



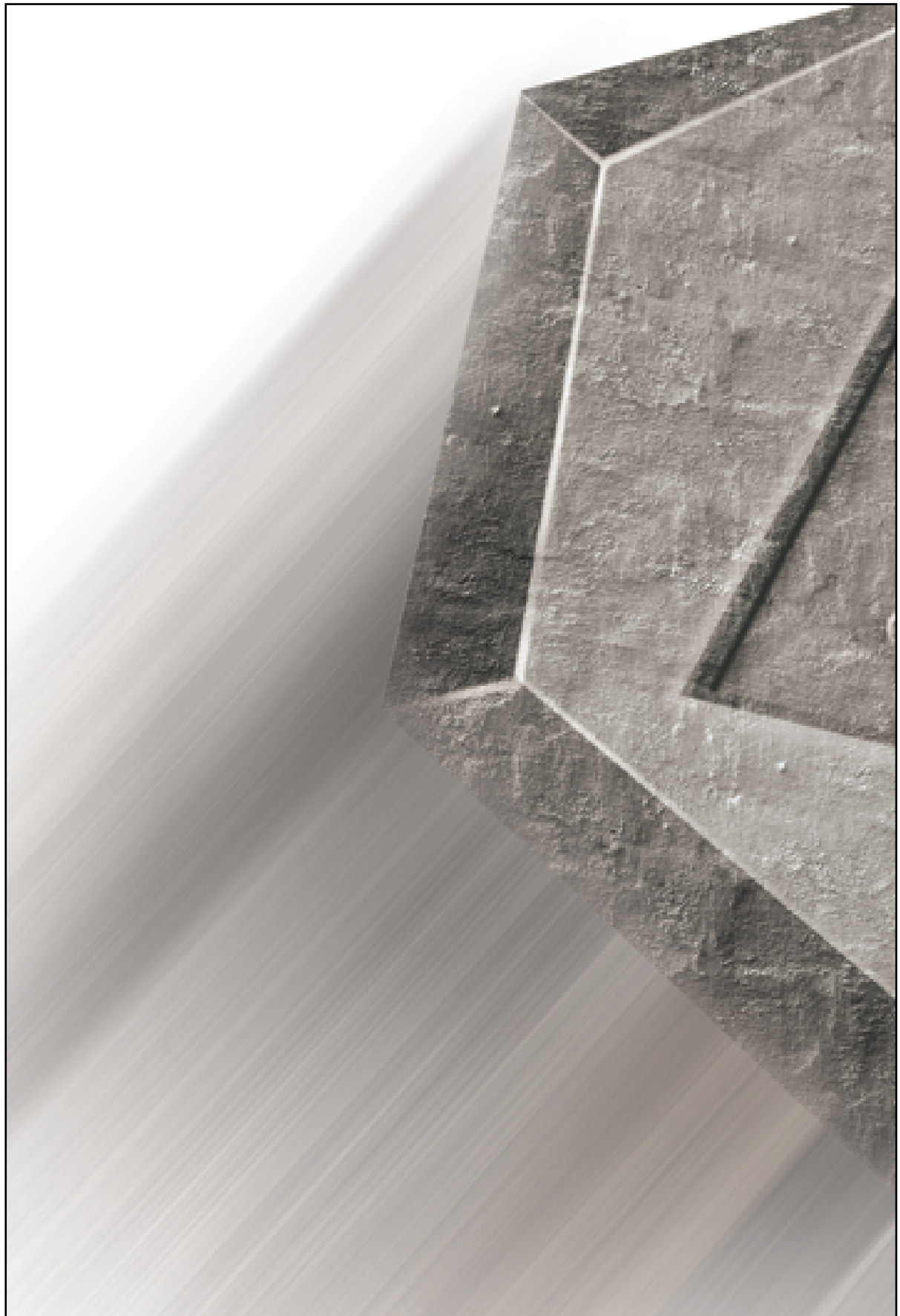
NIKMAT



**Third Quarter Report**  
March 31, 2010



From a single brick...



combined with concrete progress...





combine with

we make

From the house you live in to the road you travel on; from your child's classroom to hospital buildings, just an additive in the building process. It gives meaning to our everyday existence by satisfying one

An aerial photograph of a modern city skyline, likely Dubai, featuring several prominent skyscrapers with blue glass facades and numerous high-rise residential buildings. In the foreground, there is a sandy beach, green landscaping, and a clear blue ocean. The text "concrete progress..." is overlaid in white with a slight shadow at the top of the image.

concrete progress...

it happen!

bridges and dams, cement stands out as the single most important ingredient. It is more than of the most basic needs of humanity – Shelter! It holds our lives together.

