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OUR PEOPLE OUR STRENGTH

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THIRD QUARTER REPORT  
MARCH 31, 2014



*A Part of*  
**YBG**

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UAN: (+92-91) 111-786-555 Tel: (+92-91) 5844903-5840271 Fax: (+92-91) 5850969

**Quetta**

F1, First Floor, Institute of Engineers Building, Zarghoon Road, Quetta.

Tel: (+92-81) 2837583 Fax: (+92-81) 2829267

**D I Khan**

Qudusabad Colony, Grid Road, D I Khan

Tel: 0966-850331, Fax: 0966-850341

**Plants****Pezu Plant**

Main Indus Highway, Pezu, Distt. Lakki Marwat, Khyber Pakhtunkhwa.

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

**Karachi Plant**

104 km Milestone from Karachi to Hyderabad (58km towards Karachi)

Fax: (+92-21) 35206421

# VISION

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

# MISSION

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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

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## Customer Focused

Quality and Consistency  
Commitment  
Customer Satisfaction  
Fair Practices

## Social Responsibility

Sustainable Development  
Philanthropy  
Community Development  
Environmentally Conscious

## Innovation

Creative Solution  
Modernization  
First Mover Advantage  
Setting Trends

## Entrepreneurship

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

## Ethics and Integrity

Prestige  
Honesty  
Uprightness  
Reliability

## Excellence

Benchmark Practices  
Continuous Improvement  
Efficient and Effective Performance

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## 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 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](http://www.lucky-cement.com)  
 E-mail: [info@lucky-cement.com](mailto: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

# Director's Report

The Directors of your Company have pleasure in presenting to you the results of your Company which include both, the stand-alone and consolidated unaudited financial statements for the nine months period ended March 31, 2014.

## Overview:

Cement industry in Pakistan grew by 1.0% to 24.8 million tons during the nine months period ended March 31, 2014 compared to 24.5 million tons of the same period last year. While local sales volume registered a growth of 2.1% to 18.8 million tons during the nine months compared to 18.3 million tons of the same period last year, export sales volume registered a decline of 2.5% to 6.0 million tons during the nine months compared to 6.2 million tons of the same period last year.

Your Company outperformed the industry and managed to achieve market share of 19.5% compared to 18.0% achieved during the same period last year.

Your Company achieved an overall growth of 9.3% to 4.8 million tons during the nine months compared to 4.4 million tons sold in the same period last year. Local sales volume registered a growth of 7.7% to 2.9 million tons during the nine months compared to 2.7 million tons of same period last year. While industry registered a decline in export volumes, your Company was able to register considerable growth of 11.8% to 1.9 million tons during the nine months compared to 1.7 million tons of the same period last year.

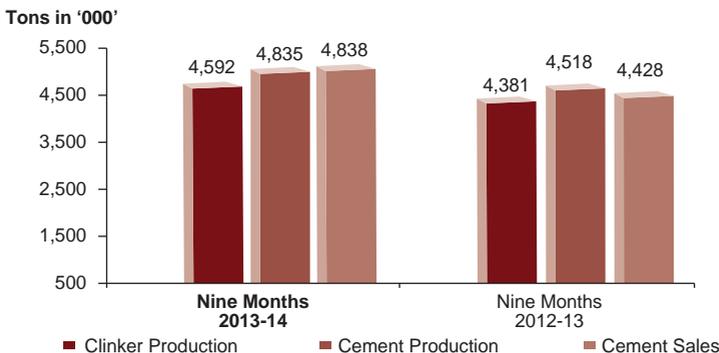
## Business Performance:

### (a) Production & Sales Volume Performance

The production and sales statistics of your Company for the nine months period ended March 31, 2014 compared to the same period last year are as follows:

Particulars	Nine Months 2013-14	Nine Months 2012-13	Increase / (Decrease) %
	Tons		
Clinker Production	4,592,259	4,380,678	4.83%
Cement Production	4,835,250	4,518,450	7.01%
Cement Sales	4,838,228	4,428,392	9.25%

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



A comparison of the dispatches of the industry and your Company for the nine months period ended March 31, 2014 compared to the same period last year is presented below:

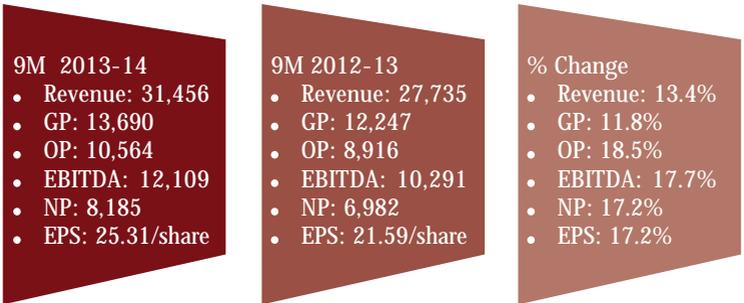
Particulars	Nine Months 2013 -14	Nine Months 2012 -13	Growth / (Decline)	
	Tons	Tons	Tons	%
<b>Cement Industry</b>				
Local Sales	18,759,990	18,372,789	387,201	2.1%
Export Sales				
Cement				
- Bagged	5,783,520	5,782,982	538	0.0%
- Loose	233,276	385,870	(152,594)	(39.5%)
Total Exports	6,016,796	6,168,852	(152,056)	(2.5%)
Grand Total	24,776,786	24,541,641	235,145	1.0%
<b>Lucky Cement</b>				
Local Sales	2,976,860	2,763,979	(212,880)	(7.7%)
Export Sales				
Cement				
- Bagged	1,628,092	1,278,543	349,549	27.3%
- Loose	233,276	385,870	(152,594)	(39.5%)
Total Exports	1,861,368	1,664,413	196,955	11.8%
Grand Total	4,838,228	4,428,392	409,836	9.3%
	Nine Months 2013 -14	Nine Months 2012 -13	Growth / (Decline)	
<b>Market Share</b>				
LCL Market Share (%)				
Local Sales	15.9%	15.0%	5.5%	
Export Sales				
Cement				
- Bagged	28.2%	22.1%	27.3%	
- Loose	100.0%	100.0%	0.0%	
Total Export	30.9%	27.0%	14.7%	
Grand Total	19.5%	18.0%	8.2%	

