LUCKY CEMENT

OUR PEOPLE OUR STRENGTH

HALF YEARLY REPORT
December 31, 2013

A Part of

YBG

Contents

Company Information

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

Chief Executive
Mr. Muhammad Ali Tabba

Executive Director
Mr. Noman Hasan

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

Chief Operating Officer
Mr. Amin Ganny

Company Secretary
Mr. Fayyaz Abdul Ghaffar

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

A member firm of Ernst &
Young Global Limited

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

Bankers
Allied Bank Limited
Askari Bank Limited
Bank Al-Habib Limited
Bank Alfalah Limited
Barclays Bank Plc
Citibank N. A.
Dubai Islamic Bank (Pakistan) Limited
Habib Bank Limited
Habib Metro Bank Limited
Meezan Bank Limited
MCB Bank Limited
NIB Bank Limited
Standard Charted Bank (Pakistan) Limited
United Bank Limited

Registered Office
Pezu, District Lakki Marwat,
Khyber Pakhtunkhwa

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

Production Facilities
1) Pezu, District Lakki Marwat,
Khyber Pakhtunkhwa

2) 58 Kilometers on
Main Super Highway
Gadap Town, Karachi

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

BOARD COMMITTEES

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

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

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

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

The Directors of your Company have pleasure in presenting to you the results of your Company which include both, the stand-alone (duly reviewed by the auditors) and consolidated unaudited financial statements for the half year ended December 31, 2013.

Overview:

Cement industry in Pakistan grew by 1.10% to 16.1 million tons during the half year ended 31 December 2013 compared to 15.9 million tons of the same period last year. While local sales volume registered a growth of 2.10% to 11.9 million tons during the half year compared to 11.7 million tons of the same period last year, export sales volumes registered a decline of 1.80% to 4.1 million tons during the half year compared to 4.2 million tons of the same period last year.

Your Company outperformed the industry during the first half year under review by selling record sales volume thereby managed to achieve market share of 19% compared to 17.5% achieved during the same period last year.

Your Company achieved an overall growth of 9.60% to 3.1 million tons during the half year ended compared to 2.8 million tons sold in the same period last year. Local sales volume registered a growth of 4.30% to 1.9 million tons during the half year compared to 1.8 million tons of same period last year. While industry registered a decline in export volumes, your Company was able to register considerable growth of 19.10% to 1.2 million tons during the half year compared to 1.0 million tons of the same period last year.

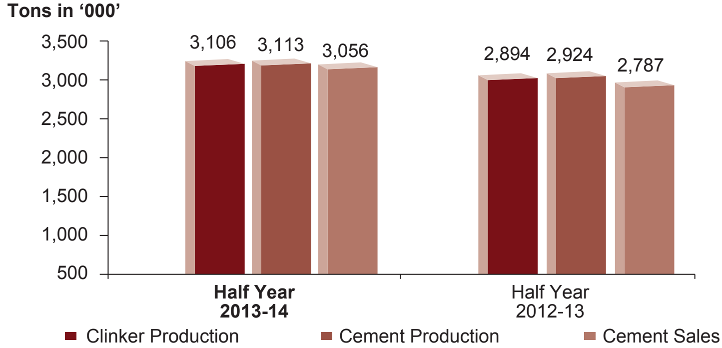
Business Performance:

(a) Production & Sales Volume Performance

The production and sales statistics of your Company for the half year ended 2013-14 compared to the same period last year are as follows:

Particulars	Half Year 2013-14	Half Year 2012-13	Increase / (Decrease)
	Tons	Tons	%
Clinker Production	3,105,692	2,894,304	7.30%
Cement Production	3,112,828	2,923,945	6.46%
Cement Sales	3,055,579	2,786,742	9.56%

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



A comparison of the dispatches of the industry and your Company for the half year ended 2013-14 compared to the same period last year is presented below:

Particulars	Half Year 2013 -14	Half Year 2012 -13	Growth / (Decline)	
	Tons	Tons	Tons	%
Cement Industry				
Local Sales	11,976,878	11,727,658	249,220	2.1%
Export Sales				
Cement				
- Bagged	3,965,948	4,004,413	(38,465)	(1.0%)
- Loose	179,158	218,585	(39,427)	(18.0%)
Total Exports	4,145,106	4,222,998	(77,892)	(1.8%)
Grand Total	16,121,984	15,950,656	171,328	1.1%
Lucky Cement				
Local Sales	1,850,044	1,774,242	75,802	4.3%
Export Sales				
Cement				
- Bagged	1,026,377	793,915	232,462	29.3%
- Loose	179,158	218,585	(39,427)	(18.0%)
Total Exports	1,205,535	1,012,500	193,035	19.1%
Grand Total	3,055,579	2,786,742	268,837	9.6%

	Half Year 2013 -14	Half Year 2012 -13	Growth / (Decline)
Market Share			
LCL Market Share (%)			
Local Sales	15.4%	15.1%	2.1%
Export Sales			
Cement			
- Bagged	25.9%	19.8%	30.5%
- Loose	100.0%	100.0%	0.0%
Total Export	29.1%	24.0%	21.3%
Grand Total	19.0%	17.5%	8.5%

Industry Source: APCMA website

(b) Financial Performance

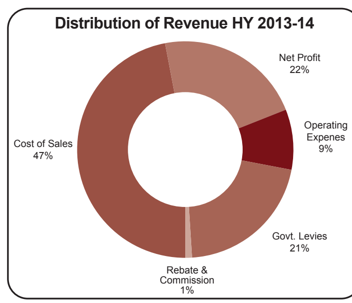
The financial performance of your Company for the half year ended 2013-14 compared to the same period of last year is presented below:

HY 2013-14
- Revenue: 19,575
- GP: 8,509
- OP: 6,432
- EBITDA: 7,440
- NP: 5,161
- EPS: 15.96/share

HY 2012-13
- Revenue: 17,511
- GP: 7,690
- OP: 5,351
- EBITDA: 6,255
- NP: 4,290
- EPS: 13.27/share

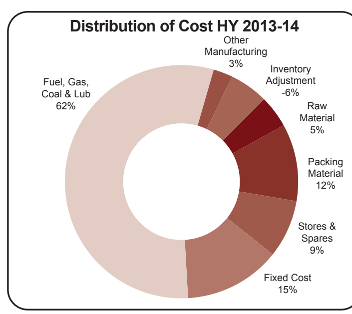
% Change
- Revenue: 11.8%
- GP: 10.7%
- OP: 20.2%
- EBITDA: 18.9%
- NP: 20.3%
- EPS: 20.3%

* Figures in PKR million except EPS



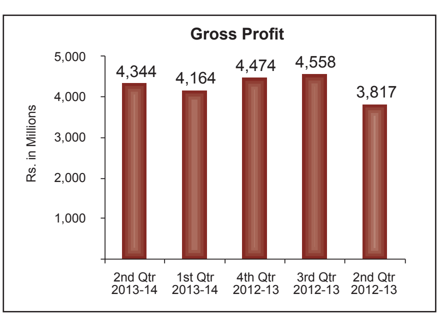
During the period under review, your Company achieved an overall net sales revenue growth of 11.8% contributed by 9.6% increase in volume and 2.2% increase in net retention.