# YB

**YB**

Group Company's Establishment in Chronological Order



■ Indicates Charitable Foundations and Institutions

## Third Quarter Report March 31, 2010

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## Company Information



### BOARD OF DIRECTORS

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

### CHIEF EXECUTIVE

Mr. Muhammad Ali Tabba

### EXECUTIVE DIRECTOR

Mr. Abdur Razzaq Thaplawala

### DIRECTOR FINANCE & COMPANY SECRETARY

Mr. Muhammad Abid Ganatra  
FCA, FCMA, FCIS

### AUDIT COMMITTEE

Mr. Muhammad Sohail Tabba  
Mr. Imran Yunus Tabba  
Mr. Javed Yunus Tabba  
Mrs. Mariam Tabba Khan  
Mr. Ali J Siddiqui

### CORPORATE GOVERNANCE COMMITTEE

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

### BUDGET COMMITTEE

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

### HUMAN RESOURCE AND REMUNERATION COMMITTEE

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

### STATUTORY AUDITORS

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

### INTERNAL AUDITORS

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

### COST AUDITORS

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

### BANKERS

Allied Bank Limited  
Bank AL-Habib Limited  
Bank Alfalah 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, Khyber Pukhtoonkhwa

### PRODUCTION FACILITIES

1. Pezu, District Lakki Marwat, Khyber Pukhtoonkhwa
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 Shakra-e-Faisal,  
Karachi.  
(Toll Free) : 0800 23275



The Directors are pleased to announce the results of the Company for the nine months ended March 31, 2010.

## Overview

The Pakistan cement industry concluded the nine months of current financial year ended March 31, 2010 with a handsome overall volumetric growth of 12.4% both in local and export sales with overall volume of 25.3 million tons as compared to 22.5 million tons sold during same period last year. The overall sales volume increased by 2.8 million tons mainly on the back of cement demand in local markets.

The industry witnessed local sales volumetric growth of 17% during nine months of current financial year with sales volume of 17.5 million tons as compared to 14.9 million tons sold during the same period last year. The export sales volume of the industry increased by 3.5% with volume of 7.9 million tons as compared to 7.6 million tons sold during the same period last year.

By the grace of Almighty Allah, your Company managed to continue its journey of volumetric growth and achieved 17.1 % overall growth during the nine months ended March 31, 2010 with sales volume of 4.86 million tons as compared to 4.15 million tons sold during the same period last year. The local sales registered a hefty growth of 24% whereas export sales volume witnessed 12% growth. During the quarter under review, the local sales volume of your Company increased by 46% which enhanced the local market share of your Company to 13.8% from 13% previously.

The Government of Pakistan has recently granted an Inland Freight Subsidy of 35% on export of cement through sea route from March 25, 2010 to June 30, 2010. The Karachi Project of your Company was initially disqualified due to 100 km distance limit which was challenged by your Company in Sindh High Court, Karachi due to discrimination. The Honorable Court has recently directed to pay Freight Subsidy on export of cement from our Karachi Plant also.

A comparison of the key financial results of the Company for the quarter under review and cumulative nine months ended March 31, 2010 with same period last year is as under:

Description	3rd Quarter Ended		Cumulative (09 Months)		Inc. / (Dec.) - %	
	2009-10	2008-09	2009-10	2008-09	3rd Quarter Ended	Cumulative (09 Months)
Sales Revenue	<b>5,911</b>	6,700	<b>18,027</b>	19,107	(11.8%)	(5.7%)
Gross Profit	<b>1,763</b>	2,227	<b>6,287</b>	7,111	(20.9%)	(11.6%)
Operating Profit	<b>872</b>	1,543	<b>3,512</b>	5,242	(43.5%)	(33.0%)
Profit Before Tax	<b>699</b>	1,276	<b>2,878</b>	3,489	(45.2%)	(17.5%)
Profit After Tax	<b>653</b>	1,134	<b>2,561</b>	3,072	(42.4%)	(16.7%)
Earnings Per Share	<b>2.02</b>	3.51	<b>7.92</b>	9.50	(42.5%)	(16.6%)

\* Figures in million except EPS.

