LUCKY CEMENT

Leading the

Change

ANNUAL REPORT 2011

Leading the Challenge the Norms

Being the key drivers of corporate innovation and growth in Pakistan, Lucky Cement has embraced change in an inspiring way. Our intention is to challenge the accepted norms and radically change the way we work.

Lucky Cement is leading the change with a challenging approach. We have the spirit, courage and confidence to take risks and what better way to show this courage by highlighting the group's readiness to accept the challenge to change.

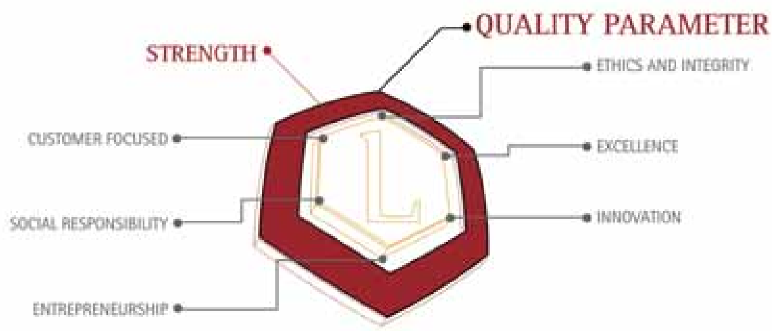
Our changes are highlighted in:

Our New Corporate Identity

We have recently introduced our new identity, which marks a significant milestone in our history.

The centerpiece of our identity is our logo. The hexagon presents the values and attributes that are our strength and represents our quality parameter. Our quality parameter comprises of our promise to be equipped with the state of the art technology, our foresight and innovation to compete with international standards, our commitment to quality and maintaining the diversity of our portfolio to meet customer needs. Our logo represents the core values, one that we uphold and live by.

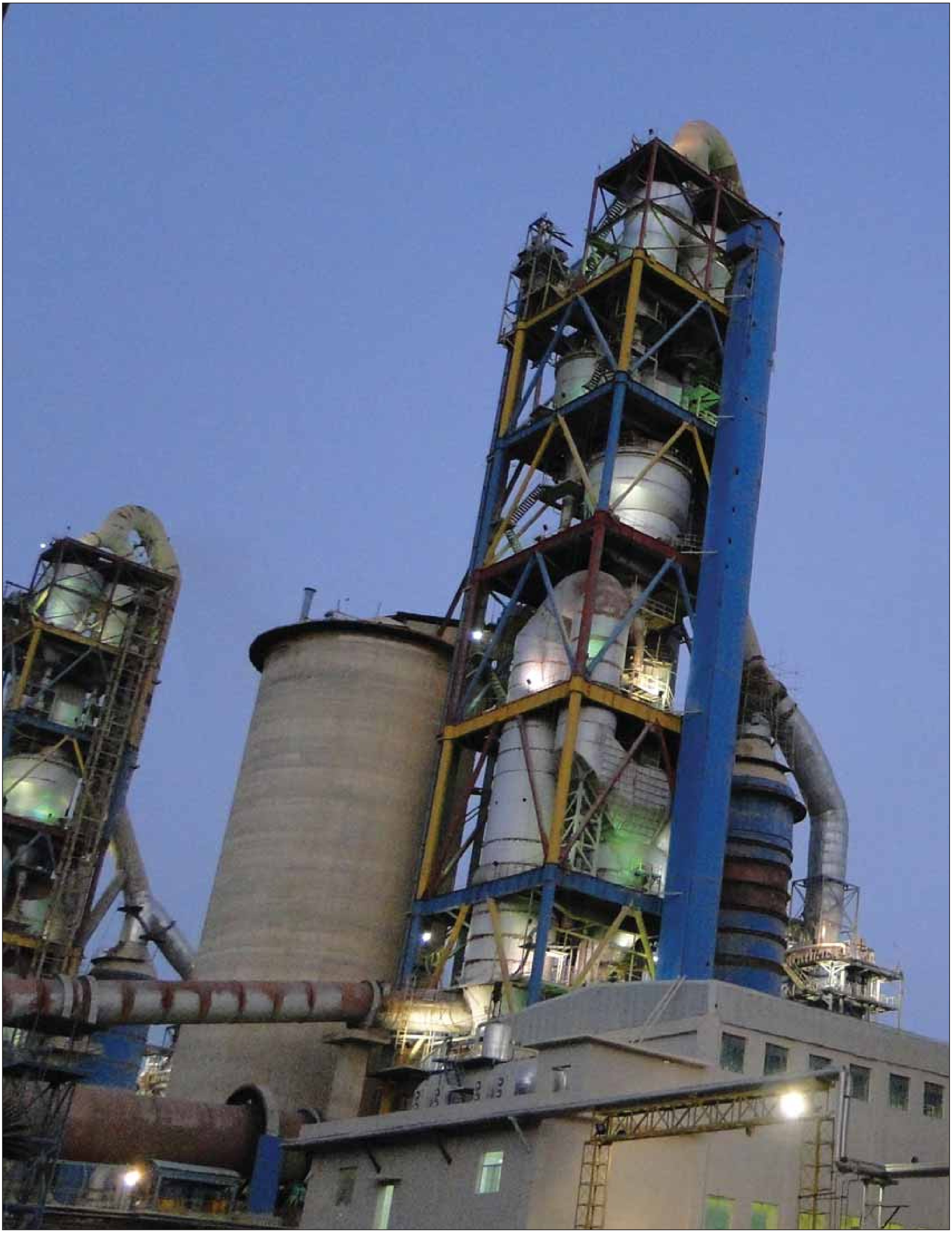
Our new identity reflects our acceptance towards modern and innovative business practices, smart investment moves, diversity in human resource and unconventional approaches towards building our corporate image.



The Red - Defines the passion and the strength of the company. It relates to the passion to succeed and maintain their stance as entrepreneurs and innovators.

The Orange - Defines the responsibility of the company in their philanthropic views. Lucky Cement's stance in community development and the conservation of natural resources.

The Yellow - Defines the ethics and intergrity of the company. It represents the promise to maintain quality and consistency in services as well as in products.



CONTENTS

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

our Vision

our mission

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

Core Values

Core Values

1. Ethics and Integrity
- Prestige
- Honesty
- Uprightness
- Reliability

2. Excellence
- Benchmark practices
- Continuous improvement
- Efficient & effective performance

3. Innovation
- Creative solution
- Modernization
- First-movers advantage
- Setting trends

4. Customer Focused
- Quality and consistency
- Commitment
- Customer satisfaction
- Fair practices

5. Social Responsibility
- Sustainable development
- Philanthropy
- Community development
- Environmentally conscious

6. Entrepreneurship
- Sense of ownership
- Loyalty
- Identifying and grabbing opportunities
- Foresightedness
- Proactive approach
- Value creation & addition
- Business oriented

Business **Strategies**

Leading the Change
Challenge the Norms

1. Holding and Growing Local Dominance
   Further reinforcing our strength is what we keep in focus when designing our business strategies for the local market.

2. Increasing our Share in International Market
   Broadening our horizons, we have engaged our resources to the unconventional markets to become accessible to the construction industry worldwide.

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

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

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

Company **Information**

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

Chief Executive
Mr. Muhammad Ali Tabba

Chief Operating Officer
Mr. Noman Hasan

Director Finance and Company Secretary
Mr. Muhammad Abid Ganatra
FCA, FCMA, FCIS

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

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

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

Bankers
Allied Bank Limited
Askari Bank Limited
Bank AL-Habib Limited
Bank Alfalah Limited
Barclays Bank plc
Citibank N.A.
Deutsche Bank
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
KASB Bank Limited
MCB Bank Limited
NIB Bank Limited
Standard Chartered Bank (Pakistan) Limited
United Bank Limited

Registered Office
Pezu, District Lakki Marwat, Khyber Pakhtunkhwa

Head Office
6-A, Muhammad Ali Housing Society,
A. Aziz Hashim Tabba Street,
Karachi - 75350
UAN # (021) 111-786-555
Website: www.lucky-cement.com
E-mail: info@lucky-cement.com

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

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

BOARD COMMITTEES

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

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

Human Resource and Remuneration Committee
Mrs. Mariam Tabba Khan (Chairperson)
Mr. Imran Yunus Tabba
Mr. Ali J Siddiqui

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

Milestones

Our Road to **Success**

Leading the Change
Challenge the Norms

1993
- Listed on the Karachi, Lahore & Islamabad Stock Exchanges

1996
- Pezu Plant started production with 1.2 mtpa capacity (Line A & B)

1999
- Pezu Plant's capacity increased from 1.2 mtpa to 1.5 mtpa

2001
- Converted the Kiln Firing System from furnace oil to coal based

2002
- Started cement exports

2005
- Started new production Line in Pezu (Line C)
- Inaugurated the Karachi Plant
- Became largest cement exporter in Pakistan

2006

- Started another production Line in Pezu (Line D)
- Started production at Karachi Plant (Line E & F)
- Became the largest cement manufacturing company in Pakistan
- Established transportation fleet of bulkers & ship loaders.

2007

- First company to export loose cement through sea

2008

- Became first company to set up its own cement storage facility at Karachi Port with capacity of 24000 tons
- Conversion of furnace oil power generation engines to gas based
- Became first cement company in Pakistan to issue GDR & got listed in the London Stock Exchange

2009

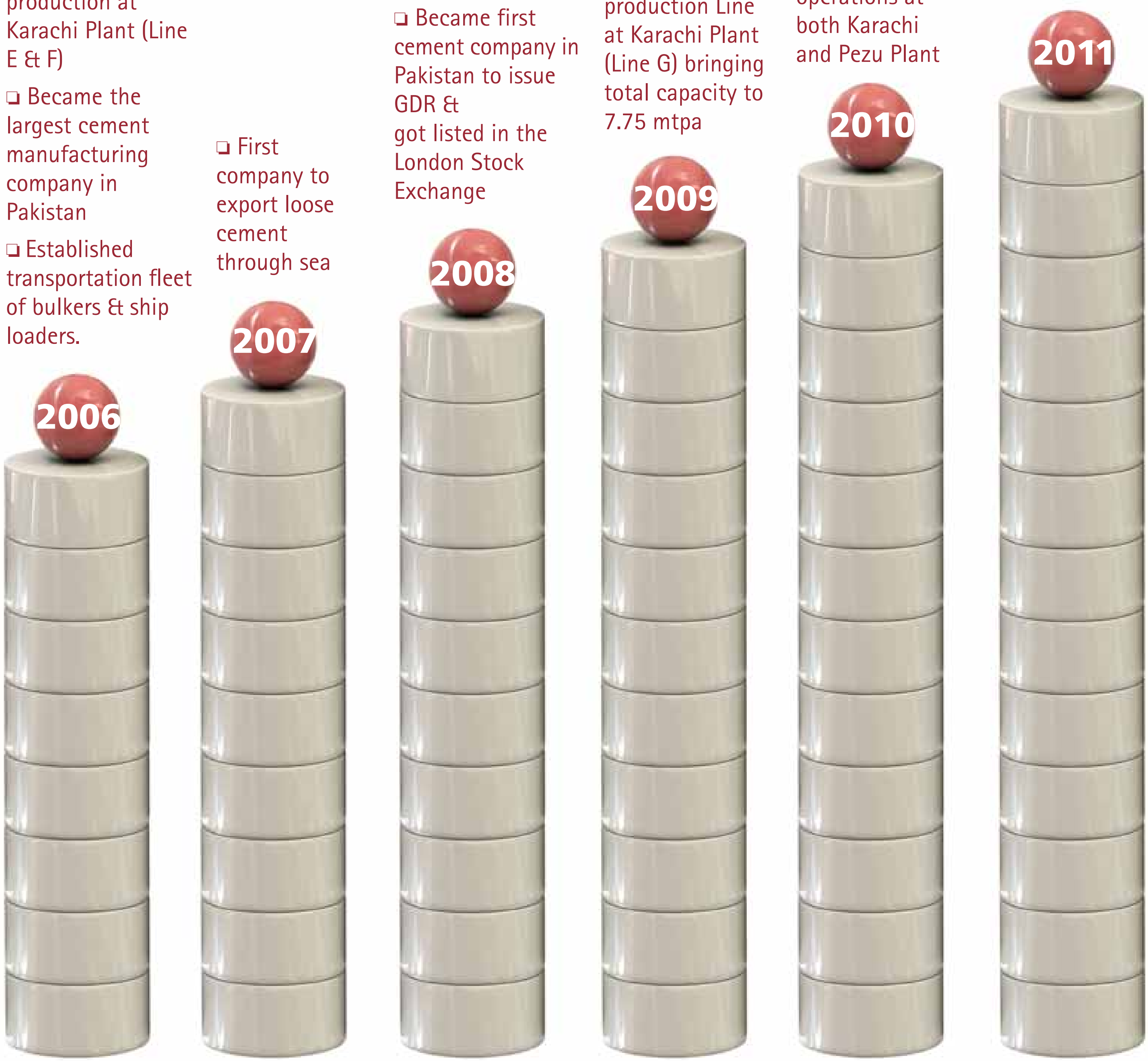
- Started another production Line at Karachi Plant (Line G) bringing total capacity to 7.75 mtpa

2010

- Signed MOU with Oracle Coal Fields to purchase coal extracted from Thar Coal.
- Waste Heat Recovery Project started operations at both Karachi and Pezu Plant

2011

- Signed MOU to sell 20 MW electricity to Hyderabad Electric Supply Company
- In process of setting up a plant to replace coal with used Tyre Derived Fuel (TDF) to further reduce cost of production
- Invested in a joint venture in DR Congo



Yunus Brothers **Group**

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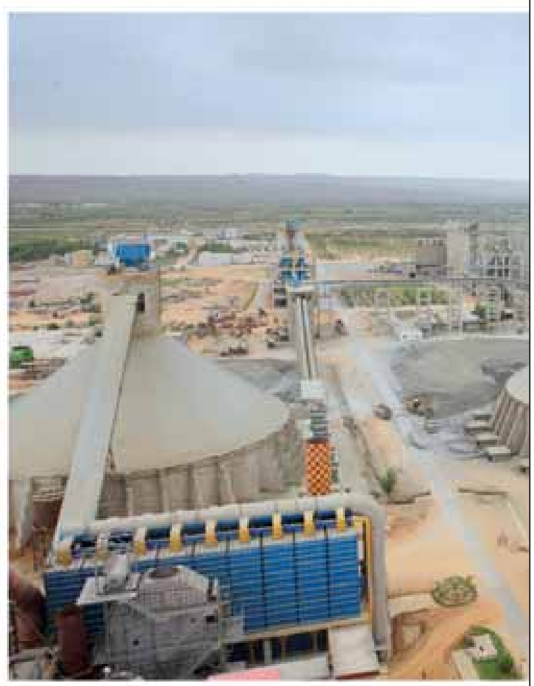
The history of Yunus Brothers Group (YBG) can be traced back to 1962 when the foundation of a trading house was laid. The establishment of the fabric trading business house, which turned into one of the largest conglomerates in Pakistan in a period spanning four decades, served as the first milestone in this prolific journey.

Lucky Textile Mills Private Limited | Fazal Textile Mills Limited | Aziz Tabba Foundation | Gadoon Textile Mills Limited | Lucky Cement Limited



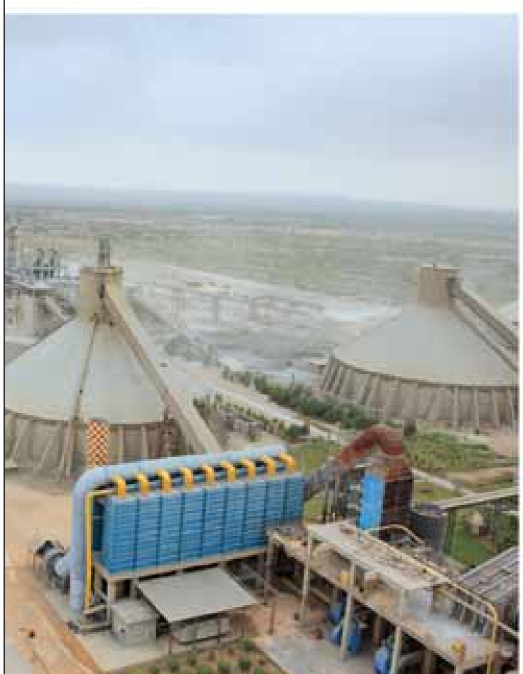
Since then, Yunus Brothers Group has established various other business concerns in Textile, Cement, Construction and Power Generation sectors and has proved its business standing in local and international markets by virtue of its outstanding achievements. It proudly owns one of the largest cement manufacturing facility and the largest yarn manufacturing unit in the country.

Lucky Energy Private Limited

Aziz Tabba Kidney Centre

Yunus Textile Mills Limited

Tabba Heart Institute



Yunus Brothers (YB)

1962

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

Lucky Textile Mills Limited (LTML)

1983

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

Aziz Tabba Foundation (ATF)*

1987

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

Fazal Textile Mills Limited (FTML)

1987

Fazal Textile Mills Limited is one of the top spinning mills in the country. It produces Cotton Ring Spun Yarn. FTML is equipped with the state of art machinery from world's renowned textile machinery manufacturers and has the capacity to produce 48.99 million pounds of Cotton yarn.

Gadoon Textile Mills Limited (GTML)

1988

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

Lucky Cement Limited (LCL) 1993

Lucky Cement Limited is Pakistan's by-far the largest cement manufacturing company with an annual production capacity of 7.75 million tons. LCL is also Pakistan's first and largest exporter of loose cement and is the only cement manufacturer to have loading and storage terminal at Karachi Port. Other exclusive attributes that allow Lucky Cement to stand ahead of its competitors is its unique Supply Chain function with specialized cement carriers and ship loaders.

Lucky Energy Private Limited (LEPL) 1993

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

Aziz Tabba Kidney Centre (ATKC)* 1995

Aziz Tabba Kidney Centre is a centre of excellence that provides cost effective and state-of-the art dialysis facilities to the underprivileged section of the society. ATKC is also the only centre in Karachi where HB positive patients are treated separately.

Aziz Tabba Kidney Centre
Managed by AZIZ TABBA FOUNDATION

Yunus Textile Mills Limited (YTML) 1998

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

Tabba Heart Institute (THI)* 2005

Tabba Heart Institute, a state-of-the-art, yet not for profit Cardiac hospital, was established with the aim to provide quality services and compassionate care at an affordable cost. THI is a 120-bed cardiac unit equipped with modern and up to date equipment, with renowned Cardiologists and Cardiac Surgeons.

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

*Chritable Organizations

Chairman - MUHAMMAD YUNUS TABBA

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

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

Directorships

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

Chief Executive - MUHAMMAD ALI TABBA

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

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

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

Directorships

Gadoon Textile Mills Limited
Fazal Textile Mills Limited
Fashion Textile Mills (Private) Limited
Lucky Energy (Private) Limited
Yunus Textile (Private) Limited
Security Electric Power Company Limited
Lucky Paragon Readymix Limited
Yunus Energy Limited
Yunus Textile Mills Limited
Luckyone (Private) Limited
Lucky Knits (Private) Limited

Board of **Directors**

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Mrs. Rahila Aleem
Director

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

Directorships

Lucky Cement Limited
Fazal Textile Mills Limited
Yunus Textile Mills Limited
Yunus Energy Limited

Mrs. Mariam Tabba Khan
Director

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

Directorships

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

Mr. Muhammad Sohail Tabba
Director

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

Directorships

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

Mr. Imran Yunus Tabba
Director

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

Directorships

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

Mr. Jawed Yunus Tabba
Director

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

Directorships

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

Mr. Manzoor Ahmed
Director

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

Directorships

Lucky Cement Limited
Bannu Woollen Mills Limited
BOC (Pakistan) Limited
General Tyre & Rubber Co. Limited
Mari Gas Company Limited
Millat Tractors Limited
Nishat (Chunian) Limited
Service Industries Limited
Soneri Bank Limited

Mr. Ali J Siddiqui
Director

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

Directorships

Lucky Cement Limited
Jahangir Siddiqui & Co. Limited

Board **Committees**

Audit Committee

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

Terms of Reference:

The terms of reference of audit committee were presented to the members as required under the Code of Corporate Governance and the same were approved by the Committee accordingly, contents of which are as under:

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

Budget Committee

Jawed Yunus Tabba (Chairman)
Muhammad Sohail Tabba
Rahila Aleem

Terms of Reference:

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

Review of Terms of Reference

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

Human Resource and Remuneration Committee:

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

Terms of Reference:

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

Review of Terms of Reference

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

Corporate Governance Committee

Manzoor Ahmed (Chairman)
Jawed Yunus Tabba
Rahila Aleem

Terms of Reference

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

Review of Terms of Reference

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

Competitive **Edges**

Superseding other players in the industry is a multi-dimensional challenge for any business. It drives businesses to change for better as we live in a world of unprecedented change and increasing global competitiveness. Competition is the integral driving force for any business, that wants to grow and succeed on a sustained basis. It is also one of the constructive ways of contributing to the society. Lucky Cement has the first-mover advantage in capacity building, exploring new markets, innovative solution for transport, infrastructure of loose cement handling and providing better quality cement while being cost effective.

Competitive **Edges**

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Economies of Scale

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

Cost Efficient Energy Sources

The hybrid technology adopted for new expansions reduces capital expenditures significantly without compromising on efficiency and quality. Conversion of power generators from oil to gas and the project of power generation through waste heat recovery have drastically reduced the cost of production. The Waste Heat Recovery Plant generates electricity by the wasted heat and produces almost 22 MW of energy. The estimated annual CO_2 reduction because of the WHR plant at Pezu is 29,918 metric tons and WHR at Karachi Plant is 50,000 metric tons.

Lucky Cement is now shifting from coal to Tyre Derived Fuel (TDF), generated by burning shredded tyres. This project is a value-addition in cement manufacturing sector as it contains about the same amount of energy as oil and 25% more energy than coal. This means that each ton of the TDF used can replace the impacts of 1.25 tons of coal and coal mining and reduces Carbon emission by 19%.