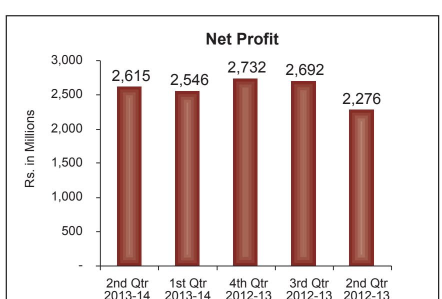
Per ton cost of sales of your Company during the period under review increased by 2.8% compared to the same period last year. The increase in the cost of sales was mainly attributable to gas tariff hike, the bulk of the impact thereof was offset by the use of alternative fuels.



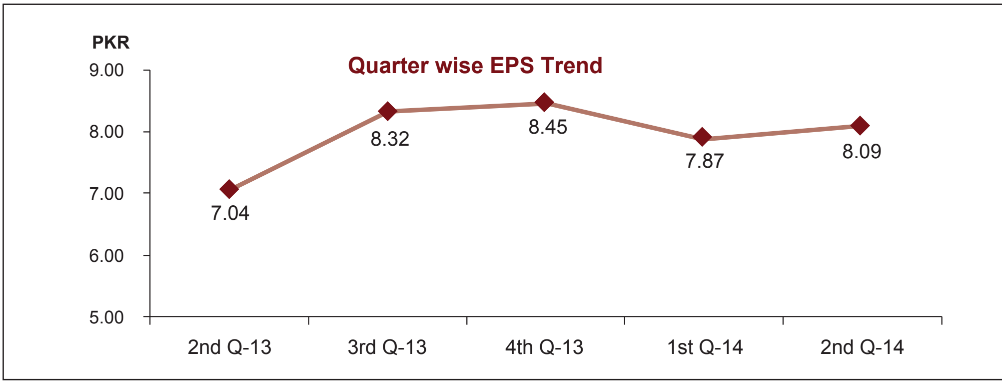
Your Company achieved a gross profit margin of 43.5% during the period under review compared to 43.9% reported in the same period last year.

Your Company achieved the before tax profit of Rs.6,486.1 million during the period under review compared to Rs.5,165.2 million reported during the same period last year. Similarly, after tax profit of Rs.5,160.8 million was achieved during the period under review compared to Rs.4,290.2 million reported during the same period last year.





The earnings per share of your Company for the half year ended 31 December 2013 was Rs.15.96 compared to Rs.13.27 reported in the same period last year.



Projects - New and Ongoing:

Waste Heat Recovery (WHR) Plants at Captive Power Plants

As informed earlier, your Company has placed an order for 5 MW WHR plant to be installed at captive power plant in Karachi. The plant and machinery is expected to be installed by the end of the calendar year 2014. For another 5 MW WHR plant to be installed at Pezu captive power plant, the order is expected to be placed by the end of February 2014 and plant and machinery is expected to be installed by the end of March 2015.

Vertical Grinding Mills at Karachi Plant

As informed earlier, your Company has placed order for two state of the art vertical grinding mills to be installed at Karachi plant which will improve quality, enhance productivity and reduce energy cost. The first mill will become operational in the first quarter of the financial year 2014-15 whereas the second will become operational by the end of December 2014.

TDF Plant at Pezu

As also informed earlier, your Company is planning to introduce Tyre Derived Fuel (TDF) plant at Pezu to replace coal. Technical details have been finalized and we are in advanced stages of negotiations with Suppliers. Order for plant and machinery will be placed by March 2014. This initiative will enable your Company to reduce fuel cost.

Electricity Supply to PESCO

Your Company is in the process of negotiation for supply of surplus electricity from Pezu plant to Peshawar Electric Supply Company (PESCO). This initiative will enable your company to generate additional profitability.

Investments:

Joint Venture Investment in Cement Plant in DR Congo

On the request of your company, the Executive Coordination Committee of the Cabinet (ECC) has approved your Company's equity investment of US$ 40.0 million in DR Congo. In this regard, your company has been allowed to arrange foreign exchange from the Inter-bank market in four equal quarterly installments of US$ 10.0 million each. First installment of US$ 10.0 million has already been initiated subsequent to the period under review.

Your company has been able to negotiate and finalize the terms and conditions of financing with multilaterals and international financial institutions. Financing Term Sheet will be concluded by the end of February 2014 whereas financial close is expected to be achieved by the end of April 2014. Your company has also decided to start construction work from March 2014.

Joint Venture Investment in Cement Grinding Facility in Iraq

By the grace of Almighty Allah, the grinding facility in Basra - Iraq has completed commissioning and trial production phase and has also successfully started commercial production from February 2014.

Equity Investment in Associated Company in 50 MW Wind Farm

On the request of the Associated Company, the upfront tariff has been awarded by NEPRA. Financial close is expected to be achieved by May 2014. The project is likely to be completed before December 2015.

Corporate Social Responsibility:

Your company has sustained its mission of promoting quality education in the country by granting several scholarships on merit to students of different educational institutes of Pakistan during the quarter under review. Students at leading Pakistani institutes such as LUMS, IBA, IoBM, Indus Valley, and GIK to name a few have been supported by Lucky Cement's scholarship programs over the years.

Your company also extended its support on the grass root level by supporting different projects including the reconstruction of a girl's high school in Pezu, support to a local NGO working for the welfare of children with special needs, and a village betterment program with Schneider Electric aimed at not only utilizing renewable sources of energy but also preserving the environment.

Your company has also retained its active role in supporting healthcare institutions aimed to provide easy access to healthcare and medical facilities for the general public. In this regard, Lucky Cement made a sizeable donation to a local charity during the quarter, to ensure smooth running of affairs of a leading cardiac hospital and a kidney center in Karachi, Pakistan.

