annual report 2015

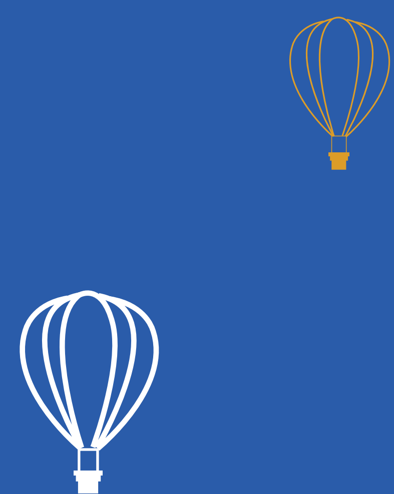
CULTIVATING GROWTH

LUCKY CEMENT

CULTIVATING GROWTH

For nearly two decades, Lucky Cement has accelerated towards driving positive change; a change that is rooted in our perennial commitment to boost the economic and infrastructural development of our country and elsewhere in the world.

On the cover of this year's annual report, we celebrate the past and reiterate our dedication to the future; our agenda is to cultivate a greater opportunity of growth for everyone – that reflects our values and creates a pathway towards innovation and progress.

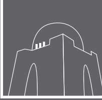


CONTENTS

ROAD TO SUCCESS

1993

Incorporated in Pakistan



1994

Listed on Karachi, Lahore and Islamabad Stock Exchanges

1996

Started commercial production with a capacity of 1.2 mtpa

1999

Production capacity increased to 1.5 mtpa

2001

Conversion of Kiln Firing System from furnace oil to coal based

2002

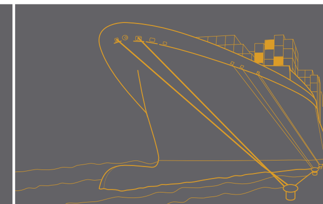
Delivered the first export consignment

2005

Brown field expansion at Pezu by 2.5 mtpa

Green field expansion at Karachi by 2.5 mtpa

Became largest cement producer of Pakistan



2006

Invested in Cement Export Logistics i.e. Bulkers and Ship loaders

Became the largest cement exporter from Pakistan

2007

Became the first company to export loose cement by sea

2008

Set up its own cement storage facility at Karachi Port

Conversion of Furnace Oil Power Generation Engines to Dual Fuel Engines

Got listed on London Stock Exchange and became the first Cement company in Pakistan to issue GDRs

2009

Brown Field expansion at Karachi Plant by another 1.2 mtpa

2010

Invested in Waste Heat Recovery Project at both Karachi and Pezu Cement Plants

Further invested on Logistics on multi-purpose trailers

2011

Invested in Tyre Derived Fuel (TDF) Plant to use alternative fuels

Signed a joint venture agreement for setting up of cement plant in DR Congo

2012

Started selling electricity to HESCO

Signed LOI for supply of electricity to PESCO

Signed a joint venture agreement for cement grinding plant in Iraq

Acquired ICI Pakistan Limited

2013

Became the first Pakistani Company to receive A+ rating from the Global Reporting Initiative

2014

Started commercial operations of cement grinding plant in Iraq

Initiated 5MW Waste Heat Recovery Project at Karachi Power Plant

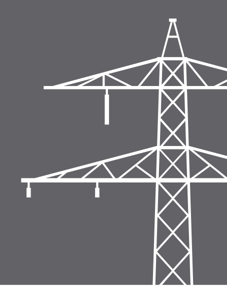
Initiated a 1 x 660 MW Coal Fuel Power Project in Karachi, Pakistan

Became the only Pakistani Company to be listed in Forbes 'Asia's 200 Best Under a Billion' list

2015

Installed vertical grinding mills at the Karachi Plant

Started operations of 5 MW WHR at Karachi Power Plant



VISION

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

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

CUSTOMER FOCUSED

- Quality and Consistency
- Commitment
- Customer satisfaction
- Fair Practices

ETHICS AND INTEGRITY

- Prestige
- Honesty
- Uprightness
- Reliability

SOCIAL RESPONSIBILITY

- Sustainable Development
- Philanthropy
- Community Development
- Environmentally Conscious

ENTREPRENEURSHIP

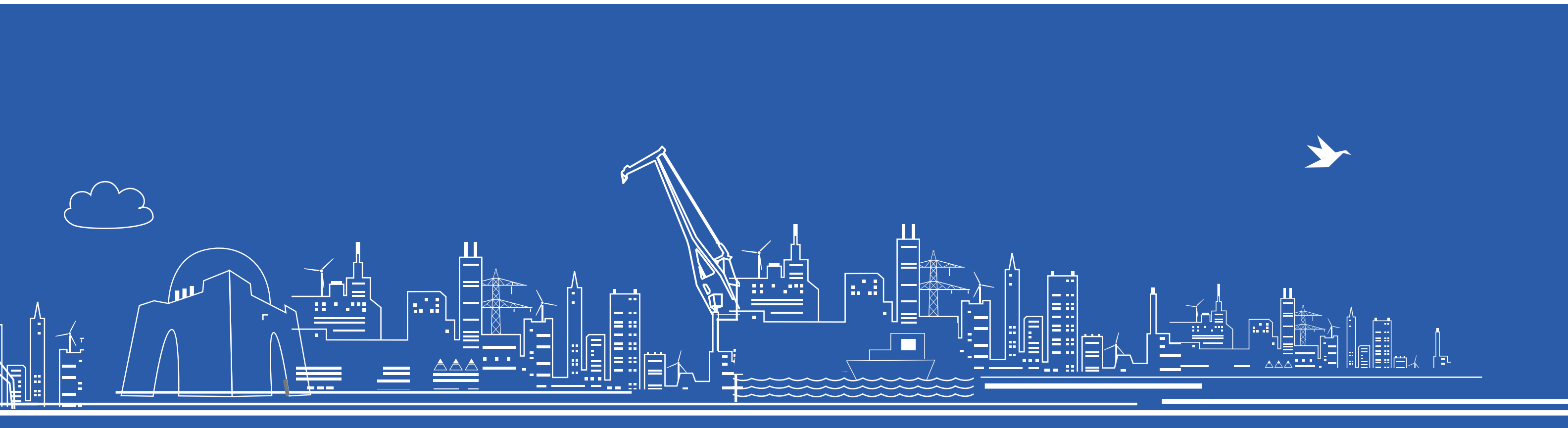
- Sense of Ownership
- Loyalty
- Identifying and Capitalizing on Opportunities
- Foresightedness
- Proactive Approach
- Value Addition and Creation
- Business Oriented

INNOVATION

- Creative Solution
- Modernization
- Setting Trends

EXCELLENCE

- Benchmark Practices
- Continuous Improvement
- Efficient and Effective Performance



BUSINESS STRATEGIES

1. **Holding and growing local market share**
   Further reinforcing our strength is what we keep in focus when designing our business strategies for the local market.

2. **Increasing our share in the international market**
   Broadening our horizons, we have engaged our resources to the unconventional markets to become accessible to the construction industry worldwide.

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

4. **Sustainable Development (In terms of environmental and social responsibility)**
   We believe in giving back to the communities we operate in and to the society at large. We endeavor to stimulate environmental awareness among the stakeholders and have a broad vision for the sustainable world.

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

CODE OF CONDUCT

It is the fundamental policy of Lucky Cement Limited to conduct its business with honesty, integrity and in accordance with the highest ethical and legal standards. This Code is intended to provide guidance to all stake holders and applies to all Board Members, Senior Management and Employees of the Company.

CORPORATE GOVERNANCE PRACTICES

All Lucky Cement employees are required to maintain and help the Company in maintaining highest degree of Corporate Governance practices.

NON-COMPLIANCE OF LAWS

We expect our employees to comply with the applicable laws and regulations. If anyone observes any kind of breaching of the law, or any areas of this code, in any area of operation should bring it under the supervisor's notice.

We assure that no one will be subject to retaliation due to good faith communication of suspected misconduct.

TRANSACTION TRANSPARENCY

Lucky Cement ensures that true, fair and timely businesses transactions must be recorded by maintaining the accounting and financial reporting standards, as applicable to the company.

At the same time, authenticity and accuracy of the information must be assured.

REFRAIN FROM INSIDER TRADING

Employees working at Lucky Cement are required to refrain from Insider Trading and shall comply with the Insider Trading Regulations as laid down by SECP.

SECONDARY EMPLOYMENT BY EMPLOYEES

Employees are expected to avoid indulging themselves in any business which consumes their time, efforts, and energy without approval of and disclosure to the Company's management.

COMPANY ASSETS FORTIFICATION

All employees are expected to be the guardian of the Company's assets and should ensure its efficient use including tangible and intangible assets such as facilities, supplies, equipment, machinery, finished products, vehicles, company funds, company time, confidential information, intellectual property and information systems.

PROTECTION OF PRIVACY AND CONFIDENTIALITY

Lucky Cement commends all its employees for keeping the exclusivity of Company's trade secrets and personal information acquired during and after performance of their employment. Lucky Cement employees should also respect the rights of other competitors and their confidential information.

However, the Board Members and Sr. Management can disclose information as part of public domain at the time of disclosure by decision of the board/required to be disclosed in accordance with applicable laws.

CONFLICTS OF INTERESTS

All Lucky Cement employees are expected not to be engaged in activities that are a subject matter of conflict of interests between their personal interests and with the interests of the Company.

Employees are expected to be honest and ethical in dealing with each other, with customers, suppliers, dealers, vendors and contractors in order to avoid compromises on the ability of transacting business on competitive basis or influence decisions to be made by the Company if any relative is a supplier or competes with the company in any manner, thereof. All Lucky Cement employees shall avoid conducting business with:

I. A relative,

II. A Private Limited Company in which he is a member or his relative is a Director,

III. A Public Limited Company, in which he or his relative(s) holds 2% or more shares or voting right; and

IV. A firm in which a relative is a partner, except with the prior approval of the CEO, and shall make proper disclosure of related party transactions.

ANTI- BRIBERY / CORRUPTION

Lucky Cement employees shall not be engaged in bribery or corruption in conducting the Company's business.

Employees must not involve in money laundering or financing of terrorism and shall not be part of any dealings with any person who is engaged or is on any sanctioned lists or practice, is subject to any criminal or civil penalties related to narcotics trafficking or corruption, is politically exposed person or is engaged in any litigation or arbitral proceedings. This prohibition applies everywhere and under all circumstances.

EQUAL EMPLOYMENT OPPORTUNITY

Lucky Cement believes in providing equal opportunities to all its personnel. There is no discrimination of caste, religion, color, marital status, and gender at work. All the policies and practices are administered in a manner ensuring equal opportunity to the eligible candidates and all decisions are merit based.

HARASSMENT FREE WORKPLACE

Lucky Cement strives to maintain a work environment that is free from harassment whether physical, verbal or psychological. Strict disciplinary action are taken against any person found in breach of such a rule.

BORROWING MONEY

Borrowing money from fellow colleagues or company business associates is strictly forbidden.

RECEIVING OF GIFTS, PAYMENTS OR FAVORS

All Lucky Cement employees should not receive any gifts, payments or favors, from customers or suppliers or any Company's business associates if doing so might compromise, or appear to compromise their ability to make objective business decisions in the best interest of the Company.

However, if such a gift is received, the same will be submitted through the immediate supervisor to the Corporate Communication department for utilization of the same by the Company.

CORPORATE SOCIAL RESPONSIBILITY & HEALTH AND SAFETY MEASURES

Lucky Cement adheres to its CSR policy and does not compromise with health and safety measures in carring out its business.

MEDIA RELATIONS & INVOLVEMENT

All Lucky Cement employees should report and take written approval from the Corporate Communications department in order to have any contact with media in terms of acting, television appearances or writing an article for newspaper or magazine for representing the Company's position in the industry and media.

BREACH OF IT SECURITY

Employees shall use computer resources only for business requirements and any breach of IT security protocol is prohibited.

PERSONAL USE OF TELEPHONES & COMPUTERS

All employees are expected to restrict their personal use of telephones and computers at the workplace towards urgent and unavoidable issues.

WHISTLE BLOWING

All employees are advised to immediately report any improper, unethical or illegal conduct of any colleague or supervisor through assigned Whistle Blowing P.O BOX: 13018, Karachi, 75350 and Email address: ethics@lucky-cement.com

COMPANY INFORMATION

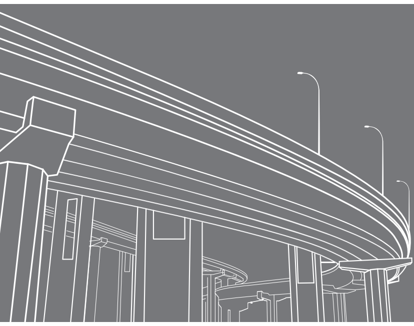
BOARD OF DIRECTORS	
Mr. Muhammad Yunus Tabba – Chairman	Mrs. Rahila Aleem (Alternate: Mrs. Mariam Tabba Khan)
Mr. Muhammad Ali Tabba	Mrs. Zulekha Tabba Maskatiya
Mr. Muhammad Sohail Tabba	Mr. Muhammad Abid Ganatra
Mr. Jawed Yunus Tabba	Mr. Tariq Iqbal Khan
Chief Executive	Mr. Muhammad Ali Tabba
Executive Directors	Mr. Noman Hasan Mr. Muhammad Faisal (Chief Strategy, Finance & Investment Officer)
Chief Operating Officer	Mr. Amin Ganny
Company Secretary	Mr. Fayyaz Abdul Ghaffar

BOARD COMMITTEES	
Audit Committee	**Human Resource and Remuneration 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	• Mrs. Rahila Aleem-Chairperson (Alternate: Mrs. Mariam Tabba Khan) • Mr. Muhammad Ali Tabba • Mr. Muhammad Sohail Tabba • Mr. Jawed Yunus Tabba • Mrs. Zulekha Tabba Maskatiya
Budget Committee	**Corporate Governance Committee**
• Mr. Muhammad Sohail Tabba-Chairman • Mr. Muhammad Ali Tabba • Mr. Jawed Yunus Tabba • Mr. Muhammad Abid Ganatra	• Mr. Jawed Yunus Tabba -Chairman • Mr. Muhammad Abid Ganatra • Mrs. Rahila Aleem (Alternate: Mrs. Mariam Tabba Khan)

BANKERS	
• Allied Bank Limited	• Habib Metropolitan Bank Limited
• Askari Bank Limited	• MCB Bank Limited
• Bank Alfalah Limited	• Meezan Bank Limited
• Bank AL-Habib Limited	• National Bank of Pakistan
• Barclays Bank Plc, Pakistan	• NIB Bank Limited
• Citibank N.A.	• Standard Chartered Bank (Pakistan) Limited
• Dubai Islamic Bank Pakistan Limited	• Summit Bank Limited
• Habib Bank Limited	• United Bank Limited

AUDITORS	
External Auditors	**Cost Auditors**
M/s Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants (A member firm of Ernst & Young Global Limited)	M/s. KPMG Taseer Hadi & Co. Chartered Accountants

REGISTERED OFFICE	HEAD OFFICE
Main Indus Highway, Pezu, District Lakki Marwat, Khyber Pakhtunkhwa, Pakistan	6-A, Muhammad Ali Housing Society, A.Aziz Hashim Tabba Street, Karachi – 75350 UAN: (021) 111-786-555 Website: www.lucky-cement.com Email: info@lucky-cement.com
PRODUCTION FACILITIES	**SHARE REGISTRAR/TRANSFER AGENT**
1. Main Indus Highway, Pezu, District Lakki Marwat, Khyber Pakhtunkhwa, Pakistan 2. 58 Kilometers on Main Super Highway, Gadap Town, Karachi, Pakistan	Central Depository Company of Pakistan Limited CDC House, 99-B, Block-B, S.M.C.H.S Main Shahra-e-Faisal, Karachi, Pakistan (Toll Free): 0800 23275

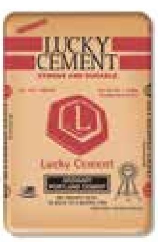


COMPANY AT A GLANCE

Lucky Cement Limited is Pakistan's premium cement manufacturer in terms of consistent quality, customer satisfaction, state-of-the-art technology and low production costs. With plants in Pakistan and Iraq and expansion plans in Africa, Lucky Cement's customer base extends across continents.

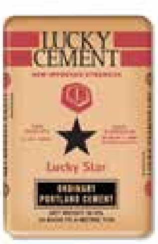
CORE BRANDS

Lucky Cement aims at producing cement to suit every user. The company is producing different variations of Ordinary Portland Cement and Sulphate Resistant Cement to meet needs of a wide range of customers. The following cement brands are available domestically:

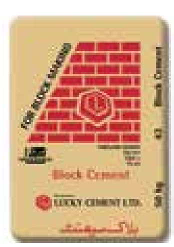


Lucky Cement (Regular): Lucky Cement Regular is our OPC brand and sells primarily in the North region markets of Pakistan.

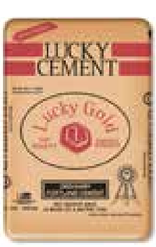
Lucky Sulphate Resistant Cement: Developed specially for use along shore lines and canal linings, Lucky SRC sells across entire Pakistan.



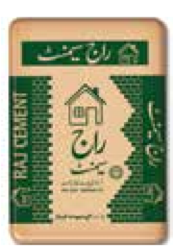
Lucky Star: Lucky Star is our OPC brand which sells primarily in the South region markets of Pakistan.



Lucky Block Cement: Developed specially for block makers with quick setting time, Lucky Block Cement is an OPC product which sells primarily in the Karachi market.



Lucky Gold: Lucky Gold is our OPC brand which was introduced to penetrate into the Faisalabad market, and sells primarily in Faisalabad and surrounding areas.



Lucky Raj: In order to attract the price conscious consumer, Lucky Raj is an OPC product introduced in Karachi markets.

LOCAL AND INTERNATIONAL MARKETS

The Company has a well-established distribution network in Pakistan, making quality products of Lucky Cement available from Karachi to Kashmir and from Gwadar to Gilgit.

In addition to the local market, the Company has also successfully established a well-diversified export market to mitigate the risk of shortfall in local sales. Our high quality cement has been exported in countries across Asia and Africa over the years.

Our brands are well recognized and known as high quality products amongst customers.

QUALITY ASSURANCE OF PRODUCTS

Lucky Cement's product portfolio complies with a range of standards, depending upon the geographical territory where these are being sold. We use advance equipment like Distributed Control System (DCS), Programmable Logic Controllers (PLCs) and on-line X-Ray Analyzers to ensure that the product quality is consistent. We also have one of the best equipped laboratories, with facilities for analysis of fuel and raw material which ensures the supply of high quality product to the market.

Lucky Cement has been accredited by the following international bureaus of standards over the years:

- Bureau of Indian Standards
- Kenya Bureau of Standards
- Sri Lankan Standard Institute
- Standards Organization of Nigeria
- South African Bureau of Standards
- Tanzania Bureau of Standards

Furthermore, in compliance with the South African and Kenyan standards, a safety notice is also embossed on the packaging of Lucky Cement's international products.

COMPETITIVE EDGE

GLOBAL PRESENCE

Lucky Cement Limited, in line with its strategic objective of pursuing market share growth in both local and international markets; is the only Pakistani cement manufacturer having a production foot-print outside Pakistan. Lucky Cement currently has a Cement Grinding Plant in Basra, Iraq; which is successfully operating since February 2014. Further Lucky Cement is also currently working on a Project to install a fully integrated cement plant in Democratic Republic of Congo which is expected to have commercial operations by October, 2016. The company is constantly exploring business development opportunities both in the domestic and international landscape.

SAP ERP SYSTEM

Pursuing its core-values of innovation and excellence, Lucky Cement is in the process of implementing full-scale SAP on HANA database. Lucky Cement will be one of the first cement companies in Pakistan to implement SAP and it will prove to be a significant step towards excellence.

Lucky Cement's mission is to adopt state-of-the-art information technology infrastructure and ERP system to support its domestic growth as well as global expansions and business diversification. The implementation of SAP will further support Lucky Cement to not only strengthen integration of its operations and investments but also bring about more efficiency to the given processes and value addition for all the stakeholders.

ENERGY EFFICIENCY AND REDUCTION OF CO_2

Energy efficiency has proven to be a lucrative and proficient way to guarantee a sustainable future. Lucky Cement pioneered the concept of energy conservation and use of alternate fuel in the cement industry of Pakistan. The Company has taken numerous initiatives for energy saving, starting with fuel conversion of all its power generation units from furnace oil to natural gas which eventually not only reduced Company's carbon footprint but also decreased the cost of production. The Company further reduced CO_2 emissions by introducing Waste Heat Recovery systems at its plants. WHR system encapsulates all the wasted heat (which was previously being released in the atmosphere) from the production line and uses it to generate electricity which conserves energy and increases process efficiency. By virtue of WHR plant the estimated reduction in CO_2 emissions at Karachi plant is 50,000 metric tons and 29,918 metric tons at Pezu plant.

Lucky Cement has also taken another step forward with the use of alternate energy by supplementing its manufacturing line with Tyre Derived Fuel (TDF). By allocating resources into TDF project, Lucky Cement is able to curb fossil fuel cost along with paving a greener pathway by drastically curtailing the carbon emissions. Burning shredded tyres contains the same amount of energy as oil and 25% more energy than coal. In the long term this implies that for each ton of the utilized TDF we are replacing the deteriorating impact of 1.25 tons of coal and decreasing carbon emissions by 19%.

Besides using shredded tyres as a source of alternative fuel, Lucky Cement is also utilizing fuels from rice husk, chickpea and bagasse through its Refused Derived Fuel (RDF) project. Through all such energy efficient innovations we are now generating green energy which has surpassed our production needs and hence, now being sold to the National Grid (Hyderabad Electric Supply Company) with zero interruption.

ECONOMIES OF SCALE

Lucky Cement has an edge over its competition and sustains overhead cost due to lower fixed-cost per ton. Our operational processes cost are constantly reviewed to increase efficiency and reduce cost.

LOGISTICS TERMINAL AT KARACHI PORT

Lucky Cement is the first and only cement Company that has its own state-of-the-art infrastructure and logistics terminal at Karachi Port. The Company runs a fleet of specially designed cement bulkers that carry loose cement from Karachi Plant to the terminal on the port. These bulkers are equipped with a unique compression system and are capable of carrying up to 75 tons of cement.

Our integrated supply chain structure offers superior quality and smart procurement within the shortest possible lead time. Our supply chain process is directly beneficial for all the stakeholders. Our combined purchase strategies give us leverage and add to our negotiation strength. Our team consists of dedicated people with the talent to network and coordinate effectively with our purveyors of goods, services, transportation and warehousing.

ADVANCED QUALITY CONTROL

Our highly advanced quality control system guarantees product dependability, quality, and customer service. Lucky Cement focuses on manufacturing premium quality cement through highly advanced quality control systems equipped with the latest technology, such as; distributed controllers, programmable-logic-controllers and X-Ray analyzers.

SMART LOGISTIC SET-UP AND SUPPLY-CHAIN MANAGEMENT

In our determination to make all the logistical arrangements systematic, we have acquired multi-purpose trailers capable of moving diverse sets of cement consignments (bagged, raw or loose). In the first phase, 40 trailers were inducted in our transportation fleet. Each trailer can carry goods up to 80 tons. These trailers are used to transport bagged cement from factory to port and also carry coal from port to factory. Shifting to a well-synchronized transport system does not only strengthen the overall logistical capacity of the Company, but also cuts heavy transportation cost along with the cost of outsourcing transport contractors.

LARGEST PORTFOLIO OF INSTITUTIONAL CLIENTELE

Lucky Cement is one of the largest cement producer in Pakistan, which coupled with our trusted quality and efficient transportation network has also bestowed the Company with the largest pool of institutional customers. All these customers have been retained based on timely deliveries, excellent customer support and continued supply of premium quality cement.

BRAND EQUITY

Lucky Cement has a strategic advantage in selling its products throughout Pakistan, from Karachi to Peshawar. Hence it enjoys being the leading cement Company fully connected with its local market. Whether we talk about exports, production processes, advertising or brand equity, Lucky Cement has constantly raised the bar for competition.

CHAIRMAN

MUHAMMAD YUNUS TABBA

Mr. Yunus Tabba has taken YBG to a level which is appreciated by the local and international business communities.

Mr. Muhammad Yunus Tabba started his over forty-year long career with Yunus Brothers Group (YBG) as one of its founding members and has seen it progress through manufacturing, sales management, marketing management and general management.

YBG is one of the premier business houses in Pakistan with diversified interests in Textiles, Energy, Chemicals, Cement and Real Estate Development. The Group's annual turnover is approximately US $ 1.65 billion with annual exports of around US $ 669 million, which is a significant contribution to the overall exports of the country.

With his expertise and diversified experience, he has taken YBG to a level which is appreciated by local and international business communities. Muhammad Yunus Tabba has also been awarded "Businessman of the Year" by the Chambers of Commerce several times during his long and lustrous career.

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

DIRECTORSHIPS

Lucky Cement Limited
Aziz Tabba Foundation (Trustee)
Fashion Textile Mills (Private) Limited
Gadoon Textile Mills Limited
LCL Holdings Limited
LCL Investment Holdings Limited
Lucky Air (Private) Limited
Lucky Electric Power Company Limited
Lucky Energy (Private) Limited
Lucky Textile Mills Limited
Security Electric Power Company Limited
Y.B. Holdings (Private) Limited
Y.B. Pakistan Limited
Yunus Energy Limited
Yunus Textile Mills Limited

MUHAMMAD YUNUS TABBA

Chairman

CHIEF EXECUTIVE

MUHAMMAD ALI TABBA

Mr. Tabba was bestowed with the title of Young Global Leader (YGL) in recognition of his outstanding services and contributions by World Economic Forum (WEF) in 2010.

Mr. Muhammad Ali Tabba is the Chief Executive of Lucky Cement, succeeding his late father in 2005. He also serves as the Chief Executive of Yunus Textile Mills Ltd (YTM), a state-of-the-art home textile mill with subsidiaries in North America and Europe. Simultaneously spearheading both these organizations, he plays a pivotal role in providing strategic vision to ICI Pakistan Ltd. as its Vice Chairman.

He started his career with Yunus Brothers Group (YBG) - a family conglomerate in 1991. Apart from the Directorships in the YB Group companies, Mr. Tabba also serves on the Board of Trade Development Authority of Pakistan (TDAP) - the premier trade organization of the country which works under the Federal Ministry of Commerce.

He is also a Trustee of the Fellowship Fund for Pakistan (FFFP) which sends a top Pakistani Scholar every year to Woodrow Wilson International Center for Scholars, a United States based think tank in Washington, D.C. Additionally, Mr. Tabba is also the board member of Pakistan Business Council (PBC), a business advocacy forum comprising of leading private sector businesses. He has been nominated on the board of Pakistan - India Joint Business council (PIJBC) which promotes trade between the two countries.

He is also serving as the Chairman of All Pakistan Cement Manufacturing Association (APCMA), a regulatory body of cement manufacturers in Pakistan, since 2013. He has also been appointed by the Government of Pakistan to serve on the Board of Directors of Oil and Gas Development Company (OGDC).

With extensive engagements in many community welfare projects, Mr. Tabba serves on the Board of Governors at numerous renowned Universities, Institutions and Foundations. He is the Vice Chairman of a not-for-Profit Organization, Aziz Tabba Foundation that is working extensively in the field of education, health and housing. The Foundation runs state-of-the-art cardiac hospitals; Tabba Heart Institute (THI) and Tabba Kidney Institute (TKI), in Karachi, Pakistan.

In recognition of his outstanding services and contributions in the social development sector of Pakistan, World Economic Forum (WEF) in 2010 bestowed the title of Young Global Leader (YGL) on Mr. Tabba. He is also the recipient of Businessman of the Year gold medal award for 2012/2013 from Karachi Chamber of Commerce.

DIRECTORSHIPS

Lucky Cement Limited
Al Mabrooka Cement Manufacturing Company Limited
Aziz Tabba Foundation (Trustee)
Fashion Textile Mills (Private) Limited
Gadoon Textile Mills Limited
ICI Pakistan Limited
LCL Holdings Limited
LCL Investment Holdings Limited
Lucky Air (Private) Limited
Lucky Al Shumookh Holdings Limited
Lucky Commodities (Private) Limited
Lucky Electric Power Company Limited
Lucky Energy (Private) Limited
Lucky Exim (Private) Limited
Lucky Foods (Private) Limited
Lucky Holdings Limited
Lucky Knits (Private) Limited
Lucky Landmark (Private) Limited
Lucky Paragon Readymix Limited
Lucky Textile Mills Limited
Luckyone (Private) Limited
LuckyRawji Holdings Limited
NutriCo Pakistan (Private) Limited
NYUMBA YA AKIBA S.A
Oil and Gas Development Company Limited
Security Electric Power Company Limited
Y.B. Holdings (Private) Limited
Y.B. Pakistan Limited
Yunus Energy Limited
Younus Textile (Private) Limited
Yunus Textile Mills Limited

MUHAMMAD ALI TABBA

Chief Executive

BOARD OF DIRECTORS

MR. MUHAMMAD SOHAIL TABBA

Mr. Muhammad Sohail Tabba is one of the top business executives in Pakistan, with vast experience in manufacturing, energy, real estate and cement sectors gained over two decade long career. Apart from his directorships, he also serves as the Chief executive of Gadoon Textile Mills Ltd. which is the largest spinning unit of Pakistan, Lucky Knits (Pvt.) Ltd., Lucky Energy Pvt. Ltd. and Lucky One. Besides that, he devotes his free time in philanthropic activities. He is also the Chairman of the Board's Budget Committee of Lucky Cement.

Directorships

- Lucky Cement Limited
- Al Mabrooka Cement Manufacturing Company Limited
- Aziz Tabba Foundation (Trustee)
- Childlife Foundation (Trustee)
- Gadoon Textile Mills Limited
- ICI Pakistan Limited
- Lucky Air (Private) Limited
- LCL Holdings Limited
- LCL Investment Holdings Limited
- Lucky Al Shumookh Holdings Limited
- Lucky Commodities (Private) Limited
- Lucky Electric Power Company Limited
- Lucky Energy (Private) Limited
- Lucky Exim (Private) Limited
- Lucky Foods (Private) Limited
- Lucky Holdings Limited
- Lucky Knits (Private) Limited
- Lucky Landmark (Private) Limited
- Luckyone (Private) Limited
- Lucky Paragon Readymix Limited
- Lucky Textile Mills Limited
- LuckyRawji Holdings Limited
- Security Electric Power Company Limited
- Y.B. Holdings (Private) Limited
- Y.B. Pakistan Limited
- Yunus Energy Limited
- Yunus Textile Mills Limited

MR. JAWED YUNUS TABBA

Mr. Jawed Tabba has a rich experience in the textile industry and is currently the Chief Executive and Director of a renowned textile mill. His untiring efforts helped him acquire deep insight and expertise into the export and manufacturing activities. He is also the Chairman of the Corporate Governance Committee of the Board of Lucky Cement.

Directorships

- Lucky Cement Limited
- Aziz Tabba Foundation (Trustee)
- Feroze 1888 Mills Limited
- Gadoon Textile Mills Limited
- ICI Pakistan Limited
- Lucky Energy (Private) Limited
- Lucky Landmark (Private) Limited
- Luckyone (Private) Limited
- Lucky Textile Mills Limited
- Security Electric Power Company Limited
- Y.B. Holdings (Private) Limited
- Y.B. Pakistan Limited
- Yunus Energy Limited
- Younus Textile (Private) Limited
- Yunus Textile Mills Limited

MRS. RAHILA ALEEM

Having a rich experience in the export industry, Mrs. Rahila Aleem has been previously involved in the export driven textile industry with a background in management and export quality assurance. Mrs. Rahila is an active Board Member and is also serving as a member in other Board Committees. She is also Chairperson of the Board's HR and Remuneration Committee of Lucky Cement.

Directorships

- Lucky Cement Limited
- Aziz Tabba Foundation (Trustee)
- Gadoon Textile Mills Limited
- Lucky Landmark (Private) Limited
- Lucky Textile Mills Limited
- Y.B. Pakistan Limited
- Yunus Energy Limited
- Yunus Textile Mills Limited

MRS. ZULEKHA TABBA MASKATIYA

Having pursued a Bachelor's degree in Management Sciences from the University of Warwick and a Master's degree in Management, Organizations and Governance from the London School of Economics and Political Science, Mrs. Zulekha Tabba Maskatiya has been an indispensable part of the YBG since inception. She not only holds a prestigious position within the Yunus Brothers Group but her educational background brings the values of business focus, corporate governance and social responsibility to the organization. In addition to this, she is also the Founder and the Creative Director of the luxury jewelry brand, Lazuli, based in Pakistan.

Directorships

- Lucky Cement Limited
- Aziz Tabba Foundation (Trustee)
- Lucky Electric Power Company Limited
- Lucky Textile Mills Limited
- Y.B. Holdings (Private) Limited
- Y.B. Pakistan Limited
- Yunus Energy Limited
- Yunus Textile Mills Limited

MR. ABID GANATRA

Mr. Abid Ganatra has been associated with the YBG since 1994. He has more than twenty years of diversified experience at senior management positions with emphasis on financial management, operational management, capital restructuring, mergers and acquisitions, corporate and legal affairs as well as taxation. Abid is a fellow member of the Institute of Chartered Accountants and Institute of Cost Management and Accountants of Pakistan. He has also gained a Master's Degree in Economics and Bachelor's in Law.

Directorships

- Lucky Cement Limited
- ICI Pakistan Limited
- NutriCo Pakistan (Private) Limited
- InterGro Life Limited

MR. TARIQ IQBAL KHAN

Mr. Tariq Iqbal Khan is one of the leading professionals in the country, having a vast experience of the financial sector of Pakistan. Being a Fellow Member of the Institute of Chartered Accountants of Pakistan who started his career with A.F. Ferguson & Co., Chartered Accountants, Mr. Khan has been leading policy making positions in various associations and institutes in the country including Founder/Acting Director of Islamabad Stock Exchange, President Islamabad Stock Exchange, Commissioner SECP, acting Chairman SECP and Member Tax Policy and Coordination FBR. Mr. Tariq Iqbal Khan has also served as the Managing Director/Chairman at the Investment Corporation of Pakistan and the National Investment Trust Limited. He is also Chairman of Board's Audit Committee.

Directorships

- Lucky Cement Limited
- Attock Refinery Limited
- FFC Energy Limited
- International Steel Limited
- National Refinery Limited
- Packages Limited
- Pakistan Oil Fields Limited
- Silkbank Limited

CEO's MESSAGE

Dear Stakeholders,

It's a great pleasure for me; that by the grace of Almighty Allah, we have witnessed yet another top performing year in the history of Lucky Cement Limited. We have recorded the highest standalone profit after tax of PKR 12.43 billion, which is 9.6% higher compared to the previous fiscal year.

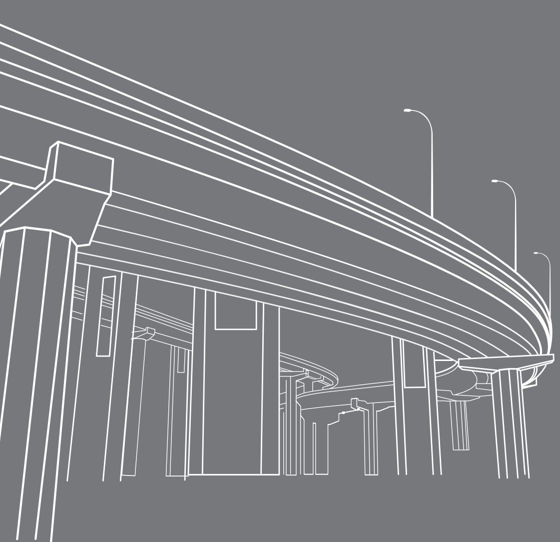
We are cultivating growth through our farsighted decisions and technology driven operations. The steadfast commitment of our people ensures that their distinct energies earn an unmatched performance in the whole industry. We continuously evaluate opportunity to expand our footprint in the cement industry, both domestically and internationally.

Our focus on pro-environment innovations stresses key areas of reduction in carbon footprints. We have established our faith in continuous improvement and excellence in the arenas of industrial growth, community development as well as our operational framework.

During the fiscal year 2015-16, we foresee huge growth in the domestic market whereas our exports are slowing down due to import regulations and higher tariff on imported cement. Our company is fully geared to take advantage of the local growth.

On the energy front again there is a big swing in crude oil prices which have resulted in decrease in prices of HFO. Whereas on the other hand the government has raised the gas tariff in addition to GIDC. Hence it seems that in short term the energy market will change and we will adapt to it accordingly.

We have continuously maintained our position as a low cost producer through investment in technology and innovation throughout the manufacturing process. Our debt-free financial position and free cash-flow generating ability drives us to smartly invest in the projects and avenues which would continue to bring in growth in our portfolio and increase shareholder value.



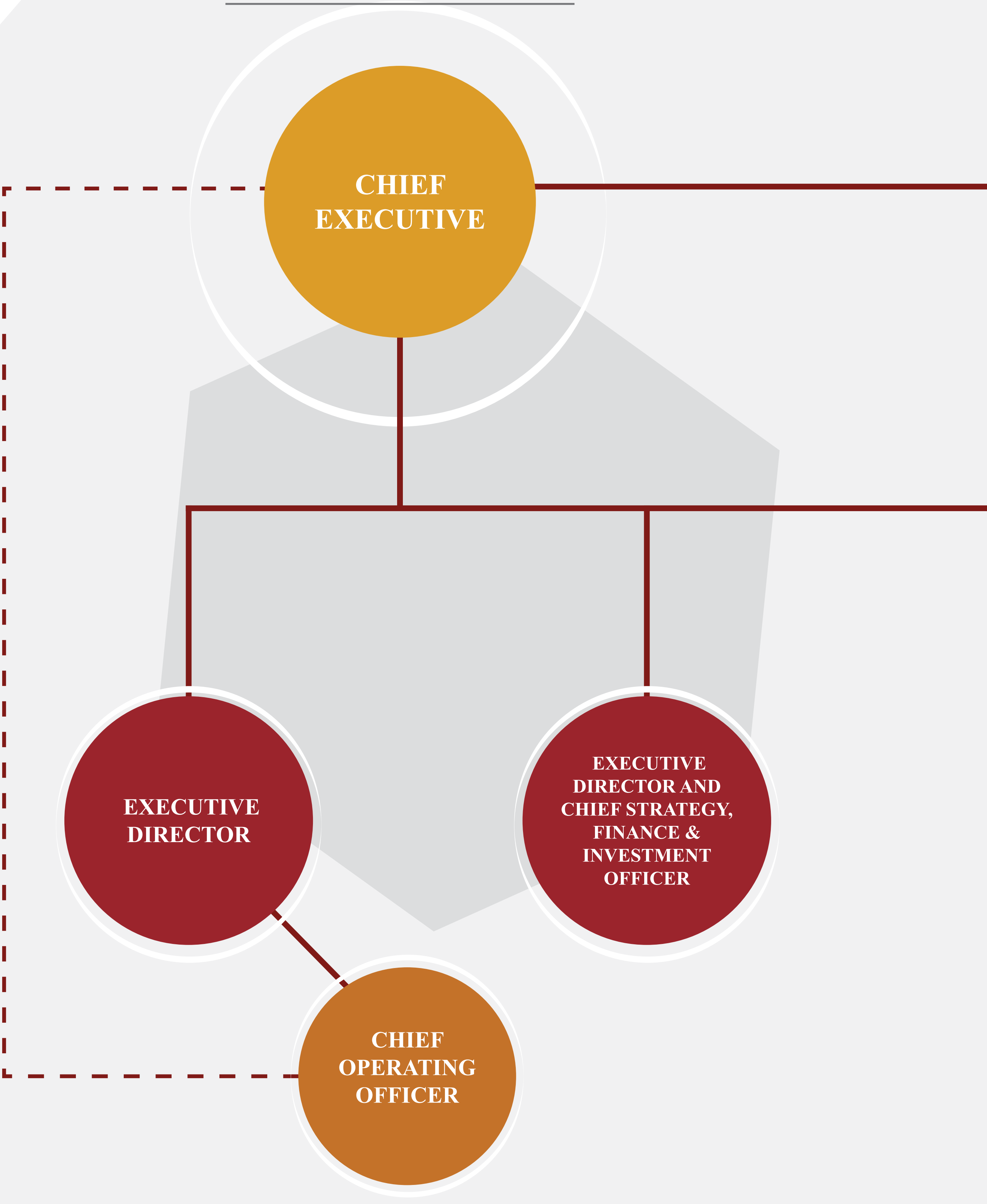
I would like to express my gratitude to all the stakeholders who have supported us and look forward to their continued support.

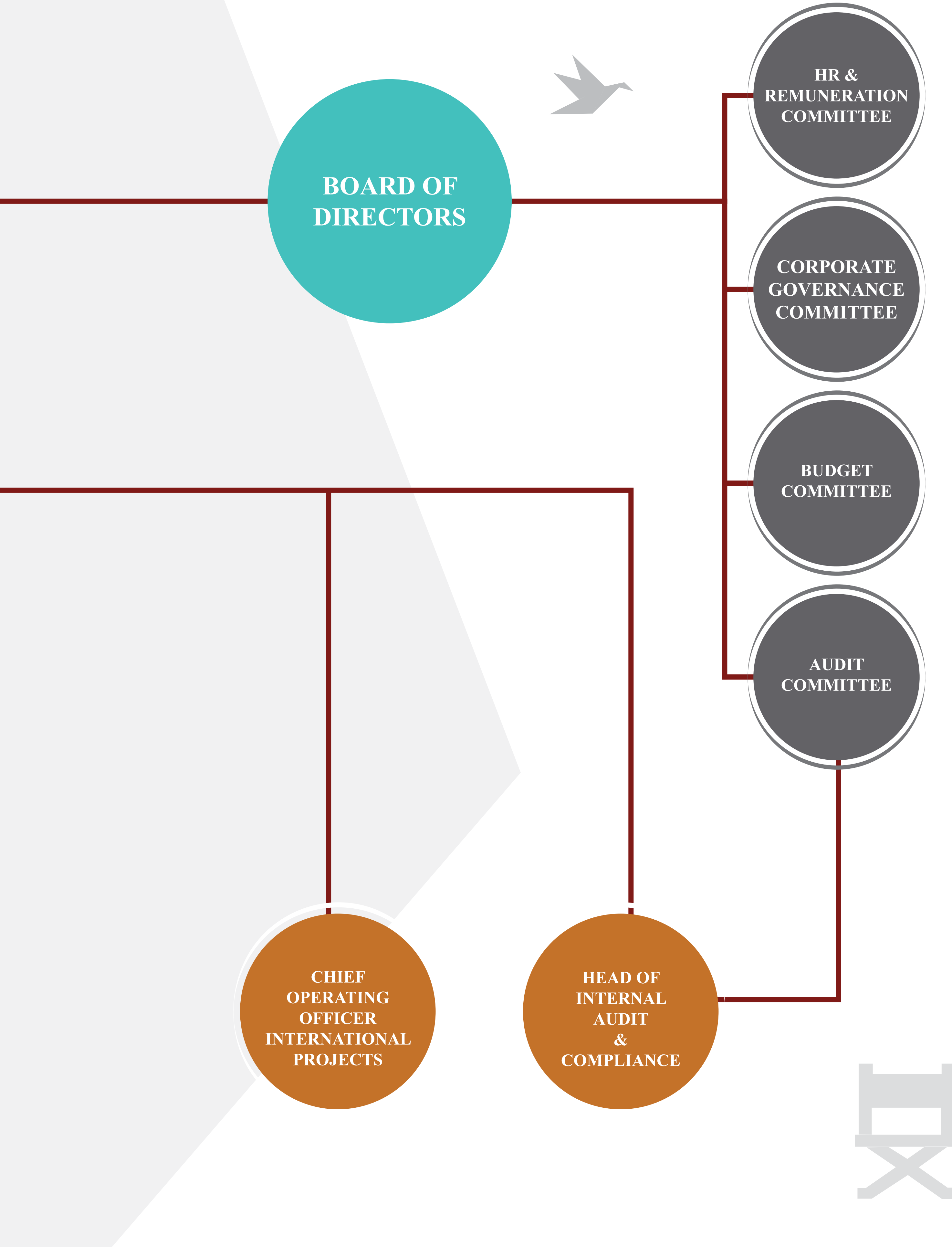
MUHAMMAD ALI TABBA

CEO / Director

MUHAMMAD ALI TABBA

ORGANOGRAM


CHIEF EXECUTIVE
EXECUTIVE DIRECTOR
EXECUTIVE DIRECTOR AND CHIEF STRATEGY, FINANCE & INVESTMENT OFFICER
CHIEF OPERATING OFFICER


BOARD OF DIRECTORS
HR & REMUNERATION COMMITTEE
CORPORATE GOVERNANCE COMMITTEE
BUDGET COMMITTEE
AUDIT COMMITTEE
CHIEF OPERATING OFFICER INTERNATIONAL PROJECTS
HEAD OF INTERNAL AUDIT & COMPLIANCE

SENIOR MANAGEMENT

MUHAMMAD ALI TABBA
Chief Executive

NOMAN HASAN
Executive Director

MUHAMMAD FAISAL
Executive Director and Chief Strategy, Finance & Investment Officer

AMIN GANNY
Chief Operating Officer

ADNAN AHMED
Chief Operating Officer International Projects

INTISAR-UL-HAQ-HAQQI
Director Power Generation

MASHKOOR AHMED
Director Operations

MUHAMMAD SHABBIR
Director Operations

KALIM MOBIN
Director Marketing (North)

HUMAYUN KHAN
GM Govt. Relations & Administration (Islamabad)

SAIFUDDIN A. KHAN
GM Marketing (South)

IRFAN CHAWALA
GM Finance

WAQAS ABRAR
GM Human Resource

SYED NUSRAT ALI
GM Production (Karachi Plant)

SYED HASAN MAZHAR RIZVI
GM Power Plant (Karachi)

MUHAMMAD IQBAL
GM Power Plant (Pezu)

UZMA AMJAD ALI
GM Legal and Corporate Affairs

AMIN HUSSAIN
GM Supply Chain

FAISAL MAHMOOD
Head of Internal Audit & Compliance

ADNAN QAZI
GM Information Technology and Systems

COMPANY PROFILE

Lucky Cement Limited

Lucky Cement Limited is the flagship company of YBG, which has a solid history of exceptional growth performance since its inception in 1993. The shares of Lucky Cement are quoted on all three stock exchanges in Pakistan. Lucky Cement has also issued Global Depository Receipts (GDRs) which are listed and traded on the Professional Securities Market of the London Stock Exchange.