Industry Source: APCMA website

# Director's Report

## (b) Financial Performance

The financial performance of your Company for the nine months period ended March 31, 2014 compared to the same period of last year is presented below:



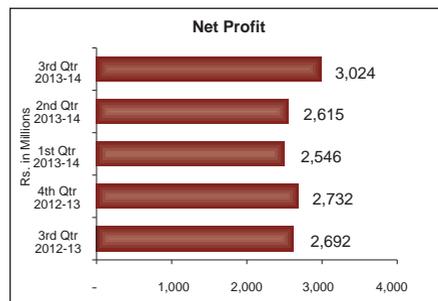
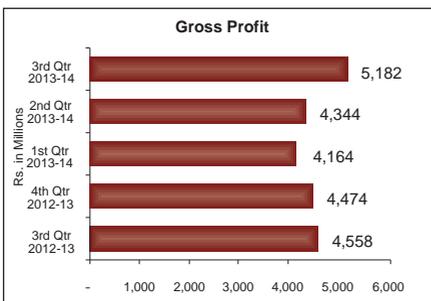
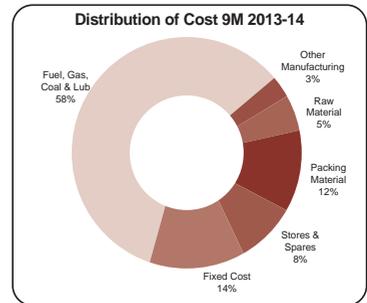
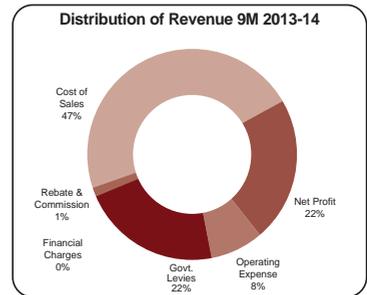
\* Figures in PKR million except EPS

During the period under review, your Company achieved an overall net sales revenue growth of 13.4% contributed by 9.3% increase in volume and 4.1% increase in net retention.

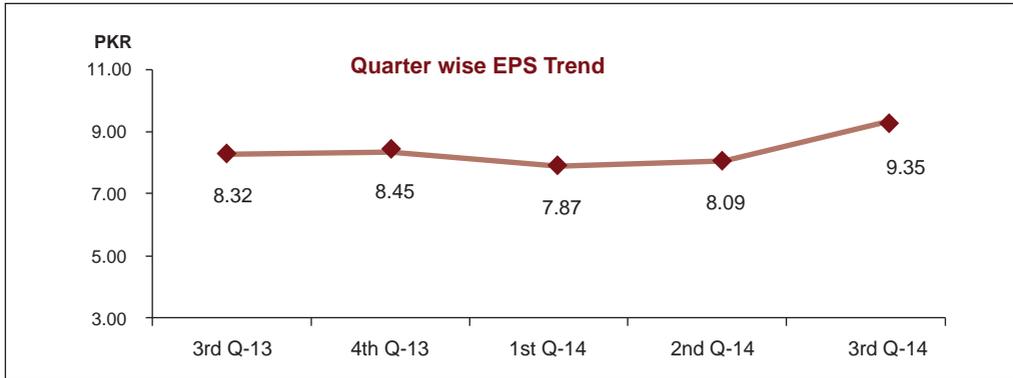
Per ton cost of sales of your Company during the period under review increased by 5.0% compared to the same period last year. The increase in the cost of sales was mainly attributable to gas tariff hike, the bulk of the impact thereof was offset by the use of alternative fuels.

Your Company achieved a gross profit margin of 43.5% during the period under review compared to 44.2% reported in the same period last year.

Your Company achieved the before tax profit of Rs.10,396.4 million during the period under review compared to Rs.8,230.2 million reported during the same period last year. Similarly, after tax profit of Rs.8,185.1 million was achieved during the period under review compared to Rs.6,981.7 million reported during the same period last year.



The earnings per share of your Company for the nine months period ended March 31, 2014 was Rs.25.31 compared to Rs.21.59 reported in the same period last year.



### Projects - New and Ongoing:

#### Waste Heat Recovery (WHR) Plants at Captive Power Plants

For 5 MW WHR plant to be installed at Karachi captive power plant, civil and existing structure modification work is in progress and 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 May 2014 and plant and machinery to be installed by the end of financial year 2014 / 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. Civil and local fabrication work at plant site is in progress. The first mill will become operational in the first quarter of the financial year 2014 / 2015 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. Order for plant and machinery is expected to be placed by end of the financial year 2013 / 2014.