Outlook:

Historically, in terms of volumes, second half of the financial year has always been stronger than the first half. We expect increase in GOP's allocation to Public Sector Development Program (PSDP) and infrastructure related spending that will have positive impact on industry volumes. Stability in the coal prices in the international market, Pak Rupee against US$ and gas tariff by the GOP are key factors for improved profitability of the Company in the next half of the financial year 2013-14. Your Company is taking all the initiatives to increase shareholder value in the long run.

Acknowledgement:

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

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

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

On behalf of the Board

MUHAMMAD YUNUS TABBA
Chairman / Director
Karachi: February 26, 2014.

Auditors' Report To The Members On Review Of Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of Lucky Cement Limited (the Company) as at 31 December 2013 and the related condensed interim profit and loss account, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six-months period then ended (here-in-after referred to as "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

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

Emphasis of matter

We draw attention to note 6 to the financial statements which explain the reasons for recording an asset representing a claim of refund of excise duty amounting to Rs 538.812 million in the books of account of the Company.

Our conclusion is not qualified in respect of this matter.

Chartered Accountants

Review Engagement Partner: Shariq Ali Zaidi

Date: February 26, 2014

Karachi

Condensed Interim Balance Sheet
As at December 31, 2013 (Un-audited)

	Note	December 31, 2013 (Un-audited)	June 30, 2013 (Audited)
		(Rupees in'000')	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	30,517,654	31,008,392
Intangible assets		33,985	4,711
		30,551,639	31,013,103
Long-term investments	5	5,619,000	5,619,000
Long-term advance		547,573	547,573
Long-term deposits		3,175	3,175
		36,721,387	37,182,851
CURRENT ASSETS			
Stores and spares		5,580,265	5,179,055
Stock-in-trade		2,124,172	1,431,157
Trade debts		1,693,606	1,668,299
Loans and advances		291,377	259,998
Trade deposits and short-term prepayments		63,966	41,814
Other receivables		422,505	692,191
Investments		114,521	110,062
Tax refunds due from the Government	6	538,812	538,812
Taxation - net		-	286,096
Cash and bank balances		7,264,088	2,805,840
		18,093,312	13,013,324
TOTAL ASSETS		54,814,699	50,196,175
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital		5,000,000	5,000,000
Issued, subscribed and paid-up capital		3,233,750	3,233,750
Reserves		40,375,452	37,801,693
		43,609,202	41,035,443
NON-CURRENT LIABILITIES			
Long-term finance	7	-	127,498
Long-term deposits		58,770	57,125
Deferred liabilities	8	5,280,621	5,130,265
		5,339,391	5,314,888
CURRENT LIABILITIES			
Trade and other payables		4,878,552	3,572,282
Taxation - net		721,686	-
Accrued mark-up		5,670	8,162
Current portion of long-term finance	7	260,198	265,400
		5,866,106	3,845,844
CONTINGENCIES AND COMMITMENTS	9		
TOTAL EQUITY AND LIABILITIES		54,814,699	50,196,175

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

Muhammad Yunus Tabba
Chairman / Director

Muhammad Ali Tabba
Chief Executive

Condensed Interim Profit and Loss Account

For the half year ended December 31, 2013 (Un-audited)

	Note	Half Year Ended December 31, 2013	Half Year Ended December 31, 2012	Quarter Ended December 31, 2013	Quarter Ended December 31, 2012
		(Rupees in'000')		(Rupees in'000')	
Gross sales	10	23,215,851	20,290,358	12,242,955	10,095,742
Less: Sales tax and excise duty		3,359,349	2,572,866	1,831,566	1,329,364
Rebates and commission		281,010	206,889	168,084	107,580
		3,640,359	2,779,755	1,999,650	1,436,944
Net sales		19,575,492	17,510,603	10,243,305	8,658,798
Cost of sales		(11,066,864)	(9,821,082)	(5,899,138)	(4,842,038)
Gross profit		8,508,628	7,689,521	4,344,167	3,816,760
Distribution cost		(1,546,234)	(2,042,142)	(850,668)	(937,250)
Administrative expenses		(529,992)	(296,486)	(250,892)	(156,283)
Finance costs		(20,679)	(66,097)	(8,922)	(46,763)
Other charges		(341,466)	(272,324)	(171,412)	(137,218)
Other income	11	415,895	152,755	194,550	66,203
Profit before taxation		6,486,152	5,165,227	3,256,823	2,605,449
Taxation					
- current		(1,231,710)	(125,001)	(616,202)	(62,572)
- deferred		(93,683)	(750,022)	(25,662)	(266,959)
		(1,325,393)	(875,023)	(641,864)	(329,531)
Profit after taxation		5,160,759	4,290,204	2,614,959	2,275,918
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		5,160,759	4,290,204	2,614,959	2,275,918
		(Rupees)		(Rupees)	
Earnings per share - basic and diluted		15.96	13.27	8.09	7.04

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

Muhammad Yunus Tabba
Chairman / Director

Muhammad Ali Tabba
Chief Executive

Condensed Interim Cash Flow Statement
For the half year ended December 31, 2013 (Un-audited)

	Note	December 31, 2013	December 31, 2012
		(Rupees in'000')	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	12	7,978,221	5,939,651
Finance costs paid		(23,171)	(60,519)
Income tax paid		(223,928)	(301,959)
Gratuity paid		(16,624)	(14,278)
		(263,723)	(376,756)
Long-term deposits		1,645	202
Net cash generated from operating activities		7,716,143	5,563,097
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(574,035)	(1,636,575)
Long Term investment		-	(5,619,000)
Sale proceeds on disposal of property, plant and equipment		13,648	9,170
Net cash used in investing activities		(560,387)	(7,246,405)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term finance		(132,700)	(132,700)
Receipt of short-term borrowings		-	2,550,000
Dividends paid		(2,564,808)	(868,634)
Net cash (used in) / generated from financing activities		(2,697,508)	1,548,666
Net increase / (decrease) in cash and cash equivalents		4,458,248	(134,642)
Cash and cash equivalents at the beginning of the period		2,805,840	844,422
Cash and cash equivalents at the end of the period		7,264,088	709,780

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

Muhammad Yunus Tabba
Chairman / Director

Muhammad Ali Tabba
Chief Executive

Condensed Interim Statement of Changes in Equity

For the half year ended December 31, 2013 (Un-audited)