Lucky Cement also has its own power generation facility, capable of producing 175 MW of energy, which enables the Company to sell electricity to local electric supply companies including HESCO.

Infrastructure at Karachi Port

For reducing the vessels idle time, in turn making the shipments timely as per the customer requirements, Lucky Cement also installed cement storage silos at the port capable of storing 24,000 tons of cement and also set-up automatic ship loaders at the site to make fully automatic loading from the silos when the vessels arrive. This system of discharging cement from the silos to the vessels at very fast discharge rate enables very quick loading time and ensures cement availability at the port anytime; thus playing a major role in increasing export capacity of the Company and making it a market leader in the country. This is a state-of-the-art project and is based on latest European technology and is first of its kind in the South East Asia and Middle Eastern region. The loading capacity of this terminal is 10,000 to 12,000 tons per day of loose cement depending upon the size and construction of vessels.

Dealers' Network

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

State-of-the-art Technology

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

Loose Cement Bulkers

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

Proven Track Record of Timely Expansion

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

Smart Logistical Set-up

Making logistical arrangement easier, Lucky Cement acquired multi-purpose trailers, capable of moving any kind of consignment, either bagged or in raw form. This has made LCL the first cement producing company to have its own multi-purpose transportation system.

Earlier, we had the unique facility of transporting loose cement through specialized Bulkers. However, in order to optimally utilize the resources, our management came up with the innovative idea of acquiring multi-purpose trailers to move all kinds of payload.

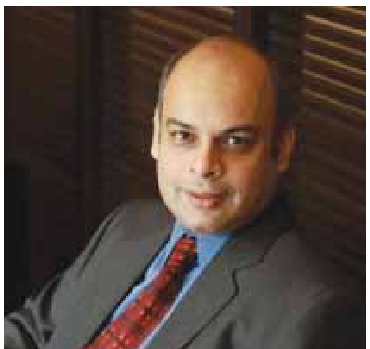
Our Karachi Plant Logistics Department, with guidance of our senior management, worked tirelessly to turn this idea into a workable reality and set a new trend in the cement industry. In first phase, 40 trailers have been inducted in our transportation fleet. These trailers are used to transport bagged cement from factory to port and on return they carry Coal from port to factory. Each trailer can carry goods up to 80 tons. This venture does not only strengthen the overall logistical capacity of Lucky Cement, but also reduces heavy transportation cost and the cost of outsourcing transport contractors.

Senior **Management**

Leading the Change
Challenge the Norms

Muhammad Ali Tabba
CEO

Mahbub-ur-Rahman
Director Operations



Noman Hasan
Chief Operating Officer

Abid Ganatra
Director Finance

Intisar-ul-Haq Haqqi
Director Power Generation

Kalim Mobin
Director Marketing

Saifuddin A. Khan
GM Marketing

Muhammad Suhail
GM Finance

Shuja Shams
GM Human Resource

Moez Narsi
GM Audit

Faiz Durrani
GM Legal & Corporate Affairs

Mashkoor Ahmed
GM Karachi Plant

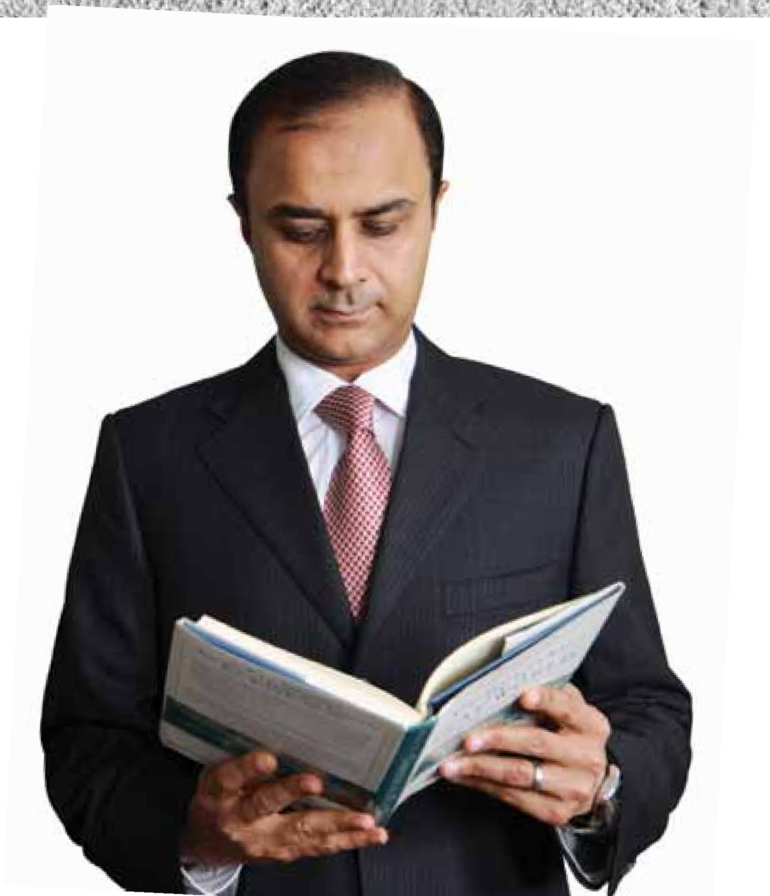
Muhammad Shabbir
GM Pezu Plant

Syed Najmul Absar
GM Power Plant (Pezu)

Humayun Khan
GM GR & A (Islamabad)

CEO's Message

Leading the Change
Challenge the Norms



Muhammad Ali Tabba

During the period under review, your Company has enhanced its local market share despite the overall decline in the industry growth.

The successful operation of Waste Heat Recovery Plant in Pezu and the investment in Tyre Derived Fuel (TDF) Plant will further reduce our energy and production costs.

Your Company has also decided to set up a Greenfield cement manufacturing plant with a production capacity of one million tons per annum in Democratic Republic of Congo. This project is a joint venture between Lucky Cement and a local partner. This expansion move by your Company is aimed at exploring the African markets.

Also, with increased PSDP and post-flood reconstruction activities, your Company is expected to further increase the local sales. Your Company also anticipates recovery in exports with focus in Iraq, Afghanistan and African countries.

Directors' **Report**

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, 2011.

Overview

The Pakistan Cement Industry concluded the financial year ended June 30, 2011 with negative growth of 8.32% and achieved total sales volume of 31.36 million tons as compared to last year volume of 34.21 million tons. The demand in domestic markets registered a decline of 6.69% and achieved volume of 21.97 million tons against the last year volume of 23.55 million tons. This decline was mainly attributed due to devastating floods and lack of Government spending on public infrastructure and other development projects. The export sales volume registered a decline of 11.94% and achieved a volume of 9.39 million tons as compared to volume of 10.66 million tons in the same period last year.

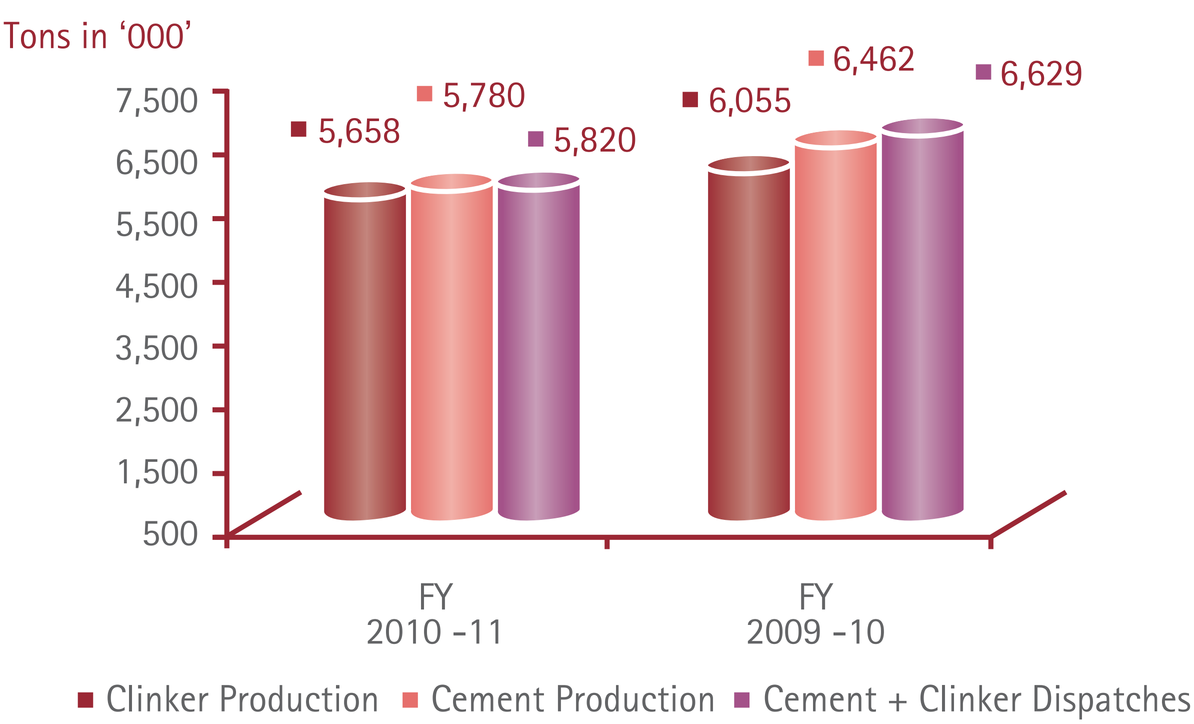
Your Company continued to enhance its market share in domestic markets and achieved a share of 15.76% as compared to 13.26% same period last year. The local sales volume during the year under review registered a growth of 11.07% from 3.12 million tons cement sold last year to 3.46 million tons during the year under review. The export sales volume of your company plunged sharply by 32.9% from 3.51 million tons last year to 2.35 million tons during the financial year under review mainly due to sharp decline in clinker and loose cement sales in middle east countries coupled with slack construction activities and oversupply of cement. However, bagged cement export sales volume of your Company increased by 7.03%.

Business Performance

(a) Production and Sales Volume Performance

The Production statistics of your Company for the Financial Year under review as compared to same period last year are as under:

Particulars	FY 2010-11	FY 2009-10	Increase/ (Decrease)
	Tons		%
Clinker Production	5,658,353	6,054,713	(6.55%)
Cement Production	5,779,710	6,461,726	(10.55%)
Cement + Clinker Dispatches	5,819,673	6,629,190	(12.21%)



A comparison of dispatches of the Industry and your Company for the Financial Year Ended on June 30, 2011 with the same corresponding period last year is as under:

Particulars	FY 2010-11 (Tons)	FY 2009-10 (Tons)	Growth / (Decline) (Tons)	%
Cement Industry				
Local Sales	21,975,308	23,550,741	(1,575,433)	(6.69%)
Export Sales				
Cement				
- Bagged	8,688,281	8,683,074	5,207	0.06%
- Loose	536,899	1,696,184	(1,159,285)	(68.35%)
Sub-Total	9,225,180	10,379,258	(1,154,078)	(11.12%)
Clinker	160,039	277,978	(117,939)	(42.43%)
Total Export	9,385,219	10,657,236	(1,272,017)	(11.94%)
Grand Total	31,360,527	34,207,977	(2,847,450)	(8.32%)
Lucky Cement				
Local Sales	3,464,300	3,119,107	345,193	11.07%
Export Sales				
Cement				
- Bagged	1,804,375	1,685,845	118,530	7.03%
- Loose	513,899	1,670,424	(1,156,525)	(69.24%)
Sub-Total	2,318,274	3,356,268	(1,037,994)	(30.93%)
Clinker	37,099	153,814	(116,715)	(75.88%)
Total Export	2,355,373	3,510,082	(1,154,709)	(32.90%)
Grand Total	5,819,673	6,629,189	(809,516)	(12.21%)

Market Share

LCL - Market Share (%)	FY 2010-11	FY 2009-10
Local Sales	15.76%	13.24%
Export Sales		
Cement		
- Bagged	20.77%	19.42%
- Loose	95.72%	98.48%
Sub-Total	25.13%	32.34%
Clinker	23.18%	55.33%
Total Export	25.10%	32.94%
Grand Total	18.56%	19.38%

(b) Financial Performance

A comparison of the key financial results of the Company for the Financial Year Ended on June 30, 2011 with same period last year is as under:

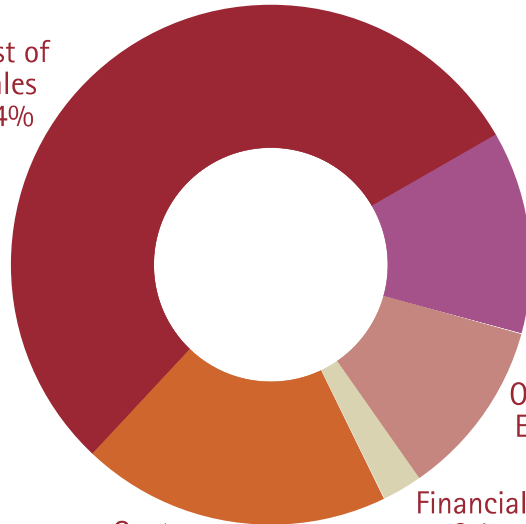
Particulars	FY 2010-11	FY 2009-10	% Change
Sales revenue	26,018	24,509	6.16%
Gross profit	8,711	7,979	9.18%
Operating profit	5,161	4,243	21.66%
Profit before tax	4,321	3,418	26.42%
Net profit after tax	3,970	3,137	26.55%
Earnings per share (EPS)	12.28	9.70	26.55%

* Rupees in Million Except EPS.

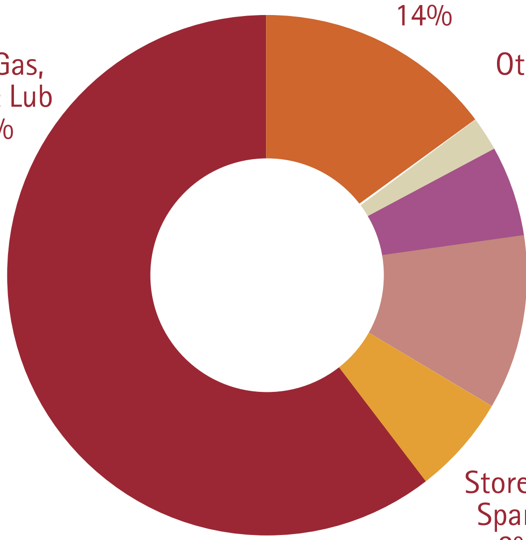
The local sales revenue of your Company increased by 47.4% during the financial year under review as compared to same period last year because of increase in sales volume and the prices of cement on the backdrop of increase in production cost. Whereas the export sales revenue declined by 15.6% during financial year under review as compared to same period last year due to decline in loose cement export and shifting of export volume to domestic markets.

The per ton cost of sales of your Company increased by 19.26% during the financial year under review as compared to same period last year. The major cost component comprising of fuel and power increased by 23% even after the positive impact of cheap electricity generation from waste heat recovery plants. The prices of coal in the international markets increased by 40% as compared to same period last year. The raw material cost due to diesel prices and the packing material cost increased by 12% and 15% respectively which resultantly increased the total cost of production.

Distribution of Revenue FY 2010-11



Distribution of Cost FY 2010-11



Your Company achieved a gross profit rate of 33.5% for the year ended June 30, 2011 compared to 32.6% gross profit rate achieved during the same period last year.

The financing cost of your Company during the year under review was decreased to Rs. 517.79 million from Rs. 569.18 million during the same period last year.

The distribution cost of the Company was decreased due to fall in export sales volumes. The percentage of distribution cost to exports sales was 26.4% for the year ended June 30, 2011 as compared to 22.1% last year. Major component of distribution cost was ocean freights which represented 60.9% as compared to 49.8% for the same period last year.

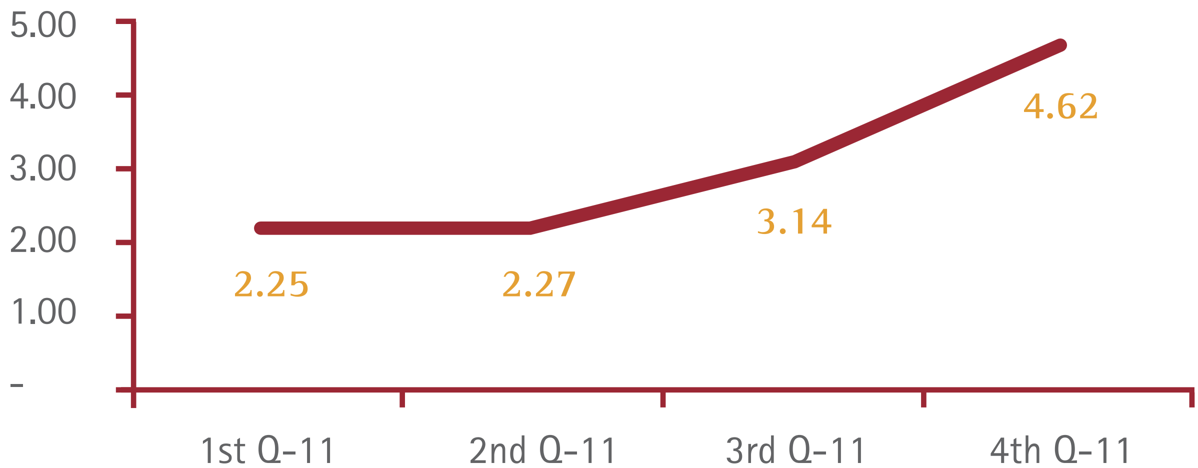
The deferred tax provision of Rs. 89.946 million has been provided in the profit and loss account making the total deferred tax liabilities to Rs. 1.653 billion as on June 30, 2011.

Your Company achieved a profit before tax of Rs. 3.97 billion for the year under review compared to Rs. 3.14 billion achieved last year. The profit after tax in terms of percentage was 15.26% which was 12.80% during the same period last year.

The earnings per share (EPS) of your Company for the year ended June 30, 2011 was Rs. 12.28 per share as compared to Rs. 9.70 per share achieved during the same period last year.

A comparison of quarter-wise EPS trend is as under:

Quarter wise EPS Trend



Capital Expenditures

During the period under review, your Company incurred capital expenditures of Rs. 1.91 billion on various projects in progress comprising of Karachi project TDF plant, addition of 40 trailers into logistic fleet, cement mill modification and Reverse Osmosis plant at Karachi and balance payment of Pezu Plant Waste Heat Recovery Project.

Cash Flow Strategy

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

During the year under review, an amount of Rs. 4.07 billion was generated from operating activities which was used on fixed capital expenditures, payment of dividend to the shareholders and repayment of long term finance.

The Company is well placed for its commitments towards long and short term loans.

Progress on Ongoing Projects

During the year under review, the Waste Heat Recovery Project of Pezu plant successfully commenced its operation in October 2010 and since then it has been generating electricity for the Company.

The 40 numbers trailers have also been inducted into the fleet of our logistic department for transportation of bagged cement and coal from Karachi plant to sea port and vice versa.

The work on the installation of grid station and inter connection of electricity supply lines with national grid is progressing as per schedule and it is expected that the supply of electricity to HESCO would commence by end of this calendar year.

The TDF plant and machinery for the Karachi Plant have arrived at the project site and its erection and commissioning works are in full swing. It is expected that this project will start functioning by the end of this calendar year.

Joint Venture Investment in Cement Plant in DR Congo

The management of your Company has decided to set up a one million tons per annum Greenfield cement manufacturing plant in Democratic Republic of Congo as a joint venture project with a local partner subject to all regulatory/statutory approvals required under the law. The total project cost is estimated at US$ 175 million which would be financed through 46% equity to be contributed equally by both partners and 54% debt which would be raised from multilateral institutions/international DFIs. Your Company would contribute US$ 40 million towards 50% share of its equity in the proposed project.

The technical and financial evaluation of the proposed project has been carried out both from international consultant and the team of experienced experts within the Company. The management is hopeful that this investment will pave a long term benefits for the shareholders of our Company.

Investment in International Projects

While maintaining the leadership in Pakistan, Lucky Cement is all set to expand its horizon in international front. We are investing in a Green field project in DR Congo.

Lucky Cement plans to form a joint venture with Groupe Rawji of Democratic Republic of Congo to build a 1.18 million tons capacity plant in Congo, which is located strategically in west Africa with an access to sea port. This plan is a result of our foresightedness as Lucky Cement sees this project as an opportunity to have strong footing in the Dark Continent and a way to reach its neighboring markets.

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 have 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.


INDIAN

Attendance of Directors at Board Meetings:

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

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

Corporate Performance Highlights

(a) Corporate Social Responsibility

Your Company is fully aware of its Corporate Social responsibility and has been working positively to raise the educational, health and environmental standards of the Country in general and local communities in particular. Your Company is extensively supporting various educational projects like Karachi School for Business and Leadership (KSBL), Hub School Project, Concern for Children Trust, new academic block at IBA, various educational scholarships. Your Company has also planned to construct a state-of-the-art primary school near its factory at Pezu in partnership with renowned NGO chartered by Government of Pakistan and endorsed by World Bank.

(b) Environmental protection measures

Your Company always ensures environment preservation and act as front line demeanor in adopting all the possible means for environment protection. We have been taking various steps to ensure minimal dust and gaseous emission from our plant and our production lines are installed with pollutant trapping and suppression systems to control dust particles and other emissions. A green belt around both production facilities also has been developed.

(c) Community investment & welfare schemes

Your Company constantly works to promote a sustainable future and plays an active role in contributing towards the welfare of the society at large. Your Company is working on various community development programs which include a health dispensary, women & children hospital, primary school in Pezu and renovation and upgrading of the D.I. Khan Airport.

(d) Occupational safety and health

Your Company believes that it is our duty to protect the health, safety and welfare of our workers and other people who might be affected by our business. It is also ensured that all stakeholders are protected from anything that may cause harm and risks to injury or health that could arise at the workplace. Awareness workshops are also held regularly to educate employees about basic first-aid, basic life support and fire-fighting trainings to have a safe and preventive work environment.