#### Electricity Supply to PESCO

For supply of surplus electricity from PEZU plant to Peshawar Electric Supply Company (PESCO), your Company is in the process of negotiation with PESCO to finalize the arrangements.

### Investments:

#### Joint Venture Investment in Cement Plant in DR Congo

Project financing Term Sheet has been concluded with multilaterals and international financial institutions and financial close is expected to be achieved in June 2014. Construction work has been planned to commence from May 2014.

# Director's Report

## Joint Venture Investment in Cement Grinding Facility in Iraq

As informed earlier, grinding mill in Iraq has started commercial production from February 2014. Till 22nd April 2014, 57,000 tons of cement has been produced whereas 49,000 tons has been sold off. Cement sales have been lower due to forthcoming Elections in Iraq which are scheduled to be held in the end of April 2014 and budget constraints of the Government on Infrastructure related projects. Your company is very confident that post elections, the sales in Iraq will improve and plant will be able to run at 60% of the capacity in the first year.

## Equity Investment in Associated Company in 50 MW Wind Farm

Your company has decided to increase the shareholding in the associated company from 14% to 20% thereby investment in the associated company will increase from Rs.605 million to Rs.835 million. As per the requirement of section 208 of the Companies Ordinance, 1984, your company has planned an Extra Ordinary General Meeting (EOGM) of the shareholders to seek approval which is scheduled to be convened on 13th May 2014. Financial close of the project is expected to be achieved by June 2014. The project is likely to be completed by December 2015.

## Corporate Social Responsibility:

Your company retained its active participation in promoting quality education to the deserving and talented youth of Pakistan. In this connection, several scholarships have been awarded on merit basis to the students of local renowned universities and a student of foreign university perusing studies in the field of Veterinary Medicine. In addition to this, to promote the literacy rate at primary level, Lucky Cement has generously supported a local foundation for the construction of school at Hub. During the period under review your Company has also donated for the construction of a madarsa and renovation work at APWA community Centre.

## Outlook:

Historically, in terms of volume, last quarter of the financial year has always been stronger. We expect volumes to grow on the back of GOP's allocation to Public Sector Development Program (PSDP) and infrastructure related spending in the last quarter. Recent appreciation of Pak Rupee against US\$ will have some adverse impact on the earnings from export in the next quarter, however, your company's drive to keep control over cost will help offset the adverse impact to a greater extent. Stability of coal prices in the international market will also be an important factor in the improved profitability in the fourth quarter of the financial year 2013 / 2014.

## 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: April 24th, 2014.

## Condensed Interim Balance Sheet

As at March 31, 2014 (Un-audited)

	Note	March 31, 2014 (Un-audited)	June 30, 2013 (Audited)
(Rupees in '000')			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	30,379,127	31,008,392
Intangible assets		30,832	4,711
		<u>30,409,959</u>	<u>31,013,103</u>
Long-term investments	5	5,619,000	5,619,000
Long-term advance		1,603,772	547,573
Long-term deposits		3,175	3,175
		<u>37,635,906</u>	<u>37,182,851</u>
<b>CURRENT ASSETS</b>			
Stores and spares		5,641,081	5,179,055
Stock-in-trade		1,416,851	1,431,157
Trade debts		2,157,643	1,668,299
Loans and advances		456,416	259,998
Trade deposits and short-term prepayments		50,156	41,814
Other receivables		549,923	692,191
Investments		117,102	110,062
Tax refunds due from the Government	6	538,812	538,812
Taxation - net		-	286,096
Cash and bank balances		9,548,435	2,805,840
		<u>20,476,419</u>	<u>13,013,324</u>
<b>TOTAL ASSETS</b>		<u><u>58,112,325</u></u>	<u><u>50,196,175</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized capital		<u>5,000,000</u>	<u>5,000,000</u>
Issued, subscribed and paid-up capital		3,233,750	3,233,750
Reserves		43,399,771	37,801,693
		<u>46,633,521</u>	<u>41,035,443</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term finance	7	-	127,498
Long-term deposits		62,342	57,125
Deferred liabilities	8	5,383,555	5,130,265
		<u>5,445,897</u>	<u>5,314,888</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		4,604,718	3,572,282
Taxation - net		1,230,067	-
Accrued mark-up		4,274	8,162
Current portion of long-term finance	7	193,848	265,400
		<u>6,032,907</u>	<u>3,845,844</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
<b>TOTAL EQUITY AND LIABILITIES</b>	9	<u><u>58,112,325</u></u>	<u><u>50,196,175</u></u>

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

# Financials

## Condensed Interim Profit and Loss Account

For the 3rd quarter and nine months period ended March 31, 2014 (Un-audited)