	Issued, subscribed and paid up capital	Capital reserve	Revenue reserves		Total reserves	Total equity
		Share premium	General reserves	Unappropri--ated Profit		
	(Rupees in'000')					
Balance as at July 01, 2012	3,233,750	7,343,422	15,000,000	7,684,573	30,027,995	33,261,745
Transfer to general reserve	-	-	5,000,000	(5,000,000)	-	-
Final dividend at the rate of Rs.6/- per share for the year ended June 30, 2012	-	-	-	(1,940,250)	(1,940,250)	(1,940,250)
Total comprehensive income for the period	-	-	-	4,290,204	4,290,204	4,290,204
Balance as at December 31, 2012	3,233,750	7,343,422	20,000,000	5,034,527	32,377,949	35,611,699
Balance as at July 01, 2013	3,233,750	7,343,422	20,000,000	10,458,271	37,801,693	41,035,443
Transfer to general reserve	-	-	7,871,271	(7,871,271)	-	-
Final dividend at the rate of Rs.8/- per share for the year ended June 30, 2013	-	-	-	(2,587,000)	(2,587,000)	(2,587,000)
Total comprehensive income for the period	-	-	-	5,160,759	5,160,759	5,160,759
Balance as at December 31, 2013	3,233,750	7,343,422	27,871,271	5,160,759	40,375,452	43,609,202

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

Muhammad Yunus Tabba
Chairman / Director

Muhammad Ali Tabba
Chief Executive

Notes to the Condensed Interim Financial Statements
For the half year ended December 31, 2013 (Un-audited)

1 THE COMPANY AND ITS OPERATION

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

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

2 STATEMENT OF COMPLIANCE

These condensed interim financial statements of the Company for the six months period ended December 31, 2013 have been prepared in accordance with the requirements of the International Accounting Standard (IAS) - 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where the requirements differ, the provisions of or directives issued under the Companies Ordinance,1984 have been followed.

The figures of the condensed interim profit and loss account for the quarters ended December 31, 2013 and 2012 and notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the accumulated figures for the half years ended December 31, 2013 and 2012. These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with Company's annual financial statements for the year ended June 30, 2013.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the annual audited financial statements for the year ended June 30, 2013, except for the following:

New, Amended and Revised Standards and Interpretations of IFRSs

The Company has adopted the following revised standard, amendments and interpretation of IFRSs which became effective for the current period:

IAS 19	Employee Benefits – (Revised)
IFRS 7	Financial Instruments : Disclosures – (Amendment) - Amendments enhancing disclosures about offsetting of financial assets and financial liabilities.
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine

As a result of adoption of IAS-19 (Revised), actuarial gains or losses that were previously recognised as income or expense in Profit and Loss Account will now be recognized in Other Comprehensive Income for the year.

Improvements to Accounting Standards Issued by the IASB

IAS 1	Presentation of Financial Statements - Clarification of the requirements for comparative information
IAS 16	Property, Plant and Equipment – Clarification of Servicing Equipment
IAS 32	Financial Instruments : Presentation – Tax Effects of Distribution to Holders of Equity Instruments
IAS 34	Interim Financial Reporting – Interim Financial Reporting and Segment Information for Total Assets and Liabilities

The adoption of the above amendments, revisions, improvements to accounting standards and interpretations did not have material effect on the condensed interim financial statements.

4 PROPERTY, PLANT AND EQUIPMENT

4.1 The following is the movement in property, plant and equipment during the period / year:

	Note	December 31, 2013 (Un-audited)	June 30, 2013 (Audited)
		(Rupees in'000')	
Operating fixed assets (WDV) - opening balance		30,810,820	30,637,815
Add: Additions during the period / year	4.2	415,926	2,062,984
		31,226,746	32,700,799
Less: Disposals during the period / year (WDV)		5,122	5,731
Depreciation charge for the period / year		1,027,465	1,884,248
Operating fixed assets (WDV) - closing balance		30,194,159	30,810,820
Add: Capital work-in-progress	4.3	323,495	197,572
		30,517,654	31,008,392

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

	Additions (Cost)	Deletions (Cost)
	(Rupees in'000')	
Operating fixed assets		
Buildings	19,201	-
Plant and machinery	134,657	-
Generators	9,769	-
Quarry equipments	84,872	-
Vehicles	141,775	16,210
Furniture and fixtures	2,083	-
Office equipments	5,651	-
Computer and Accessories	7,898	348
Other assets	10,020	103
	415,926	16,661

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

	Note	December 31, 2013 (Un-audited)	June 30, 2013 (Audited)
		(Rupees in'000')	
Opening balance		197,572	378,717
Add: Additions during the period / year		390,742	1,774,778
		588,314	2,153,495
Less: Transferred to operating fixed assets		264,819	1,955,923
Closing balance		323,495	197,572

5 LONG-TERM INVESTMENTS - at cost

	Note	December 31, 2013	June 30, 2013
Lucky Holdings Limited	5.1	5,619,000	5,619,000

5.1 As of the balance sheet date, the Company owns 75 percent shares of Lucky Holdings Limited (LHL). LHL owns 75.93 percent shares of ICI Pakistan Limited as of the said date.

6 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. On June 2, 1997 the Company filed a writ petition before the Peshawar High Court seeking judgment on this matter. The dispute relates to the period from June 26, 1996 to April 19, 1999 after which the FBR changed the mechanism of levying excise duty from percentage of retail price to a fixed amount of duty at the rate of Rs.1,400 per ton. The Peshawar High Court after hearing both the parties issued a detailed judgment, operating paragraph of which is reproduced as follows:

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

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

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

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

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

Last year, the Company filed a complaint before the Federal Tax Ombudsman (FTO) with a request that the FBR may be directed for early issuance of refund along-with the compensation for the delayed refund. The FTO directed the FBR to verify the claim of the Company and submit a report in the matter. Subsequently, the FBR on the basis of audit conducted submitted a report to the FTO. However, the company did not agree to the findings of the department and argued before the FTO that the report submitted by the department is not based on the facts of the case.

After hearing the arguments of both the parties the FTO forwarded its recommendations/findings to the Secretary, Revenue Division, Islamabad through its order dated November 22, 2013.

Subsequently, FBR filed representation, before the President of Pakistan against the recommendations of the FTO under section 32 of Federal Tax Ombudsman Ordinance, 2000. Accordingly, President of Pakistan through its secretariat invited comments of the Company which have been submitted.