## Business Performance

### (a) Production & Sales Volume Performance

A comparison of dispatches of the cement industry as well as your Company for the quarter under review and cumulative nine months ended March 31, 2010 with same period last year is as under:

# Directors' Report



Description	3rd Quarter Ended		Cumulative (09 Months)		Growth %	
	2009-10	2008-09	2009-10	2008-09	3rd Quarter Ended	Cumulative (09 Months)
	----- Tons -----		----- Tons -----			
<b>Cement Industry</b>						
(a) Local Sales	6,392,882	4,685,468	17,419,261	14,892,374	36.4%	17.0%
(b) Export Sales:						
Bagged Cement	1,930,542	2,148,214	6,382,805	5,369,093	(10.1%)	18.9%
Loose Cement	372,028	544,129	1,295,350	1,542,294	(31.6%)	(16.0%)
Clinker	17,496	17,148	230,662	728,985	2.0%	(68.4%)
<b>Total - Export</b>	<b>2,320,066</b>	<b>2,709,491</b>	<b>7,908,817</b>	<b>7,640,372</b>	<b>(14.4%)</b>	<b>3.5%</b>
<b>Industrial - Total</b>	<b>8,712,948</b>	<b>7,394,959</b>	<b>25,328,078</b>	<b>22,532,746</b>	<b>17.8%</b>	<b>12.4%</b>

## Lucky Cement (LCL)

(a) Local Sales	884,640	604,799	2,223,201	1,798,249	46.3%	23.6%
(b) Export Sales:						
Bagged Cement	426,955	382,199	1,244,378	807,560	11.7%	54.1%
Loose Cement	353,067	544,129	1,243,827	1,422,837	(35.1%)	(12.6%)
Clinker	17,496	1,682	153,814	125,649	940.2%	22.4%
<b>Total - Export</b>	<b>797,518</b>	<b>928,010</b>	<b>2,642,019</b>	<b>2,356,046</b>	<b>(14.1%)</b>	<b>12.1%</b>
<b>LCL - Total</b>	<b>1,682,158</b>	<b>1,532,809</b>	<b>4,865,220</b>	<b>4,154,295</b>	<b>9.7%</b>	<b>17.1%</b>

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

Market Share	3rd Quarter Ended		Cumulative (09 Months)	
	2009-10	2008-09	2009-10	2008-09
	----- Tons -----		----- Tons -----	
(a) Local Sales	13.8%	12.9%	12.8%	12.1%
(b) Export Sales:				
Bagged Cement	22.1%	17.8%	19.5%	15.0%
Loose Cement	94.9%	100.0%	96.0%	92.3%
Clinker	100.0%	9.8%	66.7%	17.2%
<b>Total - Export</b>	<b>34.4%</b>	<b>34.3%</b>	<b>33.4%</b>	<b>30.8%</b>
<b>LCL - Total</b>	<b>19.3%</b>	<b>20.7%</b>	<b>19.2%</b>	<b>18.4%</b>

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

Description	3rd Quarter Ended		Cumulative (09 Months)		Growth %	
	2009-10	2008-09	2009-10	2008-09	3rd Quarter Ended	Cumulative (09 Months)
	----- Tons -----		----- Tons -----			
Cement	1,629,325	1,594,385	4,692,615	4,081,340	2.2%	15.0%
Clinker	1,421,147	1,544,290	4,439,881	4,001,416	(8.0%)	11.0%

## (b) Financial Performance

### (i) Sales Performance

The prices of cement were remained under pressure in the domestic market during the period under review due to stiff competition. The export prices were also slightly reduced during the quarter. The net sales revenue of your Company during the nine months was decreased by 5.7% as compared to same period last year because of decline in the cement prices both in local and export markets. The local prices were decreased by 27.53% whereas the export prices were decreased by 12.90%. The ratio of sales revenue from exports was 61% whereas the local sales accounted for 39% during the nine months of current year.

### (ii) Cost of Sales

The cost of production of the industry has increased substantially due to rising energy prices with double digit inflationary trend in the country. However, because of various timely measures taken by the management of your Company, the cost of production of your company was kept under tight control. The Cost of sales in term of absolute value decreased by 2.2% whereas cost per ton of cement decreased by 16.5% as compared to same period last year. The prices of coal in the international markets have shown increasing trend but your Company managed to procure coal at comparatively lower prices due to advance quantity booking well ahead of price increase.