	Note	Nine months (July-March)		Third Quarter (January-March)	
		March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
		(Rupees in '000')		(Rupees in '000')	
Gross sales	10	37,411,314	32,081,589	14,195,463	11,791,231
Less: Sales tax and excise duty		5,507,769	4,023,047	2,148,420	1,450,181
Rebates and commission		447,958	323,772	166,948	116,883
		5,955,727	4,346,819	2,315,368	1,567,064
Net sales		31,455,587	27,734,770	11,880,095	10,224,167
Cost of sales		(17,765,232)	(15,487,435)	(6,698,368)	(5,666,353)
Gross profit		13,690,355	12,247,335	5,181,727	4,557,814
Distribution costs		(2,558,191)	(3,008,826)	(1,011,957)	(966,684)
Administrative expenses		(568,245)	(322,616)	(190,888)	(106,298)
Finance costs		(28,426)	(115,185)	(7,747)	(49,088)
Other charges		(771,988)	(766,259)	(277,887)	(413,767)
Other income	11	632,893	195,800	216,998	43,045
Profit before taxation		10,396,398	8,230,249	3,910,246	3,065,022
Taxation					
-current		(2,035,316)	(198,459)	(803,606)	(73,458)
-deferred		(176,004)	(1,050,023)	(82,321)	(300,001)
		(2,211,320)	(1,248,482)	(885,927)	(373,459)
Profit after taxation		8,185,078	6,981,767	3,024,319	2,691,563
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		8,185,078	6,981,767	3,024,319	2,691,563
		(Rupees)		(Rupees)	
Earnings per share - basic and diluted		25.31	21.59	9.35	8.32

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 nine months period ended March 31, 2014 (Un-audited)

	Note	March 31, 2014	March 31, 2013
(Rupees in '000')			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	12	12,065,657	9,094,172
Finance costs paid		(32,314)	(86,650)
Income tax paid		(519,153)	(358,554)
Gratuity paid		(32,659)	(19,896)
		(584,126)	(465,100)
Long-term deposits		5,217	1,212
Net cash generated from operating activities		11,486,748	8,630,284
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(987,043)	(1,756,238)
Long-term investment		-	(5,619,000)
Long-term advance against issuance of shares		(1,056,200)	-
Sale proceeds on disposal of property, plant and equipment		64,673	10,494
Net cash used in investing activities		(1,978,570)	(7,364,744)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long-term finance		(199,050)	(199,050)
Receipt of short-term borrowings		-	750,000
Dividends paid		(2,566,533)	(1,923,817)
Net cash used in financing activities		(2,765,583)	(1,372,867)
Net increase / (decrease) in cash and cash equivalents		6,742,595	(107,327)
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		9,548,435	737,095

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 nine months period ended March 31, 2014 (Un-audited)

	Issued, subscribed and paid up capital	Capital reserve	Revenue reserves		Total reserves	Total equity
		Share premium	General reserves	Unappropriated Profit		
(Rupees in '000')						
Balance as at June 30, 2012	3,233,750	7,343,422	15,000,000	7,684,573	30,027,995	33,261,745
Transfer to general reserve	-	-	5,000,000	(5,000,000)	-	-
Final dividend at the rate of Rs.6/- per share for the year ended June 30, 2012	-	-	-	(1,940,250)	(1,940,250)	(1,940,250)
Total comprehensive income for the period	-	-	-	6,981,767	6,981,767	6,981,767
Balance as at March 31, 2013	<u>3,233,750</u>	<u>7,343,422</u>	<u>20,000,000</u>	<u>7,726,090</u>	<u>35,069,512</u>	<u>38,303,262</u>
Total comprehensive income for the three months period ended June 30, 2013	-	-	-	2,732,181	2,732,181	2,732,181
Balance as at June 30, 2013	<u>3,233,750</u>	<u>7,343,422</u>	<u>20,000,000</u>	<u>10,458,271</u>	<u>37,801,693</u>	<u>41,035,443</u>
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	-	-	-	8,185,078	8,185,078	8,185,078
Balance as at March 31, 2014	<u>3,233,750</u>	<u>7,343,422</u>	<u>27,871,271</u>	<u>8,185,078</u>	<u>43,399,771</u>	<u>46,633,521</u>

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 nine months period ended March 31, 2014 (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 nine months period ended March 31, 2014 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. 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 audited 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	March 31, 2014 (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	702,861	2,062,984
		<u>31,513,681</u>	<u>32,700,799</u>
Less: Disposals during the period / year (WDV)		44,807	5,731
Depreciation charge for the period/year		1,539,316	1,884,248
Operating fixed assets (WDV) - closing balance		29,929,558	30,810,820
Add: Capital work-in-progress	4.3	449,569	197,572
		<u>30,379,127</u>	<u>31,008,392</u>

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

	Additions (Cost)	Deletions (Cost)
(Rupees in '000')		
<b>Operating fixed assets</b>		
Buildings	19,270	-
Plant and machinery	191,769	36,155
Generators	9,769	-
Quarry equipments	266,146	-
Vehicles	169,332	33,766
Furniture and fixtures	7,333	592
Office equipments	11,012	219
Computer and Accessories	13,809	3,325
Other assets	14,421	257
	<u>702,861</u>	<u>74,314</u>

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

	Note	March 31, 2014 (Un-audited)	June 30, 2013 (Audited)
(Rupees in '000')			
Opening balance		197,572	378,717
Add: Additions during the period/year		764,517	1,774,778
		<u>962,089</u>	<u>2,153,495</u>
Less: Transferred to operating fixed assets		512,520	1,955,923
Closing balance		<u>449,569</u>	<u>197,572</u>

## 5 LONG-TERM INVESTMENTS - at cost

Lucky Holdings Limited	5.1	<u>5,619,000</u>	<u>5,619,000</u>
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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) in the Honourable Supreme Court of Pakistan. The Honourable Supreme Court of Pakistan vide its order dated January 27, 2009 dismissed the review petition filed by the FBR and upheld its earlier decision which was in favour of the Company.