	Note	December 31, 2013 (Un-audited)	June 30, 2013 (Audited)
		(Rupees in'000')	
7 LONG TERM FINANCE			
Long-term finance	7.1	260,198	392,898
Current portion of long term finance		(260,198)	(265,400)
		-	127,498

7.1 The terms and conditions of long-term finance are the same as disclosed in note 20 to the annual audited financial statements of the Company for the year ended June 30, 2013.

	Note	December 31, 2013 (Un-audited)	June 30, 2013 (Audited)
		(Rupees in'000')	
8 DEFERRED LIABILITIES			
Staff gratuity		608,715	552,042
Deferred tax liability	8.1	4,671,906	4,578,223
		5,280,621	5,130,265

8.1 Deferred tax liability

	December 31, 2013 (Un-audited)	June 30, 2013 (Audited)
This comprises of the following :		
Deferred tax liability		
- Difference in tax and accounting bases of fixed assets	4,928,203	4,809,400
Deferred tax assets		
- Provisions	(256,297)	(231,177)
	4671906	4,578,223

9 CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

There are no major changes in the status of contingencies as reported in the annual audited financial statements of the Company for the year ended June 30, 2013.

9.2 Commitments	December 31, 2013 (Un-audited)	June 30, 2013 (Audited)
	(Rupees in'000')	
Capital Commitments		
Plant and machinery under letters of credit	2,773,257	1,745,415
Other Commitments		
Stores, spares and packing material under letters of credit	1,825,329	1,992,477
Bank guarantees issued on behalf of the Company	686,398	684,448

	For the half year ended December 31, 2013	December 31, 2012
	(Rupees in'000')	

10 GROSS SALES

Local	15,644,656	13,509,210
Export	7,571,195	6,781,148
	23,215,851	20,290,358

11 OTHER INCOME

It mainly includes interest income from bank deposits and net income from supply of surplus electricity to Hyderabad Electricity Supply Corporation (HESCO).

12 CASH GENERATED FROM OPERATIONS

	Note	For the half year ended December 31, 2013	December 31, 2012
		(Rupees in'000')	
Profit before taxation		6,486,152	5,165,227
Adjustments for non cash charges and other items			
Depreciation	4.1	1,027,465	908,335
Amortization of intangible assets		2,911	405
Provision for slow moving spares		10,000	10,003
Gain on disposal of fixed assets		(8,525)	(7,016)
Unrealised gain on investments		(4,459)	-
Provision for gratuity		73,297	63,547
Finance cost		20,679	66,097
Profit before working capital changes		7,607,520	6,206,598
(Increase) / decrease in current assets			
Stores and spares		(411,210)	594,178
Stock in trade		(693,015)	(684,139)
Trade debts		(25,307)	61,003
Loans and advances		(31,379)	7,277
Trade deposits and short term prepayments		(22,152)	13,096
Other receivables		269,686	(539,880)
		(913,377)	(548,465)
Increase in current liabilities			
Trade and other payables		1,284,078	281,518
Cash flows generated from operations		7,978,221	5,939,651

13 TRANSACTIONS WITH RELATED PARTIES

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

	For the half year ended	
	December 31, 2013	December 31, 2012
	(Rupees in'000')	
Subsidiary Company		
Lucky Holdings Limited		
Investment made during the period	-	5,619,000
Associated Undertakings		
Lucky Paragon ReadyMix Limited		
Sales	112,787	79,110
Lucky Textile Mills		
Sales	11,522	9,655
Gadoon Textile Mills Limited		
Sales	7,266	4,482
Younus Textile Mills Limited		
Sales	21,303	1,649
Fazal Textile Mills Limited		
Sales	6,761	17,625
Aziz Tabba Foundation		
Sales	683	1,214
Donation	45,000	-
Lucky One (Pvt) Limited		
Sales	77,004	30,849
Lucky Commodities		
Sales	100,682	-
Lucky Air (Pvt) limited		
Services	10,082	-

14 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue on February 26, 2014 by the Board of Directors of the Company.

15 GENERAL

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

Muhammad Yunus Tabba
Chairman / Director

Muhammad Ali Tabba
Chief Executive

LUCKY CEMENT

Condensed Interim Consolidated Balance Sheet
As at December 31, 2013 (Un-audited)

	Note	December 31, 2013 (Un-audited)	June 30, 2013 (Audited)
		(Rupees in'000')	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	42,078,098	42,091,094
Intangible assets		7,886,220	8,057,855
		49,964,318	50,148,949
Long-term investments	6	2,500	2,500
Long-term loans and advances		760,277	749,644
Long-term deposits and prepayments		33,145	36,513
		50,760,240	50,937,606
CURRENT ASSETS			
Stores, spares and consumables		6,444,603	6,050,757
Stock-in-trade		7,085,036	6,026,034
Trade debts		2,745,319	2,559,485
Loans and advances		546,818	420,638
Trade deposits and short-term prepayments		195,223	203,702
Other receivables		1,447,301	1,881,749
Investments		114,521	110,062
Tax refunds due from the Government	7	538,812	538,812
Taxation - net		862,814	1,759,287
Cash and bank balances		8,832,903	3,746,968
		28,813,350	23,297,494
TOTAL ASSETS		7,9573,590	74,235,100
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital		5,000,000	5,000,000
Issued, subscribed and paid-up capital		3,233,750	3,233,750
Reserves		40,740,257	37,895,741
Attributable to the equity holders of the Holding Company		43,974,007	41,129,491
Non-controlling interests		5,783,479	5,490,672
Total equity		49,757,486	46,620,163
NON-CURRENT LIABILITIES			
Long-term finance	8	8,569,582	7,791,524
Long-term deposits		58,770	57,125
Deferred liabilities	9	8,712,296	8,555,982
		17,340,648	16,404,631
CURRENT LIABILITIES			
Short-term borrowings and running Finance		572,667	2,654,549
Trade and other payables		10,894,171	8,065,628
Accrued mark-up		153,976	224,729
Current portion of long-term finance	8	854,642	265,400
		12,475,456	11,210,306
CONTINGENCIES AND COMMITMENTS	10		
TOTAL EQUITY AND LIABILITIES		79,573,590	74,235,100

The annexed notes from 1 to 16 form an integral part of these condensed interim consolidated financial statements.