### (iii) Gross Profit

Your Company achieved a gross profit rate of 35% for the nine months ended March 31, 2010 as compared to 37.2% gross profit rate achieved during the same period last year.

### (iv) Finance and Other Costs

The finance cost of your Company for the period under review was decreased to Rs.418.309 million from Rs.998.032 million during the same period last year. In order to reduce the financing cost, your Company has early repaid its long term loans carrying high markups and resorted to export re-finance facility carrying lower markup on the back of export sales.

### (v) Distribution Costs

The distribution cost for the period under review was increased because of increase in export volume, Inland and Ocean freights.

### (vi) Deferred Taxation

During the nine months under review, your Company provided a deferred tax provision of Rs.172.127 million making the total provision of Rs.1.650 billion in the balance sheet.

### (vii) Net Profit

Your Company was able to earn net profit after tax of Rs.2.56 billion, as compared to Rs.3.07 billion earned during the same period last year. The earnings per share for this quarter was Rs.2.02 whereas on cumulative nine months basis the earnings per share was Rs.7.92.

## Progress on Expansion Projects

Al Hamdulillah, the Waste Heat Recovery Project of Karachi plant has successfully commenced operation during this quarter and your Company has started getting the benefit of cheap electricity without the use of fuel from this project.

The Waste Heat Recovery Project of Pezu Plant is under erection and commissioning and it is expected that the power generation from this plant would be started by end of this financial year.

### Future Outlook

During the nine months period under review, the demand of cement in the local market has witnessed a hefty growth of 17% without Government spending through Public Sector Development Programme. Based on the local sales of last two months, it is anticipated that the demand of cement in the domestic market may further improve in the coming months and the total sales of the industry for this financial year in the domestic market may end up close to 23.5 million tons against the last year sales of 19.39 million tons.

The recent Inland Freight Subsidy for boosting the cement export from the country through sea route may help to increase the volume of cement export. In view of this subsidy, it is anticipated that during the remaining months of this financial year the cement export from the country may end up close to 10.5 million tons.

### Acknowledgement

The Board of Directors of the Company express their deep appreciation to our valued customers, the dedication of the Company's employees to their professional obligations and the cooperation extended by financial institutions / Government agencies, which have enable the Company to display excellent performance both in operational and financial fields and hope that the same spirit will continue in future as well.

On behalf of the Board



MUHAMMAD ALI TABBA  
Chief Executive

Karachi: April 22, 2010

# Interim Condensed Balance Sheet

As at March 31, 2010



	Note	March 31, 2010 (Un-audited) (Rupees in '000')	June 30, 2009 (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	31,505,488	30,476,872
Intangible assets		3,173	-
Long term advance and deposits		57,548	57,548
		<b>31,566,209</b>	<b>30,534,420</b>
<b>CURRENT ASSETS</b>			
Stores and spares		3,395,176	3,411,549
Stock-in-trade		724,218	1,196,608
Trade debts - considered good		793,669	1,267,248
Loans and advances		92,519	108,876
Trade deposits and short term prepayments		43,617	9,761
Other receivables		49,912	59,251
Tax refunds due from the government		538,812	538,812
Taxation – net		155,550	176,584
Sales tax refundable		92,040	40,162
Cash and bank balances		460,382	1,049,091
		<b>6,345,895</b>	<b>7,857,942</b>
<b>TOTAL ASSETS</b>		<b>37,912,104</b>	<b>38,392,362</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized</b>			
500,000,000 (June 30, 2009: 500,000,000) Ordinary shares of Rs.10 each		<b>5,000,000</b>	<b>5,000,000</b>
<b>Issued, subscribed and paid up</b>			
<b>Reserves</b>		<b>3,233,750</b>	<b>3,233,750</b>
		<b>21,285,396</b>	<b>20,018,222</b>
		<b>24,519,146</b>	<b>23,251,972</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-term finance		1,879,783	4,300,000
Long-term deposits		29,421	28,589
Deferred liabilities		283,889	234,633
Deferred taxation	5	1,650,617	1,478,490
		<b>3,843,710</b>	<b>6,041,712</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		2,628,883	2,677,356
Accrued mark-up		155,739	233,381
Short-term borrowings	6	6,445,495	6,187,941
Current portion of long-term finance		319,131	-
		<b>9,549,248</b>	<b>9,098,678</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	7		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>37,912,104</b>	<b>38,392,362</b>

The annexed notes from 1 to 12 form an integral part of these interim condensed financial statements.