(e) National cause donations

Your Company has always come forward with national spirit whenever the country needed assistance from its responsible citizens. Your company was one of the active participants in flood relief efforts and contributed generously towards providing relief to more than 15,000 households by donating food hampers, medicines and other items of daily necessity. Tents for shelter and comforters and sheets were also distributed among the flood victims.

(f) Contribution to national exchequer

Your Company contributed a total amount of Rs. 6.474 billion (2010: Rs. 5.002 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$ 133.5 million during the year under review from exports.

(g) Rural development programs

Your Company is the highest employment provider in the cement industry and provides direct and indirect employment for countless individuals including dealers, wholesalers, retailers, vendors, transporters and construction industry. Besides this a 9 KM water pipeline of clean drinking water for the residents of Pezu was also laid down, benefitting around 2,000 households and a transformer for uninterrupted supply of electricity to the localities in the outskirts of Pezu district was also installed.

Future Outlook

The Government in the recent budget has allocated substantial funds for public sector development projects, but the possibility of spending under this head is remote, however, this will be a key trigger for increase of cement demand in domestic market for the next financial year.

There will be pressure on cost of production because of rising coal and fuel prices, coupled with double digit inflation and the higher interest rates prevailing in the country. On the back of increasing cost, the selling prices of cement in the domestic market will be on increasing trend.

The export of the cement through land route to Afghanistan and India was 4.73 million and 0.59 million tons respectively during the year under review, these are expected to cross the level of 6 million tons in the next financial year. The export of cement and clinker by sea to the regional and African countries was 4.07 million tons during the year under review, these are expected to be in line with the financial year under review.

Dividend

The Board is pleased to propose a dividend of Rs. 4/- per share for the financial year ended June 30, 2011. The appropriations approved by the Board of Directors are as follows:

Appropriation:	Rs. in '000'
Profit after Taxation	3,970,400
Un-appropriated profits from prior year	725,257
Available for appropriation	4,695,657
Subsequent Effects:	
Proposed dividends for the year on ordinary shares @ Rs. 4/-	1,293,500
Proposed transfer to General Reserves	2,500,000
	3,793,500
Un-appropriated profit carried forward	902,157

Auditors

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

Acknowledgement

Your Directors express their appreciation to the bankers and financial institutions that extended assistance in financing to the Company, supplier and contractors for their support, staff and executives for their devotion and hard work, which enabled the Company to achieve this performance.

On behalf of the Board

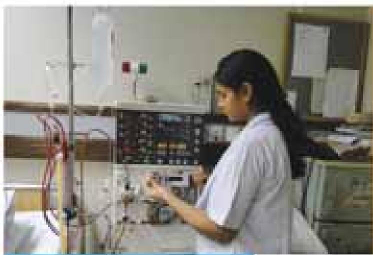
MUHAMMAD YUNUS TABBA
Chairman / Director
Karachi: July 30, 2011.

Investor Conferences

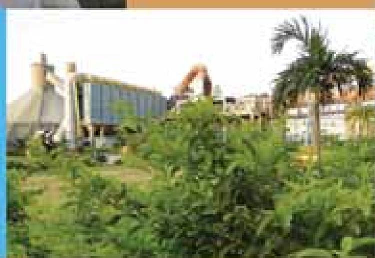
The management of Lucky Cement realizes the importance of interaction with the existing shareholders and potential investors of the Company and in this respect participates in various investor conferences held from time to time domestically or abroad. For the last couple of years, LCL has been participating at Pakistan Day Conferences held in New York and Singapore to meet and interact with existing and potential investors for attracting foreign investment into the Country. These conferences are attended by representatives of Banks, Asset Management companies, Insurance companies and various other corporate individuals.

During the year under review, the management participated in the Company specific investor conference organized by Arif Habib Limited.

CHANGING LIVES



HEALTH ←



ENVIRONMENT →

COMMUNITY DEVELOPMENT ←

EDUCATION ←

→ CORPORATE AFFILIATIONS

WORLD ECONOMIC FORUM

COMMITTED TO IMPROVING THE STATE OF THE WORLD

AWARDS & ACHIEVEMENTS ↓

↑ SAFETY & SECURITY

HUMAN RESOURCE EXCELLENCE →

CHANGING TIMES

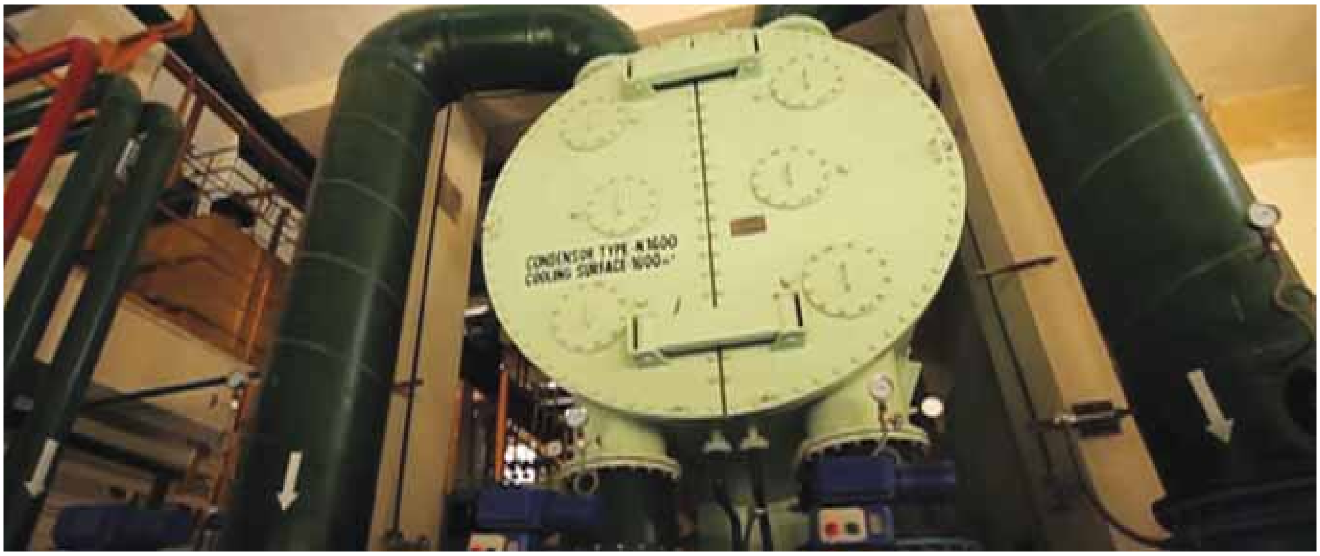
An Environmentally **Aware Company**

The ever-increasing environmental degradation, with challenges of energy deficiency, food shortage, deforestation and rapidly increasing carbon footprints indicate an alarming need for a sustainable and comprehensive management of the environment. As an industrial giant in the country, Lucky Cement plays a significant role in implementing a program that reduces energy consumption and addresses issues of environmental degradation. Over the years, the Company has played a dynamic role in bringing environmental revolution in the Cement industry of Pakistan.

Changing Lives – *Environmental Initiatives*

Waste Heat Recovery (WHR)

Lucky Cement, pioneering innovation, reduced its cost by co-generating electricity by the wasted heat, which was previously being fed to the atmosphere. This power generation unit does not need any external fed fuel to operate, but it uses the wasted heat from the system as its fuel. Thus we are saving cost, environment and curtailing our energy needs in a unique way.



The WHR Plant is a Chinese technology, branded as SINOMA. The design of this plant hinges around the idea of encapsulating all the wasted heat from the production system and using this steam to heat up boilers which eventually runs the turbine engines, thus producing electricity.

Reduction in Carbon Emissions

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

The estimated annual **CO_2 reduction** for the WHR plant at Pezu is **29,918* metric tons** and WHR at Karachi Plant is **50,000** metric tons.**

Lucky Cement operates its own **175 MW power generation facility** and also sells electricity to local electric supply companies. After the successful implementation and operation of the WHR Plant at both the production facilities, Lucky Cement has **saved substantial amount of Carbon Dioxide** from being emitted in the atmosphere.

*http://cdm.unfccc.int/Projects/Validation/DB/5THY9Y15CINFMYJXYV51WVXMFRHX83/view.html
**http://cdm.unfccc.int/Projects/Validation/DB/4KAY98DK2HVFNSMYSYTR1OBBPIOQ53/view.html

Certified Emission Reduction (CER) Credits

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

The mechanism stimulates sustainable development and emission reductions, while giving industrialized countries some flexibility in how they meet their emission reduction limitation targets.

ISO 14001:2004

A major glory was recently added to the Company's profile when LCL acquired ISO 14001 certification and proved that we are an eco-friendly company which satisfies all the International Environmental Standards. Lucky Cement is Pakistan's only cement company to have been certified with ISO 14001. Environment friendly business practices and responsibility to conserve the environment has always been on the forefront at Lucky Cement.

World Environment Day Celebration 2011

Lucky Cement believes that it is vital that in any plan of development, actions should be ecologically favorable and in connection with the development and sustainability of the environment. To rejoice the spirit and cause of saving the Mother Nature, this year Lucky Cement went green by celebrating World Environment Day by changing their mode of transportation to cycling and walking instead of vehicles. Dressed in Yellow T-Shirts and Maroon caps, a team of 75 people cycled and walked on the streets of Clifton town and showed their commitment to a cleaner and greener Pakistan. This team of officials also went to Karachi Beach and collected garbage and cleaned the surrounding areas of the beach.

Supporting the Government for a Greener Pakistan

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

2000-2010: 5,000 trees (target achieved)
2010-2012: 10,000 trees (target achieved)
2012-2015: 15,000 trees

Tree Plantation at various localities

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

Atmospheric Pollution Control

We have taken steps to ensure minimal dust and gaseous emission from our plant. Our production lines are equipped with pollutant trapping and suppression systems to control dust particles and other emissions with the help of environment-friendly bag houses. The World Bank Standard for the dust concentration and gaseous emissions is maximum 50 mg/Nm^3. Our bag filter systems are giving exemplary results and have brought the emission down to 35 mg/Nm^3, which is far better than the set standards. Trees and greenery around the production facility also helps in particle emission control and acts as dust traps.

Environment Excellence Award

Acknowledging Lucky Cement's efforts for a sustainable environment, National Forum for Environment and Health (NFEH) revered Lucky Cement with the Environment Excellence Award 2010 and 2011. NFEH is affiliated with United Nations and is supported by the Government of Pakistan.

WWF - PAKISTAN

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

Energy Efficiency

Energy efficiency is a powerful and cost-effective path towards achieving a sustainable future.

We have taken numerous initiatives towards saving energy. We have substantially reduced our Carbon Dioxide emissions by state-of-the-art Waste Heat Recovery Plant at our production facilities, which qualifies us for Carbon Credits. We are now planning to replace Coal burning by Tyre Derived Fuel (TDF). This project is a value-addition in cement manufacturing sector as it contains about the same amount of energy as oil and 25% more energy than coal, while being cost efficient.

This means that each ton of the TDF used can replace the impacts of 1.25 tons of coal and coal mining and reduces Carbon emission by 19%. Lucky Cement also has the credit of preparing feasibility and educating other players in the industry regarding this new initiative.

World Environment Day Celebration


LUCKY CEMENT CARES...
Join us in celebrating
WORLD ENVIRONMENT DAY
Cycling and Beach Cleaning

Corporate Social **Responsibility**

Across the globe, business leaders have accepted that only making quality products that satisfy customers is simply not acceptable. Businesses are now required to consider and manage the wider social and environmental consequences of their actions, beyond the requirement of legal settings they operate in. It is un-arguably a business necessity and an organizational obligation to address the issues of the stakeholders, local communities, human rights and environment.

Lucky Cement is an active participant in contributing towards the welfare of the society at large and plays its part in following domains:

Changing Lives - *Education*

Education is a powerful tool to combat the cut-throat / ever increasing competition of today's fast-paced world. The importance of education in Pakistan is indeed rising with passing time. Although Pakistan has a history of producing learned individuals, it still needs to improve not just on the quality of education but also on the number of people being educated.

Supporting and promoting educational endeavors has always been at fore-front in all the CSR projects Lucky Cement carries out. We believe that it is education that lifts a society to the heights of progress and development.

Following are some of the educational projects which Lucky Cement is working on:

❑ Karachi School of Business and Leadership (KSBL)

Karachi Education Initiative (KEI), a not-for-profit organization, being run by group of diverse business leaders is establishing a world class graduate and post graduate level school in Karachi by the name of Karachi School of Business and Leadership (KSBL). Lucky Cement has donated a generous amount of Rs. 100 million for the construction of this world-class institution and Company's CEO Mr. Muhammad Ali Tabba serves on the Board of Directors of KEI.

KEI has partnered with Judge Business School (JBS) of the University of Cambridge for KSBL's curriculum designing, teaching material development, faculty formation, technological assistance and executive educational development.

❑ Razzak Tabba Academic Block at IBA

Institute of Business Administration (IBA) is one of the best business schools in Pakistan, with over five decades of academic excellence. Lucky Cement has committed Rs. 150 million to IBA for the construction of a new academic block, which will be named as Abdul Razzak Tabba Academic Block.

Construction Material Research Group - Fellowship at NED University

Lucky Cement has awarded research fellowship to Construction Material Research Group (CMRG) at NED University, Karachi. The purpose of this research fellowship is to promote the development of the civil infrastructure and construction material.

The objectives of CMRG Fellowship include:

1. To serve the construction material sector of the construction industry and develop understanding of properties of construction material.
2. To develop materials characterization relational database.
3. To develop innovative construction material solution and explore its applications.
4. To explore the usage of recycled materials in all aspects of new as well as existing construction.
5. To maintain service life aspects of constructed facilities.
6. To interact with other such groups around the world.

The Hub School Project

The Hub School Project, which is located near Hub Dam Road in Karachi, is spread over a land area of 250 acres out of which, 190 acres is reserved for construction of a girls' boarding school, a university, playground, parks and residential facility for the staff. Lucky Cement has very generously contributed in the construction of this not-for-profit school meant to educate the underprivileged children of the surrounding areas, especially females.

Concern for Children Trust Partnership

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

There are currently 35 small private schools in Machhar Colony catering to the area's 200,000 children. Most schools suffer from terrible infrastructural issues, lack of ventilation, sanitation and lighting. Lucky Cement is contributing towards the renovation of these schools and have arranged for the provision of its basic necessities. This project is named as Project Kitab.

Before	After






❑ Scholarships / Educational Assistance

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

Scholarship funds at following universities have been established:

❑ Institute of Business Administration (IBA)

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

❑ Institute of Business Management (IoBM)

Lucky Cement has also setup a need-cum-merit scholarship at IoBM, needy students are thus referred by the institute's administration to the Company for assistance. Our CEO Mr. Muhammad Ali Tabba also serves on the Board of Governors of the institute.

❑ Lahore University of Management Sciences (LUMS)

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

Changing Lives - *Health*

Lucky Cement is also an active contributor in the development of the health sector. Colossal donations and initiatives have been taken up by the Company for the betterment and upliftment of the health standards and in support of health related causes. Following are some of the relevant initiatives:

❑ Memon Medical Institute

Memon Medical Institute (MMI) Karachi - a project of Memon Health and Education Foundation (MHEF) is a state-of-the art hospital offering healthcare facilities regardless of cast, color, creed or ability to pay. Lucky Cement generously donated Rs. 10 million to MMI to help it achieve its vision of making quality health care accessible to all.

❑ Lucky Welfare Dispensary - Pezu, Khyber Pakhtunkhwa

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

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

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

❑ Maternity and Child Welfare Association

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

❑ Children Cancer Hospital

Children Cancer Hospital is a project of Children Cancer Foundation and a premier facility exclusively dedicated to the care of children suffering with cancer. Lucky Cement provided financial assistance to this hospital for the smooth functioning.

Changing Lives - *Community Development*

Water Supply Scheme at Darra Pezu

Lucky Cement established water supply scheme and distribution lines to provide clean drinking water to the residents of Darra Pezu. The 9 Km long water supply line provides clean drinking water facility to the residents of the rural localities situated in the outskirts of Darra Pezu town in KPK Province. The distribution line starts from Lucky Cement's Pezu Plant and provides water to outskirts of Pezu by connecting with two wells made by the Company. From these wells, water is then passed to the old distribution lines and hence spreads all over Darra Pezu. This water supply line provides drinking water to almost 70% of the population of Pezu, which is equal to 5,000 households. Outside Pezu, almost 2,000 households get water from these lines as well.

Ultrasound facility at Mother and Child Healthcare Centre - Machhar Colony

Lucky Cement, in partnership with Concern for Children Trust (CFC), is setting up an Ultrasound facility at Mother and Children Health Care Centre (MCH) in Machhar Colony, a slum area in Karachi. The Machhar Colony has a population of approximately 750,000 people deprived of basic necessities of life including quality healthcare for women. By establishing this facility, Lucky Cement and CFC aim at creating awareness about prenatal and post natal care of mother and child, safe child birth and prevention and cure of any disabilities in children at an early stage.

Flood Relief Efforts

Pakistan was hit by devastating floods last year, which swept away thousands of houses and small villages. Lucky Cement came forward and worked for primary rescue, relief and medical aid of the displaced people and arranged to provide tents, food, water, comforters and set-up medical camps.

Model Village in DI Khan

After providing relief to the affectees of the massive destructions caused by floods and heavy rains last year, Lucky Cement focused all the efforts towards rehabilitation of the IDPs. For this purpose, LCL joined hands with Pakistan Army to build a model village in Dera Ismail Khan and generously donated towards this cause.

Scholarship Program for the students of Pezu

Lucky Cement's management in Pezu has initiated a merit cum need based scholarship scheme for the local students for Graduate and Post Graduate studies with renowned institutes, registered with HEC to enable them to acquire higher education.

World-Class Primary School in Darra Pezu

LCL is all set to construct a world-class primary school, near its factory in Pezu, District Lakki Marwat. This school will be affiliated with Pakistan's well known school system and will provide access to quality education to the residents of the area. In first phase, the company will establish a primary school, which will later be expanded to secondary education as well. This school will be strategically constructed in an area where there are no such facilities currently available.

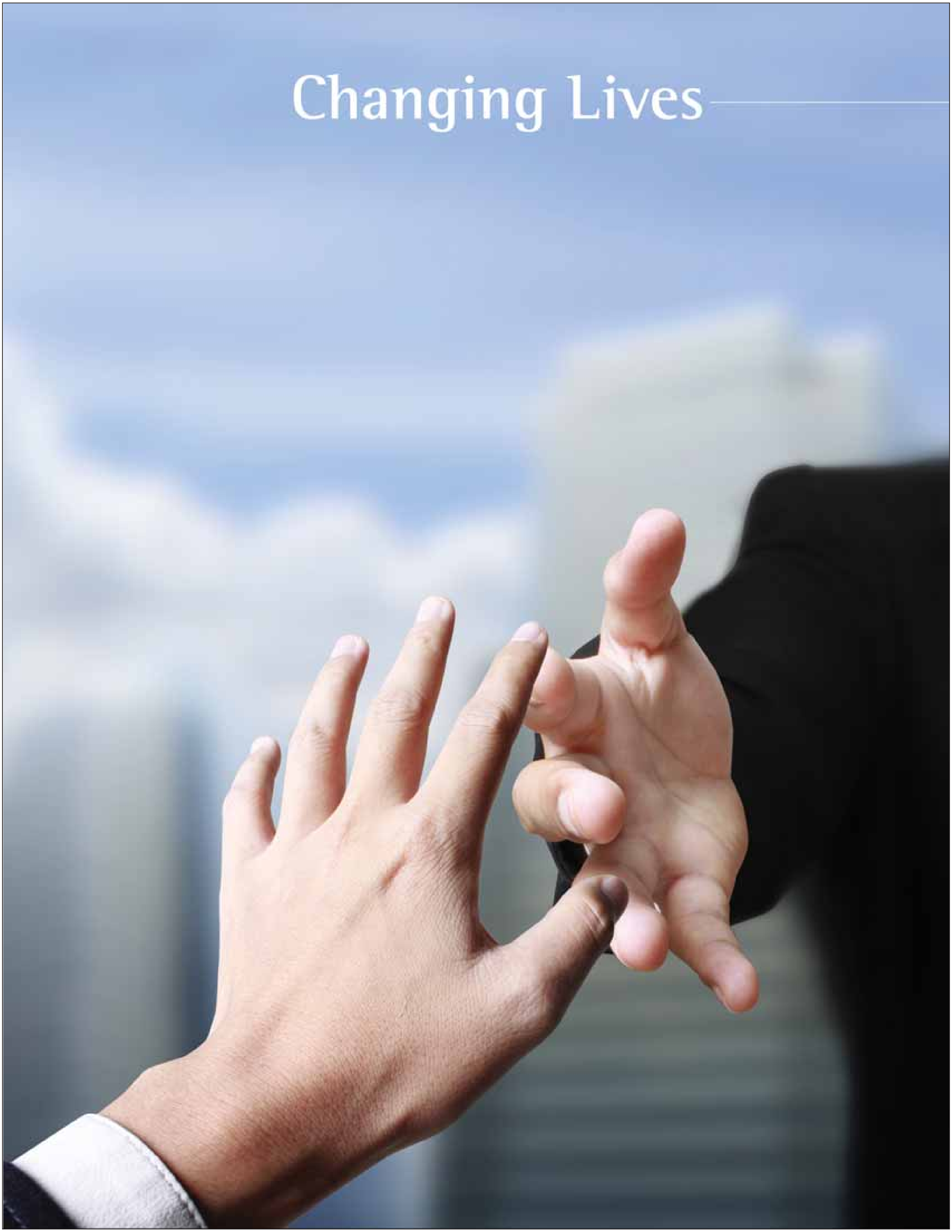
Lucky City School - Pezu

LCL also runs a well-maintained primary school, up to class five, for the children of the factory workers in Pezu. The school is registered with Benu Education Board and provides quality and free of cost education to the children of employees.