Muhammad Yunus Tabba
Chairman / Director

Muhammad Ali Tabba
Chief Executive

Condensed Interim Consolidated Profit and Loss Account
For the half year ended December 31, 2013 (Un-audited)

	Note	Half Year Ended December 31, 2013	Half Year Ended December 31, 2012	Quarter Ended December 31, 2013	Quarter Ended December 31, 2012
		(Rupees in'000')		(Rupees in'000')	
Gross sales	11	43,925,983	20,290,358	22,884,472	10,095,742
Less: Sales tax and excise duty		4,566,918	2,572,866	2,435,245	1,329,364
Rebates and commission		1,242,396	206,889	678,937	107,580
		5,809,314	2,779,755	3,114,182	1,436,944
Net sales		38,116,669	17,510,603	19,770,290	8,658,798
Cost of sales		(27,463,130)	(9,821,082)	(14,288,511)	(4,842,038)
Gross profit		10,653,539	7,689,521	5,481,779	3,816,760
Distribution costs		(2,120,929)	(2,042,142)	(1,152,291)	(937,250)
Administrative expenses		(984,852)	(296,486)	(492,941)	(156,283)
Finance costs		(468,252)	(66,097)	(224,910)	(46,763)
Other charges		(424,242)	(272,324)	(213,993)	(137,218)
Other income	12	500,133	152,755	212,191	66,203
Profit before taxation		7,155,397	5,165,227	3,609,835	2,605,449
Taxation					
- current		(1,286,822)	(125,001)	(565,512)	(62,572)
- deferred		(144,252)	(750,022)	(76,231)	(266,959)
		(1,431,074)	(875,023)	(641,743)	(329,531)
Profit after taxation		5,724,323	4,290,204	2,968,092	2,275,918
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		5,724,323	4,290,204	2,968,092	2,275,918
Attributable to:					
Owners of the Holding Company		5,431,516	-	2,790,514	-
Non-controlling interests		292,807	-	177,578	-
		5,724,323	-	2,968,092	-
		(Rupees)		(Rupees)	
Earnings per share - basic and diluted		16.80	13.27	8.63	7.04

The annexed notes from 1 to 16 form an integral part of these condensed interim consolidated financial statements.

Muhammad Yunus Tabba
Chairman / Director

Muhammad Ali Tabba
Chief Executive

Condensed Interim Consolidated Cash Flow Statement
For the half year ended December 31, 2013 (Un-audited)

	Note	December 31, 2013	December 31, 2012
		(Rupees in'000')	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	13	10,983,497	5,939,651
Finance costs paid		(460,036)	(60,519)
Income tax paid		(427,338)	(301,959)
Gratuity paid		(54,146)	(14,278)
		(941,520)	(376,756)
Long-term loan		(10,633)	-
Long-term deposits		5,013	202
Net cash generated from operating activities		10,036,357	5,563,097
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(1,691,532)	(1,636,575)
Investments		(30,000)	(5,619,000)
Sale proceeds on disposal of property, plant and equipment		20,411	9,170
Net cash used in investing activities		(1,701,121)	(7,246,405)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipt / (repayment) of long-term finance		1,367,300	(132,700)
Proceeds from redemption of investment		30,420	-
Dividends paid		(2,565,139)	(868,634)
Short-term borrowings and running finance - net		572,667	2,550,000
Net cash (used in) / generated from financing activities		(594,752)	1,548,666
Net increase / (decrease) in cash and cash equivalents		7,740,484	(134,642)
Cash and cash equivalents at the beginning of the period		1,092,419	844,422
Cash and cash equivalents at the end of the period		8,832,903	709,780

The annexed notes from 1 to 16 form an integral part of these condensed interim consolidated financial statements.

Muhammad Yunus Tabba
Chairman / Director

Muhammad Ali Tabba
Chief Executive

Condensed Interim Consolidated Statement of Changes in Equity

For the half year ended December 31, 2013 (Un-audited)

	Issued, subscribed and paid up capital	Capital reserve	Revenue reserves		Total reserves	Non-controlling interests	Total equity
		Share premium	General reserves	Unappropri--ated Profit			
	(Rupees in'000')						
Balance as at July 01, 2012	3,233,750	7,343,422	15,000,000	7,684,573	30,027,995	-	33,261,745
Transfer to general reserve	-	-	5,000,000	(5,000,000)	-	-	-
Final dividend at the rate of Rs.6/- per share for the year ended June 30, 2012	-	-	-	(1,940,250)	(1,940,250)	-	(1,940,250)
Total comprehensive income for the period	-	-	-	4,290,204	4,290,204	-	4,290,204
Balance as at December 31, 2012	3,233,750	7,343,422	20,000,000	5,034,527	32,377,949	-	35,611,699
Balance as at July 01, 2013	3,233,750	7,343,422	20,000,000	10,552,319	37,895,741	5,490,672	46,620,163
Transfer to general reserve	-	-	7,871,271	(7,871,271)	-	-	-
Final dividend at the rate of Rs.8/- per share for the year ended June 30, 2013	-	-	-	(2,587,000)	(2,587,000)	-	(2,587,000)
Total comprehensive income for the period	-	-	-	5,431,516	5,431,516	292,807	5,724,323
Balance as at December 31, 2013	3,233,750	7,343,422	27,871,271	5,525,564	40,740,257	5,783,479	49,757,486

The annexed notes from 1 to 16 form an integral part of these condensed interim consolidated financial statements.

Muhammad Yunus Tabba
Chairman / Director

Muhammad Ali Tabba
Chief Executive

Notes to the Condensed Interim Consolidated Financial Statements
For the half year ended December 31, 2013 (Un-audited)

1 THE GROUP AND ITS OPERATIONS

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

1.1 Lucky Cement Limited

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

1.2 LCL Investment Holdings Limited

In the year 2013, the Holding Company has established an investment in LCL Investment Holdings Limited ("LCLIHL"), the wholly owned subsidiary of the Holding Company, incorporated and domiciled in Mauritius. In the year 2013, LCLIHL concluded a joint venture agreement with Al-Shumookh Construction Materials Trading FZE, United Arab Emirates for establishing Lucky Al-Shumookh Holdings Limited for constructing a cement grinding unit in the Republic of Iraq. LCLIHL holds 50 percent ownership interest in the aforementioned joint venture.

In the year 2013, LCLIHL also concluded a joint venture agreement with Rawsons Investments Limited (registered in Cayman Islands) for establishing LuckyRawji Holdings Limited for constructing a fully integrated cement manufacturing unit in the Democratic Republic of Congo. LCLIHL holds 50 percent ownership interest in the aforementioned joint venture.