Lucky Cement manufacturing plants are strategically located in both North and South regions of the country. At present, it has a combined production capacity of 7.75 Million Tons per annum and is the market leader with almost 19.2 % share of the Pakistan's Cement Market (including Exports). Lucky Cement is also the only cement company to have its own loose cement export terminal at Karachi port with storage capacity of 24,000 tons.

It strives to remain an efficient and low cost producer and was the first company to install Waste Heat Recovery Plant in Pakistan. It also has its own captive power generation facility of 180 MW. Lucky Cement also owns a fleet of Bulkers & Trailers which gives added advantage in terms of logistics and efficient deliveries to its customers.

Lucky Holdings Limited

Lucky Holdings Limited (LHL) is a 75 percent owned subsidiary of Lucky Cement Limited and was incorporated in Pakistan in the year 2012 as a public unlisted Company limited by shares under the Companies Ordinance, 1984. As of June 2015; LHL held 74.75% shares in ICI Pakistan Limited. The main source of earning of LHL is dividend and royalty income.

ICI Pakistan Limited

Lucky Cement acquired majority shares of ICI Pakistan Limited through LHL in the year 2012; 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.

LCL Holdings Limited

LCL Holdings Limited (LCLHL) was incorporated in Pakistan as a public unlisted company in September 2014 with the objective to invest in the Coal Based Power project to be setup by Lucky Electric Power Company Limited (LEPCL). LCLHL owns 100% ownership interest in LEPCL.

Lucky Electric Power Company Limited

LEPCL is a wholly owned subsidiary of LCLHL and was incorporated in Pakistan in the year 2014, as a public unlisted Company. LEPCL has been incorporated with the objective of setting up of 660 MW super critical coal based power project for supplying electricity to the national grid.

LCL Investment Holdings Limited

LCL Investment Holdings Limited

LCL Investment Holdings Limited (LCLIHL) is the wholly owned subsidiary of Lucky Cement incorporated and domiciled in Mauritius. LCLIHL has entered into 50-50 joint venture agreements with the following: Alshumookh Construction Materials Trading FZE, for establishing Lucky Alhsumookh Holdings Limited for constructing a cement grinding unit in the Republic of Iraq.

Rawsons Investment Limited, for establishing LuckyRawji Holdings Limited for construction of a fully integrated cement manufacturing plant in DRC.

LCLIHL holds 50 percent ownership interest in the aforementioned joint venture.

LuckyRawji Holdings Limited

LUCKYRAWJI HOLDING LIMITED

LuckyRawji Holdings Limited was incorporated in the year 2011 under a joint venture agreement between LCLIHL and Rawsons Investments Limited (registered in Cayman Islands) for establishing LuckyRawji Holdings Limited for constructing a fully integrated cement manufacturing plant in the Democratic Republic of Congo. LCLIHL holds 50 percent ownership interest in the aforementioned joint venture.

CIMKO/Nyumba Ya Akiba S.A.

CIMKO

Nyumba Ya Akiba S.A. (NYA) was incorporated as a limited liability company in the Democratic Republic of Congo (DRC) and is a wholly owned subsidiary of LuckyRawji Holdings Limited. NYA is setting up a green field fully integrated cement plant in the Bas Congo Province of DRC with a production capacity of 1.18 million tons per annum. The plant is expected to start commercial production by October 2016.

Lucky Al-Shumookh Holdings Limited

LUCKY AL-SHUMOOKH HOLDINGS LIMITED

Lucky Al-Shumookh Holdings Limited was incorporated in the year 2012 under a joint venture agreement between LCLIHL and Al-Shumookh Construction Materials Trading FZE, for constructing a cement grinding unit in the Republic of Iraq. LCLIHL holds 50 percent ownership interest in the aforementioned joint venture.

Al Mabrooka Cement Manufacturing Company Limited

AL MABROOKA CEMENT اسمنت المبروكة

Al Mabrooka Cement Manufacturing Company Limited (AMCMC) was incorporated as a limited liability company in Basra, Republic of Iraq and is a wholly owned subsidiary of Lucky Al Shumookh Holdings Limited. AMCMC has set up a green field cement grinding unit in Basra, Iraq which started commercial production in February 2014.

GROUP PROFILE

The Yunus Brothers Group (YBG) is one of the biggest conglomerates in Pakistan with diversified interests in textiles, cement and power generation. The group was established in 1962 as a trading house and then grew rapidly over the years. Currently, YBG is one of the largest export houses as well as the largest cement manufacturer in Pakistan. The Group's annual turnover is approximately US $ 1.65 billion and the annual export turnover is around US $ 669 million. Apart from Lucky Cement Limited and ICI Pakistan, the group is also proud owner of the following companies.

YB Holdings (Private) Limited

Y.B. Holdings (Private) Limited was incorporated in Pakistan in the year 2013 as a group Holding Company. The Company is invested mainly in its group companies and has a diverse portfolio in building materials, textiles, energy, chemical, trading and real estate.

Yunus Textile Mill Limited (YTML)

Yunus Textile Mills, is a vertically integrated home textile unit established in 1998, consisting of spinning, weaving, printing, dyeing, finishing and cut & sews with a workforce of 7,500 employees. Within span of 10 years it became the no. 1 home textile exporter of Pakistan with 10% share (approx.) of all Home Textiles exported from Pakistan. The company has its international warehousing, distribution and design development offices in USA, UK and France.

Gadoon Textile Mills Limited (GTM)

GTM was established in 1988 and is listed on the Karachi and Islamabad stock exchange. It is currently the largest spinning unit of the country with 250,000 spindles. GTM also have a captive power plant with a generation capacity of 56 MW.

GTM is a pioneer in introducing new technologies in Pakistan like Compact Spinning, Murata Jet Spinning, Murata Vortex Spinning and several other innovative technologies. It has the distinction of being the first of the only two textile mills in the world producing Compact Core Spun Yarn. Fazal Textile Mills, another wholly owned subsidiary of YB Holdings Private Limited has been merged into GTM in the year 2014.

Lucky Textile Mills Limited (LTM)

Lucky Textile Mills was established in 1983 and has since remained one of the leading textile manufacturers in the country to-date. The Company is engaged in the activity of manufacturing and export of fabrics, home textile and garments.

It has state-of-the-art equipment to cater to the international market. It has the capacity to process 250, 000 meters per day and over 83 million meters per annum of fabric. LTM has its own captive power generation facility of 6.20 MW.

Lucky Commodities Private Limited (LCPL)

Lucky Commodities Private Limited (LCPL) was formed in 2013 as a trading arm of YBG. At present, it is the largest importer of coal in Pakistan and is catering to more than 40% of the country's coal market; ranging from cement to textile, oil & ghee, paper, chemical, steel and other sectors.

LCPL is also the preferred supplier of coal supply to major Cement companies and other Industries in Pakistan, owing to market reputation and credibility.

Yunus Energy Limited

Yunus Energy Limited is a wholly owned subsidiary of YBG and was incorporated as a public unlisted company in the year 2011. It has initiated a project of national importance in Pakistan which is a 50 MW wind power project. The company has already been granted a Generation License from National Electric Power Regulatory Authority (NEPRA) and the project is expected to start commercial operations by May 2016.

Aziz Tabba Foundation (ATF)

Aziz Tabba Foundation is a not for profit organization, started in 1983. It is a platform of social activities engaged in serving humanity in some crucial areas of life. The Foundation renders its services to fulfill the need of underprivileged people by providing them Shelter, Education, Marriage and Health Care facilities to bring prosperity and change to unleash the potential to transform the Society.

The Foundation has also successfully launched the Vocational training program to polish and bring about a valuable change in the upbringing and creation of excellence in the area of its operations. The Foundation has two State of the Art Cardiac and Kidney hospitals known as Tabba Heart Institute and Tabba Kidney Institute which support in fulfilling the gap of specialized and modern treatment of Kidney and Heart related diseases in the country

Tabba Kidney Institute

Tabba Kidney Institute started its services as Aziz Tabba Kidney Centre (ATKC) in 1995 as a Hemodialysis unit with four dialysis machines. Over the years, it grew into one of the largest Hemodialysis centre in the country. In 2001, it was transformed into a complete nephrology care set-up with both inpatient and out-patient facilities. In 2010, it became an ISO certified institution, and achieved the privilege to be the only ISO 9001:2008 Certified renal care facility in Pakistan. Going forward, in the year 2012, Urology services and an Intensive Care Unit were also added to the Centre.

Tabba Kidney Institute also serves as an excellent teaching, research and continuing educational institution for nephrology, urology and related fields. At present it is providing comprehensive care for all types of Kidney diseases of highest standard to more than 4,500 patients per month on a not-for-profit basis.

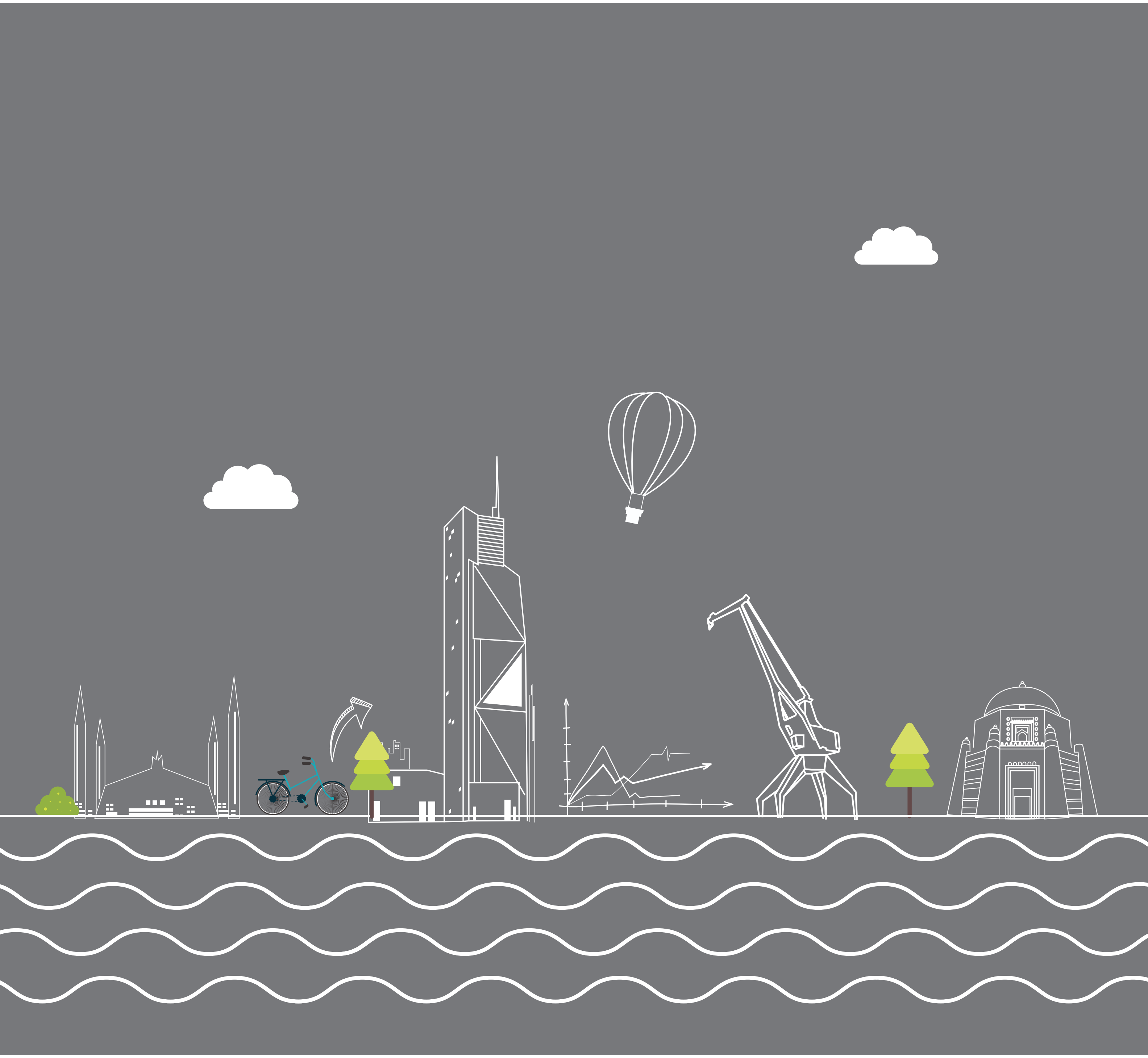
Tabba Heart Institute (THI)

Tabba Heart Institute (THI) is a specialty care cardiac hospital established in the year 2005 with a vision to provide quality services and compassionate care at an affordable price. Its prime objective is to promote excellence in the field of cardiovascular health. The hospital is equipped with state-of-the-art equipment and highly qualified professionals with a proven track record, sharing the vision, passion and commitment that led to the establishment of this institution.

At present, it is a 170-bed hospital supported by Cardiac Emergency Room, Consultant Clinics, Clinical Laboratory, Pharmacy and one of its kind, Preventive Cardiology and Rehabilitation Department. With an aim to attain a trend setting image in the field of cardiac health care, the hospital has innovatively designed several preventive, rehabilitation and fitness programs so as to promote a culture of healthy life-style.

DIRECTORS' 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 audited financial statements for the fiscal year ended June 30, 2015.



Industry Overview:

Cement industry in Pakistan grew by 3.3% to 35.40 million tons during the fiscal year ended June 30, 2015 compared to 34.28 million tons of last year. While local sales volume registered a growth of 7.9% to register historically highest volumes of 28.21 million tons during fiscal year 2014-15 compared to 26.15 million tons last year, export sales volume registered a decline of 11.6% to 7.19 million tons during the year under review compared to 8.14 million tons of last year.

Directors' Report

Your company was able to maintain its overall market share in the industry at 19.2% during the current fiscal year.

Your Company achieved an overall growth of 2.7% with overall sales volume at 6.79 million tons during the fiscal year 2014-15 compared to 6.62 million tons sold last year. Local sales volume registered a growth of 7.0% to 4.42 million tons during the fiscal year 2014-15 compared to 4.13 million tons last year, whereas export volumes declined by 4.5% to 2.37 million tons during the fiscal year 2014-15 compared to 2.49 million tons of last year.

The standalone EPS for the year is PKR 38.44 which is 9.6% higher than the last year EPS of PKR 35.08. The EDITDA for the year has also seen an increase of 10.9% and is at PKR 18 billion compared to last year level of PKR 16 billion.

Figures in PKR Million except EPS, Market Cap and PE Ratio

Total Revenue	**44,761**	+3.9%
Gross Profit	**20,183**	+8.0%
EBITDA	**18,428**	+10.9%
Profit after Tax	**12,432**	+9.6%
Market Cap.	**168,032**	+26.6%
PE Ratio	**13.5**	+15.5%
Book Value/ Share	**183.3**	+19.0%
Earnings Per Share	**38.44**	+9.6%

Your company was able to maintain its overall market share in the industry at almost similar levels i.e. 19.20 percent for the current fiscal year. It achieved an overall growth of 2.7 percent with overall sales volume at 6.79 million tons during the fiscal year 2014-15 compared to 6.62 million tons sold last year.

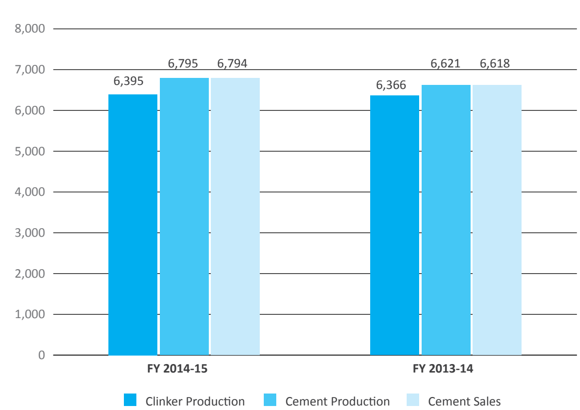
Business Performance:

a) Production & Sales Volume Performance

The production and sales statistics of your Company for the fiscal year 2014-15 compared to last year are as follows:

Particulars	FY 2014-15	FY 2013-14	Increase / (Decrease)
	Tons in '000		%
Clinker Production	6,395	6,366	0.5%
Cement Production	6,795	6,621	2.6%
Cement Sales	6,794	6,618	2.7%

Production and Sales
(Tons in '000')



The capacity utilization for Lucky Cement Limited has increased to 92.0 percent which is an increase of 3 percent from last year. The average industry capacity utilization increased to 77.6 percent for the year as per the data provided by APCMA.

A comparison of the dispatches of the industry and Lucky Cement for the fiscal year 2014-15 compared to last year is presented below:

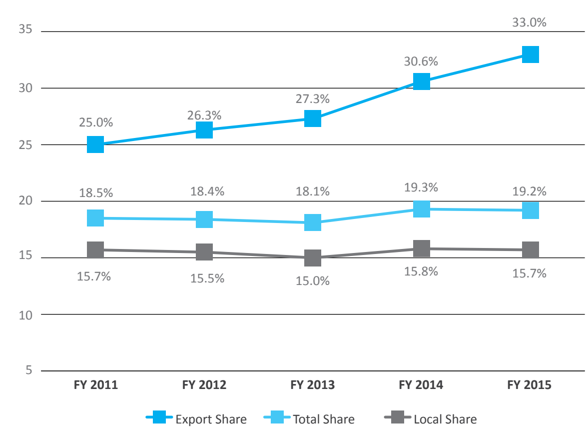
Particulars	FY 2014-15	FY 2013-14	Growth / (Decline)	
	Tons in '000		Tons in '000	%
Cement Industry				
Local Sales	28,206	26,145	2,061	7.9%
Export Sales				
– Bagged	6,904	7,818	(914)	(11.7%)
– Loose	291	318	(27)	(8.5%)
Total Exports	7,195	8,137	(941)	(11.6%)
Grand Total	35,401	34,282	1,120	3.3%
Lucky Industry				
Local Sales	4,421	4,132	289	7.0%
Export Sales				
– Bagged	2,082	2,168	(86)	(4.0%)
– Loose	291	318	(27)	(8.5%)
Total Exports	2,373	2,486	(113)	(4.5%)
Grand Total	6,794	6,618	176	2.7%

The industry sales registered an overall increase of 3.3 percent. The local sales witnessed a growth of 7.9 percent while the exports faced a decline of 11.6 percent. The decline is attributed mainly to the decline in exports to Afghanistan which is almost 21 percent lower from last year.

Market Share			
Lucky Cement Limited - Market Share	FY 2014-15	FY 2013-14	Growth / (Decline)
Local Sales	15.7%	15.8%	(0.8%)
Export Sales			
Cement			
– Bagged	30.2%	27.7%	8.7%
– Loose	100.0%	100.0%	0%
Total Exports	33.0%	30.6%	8.0%
Grand Total	19.2%	19.3%	(0.6%)

A comparative year-wise analysis of market share of your Company is as under:

Year Wise Lucky Cement Market Share
(Percentage)



b) Financial Performance

The financial performance of our Company for the fiscal year 2014-15 compared to the last year is presented below:

Figures in PKR Million except EPS

	FY 2014-15	FY 2013-14	%Change
Revenue	44,761	43,083	3.9%
GP	20,183	18,690	8.0%
OP	16,138	14,548	10.9%
EBITDA	18,428	16,621	10.9%
NP	12,432	11,344	9.6%
EPS	38.44/share	35.08/share	9.6%

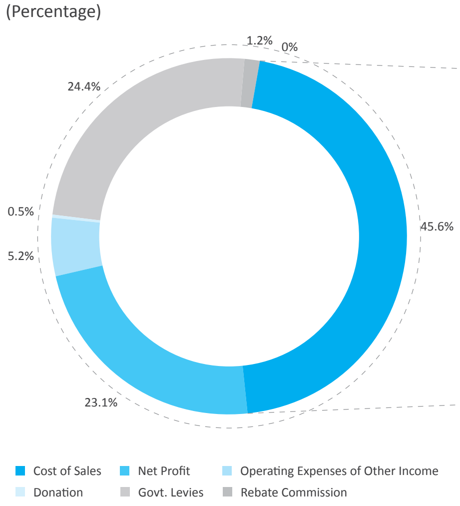
Revenues

During the fiscal year under review, your Company achieved an overall net sales revenue growth of 3.90% as compared to last year; which was contributed by 2.70% increase in volume and 1.20% increase in net retention.

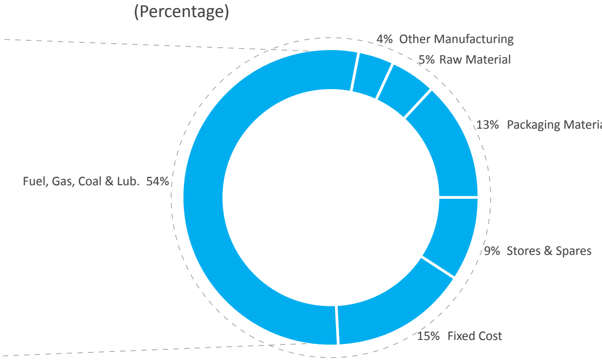
Cost of Sales

Per ton cost of sales of your Company during the period under review decreased by 1.9% compared to the last year. The decrease was mainly attributable to decrease in coal and other fuel prices as well as the positive effect of the installation of Vertical Grinding Mills and WHR in Karachi Plant.

Distribution of Revenue
(Percentage)



Distribution of Cost of Sales
(Percentage)



Gross Profit

Your Company was able to achieve a gross profit margin of 45.1% for the year under review compared to 43.4% reported last year.

Profitability

Your Company was able to improve its before tax profitability by 10.07% to PKR 15,912 million during the year under review compared to PKR 14,456 million reported last year. Similarly, after tax profit improved by 9.59% to PKR12,432 million for the year under review compared to PKR 11,344 million reported last year.

Earnings per share

The earnings per share of your Company for the year ended June 30, 2015 was PKR 38.44 as compared to PKR 35.08 reported last year.

Taxation

Your Company provided for an amount of PKR 2.94 billion on account of income taxes as compared to PKR 2.89 billion provided during last year. Deferred Tax provision of PKR 538 Million has been made in the accounts during the year, making the cumulative deferred tax liability of PKR 5.32 Billion as on June 30, 2015.

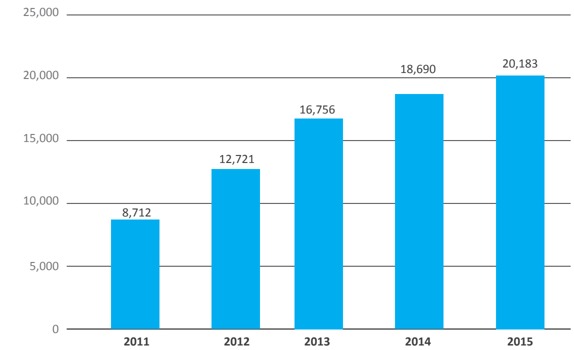
Contribution to National Exchequer

During the year your company contributed PKR 13.5 billion (2014: PKR 12.0 billion) into the Government Treasury on account of Income taxes, excise duty, sales tax and other levies. Moreover, valuable foreign exchange to the tune of USD 138.28 million was also generated by your Company for the Country from export of cement during the year under review.

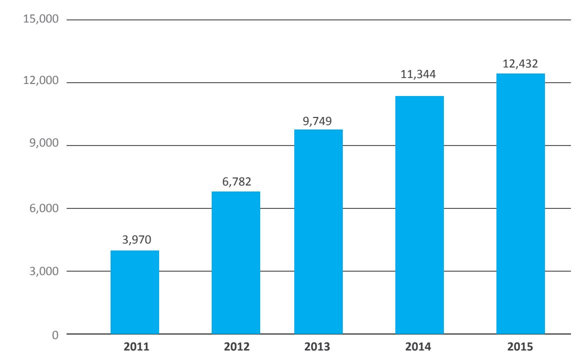
Dividend

Taking into account the current capital and equity investment plans; the board has proposed the final dividend of PKR 9/- per share for the financial year ended June 30, 2015. This approach remains in line with our commitment to consistently return sustainable value to shareholders. Movement in un-appropriated profit is as follows:

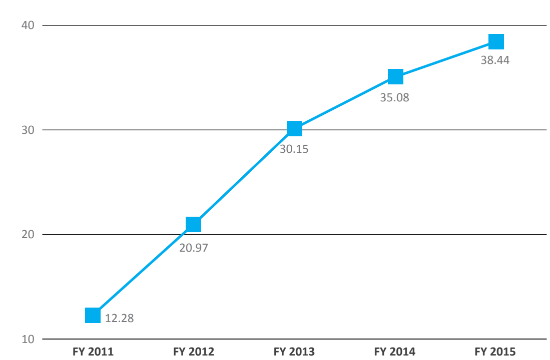
Gross Profit
(PKR in Million)



Net Profit
(PKR in Million)



EPS Trend
(PKR)



Lucky Cement Limited – Stand-alone Results | **PKR in '000**

Net Profit for the Year	
Un-appropriated profit at the beginning of the year	-
Profit available for appropriation	12,431,598
	12,431,598
Appropriations	
Proposed dividend for the Financial Year 2014-15 @ PKR 9	(2,910,375)
Proposed transfer to General Reserves	(9,521,223)
Un-appropriated profit at the end of the year	-
Basic and diluted earnings per share - PKR	38.44

National Cause Donations

Your Company has a roadmap with respect to Corporate Social Responsibility to support in the areas of education, health and environment through various welfare initiatives; which are undertaken both directly through company's financial assistance and indirectly by patronizing country's civil society institutions and non-government organizations geared towards creating a social impact.

CAUSES SUPPORTED	FY 2014-15	FY 2013-14
	Amount Donated (PKR In '000)	
Educational Scholarships and Initiatives	2,899	71,311
Health Initiative and Financial Assistance To Patients etc.	33,442	31,745
Other Welfare causes	170,300	115,000
General Donations	37,529	56,026
TOTAL AMOUNT DONATED	244,170	274,081

Tax Refunds Due from the Government

This refers to the emphasis of a matter paragraph by the auditors in the audit report and as referred to in note 15 to the audited financial statements of the company for the year ended 30th June 2015, FBR filed representation, before the President of Pakistan against the recommendations of the FTO which were in the favor of the company, under section 32 of Federal Tax Ombudsman Ordinance, 2000. However, President of Pakistan through its order has endorsed the recommendations of FTO. Subsequent to the year end, FBR filed a writ petition before the Peshawar High Court challenging the decision of the FTO. The Peshawar High Court suspended the operations of the orders of FTO and President of Pakistan on July 14, 2015 till further orders. The Company is in the process of challenging the stay granted by the Honorable Peshawar High Court through filing a writ petition.

Segmental Review of Business Performance

The acquisition of ICI Pakistan was part of the Company's strategy to diversify the business of Lucky Cement Limited into five well-established business segments which are tabulated below:

Segment	Revenue Growth	GP Margin	OP Margin	Segment Assets (PKR Bn.)	Segment Liabilities (PKR Bn.)
Cement	3.90%	45.09%	36.05%	46.74	12.70
Polyester	-15.75%	-0.38%	-2.87%	9.87	12.76
Soda Ash	12.74%	26.09%	21.41%	16.56	3.05
Life Science	17.11%	27.40%	11.31%	9.63	2.36
Chemicals	-0.43%	18.39%	7.52%	3.45	0.92

Projects – New and Ongoing

Waste Heat Recovery (WHR) Plant at Captive Power Plant

5 MW WHR at PEZU Plant is expected to be completed by the end of October, 2015.

Electricity Supply to PESCO

Tariff petition has been filed with National Electric Power Regulatory Authority (NEPRA) which is awaiting determination. Once tariff is determined by NEPRA, an agreement for the supply of 15 MW electricity shall be signed with PESCO.

Investments

Investment in 1 x 660MW, supercritical, coal based power project

The Private Power and Infrastructure Board (PPIB) issued Letter of Support (LOS) to Lucky Electric Power Company Limited (LEPCL) on 8 June 2015. The target to achieve financial close is the end of May 2016.

The company has been continuously taking steps towards reducing cost of production and has started 5MW WHR Plant at Karachi Power Plant during the year with another 5MW WHR plant at its Pezu Power Plant expected to be completed by the end of October 2015.

The consolidated financial statements of the Company for the year ended 30 June, 2015 include the net assets of LEPCL which is a 100% indirect wholly owned subsidiary of the Company.

Joint Venture Investment in Cement Plant in DR Congo

The construction work at the project site is in progress to achieve planned Commercial Operations Date (COD) of October 2016.

The effect of 50% share of the net assets of the DR Congo plant have been reflected in the consolidated financial statements of the Company for year ended 30 June 2015.

Equity Investment in Associated Company in 50 MW Wind Farm

The EPC Contractors have been mobilized at site and started full scale construction activities. The project is expected to be completed by the end of May 2016.

Entity's Significant Resources

Cash Flow Strategy

Your Company has an effective cash-flow management system in place whereby cash inflows and outflows are projected and monitored on a regular basis. Working Capital Requirements are managed mainly through internal cash generation.

Our cash position is not only good enough to support our operational requirements but also gives us the freedom to capitalize on available cost-saving or investment opportunities.

During the year under review, an amount of PKR 21.23 billion was generated from operations of the Company which was mainly allocated for long term investments amounting to PKR 2.77 billion, distribution of dividends amounting to PKR 2.89 billion and capital expenditures amounting to PKR 5.43 billion. Our investments are executed only after detailed analysis in the best selected prospects secured with all the covenants and guaranties taken in the best interest of the company and its stakeholders.

Capital Structure and Financial position

Your company continued to remain equity financed in this financial year and has zero debt on its balance sheet on standalone basis. Your company's self-generated liquidity and debt-free balance sheet is one of its biggest strength. This provides your management a possibility to capitalize on further cost-saving ventures and also gives our creditors' confidence in doing business with us.

Our reserves increased by 20 % during the year and now stand at PKR 56 Billion. The increase is mainly attributable to improved margins and profits of the Company. There is no significant change in our capital structure and financing strategies.

Financing arrangements

Your company has working capital as well as short and long term debt facilities available from various banks in Pakistan. Currently the financing facilities are unutilized due to surplus liquidity available. In future, such financing lines, if need be, can be utilized to fulfill its cash flow requirements. Since Lucky Cement is well regarded in the market as credible and consistent player; all our creditors have full faith in our financial management.

Human capital

We firmly believe that the most significant resource of our company is its employees. From top to bottom; we have competent people who are aligned with the vision of Lucky Cement. We hire best people and provide them with growth opportunities by way of training, making them part of decision making process and giving them job rotations. Lucky Cement has a process of conducting potential assessment exercise whereby top talent is required to undergo an assessment center and evaluated by senior people having different skills set. Our people are exposed to challenging work and they are tested to their limits to unleash their ultimate potential.

Management Objective and Strategies

The key objective of the management of your company is to sustain market leadership in Pakistan's cement industry and increase value for all the stakeholders. All the corporate goals are targeted towards this purpose and the key performance indicators are defined to be measured in terms of company's improved performance in all spheres of its operations.

Your company today has a global foot print and the management is set to achieve further milestones through creation of enabling environment by developing a highly competent & professional team, investing in state-of-the-art technology, striving for customer satisfaction and loyalty, identifying supply chain synergies, and contributing to the environment and communities it operates in.

The company has successfully inaugurated WHR (Waste Heat Recovery) plant of 5MW capacity at its Karachi Power

Plant in March 2015, as part of its ongoing cost reduction and sustainability objective. Another such plant is also expected to be operational by October, 2015, at our Pezu site. To further improve upon the quality of cement produced; two state-of-the-art vertical grinding mills at Karachi Plant were installed and are now operational since February 2015.

To achieve the given corporate goals; your company has taken organization wide steps involving all the employees from top to bottom in formalizing SOPs (Standard Operating Procedures) and have set individual KPIs (Key Performance Indicators) aligned with our broader corporate goals, making every employee a self-assessor with defined yearly targets and respective transparent measuring criteria. The company is also in the process of SAP implementation which is expected to further increase efficiency, simplify processes, eliminate redundancies and reduce communication gaps and information processing time. Furthermore, we have also refined and improved our human resource policies and have also successfully launched a structured management trainee program in collaboration with the leading educational institutes of the Country.

Your company's financial performance and market leadership is a reflection of achievement of its corporate goals through all around strategic alignment.

Key Performance Indicators

The management of your company has outlined the following Key Performance Indicators (KPIs) to gauge the achievement of the stated objectives. The objectives and KPIs were shared companywide at all levels as "**Company's 9 corporate goals**" to have alignment at all levels with our strategic direction.

- Sustainable & profitable growth in both domestic and export markets.
- Strive to remain lowest-cost producer in the Industry
- Improve corporate and brand image
- Attract, retain and develop Human Resources Talent
- Strengthening Safety, Health & Environment culture
- Increase our footprint beyond Pakistan and diversify
- Upgrade in IT systems & infrastructure
- Implement Structured Risk Management program
- Fulfillment of our Corporate Social Responsibility in our operations.

The management has added to the performance measures stated in last financial year and believe that the expanded list is more relevant to the future. We have already started evaluating our last year performance through these goals.

Performance on Financial & Non-Financial Measures

Sustainable Growth

MARKET SHARE	LOW COST PRODUCER	SALES VOLUME	COST REDUCTION INITIATIVES	EARNINGS PER SHARE
Maintained the market leadership by maintaining market share of 19.2% in FY 2014-15.	The cost of production per ton remains the lowest in the industry.	Year on year, overall sales volume grew by 2.6%	5MW WHR Plant became operational at Karachi Power Plant.	EPS is PKR 38.44 which is 9.6% higher compared to last year EPS

Corporate & Brand Image

AWARDS	BRAND AWARENESS	CORPORATE COMMUNICATION	INTERNATIONAL CONFERENCES
• Forbes 'Asia's 200 Best Under a Billion' list 2013/14 • Corporate Excellence Award 2014 by MAP (Management Association of Pakistan) • Brand Of The Year Award 2014 • ICAP & ICMAP Best Corporate Reports Award for the year 2014 • Green Supply Chain Award 2014	• Sponsored National Day Supplement for Sri Lanka in Business Recorder and Kenya Day • Sponsorship for 4th CSR Summit organized by The Professionals Network. • Silver Sponsorship for CFO Conference at Karachi and Islamabad organized by ICAP.	Continued reaching out to customers through print medium and published various articles in International Cement Review, World Cement Review and other local magazines.	Active participation in the INTERCEM conference and investors' conferences / road shows held across Pakistan and in London, Dubai and New York.

Human Resource Development

Talent acquisition	Succession planning	Performance Management	Gender Diversity
Started its first management trainee program this year as part of its goal for best talent acquisition and succession planning.	Developed a succession planning matrix to highlight the high potential resources for succession along with focus on the areas where training and development is required.	A cross functional annual performance review of employees by senior management has been conducted ,to ensure transparency and objective assessment.	Working towards improving gender diversity and become a well-known equal opportunity employer in future.

HSE (Health, Safety and Environment)

Zero Loss Work Day Injury	Compliance with NEQ Standards	WHR (Waste Heat Recovery) Plant
Successfully achieved zero loss work day injury target for the year.	Positioned almost 50% above the permissible limit of NEQ standards due to use of advanced technology and WHR plants.	Achieved carbon emissions reduction of further 7% with the start of 5MW plant at Karachi plant, compared to emissions before this installation.

Business Growth & Diversification

Lucky Electric	Basra Grinding Unit	DR Congo Project
Received letter of Support from Private Power & Infrastructure Board, Government of Pakistan for setting up of 1 X 660 MW, super critical coal based power project.	A full year of commercial operations.	Financial Close achieved in November 2014. Construction in progress and commercial operations to start from October 2016.

IT Infrastructure

SAP ERP
Initiated the project of SAP HANA implementation which is expected to go live by January 2016.

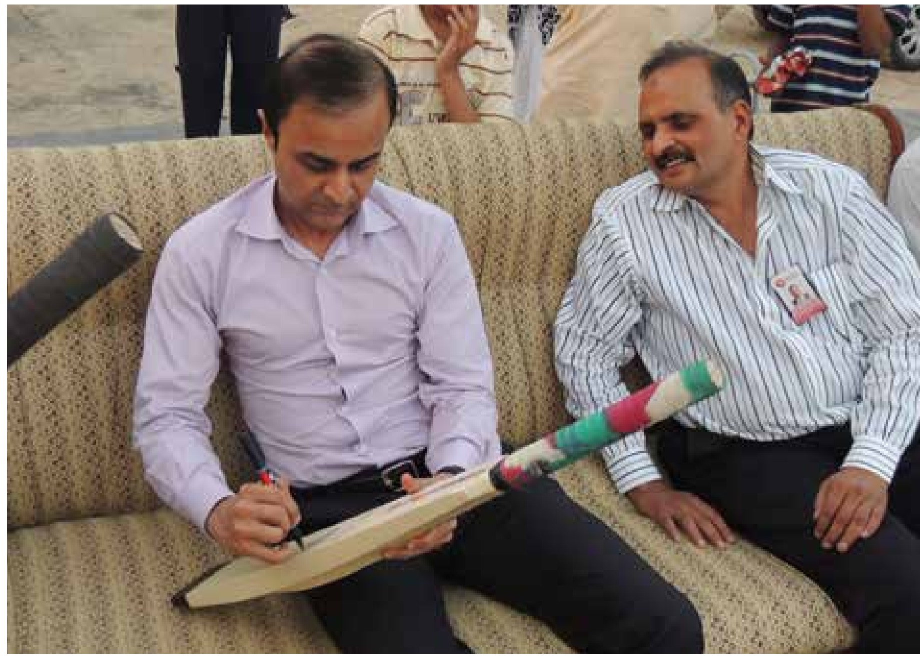
Risk Management

Strategic Risks	Commercial Risks	Operational Risks	Financial & Compliance Risks
The strategic risks such as non- availability of gas for power generation as well as significant increase in fuel and power cost making cost of production substantially higher and changing the economics of operations were considered and incorporated into the risk register. Appropriate measures are in place to counter these situations whenever they arise to make sure that plant is up and running and company is able to continue operations with reasonable margins.	The export markets for the Company are becoming challenging therefore the commercial risk of declining volume on export front is being effectively mitigated by replacing export volumes with domestic.	Proper systems are in place to ensure that company's production and sales operations are not disrupted. Raw material sourcing, manpower availability, self- sufficiency in power generations at both the plants and efficient supply chain and logistic operations both in-house and outsourced have enabled us mitigate operational risk to an acceptable level.	Due to effective compliance with laws and regulations and transparent financial reporting framework there was 'zero' Compliance risk posed to the Company. Further, Debt free balance sheet and natural hedge against foreign currency transactions safeguarded the company from any significant financial risks

Corporate Social Responsibility

Charity and Donations	Educational Scholarships	Medical Assistance and Poverty Alleviation	Causes we care about
Continue extending donations to both individuals and institutions providing welfare.	Continued its committed support to students at IBA, LUMS, KSBL, IoBM, IVS and various other institutions.	Continued to support initiatives of health and economic upgradation through patronization of Aziz Tabba Foundation.	Celebrated International Literacy Day, World Environment Day and Dive Against Debris.

Corporate Social Responsibility



Your Company firmly believes in the value-creation for the society it operates in. Therefore, in order to achieve sustainable success your Company has aligned its business operations with the Corporate Social Responsibility road map and continues to make interventions in the areas of education, health and environment.

Under the ambit of providing access to quality education to the deserving, your company offered merit based scholarships to a number of deserving students during the current year . Your company also provided support for the provision of recreational & sports center for healthy schooling activities for female students at an underprivileged school. Playing its part in promoting literacy amongst the masses, your company celebrated International Literacy Day by donating curriculum and literature books to underprivileged schools in Karachi and Pezu during the current year.

Your Company has taken numerous measures in its operations and production to sustain the environment. This year, your company celebrated World Environment Day on June 5th 2015 through awareness building sessions amongst employees, and tree plantation drives at the Karachi and Pezu Plants. Further streamlining its commitment to Corporate Social Responsibility, your company conducted a 'Dive Against Debris' for the second year in a row with the aim to clean marine debris and do our part to 'clean the ocean'. In essence, your Company aims to reduce carbon footprint of its business operations and acknowledges its role for the greater benefit of the community and people.

Sustaining its core value of social development, your Company has devotedly participated in numerous health projects across Pakistan. This includes patronage to Aziz Tabba Foundation, a welfare entity dedicated to raising the standards of health, education, and economic wellbeing of humanity by operating a leading cardiac hospital and a leading kidney center in the country.

Code of Corporate Governance

The Directors of your Company are aware of their responsibilities under the Code of Corporate Governance (the Code) incorporated in the Listing Rules of the Stock Exchanges in the country under instructions from the Securities & Exchange Commission of Pakistan. Your Company has taken all necessary steps to ensure Good Corporate Governance and full compliance of the Code.