DI Khan Airport Renovation

The company also took responsibility of the renovation of DI Khan Airport for the welfare of the locals of the area and to boost overall commerce and economy. Upgrading of the airport exterior and interior has been completed, along with provision of furniture for both arrivals and departure lounges.

Changing Lives



Lives Changed

Lucky Cement provided financial assistance to Sundus, daughter of a lawyer who was martyred during unavoidable conflicts between lawyers and police. Sundus's father left behind a daughter and a widow. This sudden incident left the grieved family in a difficult financial position. Thanks to LCL scholarship, Sundus is able to continue with her education.

Sundus is a brilliant student at Institute of Business Management, pursuing her MBA with exceptional academic records. Lucky Cement helped her and took care of the financial matters that stood in her way. This way, the Company played its role yet again in promoting education and helping the young talent of Pakistan

Lucky Cement sponsored for the education of Naveed, a resident of outskirts of Gilgit. Naveed is a student of Civil & Environmental Engineering in NUST, Islamabad. Naveed is one of the few students in Northern Areas of Pakistan to have the courage to pursue his dreams and make his career, despite financial hindrances. Lucky Cement appreciates such students and has always been supportive in helping them progress. The Company was equally impressed with Naveed's commitment of getting a degree in Environmental Engineering.

I have been serving Lucky Cement in different capacities for almost a decade. I had lost my hand in an accident in my youth days. Despite this disability, I was not only offered a job in LCL but was also given various opportunities to prove my talent. I am currently a supervisor in Mechanical Department. I am really thankful to the Company management for their support and encouragement". Syed Rasool

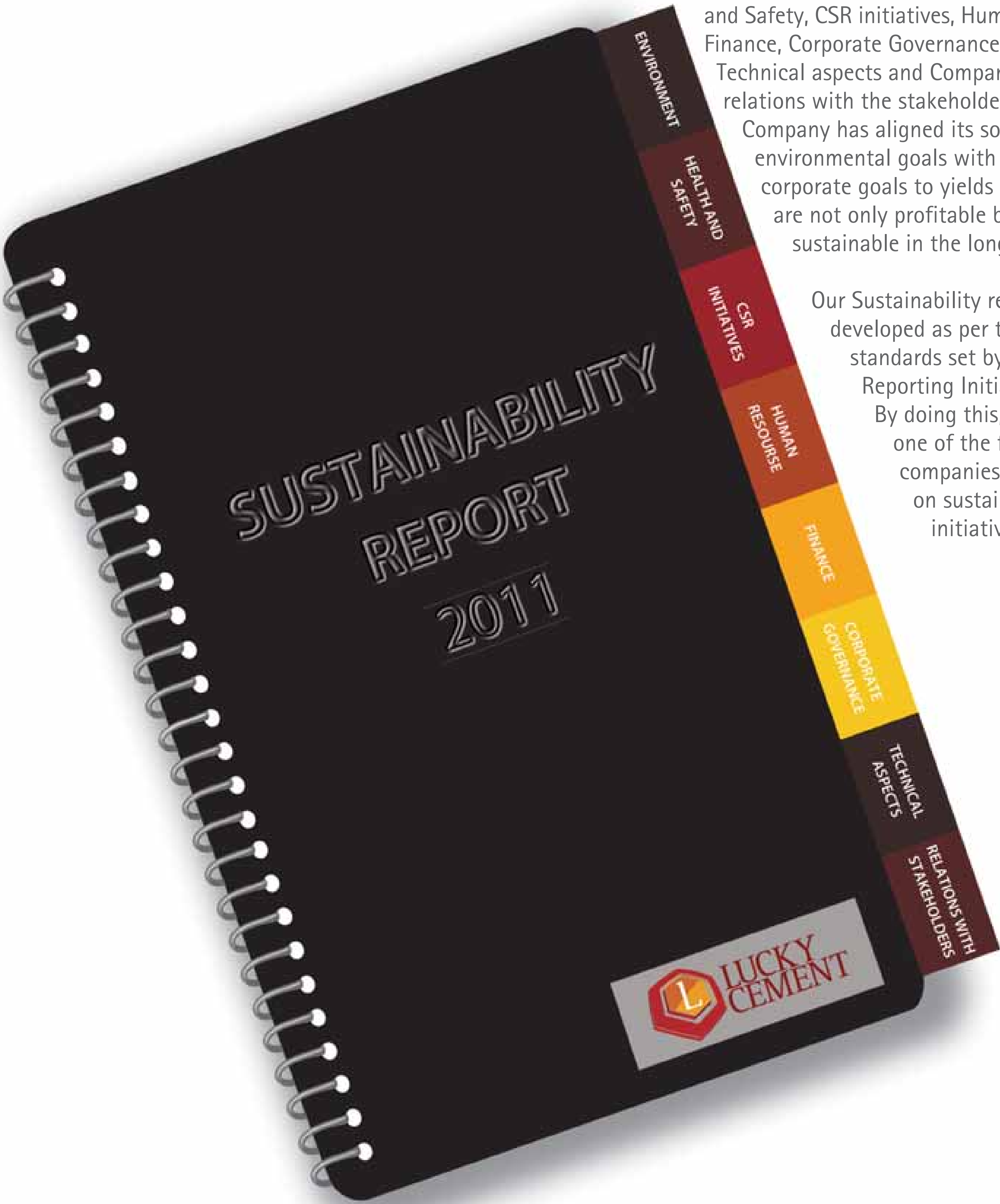
Lucky Cement contributed towards bearing medical expenses of one its employees who suffered a brain hemorrhage and was hospitalized for more than five months. LCL stood by the side of this employee till he recovered and resumed his job in office.

*For privacy reasons, identities of these persons are not being revealed.

SUSTAINABILITY REPORT 2011

Taking a step forward, this year Lucky Cement has decided to report on its sustainability initiatives. The sustainability report will contain disclosures on Environmental initiatives, Health and Safety, CSR initiatives, Human Resource, Finance, Corporate Governance, Technical aspects and Company's relations with the stakeholders. The Company has aligned its social and environmental goals with its corporate goals to yields results that are not only profitable but are also sustainable in the long run.

Our Sustainability report will be developed as per the standards set by Global Reporting Initiative (GRI). By doing this, we will be one of the few Pakistani companies to report on sustainability initiatives.



Strategic Changes in Organizational Operations

There is no single formula for success as it has many diversified facades. Recently, we welcomed our Chief Operating Officer in the clan. This marked the beginning of the change which we had envisioned Ð the need for repositioning ourselves in the face of competitive conditions.

We are not only introducing youth in all our lines of management, but are also establishing proper channels for supply chain management and brand development.

We have changed our organizational design as such that we are now a matrix organization, having functional reporting structures and our Governance body is in line with the best Corporate Governance practices.

We are moving from being an owner-run organization to an employee-managed company, focused on professional management and development of Human Resources to prepare them to effectively meet the business expectations.

Changing Times - *Awards & Achievements*

Leading the Change
Challenge the Norms

Awards & **Achievements**

Lucky Cement has a strong tradition of excellence in all aspects of business. A long and growing list of Awards and Achievements demonstrates the values that make Lucky Cement a successful company and a strong corporate citizen.

Lucky Cement is proud to receive following distinctions during the year:

Brands of the Year Award

Lucky Cement was declared as the Brand of the Year 2010 in the category of cement. This award represents our increasing brand popularity, product availability, quality and consistency.

National CSR Excellence Award

Appreciating and acknowledging Lucky Cement's continuous efforts to raise the educational and health standards and environment-friendly business practices, CSR Association of Pakistan awarded Lucky Cement with the National CSR Award. Each year, these awards are given to companies that play an active role in fulfilling their Corporate Social Responsibility.

Lucky Cement has been receiving this Award for two consecutive years.

Annual Environment Excellence Award

National Forum for Environment and Health (NFEH) awarded Lucky Cement with the Environment Excellence Award 2011 to recognize a number of Lucky Cement's pro-environment initiatives including installation of Waste Heat Recovery Plant at its production facilities, active participation in various community based environmental programs including efforts to promote “cleaner and greener” Pakistan by cycling and beach cleaning initiatives and association with the President of Pakistan's Forestation Program to contribute towards a cleaner environment. NFEH is affiliated with United Nations and is supported by Ministry of Environment, Government of Pakistan.

Lucky Cement has been receiving this award for two consecutive years and was among **Top 10 companies** with environmental excellence this year.

Global HR Excellence Award

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

Recognitions from Chamber of Commerce and Industry

1. Karachi Chamber of Commerce and Industry awarded the Export Trophy to Lucky Cement for highest exports of cement from Pakistan.

2. Khyber Pakhtunkhwa Chamber of Commerce and Industry awarded the following distinctions to Lucky Cement:

- Top Sales Tax Payer
- Top Income Tax Payer
- Top Exporter
- Top Importer
- Exports Trophy

Young Global Leader - World Economic Forum

Mr. Muhammad Ali Tabba - CEO of Lucky Cement was honored as Young Global Leader (YGL) by the World Economic Forum. This honor was given in acknowledgement of his professional accomplishments, distinguished leadership and commitment to shaping a better future through action-oriented initiatives of public interests. Mr. Muhammad Ali Tabba is extensively engaged in development projects and manages the Yunus Brothers Group's own Aziz Tabba Foundation with welfare projects in the field of education, health, housing and other social needs.

The Forum of YGL constitutes the best talent pool from across the globe, working to address the issues of the international interests and form collaborations to develop new insights in undertaking these concerns. YGLs come from diversified disciplines and sectors to discuss the development of global strategies and concrete actions in order to advance towards a sustainable development. Young Global Leaders represent the voice of the future and hope for the next generation.

Muhammad Ali Tabba was chosen by a selection committee Chaired by Her Majesty Queen Rania Al Abdullah of the Hashemite Kingdom of Jordan. Many other international media leaders were also part of the committee.

Supply Chain Management

As we expand the depth of our operations, our main focus is being the industry trend-setter in a cost efficient manner.

With current market scenario, where only cost efficiency can help a company survive the competition, we are not only focused on cost reduction, but we aim at delivering the product to the right place at the right time. This calls for a need of a well-defined integrated supply chain management program that offers high-quality and low-cost products within the shortest possible lead time. Our procurement process is directly beneficial for all the stakeholders. Our combine purchase strategies give us the leverage and add to our negotiation strength. We have redesigned our internal process in a way that it is in the best interest of all the stakeholders.

Our team consists of individuals with the ability to network and coordinate with our purveyors of goods, service, transportation and warehousing.

Changing Times – *Corporate Affiliations*

Corporate **Affiliations**

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

Changing Times - *Corporate Affiliations*

World Economic Forum

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

It is pertinent to mention here that World Economic Forum bestowed Mr. Muhammad Ali Tabba, CEO of Lucky Cement with the honor of Young Global Leader (YGL) in acknowledgement of his professional accomplishments, distinguished leadership and commitment to shaping a better future.

Pakistan Business Council (PBC)

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

Pakistan
Business
Council

Pakistan Institute of Corporate Governance (PICG)

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

PAKISTAN INSTITUTE OF CORPORATE GOVERNANCE
PICG

CSR
Association of Pakistan
Supporting Pakistani Businesses for Positive Social Change

CSR Association of Pakistan

The CSR Association of Pakistan promotes CSR principles and practices to businesses in Pakistan because it makes companies more innovative, productive, and competitive. Lucky Cement has always taken its social and environmental responsibilities seriously and has always been a generous contributor in philanthropic projects.

IT Development

With growing business needs, we have adopted customized management information systems to provide efficient business solutions. Therefore, our management team played a strategic role in process development and meeting the ever-increasing business challenges.

This year, we have migrated our information management systems to an advanced version of Oracle 10G, giving a new interface to our in-house developed application modules. We have also focused on automating the business processes at plants for efficient and smooth running of the processes.

Human Resource **Excellence**

Our Strategic Approach to Human Resource Management

At Lucky Cement we believe that the key factor behind our success is our people - our employees. The alignment between the day to day contributions made by an individual and the business plan of the organization is actually driving the momentum of growth. Human Resources function at Lucky Cement is actively engaged in ensuring this alignment and executing the strategies to create an environment where employees can give their best performance and realize their maximum potential.

The growing importance of attracting and retaining the highest quality human resource is demonstrated by the fact that our HR policies are designed to guarantee best practices to attract, recruit, maintain and retain highest quality of human capital.

The Culture

Organizational Culture reflects the psychology, attitudes, experiences, beliefs and values prevalent in an organization. Ensuring a healthy organizational culture is one of the most important focus areas for Human Resources Function. The philosophy that is the hallmark of our culture is that all employees are equally important. In order to ensure maximum employee engagement, the company gives strategic importance to the following aspects that govern our culture.

Effective Communication

At Lucky Cement, we believe that effective communication is the basis of a strong and long-term relationship. We therefore, ensure communication which involves:

- Listening to the opinions, advices, suggestions
- Never criticizing in public
- Every step is taken to ensure that messages are easily communicated to all the concerned.

For this, proper communication channels are formed. Information is circulated through emails, meetings with department heads, intranet portal and newsletter.

Employee Empowerment

At Lucky Cement employees are empowered to make decisions that concern them and their productivity. They may, however, seek guidance from the authorities, which will help in executing the idea.

LCL believes in involving all the level of management in decision making. Brainstorming sessions are held, everyone is asked to give their valuable opinion and a decision is reached upon. Ideas and opinions are always encouraged from each level of the management. The LCL management believes in giving equal opportunity to every member of the LCL team to share their expertise whenever and wherever needed.

Conflict Resolution

Conflict resolution department at Plants and HR department in head office play very critical role in harmonizing labor and employee relations. There is a tribunal committee that conciliates and arbitrates all the issues and ensures a win-win situation.

Learning and Development

Lucky Cement is all about "working to learn, learning to work" culture. Here, people measure the opportunities, learn to convert them into success and adjust as per the needs of the change.

After every performance appraisal, training needs are identified and company sends the personnel for the training or arranges for seminars and sessions as per the need. Training sessions are also conducted according to the need and requirement of any department.

Change Management

Lucky Cement is very adaptive to changes and encourages its employees to implement new ideas to achieve excellence. Continuous improvement plans and programs are implemented for enhancing the efficiency and effectiveness of all the departments.

Favorable Working Conditions

Lucky Cement understands the value of a proper and comfortable office environment so that the maximum results and performance oriented outcomes can be achieved. Therefore, at Lucky Cement consultative approach is taken. An ideal work environment is such in which personnel can grow not only professionally, but also intellectually. Where individuals are encouraged to share their knowledge and their work is appreciated in terms of having an economic stability and security within the organization. At Lucky Cement work place and the employee, understand each other in terms of professionalism, give enough space to individual motivation, and a healthy team work helps to dedicate potential.

Award Ceremony for Long Services, Pezu

Lucky Cement cherished the dedication and services of all the employees. Lucky Cement is fortunate to have many employees who have been serving the company for more than a decade. This shows that our pro-employee policies are not only beneficial in monetary terms, but also provide job satisfaction to our employees.

On June 4, 2011, the Pezu factory management held a grand award ceremony for appreciating and acknowledging the services of such employees. Awards and gifts were given to around 50 employees, who have been associated with the company for 15 years and more.

Mr. Shuja Shams - GM HR was also present at the event along with other management. He reaffirmed the commitment of the management, with the employees, to continue working for employee welfare and took assurance from the employees that they will continue working towards the betterment of the company.

Luckians' Night Out

Lucky Cement also organized a healthy, entertaining and a relaxing picnic at 'Dream World'. Families of the employees including children were also invited.

The trip was held on Saturday 11th June, 2011. The caravan left around 6.30 in the evening. After a cozy ride to the destination, the coasters and cars got parked and all Luckians with their families entered Dream World. There was a separate place designated for the employees. Chairs were kept with a proper stage in the front with a DJ on the side. The seating area was surrounded by the Cabanas that were organized for people who would like to surrender to their exhaustion after a night full of fun. Delicious food was served and everyone, including the senior management was excited and enjoyed the best times. Competitions like Antakshiri were held for staff and their children. The venue also had attractions like long slides, water park and indoor games. This was indeed a refresher for the employees and left everyone happy and elated.

Changing Times – *Safety and Security*

Safety and **Security**

For us, safety and security means not just protecting our employees from any hazards, but also taking all the requisite measure to prevent any harm. We ensure that all our stakeholders are protected from any potential hazards. Today, information related to health issues is widely available and just a click away, but still a significant and hands-on knowledge regarding the typical signs and risk factors associated with serious medical conditions is needed. We effectively control any risks to injury or health that could arise at the workplace and educate our employees on how to deal with risks and train them with various first-aid techniques.

Basic Life Support

Basic life support consists of a number of medical procedures provided to patients with life threatening conditions that may cause pain or dysfunction. We organized a session on Basic Life Support training for our employees, which was fruitful in enabling them to identify several life-threatening emergencies, performing CPR and ease choking in a safe, timely and effective manner.

All the participants actively performed the practicals and were given certificates for their participation.

Fire Fighting

We regularly arrange fire-fighting sessions at our Plants to educate our employees about types of fire extinguishers, their uses and other related information. Practical demonstrations along with theoretical explanations are regularly conducted at our factories with skilled instructors.

So far, our employees are well equipped to work with following types of extinguishers:

BCF
Carbon Dioxide (CO_2)
Dry Chemical Powder (DCP)
Foam Type (AFFF)
Water Type (Soda Acid)
Fire Hydrant

We believe that the ample knowledge in first aid and basic life support should be an essential aspect for an office environment as these trainings are important for both the support provider and the victim and minimizes the potential of any unpleasant event.

Corporate **Calendar**

Important Dates

Board Meetings	1. August 10, 2010	2. October 21, 2010	3. January 31, 2011	4. April 16, 2011
Audit Committee Meetings	1. August 9, 2010	2. October 20, 2010	3. January 31, 2011	4. April 16, 2011
Corporate Governance Committee Meeting	January 25, 2011			
Last Annual General Meeting (AGM)	October 26, 2010			
Dividend	Announcement August 10, 2010	Approved and declared in AGM 26-10-2010	Dispatched November 13, 2010	

Financials

Financial Highlights

Leading the Change
Challenge the Norms

Six Years at a Glance

Financial Position	2006	2007	2008	2009	2010	2011
Assets Employed						
Property, plant and equipment	19,165	20,319	25,881	30,477	31,378	31,705
Intangible Assets	-	-	-	-	3	2
Long term investments	-	-	-	55	55	55
Long term deposit & deferred cost	2	2	2	2	2	3
Current assets	4,456	5,403	8,356	7,858	6,871	9,444
Total Assets	23,623	25,724	34,239	38,392	38,310	41,210
Financed By						
Shareholders' Equity	7,070	9,354	18,655	23,252	25,096	27,773
Long-term liabilities						
Long term finance	10,156	8,329	6,633	4,300	1,659	658
Current portion of long term finance	2,383	1,615	242	-	176	265
	12,539	9,944	6,875	4,300	1,834	923
Long term deposits and deferred liabilites	1,645	1,689	1,264	1,742	1,914	2,082
Current liabilities	4,752	6,352	7,687	9,099	9,642	10,697
Current portion of long term finance	(2,383)	(1,615)	(242)	-	(176)	(265)
	2,369	4,737	7,445	9,099	9,466	10,432
Total Funds Invested	23,623	25,724	34,239	38,392	38,310	41,210
Turnover & Profit						
Turnover	8,054	12,522	16,958	26,330	24,509	26,018
Gross Profit	2,980	3,675	4,357	9,811	7,979	8,711
Operating Profit	2,770	3,066	3,076	7,217	4,243	5,161
Profit before taxation	2,553	2,690	2,307	5,177	3,418	4,321
Profit after taxation	1,936	2,547	2,678	4,597	3,137	3,970
Cash Dividends	-	263	329	-	1,294	1,294
Bonus Shares	-	-	-	-	-	
General Reserve	-	3,000	2,000	-	5,000	2,500
Profit carried forward	3,446	2,730	3,078	7,675	4,519	4,696
Earnings per share (Rupees)	7.35	9.67	9.84	14.21	9.70	12.28
Break up value per share (Rupees)	26.84	35.51	57.69	71.90	77.61	85.88
Cash Flow Summary						
Net Cash from Operating Activities	2,724	1,850	1,225	6,515	5,267	4,074
Net Cash used in Investing Activities	(6,053)	(2,037)	(6,488)	(5,742)	(2,315)	(1,895)
Net Cash (Outflow) / Inflow from Financing Activities	6,038	(893)	2,841	1,577	(3,529)	(2,161)
(Decrease) /Increase in Cash and Cash Equivalents	2,709	(1,081)	(2,422)	2,350	(577)	18
Cash and Cash Equivalents at beginning of the Year	(645)	2,064	983	(1,439)	911	334
Cash and Cash Equivalents at end of the Year	2,064	983	(1,439)	911	334	351