  
**Muhammad Ali Tabba**  
 Chief Executive

  
**Ali J Siddiqui**  
 Director

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Third Quarter Report '10

LUCKY CEMENT

# Interim Condensed Profit and Loss Account

For the 3rd Quarter and Nine months period ended March 31, 2010 (Un-audited)



	Note	Nine months (July - March)		Third Quarter (January - March)	
		March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
		(Rupees in '000')		(Rupees in '000')	
Gross sales	8	<b>21,299,453</b>	22,468,104	<b>7,173,180</b>	7,838,809
Less: Sales tax and excise duty		<b>3,013,765</b>	3,221,066	<b>1,177,635</b>	1,075,257
Rebate and Commission		<b>258,870</b>	140,178	<b>84,900</b>	63,456
		<b>3,272,635</b>	3,361,244	<b>1,262,535</b>	1,138,713
Net sales		<b>18,026,818</b>	19,106,860	<b>5,910,645</b>	6,700,096
Cost of sales		<b>11,739,339</b>	11,995,982	<b>4,147,722</b>	4,472,750
<b>Gross profit</b>		<b>6,287,479</b>	7,110,878	<b>1,762,923</b>	2,227,346
Distribution costs		<b>2,550,256</b>	1,748,716	<b>823,674</b>	648,850
Administrative expenses		<b>225,657</b>	119,728	<b>67,512</b>	35,463
		<b>2,775,913</b>	1,868,444	<b>891,186</b>	684,313
<b>Operating profit</b>		<b>3,511,566</b>	5,242,434	<b>871,737</b>	1,543,033
Finance costs		<b>418,309</b>	998,032	<b>120,424</b>	172,557
Other operating income		<b>(1,730)</b>	(2,392)	<b>(73)</b>	(1,447)
Other charges		<b>217,155</b>	758,269	<b>52,685</b>	96,261
		<b>633,734</b>	1,753,909	<b>173,036</b>	267,371
<b>Profit before taxation</b>		<b>2,877,832</b>	3,488,525	<b>698,701</b>	1,275,662
Taxation					
- Current		<b>145,031</b>	112,407	<b>45,714</b>	41,035
- Deferred		<b>172,127</b>	303,886	<b>-</b>	100,752
		<b>317,158</b>	416,293	<b>45,714</b>	141,787
<b>Profit after taxation</b>		<b>2,560,674</b>	3,072,232	<b>652,987</b>	1,133,875
Other comprehensive income for the period		-	-	-	-
<b>Total comprehensive income for the period</b>		<b>2,560,674</b>	3,072,232	<b>652,987</b>	1,133,875
		(Rupees)		(Rupees)	
<b>Basic and diluted earnings per share</b>		<b>7.92</b>	9.50	<b>2.02</b>	3.51

The annexed notes from 1 to 12 form an integral part of these interim condensed financial statements.

# Interim Condensed Cash Flow Statement

For the Nine months period ended March 31, 2010 (Un-audited)



	Note	March 31, 2010 (Rupees in '000')	March 31, 2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	9	<b>5,226,912</b>	5,474,408
Finance costs paid		<b>(495,951)</b>	(967,770)
Income tax paid		<b>(123,997)</b>	(154,685)
Gratuity paid		<b>(9,632)</b>	(10,801)
		<b>(629,580)</b>	(1,133,256)
Long-term deposits		<b>832</b>	14,251
<b>Net cash generated from operating activities</b>		<b>4,598,164</b>	4,355,403
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		<b>(2,068,230)</b>	(4,052,047)
Sale proceeds on disposal of property, plant and equipment		<b>5,426</b>	36,302
<b>Net cash used in investing activities</b>		<b>(2,062,804)</b>	(4,015,745)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long-term finances		<b>(2,101,086)</b>	(158,333)
Receipts of short-term borrowings		<b>289,224</b>	3,151,791
Dividends paid		<b>(1,280,537)</b>	(22)
<b>Net cash (used in) / generated from financing activities</b>		<b>(3,092,399)</b>	2,993,436
Net (decrease) / increase in cash and cash equivalents		<b>(557,039)</b>	3,333,094
Cash and cash equivalents at the beginning of the period		<b>910,890</b>	(1,438,749)
Cash and cash equivalents at the end of the period		<b>353,851</b>	1,894,345
<b>CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances		<b>460,382</b>	2,060,870
Short-term running finances		<b>(106,531)</b>	(166,525)
		<b>353,851</b>	1,894,345

The annexed notes from 1 to 12 form an integral part of these interim condensed financial statements.