As part of compliance of the code, we confirm the following:

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures there from has been adequately disclosed and explained.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- As required by the Code of Corporate Governance, we have included the following information in this report:
    - Statement of pattern of shareholding has been given on page no. 182.
    - Statement of shares held by associated undertakings and related persons have been given on page no. 185.
    - Statement of the Board meetings held during the year and attendance by each director.
    - Key operating and financial statistics for last six years have been given on page no. 48.

Board of Directors

BOARD OF DIRECTORS - 5 MEETINGS			
S. No.	NAME OF DIRECTORS	DESIGNATION	NO. OF MEETINGS ATTENDED
1	Mr. Muhammed Yunus Tabba (Chairman)	Non-Executive Director	5
2	Mr. Muhammed Ali Tabba	Executive Director	5
3	Mr. Muhammad Sohail Tabba	Non-Executive Director	2
4	Mr. Jawed Yunus Tabba	Non-Executive Director	5
5	Mrs. Rahila Aleem	Non-Executive Director	5
6	Mrs. Zulekha Tabba Maskatiya	Non-Executive Director	4
7	Mr. Muhammad Abid Ganatra	Non-Executive Director	5
8	Mr. Tariq Iqbal Khan	Independent Director	4

The leave of absence was granted to the Directors who could not attend the meeting due to their preoccupation.

BOARD COMPOSITION

Our Board comprises of 1 independent, 6 non-executive directors (including chairman) and 1 executive director. The diverse knowledge, expertise and skills set of our Board members enhance the effectiveness of our Board. Our Board composition represents the interests of all the shareholders and also exhibits gender diversity.

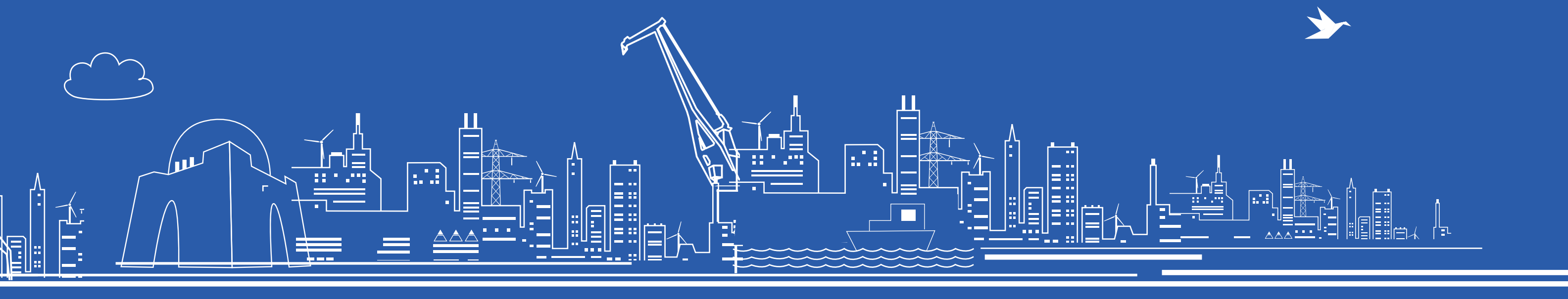
TRAINING OF THE BOARD

The Company takes keen interest in the development of its Board members and has also carried out training of its Board members as per the requirements of the Code of Corporate Governance. During the year, two of our directors Mr. Abid Ganatra and Mrs. Rahila Aleem completed their Directors' Training Program certification. The remaining Directors are either exempted from the SECP training on account of their experience or are in the planned list of next round of training sessions.

EVALUATION CRITERIA FOR THE BOARD

Apart from their mandatory job requirements, the performance of the Board of our Company is evaluated regularly along the following parameters, both at individual and team levels.

1. Effectiveness in bringing in a mix of talents, skills and philosophical perspectives.
2. Integrity, credibility, trustworthiness and active participation of members.
3. Follow-up and review of annual targets set by the management.
4. Ability to provide guidance and direction to the Company.
5. Ability to identify aspects of the organization's performance requiring action.
6. Review of succession planning of management.
7. Ability to assess and understand the risk exposures of the Company.



8. Contribution and interest in regard to improving health safety and environment, employment and other policies and practices in the Company.
9. Safeguarding the Company against unnecessary litigation and reputational risk.

PERFORMANCE EVALUATION OF THE BOARD

The overall performance of the Board has improved significantly along the mentioned parameters for the year. The Board members effectively bring the diversity to the Board and constitute a mix of independent and non-executive directors. The Board is also effective in formulating the corporate goals for the company. The areas of improvement suggested upon by the Board were to increase the frequency of the meetings of HR & Corporate Governance sub committees of the board. The areas where the processes are satisfactory but could be further improved going forward are involvement of employees in Health Safety and Environment, Ethics and Compliance related policies.

The Board members were aligned with the results of the evaluation and agreed to improve upon the highlighted areas.

Board Committees and Meetings

AUDIT COMMITTEE

AUDIT COMMITTEE - 4 MEETINGS			
S. No.	NAME OF DIRECTORS	DESIGNATION	NO. OF MEETINGS ATTENDED
1	Mr. Tariq Iqbal Khan (Chairman)	Independent/ non-executive	4
2	Mr. Muhammed Ali Tabba	Executive	4
3	Mr. Muhammad Sohail Tabba	Non-Executive	2
4	Mr. Jawed Yunus Tabba	Non-Executive	4
5	Mrs. Zulekha Tabba Maskatiya	Non-Executive	3
6	Mr. Muhammad Abid Ganatra	Non-Executive	4

The leave of absence was granted to the Directors who could not attend the meeting due to their preoccupation.

TERMS OF REFERENCE

The terms of reference of the Audit Committee includes the following:

(a) determination of appropriate measures to safeguard the Company's assets;

(b) review of quarterly, half-yearly and annual financial statements of the Company prior to their approval by the Board of Directors, focusing on:

- major judgmental areas;
- significant adjustments resulting from the audit;
- going concern assumption;
- any changes in accounting policies and practices;
- compliance with applicable accounting standards;
- compliance with listing regulations and other statutory and regulatory requirements; and
- significant related party transactions.

(c) review of preliminary announcements of results prior to publication;

(d) facilitating the external audit and discussion with external auditors on major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);

(e) review of management letter issued by external auditors and management's response thereto;

(f) ensuring coordination between internal and external auditors of the Company;

(g) review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;

(h) consideration of major findings as a result of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;

(i) ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structures are adequate and effective;

(j) review of the Company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;

(k) instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors in consultation with the CEO and to consider remittance of any matter to the external auditors or to any other external body;

(l) determination of compliance with relevant statutory requirements;

(m) monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and

(n) consideration of any other issue or matter as may be assigned by the Board of Directors.

BUDGET COMMITTEE

BUDGET COMMITTEE - 1 MEETING			
S. No.	NAME OF DIRECTORS	DESIGNATION	NO. OF MEETINGS ATTENDED
1	Mr. Muhammad Sohail Tabba (Chairman)	Non - Executive Director	-
2	Mr. Muhammad Ali Tabba	Executive Director	1
3	Mr. Jawed Yunus Tabba	Non - Executive Director	1
4	Mr. Muhammad Abid Ganatra	Non - Executive Director	1

The leave of absence was granted to the Chairman on account of his preoccupation.

TERMS OF REFERENCE

The terms of reference of the Budget Committee includes the following:

(a) To review and analyze the annual budgets for revenue and capital expenditures as prepared by the Company and recommend the final budget to the Board for its approval.

(b) To review and analyze any revision in the budget and suggest such revision to the Board of Directors for its approval.

(c) To review and analyze the comparison of budget with actual results on an annual basis and give appropriate direction for any corrective action in case of major variances.

(d) To recommend any matter of significance to the Board of Directors.

HR AND REMUNERATION COMMITTEE

HR AND REMUNERATION COMMITTEE - 1 MEETING			
S. No.	NAME OF DIRECTORS	DESIGNATION	NO. OF MEETINGS ATTENDED
1	Mrs. Rahila Aleem (Chairperson)	Non-Executive Director	1
2	Mr. Muhammed Ali Tabba	Executive Director	1
3	Mr. Muhammad Sohail Tabba	Non-Executive Director	-
4	Mr. Jawed Yunus Tabba	Non-Executive Director	1
5	Mrs. Zulekha Tabba Maskatiya	Non-Executive Director	-

The leave of absence was granted to the Directors who could not attend the meeting due to their preoccupation.

TERMS OF REFERENCE

The terms of reference of the Human Resource Committee includes the following:

(a) recommending human resource management policies to the board

(b) recommending to the board the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO

(c) recommending to the board the selection, evaluation, compensation (including retirement benefits) of CFO, COO, Company Secretary and Head of Internal Audit

(d) consideration and approval on recommendations of CEO on such matters for key management positions who report directly to the CEO

(e) reviewing and evaluating the HR appraisal, development and succession planning process implemented across the company

(f) reviewing the audit observations, if any, raised by the internal and external auditors of the company relating to the HR function

The TOR for Human Resource Committee has been revised during the year with the approval by the Board of Directors.

CORPORATE GOVERNANCE COMMITTEE

All issues related to Corporate Governance were discussed by the members during the quarterly held Audit Committee meetings and therefore no separate meetings were held by Corporate Governance Committee.

TERMS OF REFERENCE

The terms of reference of the Corporate Governance Committee includes the following:

(a) To adopt appropriate corporate governance policies and procedures with emphasis on the following and make appropriate changes whenever necessary:

- the roles and responsibilities of the Board.
- duties and responsibilities of directors and officers.
- conflict of interest policy and procedures.
- procedures for nomination, selection, and removal of directors.
- disclosures and transparency of the above policies

(b) To provide orientation and training programs for Board members with emphasis on :

- the organization's vision, mission and corporate strategy.
- the organization's budget and financial statements and their analysis.
- the roles, duties and responsibilities of the Board Committees, individual Directors and other Executives.
- To review the Company's "Statement of Compliance with the Code of Corporate Governance Practices" set out in the Company's Annual Report before publication.

(c) Review Report to the Members on Statement of Compliance with the Best Practices of the Code of Corporate Governance issued by the Statutory auditors.

(d) To identify and assess the potential probable compliance risk and to devise measures to mitigate its impact.

(e) To recommend any matter of significance relating to the Corporate Governance to the Board of Directors.

(f) To comply with the Code of Corporate Governance prevailing in Pakistan as well as to introduce International Best Practices.

(g) To ensure disclosures and transparency of the above policies and material information to the shareholders in the timely manner.

CEO Performance Review

The Board of Directors of Lucky Cement Limited regularly evaluates performance of the CEO based on the financial and non-financial KPIs presented by him and agreed by the Board at the start of the year. The board has reviewed the performance of the CEO for the current financial year and is truly satisfied with the achievements for the year. The Board has full confidence in his abilities to manage the affairs of the company in the most professional and competent manner. He is also responsible for setting the corporate objectives and its alignment with the KPIs for his management team and regularly updates the Board about the performance of the management team in achieving the desired goals.

Vision, Mission and Overall Corporate Strategy Approval by the Board

The board of directors has carefully reviewed and approved the vision, mission and overall corporate strategy of your Company and believes that it comprehensively reflects the philosophy an ideology with which Lucky Cement Limited was incorporated. We ensure that our vision and mission sets the direction for our overall corporate strategy and our future journey in everything we do at all levels. The entire organization is connected and driven by this purpose and it serves as the main decision making criterion in our day to day business.

Qualification of CFO and Head of Internal Audit

The Chief Financial Officer and Head of Internal Audit possess the requisite qualification and experience as prescribed in the Code of Corporate Governance.

Pattern of Shareholding

Pattern of shareholding of the Company in accordance with the Companies Ordinance, 1984 and Code of Corporate Governance as at June 30, 2015 is annexed at page no 182.

Auditors

The financial statements of the company for the current year 2014-15 were audited by M/s Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants. The said auditors will retire at the end of the Annual General Meeting. Being eligible, they have offered themselves for re-appointment. The Board has recommended the appointment of M/s Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants as auditors for the ensuing year, as suggested by the Audit Committee, subject to approval of the members in the forthcoming Annual General Meeting.

Future Outlook

The overall future outlook for cement industry is positive. The increase in domestic sales for the industry is attributable to large scale infrastructure development plans under execution by the current government, various on-going residential and commercial construction projects by private sector and overall economic prosperity of the country. Apart from the announced and planned projects, the domestic demand is anticipated to increase to meet the requirements of maintenance and reconstruction of destruction caused by recent floods and heavy monsoon. While the decrease in exports is because of penetration of Iranian cement in Afghanistan market and anti-dumping duty imposed on Pakistani cement by South Africa.

Going forward, we believe that the current industry trend will continue with increase in domestic demand while exports will remain under pressure. However, your company remains optimistic about the volumetric growth in the upcoming financial year. Your company's strong and debt-free financial position and free cash flow generating ability would help investing in the projects and avenues which will bring in further efficiencies and increase shareholder value. Anticipated improvement in local demand on the back of infrastructure projects especially on account of China Pakistan Economic Corridor (CPEC) and stable coal and fuel prices in the international market will be the major contributors for the increase in profitability of your company in the upcoming financial year.

Acknowledgement

The Directors of the Company take this opportunity to express their sincere gratitude for all the stakeholders for their continued 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: September 8, 2015

SIX YEARS AT A GLANCE

Financial Position (PKR in million)	2010	2011	2012	2013	2014	2015
Assets Employed						
Property, plant and equipment	31,378	31,705	31,017	31,008	31,937	35,019
Intangible Assets	3	2	1	5	28	42
Long term investments	-	-	-	5,619	8,158	10,925
Long term advance	55	55	55	554	72	79
Long term deposit & deferred cost	2	3	3	3	3	3
Current assets	6,871	9,444	9,555	13,007	19,672	27,018
Total Assets	**38,310**	**41,210**	**40,631**	**50,196**	**59,870**	**73,086**
Financed By						
Shareholders' Equity	25,096	27,773	33,262	41,035	49,792	59,259
Long-term liabilities						
Long term finance	1,659	658	393	127	-	-
Current portion of long term finance	176	265	265	265	127	-
	1,834	923	658	393	127	-
Long term deposits and deferred liabilities	1,914	2,082	3,352	5,187	5,521	6,396
Current liabilities	9,642	10,697	3,624	3,846	4,556	7,431
Current portion of long term finance	(176)	(265)	(265)	(265)	(127)	-
	9,466	10,432	3,359	3,580	4,428	7,431
Total Funds Invested	**38,310**	**41,210**	**40,631**	**50,196**	**59,870**	**73,086**
Turnover & Profit						
Turnover	24,509	26,018	33,323	37,810	43,083	44,761
Gross Profit	7,979	8,711	12,721	16,756	18,690	20,183
Operating Profit	4,243	5,161	9,010	12,412	14,548	16,138
Profit before taxation	3,418	4,321	8,324	11,746	14,456	15,912
Total comprehensive income	3,137	3,970	6,782	9,714	11,344	12,377
Cash Dividends	1,294	1,294	1,294	1,940	2,587	2,910
General Reserve	5,000	2,500	2,500	5,000	7,871	8,433
Profit carried forward	4,519	4,696	7,685	10,459	11,344	12,377
Earning per share (PKR)	9.70	12.28	20.97	30.15	35.08	38.44
Cash Flow Summary						
Net Cash from Operating Activities	5,267	4,074	9,375	12,246	13,566	19,009
Net Cash used in Investing Activities	(2,315)	(1,895)	(1,030)	(8,094)	(4,949)	(8,137)
Net Cash (Outflow) / Inflow from Financing Activities	(3,529)	(2,161)	(7,851)	(2,191)	(2,833)	(3,019)
(Decrease) /Increase in Cash and Cash Equivalents	(577)	18	493	1,961	5,785	7,854
Cash and Cash Equivalents at beginning of the Year	911	334	351	844	2,806	8,591
Cash and Cash Equivalents at end of the Year	334	351	844	2,806	8,591	16,445

ANALYSIS OF BALANCE SHEET

PKR in '000	2010	2011	2012	2013	2014	2015
Share Capital & Reserves	25,095,929	27,772,829	33,261,745	41,035,443	49,792,183	59,258,770
Non Current Liabilities	3,572,624	2,740,237	3,745,172	5,314,888	5,521,483	6,396,392
Current Liabilities	9,641,691	10,696,789	3,624,324	3,845,844	4,555,965	7,430,703
Total Equity & Liabilities	**38,310,244**	**41,209,855**	**40,631,241**	**50,196,175**	**59,869,631**	**73,085,865**
Non Current Assets	31,438,780	31,765,389	31,076,594	37,189,583	40,198,033	46,067,916
Current Assets	6,871,464	9,444,466	9,554,647	13,006,592	19,671,598	27,017,949
Total Assets	**38,310,244**	**41,209,855**	**40,631,241**	**50,196,175**	**59,869,631**	**73,085,865**
Vertical Analysis - %						
Share Capital & Reserves	65.50	67.39	81.86	81.75	83.17	81.08
Non Current Liabilities	9.33	6.65	9.22	10.59	9.22	8.75
Current Liabilities	25.17	25.96	8.92	7.66	7.61	10.17
Total Equity & Liabilities	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**
Non Current Assets	82.06	77.08	76.48	74.09	67.14	63.03
Current Assets	17.94	22.92	23.52	25.91	32.86	36.97
Total Assets	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**
Horizontal Analysis (i) Cumulative %						
Share Capital & Reserves	100.00	10.67	32.54	63.51	98.41	136.13
Non Current Liabilities	100.00	(23.30)	4.83	48.77	54.55	79.04
Current Liabilities	100.00	10.94	(62.41)	(60.11)	(52.75)	(22.93)
Total Equity & Liabilities	**100.00**	**7.57**	**6.06**	**31.03**	**56.28**	**90.77**
Non Current Assets	100.00	1.04	(1.15)	18.29	27.86	46.53
Current Assets	100.00	37.44	39.05	89.28	186.28	293.19
Total Assets	**100.00**	**7.57**	**6.06**	**31.03**	**56.28**	**90.77**
Horizontal Analysis (ii) Year on Year %	**2010**	**2011 vs 2010**	**2012 vs 2011**	**2013 vs 2012**	**2014 vs 2013**	**2015 vs 2014**
Share Capital & Reserves	100.00	10.67	19.76	23.37	21.34	19.01
Non Current Liabilities	100.00	(23.30)	36.67	41.91	3.89	15.85
Current Liabilities	100.00	10.94	(66.12)	6.11	18.46	63.10
Total Equity & Liabilities	**100.00**	**7.57**	**(1.40)**	**23.54**	**19.27**	**22.08**
Non Current Assets	100.00	1.04	(2.17)	19.67	8.09	14.60
Current Assets	100.00	37.44	1.17	36.13	51.24	37.34
Total Assets	**100.00**	**7.57**	**(1.40)**	**23.54**	**19.27**	**22.08**

ANALYSIS OF PROFIT AND LOSS ACCOUNT

PKR in '000	2010	2011	2012	2013	2014	2015
Turnover	24,508,793	26,017,519	33,322,535	37,810,456	43,083,169	44,761,307
Cost of Sales	16,529,932	17,306,400	20,601,261	21,054,058	24,393,064	24,578,219
Gross Profit	**7,978,861**	**8,711,119**	**12,721,274**	**16,756,398**	**18,690,105**	**20,183,088**
Distribution Cost	3,433,047	3,236,425	3,236,721	3,664,019	3,382,156	3,127,018
Administrative Cost	303,244	313,389	474,135	680,347	760,269	917,635
Operating Profit	**4,242,570**	**5,161,305**	**9,010,418**	**12,412,032**	**14,547,680**	**16,138,435**
Finance Cost	569,184	517,788	253,234	75,829	34,225	25,750
(Other Income)/Charges	255,872	322,996	433,207	590,335	57,090	200,891
Profit before taxation	**3,417,514**	**4,320,521**	**8,323,977**	**11,745,868**	**14,456,365**	**15,911,794**
Taxation	280,057	350,121	1,541,561	1,997,106	3,111,962	3,480,196
Profit after taxation	**3,137,457**	**3,970,400**	**6,782,416**	**9,748,762**	**11,344,403**	**12,431,598**
Other Comprehensive Income	**-**	**-**	**-**	**(34,814)**	**(663)**	**(54,636)**
Total Comprehensive Income	3,137,457	3,970,400	6,782,416	9,713,948	11,343,740	12,376,962

Vertical Analysis - %	2010	2011	2012	2013	2014	2015
Turnover	100.00	100.00	100.00	100.00	100.00	100.00
Cost of Sales	67.44	66.52	61.82	55.68	56.62	54.91
Gross Profit	**32.56**	**33.48**	**38.18**	**44.32**	**43.38**	**45.09**
Distribution Cost	14.01	12.44	9.71	9.69	7.85	6.99
Administrative Cost	1.24	1.20	1.42	1.80	1.76	2.05
Operating Profit	**17.31**	**19.84**	**27.04**	**32.83**	**33.77**	**36.05**
Finance Cost	2.32	1.99	0.76	0.20	0.08	0.06
(Other Income)/Charges	1.04	1.24	1.30	1.56	0.13	0.45
Profit before taxation	**13.94**	**16.61**	**24.98**	**31.07**	**33.55**	**35.55**
Taxation	1.14	1.35	4.63	5.28	7.22	7.78
Profit after taxation	**12.80**	**15.26**	**20.35**	**25.78**	**26.33**	**27.77**
Other Comprehensive Income	-	-	-	(0.09)	-	(0.12)
Total Comprehensive Income	12.80	15.26	20.35	25.69	26.33	27.65

Horizontal Analysis (i) Cumulative - %	2010	2011	2012	2013	2014	2015
Turnover	100.00	6.16	35.96	54.27	75.79	82.63
Cost of Sales	100.00	4.70	24.63	27.37	47.57	48.69
Gross Profit	**100.00**	**9.18**	**59.44**	**110.01**	**134.25**	**152.96**
Distribution Cost	100.00	(5.73)	(5.72)	6.73	(1.48)	(8.91)
Administrative Cost	100.00	3.35	56.35	124.36	150.71	202.61
Operating Profit	**100.00**	**21.66**	**112.38**	**192.56**	**242.90**	**280.39**
Finance Cost	100.00	(9.03)	(55.51)	(86.68)	(93.99)	(95.48)
Other Income/Charges	100.00	26.23	69.31	130.71	(77.69)	(21.49)
Profit before taxation	**100.00**	**26.42**	**143.57**	**243.70**	**323.01**	**365.60**
Taxation	100.00	25.02	450.45	613.11	1,011.19	1,142.67
Profit after taxation	**100.00**	**26.55**	**116.18**	**210.72**	**261.58**	**296.23**
Other Comprehensive Income	100.00	-	-	(100.00)	(100.00)	(100.00)
Total Comprehensive Income	100.00	26.55	116.18	209.61	261.56	294.49

Horizontal Analysis (ii) Year on Year %	2010	2011 vs 2010	2012 vs 2011	2013 vs 2012	2014 vs 2013	2015 vs 2014
Turnover	100.00	6.16	28.08	13.47	13.95	3.90
Cost of Sales	100.00	4.70	19.04	2.20	15.86	0.76
Gross Profit	**100.00**	**9.18**	**46.03**	**31.72**	**11.54**	**7.99**
Distribution Cost	100.00	(5.73)	0.01	13.20	(7.69)	(7.54)
Administrative Cost	100.00	3.35	51.29	43.49	11.75	20.70
Operating Profit	**100.00**	**21.66**	**74.58**	**37.75**	**17.21**	**10.93**
Finance Cost	100.00	(9.03)	(51.09)	(70.06)	(54.87)	(24.76)
Other Income/Charges	100.00	26.23	34.12	36.27	(90.33)	251.88
Profit before taxation	**100.00**	**26.42**	**92.66**	**41.11**	**23.08**	**10.07**
Taxation	100.00	25.02	340.29	29.55	55.82	11.83
Profit after taxation	**100.00**	**26.55**	**70.82**	**43.74**	**16.37**	**9.58**
Other Comprehensive Income	100.00	-	-	(100.00)	(98.10)	8,140.72
Total Comprehensive Income	100.00	26.55	70.82	43.22	16.78	9.11

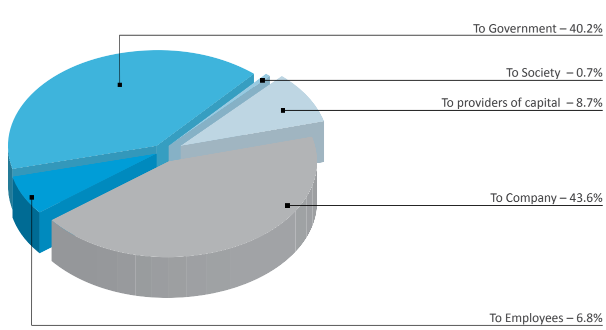
FINANCIAL RATIOS

	UoM	2010	2011	2012	2013	2014	2015
Profitability Ratios							
Gross profit to sales	percent	32.56%	33.48%	38.18%	44.32%	43.38%	45.09%
Net profit after tax to sales	percent	12.80%	15.26%	20.35%	25.78%	26.33%	27.77%
EBITDA to sales	percent	23.07%	25.88%	32.21%	37.81%	38.58%	41.17%
Operating Leverage	percent	595.79%	351.78%	265.61%	280.31%	123.39%	280.73%
Return on Equity after tax	percent	12.50%	14.30%	20.39%	23.67%	22.78%	20.89%
Return on Capital Employed	percent	11.55%	14.39%	21.85%	25.97%	24.94%	22.70%
Liquidity Ratios							
Current ratio	times	0.71 : 1	0.88 : 1	2.64 : 1	3.38 : 1	4.32 : 1	3.64 : 1
Quick/Acid test ratio	times	0.23 : 1	0.18 : 1	0.80 : 1	1.66 : 1	2.62 : 1	2.75 : 1
Cash to Current Liabilities	times	0.03 : 1	0.03 : 1	0.23 : 1	0.73 : 1	1.89 : 1	2.21 : 1
Cash flow from Operations to Sales	times	0.21 : 1	0.16 : 1	0.28 : 1	0.32 : 1	0.31 : 1	0.42 : 1
Activity / Turnover Ratios							
Inventory turnover	times	3.58	2.84	2.89	3.17	3.40	3.44
No. of days in Inventory	days	101.96	128.52	126.30	115.14	107.35	106.10
Debtor turnover	times	23.95	37.16	39.87	27.81	23.00	21.73
No. of days in Receivables	days	15.24	9.82	9.15	13.12	15.87	16.80
Creditor turnover	times	5.78	4.88	5.58	6.09	6.36	4.69
No. of days in Payables	days	63.15	74.80	65.41	59.93	57.39	77.83
Operating Cycle	days	54.05	63.54	70.04	68.33	65.83	45.07
Total assets turnover	times	0.64	0.63	0.82	0.75	0.72	0.61
Fixed assets turnover	times	0.78	0.82	1.07	1.22	1.35	1.28
Investment Valuation Ratios							
Earnings per share (after tax)	rupees	9.70	12.28	20.97	30.15	35.08	38.44
Price / Earning ratio (after tax)	times	6.40	5.77	5.50	6.96	11.70	13.52
Dividend Yield	percent	6.44%	5.65%	5.20%	3.81%	2.19%	1.73%
Dividend Payout ratio	percent	41.23%	32.58%	28.61%	26.54%	25.65%	23.41%
Dividend Cover ratio	times	2.43	3.07	3.50	3.77	3.90	4.27
Cash Dividend per share	rupees	4.00	4.00	6.00	8.00	9.00	9.00
Break up value per share	rupees	77.61	85.88	102.86	126.90	153.98	183.25
Market Value Per Share as on 30th June	rupees	62.14	70.84	115.39	209.72	410.30	519.62
Capital Structure Ratios							
Financial leverage ratio	times	0.32 : 1	0.26 : 1	0.02 : 1	0.01 : 1	0.00 : 1	0.00 : 1
Weighted Average Cost of Debt	percent	6.12%	6.76%	6.42%	14.43%	13.15%	40.39%
Debt to Equity ratio	times	0.07 : 1	0.02 : 1	0.01 : 1	0.00 : 1	0.00 : 1	0.00 : 1
Interest Coverage ratio	times	7.45	9.97	35.58	163.68	425.06	626.74

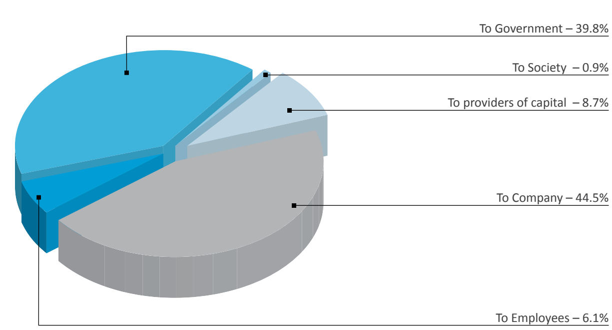
STATEMENT OF VALUE ADDITION AND WEALTH DISTRIBUTION

	2015		2014	
	PKR in '000'	%	PKR in '000'	%
WEALTH GENERATED				
Total revenue inclusive of sales tax and other income	53,919,310		51,412,926	
Bought-in-material and services	(20,295,589)		(21,263,037)	
	33,623,721	100.0%	30,149,889	100.0%
WEALTH DISTRIBUTION				
To Employees				
Salaries, benefits and other costs	2,297,999	6.8%	1,848,241	6.1%
To Government				
Income tax, sales tax, excise duty and others	13,502,619	40.2%	12,003,604	39.8%
To Society				
Donation towards education, health and environment	244,170	0.7%	274,081	0.9%
To Providers of Capital				
Dividend to shareholders	2,910,375	8.7%	2,587,000	8.6%
Markup / Interest expenses on borrowed funds	1,832	0.0%	19,920	0.1%
To Company				
Depreciation, amortization & retained profit	14,666,726	43.6%	13,417,043	44.5%
	33,623,721	100.0%	30,149,889	100.0%

Wealth Distribution 2015
(Percentage)



Wealth Distribution 2014
(Percentage)



NOTES ON ANALYSIS

Comments on Six Year Statement of Comprehensive Income Analysis

Turnover

Revenues increased from PKR 24.5 billion in 2010 to PKR 44.8 billion in 2015 with an increase of 82.63%. This is mainly attributed to increase in sales volume and net retention.

Cost of Sales

Cost increased from PKR 16.5 billion in 2010 to PKR 24.6 billion in 2015 with an increase of 48.6%. This is mainly attributed to increase in costs of main raw material inputs and fuel & power cost over the period.

Gross Profit (GP)

GP increased from PKR 8.0 billion in 2010 to PKR 20.2 billion in 2015 with an increase of 152.9%. This is mainly attributed to use of efficient and cost effective alternative energy sources. Utilization of Waste Heat Recovery to curtail power cost which contributed to decrease in cost and attributed to increase in GP.

Net Profit

Net profit increased from PKR 3.13 billion in 2010 to 12.43 billion in 2015 with an increase of 296%, attributable mainly to increased sales and volume and continuous strive of cost reduction initiatives.

Comments on Six Year Statement of Financial Position Analysis

Share Capital & Reserves

Share Capital remained the same however, reserves increased due to increase in undistributed profits kept to utilize in new projects / investments.

Non Current Liabilities (NCL)

There is an increase of 79.04% in NCL from 2010 to 2015, mainly on account of Deferred Tax Liability.

Non Current Assets (NCA)

There is an increase of 46.53% in NCA from 2010 to 2015 mainly due to capital expenditures on Alternative energy, WHR, Ventometic Packing Plant, Vertical Grinding Mill and equity investment in acquisition of ICI and other offshore projects in Iraq and DR Congo.

Comments on Six Year Statement of Cash Flows Analysis

Lucky Cement has a persuasive cash flow system. The liquidity of the Company improved substantially due to improved margins. The company has no borrowings as of 30 June 2015 and all the projects and investments are primarily financed by internally generated cash flows.

Analysis of Variation in Interim Periods

Amount in PKR Million (Except EPS)

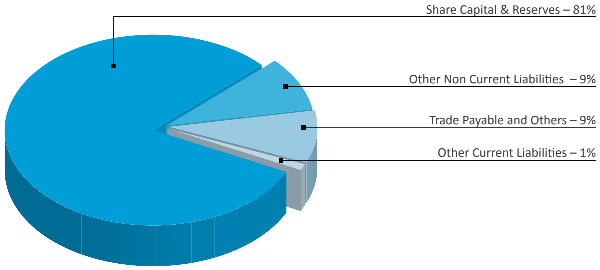
Particulars	Qtr-1	Qtr-2	Qtr-3	Qtr-4	F Y 2014-15
Sales Volume (in '000 Tons)	1,607	1,646	1,781	1,761	6,794
Sales Revenue (Net)	10,470	10,940	11,739	11,613	44,761
Cost of Goods Sold	6,058	6,074	6,340	6,105	24,578
Gross Profit	**4,412**	**4,865**	**5,399**	**5,508**	**20,183**
Gross Profit Margin	42%	44%	46%	47%	45%
Operating Profit	**3,335**	**3,765**	**4,373**	**4,665**	**16,138**
Operating Profit Margin	32%	34%	37%	40%	36%
EBITDA	**3,874**	**4,312**	**4,921**	**5,321**	**18,428**
EBITDA Margin	37%	39%	42%	46%	41%
Net Profit Before Tax	**3,345**	**3,712**	**4,313**	**4,542**	**15,912**
Taxation	676	780	611	1,413	3,480
Net Profit After Tax	**2,669**	**2,932**	**3,702**	**3,129**	**12,432**
Net Profit After Tax Margin	25%	27%	32%	27%	28%
EPS in PKR	8.25	9.07	11.45	9.67	38.44

4th Quarter's performance was the best in terms of Gross Profit (GP) margin of 47%, Operating Profit (OP) margin of 40% and EBITDA Margins of 46% mainly on account of costs savings from lower coal and fuel costs, operational savings from WHR and Vertical Cement Mills installed at the end of 3rd Quarter.

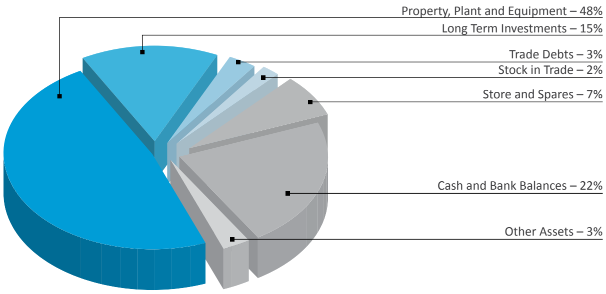
However, 3rd Quarter outperformed all the other quarters in terms of bottom-line profitability and Earnings Per Share (EPS); which was not only on account of highest sales volumes but also due to lower effective tax rate coming from tax credits from capitalization of major projects (like vertical cement mills and WHR plant at Karachi) during this quarter. 3rd Quarter contributed cement sales volumes of 1.78 Million Tons and bottom-line profitability of PKR 3.7 Billion in values and 32% in terms of Net Profit after tax margin.

COMPOSITION OF BALANCE SHEET

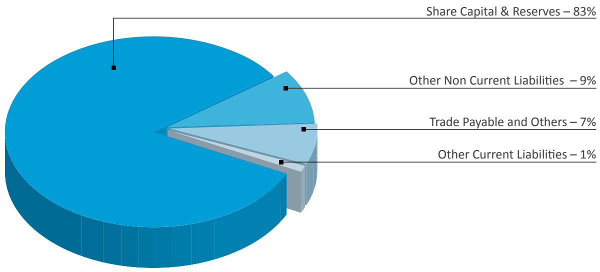
Equity and Liabilities – 2015
(Percentage)



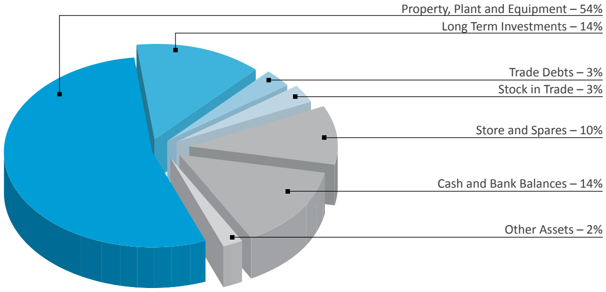
Assets – 2015
(Percentage)

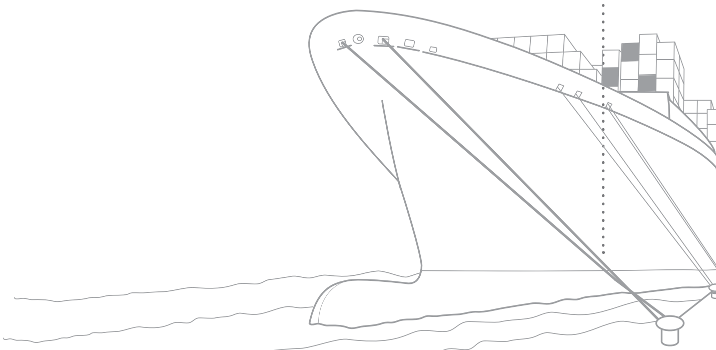


Equity and Liabilities – 2014
(Percentage)



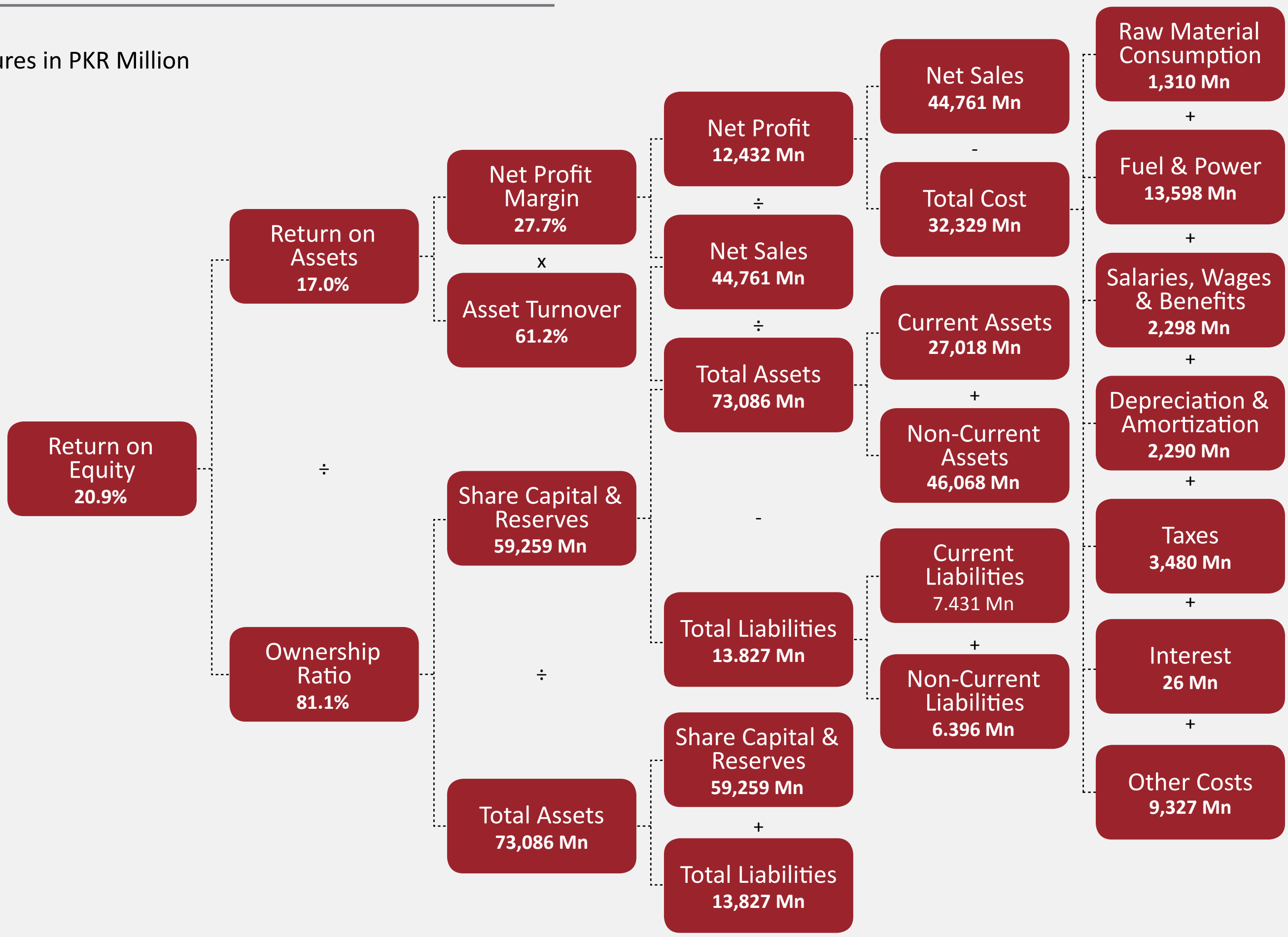
Assets – 2014
(Percentage)





DUPONT ANALYSIS

Figures in PKR Million



DuPont Analysis				
Year	Profit Margin (Net Profit/Turnover)	Assets Turnover (Turnover/Total Assets)	Financial Leverage (Total Assets/Total Equity)	ROE
	A	B	C	A x B x C
2015	27.7%	0.61	1.23	20.9%
2014	26.3%	0.72	1.20	22.8%
2013	25.7%	0.75	1.22	23.7%
2012	20.4%	0.82	1.22	20.4%
2011	15.3%	0.63	1.48	14.3%
2010	12.8%	0.64	1.53	12.5%

The main highlights of DuPont analysis are as follows:

1. The profit margins for the company continued to improve during current year mainly on account of decline in market prices for coal and other fuels and various cost effective measures taken by the Company to reduce production related costs.

2. The Asset base of the company has improved during the current year mainly on account of cost saving and quality improvement projects; therefore, despite the growth in revenues, the Assets turnover ratio has declined compared to last year.

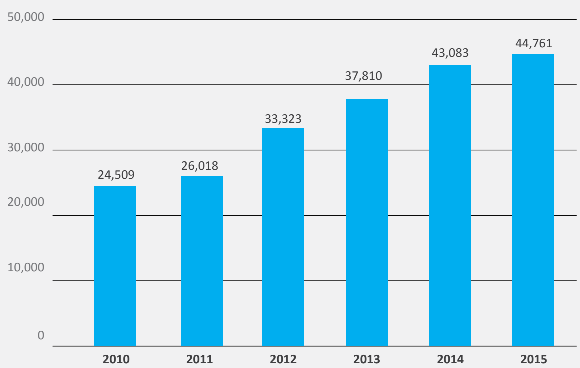
3. The Financial Leverage ratio for the Company has improved due to incremental Assets base and Equity strength of the balance sheet as the Company remains debt free and the Asset base is financed mainly by Equity. The Equity has further strengthened due to improved profitability which has in turn enlarged the retained earnings account.

CONCLUSION

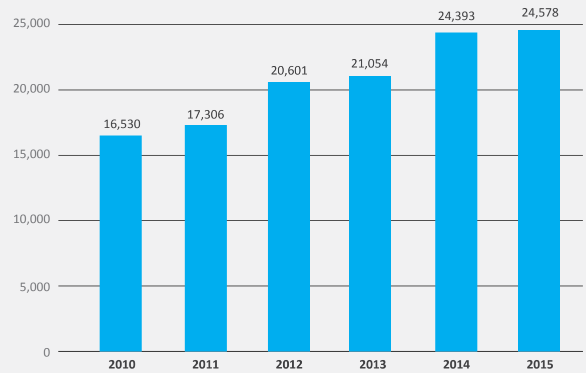
Overall, the operational & assets efficiency and Equity Multiplier are monitored on a regular basis to remain aware of the financial health of the Company. The DuPont analysis for the last 5 years depicts a positive trend in Return on Equity (ROE) of the Company. The ROE showed a remarkable increase from year 2010 to 2013, and as mentioned above has decreased during 2014 to 2015 due to new investments in offshore projects and operational cost-saving initiatives.