1.3 Lucky Holdings Limited

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

1.4 ICI Pakistan Limited

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

1.5 ICI Pakistan PowerGen Limited

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

2 STATEMENT OF COMPLIANCE

These condensed interim consolidated financial statements of the Company for the six months period ended December 31, 2013 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 POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim consolidated financial statements are consistent with those applied in the preparation of the annual audited consolidated financial statements for the year ended June 30, 2013, except for the following:

New, Amended and Revised Standards and Interpretations of IFRSs

The Company has adopted the following revised standard, amendments and interpretation of IFRSs which became effective for the current period:

IAS 19 Employee Benefits – (Revised)

IFRS 7 Financial Instruments : Disclosures – (Amendment) - Amendments enhancing disclosures about offsetting of financial assets and financial liabilities.

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

As a result of adoption of IAS-19 (Revised), actuarial gains or losses that were previously recognised as income or expense in Profit and Loss Account will now be recognized in Other Comprehensive Income for the year.

Improvements to Accounting Standards Issued by the IASB

IAS 1 Presentation of Financial Statements - Clarification of the requirements for comparative information

IAS 16 Property, Plant and Equipment – Clarification of Servicing Equipment

IAS 32 Financial Instruments : Presentation – Tax Effects of Distribution to Holders of Equity Instruments

IAS 34 Interim Financial Reporting – Interim Financial Reporting and Segment Information for Total Assets and Liabilities

The adoption of the above amendments, revisions, improvements to accounting standards and interpretations did not have material effect on the condensed interim financial statements.

4 BUSINESS COMBINATION

The accounting treatment adopted for the scheme of arrangement was based on a provisional assessment of fair values for computation of goodwill, as disclosed in note 5.1 to the consolidated financial statements for the year ended June 30, 2013. Under International Financial Reporting Standard - 3, Business Combinations (IFRS-3) adjustments to these provisional values consequent to completion of the initial accounting of the acquisition is required to be incorporated in the financial statements with effect from the acquisition date, within a period of twelve months from the acquisition date.

In connection with the above, during the period, the management completed its exercise for valuation of assets as required by IFRS-3. As a result of such exercise, management has determined that no adjustment is required to be made in the provisional figures, as calculated and reported in consolidated financial statements for the year ended June 30, 2013.

5 PROPERTY, PLANT AND EQUIPMENT

5.1 The following is the movement in property, plant and equipment during the period/year:

	Note	December 31, 2013 (Un-audited)	June 30, 2013 (Audited)
		(Rupees in '000')	
Operating fixed assets (WDV) Opening balance		39,313,315	30,637,815
Add: Additions during the period / year	5.2	2,967,969	2,471,184
Acquisition through Business combination		-	8,677,580
		42,281,284	41,786,579
Less: Disposals during the period/year (WDV)		10,760	10,725
Depreciation charge for the period / year		1,636,597	2,462,539
Operating fixed assets (WDV) - closing balance		40,633,927	39,313,315
Add: Capital work-in-progress	5.3	1,444,171	2,777,779
		42,078,098	42,091,094

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

	Additions (Cost)	Deletions (Cost)
	(Rupees in '000')	
Operating fixed assets		
Land	58,112	-
Buildings	429,079	1,085
Plant and machinery	2,172,071	33,133
Generators	9,769	-
Quarry equipments	84,872	-
Vehicles	147,566	21,850
Furniture and fixtures	42,931	1,090
Office equipments	5,651	-
Computer & Accessories	7,898	348
Other assets	10,020	103
	2,967,969	57,609

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

	December 31, 2013 (Un-audited)	June 30, 2013 (Audited)
	(Rupees in '000')	
Opening balance	2,777,779	378,717
Add: Additions during the period/year	1,452,618	2,756,453
Acquisitions through business combination	-	2,006,732
	4,230,397	5,141,902
Less: Transferred to operating fixed assets	2,786,226	2,364,123
Closing balance	1,444,171	2,777,779

	December 31, 2013 (Un-audited)	June 30, 2013 (Audited)
	(Rupees in '000')	
6 LONG TERM INVESTMENT		
Unquoted		
Equity security available-for-sale		
Arabian Sea Country Club Limited		
(250,000 ordinary shares of Rs. 10 each)	2,500	2,500

7 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. On June 2, 1997 the Company filed a writ petition before the Peshawar High Court seeking judgment on this matter. The dispute relates to the period from June 26, 1996 to April 19, 1999 after which the FBR changed the mechanism of levying excise duty from percentage of retail price to a fixed amount of duty at the rate of Rs.1,400 per ton. The Peshawar High Court after hearing both the parties issued a detailed judgment, operating paragraph of which is reproduced as follows:

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

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

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

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

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

Last year, the Company filed a complaint before the Federal Tax Ombudsman (FTO) with a request that the FBR may be directed for early issuance of refund along-with the compensation for the delayed refund. The FTO directed the FBR to verify the claim of the Company and submit a report in the matter. Subsequently, the FBR on the basis of audit conducted submitted a report to the FTO. However, the company did not agree to the findings of the department and argued before the FTO that the report submitted by the department is not based on the facts of the case.

After hearing the arguments of both the parties the FTO forwarded its recommendations/findings to the Secretary, Revenue Division, Islamabad through its order dated November 22, 2013.

Subsequently, FBR filed representation, before the President of Pakistan against the recommendations of the FTO under section 32 of Federal Tax Ombudsman Ordinance, 2000. Accordingly, President of Pakistan through its secretariat invited comments of the Company which have been submitted.

	Note	December 31, 2013 (Un-audited)	June 30, 2013 (Audited)
		(Rupees in '000')	
8 LONG TERM FINANCE			
Long-term finance	8.1	9,424,224	8,056,924
Current portion of long term finance		(854,642)	(265,400)
		8,569,582	7,791,524

8.1 The terms and conditions of long-term finance are the same as disclosed in note 22 to the annual audited consolidated financial statements of the Company for the year ended June 30, 2013 apart from loans obtained during the quarter as defined in note 8.2

8.2 Meezan Bank Limited	500,000	-
Less: Current Portion of Long Term Loan	111,111	-
	388,889	-

The Group has obtained long term loan of Rs 500 million from Meezan Bank Limited under Islamic Diminishing Musharaka upto a limit of Rs. 500 million for a period of 3 years (including 6 month grace period). The rental payment is charged at relevant KIBOR plus 0.25% p.a. payable on a quarterly basis. This facility is initally secured by a ranking charge to be subsequently replaced by a first pari passu hypothecation charge on the present and future fixed assets of the Company's Soda Ash Business located at Khewra.