**Muhammad Ali Tabba**  
Chief Executive

**Ali J Siddiqui**  
Director

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Third Quarter Report '10

LUCKY CEMENT

## Interim Condensed Statement of Changes in Equity

For the Nine months period ended March 31, 2010 (Un-audited)



	Issued, subscribed and paid-up capital	Capital reserve Share premium	Revenue reserves General Reserves	Unappropri- ated profit	Total reserves	Total equity
----- (Rupees in '000') -----						
<b>Balance as at July 01, 2008</b>	3,233,750	7,343,422	5,000,000	3,078,251	15,421,673	18,655,423
Net profit for the period	-	-	-	3,072,232	3,072,232	3,072,232
<b>Balance as at March 31, 2009</b>	<b>3,233,750</b>	<b>7,343,422</b>	<b>5,000,000</b>	<b>6,150,483</b>	<b>18,493,905</b>	<b>21,727,655</b>
<b>Balance as at July 01, 2009</b>	3,233,750	7,343,422	5,000,000	7,674,800	20,018,222	23,251,972
Transfer to General Reserve	-	-	5,000,000	(5,000,000)	-	-
Final dividend at Rs. 4/= per share for the year ended June 30, 2009	-	-	-	(1,293,500)	(1,293,500)	(1,293,500)
Net profit for the period	-	-	-	2,560,674	2,560,674	2,560,674
<b>Balance as at March 31, 2010</b>	<b>3,233,750</b>	<b>7,343,422</b>	<b>10,000,000</b>	<b>3,941,974</b>	<b>21,285,396</b>	<b>24,519,146</b>

The annexed notes from 1 to 12 form an integral part of these interim condensed financial statements.



**1. THE COMPANY AND ITS OPERATION**

Lucky Cement Limited (the Company) was incorporated in Pakistan on September 18, 1993 under the Companies Ordinance, 1984 (the Ordinance). The shares of the Company are quoted on all the three stock exchanges in Pakistan. The Company has also issued GDRs which are listed and traded on the Professional Securities Market of the London Stock Exchange. The principal activity of the Company is manufacturing and marketing of cement. The registered office of the Company is located at Pezu, District Lakki Marwat in Khyber Pukhtoonkhwa. The Company has two production facilities at Pezu, District Lakki Marwat in Khyber Pukhtoonkhwa and at Main Super Highway in Karachi, Sindh.

**2. BASIS OF PREPARATION**

These interim condensed financial statements are un-audited and are presented to the shareholders under section 245 of the Ordinance and have been prepared in a condensed form in accordance with the requirements of the International Accounting Standard (IAS) - 34 "Interim Financial Reporting" as applicable in Pakistan. These interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2009.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The Accounting policies adopted in the preparation of these interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended June 30, 2009, except adoption of revised IAS 1 as noted below:

IAS 1 (Revised), 'Presentation of financial statements' (effective from January 1, 2009), was issued in September 2007. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and the statement of comprehensive income).

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

#### 4. PROPERTY, PLANT AND EQUIPMENT

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

	Additions (Cost) (Rupees in '000')	Deletions (Cost)
Building on land	8,552	-
Plant and machinery - Cement Manufacturing	206,870	-
Plant and machinery - Power Generation	2,201,599	-
Quarry equipments	6,535	-
Vehicle including cement bulkers	13,433	7,067
Furniture and fixtures	1,309	-
Office equipments	2,655	64
Computer & Accessories	7,072	-
Other assets	4,687	63
	<u>2,452,712</u>	<u>7,194</u>

4.2. The following is the movement in capital work-in-progress during the period/year :

	March 31, 2010 (Un-audited) (Rupees in '000')	June 30, 2009 (Audited)
Opening balance	2,143,111	4,831,256
Add: additions during the period/year	2,042,983	5,712,795
	4,186,094	10,544,051
Less: Transferred to fixed assets	(2,427,467)	(8,400,940)
	<u>1,758,627</u>	<u>2,143,111</u>

4.3. Borrowing costs amounting to Rs. 135.397 million (June 30, 2009 Rs. 634.298 million) have been capitalised in the capital work-in-progress during the period/year.