Financial Performance

Financial Ratios	UoM	2006	2007	2008	2009	2010	2011
Profitability Ratios							
Gross profit to sales	percent	37.00%	29.35%	25.73%	37.26%	32.56%	33.48%
Net profit after tax to sales	percent	24.04%	20.34%	15.79%	17.46%	12.80%	15.26%
EBITDA to sales	percent	39.58%	31.54%	23.57%	31.51%	23.07%	25.88%
Return on Equity after tax	percent	27.38%	27.23%	14.35%	19.77%	12.50%	14.30%
Return on Capital Employed	percent	13.40%	14.59%	12.46%	17.40%	11.55%	14.39%
Liquidity Ratios							
Current ratio	percent	0.94 : 1	0.85 : 1	1.09 : 1	0.86 : 1	0.71 : 1	0.88 : 1
Quick/Acid test ratio	percent	0.58 : 1	0.43 : 1	0.46 : 1	0.36 : 1	0.23 : 1	0.18 : 1
Cash to Current Liabilities	percent	0.43 : 1	0.15 : 1	-0.19 : 1	0.10 : 1	0.03 : 1	0.03 : 1
Cash flow from Operations to Sales	percent	0.34 : 1	0.15 : 1	0.07 : 1	0.25 : 1	0.21 : 1	0.16 : 1
Activity / Turnover Ratios							
Inventory turnover	times	3.79	4.05	3.34	3.49	3.58	2.84
No. of days in Inventory	days	96.33	90.11	109.19	104.71	101.85	128.43
Debtor turnover	times	132.91	43.55	28.33	26.50	23.95	37.16
No. of days in Receivables	days	2.75	8.38	12.88	13.78	15.24	9.82
Creditor turnover	times	4.91	5.90	4.95	5.31	5.78	4.88
No. of days in Payables	days	74.30	61.84	73.81	68.79	63.16	74.73
Operating Cycle	days	24.78	36.65	48.27	49.69	53.93	63.52
Total assets turnover	percent	34.09%	48.67%	49.53%	68.58%	63.97%	63.13%
Fixed assets turnover	percent	42.02%	61.62%	65.52%	86.23%	77.96%	81.91%
Investment Valuation Ratios							
Earnings per share (after tax)	rupees	7.35	9.67	9.84	14.21	9.70	12.28
Price / Earning ratio (after tax)	rupees	13.66	12.72	9.96	4.12	6.40	5.77
Dividend Yield	percent	1.00%	1.02%	-	6.83%	6.44%	5.65%
Dividend Payout ratio	percent	13.61%	12.93%	-	28.15%	41.23%	32.58%
Dividend Cover ratio	times	7.35	7.74	-	3.55	2.43	3.07
Cash Dividend per share	rupees	1.00	1.25	-	4.00	4.00	4.00
Market Value Per Share as on 30th June	rupees	100.42	123.04	97.93	58.53	62.14	70.84
Capital Structure Ratios							
Financial leverage ratio	percent	1.87 : 1	1.37 : 1	0.56 : 1	0.45 : 1	0.32 : 1	0.26 : 1
Weighted Average Cost of Debt	percent	0.78%	6.64%	1.09%	11.80%	6.12%	6.76%
Debt : Equity ratio	times	1.44 : 1	0.89 : 1	0.36 : 1	0.18 : 1	0.07 : 1	0.02 : 1
Interest Coverage ratio	times	33.45	3.55	24.27	5.83	7.45	9.97

LUCKY CEMENT

Financial Highlights

Analysis of Balance Sheet

Amount in '000'	2006	2007	2008	2009	2010	2011
Share Capital & Reserves	7,069,633	9,353,550	18,655,423	23,251,972	25,095,929	27,772,829
Non Current Liabilities	11,801,109	10,024,247	7,896,754	6,041,712	3,572,624	2,740,237
Current Liabilities	4,752,035	6,352,429	7,686,897	9,098,678	9,641,691	10,696,789
Total Equity & Liabilities	**23,622,777**	**25,730,226**	**34,239,074**	**38,392,362**	**38,310,244**	**41,209,855**
Non Current Assets	19,167,283	20,321,083	25,883,550	30,534,420	31,438,780	31,765,389
Current Assets	4,455,494	5,409,143	8,355,524	7,857,942	6,871,464	9,444,466
Total Assets	**23,622,777**	**25,730,226**	**34,239,074**	**38,392,362**	**38,310,244**	**41,209,855**

Vertical Analysis - %	2006	2007	2008	2009	2010	2011
Share Capital & Reserves	29.92	36.35	54.49	60.56	65.50	67.39
Non Current Liabilities	49.96	38.96	23.06	15.74	9.33	6.65
Current Liabilities	20.12	24.69	22.45	23.70	25.17	25.96
Total Equity & Liabilities	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**
Non Current Assets	81.14	78.98	75.60	79.53	82.06	77.08
Current Assets	18.86	21.02	24.40	20.47	17.94	22.92
Total Assets	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**

Horizontal Analysis (i) Cumulative %	2006	2007	2008	2009	2010	2011
Share Capital & Reserves	100.00	32.31	163.88	228.90	254.98	292.85
Non Current Liabilities	100.00	(15.06)	(33.08)	(48.80)	(69.73)	(76.78)
Current Liabilities	100.00	33.68	61.76	91.47	102.90	125.10
Total Equity & Liabilities	**100.00**	**8.92**	**44.94**	**62.52**	**62.18**	**74.45**
Non Current Assets	100.00	6.02	35.04	59.30	64.02	65.73
Current Assets	100.00	21.40	87.53	76.37	54.22	111.97
Total Assets	**100.00**	**8.92**	**44.94**	**62.52**	**62.18**	**74.45**

Horizontal Analysis (ii) Year on Year %	2006	2007 vs 2006	2008 vs 2007	2009 vs 2008	2010 vs 2009	2011 vs 2010
Share Capital & Reserves	100.00	32.31	99.45	24.64	7.93	10.67
Non Current Liabilities	100.00	(15.06)	(21.22)	(23.49)	(40.87)	(23.30)
Current Liabilities	100.00	33.68	21.01	18.37	5.97	10.94
Total Equity & Liabilities	**100.00**	**8.92**	**33.07**	**12.13**	**(0.21)**	**7.57**
Non Current Assets	100.00	6.02	27.37	17.97	2.96	1.04
Current Assets	100.00	21.40	54.47	(5.96)	(12.55)	37.44
Total Assets	**100.00**	**8.92**	**33.07**	**12.13**	**(0.21)**	**7.57**

Analysis of Profit & Loss Accounts

Amount in '000	2006	2007	2008	2009	2010	2011
Turnover	8,054,101	12,521,861	16,957,879	26,330,404	24,508,793	26,017,519
Cost of Sales	5,073,797	8,846,708	12,600,706	16,519,138	16,529,932	17,306,400
Gross Profit	**2,980,304**	**3,675,153**	**4,357,173**	**9,811,267**	**7,978,861**	**8,711,119**
Distribution Cost	103,489	497,729	1,155,054	2,427,837	3,433,047	3,236,425
Administrative Cost	106,740	111,311	125,752	165,936	303,244	313,389
Operating Profit	**2,770,075**	**3,066,113**	**3,076,367**	**7,217,494**	**4,242,570**	**5,161,305**
Finance Cost	82,809	862,847	126,743	1,236,971	569,184	517,788
Other Income/Charges	134,290	(487,085)	643,095	803,521	255,872	322,996
Profit before taxation	**2,552,976**	**2,690,351**	**2,306,529**	**5,177,002**	**3,417,514**	**4,320,521**
Taxation	617,026	143,059	(371,141)	580,453	280,057	350,121
Profit after taxation	**1,935,950**	**2,547,292**	**2,677,670**	**4,596,549**	**3,137,457**	**3,970,400**

Vertical Analysis - %	2006	2007	2008	2009	2010	2011
Turnover	100.00	100.00	100.00	100.00	100.00	100.00
Cost of Sales	63.00	70.65	74.31	62.74	67.44	66.52
Gross Profit	**37.00**	**29.35**	**25.69**	**37.26**	**32.56**	**33.48**
Distribution Cost	1.28	3.97	6.81	9.22	14.01	12.44
Administrative Cost	1.33	0.89	0.74	0.63	1.24	1.20
Operating Profit	**34.39**	**24.49**	**18.14**	**27.41**	**17.31**	**19.84**
Finance Cost	1.03	6.89	0.75	4.70	2.32	1.99
Other Income/Charges	1.67	(3.89)	3.79	3.05	1.04	1.24
Profit before taxation	**31.70**	**21.49**	**13.60**	**19.66**	**13.94**	**16.61**
Taxation	7.66	1.14	(2.19)	2.20	1.14	1.35
Profit after taxation	**24.04**	**20.34**	**15.79**	**17.46**	**12.80**	**15.26**

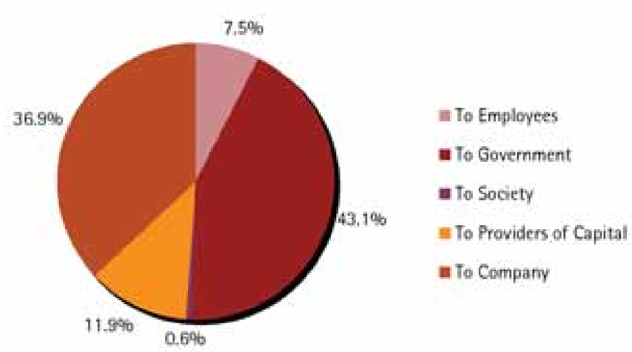
Horizontal Analysis (i) Cumulative - %	2006	2007	2008	2009	2010	2011
Turnover	100.00	55.47	110.55	226.92	204.30	223.03
Cost of Sales	100.00	74.36	148.35	225.58	225.79	241.09
Gross Profit	**100.00**	23.31	46.20	229.20	167.72	192.29
Distribution Cost	100.00	380.95	1,016.11	2,245.99	3,217.31	3,027.31
Administrative Cost	100.00	4.28	17.81	55.46	184.10	193.60
Operating Profit	**100.00**	**10.69**	**11.06**	**160.55**	**53.16**	**86.32**
Finance Cost	100.00	941.97	53.05	1,393.76	587.35	525.28
Other Income/Charges	100.00	(462.71)	378.89	498.35	90.54	140.52
Profit before taxation	**100.00**	**5.38**	**(9.65)**	**102.78**	**33.86**	**69.23**
Taxation - Current	100.00	(76.81)	(160.15)	(5.93)	(54.61)	(43.26)
Profit after taxation	**100.00**	**31.58**	**38.31**	**137.43**	**62.06**	**105.09**

Horizontal Analysis (ii) Year vs Year - %	2006	2007 vs 2006	2008 vs 2007	2009 vs 2008	2010 vs 2009	2011 vs 2010
Turnover	100.00	55.47	35.43	55.27	(6.92)	6.16
Cost of Sales	100.00	74.36	42.43	31.10	0.07	4.70
Gross Profit	**100.00**	**23.31**	**18.56**	**125.18**	**(18.68)**	**9.18**
Distribution Cost	100.00	380.95	132.06	110.19	41.40	(5.73)
Administrative Cost	100.00	4.28	12.97	31.96	82.75	3.35
Operating Profit	**100.00**	**10.69**	**0.33**	**134.61**	**(41.22)**	**21.66**
Finance Cost	100.00	941.97	(85.31)	875.97	(53.99)	(9.03)
Other Income/Charges	100.00	(462.71)	(232.03)	24.95	(68.16)	26.23
Profit before taxation	**100.00**	**5.38**	**(14.27)**	**124.45**	**(33.99)**	**26.42**
Taxation - Current	100.00	(76.81)	(359.43)	(256.40)	(51.75)	25.02
Profit after taxation	**100.00**	**31.58**	**5.12**	**71.66**	**(31.74)**	**26.55**

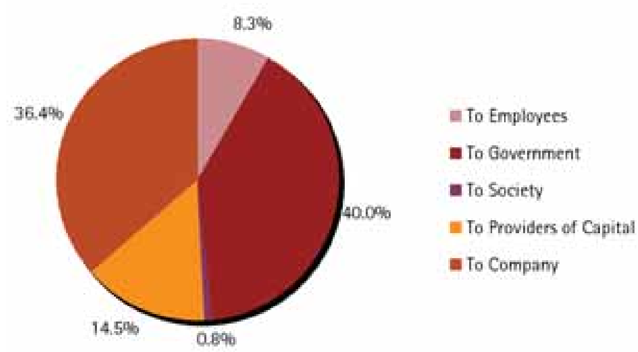
Statement of Value Addition & its Distribution

	2011 Rs. In '000'	%	2010 Rs. In '000'	%
WEALTH GENERATED				
Total revenue inclusive of sales tax and other income	31,769,539		29,054,803	
Bought-in-material and services	(16,747,452)		(16,539,009)	
	15,022,087	100.0%	12,515,794	100.0%
WEALTH DISTRIBUTION				
To Employees				
Salaries, benefits and other costs	1,128,979	7.5%	1,034,769	8.3%
To Government				
Income tax, sales tax, excise duty and others	6,474,185	43.1%	5,002,159	40.0%
To Society				
Donation towards education, health and environment	89,822	0.6%	104,046	0.8%
To Providers of Capital				
Dividend to shareholders	1,293,500	8.6%	1,293,500	10.3%
Markup / Interest expenses on borrowed funds	493,165	3.3%	531,401	4.2%
To Company				
Depreciation, amortization & retained profit	5,542,436	36.9%	4,549,919	36.4%
	15,022,087	100.0%	12,515,794	100.0%

WEALTH DISTRIBUTION 2011



WEALTH DISTRIBUTION 2010



Quarter wise Financial Performance - Balance Sheet

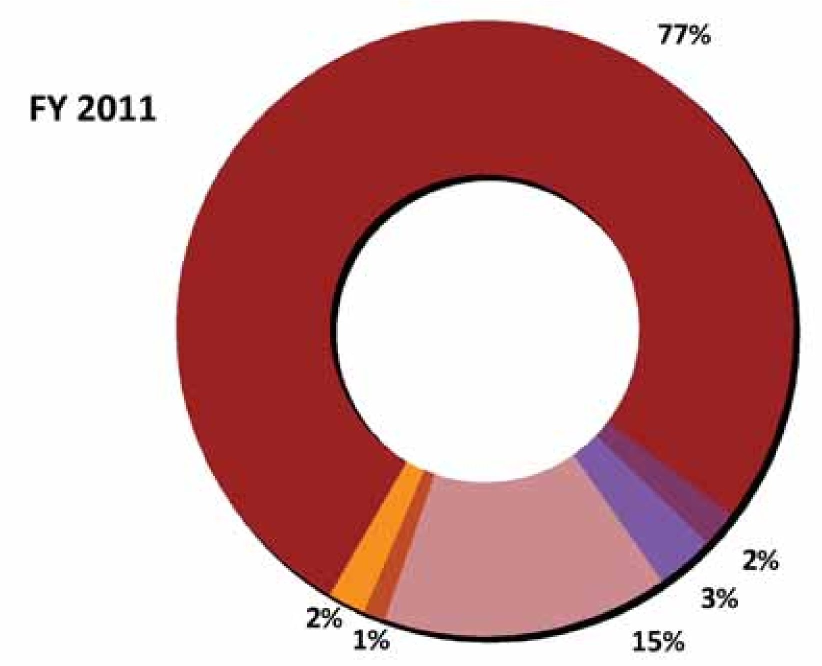
Amount in '000'	2010-2011				2009-2010			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
NON CURRENT ASSETS								
Property, plant and equipment	31,383,905	31,201,018	31,089,845	31,705,156	30,604,920	31,422,802	31,505,488	31,378,255
Intangible assets	2,610	2,244	1,991	1,685	-	3,620	3,173	2,977
Long term advance	55,373	55,373	55,373	55,373	55,373	55,373	55,373	55,373
Long term deposits	2,175	2,175	3,175	3,175	2,175	2,175	2,175	2,175
	31,444,063	31,260,810	31,150,384	31,765,389	30,662,468	31,483,970	31,566,209	31,438,780
CURRENT ASSETS								
Stores and spares	4,691,056	4,899,633	6,376,029	6,313,584	3,626,195	3,321,496	3,395,176	4,008,288
Stock-in-trade	1,112,937	1,394,815	975,347	1,248,538	1,129,129	1,076,728	724,218	608,813
Trade debts - considered good	814,417	891,148	719,616	620,961	1,066,870	945,808	793,669	779,305
Loan and advances	82,815	84,828	110,213	72,164	120,302	103,426	92,519	105,915
Trade deposits and short term prepayments	67,833	63,504	48,867	38,669	13,186	65,936	43,617	48,807
Other receivables	177,776	200,176	185,449	218,884	42,438	62,959	49,912	184,805
Tax refunds due from the Government	538,812	538,812	538,812	538,812	538,812	538,812	538,812	538,812
Taxation - net	121,516	90,197	54,649	41,652	171,896	165,618	155,550	145,151
Sales Tax refundable	235,740	262,103	213,793	-	79,589	166,741	92,040	117,939
Cash and bank balance	235,692	364,200	431,453	351,202	184,563	239,333	460,382	333,629
	8,078,594	8,789,416	9,654,228	9,444,466	6,972,980	6,686,857	6,345,895	6,871,464
TOTAL ASSETS	39,522,657	40,050,226	40,804,612	41,209,855	37,635,448	38,170,827	37,912,104	38,310,244
SHARE CAPITAL AND RESERVES								
Authorized	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Issued, subscribed and paid up	3,233,750	3,233,750	3,233,750	3,233,750	3,233,750	3,233,750	3,233,750	3,233,750
Reserves	22,588,880	22,029,264	23,043,724	24,539,079	21,120,733	20,632,409	21,285,396	21,862,179
	25,822,630	25,263,014	26,277,474	27,772,829	24,354,483	23,866,159	24,519,146	25,095,929
NON CURRENT LIABILITES								
Long term finance	857,348	790,998	724,648	658,298	1,453,593	2,017,215	1,879,783	1,658,600
Long term deposits	35,319	36,435	35,600	37,306	28,969	28,905	29,421	31,957
Deferred liability	341,016	360,663	383,042	391,837	251,253	273,256	283,889	319,217
Deferred tax liability	1,562,850	1,562,850	1,594,819	1,652,796	1,588,462	1,650,617	1,650,617	1,562,850
	2,796,533	2,750,946	2,738,109	2,740,237	3,322,277	3,969,993	3,843,710	3,572,624
CURRENT LIABILITES								
Trade and other payables	2,609,470	3,837,131	3,463,399	4,043,689	2,391,703	2,461,763	2,628,883	3,043,320
Accured mark-up	129,051	164,002	86,979	85,448	235,747	167,732	155,739	155,500
Short term borrowings	7,922,864	7,769,733	7,973,251	6,302,252	7,331,238	7,523,481	6,445,495	6,267,112
Current portion of long term finance	242,109	265,400	265,400	265,400	-	181,699	319,131	175,759
	10,903,494	12,036,266	11,789,029	10,696,789	9,958,688	10,334,675	9,549,248	9,641,691
TOTAL CAPITAL EMPLOYED	39,522,657	40,050,226	40,804,612	41,209,855	37,635,448	38,170,827	37,912,104	38,310,244

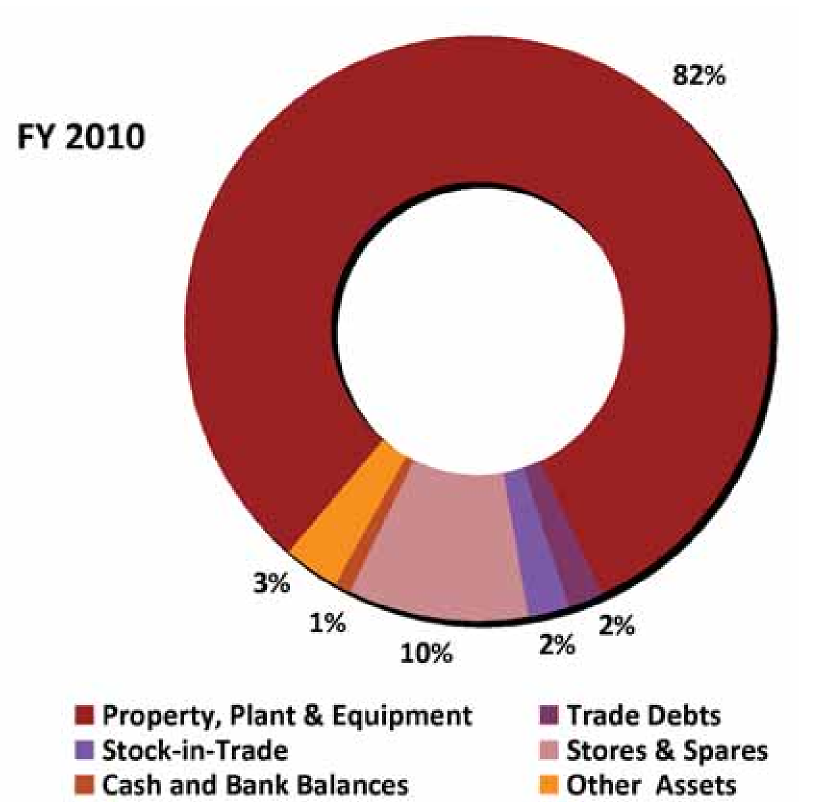
Quarter wise Financial Performance - Profit and Loss Accounts

Amount in '000'	2010-2011				2009-2010			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Gross sales	6,638,731	7,768,339	8,111,851	9,248,132	7,038,727	7,087,546	7,173,180	7,753,448
Less: Sales tax and excise duty	1,005,866	1,280,333	1,568,147	1,691,203	945,225	890,905	1,177,635	1,212,694
Rebates and commission	48,693	44,278	40,156	70,858	51,862	122,108	84,900	58,779
	1,054,559	1,324,611	1,608,303	1,762,061	997,087	1,013,013	1,262,535	1,271,473
Net sales	5,584,172	6,443,728	6,503,548	7,486,071	6,041,640	6,074,533	5,910,645	6,481,975
Cost of sales	3,852,140	4,208,048	4,438,304	4,807,908	3,807,586	3,784,031	4,147,722	4,790,593
GROSS PROFIT	**1,732,032**	**2,235,680**	**2,065,244**	**2,678,163**	**2,234,054**	**2,290,502**	**1,762,923**	**1,691,382**
Distribution cost	688,381	1,127,247	696,746	724,051	680,362	1,046,220	823,674	882,791
Administrative expenses	58,546	99,525	55,872	99,446	44,042	114,103	67,512	77,587
	746,927	1,226,772	752,618	823,497	724,404	1,160,323	891,186	960,378
OPERATING PROFIT	985,105	1,008,908	1,312,626	1,854,666	1,509,650	1,130,179	871,737	731,004
Finance cost	143,560	150,589	117,647	105,992	154,756	143,129	120,424	150,875
Other operating income	(148)	(111)	(155)	(2,072)	(1,308)	(349)	(73)	(172)
Other charges	59,154	60,105	83,670	122,553	95,199	69,271	52,685	40,619
	202,566	210,583	201,162	226,473	248,647	212,051	173,036	191,322
PROFIT BEFORE TAXATION	782,539	798,325	1,111,464	1,628,193	1,261,003	918,128	698,701	539,682
Taxation						-		-
Current	55,842	64,438	65,035	74,860	48,520	50,797	45,714	50,666
Deferred	-	-	31,969	57,977	109,972	62,155	-	(87,767)
	55,842	64,438	97,004	132,837	158,492	112,952	45,714	(37,101)
PROFIT FOR THE YEAR	**726,697**	**733,887**	**1,014,460**	**1,495,356**	**1,102,511**	**805,176**	**652,987**	**576,783**