While verifying the refund claim, the Collector of Excise and Sales Tax Peshawar has issued show cause notice to the Company raising certain objections against the release of said refund including an objection that the burden of this levy has been passed on to the end consumer. The Company has challenged this show cause notice in the Honourable Peshawar High Court and taken the stance that this matter has already been dealt with at the 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	March 31, 2014 (Un-audited)	June 30, 2013 (Audited)
(Rupees in '000')			
<b>7</b>	<b>LONG TERM FINANCE</b>		
	Long-term finance	193,848	392,898
	Current portion of long term finance	(193,848)	(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.		
<b>8</b>	<b>DEFERRED LIABILITIES</b>		
	Staff gratuity	629,328	552,042
	Deferred tax liability	4,754,227	4,578,223
		5,383,555	5,130,265
	<b>8.1 Deferred tax liability</b>		
	This comprises of the following :		
	Deferred tax liability		
	- Difference in tax and accounting bases of fixed assets	5,022,335	4,809,400
	Deferred tax assets		
	- Provisions	(268,108)	(231,177)
		4,754,227	4,578,223
<b>9</b>	<b>CONTINGENCIES AND COMMITMENTS</b>		
	<b>9.1 Contingencies</b>		
	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.		
		March 31, 2014 (Un-audited)	June 30, 2013 (Audited)
(Rupees in '000')			
	<b>9.2 Commitments</b>		
	<b>Capital Commitments</b>		
	Plant and machinery under letters of credit	2,551	1,745,415
	<b>Other Commitments</b>		
	Stores, spares and packing material under letters of credit	1,202	1,992,477
	Bank guarantees issued on behalf of the Company	877,525	684,448

		For the nine months ended	
		March 31, 2014	March 31, 2013
		(Rupees in '000')	
10	<b>GROSS SALES</b>		
	Local	25,756,448	21,152,918
	Export	11,654,866	10,928,671
		37,411,314	32,081,589

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).

		For the nine months ended	
		March 31, 2014	March 31, 2013
		(Rupees in '000')	
	Note		
12	<b>CASH GENERATED FROM OPERATIONS</b>		
	Profit before taxation	10,396,398	8,230,249
	Adjustments for non cash charges and other items		
	Depreciation	1,539,316	1,375,193
	Amortization of intangible assets	6,065	744
	Provision for slow moving spares	10,000	20,003
	Gain on disposal of fixed assets	(19,866)	(8,074)
	Unrealized gain on investments	(7,040)	-
	Provision for gratuity	109,945	95,765
	Finance cost	28,426	115,185
	Profit before working capital changes	12,063,244	9,829,065
	(Increase) / decrease in current assets		
	Stores and spares	(472,026)	487,333
	Stock in trade	14,306	(439,050)
	Trade Debts	(489,344)	(325,126)
	Loans and advances	(196,418)	(89,454)
	Trade deposits and short term prepayments	(8,342)	20,157
	Other receivables	142,268	(973,369)
		(1,009,556)	(1,319,509)
	Increase in current liabilities		
	Trade and other payables	1,011,969	584,616
	Cash flows generated from operations	12,065,657	9,094,172

## 13 TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of subsidiary Companies, 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 nine months ended	
	March 31, 2014	March 31, 2013
	(Rupees in '000')	
Subsidiary Companies		
Lucky Holdings Limited		
Investment made during the period	-	5,619,000
LCL Investment Holdings Limited		
Advance against issuance of shares	1,056,200	-
Associated Undertakings		
Lucky Paragon ReadyMix Limited		
Sales	174,139	138,875
Lucky Textile Mills		
Sales	20,356	19,010
Gadoon Textile Mills Limited		
Sales	17,703	7,299
Younus Textile Mills Limited		
Sales	42,183	3,339
Fazal Textile Mills Limited		
Sales	8,983	27,975
Aziz Tabba Foundation		
Sales	1,166	1,354
Donation	85,000	-
Lucky One (Pvt) Limited		
Sales	123,696	70,967
Lucky Commodities		
Sales	225,751	-
Lucky Air (Pvt) limited		
Services	16,007	-
ICI Pakistan Limited		
Sales / Advance	2,472	8,580

## 14 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue on April 24, 2014 by the Board of Directors of the Company.

## 15 GENERAL

15.1 Corresponding figures have been reclassified, wherever necessary, for better presentation.

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



**Muhammad Yunus Tabba**  
Chairman / Director



**Muhammad Ali Tabba**  
Chief Executive

## Condensed Interim Consolidated Balance Sheet

As at March 31, 2014 (Un-audited)