FINANCIALS AT A GLANCE

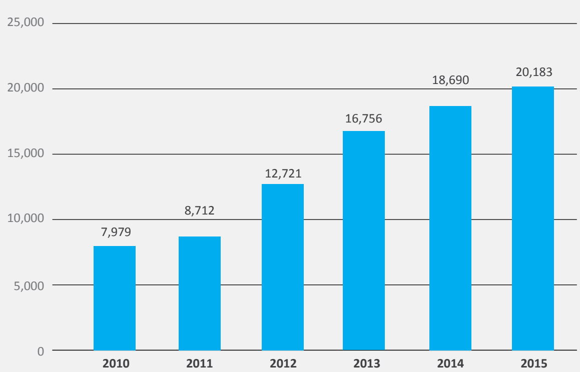
Sales Revenue
(PKR in Million)



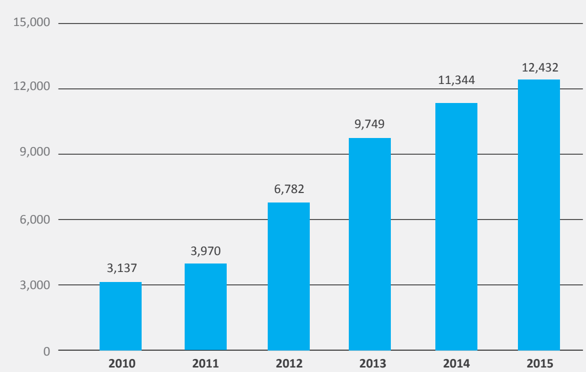
Cost of Sales
(PKR in Million)



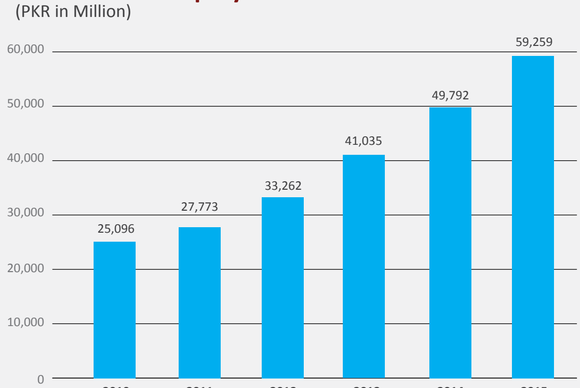
Gross Profit
(PKR in Million)



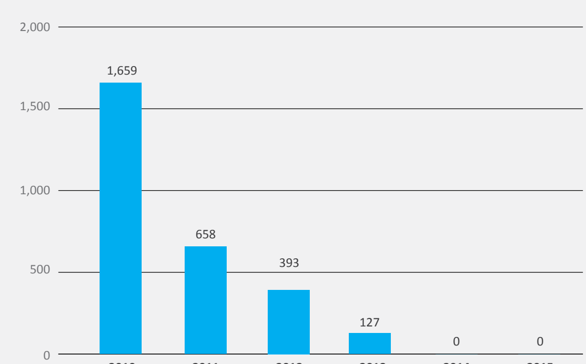
Net Profit
(PKR in Million)



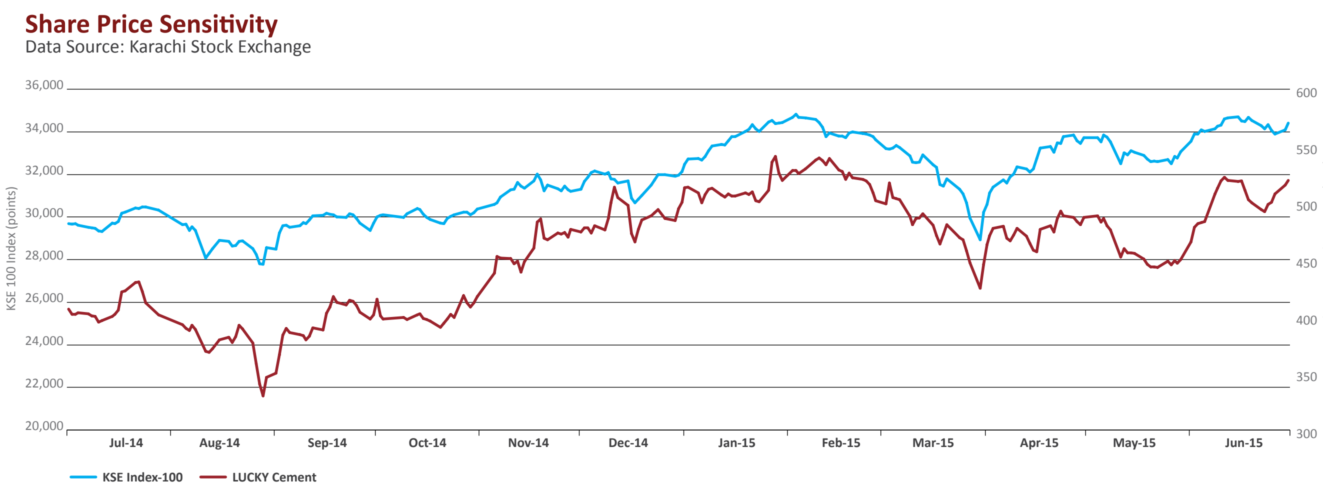
Shareholders' Equity
(PKR in Million)



Long Term Finance
(PKR in Million)



SHARE PRICE SENSITIVITY ANALYSIS



Lucky Cement Limited's Shares (LUCK) are traded on Karachi, Lahore Islamabad and London Stock Exchanges. Our free float is 35.65% and market capitalization at the end of day of fiscal year was PKR 168 Billion. There are many factors which might affect the share price of our Company, few of which are listed below.

Profitability

Improved margins on account of lower production costs can contribute towards improved profitability and EPS which may increase the market share price.

Commodity Prices

Increase or decrease in major input price (coal, power and raw material tariffs) can positively or negatively affect the margins and increase or decrease the EPS which in turn can drive the market share price upwards or downwards.

Regulations and Government Policies

The share price is also sensitive to any changes in policies by the government and regulatory authorities; both specific to the cement sector and overall business activities may affect the market share prices; either positively or negatively, depending on whether the policy is in favor of or against the industry.

Currency Risk

The volatility in currency exchange rates can also affect the market share prices as Lucky Cement is engaged in both export and import (exports of cement and import of fuels) so the margins can be affected positively or negatively.

Market Risk

Apart from systematic risk, the market share price is also exposed to all the risks of the stock exchanges it is trading on. The Beta of Lucky Cement with respect to KSE 100 index is 0.94.

Diversification:

The Company has diversified portfolio both in terms of geographical location and nature of business. Our international footprint also opens us to the benefits and risks of the markets we are operating in and our business diversification affects our consolidated earnings, which in turn also affects our EPS and therefore can drive our share price positively or negatively.

Goodwill

The market share price can also vary with the investors' sentiments towards the company which changes very quickly in response to the news and events and also because of investors' following of the general market trend.

CORPORATE ANALYSIS

Lucky Cement Limited has been growing with the prime objective of maximizing value for all the stakeholders. The company uses it strengths to capitalize on opportunities, overcome its weaknesses and avert threats. Keeping this in perspective, our pursuits consist of diverse strategies having external and internal origins.

Strengths

Lucky Cement, a part of YBG, is one of the largest cement producers in Pakistan. It is not only the market leader in Pakistan's cement industry but it also enjoys top of the mind recall with customers. The company is the lowest cost producer in the industry while grossing the highest profits and highest EPS. The capacity utilization of Lucky Cement is higher than the industry average and its balance sheet is recognized as the most deleveraged one in the cement industry.

The strategic plant locations both in the Northern and Southern region of Pakistan, gives the company access to a nationwide market and mitigates exposure to any localized risks. The company has an extensive dealership network of more than 200 dealers and distributors. Also, the company's smart logistic setup and management enables it to effectively cater to both the international as well as the domestic markets. Among Pakistan's cement players, Lucky Cement is the largest exporter of cement and has the strongest international presence. It is the only cement company in Pakistan which has silos at the Port and thus, is able to export loose cement.

The human capital of Lucky Cement is a key asset of the company. Mr. Muhammad Ali Tabba, the young and dynamic CEO, is supported by a team of professionals with diverse skills set.

The company has also successfully demonstrated that it is an environmentally responsible organization by launching eco-friendly projects such as Waste Heat Recovery and alternate fuels. The carbon emissions by Lucky Cement are well below the country's regulatory limits.

Weaknesses

Although Lucky Cement has a leadership position in Pakistan's cement industry, it has limited presence in some markets. It is becoming increasingly important for company to expand into other markets as and when opportunities are created.

Opportunities

Pakistan has a very low per Capita consumption of cement as compared to its neighboring countries and therefore significant growth opportunities are available for the company. The positive demographic trends like growing population, increasing urbanization and rising income levels are the key demand drivers. Recent launch of China–Pakistan Economic Corridor initiative presents a great opportunity for long term growth of the industry. On the back of all these developments, the focus is shifting more towards the domestic market in general and Lucky Cement in particular.

Threats

Exports are becoming challenging due to downward trend of commodity prices globally and devaluation of currency of key export markets to US dollar. Local operations are becoming more viable as compared to commercial import of cement in countries which are the export markets for Lucky Cement. The changing local market dynamics has mitigated this threat as the export volumes are now getting substituted by local sales.

Risk and Management Strategies to Mitigate These Risks

Lucky Cement Limited launched the Lean Enterprise Risk Management framework in 2014 as an on-going process embedded across the organization. Risk management at Lucky Cement is considered vital to the creation and enhancement of shareholder value. The uncertainties and risks that may influence the achievement of our corporate goals and objectives are managed while opportunities are tapped into. Strategic, Commercial, Operational, Financial and Compliance risks are ranked based on their impact on Lucky Cement and probability of occurrence. Upon identification of risks, mitigating strategies and action plans are developed, implemented and monitored.

STRATEGIC RISKS	
TYPE OF RISKS	**MITIGATING ACTION**
Gas Supply Shortfall Fluctuation in gas supply at production sites due to curtailment, gas reserve depletion or revision in gas allocation policy.	Liaison with the gas distribution companies results in minimal curtailment. Moreover, sufficient quantity of alternative fuel is maintained to be used in case of severe gas shortage. Lucky Cement has also installed Waste Heat Recovery units, hence reducing its current consumption of gas for generation of power.
Gas Tariff hike / Fuel price increase in international market Increase in gas tariffs or imported coal price resulting in higher cost of production.	Impact of gas tariff hike and fuel price increases in international market are neutralized by the cost reduction initiatives taken by the company. Coal prices in international market are observed very closely by our trade team and orders are placed either in advance or stopped keeping in view the expected pricing patterns. TDF and RDF processes are in place, reducing dependence on coal if coal prices in international market go up.
Attracting and Retaining Talent It is critical for us to attract, develop, and retain top talent to ensure sustainable growth	Efforts are made to ensure growth and well-being of our employees. As we greatly value our intellectual capital, various programs are in place to recruit, identify and develop high potential resources. Initiatives are taken to increase workplace diversity, resulting in a more effective workforce.
COMMERCIAL RISKS	
TYPE OF RISKS	**MITIGATING ACTION**
Change in competitive scenario Threat of local and foreign players causing a change in market dynamics	Lucky Cement encourages competition in the industry as it creates pressure for it to be efficient and competitive in the market to capture more market share and at the same time be a profitable company for the shareholders to get good return on investment. The company has no threat from any change of market dynamics due to the fact that the company is the low cost producer and has the strategic plant locations.
Export markets Decline in Pakistan's cement export dispatches due to various external challenges	The company is focusing on sustaining its export client base through providing consistent quality and brining in efficiency so that the company is either able to pass the benefit on to the customers or is able to sustain any cost pressures which could result in price hike otherwise. The company is also able to replace export volumes with the local sales due to its product quality, brand recognition, strategic plant locations, strong supply chain and logistic support.
OPERATIONAL RISKS	
TYPE OF RISKS	**MITIGATING ACTION**
Information System Risk Loss of data or theft thereof	Information is transmitted through secure connections and firewalls are in place to prevent any possible malicious intent.
Law and Order uncertainty Loss may occur due to terrorism activities and sabotage	Security system is continuously monitored and enhanced to safeguard against such threats. Moreover, Lucky Cement collaborates with the local law enforcement agencies to counter potential threats.
Maintenance Risk Possibility of production loss due to capacity or service factor	Effective technical monitoring programs with regards to predictive and preventive maintenance are in place to ensure maximum plant efficiency and capacity utilization.

FINANCIAL & COMPLIANCE RISKS	
TYPE OF RISKS	**MITIGATING ACTION**
Financial reporting and compliance Risk of reporting issues with regulators and authorities	Lucky Cement complies with the best practices and the code of Corporate Governance as applicable in Pakistan and maintains its books as required by the Companies Ordinance 1984 and International Financial Reporting Standards.
Interest rate risk Risk of interest rate fluctuation affecting value of interest-bearing assets	Economic indicators are carefully monitored and a diversified portfolio of short term investments of funds is maintained.
Exchange rate risk Exchange rate risk impacting transactions in foreign currency	Lucky Cement has a natural hedge against exchange rate risk due to its exports and imports both in US$. Lucky Cement is long in US$ as its export value is higher than its import bill. Due to declining PKR against US$, it has positive impacts on foreign exchange realization.
Credit Risk Risk of default in payments by credit customers	Risk is managed through established limits credits are given considering the risk appetite of the company.
Environmental Risk Actual or potential threat of adverse effects on environment arising out of the Company's activities.	Various environmental friendly projects such as Waste Heat Recovery units, Tyre Derived Fuel and Refuse Derived Fuel units are implemented, thus reducing environmental degeneration. The company focuses on energy conservation, operational efficiencies and carbon footprint reduction.
Risk of litigation Risk of having major legal cases initiated against the company	Cases are handled by reputable law firms engaged by the company who have specialization in particular areas. Additionally, in house legal affairs department does monitoring of all the cases and ensures that cases are handled properly.
Health & Safety Risk Personal health and safety risks at Lucky Cement	HS&E issues are addressed by focusing on safety measures such as conducting appropriate trainings, having appropriate safety, equipment and safe practices.

Materiality Approach

The management has adopted materiality approach for effective communication with all stakeholders. The management has a responsibility to identify, control and diminish business risks that may affect the entity's ability to achieve its objectives, for which it has defined procedures, assumptions and factual base for identifying and categorizing the materiality base in order to have transparent and detailed disclosures on risks and opportunities. The specific materiality thresholds are defined and approved by the Board, and as part of the Company's policy, the management discloses the transaction and events falling in this materiality threshold to the Board of Directors. In addition to it, the management of Lucky Cement is also responsible for apprising the board members with an unusual item or event.

The management has also defined the risks and estimation of uncertainty processes for ensuring transparency and catering materiality concerns.

Key Sources of Estimations Uncertainty

The management and the Board of Directors of your company draw estimates and judgements based on historical experiences and other assumptions that affect reported amounts of assets, liabilities, revenues, expenses and related disclosure of contingencies which as a result has a significant impact on the preparation of financial statements. These estimations however may vary with the actual results of the company as the conditions may differ from the circumstances that were considered reasonable by the Management and the Board.

Key estimates and assumptions concerning future include:

Estimating useful life of fixed assets

The Company has made certain estimations with respect to residual value, depreciation / amortization methods and depreciable lives of assets as also disclosed in notes 4.3 to 4.7 of the standalone & consolidated financial statements to determine the useful lives based on usage, maintenance, rate of technical and commercial obsolescence. These useful lives are reviewed annually.

Valuation of current assets

The management has made estimation with respect to provisions for slow moving, damaged and obsolete items and their net realizable values are disclosed in notes 4.7 and 4.8 of standalone and notes 4.8 and 4.9 of consolidated financial statements respectively.

With respect to recoverability of Trade debts and other receivables; provisions are made and deducted against such debts and receivables based on management's assessment of customer's outstanding balances and credit worthiness as disclosed in notes 4.9 and 4.10 of standalone and consolidated financial statements respectively.

Taxation

Determining income tax provisions involves judgment on the tax treatment of certain transactions. In making these estimates for income taxes payable by the Company; the management has considered recent Income tax laws and the decisions of appellate authorities on certain cases issued in the past. Deferred tax is recognized in full using the balance sheet liability method on all temporary differences arising at the balance sheet date between tax base of the assets and liabilities and their carrying amounts.

Staff retirement benefits

The defined benefit obligations are based on actuarial assumptions such as discount rate, expected rate of return on plan assets, expected rate of growth in salaries and expected average remaining working life of employees which are extensively detailed in notes 20.1 and 23.1 of standalone and consolidated financial statements respectively.

Contingencies

The management of the Company assesses contingencies based on the availability of the latest information and estimates such values for contingent assets and liabilities which may differ on the occurrence / non-occurrence of the given uncertain future events.

Business Continuity Plan

The Board of Directors ensures that the Company has an updated Business Continuity and Disaster Recovery plan in place for the continuity of Company's business and operations in the event of occurrence of any extra ordinary circumstances.

A comprehensive plan is designed to ensure the protection of overall company's operations and assets along with regular archival and system backups at remote sites.

The key highlights and actions of Lucky Cements' Business Continuity Plan are as follows:

- Management is responsible for the development and execution of an effective Business Continuity Plan.
- The development of the plan is done keeping in mind the on-going business needs and the environment it is operating in.
- The Management also ensures the training of all the employees on how to respond in case of any unforeseen or extra ordinary event.
- The Company has separated its production units geographically, as well as its individuals and groups with core skills, to reduce the exposure to localized risks and likelihood of losing all resources assigned to a specific role.
- A company-wide and detailed Process Documentation Activity has been done whereby all the processes are mapped and serve as an SOP for all practices.
- Employees are imparted with multi-skill training which helps in the continuity of business activities.
- To ensure protection of employees and asset against fire alarm systems are installed in the premises of all of our offices.
- The Company has also deployed adequate security staff at both plants to ensure uninterrupted plant operations.
- The Company ensures backup of all the assets whether physical or virtual; the physical assets are backed by insurance whereas backup of virtual asset and data is created on a routine basis.

It is also regularly ensured that Data Recovery processes are operating effectively.

ROLES OF CHAIRMAN AND CEO

Role of Chairman

The prime responsibility of the Chairman is the management of the Board in all respects and in the most efficient and competent manner. The Chairman is responsible to:

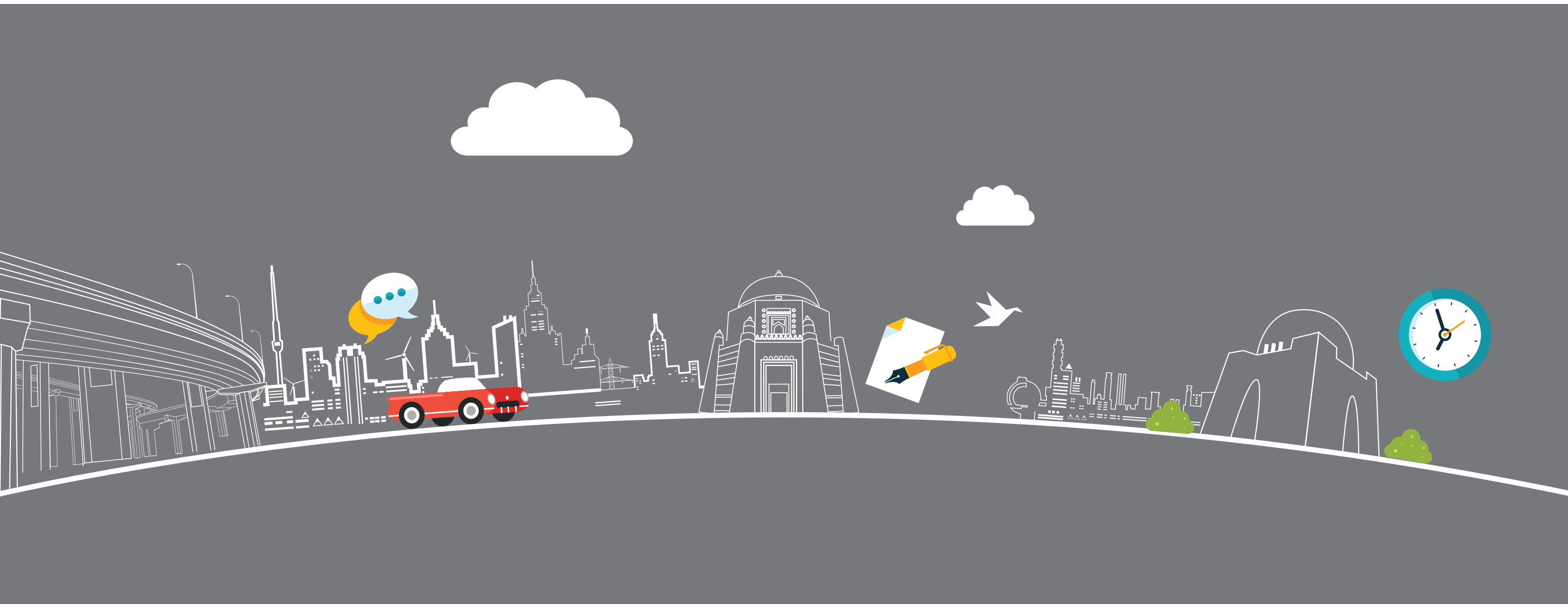
- Ensure that the Board plays its role effectively, in setting up company's direction and corporate strategy.
- Ensure that the Board only directs the company and does not manage it.
- Ensure that the board composition and structure; ensuring diversity of talent, skills and philosophical perspectives and balance of age, experience and personality.
- Ensure integrity, credibility, trustworthiness and active participation of Board members in key matters of the Company.
- Manage conflict (if any) amongst the Board members and ensure freedom of opinion.
- Review the Board performance and suggest the training and development of Board members on individual and collective basis.
- Receive from the management and sharing relevant and up-to-date information with the Board members and Shareholders.
- Promote highest moral, ethical and professional value and good governance throughout the company.

Role of CEO

The prime responsibility of the Chief Executive Officer of the company is putting the strategy defined by the Board into practice, and manage the company's operations. The main responsibilities are as follows:

- Develop strategies involving the executive team, for the implementation of decisions of the Board and its Committees.
- Maintain an effective communication with the Chairman of the Board and bring all the important company matters to the attention of the Board.
- Develop an adequate financial and operational plan for each operational cycle and get it approved by the Board.
- Develop Key Performance Indicators (KPIs) for the Company for the approval of Board and ensure the dissemination of the same throughout the organization as the standards of performance at both individual and collective levels.
- Work in the best interest of the Company, by achieving and surpassing the performance targets set by the Board. Apprise the Board on the reasons for variance in actual versus budgeted plans of the Company and on any other significant matter(s).
- Closely monitor the industry and prepare feasibility reports for expansion or consolidation, mergers and acquisition, and business diversification proposals for the Board.
- Employ the best talent at key positions and devise succession planning of the management team.
- Promote highest moral, ethical and professional values and good governance throughout the company.

POLICIES



We have a comprehensive policy manual in place for the purpose of systemizing the various practices in the organization and we continuously benchmark it against some of the best standards globally. A lot of our policies have been upgraded recently to keep abreast with the best practices in the market.

Business Ethics and Anti-Corruption Policy

'Ethics and Integrity' is one of our core values, Lucky Cement adopts zero tolerance policy against corruption. We strongly believe in and practice highest standards of ethical behavior, both within the organization as well as with our external relationships. The Company has a well versed Code of Conduct which defines the acceptable behavior for Board and other Executives. Furthermore, the Board takes appropriate steps to disseminate the Code of Conduct throughout the Company at all levels. The introduction of Outside Interest Disclosure policy by the employees is another step taken in the same direction. The Members of the Audit Committee meet at regular intervals during the year to review the adequacy and effectiveness of the internal controls, including those relating to the strengthening of the Company's risk management policies and systems. There have been no incidents of corruption during the year ended June 30, 2015 which is attributed to the Top Management's commitment to running this Organization in the most transparent and ethical way.

Whistle Blowing Policy

This policy is designed to enable Directors, officers and employees of Lucky Cement, including temporary staff to raise complaints against wrong doings they observe in the Company. The Company is committed to achieving and maintaining the highest standards of openness, integrity, ethical values and accountability. Hence it expects all of its employees to do the same. In the interest of the Company, it is the responsibility of every employee to ensure non-occurrence of any inappropriate event does not occur.

The Company has formed an 'Ethics Committee' having 3 members from the management including the head of internal audit and compliance. Complaints, if any, can reach them by way of a dedicated PO Box or email id. The outcomes of the proceedings of the Ethics Committee are reported to the Board Audit Committee.

IT Governance Policy

At Lucky Cement Limited, IT governance comprises strategies, policies, procedures and structures to ensure strategic alignment of IT with business goals and growth strategies. The integration enables us to use information and communication technologies to add value to work, maintain the security of information, improve financial accountability and manage risks.

To ensure better IT governance, Lucky Cement has formed an IT Steering Committee that provides strategic directions, establishes company-wide IT priorities and oversees the policies about Information Technology and Information Security. The IT Steering Committee is governed by the approved terms of reference with clear roles and responsibilities. The Committee meets on periodic basis and focuses on:

- Setting strategic direction of the Lucky Cement in terms of technology;
- Aligning the IT strategy with business strategy;
- Ensuring adequate information security;
- Managing business continuity, including disaster recovery;
- Mitigating risks related to the usage of information technology systems.

Policy for Safety of Records

The Company makes a conscious effort for the safety of its records. Lucky Cement has purpose built record rooms at its Head Office and at the Karachi and Pezu Plants for maintenance of vital and necessary records. We have a fire proof vault for the safekeeping of legal documents and conduct trainings to deal with hazards.

Investors' Queries and Grievance Policy

At Lucky Cement, we value our relationships the most and believe in nurturing the bonds formed at all levels. We have earned the trust of our investors and are fully committed to sustain it. We believe in continuous improvement through learning and welcome all the concerns raised by our shareholders and take this input as feedback for further improvement. The company in alignment to its core value of 'customer satisfaction' has adopted a prompt policy to redress the queries, complaints and grievances of our investors. To ensure the safeguard of our relations with our investors and shareholders, the company has provided a structured communication channel for the registration of complaints as per the following framework:

1. A designated email address **company.secretary@lucky-cement.com** is created for the registration of the investor grievances. Complaints can also be mailed at our company head office address; addressed to the 'Company Secretary'.
2. All the Investors' Grievances received are acknowledged within 7 working days from the date of receipt of grievance/ complaints as the case may be.
3. All investor complaints are addressed and resolved within time period of 15-30 days of the receipt of the complaint.
4. All Investor Grievances (hard copy or soft copy) that are received are incorporated in the Register of Grievance for future reference.
5. The response/action taken to resolve the particular grievance is also attached in the register and the senior management reviews it on quarterly basis.
6. All queries, complaints and grievances are handled timely and efficiently.
7. Feedback from investors on the level of satisfaction from services received in addressing their issues is also recorded in the Register of Grievance.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee of Lucky Cement Limited has 5 non-executive directors, out of which 1 is independent director. The Chairman of the Committee, Mr. Tariq Iqbal Khan, is an independent and is a Fellow Member of Institute of Chartered Accountants of Pakistan (ICAP). Four meetings of the Audit Committee were held during the year 2014-15 which were also attended by the CFO and Head of Internal Audit. The auditors of the company also attended two of the meetings by invitation.

The Audit Committee has concluded its annual review of the conduct and operations of the Company for the year ended June 30, 2015 and reports that:

1. The Company has adhered in full, without any material departure, with both the mandatory and voluntary provisions of the listing regulations of the Karachi, Lahore and Islamabad Stock Exchanges of Pakistan, Code of Corporate Governance, the Company's Code of Conduct and Values and the international best practices of governance throughout the year.
2. The Audit Committee reviewed quarterly, half-yearly and annual financial statements of the Company and recommended for approval to the Board of Directors. It has also reviewed preliminary announcements of results prior to publication and the internal audit reports.
3. The Company's Code of Conduct has been disseminated and placed on Company's website.
4. Appropriate accounting policies have been consistently applied. Applicable International Financial Reporting Standards were followed in the preparation of financial statements for the financial year ended June 30, 2015, which present fairly the state of affairs, results of operations, cash flows and changes in equity of the Company.
5. Accounting estimates are based on reasonable and prudent judgment. Proper accounting records have been maintained by the Company in accordance with the Companies Ordinance, 1984 and the financial reporting is consistent.
6. The CEO and the CFO have endorsed the standalone as well as consolidated financial statements of the Company. They acknowledge their responsibility for true and fair presentation of the Company's financial condition and results, compliance with regulations and applicable accounting standards and that an effective internal control system is in place.
7. The Audit Committee has reviewed the related party transactions and recommended the same for approval of the Board of Directors.
8. Closed periods were duly determined and announced by the Company, precluding the Directors, the CEO and Executives of the Company from dealing in Company shares, prior to each Board meeting involving announcement of interim/final results, distribution of divided to the shareholders or communication of any other business decision, which could materially affect the share market price of the Company.
9. The management has effectively implemented the internal control framework through an in-house Internal Audit and Compliance function. The Company's system of internal controls is sound in design and has been effectively implemented.
10. The annual internal audit plan and findings of internal audit and management's response thereto have been reviewed. Further, it had approved the internal audit plan for 2014-15.
11. The Company's system of internal control is sound in design and has been continually evaluated for effectiveness and control.
12. Coordination between the external and internal auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulations.
13. The statutory and regulatory obligations and requirements of best practices of governance have been met.
14. No cases of material complaints regarding accounting, internal accounting controls or audit matters, or Whistle Blowing were received by the Committee.
15. The external auditors of the Company, M/s Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, have completed the audit of financial statements of the Company for the year ended June 30, 2015 and review of the "Statement of Compliance with the Code of Corporate Governance" for the financial year ended June 30, 2015.
16. The Audit Committee had reviewed the Management Letter of 2014 issued by the external auditors and managements response to the same.
17. The performance and independence of the external auditor was reviewed by the Audit Committee and has recommended to the Board to reappoint M/s Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, as external auditors for the year ending June 30, 2016 be proposed at the forthcoming Annual General Meeting for shareholders' approval.

PROCEEDINGS OF THE LAST ANNUAL GENERAL MEETING

The AGM started with the brief by the Chairman of the meeting about the company's performance for the last financial year and update on the progress of on-going local and international projects. One of the shareholders raised the query about the reason behind increase in per ton cost of goods sold and the Chairman of the meeting explained that this rise was because of increase in gas tariff and price of packaging material. The shareholders were also apprised regarding the international projects and it was communicated that company's grinding facility in Iraq has already started commercial production in February 2014, sales have picked up the momentum and the project has come into profitable operations which will be reflected in the consolidated profit for the next financial year and onwards. Further, the DR Congo plant is also expected to start commissioning by the end of CY 2016.

Another member raised the query about growth prospects of the industry and impact of capacity addition plans by other cement manufacturers on the entire industry, to which the Chairman of the meeting responded that domestic demand for cement is increasing and market has huge potential because of the allocation of funds for Public Sector Development Programme (PSDP) by Federal and Provincial governments, along with increasing urbanization. The repair of the damages caused by floods and heavy rains will also raise the demand.

The members also granted the permission for increasing investment in Yunus Energy Limited (YEL), for which the site lease has been granted and the commencement of limited construction activities by Contractors. The finance and concession documents of the same were expected to be completed by November, 2014.

The members approved the re-appointment of M/s. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants as external auditors of the company and a final cash-dividend of 90%. Lastly the members appreciated and congratulated the management on the outstanding performance of the company and conveyed their best wishes for the future.

PROCEEDINGS OF THE LAST EXTRA ORDINARY GENERAL MEETING

The EOGM started with the brief by the Chairman of the meeting about the status of investment by the Company in M/s Yunus Energy Limited (Project Company) an Associate Company for Wind Power Project of 50 MW. He briefed about the recent development and informed that Project Company has signed Energy Purchase Agreement (EPA) with National Transmission and Dispatch Company (NTDC) and has also signed Implementation Agreement with Government of Pakistan through Alternative Energy Development Board. One of the shareholders raised the query about financial close date and the Chairman of the meeting informed that Project Company is in the process of negotiating Financing Documents with the consortium of leading local banks and is expected to achieve its financial close by January, 2015.

CALENDAR OF MAJOR EVENTS

Annual General Meeting	Oct 2015
Election of Directors	Oct 2015
1st Quarterly Board of Directors' Meeting	Oct 2015
Annual MENA & Frontier Markets Conference by Bank of America Merrill Lynch	Nov 2015
2nd Quarterly Board of Directors' Meeting	Feb 2016
Credit Suisse Asia Frontier Markets Conference in London & New York	Feb 2016
3rd Quarterly Board of Directors' Meeting	Apr 2016
Budget Committee Meeting	Jun 2016

AWARDS AND ACCOLADES

FORBES ASIA's 200 BEST UNDER A BILLION

Lucky Cement Limited added another feather to its cap of accomplishments by being acknowledged as '200 Best under a Billion' by Forbes Asia. Transforming into a global entity, Lucky Cement was the only Pakistani company to be ranked amongst top 200 stock-traded companies in the Asia Pacific Region. Lucky Cement is the only company representing Pakistan in the Forbes Asia list of 2013/14. The list features top companies from countries like China, Australia, India, Thailand and other countries in the Asia Pacific region. Lucky Cement has acquired the renowned status two times as it made it to the list in 2005 as well.

KARACHI STOCK EXCHANGE TOP 25 COMPANIES AWARD

Lucky Cement Limited was recognized in the top 25 best performing companies of 2011 and was awarded 'KSE top 25 companies Award 2011' by the honorable Prime Minister, Mr. Nawaz Sharif at the ceremony held at PAF Museum Convention Centre, Karachi.

TRADE DEVELOPMENT AUTHORITY OF PAKISTAN'S EXPORT AND INNOVATION AWARD 2014

Lucky Cement Limited was awarded the 'Trade Development Authority of Pakistan's Export and Innovation award' by the Prime Minister of Pakistan, Mr. Muhammad Nawaz Sharif.

Lucky Cement was acknowledged for its innovative product range, development of new markets and being the only company in Pakistan to export loose cement.

BRAND OF THE YEAR AWARD 2014

Lucky Cement Limited was declared as the Brand of the Year - 2014 in the category of cement. This award represents our increasing brand popularity, product availability, quality and consistency.

NATIONAL CSR AWARD 2014

Lucky Cement Limited won the prestigious National CSR 2014 Award by the CSR Association of Pakistan in the Environmental Sustainability category. The award showcases Lucky Cement's active role in fulfilling its Corporate Social Responsibility.

GREEN SUPPLY CHAIN AWARD 2014

Lucky Cement Limited has been awarded with the Green Supply Chain Award by virtue of its sustainable operations and logistics. The award was conferred by the Publicity Channel in the acknowledgment of companies that are making sustainability a core part of their supply chain strategy.

ENVIRONMENT EXCELLENCE AWARD

For the 5th Year in running, Lucky Cement Limited won the '11th Annual Environment Excellence Award' for its pro-environment initiatives including the installation of the Waste Heat Recovery Plant, Refused Derived Fuel and Tyre Derived Fuel projects at its production facilities. The National Forum for Environment & Health awarded Lucky Cement for its extensive participation in various community based environmental programs including the association with the President of Pakistan's Forestation Program.

30TH CORPORATE EXCELLENCE AWARD 2014 BY MANAGEMENT ASSOCIATION OF PAKISTAN

Lucky Cement Limited was ranked first in the category of Construction and Materials (cement) sector in 30th Corporate Excellence Awards held by the Management Association of Pakistan (MAP).

HUMAN RESOURCE EXCELLENCE

We recognize that the key factor behind our legacy of excellence is our people. Lucky Cement Limited in line with its commitment to developing its human potential knows that its future depends on finding and discovering talented and determined professionals internally and externally.

Since the last couple of years Lucky Cement is climbing radically on the ladder of growth. To stay in the lead we need to target optimum performance and excellence. Our objective is to use our talent in the best possible manner by positioning them where they own responsibility along with delivering value.

INDUCTING AND RETAINING TALENT

We strive to retain and develop our employees and ensure that we maintain a pipeline of an engaged talented workforce; which is diverse and rewarded on merit. To move forward on this objective, we have introduced Engineering and Management Trainee programs where potential talent from the top universities of Pakistan were taken through a comprehensive Assessment Centre (consisting of aptitude and personality assessment, group discussions, case studies and structured panel interviews). We have also gone through a rigorous internal talent potential assessment journey to identify high potential employees currently at Lucky Cement and taken them through extensive on-the-job and classroom-based trainings and mentoring.

We believe that the eminence of our business plans has a direct link to the quality of human resource that we hire. We have also been very active in recruiting for our international operations in Iraq & DR Congo.

PERFORMANCE MANAGEMENT

Our objective is to collectively align the performance of our teams and individuals towards the organizational goals. This year we witnessed further improvement in our performance management process by introducing effective and result-oriented measures and practices. We designed our systems to deliver transparency and fairness at all levels. Our managers were introduced to new tools and processes to have fair appraisals which diminish the chances of organizational bias and prejudice.

At Lucky Cement we believe that for sustainable and consistent growth we need to reward our Employees not only for their performance but also for their behaviors that are aligned with the Organization's core values and the performance management system.

SALARY SURVEY

Lucky Cement has participated in multiple salary surveys to align itself with the market and stand out as a competitive employer.

Salary Survey benchmarks not only support us to identify gaps to align our remuneration packages with the market but also provide a guideline to bring about internal equity within the organization.

INDUSTRIAL RELATIONS

We recognize the importance of good industrial relations management and appreciate the hard work of our labor as they are the key force behind the execution of our day-to-day operations. There are dedicated IR managers in the organization, whose principal responsibility is to ensure industrial peace by ensuring fair labor practices, effective and efficient grievance handling and safeguarding labor related compliance with the statutes. The conflict Resolution Department at the Plants and HR department in the Head Office plays a very critical part in harmonizing labor and employee relations. IR departments conciliates and arbitrates all the issues and ensures a win-win situation.

INTERNSHIP PROGRAM

Lucky Cement has started an extensive internship program, where it engages with business and engineering students by offering them meaningful training and a learning environment. Emphasis is laid on developing the candidate's professional understanding of the corporate world and help them in identifying and aligning their careers in the long run. We are proud to facilitate interns from all the leading universities in Pakistan.

SUCCESSION PLANNING

Lucky Cement Limited believes in the progress and career development of its employees. With this focus, Lucky Cement has formulated a well-defined strategy to identify within the existing talent pool the resources which are high potential and routed through a process whereby their intelligence and behavioral patterns are assessed through comprehensive assessment Centre exercises.

The outcome of the assessments is incorporated into the 9 box matrix approach to earmark the best talent available internally and to train them for important strategic positions in the future.

New hires are also routed through this process in order to ensure that the human resource intake is appropriate and can fit into future Leadership roles.

SAFETY & HEALTH

SAFETY & SECURITY

Lucky Cement is committed to cultivate an environment which ensures safety and security embedded at its core. By fortifying our safety and security goals with the pillars of perpetual progress, we are in pursuit of a 100% safe & secure workplace for our employees & all stakeholders engaged in our business operations. Lucky Cement efficiently implements its HSE policies & procedures mitigating the accidental rate at its vicinities and reducing the risks of injury or health-hazards at the workplace. Lucky Cement also fosters a tradition of training and capacity-building of its employees with the best procedures and workshops. We envision a hazard-free setting and frequently invest in various tools & techniques to ensure that our employees are equipped with contemporary safety skills in their daily operations.

CARDIOPULMONARY RESUSCITATION (CPR) – BASIC LIFE SUPPORT (BLS)

Basic Life Support (BLS) is a first-aid resuscitation that educates and equips individuals to recognize various life-threatening emergencies. We conducted a comprehensive BLS workshop to educate our employees about the necessary safety precautions that can assist victims who are suffering from cardiac arrest or choking incidents. By teaching our employees the basic life support medical practices of CPR, we are fabricating a safe and healthy work setting.

FIRE FIGHTING & MOCK DRILLS

Safety of our employees lies at the core of our operational frameworks. At Lucky Cement, we have made considerable efforts to equip our employees with fire-fighting skills to enable them to handle unforeseen emergencies. Practical demonstrations along with theoretical explanations are conducted bi-annually by skilled instructors at our factories and Head Office, so that our employees get the knowledge & confidence required to cope with such situations.

Regular mock drills are also carried out to familiarize everyone with the steps & procedures to follow in emergency situations; such knowledge & practice turns out to be lifesaving during a real situation.

OCCUPATIONAL HEALTH AND SAFETY

Being an OHSAS 18001 certified organization, we continuously implement practices that offer health and safety development of our workforce & take pride in being compliant with all applicable health & safety regulations. In this year's OHSAS surveillance audit we have had zero major non-conformity at our plant.

Lucky Cement has taken safety measures according to the differences in the nature of the work environment at our Plant and the Corporate Head Offices. At the Plants, the Operational Heads are in charge for developing OH&S policies and their implementation, whereas at the Head Office responsibility lies with the Human Resource and Administration Department.

We keep educating our workforce with the prevailing health issues along with equipping them with modern-day safety skills at both Karachi and Pezu plants.

The workforce is provided with appropriate safety gear & personal protective equipment in line with the work zone &

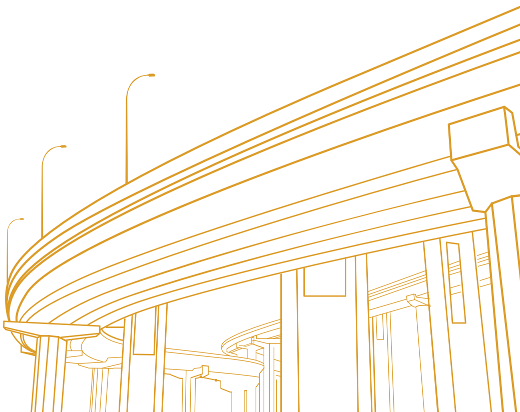
nature of job being performed. The safety gear requirement for each zone has been visibly displayed at prominent locations & no one is allowed to enter without the safety prerequisites.

This year a major drive was carried out to increase traffic safety within the plant areas, segregating people & vehicles by creating walkways throughout the plant and also separating LTV from HTV by designating internal routes.

The workers are updated with the safety and health issues through regular internal communication channels such as internal newsletters, internal safety workshops and supervisor-workers meetings. Each worker is trained to follow strict guidelines and procedures in their daily activities. Standard Operating Procedure has been established to minimize accidents and provide immediate attention to hazards; other than that, we conduct on-going risk assessments to keep employees aligned with the latest safety skills and procedures practiced worldwide.

CONSUMER PROTECTION MEASURE

Lucky Cement is committed to provide topnotch quality cement and is gravely concerned about the safety of its customers and consumers. The manufacturing units have cutting-edge technology and quality management systems which enable the Company to deliver products that are safe and which follow international standards. We also have the services of independent parties which serve as an additional quality check point to ensure that the cement pertains to international benchmarks of safety and quality. In compliance with the South African and Kenyan standards, a safety notice is imprinted on the packaging material of cement sold in the mentioned markets. This informs the customers about the safety measures to be taken such as suitable safety clothing, dust masks etc. Along with this, we also provide Safety Data Sheet to our customers and to ensure that they have all the necessary information about the product usage and any additional safety precautions that need to be taken.



SUSTAINABILITY

ENVIRONMENT POLICY:

Lucky Cement Limited is committed to save human beings, fowl, fauna, soil and vegetation against environmental aspects generated through its products, activities and services.

ENVIRONMENT

Reduction in CO2 Emissions

Implementation of sustainability into its core business operations has always been one of the major aims of Lucky Cement. We have been successful in establishing a leadership position in the market by completely achieving this target through strategic orientations.