COMPOSITION OF BALANCE SHEET

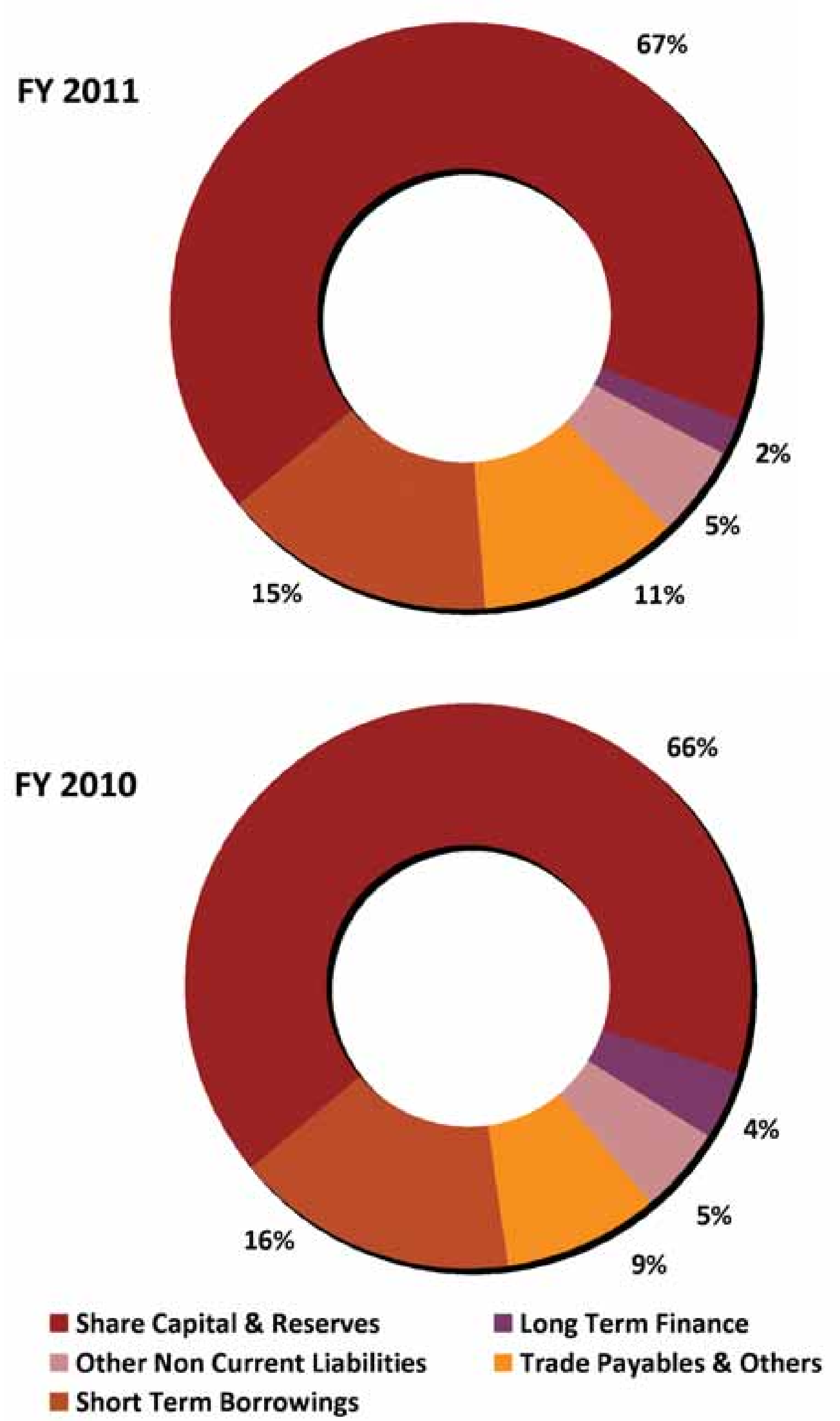
ASSETS



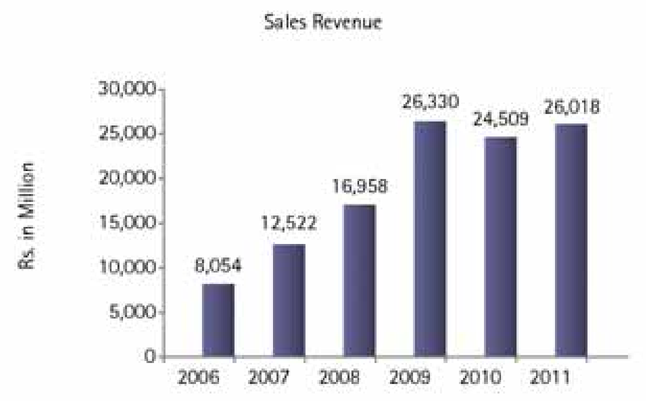


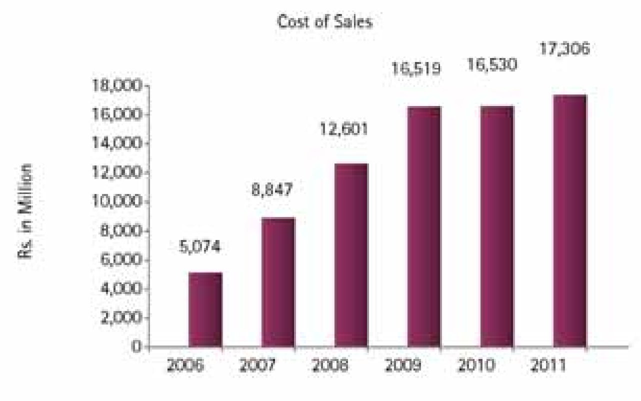
COMPOSITION OF BALANCE SHEET

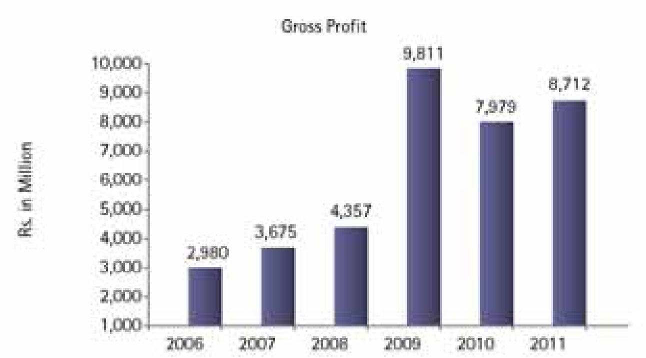
EQUITY AND LIABILITIES

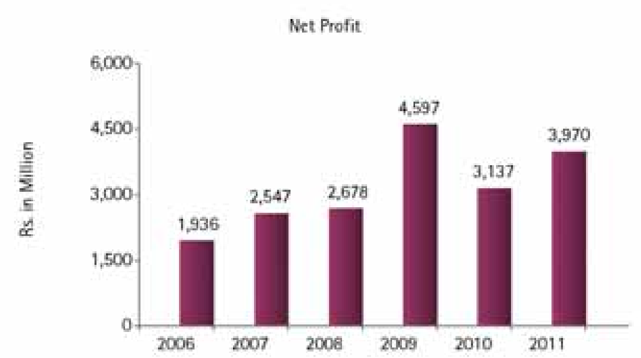


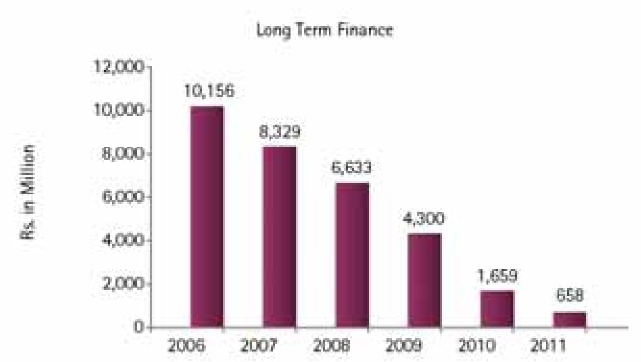
FINANCIALS AT A GLANCE











Statement of Compliance with the Code of Corporate Governance For the year ended June 30, 2011

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

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

1. The Company encourages representation of non-executive directors on its Board. The Board of Directors comprises eight directors, excluding the Chief Executive Officer (CEO). At present the Board includes six non-executive directors and two executive directors.

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

3. All the Resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an 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, 2011.

5. The Company has already adopted and circulated a “Statement of Ethics and Business Practices”, which has been signed by all the Directors and employees of the Company.

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

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

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

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

10. The CFO and Company Secretary continued their service and no change was made during this financial year.

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

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

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

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

15. The Board has formed an Audit Committee comprising of 5 members, all of whom are non-Executive Directors including Chairman.

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

17. The related party transactions have been placed before the Audit Committee and approved by the Board of Directors along with pricing methods for transactions carried out on terms equivalent to those that prevail in the arm's length transactions.

18. The Board has outsourced the scope of Internal Audit work to M/s. M. Yousuf Adil Saleem & Co., Chartered Accountants. A member firm of 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.

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

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

21. We confirm that all other material principles contained in the code have been complied with.

On Behalf of the Board of Directors

Muhammad Yunus Tabba
Chairman / Director

Muhammad Ali Tabba
Chief Executive

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

We have reviewed the Statement of Compliance with the best practices (the statement) contained in the Code of Corporate Governance (the Code) for the year ended 30 June 2011, prepared by the Board of Directors of Lucky Cement Limited (the Company) to comply with the Listing Regulation No. 35 (Chapter XI) of the Karachi Stock Exchange (Guarantee)Limited, Listing Regulation No. 35 (Chapter XI) of the Lahore Stock Exchange (Guarantee) Limited and Listing Regulation No. 35 (Chapter XI) of Islamabad Stock Exchange (Guarantee) Limited where the Company is listed.

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

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

Further, The Listing Regulations require 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 of Corporate Governance as applicable of the Company for the year ended 30 June 2011.

Ernst & Young Ford Rhodes Sidat Hyder

Chartered Accountants

Date: July 30, 2011

Karachi

Auditors' Report to the Members

We have audited the annexed balance sheet of Lucky Cement Limited (the Company) as at 30 June 2011 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

b) in our opinion:

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied, except for the change as stated in note 4.3 to the accompanying financial statements, with which we concur;

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

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

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2011 and of the profit, its cash flows and changes in equity for the year then ended; and

d) in our opinion Zakat deductible at source under the Zakat and Usher Ordinance, 1980(XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

We draw attention to note 14 to the financial statements which explains the reasons for recording an asset representing a claim of refund of excise duty amounting to Rs. 538.812 million (2010: Rs. 538.812 million) in the books of account of the Company. Our opinion is not qualified in respect of this matter.

Ernst & Young Ford Rhodes Sidat Hyder

Chartered Accountants
Audit Engagement Partner: Shariq Ali Zaidi
Karachi

Balance Sheet
As at June 30, 2011

	Note	2011	2010
		(Rupees in '000')	
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
Property, plant and equipment	5	31,705,156	31,378,255
Intangible assets	6	1,685	2,977
		31,706,841	31,381,232
Long term advance	7	55,373	55,373
Long term deposits		3,175	2,175
		31,765,389	31,438,780
CURRENT ASSETS			
Stores and spares	8	6,313,584	4,008,288
Stock-in-trade	9	1,248,538	608,813
Trade debts - considered good	10	620,961	779,305
Loans and advances	11	72,164	86,471
Trade deposits and short term prepayments	12	38,669	48,807
Other receivables	13	218,884	204,249
Tax refunds due from the Government	14	538,812	538,812
Taxation - net		41,652	145,151
Sales tax refundable		-	117,939
Cash and bank balances	15	351,202	333,629
		9,444,466	6,871,464
TOTAL ASSETS		41,209,855	38,310,244
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	16	3,233,750	3,233,750
Reserves	17	24,539,079	21,862,179
		27,772,829	25,095,929
NON- CURRENT LIABILITIES			
Long term finance	18	658,298	1,658,600
Long term deposits	19	37,306	31,957
Deferred liability	20	391,837	319,217
Deferred tax liability	21	1,652,796	1,562,850
		2,740,237	3,572,624
CURRENT LIABILITIES			
Trade and other payables	22	4,043,689	3,043,320
Accrued mark-up	23	85,448	155,500
Short term borrowings	24	6,302,252	6,267,112
Current portion of long term finances	18	265,400	175,759
		10,696,789	9,641,691
CONTINGENCIES AND COMMITMENTS	25		
TOTAL EQUITY AND LIABILITIES		41,209,855	38,310,244

The annexed notes from 1 to 41 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, 2011

	Note	2011	2010
		(Rupees in '000')	
Gross sales	26	31,767,053	29,052,901
Less: Sales tax and excise duty		5,545,549	4,226,459
Rebates and commission		203,985	317,649
		5,749,534	4,544,108
Net sales		26,017,519	24,508,793
Cost of sales	27	(17,306,400)	(16,529,932)
Gross profit		8,711,119	7,978,861
Distribution cost	28	(3,236,425)	(3,433,047)
Administrative expenses	29	(313,389)	(303,244)
Finance cost	30	(517,788)	(569,184)
Other charges	31	(325,482)	(257,774)
Other income	32	2,486	1,902
Profit before taxation		4,320,521	3,417,514
Taxation			
- current	33	(260,175)	(195,697)
- deferred		(89,946)	(84,360)
		(350,121)	(280,057)
Profit after taxation		3,970,400	3,137,457
Other comprehensive income		-	-
Total comprehensive income for the year		3,970,400	3,137,457
		(Rupees)	
Earnings per share - basic and diluted	34	12.28	9.70

The annexed notes from 1 to 41 form an integral part of these financial statements.

Muhammad Yunus Tabba
Chairman / Director

Muhammad Ali Tabba
Chief Executive

LUCKY CEMENT

Cash Flow Statement
For the year ended June 30, 2011

	Note	2011	2010
		(Rupees in '000')	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flows generated from operations	35	4,842,927	6,087,267
Finance cost paid		(587,841)	(647,065)
Income tax paid		(156,677)	(164,264)
Gratuity paid		(29,176)	(12,300)
		(773,694)	(823,629)
Long term deposits		4,349	3,368
Net cash flows from operating activities		4,073,582	5,267,006
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(1,905,143)	(2,320,832)
Sale proceeds on disposal of property, plant and equipment		9,711	5,879
Net cash used in investing activities		(1,895,432)	(2,314,953)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term finance		(910,661)	(2,465,641)
Receipt of short term borrowings		35,140	217,372
Dividends paid		(1,285,056)	(1,281,045)
Net cash used in financing activities		(2,160,577)	(3,529,314)
Net increase / (decrease) in cash and cash equivalents		17,573	(577,261)
Cash and cash equivalents at the beginning of the year		333,629	910,890
Cash and cash equivalents at the end of the year	15	351,202	333,629

The annexed notes from 1 to 41 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, 2011

	Issued, subscribed and paid-up capital	Capital reserve	Revenue reserves		Total reserves	Total Equity
		Share premium	General Reserve	Unappro-priated profit		
	(Rupees in '000')					
Balance as at June 30, 2009	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 the rate of Rs. 4/- per share for the year ended June 30, 2009	-	-	-	(1,293,500)	(1,293,500)	(1,293,500)
Total comprehensive income for the year	-	-	-	3,137,457	3,137,457	3,137,457
Balance as at June 30, 2010	3,233,750	7,343,422	10,000,000	4,518,757	21,862,179	25,095,929
Transfer to general reserve	-	-	2,500,000	(2,500,000)	-	-
Final dividend at the rate of Rs. 4/- per share for the year ended June 30, 2010	-	-	-	(1,293,500)	(1,293,500)	(1,293,500)
Total comprehensive income for the year	-	-	-	3,970,400	3,970,400	3,970,400
Balance as at June 30, 2011	3,233,750	7,343,422	12,500,000	4,695,657	24,539,079	27,772,829

The annexed notes from 1 to 41 form an integral part of these financial statements.

Muhammad Yunus Tabba
Chairman / Director

Muhammad Ali Tabba
Chief Executive

LUCKY CEMENT

Notes to the Financial Statements
For the year ended June 30, 2011

1. THE COMPANY AND ITS OPERATIONS

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

2. STATEMENT OF COMPLIANCE

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

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revision to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to these financial statements:

Property, plant and equipment

The Company has made certain estimations with respect to residual value, depreciation method and depreciable lives of property, plant and equipments. Further, the Company reviews the value of assets for possible impairment on each reporting period.

Provision for stores and spares

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

Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in note 20.1.5 to these financial statements for valuation of present value of defined benefit obligations.

Income taxes

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

Future estimation of export sales

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

Contingencies

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Accounting convention

These financial statements have been prepared under the historical cost convention, except for defined benefit obligations which are stated at present value in accordance with the requirements of IAS-19 "Employee Benefits", as referred to in note 20.

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

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

Standard or Interpretation		Effective date {accounting periods beginning on or after)
IAS 1	Presentation of Financial Statements - Amendments to revise the way other comprehensive income is presented	July 01, 2012
IFRS 7	Financial Instruments : Disclosures - Amendments enhancing disclosures about transfers of financial assets	July 01, 2011
IAS 12	Income Tax (Amendment) — Deferred Taxes : Recovery of underlying assets	January 01, 2012
IAS 19	Employee Benefits - Amended Standard resulting from the post-employment benefits and termination benefits projects	January 01, 2013
IAS 24	Related Party Disclosures (Revised)	January 01, 2011
IFRIC 14	Prepayments of a Minimum Funding Requirement (Amendment)	January 01, 2011

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

In addition to the above, amendments to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 January 2011. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

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

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

4.3 Standards, amendments and interpretations adopted during the year

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

Notes to the Financial Statements
For the year ended June 30, 2011

New and amended standards and interpretations

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

IFRS - 2	Group Cash-settled Share-based Payment Arrangements
IAS - 32	Financial Instruments: Presentation - Classification of Rights Issues (Amendment)
IFRIC - 19	Extinguishing Financial Liabilities with Equity Instruments

Improvements to various standards issued by IASB

Issued in 2009

IFRS 5	Non-Current Assets Held for Sale and Discontinued Operations
IFRS 8	Operating Segments
IAS 1	Presentation of Financial Statements
IAS 7	Statement of Cash flows Presentation of Financial Statements
IAS 17	Leases
IAS 36	Impairment of Assets
IAS 39	Financial Instruments : Recognition and Measurement

Issued in May 2010

IFRS 3	Business Combinations
IAS 27	Consolidated and Separate Financial Statements

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

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

4.4 Property, plant and equipment

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

Cost in relation to certain fixed assets, including capital work-in-progress, signifies historical cost and financial charges on borrowings as stated in note 4.17 to these financial statements.

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

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

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalized.

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

4.5 Intangible assets

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

Amortization is charged to profit and loss account applying the straight line method.

4.6 Stores and spares

These are valued at lower of weighted average cost and net realizable value, except items in transit, which are stated at cost. Provision for slow moving, damaged and obsolete items are charged to profit and loss account. Value of items is reviewed at each balance sheet date to record provision for any slow moving items, damaged and obsolete items.

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

4.7 Stock-in-trade

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

i) Raw and packing material	at weighted average cost comprising of quarrying / purchase price, transportation, government levies and other overheads.
ii) Work-in-process and finished goods	at weighted average cost comprising direct cost of raw material, labour and other manufacturing overheads.

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

4.8 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.

4.9 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash and banks balances.

4.10 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.

4.11 Staff retirement benefits

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

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

4.12 Compensated absences

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

4.13 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.

4.14 Provisions

Provision are recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made to the amount of obligation. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

4.15 Taxation

Current

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

Notes to the Financial Statements
For the year ended June 30, 2011

Deferred

Deferred tax is provided in full using the balance sheet liability method on all temporary differences arising at the balance sheet date, between the tax bases of the assets and the liabilities and their carrying amounts. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which these can be utilized.

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

4.16 Revenue recognition

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

- Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods to customers.

- Return on bank deposits is recognized on a time proportion basis on the principal amount outstanding and at the rate applicable.