	Note	March 31, 2014 (Un-audited)	June 30, 2013 (Audited)
(Rupees in '000')			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	42,462,360	42,091,094
Intangible assets		7,786,428	8,057,855
		<u>50,248,788</u>	<u>50,148,949</u>
Long-term investments	5	2,500	2,500
Long-term loans and advances		1,835,543	749,644
Long-term deposits and prepayments		32,473	36,513
		<u>52,119,304</u>	<u>50,937,606</u>
<b>CURRENT ASSETS</b>			
Stores, spares and consumables		6,569,011	6,050,757
Stock-in-trade		6,426,591	6,026,034
Trade debts		3,439,087	2,559,485
Loans and advances		701,160	420,638
Trade deposits and short term prepayments		228,030	203,702
Other receivables		1,878,575	1,881,749
Investments		117,102	110,062
Tax refunds due from the Government	6	538,812	538,812
Taxation - net		472,255	1,759,287
Cash and bank balances		10,118,726	3,746,968
		<u>30,489,349</u>	<u>23,297,494</u>
<b>TOTAL ASSETS</b>		<u><u>82,608,653</u></u>	<u><u>74,235,100</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized capital		<u>5,000,000</u>	<u>5,000,000</u>
Issued, subscribed and paid-up capital		3,233,750	3,233,750
Reserves		43,902,814	37,895,741
Attributable to the equity holders of the Holding Company		47,136,564	41,129,491
Non-controlling interests		5,934,586	5,490,672
Total equity		<u>53,071,150</u>	<u>46,620,163</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term finance	7	8,330,693	7,791,524
Long-term deposits		62,342	57,125
Deferred liabilities	8	8,797,172	8,555,982
		<u>17,190,207</u>	<u>16,404,631</u>
<b>CURRENT LIABILITIES</b>			
Short-term borrowings and running finance		650,582	2,654,549
Trade and other payables		10,608,517	8,065,628
Accrued mark-up		161,016	224,729
Current portion of long-term finance	7	927,181	265,400
		<u>12,347,296</u>	<u>11,210,306</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	9		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>82,608,653</u></u>	<u><u>74,235,100</u></u>

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



**Muhammad Yunus Tabba**  
Chairman / Director



**Muhammad Ali Tabba**  
Chief Executive

# Consolidated Financial Statements

## Condensed Interim Consolidated Profit and Loss Account

For the 3rd quarter and nine months period ended March 31, 2014 (Un-audited)

	Note	Nine months (July-March)		Third Quarter (January-March)	
		March 31, 2014 (Rupees in '000')	March 31, 2013 (Rupees in '000')	March 31, 2014 (Rupees in '000')	March 31, 2013 (Rupees in '000')
Gross sales	10	68,977,275	32,081,589	25,051,292	11,791,231
Less: Sales tax and excise duty		7,394,807	4,023,047	2,827,889	1,450,181
Rebates and commission		1,906,160	323,772	663,764	116,883
		9,300,967	4,346,819	3,491,653	1,567,064
Net sales		59,676,308	27,734,770	21,559,639	10,224,167
Cost of sales		(42,634,889)	(15,487,435)	(15,171,759)	(5,666,353)
Gross profit		17,041,419	12,247,335	6,387,880	4,557,814
Distribution costs		(3,450,766)	(3,008,826)	(1,329,837)	(966,684)
Administrative expenses		(1,457,070)	(322,616)	(624,853)	(106,298)
Finance costs		(731,662)	(115,185)	(263,410)	(49,088)
Other charges		(898,845)	(766,259)	(321,968)	(413,767)
Other income	11	911,408	195,800	411,275	43,045
Profit before taxation		11,414,484	8,230,249	4,259,087	3,065,022
Taxation					
-current		(2,145,404)	(198,459)	(858,582)	(73,458)
-deferred		(231,093)	(1,050,023)	(86,841)	(300,001)
		(2,376,497)	(1,248,482)	(945,423)	(373,459)
Profit after taxation		9,037,987	6,981,767	3,313,664	2,691,563
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		9,037,987	6,981,767	3,313,664	2,691,563
Attributable to:					
Owners of the Holding Company		8,594,073	-	3,162,557	-
Non-controlling interests		443,914	-	151,107	-
		9,037,987	-	3,313,664	-
				(Rupees)	(Rupees)
Earnings per share - basic and diluted		26.58	21.59	9.78	8.32

The annexed notes from 1 to 15 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 nine months period ended March 31, 2014 (Un-audited)

	Note	March 31, 2014	March 31, 2013
(Rupees in '000')			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	12	15,358,789	9,094,172
Finance costs paid		(675,439)	(86,650)
Income tax paid		(914,265)	(358,554)
Gratuity paid		(91,535)	(19,896)
		(1,681,239)	(465,100)
Long-term loan		(29,700)	-
Long-term deposits		9,257	1,212
Net cash generated from operating activities		13,657,107	8,630,284
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(2,931,971)	(1,756,238)
Investments		(30,000)	(5,619,000)
Long-term advance against issuance of shares		(1,056,200)	-
Sale proceeds on disposal of property, plant and equipment		72,356	10,494
Net cash used in investing activities		(3,945,815)	(7,364,744)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Receipt / (repayment) of long-term finance		1,200,950	(199,050)
Proceeds from redemption of investment		30,423	-
Dividends paid		(2,566,940)	(1,923,817)
Short-term borrowings and running finance - net		650,582	750,000
Net cash used in financing activities		(684,985)	(1,372,867)
Net increase / (decrease) in cash and cash equivalents		9,026,307	(107,327)
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		10,118,726	737,095

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



**Muhammad Yunus Tabba**  
Chairman / Director



**Muhammad Ali Tabba**  
Chief Executive

# Consolidated Financial Statements

## Condensed Interim Consolidated Statement of Changes in Equity For the nine months period ended March 31, 2014 (Un-audited)