Lucky Cement is the pioneer of bringing evolution in corporate social responsibility via the implementation of the Dual-Fuel Conversion Project, which has helped in the conversion of energy generation from furnace oil to environment-friendly alternative sources. The successful implementation of this project has enabled Lucky Cement to reduce emission of CO_2 by 29,000 metric tons per annum.

We have taken another lead by making arrangement for alternative fuels to Coal like Tyre Derived Fuel (TDF), generated by burning shredded tyres and have installed TDF plant at our Karachi Plant.

Our Dual Fuel Project also qualifies for the Clean Development Mechanism (CDM) under the Kyoto Protocol. The Clean Development Mechanism (CDM) is an arrangement made under the Kyoto protocol which creates emissions reduction credits through emissions reduction projects in developing countries. Under this protocol pro-environment organizations can earn Certified Emission Reduction (CER) credits.

The Company is also active in other practices of alternative fuel projects for achieving sustainability of the environment, which includes: Refuse Derived Fuel (RDF) that is making use of Municipal Solid Waste (MSW) and Rice Husk. Lucky Cement prides itself in transforming from a fossil-fuel based energy to alternative-energy structure. This highlights our vital position in preserving the ecosystem.

Acquiring Green Technology

Lucky Cement pioneered the use of Waste Heat management projects in the Pakistani cement industry. The company has installed a number of Waste Heat Recovery (WHR) projects at its cement-manufacturing and power-generation sites further reinforcing its eco-friendly operations. The design of WHR plant hinges around the idea of encapsulating all the wasted heat from production system and using it to co-generate electricity.

Recently the company installed 1 x 5MW WHR project at its Karachi Power Plant whereas another 1 X 5 MW WHR will be implemented at Pezu Power Plant by October 2015. This will not only help the country in curtailing the fuel cost but will further reduce its carbon footprint.

Tree Plantation at Karachi and Pezu Plant

Lucky Cement has always displayed front-line demeanor in sustaining eco-friendly practices. The company held plantation drives in the surrounding area of our Karachi and Pezu Plant. Lucky Cement planted over 400 saplings near the vicinity of both the plants and the activity generated an overwhelming response from the employees.

Reef Cleaning Drive

Lucky Cement has made monumental contributions in fostering a sustainable environment. As part of Lucky Cement's sustainability interventions, for the second time we have associated ourselves with the global environment movement 'Dive Against Debris' run by Project Aware, Australia.

In response to the onslaught of marine debris, Lucky Cement sponsored scuba divers associated with the Professional Association of Diving Instructors (PADI) who went underwater to remove the debris at Charna Island, a soft coral reef off Karachi Coast, while also collecting important data to paint an accurate picture of the marine debris issue. This unique ocean conservation project embodied the spirit of responsible corporate citizenship of our Company.

MITIGATING EFFORTS TO CONTROL INDUSTRY EFFLUENTS

We have a comprehensive air quality measurement program so as to identify the limits of pollution parameters in the ambient air in and around our Karachi and Pezu plants.

The stack emissions monitoring is done on monthly basis for the priority parameters in compliance with the requirements of NEQS (Self-Monitoring and Reporting) Rules, 2001.

Emissions from Power generation and Cement manufacturing process

Natural gas is the most utilized fuel for power generation. Furnace oil is also used in some engines. The levels of particulate matter, sulphur dioxides, oxides of nitrogen, and carbon monoxide are monitored from the stacks of power generation engines by a reputable third party laboratory. All of the parameters monitored are well below their respective limits specified in the National Environmental Quality Standards (NEQS). Similarly, the levels of emissions from stacks for particulate matter, sulphur dioxides, oxides of nitrogen, carbon monoxide and carbon dioxide are well below their respective limits specified in the NEQs.

Nitrogen Oxides (NOx)

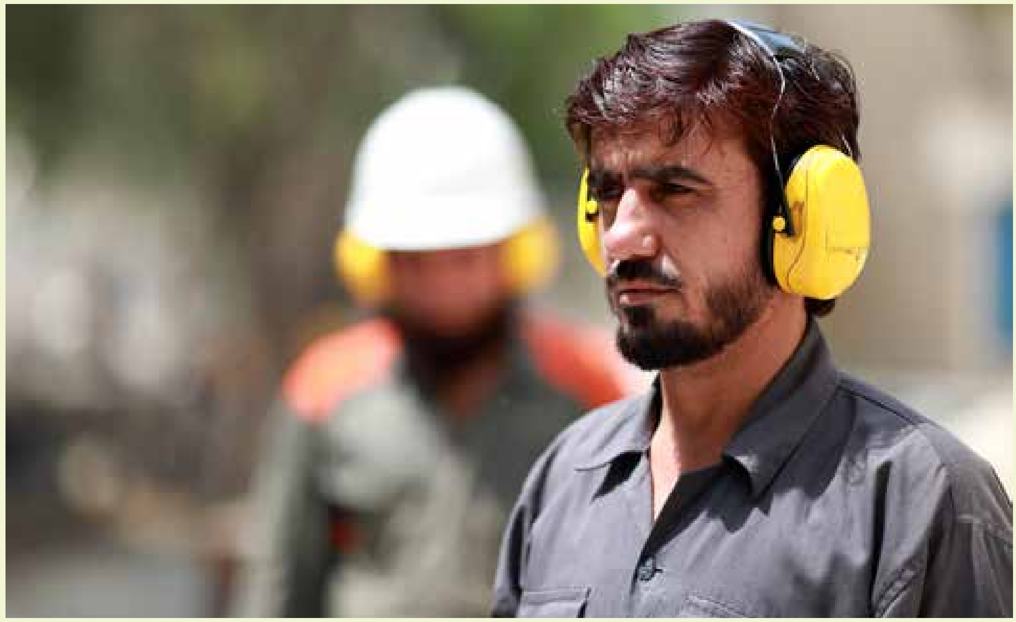
Emissions from the power generators in the power houses are minimized by using special low NOx burners, in addition to achieving fuel burning efficiency. The supplier of the generators has ensured that the levels of gaseous emissions and particulate matter will remain within the NEQS, Pakistan limits.

Sulphur Oxides (SOx)

Like NOx emissions, the power house emissions of SOx are guaranteed by the supplier of the generators, to remain within the NEQS. Moreover, the company has shifted from the use of Furnace Oil to Natural Gas for power generation. This has also contributed in the significant reduction of the SOx emissions.

Particulate Matter

Bag houses are installed in the entire production system and dropping distances during material transfers are kept as minimum as permissible during material transfer thereby reducing emissions of particulate matters.



Limestone is the major raw material used in the cement production process. Limestone has high moisture content and is hard in nature. Due to these properties, emission of fine limestone during the blasting at the quarry is very low. Additionally, splinters generated during blasting are quite large and resultantly they do not fly over longer distances.

Coal transport from supply point to the factory and handling at the plant are other big sources of Particulate Matter emissions all along the roads used for transport and at the plant. Imported coal from Karachi sea port is transported by trucks. In order to minimize fugitive coal dust on the way, these trucks have special covers. This drastically cuts the fugitive coal dust on the way to the plant site.

Noise Pollution

The designing of the plants at Karachi and Pezu have been done while taking into account that the noise levels remain within the acceptable limits of the NEQS. Regular repair and maintenance of the plant guarantees compliance of noise levels with the NEQS.

The plant site at Pezu is surrounded by high hills in a semi-circle on its North-East side. These hills are additionally good barrier for noise cut off to the environment.

Monitoring for noise levels was carried out at different points at Karachi and Pezu plant site and limestone and clay quarries. Similarly, monitoring for noise levels was carried out at different points on the boundary walls of the plant site where minimal instances of excursions were witnessed.

Waste

All of the waste generated at the plant sites is managed in an environmentally sustainable manner. We are in the process of locating scrap purchasers who are certified by Environmental Protection Agency (EPA) to dispose off the scrap through proper methods.

Sewage

All sewage from our plants is treated to bring its pollution load within the specified values of the NEQS, Pakistan for the applicable parameters before its end use for irrigation of vegetation and trees within the plant boundaries. Resultantly, ambient environment is not affected in any way due to sewage.

Solid waste

Solid waste is generated from the plant operations at various points. Bag houses are among the major collectors of solid wastes in the form of Particulate Matter. This is used as a useful additive in the cement.

Raw Materials

Raw materials/raw mix and reject of preheater are recycled by putting them on limestone piles. The small quantity of this raw material, rich in limestone, does not affect the quality of limestone piles.

Used oil and lubricants

Used oil, lubricants and very small quantity of greases are transferred to the furnace oil decanting point where they are mixed with furnace oil and used as fuel of calciner / burner.

Furnace oil sludge

Furnace oil sludge generated from the power house and cement plant is used as fuel in the kiln. In case of it being unfit for use, it is sold to the contractors for appropriate disposal.

Paper bags

Bursted paper bags from cement packing process are sold in the market where they are reused either for paper pulp manufacture or other packing materials.

Bricks waste

Brick waste from the lining of the kiln is also sold to the contractors for reuse in small scale kilns for ceramic , acid proof bricks and such other refractory materials manufacture.

Medical waste

Medical waste collected from the medical centre is burnt in the kiln / precalciner.

Metal / wooden waste

Solid metal and wooden waste generated from the mechanical workshop and civil areas is collected in drums and burnt in the kiln / precalciner.

Waste from Quality Control

Cement cubes (broken by strength determination), cement, pieces of cement pellets, daily analyzed samples of limestone, shale, iron ore, sand, gypsum, raw mix, kiln feed and clinker is transferred to clinker storage yard. The quantity of these materials is very low thus there is no impact on the quality of clinker.

Empty drums and containers

Empty drums and containers are returned to the suppliers of the chemicals in them for recycling and reuse at their end. However, if cleaned adequately they have great market demand in the open market as well.

Cotton rags

Cotton rag waste generated after cleaning of equipment is burnt in the kiln / calciner.

Grinding media

The used grinding media of cement mill is sold in the market through contractor for its reuse on small scale manufacturing.

Miscellaneous waste

Miscellaneous solid waste includes tyres, tubes, batteries, belts, nylon strips, filters and scrap wood. These are sold in the market through contractors.

Although the company maintains the record of all disposals by type and disposal method, but there is no system available to reliably estimate the total weight of all the disposals including discharged water. While disposing any waste material, all environmental aspects/impacts of such waste are communicated clearly to the concerned contractor. Record of all such sales is maintained for later use if and when required.

EMPLOYEE VOLUNTEERISM

Lucky Cement takes pride in its employees and wants to develop a corporate culture that promotes social responsibility and welfare. Building on this practice, Lucky Cement collaborated with Indus Hospital to conduct a blood drive on account of Employee volunteer Day. By giving our employees a platform to be a part of this noble cause, we were able to collect adequate amount of blood which can help save 50 lives at Indus Hospital and elsewhere.

Education

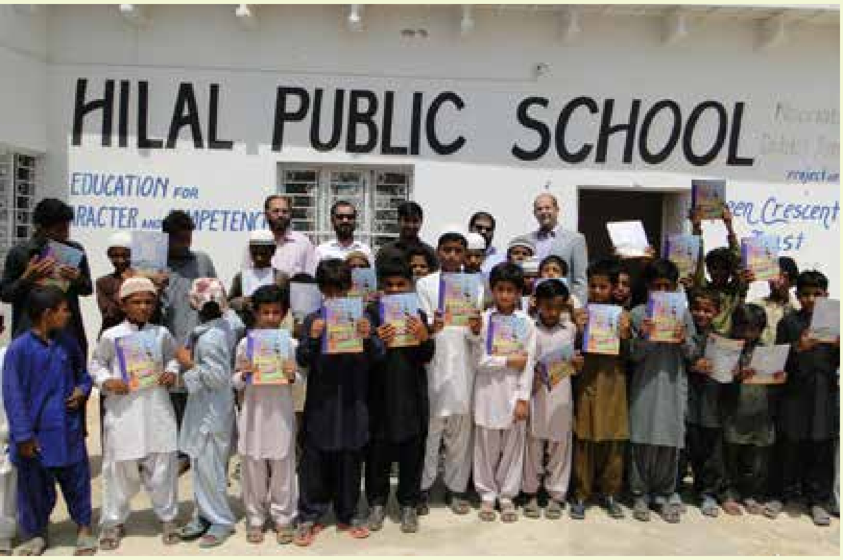
Lucky Cement actively pursues CSR as a core-value and has sustained its goal of promoting quality education in the country by granting several merit-based scholarships to students of different institutes of Pakistan.

Scholarships/ Financial Assistance

Lucky Cement has partnered with various prestigious institutes of Pakistan providing educational assistance to deserving and bright students. The primary aim is to make education accessible and affordable to talented students regardless of their financial position.

Institute Of Business Management (IoBM)

Lucky Cement has joined hands with the Creek High School & Creek College (IoBM Campus) for providing scholarships to the deserving and bright students. In this context in the year 2014, Lucky Cement awarded 62 scholarships to the students at Creek High School, taking forward its mission of making quality education accessible to the bright minds of Pakistan irrespective of their financial status.



Indus Valley School of Arts and Architecture

Lucky Cement lays strong emphasis over the promotion of Arts and Architecture in our society. In this connection, Lucky Cement is providing a helping hand to the students striving to choose Arts or Architecture as a profession by providing them with merit-cum-scholarships from the start till the culmination of their degree program.

Lahore University of Management Sciences

Lucky Cement strongly believes that the youth of today are the leaders of tomorrow. Sowing the seeds of a brighter future, Lucky Cement generously granted 15 annual scholarships to deserving students with an aim of improving the standard of education provided to them.

Institute of Business Administration

Lucky Cement has partnered with Institute of Business Administration (IBA), to provide educational assistance to 49 students in pursuit of quality education from IBA.

Foreign Scholarships

Lucky Cement also provides scholarships to the meritorious students of Pakistan seeking further education in world-class foreign universities. In this context, Lucky Cement has granted sponsorships to the students of St. John's College, Cambridge – UK and various other universities.

International Literacy Day

Literacy is one of the fundamental elements needed to promote sustainable development in our society. In efforts to empower the local community, Lucky Cement played its role in celebrating International Literacy Day, globally held by UNESCO, to sow the seeds of a prosperous society. For the second time in a row, this year Lucky Cement has donated approximately 500 books (literature + curriculum) to two underprivileged schools namely, Hilal Public School, Nooriabad and Higher Secondary School, Yarak (Dist. Lakki Marwat).

HEALTH AND OTHER COMMUNITY PROJECTS

Health Projects

Lucky Cement actively partnered with various healthcare institutions for better, efficient and accessible medical treatments to general public.

Sindh Institute of Urology and Transplantation (SIUT)

Lucky Cement has been contributing generous amounts to the Sindh Institute of Urology and Transplantation (SIUT) to alleviate deprived patients suffering from various diseases.

Tabba Heart Institute

Tabba Heart Institute, a state-of-the-art, yet not-for-profit cardiac hospital, was established with the aim to provide quality services and compassionate care at an affordable cost. Devoted to the cause of community welfare development, Lucky Cement has generously contributed to Tabba Heart Institute in its struggle to make health care more accessible to the masses.

Pakistan Association of the Blind

Pakistan Association of the Blind is an NGO providing services of Education and Rehabilitation for the Blind People in Sindh. Lucky Cement generously offered financial assistance to alleviate needy patients.

Special Olympics Pakistan

Lucky Cement firmly advocates the belief that the key to longevity lies in an active lifestyle. For this purpose, Lucky Cement co-sponsored an Annual Event of Special Olympics Pakistan, a non-profit organization, working with people of intellectual disabilities to develop their skills and capabilities through sports training.

Child Life Foundation

Child Life Foundation (CLF) is one of the largest non-profit organizations in Pakistan dedicated to saving pediatric lives. Lucky Cement donated generous amount with an aim of providing medical facilities and treatments for the needy children.

Aziz Tabba Kidney Centre

Lucky Cement fervently supports organizations that are dedicated to patient care without any discrimination. Aziz Tabba Kidney Centre is a center of excellence that provides cost-effective and state-of-the-art dialysis facilities to the underprivileged section of the society. Acknowledging ATKC efforts, Lucky Cement has generously donated funds to support their humble cause.

RURAL DEVELOPMENT PROGRAMS

Lucky Cement realizes that we are under an obligation to give back to the local community that helped us reach the pinnacle of success. To play its part in mitigating the hardships faced by displaced people, the company set up a ration distribution point in Pezu for the Internally Displaced Persons (IDPs) and local community.

Instilling the core value of social responsibility among our employees, Lucky Cement in collaboration with Fatmid Foundation, conducted a blood drive at its Pezu Plant. A total of 50 volunteers donated blood which accounted towards collection of 40 pints of blood.

Furthermore, Lucky Cement has renovated ‘Lucky Welfare Dispensary’ located in Pezu, Khyber Pakhtunkhwa with an aim to provide medical facilities and treatments for the underprivileged patients at subsidized rates. The dispensary has been equipped with advanced facilities and provides accessible quality healthcare to the local employees and residents.

Lucky Cement firmly advocates the belief that key to longevity lies in an active lifestyle. A Sports Gala was held at Pezu where district-level teams were seen participating enthusiastically. The promotion of sports events educates the local masses about the health benefits associated with engaging in physical activities.

COMMUNITY INVESTMENT AND WELFARE SCHEMES

The company staunchly believes in fulfilling its obligation of giving back to the people who helped it in establishing an unparalleled leadership position. As an acknowledgment of this responsibility, Lucky Cement is engaged in various community development projects with strategic focus on education and health.

Activity	Description	Frequency
Regular meetings with Pezu Welfare and Peace Committee	In order to engage with the residents of Pezu, we regularly meet the representatives of Pezu Panchaiyat which consists of opinion leaders of the community. This committee passes on the concerns of the locals.	Continuous
Site Visits	Our management regularly visits its surroundings to identify opportunities for community development work and evaluate the impacts of completed projects.	Continuous
Partnership with Charity Organizations	We have made alliances with few renowned charity organizations such as Concern for Children Trust, Family Education Services Foundation, SIUT, Chippa Welfare, Pakistan Welfare Organization and Aziz Tabba Foundation. The benefit of having partnership with these specialized set-ups is that they conduct thorough stakeholder analysis and monitoring of the charity work. This helps in proper channelizing of funds into educating and uplifting the lives of the underprivileged.	Continuous
Sponsoring charity event	We sponsor various charity and professional events. These events allow company to come across various players of community development and charity organizations. This year we gave sponsorship to Special Olympics Pakistan (SOP). It was through the efforts of SOP that Pakistani contingents participated in the Special Olympics World Games held in Los Angeles, from 25th July 2015 to 2 August 2015 and returned with medals in almost all sports categories. We contributed PKR 1,000,000 towards this noble cause. Apart from these, we also sponsored the fund raiser organized by the Behbud Association Karachi, a non-Government organization.	Continuous
Co-ordination Department	We have a formally dedicated department to handle community concerns, initiate activities etc.	Continuous

STAKEHOLDERS' ENGAGEMENT

Our unbelievable progress is the result of our strong bonds with our key stakeholders. The guiding force behind our strong relationship with our stakeholders has been the principle that tough time may come and go, but relationships properly nurtured, lead to creation of value for the company year after year.

Customers and Dealers

With customer focus as one of our values, we are always coming up with new ways to interact with our customers and dealers.

Activity	Description	Frequency
Dealers, Retailers, Block-Makers Get Together	As a token of appreciation for our dealers and retailers, an annual get together was organized in June 2015. More than 1,000 cement dealers, retailers and block makers attended the event and appreciated our efforts to engage with our customers.	Annual
Masons and Contractors Convention 2015	Like many other avenues, Lucky Cement became the first cement company this year to hold a convention for the ultimate consumers of cements; masons and contractors. Our marketing team appreciated the masons and contractors for their loyalty to our brands and took feedback of their concerns.	Annual
Market Visits by our Sales Force	To get the firsthand knowledge of market and develop closer intimacy with its customers, our sales force is always in the field. Information gathered by them is analyzed to create further value for customers.	Continuous
Customer Services and Support Desk	We are proud to be the first cement company to have developed a customer hotline to discuss any problem being experienced by them in the use of cement. A dedicated technical expert maybe reached just by dropping an email or a telephone call.	Continuous
Customer Satisfaction Survey	To keep abreast of the changing demands of its customers, Customer Satisfaction Survey is conducted among all dealers, retailers and block-makers.	Annual
Customer Satisfaction Feedback	To help improve the product and service; feedback from customers is sought by circulating customer feedback form at the time of transactions with them. This ensures continuous customer engagement with the product and helps meet the new trends emerging in the market.	Continuous

Media

We recognize that being the leader of cement industry, we should engage more frequently with the external world. Thus, we are making all possible efforts to disseminate our news and happenings to external stakeholders through active interaction with the media. We continuously engage with media through:

- Issuing press releases, briefings and presentations
- Corporate communications department which is staffed with highly qualified professionals

Investors and Shareholders

With its footprint and customers spread across and beyond Pakistan, Lucky Cement values its relationships with its investors and ensure the engagement with its shareholders all year round through following activities.

Activity	Description	Frequency
Annual General Meeting	The Company convenes AGM in accordance with the Companies Ordinance, 1984. The AGM serves as an interactive platform to engage with the shareholders and listen to their views and valuable suggestions	Annual
Quarterly, Half-yearly and Annual Reports	The company, in compliance with applicable laws, periodically sends out its quarterly, half-yearly and annual reports to its shareholders as well as uploads them on its website. The Company being, listed, also communicates its results to all the stock exchanges where the company is listed.	As per applicable laws
Press Releases	The company updates its shareholders on various issues of potential interests through press releases.	As and when need arises
Investors Relations	The Company ensures its presence in road shows and investors' conferences held in Pakistan and abroad. During the financial year 2014-15, Company had participated in Asia Frontier Markets Conference organized by Credit Suisse, held in London & New York, Frontier Market Investor Conference organized by Morgan Stanley and Auerbach Grayson in New York, and MENA & Frontier Markets Conference organized by Merrill Lynch in Dubai The Company also interacts with other potential local and international investors on their request by way of 1 x 1 sessions to apprise them about the success story of the Company which helps them make their investment decisions in Company's shares.	As and when need arises

We are continuously exploring new opportunities to create further value for our shareholders and investors to give them a better return on their investments.

Regulators

We believe in strict compliance of applicable laws and regulations. To maintain this compliance, we promptly and regularly file all the applicable statutory returns and forms with various regulatory bodies. We have an open-door policy towards all the regulators

Unconsolidated Financial Statements

For the year ended June 30, 2015

Statement of Compliance

with the Code of Corporate Governance for the year ended June 30, 2015

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35 (Chapter XI) of listing regulations of Karachi, Lahore and Islamabad Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board. At present the board includes:

   Non-Executive Directors:
   Mr. Muhammad Yunus Tabba
   Mr. Muhammad Sohail Tabba
   Mr. Jawed Yunus Tabba
   Mrs. Rahila Aleem (Alternate: Mrs. Mariam Tabba Khan)
   Mrs. Zulekha Tabba Maskatiya
   Mr. Muhammad Abid Ganatra
   Executive Director:
   Mr. Muhammad Ali Tabba
   Independent Director:
   Mr. Tariq Iqbal Khan

   The independent director meets the criteria of independence under clause i (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on the board of more than seven listed companies, including this company.

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

4. No casual vacancy occurred in the board during the year ended June 30, 2015.

5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

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

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

9. The Directors of the Company are adequately trained to perform their duties. During the year two directors have acquired the certification under the director's training program as required by the Code.

10. The board had already approved the appointment of CFO and Company Secretary including their remuneration and terms and conditions of their employment. Further, during the year the board approved the appointment of head of internal audit including his remuneration and terms and conditions of employment.

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

12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.

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

14. The company has complied with all the corporate and financial reporting requirements of the CCG.

15. The board has formed an Audit Committee. It comprises 6 members, of whom 5 are non-executive directors and the chairman of the committee is an independent director.

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

17. The board has formed a Human Resource and Remuneration Committee. It comprises 5 members, of whom 4 are non-executive directors and the chairperson of the committee is non-executive director.

18. The board has set up an effective internal audit function managed by qualified and experienced professionals who are conversant with the policies and procedures of the company and industry best practices. They are involved in the internal audit function on a full time basis. The head of Internal Audit department functionally reports to the Audit Committee.

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

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

21. The 'closed period', prior to the announcement of interim and final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, CEO, CFO, Head of Internal Audit, other Executives and stock exchanges.

22. Material or price sensitive information has been disseminated among all market participants at once through stock exchanges.

23. We confirm that all other material principles enshrined in the CCG have been complied with.

MUHAMMAD YUNUS TABBA
Chairman/Director

MUHAMMAD ALI TABBA
Chief Executive/Director

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Lucky Cement Limited (the Company) for the year ended 30 June 2015 to comply with the requirements of Listing Regulation No. 35 Chapter XI of Karachi Stock Exchange Limited, Listing Regulation No. 35 Chapter XI of Lahore Stock Exchange Limited and Listing Regulation No. 35 Chapter XI of Islamabad Stock Exchange Limited, where the Company is listed.

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

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

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 30 June 2015.

Ernst & Young Ford Rhodes Sidat Hyder

Chartered Accountants
Date: 08 September 2015
Place: Karachi

Auditors' Report to the Members

We have audited the annexed balance sheet of Lucky Cement Limited (the Company) as at 30 June 2015 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

b) in our opinion:

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied, except for the changes as stated in note 4.2 to the accompanying financial statements, with which we concur;

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

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

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2015 and of the profit, its cash flows and changes in equity for the year then ended; and

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

We draw attention to the contents of note 15 to the accompanying financial statements in respect of tax refunds due from the Government amounting to PKR 538.812 million. Our opinion is not qualified in respect of this matter.

Ernst & Young Ford Rhodes Sidat Hyder

Chartered Accountants
Audit Engagement Partner: Riaz A. Rehman Chamdia
Date: 08 September 2015
Place: Karachi

Balance Sheet
as at June 30, 2015

	Note	2015	2014
		PKR in '000'	
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	5	35,018,819	31,937,211
Intangible assets	6	41,921	27,652
		35,060,740	31,964,863
Long-term investments	7	10,925,020	8,157,550
Long-term loans and advances	8	78,981	72,445
Long-term deposits		3,175	3,175
		46,067,916	40,198,033
CURRENT ASSETS			
Stores and spares	9	4,995,423	6,078,915
Stock-in-trade	10	1,580,745	1,638,984
Trade debts	11	2,042,199	2,077,714
Loans and advances	12	253,350	161,625
Trade deposits and short-term prepayments	13	50,688	57,699
Accrued mark-up		79,257	71,512
Other receivables	14	1,032,853	455,540
Tax refunds due from the Government	15	538,812	538,812
Cash and bank balances	16	16,444,622	8,590,797
		27,017,949	19,671,598
TOTAL ASSETS		73,085,865	59,869,631
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	17	3,233,750	3,233,750
Reserves	18	56,025,020	46,558,433
		59,258,770	49,792,183
NON-CURRENT LIABILITIES			
Long-term deposits	19	69,246	67,971
Deferred liabilities	20	6,327,146	5,453,512
		6,396,392	5,521,483
CURRENT LIABILITIES			
Trade and other payables	21	6,382,372	4,167,970
Taxation - net		1,048,331	257,446
Accrued mark-up		-	3,051
Current portion of long-term finance		-	127,498
		7,430,703	4,555,965
CONTINGENCIES AND COMMITMENTS	22	-	-
TOTAL EQUITY AND LIABILITIES		73,085,865	59,869,631

The annexed notes from 1 to 39 form an integral part of these financial statements.

Muhammad Yunus Tabba
Chairman / Director

Muhammad Ali Tabba
Chief Executive

Profit and Loss Account

For the year ended June 30, 2015

	Note	2015	2014
		PKR in '000'	
Gross sales	23	53,919,310	51,412,926
Less: Sales tax and federal excise duty		8,487,245	7,708,848
Rebates and commission		670,758	620,909
		9,158,003	8,329,757
Net sales		44,761,307	43,083,169
Cost of sales	24	(24,578,219)	(24,393,064)
Gross profit		20,183,088	18,690,105
Distribution costs	25	(3,127,018)	(3,382,156)
Administrative expenses	26	(917,635)	(760,269)
Finance costs	27	(25,750)	(34,225)
Other expenses	28	(1,442,341)	(1,035,032)
Other income	29	1,241,450	977,942
Profit before taxation		15,911,794	14,456,365
Taxation			
- current		(2,942,130)	(2,890,619)
- deferred		(538,066)	(221,343)
	30	(3,480,196)	(3,111,962)
Profit after taxation		12,431,598	11,344,403
Other comprehensive income :			
Other comprehensive income not to be reclassified to profit and loss account in subsequent periods:			
Loss on remeasurements of post retirement benefit obligations		(71,594)	(912)
Deferred taxation		16,958	249
		(54,636)	(663)
Total comprehensive income for the year		12,376,962	11,343,740
		(PKR)	
Earnings per share - basic and diluted	31	38.44	35.08

The annexed notes from 1 to 39 form an integral part of these financial statements.

Muhammad Yunus Tabba
Chairman / Director

Muhammad Ali Tabba
Chief Executive

Cash Flow Statement

For the year ended June 30, 2015

	Note	2015	2014
		PKR in '000'	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	32	21,234,242	15,987,264
Finance costs paid		(28,801)	(39,336)
Income tax paid		(2,151,235)	(2,347,076)
Gratuity paid		(45,996)	(45,353)
		(2,226,032)	(2,431,765)
Long-term deposits		1,275	10,846
Net cash generated from operating activities	32.1	19,009,485	13,566,345
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(5,427,225)	(3,072,211)
Long-term investments	7	(2,767,470)	(2,538,550)
Long-term loans and advances		(6,536)	481,860
Investments		-	110,062
Sale proceeds on disposal of property, plant and equipment		64,415	69,958
Net cash used in investing activities		(8,136,816)	(4,948,881)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term finance		(127,498)	(265,400)
Dividends paid		(2,891,346)	(2,567,107)
Net cash used in financing activities		(3,018,844)	(2,832,507)
Net increase in cash and cash equivalents		7,853,825	5,784,957
Cash and cash equivalents at the beginning of the year		8,590,797	2,805,840
Cash and cash equivalents at the end of the year	16	16,444,622	8,590,797

The annexed notes from 1 to 39 form an integral part of these financial statements.

Muhammad Yunus Tabba
Chairman / Director

Muhammad Ali Tabba
Chief Executive

Statement of Changes in Equity

For the year ended June 30, 2015

	Issued, subscribed and paid up capital	Capital reserve	Revenue reserves		Total reserves	Total equity
		Share premium	General reserves	Unappropriated profit		
	PKR in '000'					
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 PKR 8/-per ordinary share of PKR 10/- each for the year ended June 30, 2013	–	–	–	(2,587,000)	(2,587,000)	(2,587,000)
Profit after taxation	–	–	–	11,344,403	11,344,403	11,344,403
Other comprehensive income for the year	–	–	–	(663)	(663)	(663)
Total comprehensive income for the year	–	–	–	11,343,740	11,343,740	11,343,740
Balance as at June 30, 2014	3,233,750	7,343,422	27,871,271	11,343,740	46,558,433	49,792,183
Transfer to general reserve	–	–	8,433,365	(8,433,365)	–	–
Final dividend at the rate of PKR 9/- per ordinary share of PKR 10/-each for the year ended June 30, 2014	–	–	–	(2,910,375)	(2,910,375)	(2,910,375)
Profit after taxation	–	–	–	12,431,598	12,431,598	12,431,598
Other comprehensive income for the year	–	–	–	(54,636)	(54,636)	(54,636)
Total comprehensive income for the year	–	–	–	12,376,962	12,376,962	12,376,962
Balance as at June 30, 2015	3,233,750	7,343,422	36,304,636	12,376,962	56,025,020	59,258,770

The annexed notes from 1 to 39 form an integral part of these financial statements.

Muhammad Yunus Tabba
Chairman / Director

Muhammad Ali Tabba
Chief Executive

Notes to the Financial Statements
For the year ended June 30, 2015

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 two 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 subsidiaries has been accounted for at cost less accumulated impairment losses, if any.

2 STATEMENT OF COMPLIANCE

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

3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

Property, plant and equipment

The Company has made certain estimations with respect to residual value, depreciation method and depreciable lives of property, plant and equipments as disclosed in note 4.3 to these financial statements. Further, the Company reviews the value of assets for possible impairment on each reporting period.

Provision for stores and spares and stock-in-trade

The Company has made estimation with respect to provision for slow moving, damaged and obsolete items and their net realizable value as disclosed in note 4.7 and 4.8 to these financial statements.

Provision for doubtful debts and other receivables

The Company reviews the recoverability of its trade debts and other receivables, to assess the amount required for provision for doubtful debts as disclosed in note 4.9 to these financial statements.

Staff retirement benefits

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

Income taxes

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

Future estimation of export sales

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

Contingencies

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Accounting convention

These financial statements have been prepared under the historical cost convention except for:

– Investments which are carried at fair value in accordance with IAS 39 "Financial Instruments: Recognition and measurement"; and

– Defined benefit obligations which are stated at present value in accordance with the requirements of IAS 19 "Employee Benefits", as disclosed in note 20.1.

4.2 Standards, interpretations and amendments to approved accounting standards that became effective during the year:

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

New / Revised Standards, Interpretations and Amendments

The Company has adopted the following revised standards, amendments and interpretations of IFRSs which became effective for the current year:

IAS 19	Employee Benefits - (Amendment) - Defined Benefit Plans: Employee Contributions
IAS 32	Financial Instruments : Presentation – (Amendment) -Offsetting Financial Assets and Financial Liabilities
IAS 36	Impairment of Assets – (Amendment) -Recoverable Amount Disclosures for Non-Financial Assets
IAS 39	Financial Instruments: Recognition and Measurement – (Amendment) - Novation of Derivatives and Continuation of Hedge Accounting
IFRIC 21	Levies

Improvements to Accounting Standards Issued by the IASB

IFRS 2	Share-based Payment - Definitions of vesting conditions
IFRS 3	Business Combinations – Accounting for contingent consideration in a business combination
IFRS 3	Business Combinations - Scope exceptions for joint ventures
IFRS 8	Operating Segments – Aggregation of operating segments
IFRS 8	Operating Segments - Reconciliation of the total of the reportable segments' assets to the entity's assets
IFRS 13	Fair Value Measurement - Scope of paragraph 52 (portfolio exception)
IAS 16	Property, Plant and Equipment and IAS 38 Intangible Assets – Revaluation method – proportionate restatement of accumulated depreciation / amortisation

IAS 24	Related Party Disclosures - Key management personnel
IAS 40	Investment Property - Interrelationship between IFRS 3 and IAS 40 (ancillary services)

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

4.3 Property, plant and equipment

These are stated at cost less accumulated depreciation / amortization and impairment losses, if any, except for freehold land and capital work-in-progress which are stated at cost less impairment losses, if any. Cost in relation to certain operating fixed assets, including capital work-in-progress, signifies historical cost and financial charges on borrowings as stated in note 4.18 to these financial statements.

Except for plant and machinery and generators, depreciation / amortization is charged to profit and loss account applying the straight line method at the rates mentioned in note 5.1 to these financial statements. On plant and machinery and generators depreciation is charged on units of production method (UPM) based on higher of estimated life or production. Depreciation on additions is charged from the date of acquisition / transfer of asset, whereas depreciation on disposals is charged till the date of disposal.

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

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements which increase the assets' remaining useful economic life or the performance beyond the current estimated levels are capitalized and the assets so replaced, if any, are retired.

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

4.4 Intangible assets

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

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

4.5 Investments in subsidiaries

Investments in subsidiaries are stated at cost less impairment losses, if any.

4.6 Investments at fair value through profit or loss

An investment is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are classified as held for trading if they are acquired for the purpose of selling and repurchasing in near term. These assets are acquired principally for the purpose of generating a profit from short-term fluctuation in price. Financial instruments are designated at fair value through profit or loss if the Company manages such investments and makes sales and purchase decisions based on their fair value in accordance with the Company's investment strategy.

All investments classified as investments at fair value through profit or loss are initially measured at cost being fair value of consideration given. All transaction costs are recognised directly in profit and loss account. At subsequent dates these investments are measured at fair value with any resulting gain or loss recognised directly in the profit and loss account.

4.7 Stores and spares

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

Net realizable value signifies the selling price in the ordinary course of business less costs necessary to be incurred in order to make the sale, which is generally equivalent to the estimated replacement cost.

4.8 Stock-in-trade

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

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

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

4.9 Trade debts and other receivables

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

4.10 Cash and cash equivalents

Cash and cash equivalents are stated at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash and cheques in hand and current and deposit accounts with commercial banks.

4.11 Long-term and short-term borrowings

Finance costs are accounted for on accrual basis and are disclosed as accrued interest / mark-up to the extent of the amount remaining unpaid.

4.12 Staff retirement benefits

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

Staff retirement benefits are payable to staff on completion of prescribed qualifying period of service under the scheme.

4.13 Compensated absences

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

4.14 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not invoiced to the Company.

4.15 Provisions

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

4.16 Taxation

Current

The charge for current taxation is based on taxable income at the current rates of taxation in accordance with Income Tax Ordinance, 2001.

Deferred

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

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

4.17 Revenue recognition

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

4.17.1 Sale of goods

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

4.17.2 Other income

Revenue from the sale of electricity is recorded based on the output delivered and capacity available at the rates as specified under Power Purchase Agreement.

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

Dividend income is recognized when the right to receive such payment is established.

4.18 Borrowing costs

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

4.19 Foreign currency translations

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

4.20 Financial assets and liabilities

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

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

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

4.21 Offsetting

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

4.22 Impairment

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

4.23 Dividend and appropriation to reserves

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

4.24 Functional and presentation currency

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

Notes to the Financial Statements

For the year ended June 30, 2015

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

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

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 10 – Consolidated Financial Statements	01 January 2015
IFRS 10 Consolidated Financial Statements,	
IFRS 12 Disclosure of Interests in Other Entities and	
IAS 27 Separate Financial Statements – Investment Entities (Amendment)	01 January 2015
IFRS 10 Consolidated Financial Statements,	
IFRS 12 Disclosure of Interests in Other Entities and	
IAS 27 Separate Financial Statements – Investment Entities:	
Applying the Consolidation Exception (Amendment)	01 January 2016
IFRS 10 Consolidated Financial Statements and	
IAS 28 Investment in Associates and Joint Ventures - Sale	
or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	01 January 2016
IFRS 11 – Joint Arrangements	01 January 2015
IFRS 11 Joint Arrangements - Accounting for Acquisition	
of Interest in Joint Operation (Amendment)	01 January 2016
IFRS 12 – Disclosure of Interests in Other Entities	01 January 2015
IFRS 13 – Fair Value Measurement	01 January 2015
IAS 1 – Presentation of Financial Statements	
- Disclosure Initiative (Amendment)	01 January 2016
IAS 16 Property, Plant and Equipment and	
IAS 38 intangible assets - Clarification of Acceptable	
Method of Depreciation and Amortization (Amendment)	01 January 2016
IAS 16 Property, Plant and Equipment	
IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)	01 January 2016
IAS 27 – Separate Financial Statements	
– Equity Method in Separate Financial Statements (Amendment)	01 January 2016

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 January 2016. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

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

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 9 – Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14 – Regulatory Deferral Accounts	01 January 2016
IFRS 15 – Revenue from Contracts with Customers	01 January 2018

The Company expects that the adoption of the above standards and interpretations will not have material effect on the Company's financial statements in the period of initial application except for IFRS 9 - Financial Instruments: Classification and Measurement, IFRS 10 - Consolidated Financial Statements, IFRS 11 - Joint Arrangements, IFRS 12 - Disclosure of Interests in Other Entities and IFRS 13 - Fair Value Measurement, which may affect certain disclosures.

	Note	2015	2014
		PKR in '000'	
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets - tangible	5.1	33,734,793	29,508,081
Capital work-in-progress	5.4	1,284,026	2,429,130
		35,018,819	31,937,211

5.1 Operating fixed assets - tangible

Particulars	Cost			Accumulated Depreciation / Amortization			Net Book Value	Rate of depreciation
	At July 01, 2014	Addition / *transfers / (disposals)	At June 30, 2015	At July 01, 2014	Charge for the year / (disposals)	At June 30, 2015	At June 30, 2015	(%)
	PKR in '000'							
Land – leasehold	963,364	150	1,393,802	57,876	16,263	74,139	1,319,663	1.01-2.63
		* 430,288						
Land – Freehold	5,716	–	301,277	–	–	–	301,277	–
		* 295,561						
Building on leasehold land	6,587,764	4,461	7,106,061	2,715,113	337,660	3,052,773	4,053,288	5
		* 513,836						
Building on freehold land	–	–	93,685	–	2,038	2,038	91,647	5
		* 93,685						
Plant and machinery	21,182,259	–	24,369,457	6,090,975	886,292	6,977,267	17,392,190	3.33–20
		* 3,187,198			–			
Generators **	10,703,351	–	12,228,141	3,356,693	562,526	3,919,219	8,308,922	5
		* 1,524,790						
Quarry equipment	1,361,326	–	1,537,305	521,468	125,481	606,108	931,197	10
		* 228,979			–			
		(53,000)			(40,841)			
Vehicles including cement bulkers	1,050,266	94,181	1,121,368	466,857	132,664	563,671	557,697	10–20
		* 36,892			–			
		(59,971)			(35,850)			
Aircraft	744,664	–	744,664	106,029	70,959	176,988	567,676	10
Furniture and fixtures	62,429	3,311	69,830	36,396	9,503	45,570	24,260	20
		* 4,547			–			
		(457)			(329)			
Office equipment	140,781	10,280	163,873	92,564	26,366	118,790	45,083	33
		* 12,967			–			
		(155)			(140)			
Computer and accessories	100,461	7,314	111,467	66,094	20,703	83,667	27,800	33
		* 7,213			–			
		(3,521)			(3,130)			
Other assets (Laboratory	209,834	2,130	279,844	94,069	78,782	165,751	114,093	10-33
equipment etc.)		* 79,750			–			
		(11,870)			(7,100)			
June 30, 2015	43,112,215	121,827	49,520,774	13,604,134	2,269,237	15,785,981	33,734,793	
		* 6,415,706			–			
		(128,974)			(87,390)			

Notes to the Financial Statements

For the year ended June 30, 2015

Particulars	Cost			Accumulated Depreciation / Amortization			Net Book Value	Rate of depreciation
	At July 01, 2013	Addition / *transfers / (disposals)	At June 30, 2014	At July 01, 2013	Charge for the year / (disposals)	At June 30, 2014	At June 30, 2014	(%)
	PKR in '000'							
Land – leasehold	963,364	–	963,364	46,153	11,723	57,876	905,488	1.01-1.89
Land – Freehold	5,716	–	5,716	–	–	–	5,716	–
Building on leasehold land	6,559,956	–	6,587,764	2,386,525	328,588	2,715,113	3,872,651	5
		* 27,808						
Plant and machinery	20,988,499	–	21,182,259	5,270,727	825,437	6,090,975	15,091,284	3.33–20
		* 232,376			–			
		(38,616)			(5,189)			
Generators **	10,692,205	–	10,703,351	2,821,660	535,033	3,356,693	7,346,658	5
		* 11,146						
Quarry equipment	1,087,322	–	1,361,326	402,546	119,382	521,468	839,858	10
		* 274,523			–			
		(519)			(460)			
Vehicles including cement bulkers	894,460	190,485	1,050,266	382,846	111,517	466,857	583,409	10–20
		* 5,544			–			
		(40,223)			(27,506)			
Aircraft	744,664	–	744,664	35,070	70,959	106,029	638,635	10
Furniture and fixtures	52,779	6,973	62,429	29,260	7,625	36,396	26,033	20
		* 3,338			–			
		(661)			(489)			
Office equipment	124,142	8,949	140,781	73,823	19,156	92,564	48,217	33
		* 8,220			–			
		(530)			(415)			
Computer and accessories	85,993	9,305	100,461	51,625	17,943	66,094	34,367	33
		* 8,963			–			
		(3,800)			(3,474)			
Other assets (Laboratory	189,460	2,428	209,834	77,505	16,696	94,069	115,765	10-33
equipment etc.)		* 18,409			–			
		(463)			(132)			
June 30, 2014	42,388,560	218,140	43,112,215	11,577,740	2,064,059	13,604,134	29,508,081	
		* 590,327			–			
		(84,812)			(37,665)			

** The carrying value of major spare parts and stand by equipment included in generators amount to PKR 452.744 million (2014: PKR 503.606 million).