4.17 Borrowing costs

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

4.18 Foreign currency translations

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

4.19 Financial assets and liabilities

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

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

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

4.20 Offsetting

A financial asset and financial liability is off-set and the net amount is reported in the balance sheet when there is a legal enforceable right to set- off the transactions is available and also there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.21 Impairment

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

4.22 Dividend and appropriation to reserves

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

4.23 Functional and presentation currency

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

	Note	2011	2010
		(Rupees in '000')	
5. PROPERTY, PLANT AND EQUIPMENT			
Operating assets - tangible	5.1	30,565,211	29,465,134
Capital work-in-progress	5.4	1,139,945	1,913,121
		31,705,156	31,378,255

Notes to the Financial Statements
For the year ended June 30, 2011

5.1 Operating assets – tangible

	COST			DEPRECIATION/AMORTIZATION			BOOK VALUE	Rate of depreciation
	At July 01, 2010	Additions / *transfers / (disposals)	At June 30, 2011	At July 01, 2010	For the year/ (disposals)	At June 30, 2011	at June 30, 2011	
	(Rupees in '000')							
Land – leasehold	741,922	209,191	951,113	14,842	7,977	22,819	928,294	99 years
Building on leasehold land	5,913,079	*141,890	6,054,969	1,446,861	311,316	1,758,177	4,296,792	5%
Plant and machinery	18,884,099	4,150 *339,160	19,227,409	3,159,223	644,049 -	3,803,272	15,424,137	Units of production method
Generators	8,624,076	310 *1,824,146	10,448,532	1,278,000	486,806 -	1,764,806	8,683,726	Units of production method
Quarry equipments	800,927	-	800,927	235,889	40,046	275,935	524,992	5%
Vehicle including cement bulkers	653,534	28,126 *98,841 (12,761)	767,740	223,045	54,691 - (5,514)	272,222	495,518	10%-20%
Furniture and fixtures	42,559	706 *543 (153)	43,655	16,469	2,695 - (117)	19,047	24,608	10%
Office equipments	99,928	2,025 *3,358	105,311	41,074	6,170 -	47,244	58,067	10%
Computers and accessories	48,341	2,606 *1,866 (968)	51,845	36,908	4,702 - (770)	40,840	11,005	33%
Other assets (Laboratory equipment etc)	149,160	374 *20,830 (21)	170,343	40,180	12,093 - (2)	52,271	118,072	10%
June 30, 2011	**35,957,625**	**247,488 *2,430,634 (13,903)**	**38,621,844**	**6,492,491**	**1,570,545 - (6,403)**	**8,056,633**	**30,565,211**	

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

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

	Note	2011	2010
		(Rupees in '000')	
Cost of sales	27	1,488,133	1,327,229
Distribution cost	28	72,068	73,570
Administrative expenses	29	10,344	10,197
		1,570,545	1,410,996

5.3 The detail of property, plant and equipments 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							
Toyota Corolla, HV-531	1,213	895	318	397	79	Company policy	Mr. Shabbir Ahmed, D.I.Khan - Employee
Honda Motorcycle, KED-8508	66	13	53	63	10	Insurance Claim	New Jubilee Insurance Company Limited, Karachi.
Honda City, AJR-658	808	161	647	650	3	Company policy	Syed Mukhtar Ali, Karachi - Employee
Suzuki Mehran, ASN-807	508	102	406	499	93	Insurance Claim	New Jubilee Insurance Company Limited, Karachi.
Honda City, AHV-791	796	159	637	400	(237)	Company policy	Mr. Hameed, Karachi - Employee
Honda City, ARB-078	864	311	553	800	247	Company policy	Mr. Amin Ganny, Karachi - Employee
Toyota Corolla, AGY-872	1,219	900	319	450	131	Company policy	Mr. Hameed, Karachi - Employee
Honda Civic, APX-596	1,562	762	800	850	50	Company policy	A.R. Thaplawala, Karachi - Employee
Honda Civic, AHQ-962	1,307	965	342	291	(51)	Company policy	A.R. Thaplawala, Karachi - Employee
Hino truck, TLK-862	3,720	1,008	2,712	3,595	883	Insurance Claim	New Jubilee Insurance Company Limited, Karachi.
Suzuki Cultus, ARD-928	613	221	392	704	312	Insurance Claim	New Jubilee Insurance Company Limited, Karachi.
Honda Motorcycle, SR-481	85	17	68	83	15	Insurance Claim	New Jubilee Insurance Company Limited, Karachi.
Computer and accessories	900	719	181	900	719	Insurance Claim	New Jubilee Insurance Company Limited, Karachi.
Items having book value less than Rs. 50,000 each	242	170	72	29	(43)	Company policy	Various
Total	**13,903**	**6,403**	**7,500**	**9,711**	**2,211**		
2010	7,907	3,897	4,010	5,879	1,869		

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

	Note	Opening balance	Additions	Transferred to operating fixed assets (note 5.1)	Closing balance 2011	Closing balance 2010
		(Rupees in '000')				
Building and civil works		121,499	233,520	141,890	213,129	121,499
Plant and machinery	5.4.1	31,185	1,100,949	339,160	792,974	31,185
Generators	5.5	1,672,652	197,551	1,824,146	46,057	1,672,652
Hydel Power Project		61,347	-	-	61,347	61,347
Vehicles including bulkers		-	98,841	98,841	-	-
Others		26,438	26,597	26,597	26,438	26,438
		1,913,121	1,657,458	2,430,634	1,139,945	1,913,121

Notes to the Financial Statements
For the year ended June 30, 2011

5.4.1 It includes advance to suppliers and contractor amounting to Rs. 75.786 million (2010: Rs. 17.282 million).

5.5 During the year, the borrowing costs amounting to Rs. 8.274 million (2010: Rs. 154.240 million) have been capitalized in the capital work-in-progress pertaining to the Waste Heat Recovery Projects. Weighted average capitalization rate is 8.41% (2010: 10.28%) per annum.

6. INTANGIBLE ASSETS

Represents computer software - Oracle at a cost of Rs. 4.642 million which is amortized on straight line basis over the period of 36 months.

7. LONG TERM ADVANCE

This represents advance given to Sui Southern Gas Company Limited carrying interest at the rate of 2.9% (2010: 2.9%) per anum in respect of additional gas line which will be adjusted after commissioning of gas in 48 equal monthly installments.

	Note	2011	2010
		(Rupees in '000')	
8. STORES AND SPARES			
Stores	8.1	4,188,478	1,912,626
Spares	8.2	2,225,765	2,171,672
		6,414,243	4,084,298
Less: Provision for slow moving spares	8.3	100,659	76,010
		6,313,584	4,008,288

8.1 This includes stores in transit of Rs. 1,139.823 million (2010: Rs. 549.985 million) as at the balance sheet date.

8.2 This includes spares in transit of Rs. 46.053 million (2010: Rs. 107.649 million) as at the balance sheet date.

8.3 Movement in provision for slow moving spares:

	Note	2011	2010
Opening balance		76,010	50,626
Provision during the year	27	24,649	25,384
Closing balance		100,659	76,010
9. STOCK-IN-TRADE			
Raw and packing materials		539,202	315,374
Work-in-process		484,692	100,813
Finished goods		224,644	192,626
		1,248,538	608,813
10. TRADE DEBTS - considered good			
Bills receivable - secured		406,966	619,776
Others - unsecured		213,995	159,529
	10.1	620,961	779,305

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

	2011	2010
Neither past due nor impaired	620,961	779,305

	Note	2011	2010
		(Rupees in '000')	

11. LOANS AND ADVANCES

	Note	2011	2010
Considered good, secured			
Loans and advances due from:			
Employees	11.1	5,516	5,632
Executives	11.1 & 11.2	5,946	3,123
		11,462	8,755
Advances to suppliers and others		60,702	77,716
		72,164	86,471

11.1 Represents loans provided as per the Company's employee loan policy. These loans are secured against the gratuity of respective employees. The maximum aggregate balance due from executives at the end of any month during the year was Rs. 10.590 million (2010: Rs. 10.297 million).

11.2 **Reconciliation of carrying amount of loans to executives (key management personnel):**

	2011	2010
Opening balance	3,123	7,121
Disbursements	5,835	642
Repayment	(3,012)	(4,640)
Closing balance	5,946	3,123

12. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	2011	2010
Deposits		
Coal supplier	1,000	1,000
Utilities	730	159
Karachi Port Trust	5,740	3,990
Containers	60	-
Others	4,908	4,071
	12,438	9,220
Prepayments		
Insurance	11,785	16,349
L/c Margin	-	3,454
Rent	2,187	1,717
Others	12,259	18,067
	26,231	39,587
	38,669	48,807

13. OTHER RECEIVABLES - Unsecured, considered good

	Note	2011	2010
Inland freight subsidy - export	13.1	135,790	135,790
Rebate on export sales		45,576	37,865
Due from Collector of Customs	13.2	19,444	19,444
Others		18,074	11,150
		218,884	204,249

Notes to the Financial Statements
For the year ended June 30, 2011

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

13.2 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 benefit of SRO will not be given to the Company retrospectively despite the fact that the said clarification was issued on the representation of the Company.

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

14. TAX REFUNDS DUE FROM THE GOVERNMENT

A dispute with respect to the calculation of excise duty on retail price of cement arose between the Company and the Federal Board of Revenue (FBR) from the very first day the Company started sales of cement in 1996. The FBR's point of view was that excise duty be calculated on the declared retail price inclusive of excise duty whereas the Company contended that the excise duty would not be included in retail price for calculation of the excise duty payable to the Government. In June 2, 1997 the Company filed a writ petition before the Peshawar High Court seeking judgment on this matter. The dispute related to the period from June 26, 1996 to April 19, 1999 after which the FBR changed the mechanism of levying excise duty from percentage of retail price to a fixed amount of duty at the rate of Rs. 1,400 per ton. The Peshawar High Court after hearing both the parties issued a detailed judgment, operating paragraph of which is reproduced as follows:

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

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

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

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

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

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

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

	Note	2011	2010
		(Rupees in '000')	
15. CASH AND BANK BALANCES			
Cash in hand		1,330	1,031
Sales collection in transit		247,146	263,940
Cash at bank - on current accounts		38,869	22,286
- on deposit accounts		63,857	46,372
		102,726	68,658
		351,202	333,629
16. SHARE CAPITAL			
Authorized Capital			
500,000,000 (2010: 500,000,000) ordinary shares of Rs.10/- each		5,000,000	5,000,000
Issued, Subscribed and Paid-up Capital			
305,000,000 (2010: 305,000,000) ordinary shares of Rs.10/- each issued for cash	16.1	3,050,000	3,050,000
18,375,000 (2010: 18,375,000) ordinary shares of Rs. 10/-each issued as bonus shares		183,750	183,750
		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 GDRs issued by the Company on the Professional Securities Market of the London Stock Exchange. The GDR issue constituted an offering to qualified institutional buyers in the United States under Rule 144A and to non US persons outside the United States (US) under Regulation - S of the US Securities Act of 1933. The GDRs have also been included for trading on the International Order Book system of the London Stock Exchange, which will make the GDRs issued under Rule 144A to become eligible for trading by qualified institutional buyers in the Portal Market; a subsidiary of the NASDAQ Stock Market, Inc in the United States. The Company has issued 15,000,000 GDRs each representing four ordinary equity shares at an offer price of US$. 7.2838 per GDR (total receipt being US$. 109.257 million). Accordingly, based on an exchange rate of Rs. 65.90 = US$ 1.00 (which was the exchange rate on the date of final offering circular relating to the GDR issue made by the Company) 60,000,000 ordinary equity shares of a nominal value of Rs. 10 each of the Company were issued at a premium of Rs. 110 per ordinary equity share (total premium amount being Rs. 6,600 million).

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

Notes to the Financial Statements
For the year ended June 30, 2011

	Note	2011	2010
		(Rupees in '000')	
17. RESERVES			
Capital reserve			
Share premium		7,343,422	7,343,422
Revenue reserves			
General reserve		12,500,000	10,000,000
Unappropriated profit		4,695,657	4,518,757
		17,195,657	14,518,757
		24,539,079	21,862,179

18. LONG TERM FINANCE – secured

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

	Installments Number	Installments From	Note	2011	2010
Allied Bank Limited	16 quarterly	October 2010		597,620	1,135,620
Allied Bank Limited	16 quarterly	March 2011		326,078	698,739
				923,698	1,834,359
Less : Current portion of long term finance				(265,400)	(175,759)
			18.1 & 18.2	658,298	1,658,600

18.1 The long term finance carries floating mark-up at rates ranging between 7.50% and 8.2% (2010: 10.17% and 10.53%) per annum.

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

19. LONG TERM DEPOSITS

	Note	2011	2010
Cement stockists	19.1	11,976	9,727
Transporters	19.2	24,000	21,900
Others		1,330	330
		37,306	31,957

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.

20. DEFERRED LIABILITY

	Note	2011	2010
Staff gratuity	20.1	391,837	319,217

20.1 The amounts recognized in the balance sheet, based on the recent actuarial valuation carried on June 30, 2011 are as follows:

	2011	2010
20.1.1 Present value of defined benefit obligation	391,837	319,217

	Note	2011	2010
		(Rupees in '000')	

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

	2011	2010
Opening balance	319,217	234,633
Net charge for the year	101,796	96,884
	421,013	331,517
Payments made during the year	(29,176)	(12,300)
Closing balance	391,837	319,217

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

	2011	2010
Current service cost	57,049	51,754
Interest cost	42,649	30,502
Actuarial (gains) / losses recognized	2,098	14,628
	101,796	96,884

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

	Note	2011	2010
Cost of sales	27	78,951	67,155
Distribution cost	28	3,862	3,884
Administrative expenses	29	18,983	25,845
		101,796	96,884

20.1.5 Principal actuarial assumptions used are as follows:

	2011	2010
Expected rate of increase in salary level	14%	14%
Valuation discount rate	14%	14%

20.1.6 Comparisons for five years:

As at June 30	2011	2010	2009	2008	2007
	(Rupees in '000')				
Present value of defined benefit obligation	391,837	319,217	234,633	174,171	147,245

21. DEFERRED TAX LIABILITY

This comprises of the following :

	2011	2010
	(Rupees in '000')	
Deferred tax liability		
- Difference in tax and accounting bases of fixed assets	3,280,809	3,351,606
Deferred tax assets		
- Unabsorbed tax losses	(1,495,783)	(1,693,176)
- Provisions	(132,230)	(95,580)
	(1,628,013)	(1,788,756)
	1,652,796	1,562,850

LUCKY CEMENT

Notes to the Financial Statements
For the year ended June 30, 2011

21.1 Deferred tax asset has not been recognised on the tax credit available due to minimum tax provision amounting to Rs. 195.010 million (2010: Rs. 92.597 million) in accordance with the Company's policy as stated in note 4.15 to these financial statements.

	Note	2011	2010
		(Rupees in '000')	
22. TRADE AND OTHER PAYABLES			
Creditors		1,189,188	920,236
Bills payable		494,999	254,170
Accrued liabilities		744,209	617,667
Customers running account		659,047	281,052
Retention money		121,199	373,789
Sales tax payable		61,470	-
Other charges payable	22.1	512,491	342,074
Unclaimed and unpaid dividend		34,521	26,077
Excise duty payable		215,967	228,201
Others		10,598	54
		4,043,689	3,043,320

22.1 It includes Workers' Profit Participation Fund, the movement of which is as follows:

	Note	2011	2010
Balance at July 01,		156,942	170,136
Allocation for the year	31	232,487	184,124
Interest on funds utilized by the Company		3,735	7,196
		393,164	361,456
Payments during the year		(158,799)	(204,514)
		234,365	156,942

	Note	2011	2010
23. ACCRUED MARK-UP			
Long term finance		18,403	49,740
Short term borrowings		67,045	105,760
		85,448	155,500
24. SHORT TERM BORROWINGS – secured			
Export refinance	24.1 & 24.2	350,000	4,732,366
Foreign currency import finance	24.1 & 24.3	5,952,252	1,534,746
		6,302,252	6,267,112

24.1 The Company has financing facilities of Rs. 14,025 million available from various banks as at June 30, 2011 of which Rs. 7,723 million remained unutilized at the year end. These facilities are renewable and are secured by way of hypothecation on stores and spares, stock-in-trade and trade debts.

24.2 The export refinance facility carries mark-up at a rate ranging between 8.00% and 10.50% (2010: 7.50% and 9%) per annum.

24.3 These facilities are payable on various dates by June 30, 2012. The rate of interest on these facilities ranges between 0.60% and 2.50% (2010: 1.25% and 1.75%) per annum.

25. CONTINGENCIES AND COMMITMENTS

CONTINGENCIES

25.1 The Honourable Supreme Court of Pakistan while disposing off an appeal of the Collector of Customs, Karachi has issued a judgment on July 28, 2009 whereby it has set aside the earlier order of the Peshawar High Court decided in favour of the Company on the issue of plant and machinery imported under SRO 484(I)/92 dated May 14, 1992 after obtaining approvals from the concerned ministries. In August 20, 2009 the Company has filed a review petition against the referred order which is pending before the Honourable Supreme Court of Pakistan. The amount of disputed levy is not ascertainable at this stage as no order was earlier framed by the Collector of Customs.

25.2 The Company was entitled to sales tax exemption on cement produced by it from the date of commissioning to June 30, 2001 vide SROs 580(1)/91 and 561(1)/94 dated 27-06-1991 and 09-06-1994 respectively. In June 1997, the Federal Government withdrew the sales tax from the entire cement industry and deprived the Company from the advantage of its sales tax exemption. Being aggrieved, the Company had filed a writ petition in the Peshawar High Court. Subsequently, the sales tax exemption was restored on September 5, 2000. The writ petition was therefore withdrawn on legal advice but at the same time a suit was filed for compensation. The civil judge Peshawar has granted the ex-parte decree in favor of the Company amounting to Rs. 1,693.61 million along with 14% per annum until the said amount is actually paid. The above would be recorded at the appropriate time in accordance with the requirements of International Accounting Standard-37.

25.3 The Income Tax Department levied tax of Rs. 85 million on certain pre- operational earnings for assessment years 1994-95, 1995-96 and 1996-97. The Commissioner Income Tax (CIT) [Appeals] has reversed the order of the assessing officer and decided the case in favour of the Company. The Income Tax Department filed appeals before Income Tax Appellate Tribunal (ITAT) who deleted the order of CIT (Appeals). The Company filed an appeal in Peshawar High Court and the Court has decided the case against the Company. The Company has now filed appeal in the Honourable Supreme Court of Pakistan and also referred the matter to FBR for constitution of Dispute Resolution Committee. The amount of tax has already been deposited with the relevant tax authority.

25.4 The Competition Commission of Pakistan has passed a single order on August 27, 2009 against all the cement manufacturers of the country on the alleged ground of formation of cartel for marketing arrangement and thereby imposed a penalty at the rate of 7.5% of total turnover of each company consisting of both local and export sales. The amount of penalty imposed on the Company is Rs. 1,271.84 million which has been challenged in the Courts of Law. The Company's legal counsel is confident that the Company has a good case and there are reasonable chances of success to avoid the penalty, hence, no provision for the above has been made in these financial statements.

25.5 Also refer to notes 13.2 and 14 to these financial statements.

	2011	2010
	(Rupees in '000')	
COMMITMENTS		
25.6 Capital commitments		
Plant and machinery	304,738	163,325
25.7 Other commitments		
Stores, spares and packing material under letters of credit	1,364,705	1,960,445
Bank guarantees issued on behalf of the Company	638,629	672,940

Notes to the Financial Statements
For the year ended June 30, 2011

26. SALES - GROSS

	Note	2011	2010
		(Rupees in '000')	
Sales - local		20,130,785	14,191,487
- export		11,636,268	14,861,414
		31,767,053	29,052,901

27. COST OF SALES

	Note	2011	2010
Salaries, wages and benefits	20.1.4	957,453	881,365
Raw material consumed		999,735	959,358
Packing material	27.1	1,857,967	1,472,287
Fuel and power		10,949,832	10,131,354
Stores and spares consumed		1,054,096	731,240
Repairs and maintenance		86,507	53,675
Depreciation	5.2	1,488,133	1,327,229
Insurance		73,165	170,692
Provision for slow moving spares	8	24,649	25,384
Earth moving machinery		122,346	105,212
Vehicle running and maintenance		31,748	28,380
Communication		10,406	9,413
Mess subsidy		20,649	16,371
Transportation		4,217	10,459
Traveling and conveyance		4,692	3,740
Inspection fee for electrical installation		1,049	1,049
Rent, rates and taxes		1,708	1,404
Printing and stationery		2,659	1,424
Other manufacturing expenses		31,286	40,931
		17,722,297	15,970,967
Work-in-process:			
Opening		100,813	591,659
Closing		(484,692)	(100,813)
		(383,879)	490,846
Cost of goods manufactured		17,338,418	16,461,813
Finished goods:			
Opening		192,626	260,745
Closing		(224,644)	(192,626)
		(32,018)	68,119
		17,306,400	16,529,932

27.1 These are net of duty draw back on export sales amounting to Rs. 56.588 million (2010: Rs. 52.857 million).

28. DISTRIBUTION COST

	Note	2011	2010
Salaries and benefits	20.1.4	47,302	42,490
Logistic and related charges		3,024,099	3,233,415
Loading and others		43,216	28,472
Communication		3,377	3,499
Travelling and conveyance		2,018	2,518
Printing and stationery		855	812
Insurance		7,480	10,897
Rent, rates and taxes		7,394	6,537
Utilities		1,565	1,298
Vehicles running and maintenance		8,655	7,002
Repairs and maintenance		1,715	8,597
Fees, subscription and periodicals		563	606
Advertisement and sales promotion		11,262	9,713
Entertainment		727	580
Depreciation	5.2	72,068	73,570
Others		4,129	3,041
		3,236,425	3,433,047

	Note	2011	2010
		(Rupees in '000')	

29. ADMINISTRATIVE EXPENSES

	Note	2011	2010
Salaries and benefits	20.1.4	124,224	110,914
Communication		6,626	6,503
Travelling and conveyance		14,153	9,353
Insurance		1,050	1,268
Rent, rates and taxes		2,777	2,298
Vehicles running and maintenance		11,109	10,034
Printing and stationery		4,599	6,731
Fees and subscription		6,309	7,102
Security services		2,423	1,708
Legal and professional		15,097	8,638
Transportation and freight		67	329
Utilities		4,603	5,542
Repairs and maintenance		6,722	6,870
Advertisement		1,741	1,238
Donations	29.1	89,822	104,046
Auditors' remuneration	29.2	1,483	1,481
Other auditors' remuneration	29.3	6,103	5,279
Depreciation	5.2	10,344	10,197
Amortization		1,491	1,466
Others		2,646	2,247
		313,389	303,244

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

29.2 Auditors' Remuneration

Statutory auditors (Ernst & Young Ford Rhodes Sidat Hyder)

	2011	2010
Audit fee	1,000	1,000
Half yearly review fee	300	275
Fee for the review of compliance with Code of Corporate Governance	75	75
Out of pocket expenses	108	131
	1,483	1,481

29.3 Other Auditors' Remuneration

	2011	2010
Internal Auditors (M.Yousuf Adil Saleem & Co.)		
Remuneration	5,400	4,650
Others	518	487
	5,918	5,137
Cost auditors (KPMG Taseer Hadi & Co.)		
Cost audit fee	170	130
Out of pocket expenses	15	12
	185	142
	6,103	5,279

30. FINANCE COST

	2011	2010
Mark-up on long term finance	45,984	21,280
Mark-up on short term borrowings	447,181	510,121
Interest on Workers' Profits Participation Fund	3,735	7,196
Bank charges and commission	20,888	30,587
	517,788	569,184

Notes to the Financial Statements
For the year ended June 30, 2011

	Note	2011	2010
		(Rupees in '000')	
31. OTHER CHARGES			
Workers' Profits Participation Fund	22.1	232,487	184,124
Others		92,995	73,650
		325,482	257,774
32. OTHER INCOME			
Income from non-financial assets			
Gain on disposal of fixed assets	5.3	2,211	1,869
Others		275	33
		2,486	1,902

33. TAXATION

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

33.2 The tax assessments of the Company have been finalized upto and including the tax year 2010.

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 :

	2011	2010
Profit after tax	3,970,400	3,137,457
Weighted average number of ordinary shares (in thousands)	323,375	323,375
Earnings per share - (Rupees)	12.28	9.70

35. CASH GENERATED FROM OPERATIONS

	Note	2011	2010
Profit before taxation		4,320,521	3,417,514
Adjustments for non cash charges and other items			
Depreciation	5.2	1,570,545	1,410,996
Gain on disposal of property, plant and equipment	5.3	(2,211)	(1,869)
Provision for slow moving spares	8.3	24,649	25,384
Provision for gratuity	20.1.2	101,796	96,884
Amortization on intangible assets	29	1,491	1,466
Finance cost		517,788	569,184
Profit before working capital changes		6,534,579	5,519,559
(Increase) / decrease in current assets			
Stores and spares		(2,329,945)	(622,123)
Stock-in-trade		(639,725)	587,795
Trade debts		158,344	487,943
Loans and advances		14,307	2,961
Trade deposits and short term prepayments		10,138	(39,046)
Other receivables		(14,635)	(125,554)
Sales tax payable / refundable		117,939	(77,777)
		(2,683,577)	214,199
Increase in current liabilities			
Trade and other payables		991,925	353,509
		4,842,927	6,087,267

36. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Director(s)		Executives		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
	------------------------------ Rupees in '000' ------------------------------							
Remuneration	**12,000**	9,147	**3,401**	3,401	**84,296**	67,412	**99,697**	79,960
House rent allowance	**4,800**	3,659	**1,360**	1,360	**37,930**	30,335	**44,090**	35,354
Utility allowance	**1,200**	914	**339**	340	**8,429**	6,741	**9,968**	7,995
Conveyance allowance	**-**	-	**-**	-	**8,429**	6,741	**8,429**	6,741
Charge for defined benefit obligation	**1,500**	1,370	**425**	425	**23,344**	21,817	**25,269**	23,612
	19,500	15,090	**5,525**	5,526	**162,428**	133,046	**187,453**	153,662
Number of persons	**1**	1	**2**	2	**85**	71	**88**	74

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

36.3 An aggregate amount of Rs. 300,000/- was paid to 9 directors during the year as fee for attending board meetings (2010: 9 directors were paid Rs. 280,000/-).

