323,375,000**	**100.00**

Associated Companies, undertakings and related parties (name wise details):

	No. of shares
Lucky Energy Limited	12,082,875
Younus Textile Mills Limited	8,906,100
Younus Textile (Private) Limited	3,977,500
Lucky Knits (Private) Limited	150,000

NIT & ICP (namewise details):

National Bank of Pakistan, Trustee Department (NIT)	18,688,925

Directors, CEO and their spouse and minor children (namewise details):

Mr. Muhammad Yunus Tabba (Chairman / Director)	9,839,300
Mrs. Khairunnisa W/o. Muhammad Yunus Tabba (Spouse)	8,062,500
Mr. Muhammad Ali Tabba (Chief Executive / Director)	11,657,775
Mrs. Feroza Tabba W/o. Muhammad Ali Tabba (Spouse)	645,000
Mr. Muhammad Sohail Tabba (Director)	12,397,775
Mrs. Saima Sohail W/o. Muhammad Sohail Tabba (Spouse)	6,070,000
Mr. Imran Yunus Tabba (Director)	12,885,275
Mrs. Meher Imran W/o. Imran Yunus Tabba (Spouse)	6,070,000
Mr. Javed Yunus Tabba (Director)	18,966,550
Mrs. Rahila Aleem (Director)	5,314,662
Miss Mariam Razzak (Director)	3,975,162
Mr. Manzoor Ahmed (Director)	NIT Nominee

Executive	32,250
Banks, Development Finance Institutions, Non-Banking Financial Institutions:	33,733,037
Insurance Companies	3,873,568
Modarabas	168,489
Mutual Funds	20,447,900
Shareholders holding ten percent or more voting interest (namewise details)	None

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

None of the Directors, CEO, CFO, Company Secretary and their spouses and minor Children has traded in the shares of the Company during the year.

Head Office

6-A, Mohammad Ali Housing Society,
A. Aziz Hashim Tabba Street,
Karachi-75350
UAN: (+92-21) 111-786-555
Tel: (+92-21) 4537390, 4530175, 4522554 & 4530450
Fax: (+92-21) 4534302
Email: info@lucky-cement.com

Plants

Pezu Plant

Main Indus Highway, PEZU,
Distt: Lucky Marwat, N.W.F.P
UAN: (+92-966) 111-786-555
Fax: (+92-966) 780122

Karachi Plant

104 km Milestone from Karachi to Hyderabad
(58 km towards Karachi)
Tel: (+92-21) 8258227
Fax: (+92-21) 5206421

Marketing Offices

Marketing Head Office - Islamabad

House No. 1-A Street No. 70 F-8/3, Islamabad
UAN: (+92-51) 111-786-555
Tel: (+92-51) 2287085-6
Fax: (+92-51) 2287087
Email: gmmarketing@lucky-cement.com

Lahore Office

2nd Floor, Al-Hassan Plaza, Jamia Ashrafia, Main Ferozpur Road, Lahore
UAN: (+92-42) 111-786-555
Tel: (+92-42) 7530480-2
Fax: (+92-42) 7530435
Email: lahore@lucky-cement.com

Multan Office

Aneesa Plaza OPP, Mashallah CNG Station, Main Khanewal Rood, Multan
UAN: (+92-61) 111-786-555
Tel: (+92-61) ÿ6783262
Fax: (+92-61) ÿ6783263
Email: multan@lucky-cement.com