5.2 Depreciation / amortization charged for the year has been allocated as follows:

	Note	2015	2014
		PKR in '000'	
Cost of sales	24	1,929,062	1,750,528
Distribution costs	25	80,693	78,393
Administrative expenses	26	156,105	132,982
Cost of sale of electricity		103,377	102,156
Total		2,269,237	2,064,059

5.3 The details of operating fixed assets disposed off during the year are as follows:

Particulars	Cost	Accumulated Depreciation	Net Book Value	Sale Proceeds	Gain / (Loss)	Mode of Disposal	Particulars of Buyers
	PKR in '000'						
TOYOTA PRADO - BF-3366	23,239	8,493	14,746	22,000	7,254	Insurance Claim	M/s EFU General Insurance Ltd
TOYOTA COROLLA - BBC-139	1,968	549	1,419	1,900	481	Insurance Claim	M/s EFU General Insurance Ltd
HONDA CG-125 - ABL - 577	100	32	68	80	12	Insurance Claim	M/s EFU General Insurance Ltd
HONDA CITY - PV-259	1,264	1,090	174	1,087	913	Negotiation	Mr. Nasrrullah (Employee)
TOYOTA COROLLA - JV-531	1,436	1,354	82	769	687	Negotiation	Mr. M. Shabbir (Employee)
SUZUKI CULTUS - ASE-309	807	656	151	725	574	Negotiation	Mr. Asif Raza Khan (Employee)
SUZUKI CULTUS - ATH-694	868	704	164	730	566	Negotiation	Mr. Tanveer Iftikhar (Employee)
TOYOTA COROLLA - ARH-029	1,467	1,305	162	725	563	Negotiation	Mr. Mashkoor Ahmed (Employee)
TOYOTA VITZ - ARD-946	782	618	164	625	461	Negotiation	Mr. Naseer Meghani (Employee)
SUZUKI CULTUS - ARD-372	613	497	116	550	434	Negotiation	Mr. Abdul Qadir Khan (Employee)
TOYOTA COROLLA - BAQ-155	1,939	582	1,357	1,451	94	Negotiation	Mr. Faiz Durrani (Ex-employee)
HONDA CITY - AZA-305	1,526	564	962	1,046	84	Negotiation	Mr. Zafar Iqbal (Ex-employee)
SUZUKI CULTUS - AYH-468	983	478	505	860	355	Tender	Mr. Abdul Waqas
SUZUKI CULTUS - AWF-693	951	652	299	762	463	Tender	Mr. Abdul Waqas
HONDA CITY - ATZ-699	1,286	934	352	1,207	855	Tender	Mr. Ali Akber Khan
SUZUKI CULTUS - AWP-387	970	554	416	857	441	Tender	Mr. Hameed Tabba
HONDA CITY - VE-784	1,426	833	593	1,341	748	Tender	Mr. M. Usman Khan
HONDA CITY - QW-708	1,295	1,026	269	1,282	1,013	Tender	Mr. M. Usman Khan
TOYOTA COROLLA - AKS-895	1,309	1,196	113	716	603	Tender	Mr. M.Imran Younas
TOYOTA COROLLA - ARX-097	1,423	1,275	148	1,027	879	Tender	Mr. M.Yasin, Karachi
SUZUKI CULTUS - AQE-013	626	571	55	555	500	Tender	Mr. Anis-ud-din, Karachi
SUZUKI CULTUS - AVE-529	936	606	330	856	526	Tender	Mr. Azmat Ali Siddique
SUZUKI CULTUS - MV-730	624	550	74	678	604	Tender	Mr. Kashif Ghafoor
TOYOTA HILUX - MNS-440	862	623	239	395	156	Tender	Mr. Muhammad Aslam Khan
SUZUKI CULTUS - ARE-488	613	521	92	546	454	Tender	Mr. Noman Iqbal
HONDA CITY - ALG-605	914	850	64	682	618	Tender	Mr. Nusrat Iqbal
SUZUKI CULTUS - AVW-938	928	640	288	754	466	Tender	Mr. Syed Adil Ali
TOYOTA COROLLA - ARY-709	1,454	1,185	269	1,080	811	Tender	Mr. Syed Muqeem Uddin
DOZER	8,870	8,627	243	2,100	1,857	Tender	M/s Zam traders Pezu
DOZER	8,870	8,624	246	2,100	1,854	Tender	M/s Zam traders Pezu
Air compressor	4,584	2,935	1,649	3,223	1,574	Tender	M/s Zam traders Pezu
Dumper	4,226	2,853	1,373	750	(623)	Tender	M/s Zam traders Pezu
Dumper	4,226	2,853	1,373	750	(623)	Tender	M/s Zam traders Pezu
Dumper	4,226	2,853	1,373	750	(623)	Tender	M/s Zam traders Pezu
Dumper	4,226	2,853	1,373	750	(623)	Tender	M/s Zam traders Pezu
Dumper	4,226	2,853	1,373	750	(623)	Tender	M/s Zam traders Pezu
Dumper	2,500	1,635	865	1,000	135	Tender	M/s Zam traders Pezu
Dumper - Body (Bucket)	1,409	951	458	250	(208)	Tender	M/s Zam traders Pezu
Dumper - Body (Bucket)	1,409	951	458	250	(208)	Tender	M/s Zam traders Pezu
Dumper - Body (Bucket)	1,409	951	458	250	(208)	Tender	M/s Zam traders Pezu
Dumper - Body (Bucket)	1,409	951	458	250	(208)	Tender	M/s Zam traders Pezu
Dumper - Body (Bucket)	1,409	951	458	250	(208)	Tender	M/s Zam traders Pezu
LAPTOP	167	80	87	65	(22)	Negotiation	Mr. Moez Narsi (Ex-employee)
Items having book value less than PKR 50,000 each	23,199	17,531	5,668	5,641	(27)	-	Various
Total	128,974	87,390	41,584	64,415	22,831		
2014	84,812	37,665	47,147	69,958	22,811		

Notes to the Financial Statements

For the year ended June 30, 2015

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

	Opening balance	Additions	Transferred to operating fixed assets	Closing balance 2015	Closing balance 2014
			PKR in '000'		
Land - leasehold	-	430,288	430,288	-	-
Land - Freehold	-	295,561	295,561	-	-
Building on leasehold land	262,430	382,722	513,836	131,316	262,430
Building on freehold land	-	93,685	93,685	-	-
Plant and machinery	1,807,819	1,381,444	3,187,198	2,065	1,807,819
Generators	271,096	2,388,432	1,524,790	1,134,738	271,096
Quarry equipment	-	228,979	228,979	-	-
Vehicles including cement bulkers	-	36,892	36,892	-	-
Furniture and fixtures	-	4,547	4,547	-	-
Office equipment	-	12,967	12,967	-	-
Computer and accessories	-	7,213	7,213	-	-
Other assets	87,785	7,872	79,750	15,907	87,785
	2,429,130	5,270,602	6,415,706	1,284,026	2,429,130

6 INTANGIBLE ASSETS

Represents various computer software amortized on the straight line basis over the period of 36 months. Movement during the year is as follows:

	Note	2015	2014
		PKR in '000'	
Balance as at July 01		27,652	4,711
Add: Additions during the year		34,796	32,185
		62,448	36,896
Less:Amortization charge for the year	26	(20,527)	(9,244)
		41,921	27,652

	Note	2015	2014
7 LONG-TERM INVESTMENTS - at cost			
Subsidiaries			
Lucky Holdings Limited	7.1	5,619,000	5,619,000
LCL Investment Holdings Limited	7.2	4,580,500	2,537,800
LCL Holdings Limited	7.3	521,155	-
		10,720,655	8,156,800
Associate			
Yunus Energy Limited	7.4	204,365	750
		10,925,020	8,157,550

7.1 Lucky Holdings Limited (LHL) is a public unlisted company incorporated in Pakistan. As of the balance sheet date, the Company owns 75 percent shareholding of LHL.

As of the balance sheet date, LHL held 74.75 percent shares of ICI Pakistan Limited. The said acquisition was made as per the share purchase agreement with ICI Omicron B.V. a wholly owned subsidiary of Akzo Noble N.V. Netherlands.

7.2 The Company has made an investment in LCL Investment Holdings Limited (LCLIHL), a wholly owned subsidiary of the Company, incorporated and domiciled in Mauritius. During the year, the Company has subscribed 20,000,000 ordinary shares of LCLIHL @ US$1/- and 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.

LCLIHL has also entered into 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 aforesaid Joint Venture.

7.3 During the year, the Company has made an equity investment in LCL Holdings Limited (LCLHL), a wholly owned subsidiary of the Company, incorporated in Pakistan, of 2,026,500 ordinary shares @ PKR 10/- each out of which 1,926,500 shares were issued at a premium of PKR 260/- each. As of the balance sheet date, LCLHL owns 100 percent shares in Lucky Electric Power Company Limited.

7.4 Represents 20% equity investment in Yunus Energy Limited comprising 20,361,500 shares @ PKR 10/- each made during the year.

		Note	2015	2014
			PKR in '000'	
8	**LONG-TERM LOANS AND ADVANCES**			
	Loans and advances to:			
	Employees	8.1	31,975	28,506
	Executives	8.1&8.2	30,138	26,578
			62,113	55,084
	Less: Recoverable within one year shown under current assets	12	(38,505)	(38,012)
			23,608	17,072
	Other advances	8.3	55,373	55,373
			78,981	72,445

8.1 Loans given to executives and employees are in accordance with the Company policy. These loans are interest free and are secured against the gratuity of respective employees. These loans are carried at cost due to practicality and materiality of the amounts involved. The maximum aggregate balance due from executives at the end of any month during the year was PKR 30.138 million (2014: PKR 26.578 million).

		2015	2014
		PKR in '000'	
8.2	**Reconciliation of carrying amount of loan to executives (key management personnel)**		
	Balance as of July 01	26,578	18,416
	Disbursements during the year	26,111	30,771
	Repayments during the year	(22,551)	(22,609)
		30,138	26,578

8.3 This represents advance given to Sui Southern Gas Company Limited in respect of additional gas line which will be adjusted after the commissioning of gas line in 48 equal monthly installments.

Notes to the Financial Statements
For the year ended June 30, 2015

		Note	2015	2014
			PKR in '000'	
9	**STORES AND SPARES**			
	Stores	9.1	1,521,539	2,960,886
	Spares	9.2	3,703,957	3,323,102
			5,225,496	6,283,988
	Less: Provision for slow moving spares	9.3	230,073	205,073
			4,995,423	6,078,915

9.1 This includes stores in transit mainly coal amounting to PKR 171.216 million (2014:PKR 472.172 million) as of the balance sheet date.

9.2 This includes spares in transit of PKR 60.186 million (2014: PKR 64.037 million) as of the balance sheet date.

		Note	2015	2014
			PKR in '000'	
9.3	Movement in provision for slow moving spares:			
	Balance as of July 01		205,073	195,073
	Provision during the year	24	25,000	10,000
	Closing balance		230,073	205,073
10	**STOCK-IN-TRADE**			
	Raw and packing materials		556,766	554,593
	Work-in-process		614,096	628,533
	Finished goods		439,883	455,858
			1,610,745	1,638,984
	Less: Provision for slow moving packing material	24	30,000	-
			1,580,745	1,638,984
11	**TRADE DEBTS - considered good**			
	Bills receivable - secured		1,093,858	1,351,017
	Others - unsecured		956,633	726,697
			2,050,491	2,077,714
	Less: Provision for doubtful debts	25	8,292	-
			2,042,199	2,077,714
11.1	**The ageing of trade debts as at June 30 is as follows:**			
	Neither past due nor impaired		2,042,199	2,077,714
12	**LOANS AND ADVANCES - secured, considered good**			
	Current portion of long term loan and advances			
	to employees & executives	8	38,505	38,012
	Advances to suppliers and others		214,845	123,613
			253,350	161,625

		Note	2015	2014
			PKR in '000'	
13	**TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS**			
	Trade deposits			
	Containers		420	–
	Coal supplier		1,000	1,000
	Karachi Port Trust		12,600	11,550
	Utilities		905	735
	Others		8,517	7,647
			23,442	20,932
	Prepayments			
	Insurance		12,423	17,597
	Rent		2,944	4,875
	Others		11,879	14,295
			27,246	36,767
			50,688	57,699
14	**OTHER RECEIVABLES - unsecured, considered good**			
	Rebate on export sales		79,869	67,917
	Due from Collector of Customs	14.1	19,444	19,444
	Sales Tax adjustable		103,644	-
	Hyderabad Electricity Supply Company (HESCO)	14.2	753,792	166,019
	Insurance claim receivable		22,900	50,782
	Others		53,204	151,378
			1,032,853	455,540

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

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

The Company filed a writ petition before the High Court of Sindh at Karachi in 2007 challenging the illegal and malafide act of encashment of post dated cheques. Subsequent to the year end, High Court of Sindh passed the order in favour of the Company and has ordered the Collector of Customs to refund the amount collected within one month from the date of judgment. Efforts are currently being made to receive the same.

14.2 The balance represents receivable from HESCO which is overdue but not impaired and pertains to electricity supplied for the period from February to June 2015. The Company has filed a writ petition in Sindh High Court against HESCO for non- payment of its overdues.

15 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 sale 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 the 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 related to the period from June 26, 1996 to April 19, 1999 after which the FBR changed the mechanism of levying excise duty from percentage of retail price to a fixed amount of duty at the rate of PKR 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 PKR 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 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 challenged this show cause notice in the Honourable Peshawar High Court and took the stance that this matter has already been dealt with at the Honourable Supreme Court of Pakistan level, based on the doctrine of res judicata. The Honourable Peshawar High Court granted a stay order to the Company against any adverse proceeding by the FBR in this case.

During the year ended June 30, 2013, 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.

FBR filed representation, before the President of Pakistan against the recommendations of the FTO under section 32 of Federal Tax Ombudsman Ordinance, 2000. However, President of Pakistan through its order has endorsed the recommendations of FTO. Subsequent to the year end, FBR filed a writ petition before the Peshawar High Court challenging the decision of the FTO.

The Peshawar High Court has suspended the operations of the orders of FTO and President of Pakistan on July 14, 2015 till further orders. The Company is in the process of challenging the stay granted by the Honorable Peshawar High Court through filing a writ petition. Pending a final decision in this matter, tax refunds from the Government have not been adjusted in these financial statements.

		Note	2015	2014
			PKR in '000'	
16	**CASH AND BANK BALANCES**			
	Sales collection in transit		892,404	627,781
	Cash at bank - on current accounts		208,613	248,064
	- on deposit accounts	16.1	15,341,868	7,712,309
			15,550,481	7,960,373
	Cash in hand		1,737	2,643
			16,444,622	8,590,797

16.1 These carry profit at the rate ranging from 5% to 10.25% (2014: from 6% to 10.25%) per annum.

		2015	2014
		PKR in '000'	
17	**SHARE CAPITAL**		
	Authorized capital		
	500,000,000 (2014: 500,000,000) Ordinary shares of PKR 10/- each	5,000,000	5,000,000
	Issued, subscribed and paid-up capital		
	305,000,000 (2014: 305,000,000) Ordinary shares of PKR 10/- each issued for cash	3,050,000	3,050,000
	18,375,000 (2014: 18,375,000) Ordinary shares of PKR 10/- each issued as bonus shares	183,750	183,750
		3,233,750	3,233,750

17.1 During the year ended June 30, 2008, the Company was admitted to the official list of the Financial Services Authority and to the London Stock Exchange for trading of the Global Depository Receipts (GDRs) issued by the Company on the Professional Securities Market of the London Stock Exchange. The GDR issue constituted an offering to qualified institutional buyers in the United States under Rule 144A and to non US persons outside the United States (US) under Regulation - S of the US Securities Act of 1933. The GDRs have also been included for trading on the International Order Book system of the London Stock Exchange, which will make the GDRs issued under Rule 144A to become eligible for trading by qualified institutional buyers in the Portal Market; a subsidiary of the NASDAQ Stock Market, Inc in the United States. The Company had issued 15,000,000 GDRs each representing four ordinary equity shares at an offer price of US$ 7.2838 per GDR (total receipt being US$. 109.257 million). Accordingly, based on an exchange rate of PKR 65.90 = US$ 1.00 (which was the exchange rate on the date of final offering circular relating to the GDR issue made by the Company) 60,000,000 ordinary equity shares of a nominal value of PKR 10 each of the Company were issued at a premium of PKR 110 per ordinary equity share (total premium amount being PKR 6,600 million).

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

		Note	2015	2014
			PKR in '000'	
18	**RESERVES**			
	Capital reserve			
	Share premium		7,343,422	7,343,422
	Revenue reserves			
	General reserve		36,304,636	27,871,271
	Unappropriated profit		12,376,962	11,343,740
			48,681,598	39,215,011
			56,025,020	46,558,433
19	**LONG-TERM DEPOSITS**			
	Cement stockists	19.1	27,966	29,691
	Transporters	19.2	40,000	37,000
	Others		1,280	1,280
			69,246	67,971

19.1 These represent interest-free security deposits received from stockists and are repayable on cancellation or withdrawal of stockist arrangement and are also adjustable against unpaid amount of sales.

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

		Note	2015	2014
			PKR in '000'	
20	**DEFERRED LIABILITIES**			
	Staff gratuity	20.1	1,006,711	654,195
	Deferred tax liability	20.2	5,320,435	4,799,317
			6,327,146	5,453,512

20.1 The amounts recognized in the balance sheet, based on the recent actuarial valuation carried on June 30, 2015, are as follows:

		Note	2015	2014
			PKR in '000'	
20.1.1	Present value of defined benefit obligation		1,006,711	654,195
20.1.2	Changes in the present value of defined benefit obligation are as follows:			
	Balance as at July 01		654,195	552,042
	Charge for the year	20.1.3	326,918	146,594
	Actuarial loss recognised in other comprehensive income		71,594	912
			1,052,707	699,548
	Payments made during the year		(45,996)	(45,353)
			1,006,711	654,195
20.1.3	Charge for the year recognised in the profit and loss account is as follows:			
	Current service cost		95,416	85,776
	Interest cost		91,857	60,818
	Past service cost		139,645	-
			326,918	146,594
20.1.4	The charge for the year has been allocated as follows:			
	Cost of sales	24	235,247	112,119
	Distribution costs	25	5,179	6,013
	Administrative expenses	26	86,492	28,462
			326,918	146,594

		2015	2014
20.1.5	Principal actuarial assumptions used are as follows:		
	Expected rate of increase in salary level	12.00%	11.00%
	Valuation discount rate	10.50%	13.50%

20.1.6 Sensitivity analysis

A sensitivity analysis for the above principal actuarial assumptions as of the balance sheet date showing how the defined benefit obligation would have been affected by changes in the said assumptions is as follows:

	2015 PKR in '000'
Discount rate +1%	(97,018)
Discount rate -1%	114,907
Long term salary increases +1%	117,998
Long term salary increases -1%	(101,204)

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For the year ended June 30, 2015

		2015 PKR in '000'
20.1.7	Maturity profile of the defined benefit obligation:	
	Weighted average duration - in number of years	6.93
	The retirement will at most continue - year	2029

20.1.8 Description of the risks to the Company

The defined benefit plan exposes the Company to the following risks:

Mortality risks - The risk that the actual mortality experience is different. The effect depends on the beneficiaries' service/age distribution and the benefit.

Final salary risks - The risk that the final salary at the time of cessation of service is greater than what was assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

Withdrawal risks – The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service/age distribution and the benefit.

		Note	2015	2014
			PKR in '000'	
20.2	**Deferred tax liability**			
	This comprises of the following:			
	- Difference in tax and accounting bases of fixed assets		5,652,783	5,079,314
	- Provisions		(332,348)	(279,997)
			5,320,435	4,799,317
21	**TRADE AND OTHER PAYABLES**			
	Creditors		667,479	759,118
	Bills payable		395,104	–
	Accrued liabilities	21.1	3,122,755	2,282,542
	Customers running account		700,392	394,174
	Retention money		28,750	21,339
	Sales tax payable		–	67,152
	Excise and other government levies		354,927	256,489
	Unclaimed and unpaid dividend		98,421	79,392
	Workers' Profit Participation Fund (WPPF) payable	21.2	719,553	297,660
	Workers' Welfare Fund (WWF) payable		293,719	–
	Others		1,272	10,104
			6,382,372	4,167,970

21.1 It includes PKR 332.766 million in respect of accrual of gas charges (2014: PKR 380.608 million).

		Note	2015	2014
			PKR in '000'	
21.2	The movement of WPPF payable is as follows:			
	Opening balance		297,660	276,467
	Allocation for the year	28	855,836	760,951
	Interest on funds utilized by the Company		6,730	1,709
			1,160,226	1,039,127
	Payments during the year		(440,673)	(741,467)
			719,553	297,660

22 CONTINGENCIES AND COMMITMENTS

CONTINGENCIES

22.1 The Honourable Supreme Court of Pakistan while disposing off an appeal of the Collector of Customs, Karachi has issued a judgment on July 28, 2009 whereby it has set aside the earlier order of the Honourable Peshawar High Court decided in favour of the Company on the issue of plant and machinery imported under SRO 484(I)/92 dated May 14, 1992 after obtaining approvals from the concerned ministries. On August 20, 2009 the Company filed a review petition which was subsequently deposed off by Honourable Supreme Court on May 8, 2014. The Customs department issued recovery notice on which, the Company has filed a Constitution Petition in the Honourable Sindh High Court which is currently pending. The amount of disputed levy is not ascertainable at this stage as no order was earlier framed by the Collector of Customs. Hence no provision has been made against the same in these financial statements.

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

On August 3, 2011, the Company filed an execution petition for realization of the decretal amount as per the decree granted by the civil court on November 20, 2009. The Civil Judge, Peshawar, however, dismissed the recovery suit of the Company on December 18, 2012. Dismissal of the recovery suit by the lower court has been challenged by the Company in Peshawar High Court on March 9, 2013. The case is still pending before the Peshawar High Court.

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

22.4 The Company is defending various suits filed in various courts of Pakistan for sums, aggregating PKR 900 million. However, the Company's management is confident, based on the advice of its legal advisors, that these suits will be decided in its favor and, accordingly, no provision has been made for any liability against these law suits in these financial statements.

22.5 "In September 2014, the Federal Government promulgated Gas Infrastructure Development Cess (GIDC) Ordinance No. VI of 2014 to circumvent earlier decision of the Honorable Supreme Court on the subject, where it upheld that the earlier introduction of GIDC Act of 2011 was unconstitutional and ultravires on the grounds that GIDC was a 'Fee' and not a 'Tax'. In May 2015, the Government passed the GIDC Act 2015.

Notes to the Financial Statements
For the year ended June 30, 2015

The Company has challenged GIDC Act, 2015 and filed writ petition in the Peshawar High Court (PHC) and Sindh High Court (SHC) including retrospective treatment of the provision of the GIDC Act. The Court has granted stay against charging of the GIDC Act, 2015. The Company has not recorded GIDC amounting to PKR 760.3 million in these financial statements as it is confident that the decision of the case will be in its favor.

22.6 Also refer to notes 14.1, 14.2 and 15 to these financial statements.

		2015	2014
		PKR in '000'	
	COMMITMENTS		
22.7	**Capital commitments**		
	Plant and machinery under letters of credit	50,583	1,667,530
22.8	**Other commitments**		
	Stores, spares and packing material under letters of credit	2,162,633	1,870,971
	Stand by Letter of Credit issued by the Company	500,000	–
	Bank guarantees issued on behalf of the Company	1,073,288	942,233
	Post dated cheques	450,436	555,150
23	**GROSS SALES**		
	Local	39,940,189	36,178,158
	Export	13,979,121	15,234,768
		53,919,310	51,412,926

		Note	2015	2014
			PKR in '000'	
24	**COST OF SALES**			
	Salaries, wages and benefits	24.1	1,751,070	1,448,779
	Raw material consumed		1,310,576	1,166,151
	Packing material	24.2	3,076,061	2,875,786
	Fuel and power		13,598,105	14,830,391
	Stores and spares consumed		2,097,793	1,913,893
	Repairs and maintenance		164,210	152,330
	Depreciation / amortization	5.2	1,929,062	1,750,528
	Insurance		81,628	68,652
	Provision for slow moving spares	9.3	25,000	10,000
	Provision for slow moving packing material	10	30,000	–
	Earth moving machinery		224,473	213,034
	Vehicle running and maintenance		53,966	53,818
	Communication		13,953	13,345
	Mess subsidy		47,507	39,514
	Transportation		24,652	17,029
	Travelling and conveyance		5,730	7,787
	Inspection fee for electrical installation		1,279	1,279
	Rent, rates and taxes		3,345	4,824
	Printing and stationery		1,523	3,356
	Other manufacturing expenses		107,874	99,349
			24,547,807	24,669,845
	Work-in-process:			
	Opening		628,533	373,356
	Closing		(614,096)	(628,533)
			14,437	(255,177)
	Cost of goods manufactured		24,562,244	24,414,668
	Finished goods:			
	Opening		455,858	434,254
	Closing		(439,883)	(455,858)
			15,975	(21,604)
			24,578,219	24,393,064

24.1 These include sum of PKR 235.247 million (2014: PKR 112.119 million) in respect of staff retirement benefits.

24.2 These are net of duty draw back on export sales amounting to PKR 65.264 million (2014: PKR 67.531 million).

Notes to the Financial Statements

For the year ended June 30, 2015

		Note	2015	2014
			PKR in '000'	
25	**DISTRIBUTION COSTS**			
	Salaries and benefits	25.1	109,306	88,882
	Logistics and related charges		2,681,230	2,977,342
	Loading and others		129,780	112,246
	Communication		4,002	4,212
	Travelling and conveyance		3,670	4,897
	Printing and stationery		1,806	1,549
	Insurance		33,028	16,946
	Rent, rates and taxes		17,301	19,464
	Utilities		3,041	2,335
	Vehicle running and maintenance		13,764	14,828
	Repairs and maintenance		1,689	2,859
	Fees, subscription and periodicals		407	1,916
	Advertisement and sales promotion		18,671	38,930
	Entertainment		3,075	2,982
	Security service		2,047	2,475
	Depreciation	5.2	80,693	78,393
	Provision for doubtful debt	11	8,292	-
	Others		15,216	11,900
			3,127,018	3,382,156

25.1 These include sum of PKR 5.179 million (2014: PKR 6.013 million) in respect of staff retirement benefits.

		Note	2015	2014
			PKR in '000'	
26	**ADMINISTRATIVE EXPENSES**			
	Salaries and benefits	26.1	437,623	310,580
	Communication		13,734	14,044
	Travelling and conveyance		45,874	38,173
	Insurance		9,217	10,588
	Rent, rates and taxes		5,035	6,324
	Vehicle running and maintenance		24,479	24,305
	Aircraft running and maintenance		61,884	56,611
	Printing and stationery		9,022	8,818
	Fees and subscription		39,453	28,481
	Security services		13,990	12,091
	Legal fee		26,250	31,737
	Utilities		6,283	6,745
	Repairs and maintenance		14,220	42,806
	Advertisement		2,324	2,039
	Auditors' remuneration	26.2	2,365	2,573
	Cost Auditors' remuneration	26.3	323	280
	Depreciation	5.2	156,105	132,982
	Amortization	6	20,527	9,244
	Trainings cost		9,458	6,906
	Others		19,469	14,942
			917,635	760,269

26.1 These include sum of PKR 86.492 million (2014: PKR 28.462 million) in respect of staff retirement benefits.

		Note	2015	2014
			PKR in '000'	
26.2	**Auditors' remuneration**			
	Statutory audit fee - standalone		1,375	1,294
	- consolidation		345	612
	Half yearly review fee		380	359
	Fee for the review of compliance with Code of Corporate Governance		86	78
	Out of pocket expenses		179	230
			2,365	2,573
26.3	**Cost auditors' remuneration**			
	Cost audit fee		300	259
	Out of pocket expenses		23	21
			323	280
27	**FINANCE COSTS**			
	Mark-up on long-term finance		1,832	19,920
	Interest on Workers' Profit Participation Fund		6,730	1,709
	Bank charges and commission		17,188	12,596
			25,750	34,225
28	**OTHER EXPENSES**			
	Workers' Profit Participation Fund	21.2	855,836	760,951
	Workers' Welfare Fund		342,335	–
	Donations	28.1	244,170	274,081
			1,442,341	1,035,032

28.1 Donations during the year includes donation amounting to PKR 170 million (2014: PKR 105 million) to Aziz Tabba Foundation (ATF). ATF is located at 1-A, Latif Cloth Market, M.A. Jinnah Road, Karachi. Mr. Muhammad Yunus Tabba, Chairman of the Board of Directors of the Company, is the Chairman of ATF and Mr. Muhammad Ali Tabba, the Chief Executive of the Company, is the Vice Chairman of ATF. Further, Mr. Muhammad Sohail Tabba, Mr. Muhammad Jawed Tabba, Mrs. Rahila Aleem and Mrs. Zulekha Tabba Maskatiya, the Directors of the Company, are the Directors of ATF.

Notes to the Financial Statements

For the year ended June 30, 2015

		Note	2015	2014
			PKR in '000'	
29	**OTHER INCOME**			
	Income from non-financial assets			
	Gain on disposal of property, plant and equipment	5.3	22,831	22,811
	Sale of electricity		1,910,280	1,682,520
	Cost of sale of electricity		(1,738,305)	(1,501,218)
			171,975	181,302
	Exchange gain / (loss) - net		78,347	32,339
	Others		15,147	27,312
			288,300	263,764
	Income from financial assets			
	Mutual Fund			
	Dividend income		–	10,072
	Capital gain / (loss) on sale of investments		32,319	(991)
			32,319	9,081
	Interest income on deposit accounts		920,831	705,097
			1,241,450	977,942

30 TAXATION

30.1 Relationship between income tax expense and accounting profit.

	2015	2014
	PKR in '000'	
Profit before taxation	15,911,794	14,456,365
Tax at the applicable tax rate of 33% (2014: 34%)	5,250,892	4,915,164
Tax effect under lower rate of tax	(1,361,346)	(1,337,459)
Others	(409,350)	(465,743)
Total	3,480,196	3,111,962
Effective tax rate	22%	22%

30.2 The tax assessments of the Company have been finalized upto and including the tax year 2014.

31 EARNINGS PER SHARE - basic and diluted

There is no dilutive effect on the basic earnings per share of the Company, which is based on:

	2015	2014
Profit after taxation (PKR in thousands)	12,431,598	11,344,403
Weighted average number of ordinary shares (in thousands)	323,375	323,375
Basic and diluted earnings per share - (PKR)	38.44	35.08

	Note	2015	2014
		PKR in '000'	
32 CASH GENERATED FROM OPERATIONS			
Profit before taxation		15,911,794	14,456,365
Adjustments for non cash charges and other items			
Depreciation / amortization	5.2	2,269,237	2,064,059
Amortization on intangible assets	6	20,527	9,244
Provision for slow moving spares	9.3	25,000	10,000
Provision for slow moving packing material	10	30,000	–
Provision for doubtful debts	11	8,292	–
Gain on disposal of property, plant and equipment	5.3	(22,831)	(22,811)
Provision for staff gratuity	20.1.3	326,918	146,594
Finance costs	27	25,750	34,225
Profit before working capital changes		18,594,687	16,697,676
(Increase) / decrease in current assets			
Stores and spares		1,058,492	(909,860)
Stock-in-trade		28,239	(207,827)
Trade debts		27,223	(409,415)
Loans and advances		(91,725)	91,641
Trade deposits and short-term prepayments		7,011	(15,885)
Accrued mark-up		(7,745)	(57,915)
Other receivables		(577,313)	223,054
		444,182	(1,286,207)
Increase in current liabilities			
Trade and other payables		2,195,373	575,795
		21,234,242	15,987,264
32.1 CASH FLOWS FROM OPERATING ACTIVITIES (Direct method)			
Collections from customers		53,275,775	50,460,689
Receipts from other income		572,953	1,057,287
Payments to suppliers and service providers		(21,827,967)	(25,870,609)
Payments to employees		(2,297,999)	(1,668,362)
Payments relating to income taxes		(2,151,235)	(2,347,076)
Payments relating to post retirement benefits - net		(45,996)	(45,353)
Payments relating to indirect taxes		(8,487,245)	(7,980,895)
Payment of finance costs		(28,801)	(39,336)
Net cash generated from operating activities		19,009,485	13,566,345

33 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

Particulars	Chief Executive		Director(s)		Executives		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	PKR in '000'							
Remuneration	39,000	28,000	933	1,600	382,678	294,911	422,611	324,511
House rent allowance	15,600	11,200	373	640	172,251	132,745	188,224	144,585
Utility allowance	3,900	2,800	94	160	38,264	29,488	42,258	32,448
Conveyance allowance	-	-	-	-	38,264	29,488	38,264	29,488
Charge for defined benefit obligation	18,500	3,500	-	200	89,983	34,599	108,483	38,299
	77,000	45,500	1,400	2,600	721,440	521,231	799,840	569,331
Number of persons	1	1	1	1	293	219	295	221

Notes to the Financial Statements

For the year ended June 30, 2015

33.2 In addition to the above, Chief Executive, Director and some Executives are provided with Company maintained cars and other benefits as per Company policy.

33.3 An amount of PKR 550,000/- was paid to 6 non executive directors and PKR 220,000/- was paid to 2 executive directors during the year as fee for attending board meetings (2014: 6 non executive directors were paid PKR 200,000/- and 2 executive directors were paid PKR 80,000/-).

34 TRANSACTIONS WITH RELATED PARTIES

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

	2015	2014
	PKR in '000'	
Subsidiaries		
Lucky Holdings Limited		
Loss claimed during the period	300,101	–
Cash given against loss claimed	102,034	–
LCL Holdings Limited		
Investment made during the year	521,155	–
LCL Investment Holdings Limited		
Investment made during the year	2,042,700	2,537,800
ICI Pakistan Limited		
Sales	38,336	13,227
Purchases	1,533	–
Directors		
Purchase of Land & Building	599,379	–
Sales	2,561	–
Associated Companies		
Yunus Energy Limited		
Investment made during the year	203,615	750
Lucky Paragon ReadyMix Limited		
Sales	386,879	250,665
Fazal Textile Mills Limited		
Sales	4,623	12,331
Yunus Textile Mills Limited		
Sales	18,142	60,336
Lucky Textile Mills		
Sales	92,743	29,854
Gadoon Textile Mills Limited		
Sales	3,171	22,692
Aziz Tabba Foundation		
Sales	2,522	1,995
Donation	170,000	105,000
Lucky One (Pvt) Limited		
Sales	123,315	172,855
Lucky Commodities		
Sales	–	229,494
Lucky Knits (Pvt) Limited		
Sales	24,472	–
Feroze 1888 Mills Limited		
Sales	21,490	–
International Steels Limited		
Sales	17,218	–
Lucky Air (Pvt) Limited		
Services	22,587	20,882

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

		2015	2014
		Metric Tonnes	
35	**PRODUCTION CAPACITY**		
	Production Capacity - (Cement)	7,750,000	7,750,000
	Actual Production Clinker	6,395,248	6,365,814
	Actual Production Cement	6,794,964	6,621,208

35.1 Production capacity utilization is 87.68% (2014: 85.43%) of total installed capacity.

36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company finances its operations through equity and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. Taken as a whole, the Company is exposed to market risk (including interest rate risk, currency risk and other price risk), credit risk and liquidity risk. The Company's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has various financial assets such as investments, loans, deposits, trade and other receivables and cash and bank balances, which are directly related to its operations. The Company's finance and treasury departments oversee the management of these risks and provide assurance to the Company's senior management that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company policies and risk appetite. No changes were made in the objectives, policies or processes and assumptions during the year ended June 30, 2015. The policies for managing each of these risk are summarized below:

36.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk.

36.1.1 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. Bank balances carry interest rates ranging between 5% to 10.25% (2014: 6% to 10.25%) . The Company mitigates its risk against exposure through focusing on maintaining bank balances. As of the balance sheet date the Company is not materially exposed to interest rate risk.

36.1.2 Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates and arises where transactions are done in foreign currency. The Company manages its exposure against foreign currency risk by making sales and purchases of certain materials in currencies other than Pakistani Rupee. Approximately 26% (2014: 30%) of the Company's sales are denominated in currencies other than Pakistani Rupee.

As at the balance sheet date, if Pakistani Rupee depreciated / appreciated by 1% against US$ and Euro, with all other variables held constant, the Company's profit before tax would have been PKR 34.938 million (2014: PKR 62.738 million) higher / lower as a result of exchange loss/gain on translation of foreign currency denominated financial instruments.

36.1.3 Other price risk

Other price risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market prices.

36.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed to perform as contracted. The Company manages credit risk by limiting significant exposure to any individual customers, by obtaining advance against sales and does not have significant exposure to any individual customer. As of the balance sheet date, the Company is exposed to credit risk on the following assets:

	Note	2015	2014
		PKR in '000'	
Long-term deposits		3,175	3,175
Trade debts	11	2,042,199	2,077,714
Loans and advances	12	38,505	38,012
Trade deposits	13	23,442	20,932
Accrued mark-up		79,257	71,512
Other receivables	14	829,896	418,961
Bank balances	16	16,442,885	8,516,439
		19,459,359	11,146,745

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit rating agencies or the historical information about counter party default rates as shown below:

	2015	2014
	PKR in '000'	
Trade debts		
Neither past due nor impaired	2,042,199	2,077,714
Bank balances		
A1+	16,442,725	8,437,211
A1	160	150,943
	16,442,885	8,588,154

Financial assets other than trade debts and bank balances are not exposed to any material credit risk.

36.3 Liquidity risk

Liquidity risk reflects the Company's inability in raising funds to meet commitments. Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customer. As of the balance sheet date, the Company has unavailed credit facilities aggregating to PKR 16,825 million (2014: PKR 16,825 million).

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

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
			PKR in '000'		
June 30, 2015					
Long–term deposit	–	–	–	69,246	69,246
Trade and other payables	1,471,367	3,510,260	1,395,878	–	6,377,505
	1,471,367	3,510,260	1,395,878	69,246	6,446,751
June 30, 2014					
Long–term finance	–	104,203	23,295	–	127,498
Long–term deposit	–	–	–	67,971	67,971
Trade and other payables	714,840	2,214,812	222,843	–	3,152,495
Accrued mark–up	–	3,051	–	–	3,051
	714,840	2,322,066	246,138	67,971	3,351,015

36.4 Fair values of financial assets and liabilities

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

36.5 Capital risk management

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

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the year ended June 30, 2015.

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

During the year, the Company's strategy was to minimize leveraged gearing. The Company finances its expansion projects through equity, borrowings and management of its working capital with a view to maintaining an appropriate mix between various sources of finance to minimise risk. As of the balance sheet date the Company has no gearing (gearing ratio – 2014: Nil).

37 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 08, 2015 by the Board of Directors of the Company.

38 NUMBER OF EMPLOYEES

The number of persons employed as on the balance sheet date was 2,350 (2014: 2,299) and the average number of employees during the year was 2,325 (2014: 2,254).

39 GENERAL

39.1 The Board of Directors in their meeting held on September 08, 2015 (i) approved the transfer of PKR 9,521.223 million (2014: PKR 8,433.365 million) from un-appropriated profit to general reserve; and (ii) proposed final dividend of PKR 9/- per ordinary share for the year ended June 30, 2015 amounting to PKR 2,910.375 million (2014: PKR 2,910.375 million) for approval of the members at the Annual General Meeting to be held on October 31, 2015. These financial statements do not reflect this appropriation and the proposed dividend payable.

Notes to the Financial Statements

For the year ended June 30, 2015

39.2 The Finance Act, 2015 introduced a tax on every public company at the rate of 10% of such undistributed reserve which exceeds the amount of its paid up capital. However, this tax shall not apply in case of a public company which distributes cash dividend equal to atleast either 40% of its after tax profits or 50% of its paid up capital, within the prescribed time after the end of the relevant tax year.

Based on the fact that the Board of Directors of the Company has proposed 90% dividend for the financial and tax year 2015 which exceeds the prescribed minimum dividend requirement as aforesaid, the Company believes that it would not eventually be liable to pay tax on its undistributed reserves as of 30 June 2015.

39.3 For better presentation certain prior year's figures have been reclassified consequent to certain changes in the current year's presentation.

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

Muhammad Yunus Tabba
Chairman / Director

Muhammad Ali Tabba
Chief Executive

Consolidated Financial Statements

For the year ended June 30, 2015

Auditors' Report
on consolidated financial statements to the members

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of Lucky Cement Limited (the Holding Company) and its subsidiary companies namely Lucky Holdings Limited (LHL), LCL Investment Holdings Limited (LCLIHL) and LCL Holdings Limited (LCLHL) as at 30 June 2015 and the related consolidated profit and loss account, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinion on the financial statements of the Holding Company and its subsidiary companies LHL and LCLHL. The financial statements of LCLIHL were audited by other firms of auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included for such subsidiary companies, is based solely on the reports of such other auditors. These consolidated financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of the Holding Company and its subsidiary companies as at 30 June 2015 and the results of their operations for the year then ended.

We draw attention to the contents of note 17 to the accompanying consolidated financial statements in respect of tax refunds due from the Government amounting to PKR 538.812 million. Our opinion is not qualified in respect of this matter.

Ernst & Young Ford Rhodes Sidat Hyder

Chartered Accountants
Audit Engagement Partner: Riaz A. Rehman Chamdia
Date: 08 September 2015
Place: Karachi

Consolidated Balance Sheet
as at June 30, 2015

	Note	2015	2014
		PKR in '000'	
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	6	49,900,183	44,063,423
Intangible assets	7	7,360,811	7,741,210
		57,260,994	51,804,633
Long-term investments	8	10,007,198	1,714,879
Long-term loans and advances	9	405,496	1,711,839
Long-term deposits and prepayments	10	33,952	31,018
		67,707,640	55,262,369
CURRENT ASSETS			
Stores, spares and consumables	11	5,921,887	6,952,502
Stock-in-trade	12	6,524,154	6,246,200
Trade debts	13	3,473,293	2,961,424
Loans and advances	14	578,609	354,625
Trade deposits and short-term prepayments	15	464,392	278,010
Accrued mark-up		79,257	81,483
Other receivables	16	2,023,466	2,114,473
Tax refunds due from the Government	17	538,812	538,812
Taxation - net		997,518	1,502,916
Cash and bank balances	18	18,155,599	11,723,248
		38,756,987	32,753,693
TOTAL ASSETS		106,464,627	88,016,062
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	19	3,233,750	3,233,750
Reserves	20	58,190,818	47,145,858
Attributable to the owners of the Holding Company		61,424,568	50,379,608
Non-controlling interests		7,071,234	6,204,663
Total equity		68,495,802	56,584,271
NON-CURRENT LIABILITIES			
Long-term finance	21	8,854,165	9,983,078
Long-term deposits	22	69,246	67,971
Deferred liabilities	23	9,430,707	8,655,713
		18,354,118	18,706,762
CURRENT LIABILITIES			
Trade and other payables	24	15,819,145	10,900,436
Accrued mark-up	25	165,210	223,656
Short-term borrowings and running finance	26	1,833,247	437,368
Current portion of long-term finance	21	1,797,105	1,163,569
		19,614,707	12,725,029
CONTINGENCIES AND COMMITMENTS	27		
TOTAL EQUITY AND LIABILITIES		106,464,627	88,016,062

The annexed notes from 1 to 46 form an integral part of these consolidated financial statements.