Allied Bank Limited	1,000,000	-
Less: Current Portion of Long Term Loan	83,333	-
	916,667	-

The Company has obtained long term loan of Rs 1 billion from Allied Bank Limited under Long Term Loan upto a limit of Rs.1 billion for a period of 4 years (including 1 year grace period). The rental payment is charged at relevant KIBOR plus 0.25% p.a. payable on a quarterly basis. This facility is initally secured by a ranking charge to be subsequently replaced by a first pari passu hypothecation charge on the present and future fixed assets of the Company 's Soda Ash Business located at Khewra.

	Note	December 31, 2013 (Un-audited)	June 30, 2013 (Audited)
		(Rupees in '000')	
9 DEFERRED LIABILITIES			
Staff gratuity and eligible retired employees' medical scheme		720,724	671,673
Deferred tax liability	9.1	7,991,572	7,884,309
		8,712,296	8,555,982
9.1 Deferred tax liability			
This comprises of the following :			
Deferred tax liability			
- Difference in tax and accounting bases of fixed assets		8,657,099	8,510,660
Deferred tax assets			
- Provisions		(665,527)	(626,351)
		7,991,572	7,884,309

10 CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

There are no major changes in the status of contingencies as reported in the annual audited consolidated financial statements for the year ended June 30, 2013.

	December 31, 2013 (Un-audited)	June 30, 2013 (Audited)
	(Rupees in '000')	
10.2 Commitments		
Capital Commitments		
Plant and machinery under letters of credit	2,881,953	2,312,724
Other Commitments		
Stores, spares and packing material under letters of credit	1,825,329	1,992,477
Bank guarantees issued on behalf of the Company	686,398	684,448

10.3 Commitments for rentals under operating lease / Ijarah agreements in respect of vehicles are as follows:

	December 31, 2013 (Un-audited)	June 30, 2013 (Audited)
	(Rupees in '000')	
2014	34,836	55,030
2015	64,344	43,872
2016	49,201	26,783
2017	31,282	9,581
2018	-	-
	179,663	135,266
Payable not later than one year	67,867	55,030
Payable later than one year but not later than five years	111,796	80,236
	179,663	135,266

10.4 Outstanding foreign exchange contracts as at December 31, 2013 entered into by the Group amounted to hedge the anticipated future transactions amounted to Rs 1,428.052 million (June 30, 2013: Rs 1,166.117 million).

	For the half year ended	
	December 31, 2013	December 31, 2012
	(Rupees in '000')	
11 SEGMENT REPORTING		
TURNOVER		
Cement	23,215,851	20,290,358
Polyster	10,000,060	-
Soda Ash	5,005,310	-
Life Sciences	3,664,323	-
Chemicals	2,043,809	-
Others (LHL & ICI PowerGen)	525,681	-
	43,925,983	20,290,358
11.1 OPERATING RESULT		
Cement	6,432,402	5,350,893
Polyster	(460,763)	-
Soda Ash	930,731	-
Life Sciences	423,398	-
Chemicals	154,048	-
Others (LHL & ICI PowerGen)	66,952	-
	7,547,758	5,350,893

11.2 Inter-segment sales and purchases have been eliminated from the total

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

	For the half year ended	
	December 31, 2013	December 31, 2012
	(Rupees in '000')	
11.4 GROSS SALES		
Local	36,202,719	13,509,210
Export	7,723,264	6,781,148
	43,925,983	20,290,358

12 OTHER INCOME

It mainly includes interest income from bank deposits and net income from supply of surplus electricity to Hyderabad Electricity Supply Corporation (HESCO).

		For the half year ended	
		December 31, 2013	December 31, 2012
		(Rupees in '000')	
13 CASH GENERATED FROM OPERATIONS			
Profit before taxation		7,155,397	5,165,227
Adjustments for non cash charges and other items			
Depreciation	5.1	1,636,597	908,335
Amortization of intangible assets		205,357	405
Provision for slow moving spares		10,000	10,003
Gain on disposal of fixed assets		(9,650)	(7,016)
Unrealised gain on investments		(4,459)	-
Provision for staff retirement plan		104,762	63,547
Finance cost		450,773	66,097
Profit before working capital changes		9,548,777	6,206,598
(Increase) / decrease in current assets			
Stores, spares and consumables		(403,847)	594,178
Stock in trade		(1,059,002)	(684,139)
Trade Debts		(185,834)	61,003
Loans and advances		(126,180)	7,277
Trade deposits and short term prepayments		6,913	13,096
Other receivables		434,449	(539,880)
		(1,333,501)	(548,465)
Increase in current liabilities			
Trade and other payables		2,768,221	281,518
Cash flows generated from operations		100,983,497	5,939,651

14 TRANSACTIONS WITH RELATED PARTIES

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

	For the half year ended December 31, 2013	For the half year ended December 31, 2012
	(Rupees in '000')	
Associated Companies		
Lucky Paragon ReadyMix Limited		
Sales	112,787	79,110
Fazal Textile Mills Limited		
Sales	94,315	17,625
Yunus Textile Mills Limited		
Sales	72,716	1,649
Lucky Textile Mills		
Sales	14,874	9,655
Gadoon Textile Mills Limited		
Sales	470,955	4,482
Aziz Tabba Foundation		
Sales	683	1,214
Donation	45,000	-
Lucky One (Pvt) Limited		
Sales	77,004	30,849
Lucky Commodities		
Sales	100,682	-
Lucky Knits (Pvt) Ltd		
Sales	136	-
Lucky Air (Pvt) Limited		
Services	10,082	-
Pakistan Business Council		
Membership fee	1,250	-
Arabian Sea Country Club Limited		
Club Subscription	68	-
Contribution to staff retirement benefit plans	70,274	-

15 DATE OF AUTHORISATION FOR ISSUE

These condensed interim consolidated financial statements were authorized for issue on February 26, 2014 by the Board of Directors of the Company.

16 GENERAL

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

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Chairman / Director

Muhammad Ali Tabba
Chief Executive

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Plants

Pezu Plant

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Tel: (+92-969) 580123-5 Fax: (+92-969) 580122

Karachi Plant

104 km Milestone from Karachi to Hyderabad (58km towards Karachi)
Fax: (+92-21) 35206421

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