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:

		2011	2010
		(Rupees in '000')	
Associated Companies			
Lucky Paragon ReadyMix Limited	Sales	**60,512**	80,163
	Purchases	**55**	22
Fazal Textile Mills Limited	Sales	**13,323**	4,768
Yunus Textile Mills Limited	Sales	**2,173**	1,650
Lucky Textile Mills	Sales	**7,384**	717
Gadoon Textile Mills Limited	Sales	**23,270**	614
Aziz Tabba Foundation	Sales	**1,469**	2,278

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

38. PRODUCTION CAPACITY

	Metric Tons	
	2011	2010
Production Capacity - (Cement)	**7,750,000**	7,750,000
Actual Production Clinker	**5,658,353**	6,054,713
Actual Production Cement	**5,779,710**	6,461,726

38.1 Production capacity utilization is 74.58% (2010: 83.38%) of total installed capacity.

Notes to the Financial Statements
For the year ended June 30, 2011

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. Taken as a whole, the Company is exposed to market risk (including interest rate risk, currency risk and other price risk), credit risk and liquidity risk. The Company's principal financial liabilities comprise bank loans, short term borrowings and trade and other payables. The main purpose of these financial liabilities is to raise finance for Company's operations. The Company has various financial assets such as loans, deposits, trade and other receivables and cash and bank balances, which are directly related to its operations. The Company's finance and treasury departments oversee the management of these risks and provide assurance to the Company's senior management that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company policies and risk appetite. No changes were made in the objectives, policies or processes and assumptions during the year ended June 30, 2011. The policies for managing each of these risks are summarized below:

39.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk. Financial instruments susceptible to market risk include deposits, loans and borrowings. The sensitivity analysis in the following sections relate to the position as at June 30, 2011 and 2010.

39.1.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on long term finance and short term borrowings at variable rates as disclosed in notes 18 and 24 to these financial statements respectively and bank balances carrying interest at rates ranging between 5% and 11.5% (2010: 5% and 11.5%). The Company mitigates its risk against exposure through focusing on short term borrowings that are available at lower rates to the Company and maintaining bank balances.

39.1.1.1 Interest rate sensitivity analysis

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

	Increase / decrease in basis points	Effect on profit before tax
		(Rupees in '000')
2011		
Pak Rupee	+100	(73,114)
Pak Rupee	-100	73,114
2010		
Pak Rupee	+100	(67,222)
Pak Rupee	-100	67,222

39.1.2 Currency risk

Currency risk arises mainly due to fluctuation in foreign exchange rates. The Company also has transactional currency exposure. Such exposure arises from sales and purchases of certain materials by the Company in currencies other than Rupee. Approximately 37% (2010: 51%) of the Company's sales are denominated in currencies other than Pakistani Rupee, while almost 63% (2010: 49%) of sales are denominated in local currency.

The following table demonstrates the sensitivity to a reasonably possible change in the USD exchange rate. As at June 30, 2011, if Pakistani Rupee (Pak Rupee) had weakened / strengthened by 5% against the USD, with all other variables held constant, the effect on the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities) at June 30, 2011 and 2010 would have been as follows:

	Increase / decrease in US Dollars to Pak Rupee	Effect on profit before tax (Rupees in '000')
2011		
Pak Rupee	+5%	(301,218)
Pak Rupee	-5%	301,218
2010		
Pak Rupee	+5%	(63,370)
Pak Rupee	-5%	63,370

39.1.3 Other price risk

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

39.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed to perform as contracted. The Company credit risk is primarily attributable to its trade debts and bank balances. The Company manages credit risk by limiting significant exposure to any individual customers, by obtaining advance against sales and does not have significant exposure to any individual customer. The carrying values of financial assets which are neither past due nor impaired are as under:

	Note	2011 (Rupees in '000')	2010 (Rupees in '000')
Long term deposits		3,175	2,175
Trade debts	10	620,961	779,305
Loans	11	11,462	8,755
Trade deposits	12	12,438	9,220
Other receivables	13	18,074	11,150
Bank balances	15	102,726	68,658
		768,836	879,263

Credit quality of financial assets

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

	2011	2010
A1+	349,526	332,310
A1	346	288
	349,872	332,598

39.3 Liquidity risk

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

Notes to the Financial Statements
For the year ended June 30, 2011

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

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
	-----	-----	-----	Rupees in '000'	-----	-----
June 30, 2011						
Long term finance	-	66,350	199,050	658,298	-	923,698
Long term deposit	-	-	-	37,306	-	37,306
Trade and other payables	307,392	2,953,054	783,243	-	-	4,043,689
Accrued mark-up	-	82,346	3,102	-	-	85,448
Short term borrowings	-	3,302,614	2,999,638	-	-	6,302,252
	307,392	6,404,364	3,985,033	695,604	-	11,392,393
June 30, 2010						
Long term finance	-	-	175,759	1,658,600	-	1,834,359
Long term deposit	-	-	-	31,957	-	31,957
Trade and other payables	26,077	1,792,127	715,863	-	-	2,534,067
Accrued mark-up	-	155,500	-	-	-	155,500
Short term borrowings	-	544,834	5,722,278	-	-	6,267,112
	26,077	2,492,461	6,613,900	1,690,557	-	10,822,995

39.4 Fair values of financial assets and liabilities

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

39.5 Capital management

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

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the year ended June 30, 2011.

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

During the year, the Company's strategy was to minimize leveraged gearing. The gearing ratios as at June 30, 2011 and 2010 were as follows:

	Note	2011	2010
		(Rupees in '000')	
Long term finance	18	658,298	1,658,600
Trade and other payables	22	4,043,689	3,043,320
Accrued interest	23	85,448	155,500
Current portion of long term finance	18	265,400	175,759
Short term borrowings	24	6,302,252	6,267,112
Total debt		11,355,087	11,300,291
Cash and bank balances	15	(351,202)	(333,629)
Net debt		11,003,885	10,966,662
Share capital	16	3,233,750	3,233,750
Reserves	17	24,539,079	21,862,179
Equity		27,772,829	25,095,929
Capital		38,776,714	36,062,591
Gearing ratio		28.38%	30.41%

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

40. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on July 30, 2011 by the Board of Directors of the Company.

41. GENERAL

41.1 Dividend and appropriation

The Board of Directors in their meeting held on July 30, 2011 (i) approved the transfer of Rs.2,500 million (2010: Rs.2,500 million) from un-appropriated profit to general reserve; and (ii) proposed a final dividend of Rs.4/- per share for the year ended June 30, 2011 amounting to Rs.1,293 million (2010: Rs.1,293 million) for approval of the members at the Annual General Meeting to be held on September 29, 2011. These financial statements do not reflect this appropriation and the proposed dividend payable.

41.2 Corresponding figures

For better presentation certain prior year's figures have been reclassified consequent to certain changes in the current year's presentation. However, there was no material reclassification except that due from collector of customs of Rs. 19.44 million from loans and advances (note 11.3) to other receivables (note 13).

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

Muhammad Yunus Tabba
Chairman / Director

Muhammad Ali Tabba
Chief Executive

Notice of 18th Annual General Meeting

Notice is hereby given that the 18th Annual General Meeting of the members of **Lucky Cement Limited** will be held on Thursday, September 29, 2011 at 10:30 a.m., at the registered office of the Company situated at factory premises Pezu, District Lakki Marwat, Khyber Pukhtunkhwa to transact the following businesses:

1. To confirm the minutes of 17th Annual General Meeting held on October 26, 2010.

2. To receive, consider and adopt the audited financial statements for the year ended June 30, 2011 together with the Board of Directors' and Auditors' reports thereon.

3. To approve and declare cash dividend @ 40% i.e. Rs. 4/- per share for the year ended June 30, 2011 as recommended by the Board of Directors.

4. To appoint Auditors and fix their remuneration for the year 2011-2012. The present Auditors, Messrs Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, retire and being eligible, offer themselves for reappointment.

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

By Order of the Board

Muhammad Abid Ganatra
Company Secretary

Karachi: September 3, 2011

Notes:

1. The Share Transfer Books of the Company will remain closed from Wednesday, September 21, 2011 to Thursday, September 29, 2011 (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 Tuesday, September 20, 2011 will be treated in time for the purpose of above entitlement to the transferees.

2. A member entitled to attend and vote may appoint another member as his/her proxy to attend and vote instead of him/her.

3. An individual beneficial owner of shares from CDC must bring his/her original CNIC or Passport, Account and Participant's I.D. numbers to prove his/her identity. A representative of corporate members from CDC must bring the Board of Directors' Resolution and/or Power of Attorney and the specimen signature of the nominee.

4. The members are requested to notify change in their address, if any, at our Share Registrar/Transfer Agent M/s. Central Depository Company of Pakistan Limited, CDC House, 99-B, Block 'B', S.M.C.H.S. Main Shahrah-e-Faisal, Karachi-74400.

Pattern of Shareholding
As at June 30, 2011

No. of Shareholders	Shareholdings From	Shareholdings To	Total Shares Held
1,469	1	100	66,443
1,376	101	500	450,437
3,252	501	1000	1,945,230
854	1001	5000	2,082,106
201	5001	10000	1,547,279
80	10001	15000	987,773
67	15001	20000	1,212,579
40	20001	25000	917,077
19	25001	30000	525,462
8	30001	35000	257,711
12	35001	40000	455,422
9	40001	45000	381,461
13	45001	50000	643,700
6	50001	55000	322,334
1	55001	60000	55,802
4	60001	65000	253,034
3	65001	70000	207,490
9	70001	75000	664,165
6	75001	80000	471,852
2	80001	85000	163,683
1	85001	90000	86,967
2	90001	95000	187,050
8	95001	100000	798,232
1	100001	105000	102,849
3	115001	120000	354,498
1	125001	130000	130,000
1	130001	135000	132,000
1	135001	140000	137,886
1	145001	150000	149,700
2	155001	160000	317,269
1	160001	165000	162,900
1	170001	175000	175,000
1	175001	180000	180,000
1	185001	190000	190,000
1	190001	195000	192,950
4	195001	200000	800,000
1	200001	205000	205,000
1	210001	215000	212,608
3	215001	220000	656,760
1	220001	225000	224,800
2	225001	230000	454,000
1	230001	235000	230,396
2	250001	255000	506,000
2	265001	270000	537,000
2	275001	280000	551,825
5	300001	305000	1,519,547
2	345001	350000	690,850

1	355001	360000	355,700
1	365001	370000	368,287
1	370001	375000	373,025
1	390001	395000	393,334
3	450001	455000	1,361,500
1	465001	470000	470,000
2	475001	480000	958,400
2	515001	520000	1,033,825
1	545001	550000	549,500
1	570001	575000	575,000
2	580001	585000	1,168,854
1	585001	590000	588,826
1	595001	600000	600,000
1	615001	620000	619,990
1	635001	640000	636,851
2	640001	645000	1,285,421
1	680001	685000	685,000
1	685001	690000	686,488
1	775001	780000	777,300
1	790001	795000	792,400
1	800001	805000	802,824
1	1090001	1095000	1,092,326
1	1130001	1135000	1,133,000
1	1145001	1150000	1,149,659
1	1195001	1200000	1,200,000
1	1230001	1235000	1,233,039
2	1295001	1300000	2,595,060
1	1425001	1430000	1,427,000
1	1485001	1490000	1,486,712
1	1500001	1505000	1,503,344
1	1550001	1555000	1,552,400
1	1630001	1635000	1,632,987
1	1680001	1685000	1,682,228
1	1815001	1820000	1,818,211
1	1845001	1850000	1,847,013
1	1885001	1890000	1,886,708
2	1925001	1930000	3,858,900
1	1950001	1955000	1,951,051
2	2045001	2050000	4,090,924
1	2095001	2100000	2,095,212
1	2655001	2660000	2,655,364
1	2685001	2690000	2,687,500
1	3095001	3100000	3,097,250
2	3215001	3220000	6,438,900
1	3245001	3250000	3,246,800
1	3275001	3280000	3,278,750
1	3495001	3500000	3,499,075
1	3550001	3555000	3,553,459
1	3775001	3780000	3,775,200
1	3975001	3980000	3,977,500
1	4130001	4135000	4,130,300

1	4595001	4600000	4,598,000
1	4795001	4800000	4,796,900
1	4835001	4840000	4,837,500
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	7385001	7390000	7,386,466
1	7510001	7515000	7,510,275
1	7560001	7565000	7,560,275
1	7605001	7610000	7,608,456
1	8155001	8160000	8,158,700
1	8955001	8960000	8,958,351
1	9725001	9730000	9,726,200
1	11650001	1165000	11,652,120
1	11830001	11835000	11,832,875
1	13590001	13595000	13,591,550
1	15570001	15575000	15,570,200
2	22800001	22805000	45,606,058
7,567			323,375,000

Shareholders' Category	Number of Shareholders	Number Shares Held	Percentage %
Directors, Chief Executive Officer and their spouse and minor children	20	95,928,999	29.66
Associated Companies, Undertakings and related parties	4	31,455,575	9.73
NIT and ICP	4	15,353,130	4.75
Public Sector Companies and Corporations	7	4,477,920	1.38
Banks, Development Financial Institutions, Non Banking Financial Institutions	22	4,966,502	1.54
Insurance Companies	10	1,823,763	0.56
Modarabas and Mutual Funds	53	9,952,821	3.08
Shareholders holding 10%	0	-	-
General Public			
a. Local	7263	28,355,285	8.77
b. Foreign	58	108,391,856	33.52
Other (to be specified)	126	22,669,149	7.01
	7567	323,375,000	100.00

Shareholder's Category	Number of Shareholders	Number of Sharesheld
Associated Companies, undertakings and related parties (name wise details):		
Younus Textile Mills Limited	1	15,570,200
Lucky Energy (Private) Limited	1	11,832,875
Younus Textile (Private) Limited	1	3,977,500
Lucky Knits (Private) Limited	1	75,000
NIT and ICP (name wise details:)		
National Investment Trust Limited (NIT)	4	15,353,130
Investment Corporation of Pakistan (ICP)	0	None
Directors, CEO and their spouse and minor children (name wise details):		
Mr. Muhammad Yunus Tabba (Chairman / Director)	2	9,839,300
Mrs. Khairunnisa W/o. Muhammad Yunus Tabba (Spouse)	2	8,062,500
Mr. Muhammad Ali Tabba (Chief Executive)	2	11,657,775
Mrs. Feroza Tabba W/o. Muhammad Ali Tabba (Spouse)	1	645,000
Mr. Muhammad Sohail Tabba (Director)	2	12,397,775
Mrs. Saima Sohail W/o. Muhammad Sohail Tabba (Spouse)	1	6,070,000
Mr. Imran Yunus Tabba (Director)	2	12,885,275
Mrs. Meher Imran W/o. Imran Yunus Tabba (Spouse)	1	6,070,000
Mr. Jawed Yunus Tabba (Director)	2	18,966,550
Mrs. Rahila Aleem (Director)	2	5,314,662
Mrs. Mariam Tabba Khan (Director)	2	3,975,162
Mr. Ali J Siddiqui (Director)	1	45,000
Mr. Manzoor Ahmed (Director)	0	NIT Nominee
Executive	0	0
Public Sector Companies and Corporations	7	4,477,920
Banks, Development Finance Institutions, Non-Banking Financial Institutions, Insurance Companies, Modarabas and Mutual Funds	85	16,743,086
Shareholders holding ten percent or more voting interest (name wise details)		None

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

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

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

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

Proxy Form

Leading the Change
Challenge the Norms

I/We ______________________________

of (full address) ______________________________

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

______________________________ of (full address) ______________________________

____

or failing him / her ______________________________

of (full address) ______________________________

who is also a member of **Lucky Cement Limited**, as my / our proxy in my / our absence to attend and vote for me / us and on my / our behalf at the 18th Annual General Meeting of the Company to be held on September 29, 2011 and / or any adjournment thereof.

Signature this ______________ (day) ______________ (date, month) Year 2011

Please affix revenue stamp

Signature of Member : ______________________________

Folio / CDC Number : ______________________________

Number of shares held : ______________________________

Signature and Company seal

Signatures, name and addresses of witnesses

1. ______________________________

2. ______________________________

Important:

1. In order to be effective, this Proxy Form duly completed, stamped, signed and witnessed alongwith Power of Attorney, or other instruments (if any), must be deposited at the registered office of the Company at factory premises Pezu, District Lakki Marwat, Khybar Pakhtunkhawa at least 48 hours before the time of the meeting.

2. If a member appoints more than one Proxy and more than one form of Proxy are deposited by a member with the Company, all such forms of Proxy shall be rendered invalid.

3. In case of Proxy for an individual beneficial owner of shares from CDC, attested copies of beneficial owner's Computerised National Identity Card or Passport, Account and Participant's ID numbers must be deposited alongwith the form of Proxy. In case of Proxy for representative of corporate members from CDC, Board of Directors' resolution and / or Power of Attorney with the specimen signature of the nominee must be deposited alongwith the form of Proxy. The Proxy shall produce his / her original Computerised National Identity Card or Passport at the time of the meeting.

LUCKY CEMENT

Head Office

Lucky Cement Limited
6-A Muhammad Ali Housing Society,
A. Aziz Hashim Tabba Street,
Karachi-75350, Pakistan
UAN: (+92-21) 111-786-555
Fax: (+92-21) 34534302
info@lucky-cement.com

Pezu Plant

Main Indus Highway, Pezu
Distt. Lakki Marwat,
Khyber Pakhtunkhwa
Tel: (+92-969) 580123-5
Fax: (+92-969) 580122

Karachi Plant

104km Milestone from
Karachi to Hyderabad
(58 km towards Karachi)
Fax: (092-21) 35206421

MARKETING OFFICES

Marketing Office - Islamabad

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

Lahore

Lucky Cement Limited
2nd Floor, Al Hasan Plaza,
Jamia Ashrafia,
Main Ferozpur Road, Lahore
UAN: (92-42) 111-786-555
Tel: (92-42) 37530480-2
Fax: (92-42) 37530435
lahore@lucky-cement.com

Multan

Lucky Cement Limited
Dastagir Tower,
1st Floor, Hassan
Parwana Road,
Near Deira Ada, Multan
Tel: (92-61) 4540556-7
Fax: (92-61) 4540558
multan@lucky-cement.com

Peshawar

Lucky Cement Limited
7-Park Avenue, University Town,
Peshawar
UAN: (92-91) 111-786-555
Tel: (92-91) 5844903-5840271
Fax: (92-91) 5850969
peshawar@lucky-cement.com

Quetta

Lucky Cement Limited
F1, First Floor,
Institute of Engineers
Building, Zarghoon Road,
Quetta
Tel : (92-81) 2837583
Fax : (92-81) 2829267
quetta@lucky-cement.com

D.I. Khan

Lucky Cement Limited
Mezzanine Floor,
State Life Building,
East Circular Road, D.I. Khan
Tel: (92-966) 713799
Fax: (92-966) 712279

Prepared by: Corporate Communications Team

LUCKY CEMENT LIMITED

ANNUAL REPORT 2011

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JWT