Muhammad Yunus Tabba
Chairman / Director

Muhammad Ali Tabba
Chief Executive

Consolidated Profit and Loss Account

For the year ended June 30, 2015

	Note	2015	2014
		PKR in '000'	
Turnover	29.1	96,474,922	94,098,358
Less: Sales tax and excise duty		11,209,856	10,288,921
Rebates and commission		3,147,264	2,661,218
		14,357,120	12,950,139
Net sales		82,117,802	81,148,219
Cost of turnover	29.2	(56,430,360)	(58,021,048)
Gross profit		25,687,442	23,127,171
Distribution cost	31	(4,653,188)	(4,638,361)
Administrative expenses	32	(1,984,165)	(1,700,316)
Finance cost	33	(1,016,406)	(1,074,705)
Other expenses	34	(1,667,303)	(1,207,059)
Other income	35	1,341,310	1,285,256
		17,707,690	15,791,986
Share of gain / (loss) in equity-accounted investments	8.1 & 8.2 & 8.3	718,039	(18,583)
Profit before taxation		18,425,729	15,773,403
Taxation	36	(3,770,485)	(3,199,639)
Profit after taxation		14,655,244	12,573,764
Attributable to:			
Owners of the Holding Company		13,757,976	11,892,359
Non-controlling interests		897,268	681,405
		14,655,244	12,573,764
Other comprehensive income:			
Items not to be reclassified to profit and loss account in subsequent periods :			
Gain on remeasurements of post retirement benefit obligations		95,850	52,002
Deferred taxation		(32,853)	(17,213)
		62,997	34,789
Items to be reclassified to profit and loss account in subsequent periods :			
Foreign exchange differences on translation of foreign operations		65,408	(63,554)
Total comprehensive income for the year		14,783,649	12,544,999
Attributable to:			
Owners of the Holding Company		13,834,692	11,848,180
Non-controlling interests		948,957	696,819
		14,783,649	12,544,999
		(PKR)	
Earnings per share - basic and diluted	37	42.54	36.78

The annexed notes from 1 to 46 form an integral part of these consolidated financial statements.

Muhammad Yunus Tabba
Chairman / Director

Muhammad Ali Tabba
Chief Executive

Consolidated Cash Flow Statement

For the year ended June 30, 2015

	Note	2015	2014
		PKR in '000'	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	38	28,580,585	21,924,209
Finance costs - net		(1,154,109)	(1,080,552)
Income tax paid		(2,884,804)	(2,921,356)
Staff retirement benefits paid		(112,565)	(117,336)
		(4,151,478)	(4,119,243)
Long term loans and advances		1,301,879	(905,164)
Long-term deposits and prepayments		(2,934)	5,495
Net cash generated from operating activities		25,728,052	16,905,296
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(9,857,216)	(5,602,715)
Additions to intangibles		(44,421)	–
Proceeds from disposal of shares in ICI		243,897	97,149
Investment in joint ventures and unquoted entity		(7,945,104)	(1,731,700)
Dividend from associate		454,379	–
Investments - net		–	110,062
Sale proceeds from disposal of operating fixed assets		76,411	77,585
Net cash used in investing activities		(17,072,054)	(7,049,619)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term finance - net		(504,786)	3,004,979
Dividends paid to owners of holding company		(2,910,375)	(2,678,040)
Dividends paid to NCI		(205,640)	–
Long term deposits - net		1,275	10,846
Additions / (Repayment) of short-term borrowings and running finance		1,395,879	(2,217,181)
Net cash used in financing activities		(2,223,647)	(1,879,396)
Net increase in cash and cash equivalents		6,432,351	7,976,280
Cash and cash equivalents at the beginning of the year		11,723,248	3,746,968
Cash and cash equivalents at the end of the year		18,155,599	11,723,248

The annexed notes from 1 to 46 form an integral part of these consolidated financial statements.

Muhammad Yunus Tabba
Chairman / Director

Muhammad Ali Tabba
Chief Executive

Consolidated Statement of Changes in Equity

For the year ended June 30, 2015

	Attributable to the equity owners of the Holding Company							
	Issued, subscribed and paid up capital	Capital reserve	Revenue reserves			Total reserves	Non controlling interests	Total equity
		Share premium	General reserves	Foreign currency translation reserve	Unappropriated profit			
	PKR in '000'							
Balance as at June 30, 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 reserves	–	–	7,871,271	–	(7,871,271)	–	–	–
Final dividend at the rate of PKR 8/- per ordinary share of PKR 10/– each for the year ended June 30, 2013	–	–	–	–	(2,587,000)	(2,587,000)	–	(2,587,000)
Dividends paid to non–controlling interests of ICI	–	–	–	–	–	–	(91,040)	(91,040)
Decrease in ownership interest in ICI	–	–	–	–	(11,063)	(11,063)	108,212	97,149
Profit after taxation	–	–	–	–	11,892,359	11,892,359	681,405	12,573,764
Other comprehensive income	–	–	–	(63,554)	19,375	(44,179)	15,414	(28,765)
Total comprehensive income for the year	–	–	–	(63,554)	11,911,734	11,848,180	696,819	12,544,999
Balance as at June 30, 2014	3,233,750	7,343,422	27,871,271	(63,554)	11,994,719	47,145,858	6,204,663	56,584,271
Transfer to general reserves	–	–	8,433,365	–	(8,433,365)	–	–	–
Final dividend at the rate of PKR 9/- per ordinary share of PKR 10/- each for the year ended June 30, 2014	–	–	–	–	(2,910,375)	(2,910,375)	–	(2,910,375)
Dividends paid to non–controlling interests of ICI	–	–	–	–	–	–	(205,640)	(205,640)
Decrease in ownership interest in ICI	–	–	–	–	120,643	120,643	123,254	243,897
Profit after taxation	–	–	–	–	13,757,976	13,757,976	897,268	14,655,244
Other comprehensive income	–	–	–	65,408	11,308	76,716	51,689	128,405
Total comprehensive income for the year	–	–	–	65,408	13,769,284	13,834,692	948,957	14,783,649
Balance as at June 30, 2015	3,233,750	7,343,422	36,304,636	1,854	14,540,906	58,190,818	7,071,234	68,495,802

The annexed notes from 1 to 46 form an integral part of these consolidated financial statements.

Muhammad Yunus Tabba
Chairman / Director

Muhammad Ali Tabba
Chief Executive

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

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, ICI Pakistan PowerGen Limited, Lucky Electric Power Company Limited and LCL Holdings Limited. Brief profiles of the Holding company 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 two production facilities at Pezu, District Lakki Marwat in Khyber Pakhtunkhwa and at Main Super Highway in Karachi, Sindh.

1.2 LCL Investment Holdings Limited

The Holding Company has made an investment in LCL Investment Holdings Limited (LCLIHL), a wholly owned subsidiary of the Holding Company, incorporated and domiciled in Mauritius. LCLIHL has 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.

LCLIHL has also entered into 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 is located at Main Indus Highway, Pezu, District Lakki Marwat in the province of Khyber Pakhtunkhwa. As of the balance sheet date, LHL held 74.75% (2014: 75.36%) 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 as 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.

1.6 LCL Holdings Limited

During the year, the Holding Company formed a new wholly owned subsidiary by the name of LCL Holdings Limited (LCLHL) with the objective to invest in the Coal Based Power project to be setup by Lucky Electric Power Company Limited (LEPCL).

1.7 Lucky Electric Power Company Limited

Lucky Electric Power Company Limited (LEPCL) was incorporated in Pakistan on June 13, 2014, as a public unlisted company. LEPCL is a wholly owned subsidiary of LHL. The operations of LEPCL have not yet started. LEPCL will invest in setting up a 660

MW coal based power project in Karachi. Its registered office is situated at 6-A, Muhammad Ali Society, A. Aziz Hashim Tabba Street, Karachi in the province of Sindh.

2 STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) 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 BASIS OF CONSOLIDATION

These consolidated financial statements include the financial statements of the Holding Company and its subsidiary companies, here-in-after referred to as "the Group".

A company is a subsidiary, if an entity (the Holding Company) directly or indirectly controls, beneficially owns or holds more than fifty percent of its voting securities or otherwise has power to elect and appoint more than fifty percent of its directors.

Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting year as the Holding Company, using consistent accounting policies. The accounting policies of the subsidiaries have been changed to conform with accounting policies of the Group, where required.

All intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Where the ownership of a subsidiary is less than 100% and therefore, a non controlling interest (NCI) exists, the NCI is allocated its share of the total comprehensive income of the period, even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the assets (including goodwill) and liabilities of the subsidiary, carrying amount of any NCI, cumulative translation differences recognised in equity, and recognises fair value of consideration received, any investment retained, surplus or deficit in profit and loss account, and reclassifies the Holding Company share of components previously recognised in other comprehensive income to profit and loss account or retained earnings, as appropriate.

The assets, liabilities, income and expenses of subsidiary companies are consolidated on a line by line basis and carrying value of investments held by the Holding Company is eliminated against the subsidiary companies' shareholders' equity in the consolidated financial statements.

The presentation and functional currency of the Holding Company and subsidiaries other than LCLIHL are Pakistani Rupee and the functional currency of LCLIHL is US Dollar. For the purpose of consolidation, the financial statements of the LCLIHL are translated to presentation / functional currency of the Holding Company.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Accounting convention

These consolidated financial statements have been prepared under the historical cost convention except for:

– Investments which are carried at fair value in accordance with IAS-39 "Financial Instruments: Recognition and measurement"; and

– Defined benefit obligations which are stated at present value in accordance with the requirements of IAS-19 "Employee Benefits".

4.2 Standards, interpretations and amendments to approved accounting standards that became effective during the year

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

New / revised standards, interpretations and amendments

The Group has adopted the following revised standards, amendments and interpretations of IFRSs which became effective for the current year:

IAS 19	Employee Benefits - (Amendment) - Defined Benefit Plans: Employee Contributions
IAS 32	Financial Instruments : Presentation – (Amendment) -Offsetting Financial Assets and Financial Liabilities
IAS 36	Impairment of Assets – (Amendment) -Recoverable Amount Disclosures for Non-Financial Assets
IAS 39	Financial Instruments: Recognition and Measurement – (Amendment) - Novation of Derivatives and Continuation of Hedge Accounting
IFRIC 21	Levies

Improvements to Accounting Standards Issued by the IASB

IFRS 2	Share-based Payment - Definitions of vesting conditions
IFRS 3	Business Combinations – Accounting for contingent consideration in a business combination
IFRS 3	Business Combinations - Scope exceptions for joint ventures
IFRS 8	Operating Segments – Aggregation of operating segments
IFRS 8	Operating Segments - Reconciliation of the total of the reportable segments' assets to the entity's assets
IFRS 13	Fair Value Measurement - Scope of paragraph 52 (portfolio exception)
IAS 16	Property, Plant and Equipment and IAS 38 Intangible Assets – Revaluation method – proportionate restatement of accumulated depreciation / amortisation
IAS 24	Related Party Disclosures - Key management personnel
IAS 40	Investment Property - Interrelationship between IFRS 3 and IAS 40 (ancillary services)

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

4.3 Property, plant and equipment

These are stated at cost less accumulated depreciation / amortization and impairment losses, if any, except for freehold land and capital work-in-progress which are stated at cost less impairment losses, if any. Cost in relation to certain operating fixed assets, including capital work-in-progress, signifies historical cost and financial charges on borrowings as stated in note 4.18 to these consolidated financial statements.

Except for plant and machinery and generators, depreciation / amortization is charged to profit and loss account applying the straight line method at the rates mentioned in note 6.1 to these consolidated financial statements. On plant and machinery and generators depreciation is charged on units of production method (UPM) based on higher of estimated life or production. Depreciation on additions is charged from the date of acquisition / transfer of asset, whereas depreciation on disposals is charged till the date of disposal.

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

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements which increase the assets' remaining useful economic life or the performance beyond the current estimated levels are capitalized and the assets so replaced, if any, are retired.

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

4.4 Intangible assets

Intangible assets other than goodwill, distribution relationship, principal relationship and product rights are stated at cost less accumulated amortization and accumulated impairment losses, if any. Distribution relationship, principal relationship and product rights are stated at cost less accumulated impairment losses, if any, as their useful life is indefinite. However, these assets are tested for impairment annually.

Amortization is charged to the profit and loss account applying the straight line method, whereby, the cost of intangible asset is written off over its useful economic life. The useful lives of the intangible assets are stated in note 7 to these consolidated financial statements. Full month's amortization is charged in the month of addition, whereas, amortization on disposals is charged upto the month in which the disposal takes place.

4.5 Goodwill

Goodwill is initially measured as of the acquisition date, being the excess of (a) the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree; and (b) the net of the acquisition date amount of the identifiable assets acquired and the liabilities assumed.

In case the fair value attributable to the Group's interest in the identifiable net assets exceeds the fair value of consideration, the Group recognizes the resulting gain in the profit and loss account on the acquisition date.

Goodwill acquired in a business combination is measured, subsequent to initial recognition, at cost less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating unit (or the groups of cash generating unit) that are expected to benefit from the synergies of the operations irrespective of whether other assets or liabilities of the acquiree are assigned to these units or group of units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the units on pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit and loss account. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

4.6 Investments at fair value through profit or loss

An investment is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are classified as held for trading if they are acquired for the purpose of selling and repurchasing in near term. These assets are acquired principally for the purpose of generating a profit from short-term fluctuation in price. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes sales and purchase decisions based on their fair value in accordance with the Group's investment strategy.

All investments classified as investments at fair value through profit or loss are initially measured at cost being fair value of consideration given. All transaction costs are recognised directly in profit and loss account. At subsequent dates these investments are measured at fair value with any resulting gain or loss recognised directly in the profit and loss account.

4.7 Investment in associates / joint ventures

Investments in associates / joint ventures are accounted for using the equity method, whereby the investment is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the net assets of the associates / joint ventures. The consolidated profit and loss account reflects the Group's share of the results of the operations of the associates / joint ventures.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associates / joint ventures is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate / joint venture and its carrying value and recognises the same in the profit and loss account.

4.8 Stores and spares

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

Items in transit are valued at cost comprising invoice value plus other charges incurred thereon upto the balance sheet date.

Net realizable value signifies the selling price in the ordinary course of business less costs necessary to be incurred in order to make the sale, which is generally equivalent to the estimated replacement cost.

4.9 Stock-in-trade

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

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

Items in transit are valued at cost comprising invoice value plus other charges incurred thereon upto the balance sheet date.

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

4.10 Trade debts and other receivables

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

4.11 Cash and cash equivalents

Cash and cash equivalents are stated at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash and cheques in hand and current and deposit accounts with commercial banks.

4.12 Long-term and short-term borrowings

These are recorded at the proceeds received. Finance costs are accounted for on accrual basis and are disclosed as accrued interest / mark-up to the extent of the amount remaining unpaid.

4.13 Staff retirement benefits

The Group's retirement benefit plans comprise of provident funds, pensions, gratuity schemes and a medical scheme for eligible retired employees.

Defined benefit plans

The Group recognises staff retirement benefits expense in accordance with IAS 19 "Employee Benefits". An actuarial valuation of all defined benefit schemes is conducted every year. The valuation uses the Projected Unit Credit method.

The Group operates an unfunded gratuity scheme covering all permanent employees of the Holding Company. Contribution is made to this scheme on the basis of actuarial recommendations. Staff retirement benefits are payable to staff on completion of prescribed qualifying period of service under the scheme.

The Group operates a funded pension scheme and a funded gratuity scheme for the management staff of its subsidiary companies (ICI and ICI PowerGen). The pension and gratuity schemes are salary schemes providing pension and lump sums, respectively. Pension and gratuity schemes for ICI's management staff are invested through two approved trust funds. The Group also operates unfunded gratuity scheme for non-management staff and the unfunded pensioners' medical scheme for its subsidiary companies (ICI and ICI PowerGen). The pension and gratuity plans are final salary plans. The pensioners' medical plan reimburses actual medical expenses to pensioners as per entitlement.

Defined contributory plans

The Group operates two registered contributory provident funds for entire staff of its subsidiary companies (ICI and ICI PowerGen) and a registered defined contribution superannuation fund for management staff of its subsidiary companies (ICI and ICI PowerGen), who have either opted for this fund by July 31, 2004 or have joined ICI after April 30, 2004. In addition to this, the Group also provides group insurance to all employees of its subsidiary companies (ICI and ICI PowerGen).

4.14 Compensated absences

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

4.15 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not invoiced to the Group.

4.16 Provisions

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

4.17 Taxation

Current

The charge for current taxation is based on taxable income at the current rates of taxation in accordance with Income Tax Ordinance, 2001.

Deferred

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

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

4.18 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates and government levies.

4.18.1 Sale of goods and toll manufacturing

Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods to customers. For those products which are often sold with a right of return, accumulated experience is used to estimate and provide for such returns at the time of sale.

Toll manufacturing income is recognised when services are rendered.

4.18.2 Other income

Revenue from the sale of electricity is recorded based on the output delivered and capacity available at the rates as specified under Power Purchase Agreement.

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

Commission income is recognised on date of shipment from suppliers.

Dividend income is recognised when the right to receive dividend is established.

4.19 Borrowing costs

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

4.20 Foreign currency translations

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

On consolidation, the assets and liabilities of foreign operations are retranslated into presentation currency i.e. Pakistani Rupee at the rate of exchange prevailing at the balance sheet date and their income and expenses are translated using the average of exchange rates for the period. The exchange differences arising on such translations are recognised in other comprehensive income.

4.21 Financial assets and liabilities

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

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

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

4.22 Offsetting

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

4.23 Impairment

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

4.24 Dividend and appropriation to reserves

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

4.25 Segment reporting

Segment reporting is based on the operating (business) segments of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Chief Executive Officer (the CEO) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, income tax assets, liabilities and related income and expenditure. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

The business segments are engaged in providing products or services which are subject to risks and rewards which differ from the risk and rewards of other segments. Segments reported are Cement, Polyester, Soda Ash, Life Sciences, Chemicals and others (LCLIHL / ICI PowerGen), which also reflects the management structure of the Group.

4.26 Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. Derivatives qualifying for hedge accounting are accounted for accordingly whereas, derivatives that do not qualify for hedge accounting are accounted for as held for trading instruments. All changes in the fair value are recognized in the profit and loss account.

4.27 Operating leases / Ijarah contracts

Leases, other than those under Ijarah contracts, in which a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Ijarah contracts are classified as operating leases irrespective of whether significant portion of the risks and rewards of ownership are retained by lessor. Payments made under operating leases and Ijarah contracts (net of any incentives received from the lessor) are charged to the profit and loss account on a straight-line basis over the period of the lease.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

4.28 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit after tax attributable to ordinary shareholders of the Holding Company by the weighted average number of ordinary shares outstanding during the period.

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

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

Standard or Interpretation			Effective date (annual periods beginning on or after)
IFRS 10	–	Consolidated Financial Statements	01 January 2015
IFRS 10	–	Consolidated Financial Statements,	
IFRS 12	–	Disclosure of Interests in Other Entities and IAS 27 Separate	
		Financial Statements – Investment Entities (Amendment)	01 January 2015
IFRS 10	–	Consolidated Financial Statements,	
IFRS 12	–	Disclosure of Interests in Other Entities and IAS 27 Separate	
		Financial Statements – Investment Entities:	
		Applying the Consolidation Exception (Amendment)	01 January 2016
IFRS 10	–	Consolidated Financial Statements and	
IAS 28	–	Investment in Associates and Joint Ventures - Sale or	
		Contribution of Assets between an Investor and	
		its Associate or Joint Venture (Amendment)	01 January 2016
IFRS 11	–	Joint Arrangements	01 January 2015
IFRS 11	–	Joint Arrangements - Accounting for Acquisition	
		of Interest in Joint Operation (Amendment)	01 January 2016
IFRS 12	–	Disclosure of Interests in Other Entities	01 January 2015
IFRS 13	–	Fair Value Measurement	01 January 2015
IAS 1	–	Presentation of Financial Statements - Disclosure Initiative (Amendment)	01 January 2016
IAS 16	–	Property, Plant and Equipment and	
IAS 38	–	intangible assets - Clarification of Acceptable Method of	
		Depreciation and Amortization (Amendment)	01 January 2016
IAS 16	–	Property, Plant and Equipment	
IAS 41	–	Agriculture - Agriculture: Bearer Plants (Amendment)	01 January 2016
IAS 27	–	Separate Financial Statements – Equity Method	
		in Separate Financial Statements (Amendment)	01 January 2016

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 January 2016. The Group expects that such improvements to the standards will not have any material impact on the Group's financial statements in the period of initial application.

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

Standard or Interpretation			Effective date (annual periods beginning on or after)
IFRS 9	–	Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14	–	Regulatory Deferral Accounts	01 January 2016
IFRS 15	–	Revenue from Contracts with Customers	01 January 2018

The Group expects that the adoption of the above standards and interpretations will not have material effect on the Group's financial statements in the period of initial application except for IFRS 9 - Financial Instruments: Classification and Measurement, IFRS 10 - Consolidated Financial Statements, IFRS 11 - Joint Arrangements, IFRS 12 - Disclosure of Interests in Other Entities and IFRS 13 - Fair Value Measurement, which may affect certain disclosures.

5 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit and loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

	Note	2015	2014
		PKR in '000'	
6 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets - tangible	6.1	46,737,710	40,734,338
Capital work-in-progress	6.4	3,162,473	3,329,085
		49,900,183	44,063,423

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

6.1 Operating fixed assets - tangible

Particulars	Cost			Depreciation /amortization			Net book value	Rate of depreciation
	At July 01, 2014	Additions/ *transfer/ (disposals)	At June 30, 2015	At July 01, 2014	Charge for the year / (disposals)	At June 30, 2015	At June 30, 2015	
	PKR in '000'							
Land – freehold	517,934	30,287	843,782	–	–	–	843,782	–
		* 295,561						
Land – leasehold	963,335	150	1,393,773	57,847	16,263	74,110	1,319,663	25–99 Yrs
		* 430,288			–			
Building on freehold land	375,061	–	987,407	78,312	60,368	138,680	848,727	5%–10%
		* 612,346			–			
Building on leasehold land	7,763,681	4,461	8,443,696	2,830,540	446,088	3,269,934	5,173,762	2.5%–10%
		* 682,636			–			
		(7,082)			(6,694)			
Limebeds on freehold land	150,852	923	151,775	16,992	11,667	28,659	123,116	3.33%–7.5%
Plant and machinery	31,686,803	–	37,078,776	7,545,996	2,339,478	9,457,171	27,621,605	3.33% – 20%
		* 5,826,006			–			
		(434,033)			(428,303)			
Generators ***	10,703,351	–	12,228,141	3,356,693	562,526	3,919,219	8,308,922	5%
		* 1,524,790			–			
Quarry equipment	1,361,326	–	1,537,305	521,468	125,481	606,108	931,197	10%
		* 228,979			–			
		(53,000)			(40,841)			
Vehicles including cement bulkers and rolling stock	1,095,501	103,342	1,181,500	485,690	146,115	595,955	585,545	10%–25%
		* 42,628			–			
		(59,971)			(35,850)			
Aircraft	744,664	–	744,664	106,029	70,959	176,988	567,676	10%
Furniture and fixtures	278,428	5,331	394,845	105,380	67,171	170,771	224,074	10%–33%
		* 113,339			–			
		(2,253)			(1,780)			
Office equipment	140,781	11,623	165,216	92,564	26,675	119,099	46,117	10%–33%
		* 12,967			–			
		(155)			(140)			
Computer and accessories	100,461	9,078	113,231	66,094	20,835	83,799	29,432	33%
		* 7,213			–			
		(3,521)			(3,130)			
Other assets (Laboratory equipment etc.)	209,834	2,131	279,844	94,069	78,783	165,752	114,092	10%–33%
		* 79,750			–			
		(11,871)			(7,100)			
June 30, 2015	56,092,012	167,326	65,543,955	15,357,674	3,972,409	18,806,245	46,737,710	
		* 9,856,503			–			
		(571,886)			(523,838)			

Particulars	Cost			Depreciation /amortization			Net book value	Rate of depreciation
	At July 01, 2013	Additions/ *transfer/ (disposals)	At June 30, 2014	At July 01, 2013	Charge for the year / (disposals)	At June 30, 2014	At June 30, 2014	
	PKR in '000'							
Land – freehold	421,797	24,890	517,934	–	–	–	517,934	
		* 71,247			–			
Land – leasehold	963,364	** (29)	963,335	46,153	11,694	57,847	905,488	25–99 Yrs
Building on freehold land	369,656	–	375,061	27,946	50,396	78,312	296,749	5%–10%
		* 92,816			–			
		** (87,351)			–			
		(60)			(30)			
Building on leasehold land	7,209,586	–	7,763,681	2,396,590	437,750	2,830,540	4,933,141	2.5%–10%
		* 471,404			–			
		** 86,751			–			
		(4,060)			(3,800)			
Limebeds on freehold land	139,968	* 10,899	150,852	5,443	11,549	16,992	133,860	3.33%–7.5%
		** (15)						
Plant and machinery	28,135,701	–	31,686,803	5,644,531	1,954,419	7,545,996	24,140,807	3.33% – 20%
		* 3,678,688			–			
		** (25,043)			–			
		(102,543)			(52,954)			
Generators ***	10,692,205	–	10,703,351	2,821,660	535,033	3,356,693	7,346,658	5%
		* 11,146			–			
Quarry equipment	1,087,322	–	1,361,326	402,546	119,382	521,468	839,858	10%
		* 274,523			–			
		(519)			(460)			
Vehicles including cement bulkers and rolling stock	913,270	196,575	1,095,501	388,691	126,247	485,690	609,811	10%–25%
		* 5,544			–			
		** 26,777			–			
		(46,665)			(29,248)			
Aircraft	744,664	–	744,664	35,070	70,959	106,029	638,635	10%
Furniture and fixtures	260,861	23,663	278,428	53,091	64,824	105,380	173,048	10%–33%
		* 50,251			–			
		** (43,085)			–			
		(13,262)			(12,535)			
Office equipment	124,142	8,949	140,781	73,823	19,156	92,564	48,217	10%–33%
		* 8,220			–			
		(530)			(415)			
Computer and accessories	85,993	9,305	100,461	51,625	17,943	66,094	34,367	33%
		* 8,963			–			
		(3,800)			(3,474)			
Other assets (Laboratory equipment etc.)	189,460	2,428	209,834	77,505	16,696	94,069	115,765	10%–33%
		* 18,409			–			
		(463)			(132)			
June 30, 2014	51,337,989	265,810	56,092,012	12,024,674	3,436,048	15,357,674	40,734,338	
		* 4,702,110			–			
		** (41,995)			–			
		(171,902)			(103,048)			

*** The carrying value of major spare parts and stand by equipment included in generators amount to PKR 452.744 million (2014: PKR 503.606 million).

Notes to the Consolidated Financial Statements
For the year ended June 30, 2015

6.2 Depreciation / amortization charged for the year has been allocated as follows:

	Note	2015	2014
		PKR in '000'	
Cost of turnover	30	3,573,195	3,060,351
Distribution costs	31	95,530	92,215
Administrative expenses	32	200,307	181,326
Cost of sale of electricity		103,377	102,156
Total		3,972,409	3,436,048

6.3 The details of operting fixed assets disposed off during the year are as follows:

Particulars	Cost	Accumulated Depreciation	Net Book Value	Sale Proceeds	Gain / (Loss)	Mode of Disposal	Particulars of Buyers
	PKR in '000'						
TOYOTA PRADO - BF-3366	23,239	8,493	14,746	22,000	7,254	Insurance Claim	M/s EFU General Insurance Ltd
TOYOTA COROLLA - BBC-139	1,968	549	1,419	1,900	481	Insurance Claim	M/s EFU General Insurance Ltd
HONDA CG-125 - ABL - 577	100	32	68	80	12	Insurance Claim	M/s EFU General Insurance Ltd
HONDA CITY - PV-259	1,264	1,090	174	1,087	913	Negotiation	Mr. Nasrrullah (Employee)
TOYOTA COROLLA - JV-531	1,436	1,354	82	769	687	Negotiation	Mr. M. Shabbir (Employee)
SUZUKI CULTUS - ASE-309	807	656	151	725	574	Negotiation	Mr. Asif Raza Khan (Employee)
SUZUKI CULTUS - ATH-694	868	704	164	730	566	Negotiation	Mr. Tanveer Iftikhar (Employee)
TOYOTA COROLLA - ARH-029	1,467	1,305	162	725	563	Negotiation	Mr. Mashkoor Ahmed (Employee)
TOYOTA VITZ - ARD-946	782	618	164	625	461	Negotiation	Mr. Naseer Meghani (Employee)
SUZUKI CULTUS - ARD-372	613	497	116	550	434	Negotiation	Mr. Abdul Qadir Khan (Employee)
TOYOTA COROLLA - BAQ-155	1,939	582	1,357	1,451	94	Negotiation	Mr. Faiz Durrani (Ex-employee)
HONDA CITY - AZA-305	1,526	564	962	1,046	84	Negotiation	Mr. Zafar Iqbal (Ex-employee)
SUZUKI CULTUS - AYH-468	983	478	505	860	355	Tender	Mr. Abdul Waqas
SUZUKI CULTUS - AWF-693	951	652	299	762	463	Tender	Mr. Abdul Waqas
HONDA CITY - ATZ-699	1,286	934	352	1,207	855	Tender	Mr. Ali Akber Khan
SUZUKI CULTUS - AWP-387	970	554	416	857	441	Tender	Mr. Hameed Tabba
HONDA CITY - VE-784	1,426	833	593	1,341	748	Tender	Mr. M. Usman Khan
HONDA CITY - QW-708	1,295	1,026	269	1,282	1,013	Tender	Mr. M. Usman Khan
TOYOTA COROLLA - AKS-895	1,309	1,196	113	716	603	Tender	Mr. M.Imran Younas
TOYOTA COROLLA - ARX-097	1,423	1,275	148	1,027	879	Tender	Mr. M.Yasin, Karachi
SUZUKI CULTUS - AQE-013	626	571	55	555	500	Tender	Mr. Anis-ud-din, Karachi
SUZUKI CULTUS - AVE-529	936	606	330	856	526	Tender	Mr. Azmat Ali Siddique
SUZUKI CULTUS - MV-730	624	550	74	678	604	Tender	Mr. Kashif Ghafoor
TOYOTA HILUX - MNS-440	862	623	239	395	156	Tender	Mr. Muhammad Aslam Khan
SUZUKI CULTUS - ARE-488	613	521	92	546	454	Tender	Mr. Noman Iqbal
HONDA CITY - ALG-605	914	850	64	682	618	Tender	Mr. Nusrat Iqbal
SUZUKI CULTUS - AVW-938	928	640	288	754	466	Tender	Mr. Syed Adil Ali
TOYOTA COROLLA - ARY-709	1,454	1,185	269	1,080	811	Tender	Mr. Syed Muqeem Uddin
DOZER	8,870	8,627	243	2,100	1,857	Tender	M/s Zam traders Pezu
DOZER	8,870	8,624	246	2,100	1,854	Tender	M/s Zam traders Pezu
Air compressor	4,584	2,935	1,649	3,223	1,574	Tender	M/s Zam traders Pezu
Dumper	4,226	2,853	1,373	750	(623)	Tender	M/s Zam traders Pezu
Dumper	4,226	2,853	1,373	750	(623)	Tender	M/s Zam traders Pezu
Dumper	4,226	2,853	1,373	750	(623)	Tender	M/s Zam traders Pezu
Dumper	4,226	2,853	1,373	750	(623)	Tender	M/s Zam traders Pezu
Dumper	4,226	2,853	1,373	750	(623)	Tender	M/s Zam traders Pezu
Dumper	2,500	1,635	865	1,000	135	Tender	M/s Zam traders Pezu
Dumper - Body (Bucket)	1,409	951	458	250	(208)	Tender	M/s Zam traders Pezu
Dumper - Body (Bucket)	1,409	951	458	250	(208)	Tender	M/s Zam traders Pezu
Dumper - Body (Bucket)	1,409	951	458	250	(208)	Tender	M/s Zam traders Pezu
Dumper - Body (Bucket)	1,409	951	458	250	(208)	Tender	M/s Zam traders Pezu
Dumper - Body (Bucket)	1,409	951	458	250	(208)	Tender	M/s Zam traders Pezu
Laptop	167	80	87	65	(22)	Negotiation	Mr. Moez Narsi (Ex-employee)
Boiler, Deaerator and other assets	47,390	43,634	3,756	2,124	(1,632)	Tender	Hanif Ghouri Malakwal Distt Mandi Bahauddin
Laptops	250	107	143	155	12	Tender	PICIC Insurance
Furniture	499	288	211	89	(122)	Tender	Anjum Wood Craft Khewra
Items having book value less than							
PKR 50,000 each	417,972	409,950	8,022	15,269	7,247	-	Various
Total	571,886	523,838	48,048	76,411	28,363		
2014	171,902	103,048	68,854	77,585	8,731		

6.4 Capital work-in-progress

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

	Opening balance	Additions	Transferred to operating fixed assets	Closing balance 2015	2014
			PKR in '000'		
Land – freehold	–	295,561	295,561	–	–
Land – leasehold	–	430,288	430,288	–	–
Building on freehold land	267,533	344,813	612,346	–	267,533
Building on leasehold land	262,430	879,319	682,636	459,113	262,430
Plant and machinery	2,372,843	4,926,619	5,826,006	1,473,456	2,372,843
Generators	271,096	2,388,432	1,524,790	1,134,738	271,096
Quarry equipment	–	228,979	228,979	–	–
Vehicles including cement bulkers and rolling stock	–	42,628	42,628	–	–
Furniture and fixtures	–	113,339	113,339	–	–
Office equipment	–	12,967	12,967	–	–
Computer and accessories	–	7,213	7,213	–	–
Other assets	155,183	19,733	79,750	95,166	155,183
	3,329,085	9,689,891	9,856,503	3,162,473	3,329,085

7 INTANGIBLE ASSETS

	Note	At July 01, 2014	Additions	Adjustment	Amortisation Note 7.3	At June 30, 2015	Amortisation rate %
				June 30, 2015			
				PKR in '000'			
Goodwill		2,133,955	–	–	–	2,133,955	–
Trademark & Roundil		1,954,259	–	–	(229,913)	1,724,346	10
Customer relationship		599,846	–	–	(73,222)	526,624	9 – 25
Distribution relationship	7.2	108,490	–	–	–	108,490	Indefinite
Principal relationship	7.2	1,831,328	–	–	–	1,831,328	Indefinite
Product rights	7.2	826,855	–	–	–	826,855	Indefinite
Software and license		286,477	44,421	–	(121,685)	209,213	20 – 50
		7,741,210	44,421	–	(424,820)	7,360,811	

	Note	At July 01, 2013	Additions	Adjustment	Amortisation Note 7.3	At June 30, 2014	Amortisation rate %
				June 30, 2014			
				PKR in '000'			
Goodwill		2,133,955	–	–	–	2,133,955	–
Trademark & Roundil		2,184,172	–	–	(229,913)	1,954,259	10
Customer relationship		673,068	–	–	(73,222)	599,846	9 – 25
Distribution relationship	7.2	108,490	–	–	–	108,490	Indefinite
Principal relationship	7.2	1,831,328	–	–	–	1,831,328	Indefinite
Product rights	7.2	826,855	–	–	–	826,855	Indefinite
Software and license		299,987	83,489	14,592	(111,591)	286,477	20 – 50
		8,057,855	83,489	14,592	(414,726)	7,741,210	

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For the year ended June 30, 2015

7.2 These have been recognised on the acquisition of ICI by LHL. These intangible assets have been treated as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely based on the analysis of various economic factors prepared by the management of the Group which indicated that there is no limit to the period these assets would contribute to the net cash inflows and, consequently, the said intangibles will not be amortised until their useful life is determined to be finite.

7.3 The amortization charge for the year has been allocated as follows:

	Note	2015	2014
		PKR in '000'	
Cost of turnover	30	337,366	336,761
Distribution costs	31	9,097	6,396
Administrative expenses	32	78,357	71,569
		424,820	414,726

7.4 At June 30, 2015, the management of the Group carried out an impairment testing of its intangible assets including goodwill recorded in the consolidated financial statements at the time of acquisition of ICI Pakistan Limited (ICI). Based on the said testing, the value-in-use of intangible assets was an excess of their respective carrying amounts as at June 30, 2015. Accordingly, no impairment in the carrying value of goodwill is identified as of the balance sheet date.

7.5 Impairment testing of goodwill

For impairment testing, goodwill has been allocated to the following segments which are Cash Generating Units (CGUs) based on their operating results at the acquisition date:

1. Soda Ash;
2. Chemicals;
3. Life Sciences

The recoverable amount of all CGUs has been determined based on value-in-use calculations. The management has used the Income Approach - Discounted Cash Flow Method (DCF) to determine the value-in-use of the operating segments. The financial projections used have been prepared by the management of ICI and approved by its Board of Directors covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below.

Key assumptions used in value-in-use calculation

The calculation of value-in-use is most sensitive to the following assumptions:

(a) Discount rates

Discount rates reflect management estimates of the rate of return required for each business. The management used the Weighted Average Cost of Capital (WACC) to determine the cost of capital rate. The cost of equity has been computed through the "Capital Asset Pricing Model".

The following discount rates have been used which are based on the WACC of that CGU:

	Discount rate %
Soda Ash	11.87
Chemicals	14.44
Life sciences	13.12

A terminal growth rate of 4% has been used, which is the management's estimate of sustainable growth in revenue and long term industry growth.

(b) Key commercial assumptions

The valuation is based on the key commercial assumptions that revenue growth, contribution margins, customer demands in the products of the CGUs etc. would be achieved.

7.6 Impairment testings of other intangibles acquired through business combination

The recoverable amount of intangibles have been determined based on value-in-use calculations. The value-in-use has been determined on the following basis:

Intangibles	Basis of valuation
Brand - Trademark and roundil	Income Approach - Relief from Royalty Method
Customer relationship	Income Approach - Multi-Period Excess Earnings Method
Distribution relationship	Income Approach - Multi-Period Excess Earnings Method
Principal relationship	Income Approach - Multi-Period Excess Earnings Method
Product rights	Income Approach - Multi-Period Excess Earnings Method

Key assumptions used in value-in-use calculation

The following key assumptions have been made by the management for the intangibles:

	Growth/ royalty rate %	Discount rate %	Attrition rate %
Brand - Trademark and roundil	1.5	13.45	N/A
Customer relationship	5 - 10	11.87 - 14.44	7.96 - 15.51
Distribution relationship	5 - 19	14.44	N/A
Principal relationship	8 - 25	11.69 - 14.62	N/A
Product rights	15 and 30	11.90 and 14.62	N/A

A terminal growth rate of 4-5% has been used, which is the management's estimate of sustainable growth in revenue and long term industry growth.

	Note	2015	2014
		PKR in '000'	
8 LONG-TERM INVESTMENTS			
Equity accounted investment			
Joint ventures			
Lucky Al Shumookh Holdings Limited	8.1	2,157,856	1,711,234
LuckyRawji Holdings Limited	8.2	6,870,253	395
		9,028,109	1,711,629
Associate			
NutriCo Pakistan (Pvt) Limited	8.3	772,224	-
Yunus Energy Limited	8.4	204,365	750
		976,589	750
		10,004,698	1,712,379
Unquoted			
Equity security available-for-sale			
Arabian Sea Country Club Limited			
(250,000 ordinary shares of PKR 10 each)		2,500	2,500
		10,007,198	1,714,879

Notes to the Consolidated Financial Statements
For the year ended June 30, 2015

	2015	2014
	PKR in '000'	
8.1 Lucky Al Shumookh Holdings Limited		
Investment at cost	1,729,081	1,729,081
Investments made during the year	183,202	-
Share of loss - opening balance	(18,583)	-
Share of profit / (loss) for the year	515,626	(18,583)
Dividend income	(304,379)	-
Foreign currency translation reserve	52,909	736
	2,157,856	1,711,234

Lucky Al Shumookh Holdings Limited (LASHL) is a joint venture between the Group and Al Shumookh Group. LASHL was incorporated as an offshore company with limited liability in Jebel Ali Free Zone, United Arab Emirates. The Group holds 50 percent ownership interest in LASHL.

The Group's interest in LASHL's assets and liabilities is as follows:

	2015	2014
	PKR in '000'	
Non-current assets	3,280,673	3,515,450
Current assets excluding cash and cash equivalents	1,107,674	402,708
Cash and cash equivalents	230,922	253,208
Liabilities	(301,060)	(746,475)
Net assets (100%)	4,318,209	3,424,891
Company's share of net assets (50%)	2,159,105	1,712,446
Less: Share of pre-acquisition loss	(1,249)	(1,212)
	2,157,856	1,711,234
The Group's share in LASHL's profit and loss account is as follows:		
Revenue	5,889,224	1,186,339
Cost of sales	(4,773,535)	(1,170,702)
General and administrative expenses	(73,910)	(41,429)
Selling and distribution expenses	(10,528)	(12,164)
Interest income	-	790
Net profit / (loss) (100%)	1,031,251	(37,166)
Company's share of net profit / (loss) (50%)	515,626	(18,583)

	Note	2015	2014
		PKR in '000'	
8.2 LuckyRawji Holdings Limited			
Investment at cost		395	395
Investments made during the year		6,869,655	-
Share of profit for the year		189	-
Foreign currency translation reserve		14	-
		6,870,253	395

LuckyRawji Holdings Limited (LRHL) is a joint venture between the Group and Rawsons Investments Limited. LRHL was incorporated with limited liability under the laws of British Virgin Islands. The Group holds 50 percent ownership interest in LRHL. No activity affecting the profit and loss account of LRHL has been carried out as of the balance sheet date.

The Group's interest in LRHL's assets and liabilities is as follows:

	2015	2014
	PKR in '000'	
Non-current assets	5,402,428	1,628,488
Current assets excluding cash and cash equivalents	7,056,502	124,275
Cash and cash equivalents	1,453,642	1,018,740
Liabilities	(172,066)	(2,770,713)
Net assets (100%)	13,740,506	790
Company's share of net assets (50%)	6,870,253	395

8.3 NutriCo Pakistan (Pvt) Limited

	2015	2014
Investment made during the year	720,000	-
Share of profit for the year	202,224	-
Dividend income	(150,000)	-
	772,224	-

The Group has a 30% interest in NutriCo Pakistan (Private) Limited (the associate), which is involved in marketing and distribution of infant milk and nutritional products.

8.4 Represents 20% equity investment in Yunus Energy Limited comprising 20,361,500 shares @ PKR 10/- each made during the year.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

		Note	2015	2014
			PKR in '000'	
9	**LONG-TERM LOANS AND ADVANCES**			
	Considered good			
	due from executives and employees	9.1	350,123	273,597
	Advances	9.2	55,373	1,438,242
			405,496	1,711,839
9.1	**Due from executives and employees**			
	Due from executives	9.1.1 & 9.1.2	275,680	231,590
	Less: Receivable within one year			
	shown under current assets		72,095	72,308
			203,585	159,282
	Due from employees		198,661	156,850
	Less: Receivable within one year shown under current assets		52,123	42,535
			146,538	114,315
			350,123	273,597
	Outstanding for period:			
	- less than three years but over one year		141,087	172,605
	- more than three years		209,036	100,992
			350,123	273,597

9.1.1 Loans given to executives and employees are in accordance with the Group policy. These loans are interest free and are secured against the gratuity of respective employees. These loans are carried at cost due to practicality and materiality of the amounts involved.