#### 5. DEFERRED TAXATION

This comprises of the following :

Deferred tax liability - difference in tax and accounting bases of property, plant and equipments	2,472,432	1,870,067
Deferred tax assets		
- Unabsorbed tax losses	(758,650)	(349,494)
- Prov. for staff gratuity and compensated absences	(63,165)	(42,083)
	<u>(821,815)</u>	<u>(391,577)</u>
	<u>1,650,617</u>	<u>1,478,490</u>

#### 6. SHORT TERM BORROWINGS – Secured

The Company has short term financing facilities including Export Refinance aggregating to Rs.13.875 billion available from various banks. These facilities are secured against hypothecation on stores, stock and trade debts and repayable within one year.

## **7. CONTINGENCIES AND COMMITMENTS**

### **7.1. CONTINGENCIES**

- 7.1.1.** The Competition Commission of Pakistan has passed a single order on August 27, 2009 against all the cement manufacturers of the Country on the alleged ground of formation of cartel for marketing arrangement and there by imposed upon a penalty @ 7.5% on total turnover of each company consisting of both local and export sales. The amount of penalty imposed on the Company is Rs. 1,271,840,925/- which has been challenged in the Court of Law. The Company's legal council is confident that the Company has a good case and there are reasonable chances of success to avoid the penalty, hence, no provision for the above has been made in the interim condensed financial statements.
- 7.1.2.** The Supreme Court of Pakistan while disposing off an appeal of the Collector of Customs, Karachi has issued a judgement on July 28, 2009 whereby it has set aside the earlier order of the Peshawar High Court decided in favour of the Company on the issue of plant & machinery imported under SRO 484(I)/92 dated May 14, 1992 after obtaining approvals from the concerned Ministries. The Company has filed a review petition against the referred order which is pending before the Supreme Court of Pakistan. The amount of disputed liabilities is not ascertainable at this stage as no order was earlier framed by the Collector of Customs.
- 7.1.3.** The Company was entitled to sales tax exemption on cement produced by it from the date of commissioning to June 30, 2001 vide SROs 580(1)/91 and 561(1)/94 dated 27-06-1991 and 09-06-1994 respectively. In June 1997, the Federal Government withdrew the sales tax from the entire cement industry and deprived the Company from the advantage of its sales tax exemption. Being aggrieved by the denial of the benefit of sales tax exemption, the Company had filed a writ petition in the Peshawar High Court. Subsequently, the sales tax exemption was restored on September 5, 2000. The writ petition was therefore withdrawn on legal advice but at the same time a suit was filed for compensation. During the period, civil judge Peshawar has granted the ex-parte decree in favor of the Company amounting to Rs. 1,693.61 million along with 14% per annum until the said amount is actually paid. The above would be recorded at the appropriate time in accordance with the requirements of International Accounting Standard-37.
- 7.1.4.** There are no other major changes in the status of contingencies as reported in the annual financial statements for the year ended June 30, 2009.



**10. Transactions with Related Parties**

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

<b>For the nine months ended</b>	
<b>March 31,</b>	<b>March 31,</b>
<b>2010</b>	<b>2009</b>
<b>(Un-audited)</b>	<b>(Un-audited)</b>
<b>(Rupees in '000')</b>	

**Associated Undertakings**

**Lucky Paragon ReadyMix Limited**

Sales	<b>65,611</b>	129,628
Purchases	<b>22</b>	9,928

**Lucky Textile Mills**

Sales	<b>276</b>	748
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**Gadoon Textile Mills Limited**

Sales	<b>383</b>	359
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**Yunus Textile Mills Limited**

Sales	<b>1,378</b>	981
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**Fazal Textile Mills Limited**

Sales	<b>1,350</b>	11,409
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**Lucky Knits (Pvt) Limited**

Sales	<b>95</b>	-
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**11. DATE OF AUTHORISATION FOR ISSUE**

These interim condensed financial statements were authorized for issue on April 22, 2010 by the Board of Directors of the Company.

**12. GENERAL**

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



**Muhammad Ali Tabba**  
Chief Executive



**Ali J Siddiqui**  
Director



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34522554 & 34530450  
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## **Plants**

### **Pezu Plant**

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Fax: (+92-969) 580127, 580122

### **Karachi Plant**

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Fax: (+92-21) 35206421

## **Marketing Offices**

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