	Issued, subscribed and paid up capital	Capital reserve	Revenue reserves		Total reserves	Non-controlling interests	Total equity
		Share premium	General reserves	Unappropriated Profit			
(Rupees in '000')							
Balance as at June 30, 2012	3,233,750	7,343,422	15,000,000	7,684,573	30,027,995	-	33,261,745
Transfer to general reserve	-	-	5,000,000	(5,000,000)	-	-	-
Final dividend at the rate of Rs.6/- per share for the year ended June 30, 2012	-	-	-	(1,940,250)	(1,940,250)	-	(1,940,250)
Total comprehensive income for the period	-	-	-	6,981,767	6,981,767	-	6,981,767
Balance as at March 31, 2013	<u>3,233,750</u>	<u>7,343,422</u>	<u>20,000,000</u>	<u>7,726,090</u>	<u>35,069,512</u>	<u>-</u>	<u>38,303,262</u>
Total comprehensive income for the three month period ended June 30, 2013	-	-	-	2,826,229	2,826,229	5,490,672	8,316,901
Balance as at June 30, 2013	<u>3,233,750</u>	<u>7,343,422</u>	<u>20,000,000</u>	<u>10,552,319</u>	<u>37,895,741</u>	<u>5,490,672</u>	<u>46,620,163</u>
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	-	-	-	8,594,073	8,594,073	443,914	9,037,987
Balance as at March 31, 2014	<u>3,233,750</u>	<u>7,343,422</u>	<u>27,871,271</u>	<u>8,688,121</u>	<u>43,902,814</u>	<u>5,934,586</u>	<u>53,071,150</u>

The annexed notes from 1 to 15 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 nine months period ended March 31, 2014 (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 merchandising 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 nine months period ended March 31, 2014 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. These condensed interim consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with Company's annual audited consolidated financial statements for the year ended June 30, 2013.

# Consolidated Financial Statements

## 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 PROPERTY, PLANT AND EQUIPMENT

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

	Note	March 31, 2014 (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	4.2	3,685,745	2,471,184
Acquisition through Business combination		-	8,677,580
		42,999,060	41,786,579
Less: Disposals during the period/year (WDV)		65,410	10,725
Depreciation charge for the period/year		2,517,154	2,462,539
Operating fixed assets (WDV) - closing balance		40,416,496	39,313,315
Add: Capital work-in-progress	4.3	2,045,864	2,777,779
		42,462,360	42,091,094

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

	Additions (Cost)	Deletions (Cost)
	(Rupees in '000')	
<b>Operating fixed assets</b>		
Land	58,916	-
Buildings	455,658	4,060
Plant and machinery	2,622,165	94,960
Generators	9,769	-
Quarry equipments	266,146	-
Vehicles	175,123	40,206
Furniture and fixtures	58,726	1,682
Office equipments	11,012	219
Computer and Accessories	13,809	3,325
Other assets	14,421	257
	<u>3,685,745</u>	<u>144,709</u>

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

	March 31, 2014 (Un-audited)	June 30, 2013 (Audited)
Note	(Rupees in '000')	
Opening balance	2,777,779	378,717
Add: Additions during the period/year	2,718,307	2,756,453
Acquisitions through business combination	-	2,006,732
	<u>5,496,086</u>	<u>5,141,902</u>
Less: Transferred to operating fixed assets	3,450,222	2,364,123
Closing balance	<u>2,045,864</u>	<u>2,777,779</u>

## 5 LONG-TERM INVESTMENTS

Unquoted

Equity security available-for-sale

Arabian Sea Country Club Limited

(250,000 ordinary shares of Rs. 10 each)

2,500

2,500

## 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.”

# Consolidated Financial Statements

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

While verifying the refund claim, the Collector of Excise and Sales Tax Peshawar has issued show cause notice to the Company raising certain objections against the release of said refund including an objection that the burden of this levy has been passed on to the end consumer. The Company has challenged this show cause notice in the Honourable Peshawar High Court and taken the stance that this matter has already been dealt with at the 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	March 31, 2014 (Un-audited)	June 30, 2013 (Audited)
(Rupees in '000')			
<b>7</b>	<b>LONG TERM FINANCE</b>		
	Long-term finance	7.1	9,257,874
	Current portion of long term finance		(927,181)
			<u>8,330,693</u>
			<u>8,056,924</u>
			<u>(265,400)</u>
			<u>7,791,524</u>

7.1 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 period as defined in note 7.2

	Note	March 31, 2014 (Un-audited)	June 30, 2013 (Audited)
(Rupees in '000')			
7.2 Meezan Bank Limited		500,000	-
Less: Current Portion of Long Term Loan		166,667	-
		<u>333,333</u>	<u>-</u>

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 initially 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		166,666	-
		<u>833,334</u>	<u>-</u>

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 initially 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	March 31, 2014 (Un-audited)	June 30, 2013 (Audited)
(Rupees in '000')			
8 DEFERRED LIABILITIES			
Staff gratuity and eligible employees medical scheme		737,253	671,673
Deferred tax liability	8.1	8,059,919	7,884,309
		<u>8,797,172</u>	<u>8,555,982</u>

#### 8.1 Deferred tax liability

This comprises of the following :

Deferred tax liability		8,717,317	8,510,660
- Difference in tax and accounting bases of fixed assets			
Deferred tax assets		(657,398)	(626,351)
- Provisions		8,059,919	7,884,309
		<u>8,059,919</u>	<u>7,884,309</u>

# Consolidated Financial Statements

## 9 CONTINGENCIES AND COMMITMENTS

### 9.1 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.

March 31, 2014 (Un-audited)	June 30, 2013 (Audited)
-----------------------------------	-------------------------------