Peshawar Office

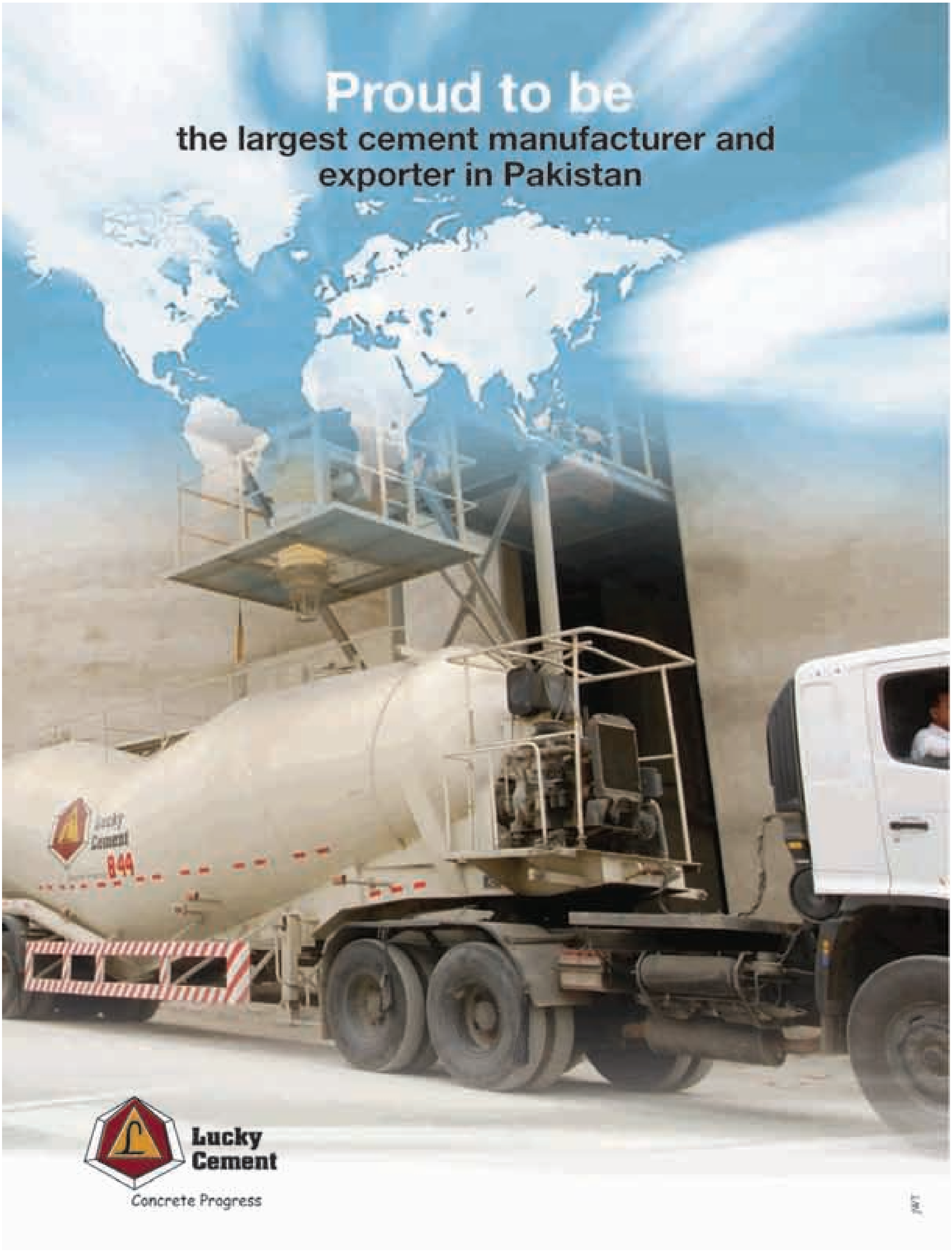
Ground Floor, Aptma House, Jammrud Road, Peshawar
Tel: (+92-91) 5701750, 5705189
Fax: (+92-91) 5850969
Email: peshawar@lucky-cement.com

Quetta Office

F-1, The Institute of Eng Bldg, Zargoon Road, Quetta
Tel: (+9¸837583
Fax: (+92-81) 2837583
Email: quetta@lucky-cement.com

D.I Khan Office:

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


Proud to be
the largest cement manufacturer and exporter in Pakistan
Lucky Cement
Concrete Progress