(Rupees in '000')

### 9.2 COMMITMENTS

Capital Commitments		
Plant and machinery under letters of credit	1,074,910	2,312,724
Other Commitments		
Stores, spares and packing material under letters of credit	1,202	1,992,477
Bank guarantees issued on behalf of the Company	877,525	684,448

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

March 31, 2014 (Un-audited)	June 30, 2013 (Audited)
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(Rupees in '000')

2014	16,246	55,030
2015	62,416	43,872
2016	48,741	26,783
2017	33,560	9,581
2018	7,095	-
	168,058	135,266
Payable not later than one year	63,422	55,030
Payable later than one year but not later than five years	104,636	80,236
	168,058	135,266

9.4 Outstanding foreign exchange contracts as at March 31, 2014 entered into by the Group amounted to hedge the anticipated future transactions amounted to Rs 133.287 million (June 30, 2013: Rs 1,166.117 million).

		<u>For the nine months ended</u>	
		<u>March 31,</u> 2014	<u>March 31,</u> 2013
		(Rupees in '000')	
<b>10</b>	<b>SEGMENT REPORTING</b>		
	<b>TURNOVER</b>		
	Cement	37,411,314	32,081,589
	Polyester	14,941,970	-
	Soda Ash	7,856,027	-
	Life Sciences	5,502,468	-
	Chemicals	3,271,337	-
	Others (LHL & ICI PowerGen)	836,112	-
		<u>68,977,275</u>	<u>32,081,589</u>
	<b>10.1 OPERATING RESULT</b>		
	Cement	10,563,919	8,915,893
	Polyester	(546,784)	-
	Soda Ash	1,176,442	-
	Life Sciences	595,154	-
	Chemicals	239,677	-
	Others (LHL & ICI PowerGen)	103,689	-
		<u>12,133,583</u>	<u>8,915,893</u>
	<b>10.2</b>	Inter-segment sales and purchases have been eliminated from the total	
	<b>10.3</b>	Transactions among the business segments are recorded at arm's length prices using admissible valuation methods.	
		<u>For the nine months ended</u>	
		<u>March 31,</u> 2014	<u>March 31,</u> 2013
		(Rupees in '000')	
	<b>10.4 GROSS SALES</b>		
	Local	57,031,449	21,152,918
	Export	11,945,826	10,928,671
		<u>68,977,275</u>	<u>32,081,589</u>
<b>11</b>	<b>OTHER INCOME</b>		
	It mainly includes interest income from bank deposits and net income from supply of surplus electricity to Hyderabad Electricity Supply Corporation (HESCO).		

# Consolidated Financial Statements

	Note	For the nine months ended	
		March 31, 2014	March 31, 2013
(Rupees in '000')			
<b>12 CASH GENERATED FROM OPERATIONS</b>			
Profit before taxation		11,414,484	8,230,249
Adjustments for non cash charges and other items			
Depreciation	4.1	2,517,154	1,375,193
Amortization of intangible assets		305,926	744
Provision for slow moving spares		10,000	20,003
Gain on disposal of fixed assets		(6,946)	(8,074)
Unrealized gain on investments		(7,040)	-
Provision for staff retirement plan		157,395	95,765
Finance cost		726,766	115,185
Profit before working capital changes		15,117,739	9,829,065
<b>(Increase) / decrease in current assets</b>			
Stores, spares and consumables		(528,255)	487,333
Stock in trade		(400,557)	(439,050)
Trade Debts		(879,602)	(325,126)
Loans and advances		(280,522)	(89,454)
Trade deposits and short term prepayments		(24,611)	20,157
Other receivables		3,594	(973,369)
		(2,109,953)	(1,319,509)
<b>Increase in current liabilities</b>			
Trade and other payables		2,351,003	584,616
Cash flows generated from operations		15,358,789	9,094,172

### 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 nine months ended	
	March 31, 2014	March 31, 2013
	(Rupees in '000')	
Subsidiary Company		
LCL Investment Holdings Limited		
Advance against issuance of shares	1,056,200	-
Associated Companies		
Lucky Paragon ReadyMix Limited		
Sales	174,139	138,875
Lucky Textile Mills		
Sales	24,410	19,010
Gadoon Textile Mills Limited		
Sales	839,412	7,299
Younus Textile Mills Limited		
Sales	115,576	3,339
Fazal Textile Mills Limited		
Sales	173,022	27,975
Aziz Tabba Foundation		
Sales	1,166	1,354
Donation	85,000	-
Lucky One (Pvt) Limited		
Sales	123,696	70,967
Lucky Commodities		
Sales	225,751	-
Lucky Knits (Pvt) Ltd		
Sales	804	-
Lucky Air (Pvt) limited		
Services	16,007	-
Pakistan Business Council		
Membership fee	1,375	-
Arabian Sea Country Club Limited		
Club Subscription	107	-
NIB Bank		
Loan interest	229	-
Contribution to staff retirement benefit plans	111,991	-

# Consolidated Financial Statements

## 14 DATE OF AUTHORISATION FOR ISSUE

These condensed interim consolidated financial statements were authorized for issue on April 24, 2014 by the Board of Directors of the Company.

## 15 GENERAL

15.1 Corresponding figures have been reclassified, wherever necessary, for better presentation.

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



**Muhammad Yunus Tabba**  
Chairman / Director



**Muhammad Ali Tabba**  
Chief Executive



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