9.1.2 Reconciliation of the carrying amount of loans to executives (key management personnel):

	Note	2015	2014
		PKR in '000'	
As at July 01		231,590	205,346
Disbursements during the year		134,265	154,760
Repayments during the year		(90,175)	(128,516)
	9.1.3	275,680	231,590

9.1.3 The maximum aggregate amount of loans due from the Executives at the end of any month during the year was PKR 275.68 million (2014: PKR 221.590 million).

9.2 This represents advance given to Sui Southern Gas Company Limited in respect of additional gas line which will be adjusted after the commissioning of gas line in 48 equal monthly installments.

		Note	2015	2014
			PKR in '000'	
10	**LONG-TERM DEPOSITS AND PREPAYMENTS**			
	Deposits		30,498	28,854
	Prepayments		3,454	2,164
			33,952	31,018
11	**STORES, SPARES AND CONSUMABLES**			
	Stores	11.1	1,585,196	2,999,946
	Spares	11.2	4,467,607	4,044,950
	Consumables		114,201	112,679
			6,167,004	7,157,575
	Less: Provision for slow moving spares	11.3	245,117	205,073
			5,921,887	6,952,502

11.1 This includes stores in transit, mainly coal, of PKR 171.216 mllion (2014: PKR 472.172 million) as at the balance sheet date.

11.2 This includes spares in transit of PKR 92.626 million (2014: PKR 81.543 million) as at the balance sheet date.

		Note	2015	2014
			PKR in '000'	
11.3	Movement in provision for slow moving spares is as follows:			
	Opening balance		205,073	195,073
	Provision during the year	30 & 32	40,044	10,000
			245,117	205,073
12	**STOCK-IN-TRADE**			
	Raw and packing material	12.1 & 12.2	2,648,792	2,927,290
	Work-in-process		710,130	793,875
	Finished goods		3,322,299	2,537,832
			6,681,221	6,258,997
	Less: Provision for slow moving and obsolete stocks			
	- Raw and packing material		43,659	8,771
	- Finished goods		113,408	4,026
			157,067	12,797
			6,524,154	6,246,200

12.1 This includes raw and packing material in transit amounting to PKR 433.803 million (2014: PKR 791.850 million) as at the balance sheet date.

12.2 Raw and packing materials held with various toll manufacturers amounts to PKR 556.110 million (2014: PKR 423.255 million).

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

		Note	2015	2014
			PKR in '000'	
13	**TRADE DEBTS**			
	Considered good			
	Bills receivable - secured		1,262,581	1,512,183
	Others - unsecured	13.1	2,422,359	1,618,673
			3,684,940	3,130,856
	Considered doubtful		49,279	93,664
			3,734,219	3,224,520
	Less: Provision for			
	- Doubtful debts	13.2	49,279	93,664
	- Discounts payable on sales		211,647	169,432
			260,926	263,096
			3,473,293	2,961,424
13.1	The above balances include amounts due from the following associated undertakings:			
	Yunus Textile Mills Limited		15,190	26,397
	Lucky Textile Mills Limited		4,231	1,162
	Lucky Knits (Private) Limited		499	3,340
	NutriCo Pakistan (Private) Limited		11,095	-
	Feroze 1888 Mills Limited		377	-
			31,392	30,899
13.2	Movement in provision for doubtful debts is as follows:			
	Opening balance		93,664	94,802
	Provision during the year	31 & 32	34,487	1,556
	Write-off during the year		(78,872)	(194)
	Reversal during the year		-	(2,500)
			49,279	93,664
14	**LOANS AND ADVANCES**			
	Considered good			
	Current portion of loans and advances due from:			
	Employees		52,227	42,535
	Executives		78,308	72,308
			130,535	114,843
	Advances to suppliers and others		448,074	239,782
			578,609	354,625
	Considered doubtful		-	7,292
			578,609	361,917
	Less: Provision for doubtful loans and advances		-	7,292
			578,609	354,625

	Note	2015	2014
		PKR in '000'	
15 TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Trade Deposits			
Containers		420	-
Coal supplier		1,000	1,000
Karachi Port Trust		12,600	11,550
Utilities		905	735
Others		36,916	33,655
		51,841	46,940
Prepayments			
Insurance		12,423	17,597
Rent		2,944	4,875
Others		397,184	208,598
		412,551	231,070
		464,392	278,010
16 OTHER RECEIVABLES - unsecured			
Considered good			
Duties, sales tax and octroi refunds due		373,717	287,020
Commission and discounts receivable		25,002	22,612
Receivable from principal	16.1	483,504	1,068,427
Rebate on export sales		79,869	67,917
Due from Collector of Customs	16.2	19,444	19,444
Sales Tax adjustable		103,644	-
Hyderabad Electricity Supply Company (HESCO)	16.3	753,792	166,019
Insurance claim receivable		22,900	50,782
Others		161,594	432,252
		2,023,466	2,114,473
Considered doubtful		1,622	20,237
		2,025,088	2,134,710
Less: Provision for doubtful receivables	16.4	1,622	20,237
		2,023,466	2,114,473

16.1 This includes receivable amounting to PKR 401.706 million (2014: PKR 1,019.8 million) from foreign vendor in relation to margin support guarantee.

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

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

The Holding Company filed a writ petition before the High Court of Sindh at Karachi in 2007 challenging the illegal and malafide act of encashment of post dated cheques. Subsequent to the year end, High Court of Sindh passed the order in favour of the Holding Company and has ordered the Collector of Customs to refund the amount collected within one month from the date of judgment. Efforts are currently being made to receive the same.

16.3 The balance represents receivable from HESCO which is overdue but not impaired and pertains to electricity supplied for the period from February to June 2015. The Holding Company has filed a writ petition in Sindh High Court against HESCO for non-payment of its overdues.

		2015	2014
		PKR in '000'	
16.4	Movement in provision for doubtful receivables is as follows:		
	Opening balance	20,237	57,312
	Reversal for the year	(18,615)	(37,075)
		1,622	20,237

17 TAX REFUNDS DUE FROM THE GOVERNMENT

A dispute with respect to the calculation of excise duty on retail price of cement arose between the Holding Company and the Federal Board of Revenue (FBR) from the very first day the Holding 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 Holding Company contended that the excise duty would not be included in retail price for the calculation of the excise duty payable to the Government. In June 2, 1997, the Holding Company filed a writ petition before the Peshawar High Court seeking judgment on this matter. The dispute related to the period from June 26, 1996 to April 19, 1999 after which the FBR changed the mechanism of levying excise duty from percentage of retail price to a fixed amount of duty at the rate of PKR 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 Holding Company filed a refund claim of PKR 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 Holding Company on the basis of legal opinions obtained, recognised this refund claim in the consolidated 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 Holding Company.

While verifying the refund claim, the Collector of Excise and Sales Tax Peshawar issued show cause notice to the Holding 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 Holding Company challenged this show cause notice in the Honourable Peshawar High Court and took the stance that this matter has already been dealt with at the Honourable Supreme Court of Pakistan level, based on the doctrine of res judicata. The Honourable Peshawar High Court granted a stay order to the Holding Company against any adverse proceeding by the FBR in this case.

During the year ended June 30, 2013, the Holding 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 Holding 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 Holding 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.

FBR filed representation, before the President of Pakistan against the recommendations of the FTO under section 32 of Federal Tax Ombudsman Ordinance, 2000. However, President of Pakistan through its order has endorsed the recommendations of FTO. Subsequent to the year end, FBR filed a writ petition before the Peshawar High Court challenging the decision of the FTO. The Peshawar High Court has suspended the operations of the orders of FTO and President of Pakistan on July 14, 2015 till further orders. The Holding Company is in the process of challenging the stay granted by the Honorable Peshawar High Court through filing a writ petition. Pending a final decision in this matter, tax refunds from the Government have not been adjusted in these consolidated financial statements.

		Note	2015	2014
			PKR in '000'	
18	CASH AND BANK BALANCES			
	Sales collection in transit		892,404	556,066
	Cash at bank - on current accounts		1,607,364	3,177,473
	- on deposit accounts	18.1	15,648,690	7,979,069
			17,256,054	11,156,542
	Cash in hand		7,141	10,640
			18,155,599	11,723,248

18.1 Includes security deposits from customer that are placed with various banks at pre-agreed rate maturing at various dates. The mark-up on deposit accounts ranges between 5% to 10.25% (2014: 8% to 9%) and these deposits are readily encashable without any penalty.

		Note	2015	2014
			PKR in '000'	
19	SHARE CAPITAL			
	Authorised capital			
	500,000,000 (2014: 500,000,000)			
	Ordinary shares of PKR 10/- each		5,000,000	5,000,000
	Issued, subscribed and paid-up capital			
	305,000,000 (2014: 305,000,000) Ordinary shares			
	of PKR 10/- each issued for cash	19.1	3,050,000	3,050,000
	18,375,000 (2014: 18,375,000) Ordinary shares			
	of PKR 10/- each issued as bonus shares		183,750	183,750
			3,233,750	3,233,750

Notes to the Consolidated Financial Statements

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19.1 During the year ended June 30, 2008, the Holding Company was admitted to the official list of the Financial Services Authority and to the London Stock Exchange for trading of Global Depository Receipts (GDRs) issued by the Holding Company on the Professional Securities Market of the London Stock Exchange. The GDR issue constituted an offering to qualified institutional buyers in the United States under Rule 144A and to non US persons outside the United States (US) under Regulation - S of the US Securities Act of 1933. The GDRs have also been included for trading on the International Order Book system of the London Stock Exchange, which will make the GDRs issued under Rule 144A to become eligible for trading by qualified institutional buyers in the Portal Market; a subsidiary of the NASDAQ Stock Market, Inc in the United States. The Holding Company has issued 15,000,000 GDRs each representing four ordinary equity shares at an offer price of US$. 7.2838 per GDR (total receipt being US$. 109.257 million). Accordingly, based on an exchange rate of PKR 65.90 = US$ 1.00 (which was the exchange rate on the date of final offering circular relating to the GDR issue made by the Holding Company) 60,000,000 ordinary equity shares of a nominal value of PKR 10 each of the Holding Company were issued at a premium of PKR 110 per ordinary equity share (total premium amount being PKR 6,600 million).

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

		Note	**2015**	2014
			PKR in '000'	
20	**RESERVES**			
	Capital reserve			
	Share premium		7,343,422	7,343,422
	Revenue reserves			
	General reserve		36,304,636	27,871,271
	Foreign currency translation reserve		1,854	(63,554)
	Unappropriated profit		14,540,906	11,994,719
			50,847,396	39,802,436
			58,190,818	47,145,858

	Installments	Note	2015	2014
			PKR in '000'	
21 LONG-TERM FINANCE				
Secured				
From banking companies / financial institutions:				
Long-term finance utilized under mark-up arrangements from the following:				
Allied Bank Limited	16 quarters		-	80,912
Allied Bank Limited	16 quarters		-	46,586
Faysal Bank Limited	14 semi annual		-	343,591
Habib Bank Limited	14 semi annual		-	543,435
Standard Chartered Bank (Pakistan)				
Limited - Islamic finance	6 semi annual	21.1	400,000	800,000
Meezan Bank Limited - Islamic finance	12 quarters	21.2	277,778	500,000
Allied Bank Limited	16 quarters	21.3	750,001	1,000,000
United Bank Limited	40 quarters	21.4	221,719	-
United Bank Limited	20 quarters	21.5	800,000	-
Bank Al Habib Limited	20 quarters	21.6	900,000	1,000,000
Meezan Bank Limited	10 semi annual	21.6	1,800,000	2,000,000
Habib Bank Limited	20 quarters	21.6	699,300	777,000
Soneri Bank limited	10 semi annual	21.7	450,000	500,000
Bank Alfalah Limited	20 quarters	21.7	1,350,000	1,500,000
Foreign currency loan		21.8	3,002,472	2,055,123
			10,651,270	11,146,647
Less : Current portion of long-term finance			(1,797,105)	(1,163,569)
			8,854,165	9,983,078

21.1 The Group has obtained long-term loan of PKR 1,000 million in June 2013 from Standard Chartered Bank (Pakistan) Limited under Islamic Diminishing Musharaka for a period of 3 years (including 6 month grace period). Repayment of PKR 400 million was made during the current year. The rental payment is charged at relevant KIBOR plus 0.25% p.a. payable on semi-annual basis. This facility is secured by a ranking charge which is to replaced by a first pari passu hypothecation charge on the present and future fixed assets of the Group's Polyester Business located at Sheikhupura.

21.2 The Group has obtained long-term finance for PKR 500 million from Meezan Bank Limited under Islamic Diminishing Musharaka for a period of 3 years (including 9 months grace period). The rental payment is charged at relevant KIBOR plus 0.25% p.a. payable on a quarterly basis. This facility is secured by a first pari passu hypothecation charge on the present and future Plant, Machinery and Equipment of the Group's Soda Ash Business located at Khewra.

21.3 The Group has obtained long-term loan of PKR 1,000 million from Allied Bank Limited 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 secured by a first pari passu hypothecation charge on the present and future Plant, Machinery and Equipment of the Group's Soda Ash Business located at Khewra.

21.4 The Group has obtained Long-Term Finance Facility (LTFF) for plant and machinery from United Bank Limited of PKR 221.719 million (limit: PKR 1,500 million) for a period of 10 years (including 2 years grace period), with the principal payable on quarterly basis. The mark-up is chargeable at fixed rate of 5% payable on quarterly basis. This facility is secured against first specific charge on the Property, Plant and Equipment of the Group's Soda Ash Business located at Khewra. The loan has been refinanced by the State Bank of Pakistan under LTFF for Export Oriented Projects. The group repaid its previous LTFF's from HBL and FBL in the last quarter of financial year 2015.

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21.5 During the year, the Group has obtained long-term finance of PKR 800 million from United Bank Limited for a period of 5 years (including 2 years grace period). The interest payment is charged at relevant KIBOR plus 0.25% p.a. payable on quarterly basis. This facility is initially secured by a ranking charge to be subsequently replaced by the first pari passu hypothecation charge on present and future Plant, Machinery and Equipment of the Group's Polyester Business located at Sheikhupura.

21.6 The facility is secured against joint exclusive pari passu letter of hypothecation over specific fixed assets of Yunus Textile Mills Limited (an associated undertaking) amounting to PKR 5.333 billion.

21.7 The facility is secured against exclusive joint pari passu letter of hypothecation amounting to PKR 2.667 billion of Plant, Machinery and Equipment in favour of the banks to be created by Lucky Textile Mills Limited (an associated undertaking).

21.8 Represents aggregate of outstanding principal on un secured medium-term offshore facilities from a bank. At 30 June 2015 the facilities bear interest at 3-month LIBOR plus a margin of 3.65% per annum (30 June 2014: 3-month LIBOR plus a margin of 3% per annum).

	Note	**2015**	2014
		PKR in '000'	
22 LONG-TERM DEPOSITS			
Cement stockists	22.1	27,966	29,691
Transporters	22.2	40,000	37,000
Others		1,280	1,280
		69,246	67,971

22.1 These represent interest-free security deposits received from stockists and are repayable on cancellation or withdrawal of stockist arrangement and are also adjustable against unpaid amount of sales.

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

	Note	**2015**	2014
		PKR in '000'	
23 DEFERRED LIABILITIES			
Staff gratuity	23.1	1,094,133	732,276
Deferred tax liability	23.3	8,336,574	7,923,437
		9,430,707	8,655,713

23.1 The amounts recognized in the balance sheet, based on the recent actuarial valuation carried on June 30, 2015, are as follows:

		2015					2014				
		Funded			Unfunded		Funded			Unfunded	
		Pension	Gratuity	Total			Pension	Gratuity	Total		
		PKR in '000'									
23.1.1	Present value of defined benefit obligation					1,094,133					732,276
23.1.2	**Movement in the liability recognized in the balance sheet are as follows:**										
	Opening balance	(301,428)	196,734	(104,694)	732,276	732,276	(225,777)	190,112	(35,665)	631,959	631,959
	Actuarial (gain) / loss recognised in other comprehensive income	(87,275)	(83,617)	(170,892)	75,042	75,042	(68,533)	9,942	(58,591)	6,589	6,589
	Net (reversal) / charge for the year	(21,625)	60,048	38,423	338,593	338,593	(7,118)	59,858	52,740	147,888	147,888
		(410,328)	173,165	(237,163)	1,145,911	1,145,911	(301,428)	259,912	(41,516)	786,436	786,436
	Payments made during the year	-	(60,787)	(60,787)	(51,778)	(51,778)	-	(63,178)	(63,178)	(54,160)	(54,160)
	Closing balance	(410,328)	112,378	(297,950)	1,094,133	1,094,133	(301,428)	196,734	(104,694)	732,276	732,276
23.1.3	**The amount recognized in the profit and loss account is as follows:**										
	Current service cost	16,808	37,678	54,486	98,666	98,666	17,153	32,702	49,855	89,067	89,067
	Interest cost	113,592	69,378	182,970	101,312	101,312	102,896	54,286	157,182	68,936	68,936
	Expected return on plan assets	(152,025)	(48,038)	(200,063)	-	-	(127,167)	(37,245)	(164,412)	-	-
	Past service cost	-	-	-	139,645	139,645	-	10,115	10,115	(10,115)	(10,115)
		-	1,030	1,030	(1,030)	(1,030)	-	-	-	-	-
		(21,625)	60,048	38,423	338,593	338,593	(7,118)	59,858	52,740	147,888	147,888

		2015	2014
23.1.4	**Principal actuarial assumptions used are as follows:**		
	Expected rate of increase in salary level	12.00%	11.00%
	Valuation discount rate	10.50%	13.50%

23.1.5 **Sensitivity analysis**

A sensitivity analysis for the above principal actuarial assumptions as of the balance sheet date showing how the defined benefit obligation would have been affected by changes in the said assumptions is as follows:

	Increase by 1 %	Decrease by 1 %
Expected rate of increase in salary level	182,831	109,104
Valuation discount rate	(184,388)	(138,326)

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23.1.6 Description of the risks to the Group

The defined benefit plan exposes the Group to the following risks:

Mortality risks - The risk that the actual mortality experience is different. The effect depends on the beneficiaries' service/age distribution and the benefit.

Final salary risks - The risk that the final salary at the time of cessation of service is greater than what was assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

Withdrawal risks - The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit.

	2015	2014
	(Unaudited)	
	PKR in '000'	
23.2 Provident fund		
Size of the fund	1,018,560	1,269,506
Cost of investments made	969,253	1,127,747
Percentage of investments made	95%	89%
Fair value of investments	994,698	1,192,093

23.2.1 Break-up of investments of provident fund

Break-up of investments in terms of amount and percentage of the size of the provident fund are as follows:

	2015		2014	
	(Unaudited)		(Unaudited)	
	Investment	% of Investment as size of the fund	Investment	% of Investment as size of the fund
	PKR in '000'		PKR in '000'	
On fair value				
Pakistan Investment Bonds	581,239	58%	854,999	72%
Treasury Bill	8,552	1%	49,604	4%
Short Term Deposit Account	18,000	2%	-	0%
Mutual Funds	97,346	10%	81,682	7%
Shares	289,561	29%	196,142	16%
Term Finance Certificates	-	0%	9,666	1%
	994,698	100%	1,192,093	100%

Investments out of provident fund have been made in accordance with the provisions of the section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

	2015	2014
	PKR in '000'	
23.3 Deferred tax liability		
This comprises of the following:		
- Difference in tax and accounting bases of fixed assets	8,914,361	8,528,034
- Provisions	(577,787)	(604,597)
	8,336,574	7,923,437

		Note	2015	2014
			PKR in '000'	
24	**TRADE AND OTHER PAYABLES**			
	Creditors	24.1	1,891,677	3,175,551
	Bills payable		3,360,031	2,338,350
	Accrued liabilities	24.2	6,833,037	3,264,426
	Customers running account		700,392	322,459
	Retention money		28,750	21,339
	Sales tax payable		338	71,638
	Excise and other government levies		354,927	256,489
	Unclaimed and unpaid dividend		161,223	128,084
	Workers' profit participation fund (WPPF) payable	24.3	872,006	412,217
	Workers' welfare fund (WWF) payable		401,808	51,539
	Distributors' security deposits - payable on termination of distributorship	24.4	104,761	106,142
	Advances from customers	24.5	155,339	223,874
	Contractors' earnest / retention money		10,946	9,809
	Payable for capital expenditure		812,437	329,509
	Provision for compensated absences	24.6	31,249	31,249
	Others		100,224	157,761
			15,819,145	10,900,436

24.1 This includes PKR 3.380 million (2014: PKR Nil) on account of exchange gain / loss on forward exchange contracts.

24.2 It includes PKR 332.766 million (2014: PKR 380.608 million) in respect of accrual of gas charges.

		Note	2015	2014
			PKR in '000'	
24.3	The movement of WPPF payable is as follows:			
	Opening balance		412,217	348,914
	Allocation for the year	34	1,003,466	872,386
	Interest on funds utilized by the Group	33	9,534	5,109
			1,425,217	1,226,409
	Payments during the year		(553,211)	(814,192)
			872,006	412,217

24.4 Interest on security deposits from certain distributors is payable at 10% (2014: 8.8%) per annum.

24.5 It includes amounts due to the following associated undertakings (related parties):

	2015	2014
	PKR in '000'	
Gadoon Textile Mills Limited	238	27,910
Yunus Textile Mills Limited	267	197
Fazal Textile Mills Limited	342	764
	847	28,871

24.6 This figure is based on actuarial valuation and estimation.

		Note	2015	2014
			PKR in '000'	
25	ACCRUED MARK-UP			
	Long-term finance		-	3,051
	Short-term borrowings and running finance		165,210	217,453
	Accrued interest on expansion project		-	3,152
			165,210	223,656
26	SHORT-TERM BORROWINGS AND RUNNING FINANCE			
	Foreign currency loan		-	267,368
	Running finance	26.1	1,591,285	-
	Export refinance	26.2	241,962	170,000
			1,833,247	437,368

26.1 Short-term borrowings and running finance from various banks aggregated to PKR 5,196 million (2014: PKR Nil) and carry mark-up during the year ranging from relevant KIBOR + 0.10% to 1.00% per annum with an average mark-up rate of relevant KIBOR + 0.28% on utilized limits (2014: relevant KIBOR + 0.20% to 1.00% per annum with an average mark-up rate of relevant KIBOR + 0.20% on utilized limits). These facilities are secured by hypothecation charge over the present and future stock-in-trade and book debts of the Group.

26.2 The Group has export refinance facility of upto PKR 800 million (2014: PKR 200 million) available from Faysal Bank Limited as at June 30, 2015 out of which PKR 242 million was utilized (2014: PKR 170 million). The above export refinance facility is secured by first pari passu hypothecation charge. The export refinance facility carries mark-up at State Bank of Pakistan rate (currently 5%) + 0.25% per annum (2014: SBP rate 8.4% + 0.25% per annum).

27 CONTINGENCIES AND COMMITMENTS

CONTINGENCIES

27.1 The Honourable Supreme Court of Pakistan while disposing off an appeal of the Collector of Customs, Karachi has issued a judgment on July 28, 2009 whereby it has set aside the earlier order of the Honourable Peshawar High Court decided in favour of the Holding Company on the issue of plant and machinery imported under SRO 484(I)/92 dated May 14, 1992 after obtaining approvals from the concerned ministries. On August 20, 2009 the Holding Company filed a review petition which was subsequently deposed off by Honourable Supreme Court on May 8, 2014. The Customs department issued recovery notice on which, the Holding Company has filed a Constitution Petition in the Honourable Sindh High Court which is currently pending. The amount of disputed levy is not ascertainable at this stage as no order was earlier framed by the Collector of Customs. Hence, no provision has been made against the same in these consolidated financial statements.

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

On August 3, 2011, the Holding Company filed an execution petition for realization of the decretal amount as per the decree granted by the civil court on November 20, 2009. The Civil Judge, Peshawar, however, dismissed the recovery suit of the Holding Company on December 18, 2012. Dismissal of the recovery suit by the lower court has been challenged by the Holding Company in Peshawar High Court on March 9, 2013. The case is still pending before the Peshawar High Court.

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

27.4 The Collectorate of Customs has raised an additional demand of PKR 71.938 million against a Subsidiary Company (ICI) on the ground that the Subsidiary Company is classifying two of its imported product in wrong PCT Heading. The Subsidiary Company has taken up the matter in high court as well as with Custom authorities considering that the same HS Code is being used globally as per manufacturer's product specification. Further, also on the basis of an independent laboratory report the Subsidiary Company is confident that there is no merit in the claim and is expecting favorable decision, therefore no provision has been made in this respect in these consolidated financial statements.

27.5 The Holding Company is defending various suits filed in various courts of Pakistan for sums, aggregating PKR 900 million. However, the Holding Company's management is confident, based on the advice of its legal advisors, that these suits will be decided in its favor and, accordingly, no provision has been made for any liability against these law suits in these consolidated financial statements.

27.6 In September 2014, the Federal Government promulgated Gas Infrastructure Development Cess (GIDC) Ordinance No. VI of 2014 to circumvent earlier decision of the Honorable Supreme Court on the subject, where it upheld that the earlier introduction of GIDC Act of 2011 was unconstitutional and ultravires on the grounds that GIDC was a 'Fee' and not a 'Tax'. In May 2015, the Government passed the GIDC Act 2015.

The Holding Company has challenged GIDC Act, 2015 and filed writ petition in the Peshawar High Court (PHC) and Sindh High Court (SHC) including retrospective treatment of the provision of the GIDC Act. The Court has granted stay against charging of the GIDC Act, 2015. The Holding Company has not recorded GIDC amounting to PKR 760.3 million in these consolidated financial statements as it is confident that the decision of the case will be in its favor.

27.7 Also refer to notes 16.1, 16.3, 17 and 43 to these consolidated financial statements for income tax contingencies.

		2015	2014
		PKR in '000'	
	COMMITMENTS		
27.8	**Capital commitments**		
	Plant and machinery under letters of credit	2,780,083	2,840,266
27.9	**Other commitments**		
	Stores, spares and packing material under letters of credit	2,162,633	1,870,971
	Stand by Letter of Credit issued by the Holding Company	500,000	-
	Bank guarantees issued on behalf of the Holding Company and its subsidiaries	1,073,288	942,233
	Post dated cheques	450,436	555,150

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For the year ended June 30, 2015

27.9.1 During the year, the Group invested PKR 720 million in the NutriCo Pakistan (Private) Limited (Morinaga business) out of total commitment of PKR 960 million as reported earlier through signing of shareholders and share subscription agreements with Unibrands. At the Balance sheet date PKR 240 million remains as a commitment.

27.9.2 Commitments for rentals under operating lease / Ijarah contracts in respect of vehicles amounting to PKR 134.316 million (2014: PKR 155.610 million) are as follows:

Year	**2015**	2014
	PKR in '000'	
2014 - 15	-	62,223
2015 - 16	57,839	49,215
2016 - 17	45,988	34,969
2017 - 18	23,848	9,203
2018 - 19	6,641	-
	134,316	155,610
Payable not later than one year	57,839	62,223
Payable later than one year but not later than five years	76,477	93,387
	134,316	155,610

27.9.3 Outstanding foreign exchange contracts as at June 30, 2015 entered into by the Group amounted to PKR 383 million (2014: PKR Nil).

28 OPERATING SEGMENT RESULTS

	Note	Cement 2015	Cement 2014	Polyester 2015	Polyester 2014	Soda Ash 2015	Soda Ash 2014	Life Sciences 2015	Life Sciences 2014	Chemicals 2015	Chemicals 2014	LCLIHL/ICI PowerGen/Others 2015	LCLIHL/ICI PowerGen/Others 2014	Group 2015	Group 2014
		PKR in '000'													
Gross sales															
Exports		13,979,121	15,234,768	–	–	821,695	505,250	–	–	4,755	52,768	–	–	14,805,571	15,792,786
Inter–segment		–	–	–	–	–	–	–	–	14,662	5,857	829,302	1,068,140	843,964	1,073,997
Local		39,940,189	36,178,158	16,673,511	19,667,433	11,385,584	10,427,943	9,106,882	7,504,584	4,549,642	4,479,076	–	–	81,655,808	78,257,194
		53,919,310	51,412,926	16,673,511	19,667,433	12,207,279	10,933,193	9,106,882	7,504,584	4,569,059	4,537,701	829,302	1,068,140	97,305,343	95,123,977
Commission / toll income		–	–	–	–	–	–	–	–	51,879	61,605	–	–	51,879	61,605
Turnover		53,919,310	51,412,926	16,673,511	19,667,433	12,207,279	10,933,193	9,106,882	7,504,584	4,620,938	4,599,306	829,302	1,068,140	97,357,222	95,185,582
Sales tax and excise duty		8,487,245	7,708,848	326,967	385,692	1,658,439	1,518,523	125,378	40,978	491,330	479,680	120,497	155,200	11,209,856	10,288,921
Rebates and commission		670,758	620,909	472,358	439,358	414,120	425,196	1,247,771	859,787	342,257	315,968	-	-	3,147,264	2,661,218
		9,158,003	8,329,757	799,325	825,050	2,072,559	1,943,719	1,373,149	900,765	833,587	795,648	120,497	155,200	14,357,120	12,950,139
		44,761,307	43,083,169	15,874,186	18,842,383	10,134,720	8,989,474	7,733,733	6,603,819	3,787,351	3,803,658	708,805	912,940	83,000,102	82,235,443
Cost of turnover	30	24,578,219	24,393,064	15,934,590	19,209,115	7,490,888	6,817,158	5,614,347	4,792,331	3,090,728	3,113,459	605,628	783,145	57,312,660	59,108,272
Gross profit		20,183,088	18,690,105	(60,404)	(366,732)	2,643,832	2,172,316	2,119,386	1,811,488	696,623	690,199	103,177	129,795	25,687,442	23,127,171
Distribution costs	31	3,127,018	3,382,156	79,627	70,575	177,073	149,063	1,019,421	826,232	250,049	210,335	-	-	4,653,188	4,638,361
Administrative expenses	32	917,635	760,269	316,308	318,942	296,525	279,521	224,975	206,668	161,810	125,604	67,152	9,312	1,984,165	1,700,316
Operating result		16,138,435	14,547,680	(456,339)	(756,249)	2,170,234	1,743,732	874,990	778,588	284,764	354,260	36,025	120,483	19,050,089	16,788,494
28.1 Segment assets	29.3	46,739,720	43,928,057	9,872,230	7,643,268	16,559,607	15,888,823	9,632,154	7,046,119	3,450,534	3,191,493	576,212	2,716,991	79,731,964	76,819,198
28.2 Unallocated assets														26,653,404	11,196,864
														106,385,368	88,016,062
28.3 Segment liabilities	29.4	12,699,507	9,620,789	12,756,801	11,336,335	3,054,489	4,389,791	2,356,695	2,555,658	918,428	1,024,907	186,164	1,092,823	25,405,051	19,847,776
28.4 Unallocated liabilities														12,484,517	11,584,015
														37,889,568	31,431,791

28.5 Inter unit current account balances of respective businesses have been eliminated from the total.

	Cement 2015	Cement 2014	Polyester 2015	Polyester 2014	Soda Ash 2015	Soda Ash 2014	Life Sciences 2015	Life Sciences 2014	Chemicals 2015	Chemicals 2014	LCLIHL/ICI PowerGen/Others 2015	LCLIHL/ICI PowerGen/Others 2014	Group 2015	Group 2014
28.6 Depreciation and amortisation	2,289,764	2,073,303	788,164	680,968	1,152,117	963,151	28,956	29,134	83,451	47,309	54,777	56,909	4,397,229	3,850,774
28.7 Capital expenditure	5,427,224	3,072,210	1,869,978	1,627,533	2,224,678	803,035	87,956	43,008	29,492	35,232	48,969	21,695	9,688,297	5,602,713

28.8 Inter–segment pricing

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

28.9 There were no major customer of the Group which formed part of 10% or more of the Group's revenue.

Notes to the Consolidated Financial Statements

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		Note	2015	2014
			PKR in '000'	
29	**RECONCILIATIONS OF REPORTABLE SEGMENT TURNOVER, COST OF SALES, ASSETS AND LIABILITIES**			
29.1	**Turnover**			
	Total turnover for reportable segments	28	97,357,222	95,185,582
	Elimination of inter-segment turnover		(38,336)	(19,084)
	Elimination of inter-segment turnover from subsidiary		(843,964)	(1,068,140)
			96,474,922	94,098,358
29.2	**Cost of turnover**			
	Total cost of turnover for reportable segments	30	57,312,660	59,108,272
	Elimination of inter-segment purchases		(38,336)	(19,084)
	Elimination of inter-segment purchases from subsidiaries		(843,964)	(1,068,140)
			56,430,360	58,021,048
29.3	**Assets**			
	Total assets for reportable segments	28	79,731,964	76,819,198
	Unallocated assets included in:			
	- taxation - net		997,518	1,502,916
	- bank deposits	18	15,648,690	7,979,069
	- long term investments	8	10,007,197	1,714,879
			106,385,369	88,016,062
29.4	**Liabilities**			
	Total liabilities for reportable segments	28	25,405,051	19,847,776
	Unallocated liabilities included in:			
	- short-term borrowings and running finance	26	1,833,247	437,368
	- long-term finance	21	10,651,270	11,146,647
			37,889,568	31,431,791

30 COST OF TURNOVER

	Note	Cement 2015	Cement 2014	Polyester 2015	Polyester 2014	Soda Ash 2015	Soda Ash 2014	Life Sciences 2015	Life Sciences 2014	Chemicals 2015	Chemicals 2014	LCLIHL/ICI PowerGen/Others 2015	LCLIHL/ICI PowerGen/Others 2014	Group 2015	Group 2014
								PKR in '000'							
Salaries, wages and benefits	30.1	1,751,070	1,448,779	396,114	347,903	742,219	645,747	5,585	2,832	49,005	44,669	18,654	18,725	2,962,647	2,508,655
Raw material consumed		1,310,576	1,166,151	13,023,730	15,182,224	2,286,966	2,156,381	1,815,224	1,876,164	1,659,158	1,737,840	462,568	635,407	20,558,222	22,754,167
Packing material	30.2	3,076,061	2,875,786	-	-	-	-	-	-	-	-	-	-	3,076,061	2,875,786
Fuel and power		13,598,105	14,830,391	1,328,146	1,890,218	2,882,548	2,713,782	-	-	14,434	12,481	33,259	41,948	17,856,492	19,488,820
Stores and spares consumed		2,097,793	1,913,893	190,005	183,251	122,965	104,415	2	-	14,829	7,697	27,025	17,615	2,452,619	2,226,871
Conversion fee paid to contract manufacturers		-	-	-	-	-	-	399,695	396,884	10,554	10,056	-	-	410,249	406,940
Repairs and maintenance		164,210	152,330	6,587	4,596	856	891	290	608	5,269	4,678	120	120	177,332	163,223
Depreciation / amortization	6.2 & 7.3	1,929,062	1,750,528	748,443	644,933	1,117,460	923,435	834	262	61,068	21,045	53,694	56,909	3,910,561	3,397,112
Insurance		81,628	68,652	16,772	24,031	25,957	27,989	14	-	1,894	1,110	1,183	1,395	127,448	123,177
Write-offs		-	-	-	1,708	-	20,706	-	-	-	751	-	82	-	23,247
Provision for slow moving spares	11.3	25,000	10,000	-	-	-	-	-	-	-	-	-	-	25,000	10,000
Provision for slow moving packing material		30,000	-	-	-	-	-	-	-	-	-	-	-	30,000	-
Earth moving machinery		224,473	213,034	-	-	-	-	-	-	-	-	-	-	224,473	213,034
Vehicle running and maintenance		53,966	53,818	-	-	-	-	-	-	-	-	-	-	53,966	53,818
Communication		13,953	13,345	-	-	-	-	-	-	-	-	-	-	13,953	13,345
Mess subsidy		47,507	39,514	-	-	-	-	-	-	-	-	-	-	47,507	39,514
Transportation		24,652	17,029	-	-	-	-	-	-	-	-	-	-	24,652	17,029
Travelling and conveyance		5,730	7,787	-	-	-	-	-	-	-	-	-	-	5,730	7,787
Inspection fee for electrical installation		1,279	1,279	-	-	-	-	-	-	-	-	-	-	1,279	1,279
Rent, rates and taxes		3,345	4,824	1,008	936	1,185	1,098	4,000	-	18,369	14,321	420	420	28,327	21,599
Printing and stationery		1,523	3,356	-	-	-	-	-	-	-	-	-	-	1,523	3,356
Excise duty		-	-	-	-	-	-	-	-	-	-	7,171	9,321	7,171	9,321
Technical fees		-	-	-	-	-	-	1,386	1,020	2,793	2,807	-	-	4,179	3,827
Royalty		-	-	-	-	-	-	2,635	1,629	-	-	-	-	2,635	1,629
Other manufacturing expenses		107,874	99,349	179,196	166,739	169,304	168,250	1,115	2,887	17,367	17,027	1,534	1,203	474,650	455,455
		24,547,807	24,669,845	15,890,001	18,446,539	7,349,460	6,762,694	2,230,780	2,282,286	1,854,740	1,874,482	605,628	783,145	52,476,676	54,818,991
Work-in-process:															
Opening		628,533	373,356	143,343	170,516	-	-	16,447	59,475	5,551	2,850	-	-	793,874	606,197
Closing		(614,096)	(628,533)	(72,137)	(143,343)	-	-	(13,391)	(16,447)	(10,506)	(5,551)	-	-	(710,130)	(793,874)
		14,437	(255,177)	71,206	27,173	-	-	3,056	43,028	(4,955)	(2,701)	-	-	83,744	(187,677)
Cost of goods manufactured		24,562,244	24,414,668	15,961,207	18,473,712	7,349,460	6,762,694	2,233,836	2,325,314	1,849,785	1,871,781	605,628	783,145	52,560,420	54,631,314
Finished goods:															
Opening		455,858	434,254	395,205	994,304	24,303	78,767	1,291,836	793,560	366,603	404,476	-	-	2,533,805	2,705,361
Purchases		-	-	62,560	136,304	299,155	-	3,780,829	2,977,682	1,320,782	1,203,805	-	-	5,463,326	4,317,791
Closing		(439,883)	(455,858)	(484,382)	(395,205)	(182,030)	(24,303)	(1,668,871)	(1,291,836)	(433,725)	(366,603)	-	-	(3,208,891)	(2,533,805)
Provision		-	-	-	-	-	-	(23,283)	(12,389)	(12,717)	-	-	-	(36,000)	(12,389)
		15,975	(21,604)	(26,617)	735,403	141,428	54,464	3,380,511	2,467,017	1,240,943	1,241,678	-	-	4,752,240	4,476,958
		24,578,219	24,393,064	15,934,590	19,209,115	7,490,888	6,817,158	5,614,347	4,792,331	3,090,728	3,113,459	605,628	783,145	57,312,660	59,108,272

30.1 These include sum of PKR 265.419 million (2014: PKR 143.704 million) in respect of staff retirement benefits.

30.2 These are net of duty draw back on export sales amounting to PKR 65.264 million (2014: PKR 67.531 million).

30.3 Included herein is an amount PKR 1.740 million (2014: PKR 1.740 million) charged within the Group for certain administrative service charges in accordance with the service level agreement which has been eliminated from the total.

	Note	Cement 2015	Cement 2014	Polyester 2015	Polyester 2014	Soda Ash 2015	Soda Ash 2014	Life Sciences 2015	Life Sciences 2014	Chemicals 2015	Chemicals 2014	LCLIHL/ICI PowerGen/Others 2015	LCLIHL/ICI PowerGen/Others 2014	Group 2015	Group 2014
								PKR in '000'							
31 DISTRIBUTION COST															
Salaries and benefits	31.1	109,306	88,882	51,474	42,010	36,762	24,624	490,878	331,964	95,828	68,240	-	-	784,248	555,720
Logistics and related charges		2,681,230	2,977,342	7,405	2,751	116,473	81,359	89,805	61,650	74,544	66,133	-	-	2,969,457	3,189,235
Loading and others		129,780	112,246	-	-	-	-	-	-	-	-	-	-	129,780	112,246
Communication		4,002	4,212	1,166	1,155	1,388	1,191	19,917	17,982	3,577	3,425	-	-	30,050	27,965
Travelling and conveyance		3,670	4,897	9,621	7,415	3,249	3,138	144,124	116,545	21,200	16,408	-	-	181,864	148,403
Printing and stationery		1,806	1,549	-	-	-	-	-	-	-	-	-	-	1,806	1,549
Insurance		33,028	16,946	-	-	317	370	9,767	7,238	2,695	2,264	-	-	45,807	26,818
Rent, rates and taxes		17,301	19,464	416	400	2,294	3,015	8,546	7,936	1,227	1,225	-	-	29,784	32,040
Utilities		3,041	2,335	118	107	2,227	1,862	3,709	3,336	7,780	6,292	-	-	16,875	13,932
Vehicle running and maintenance		13,764	14,828	-	-	-	-	-	-	-	-	-	-	13,764	14,828
Repairs and maintenance		1,689	2,859	97	155	2,087	1,810	4,740	2,828	2,545	2,491	-	-	11,158	10,143
Fees, subscription and periodicals		407	1,916	-	-	-	-	-	-	-	-	-	-	407	1,916
Advertisement and sales promotion		18,671	38,930	2,544	1,103	6,473	15,409	143,544	118,980	7,331	5,347	-	-	178,563	179,769
Entertainment		3,075	2,982	-	-	-	-	-	-	-	-	-	-	3,075	2,982
Security service		2,047	2,475	-	-	-	-	-	-	-	-	-	-	2,047	2,475
Depreciation / amortization	6.2 & 7.3	80,693	78,393	-	769	92	2,454	16,107	11,739	7,735	5,256	-	-	104,627	98,611
Provision for doubtful debt	13.2	8,292	-	-	-	-	-	-	-	-	-	-	-	8,292	-
Write-offs		-	-	-	-	-	-	-	862	-	-	-	-	-	862
Other general expenses		15,216	11,900	6,786	14,710	5,711	13,831	88,284	145,172	25,587	33,254	-	-	141,584	218,867
		3,127,018	3,382,156	79,627	70,575	177,073	149,063	1,019,421	826,232	250,049	210,335	-	-	4,653,188	4,638,361

31.1 These include sum of PKR 16.937 million (2014: PKR 19.789 million) in respect of staff retirement benefits.

	Note	Cement 2015	Cement 2014	Polyester 2015	Polyester 2014	Soda Ash 2015	Soda Ash 2014	Life Sciences 2015	Life Sciences 2014	Chemicals 2015	Chemicals 2014	LCLIHL/ICI PowerGen/Others 2015	LCLIHL/ICI PowerGen/Others 2014	Group 2015	Group 2014
32 ADMINISTRATIVE EXPENSES															
Salaries and benefits	32.1	437,623	310,580	178,663	186,182	165,383	168,080	118,139	111,969	82,952	78,635	1,777	1,379	984,537	856,825
Communication		13,734	14,044	3,179	3,276	2,899	3,154	2,648	2,935	1,481	1,707	43	-	23,984	25,116
Travelling and conveyance		45,874	38,173	7,784	7,872	5,299	4,753	6,759	7,113	4,739	4,109	-	-	70,455	62,020
Insurance		9,217	10,588	596	1,310	713	1,567	4,824	2,793	227	426	-	-	15,577	16,684
Rent, rates and taxes		5,035	6,324	9,041	5,645	7,164	2,986	2,731	965	1,548	645	-	-	25,519	16,565
Vehicle running and maintenance		24,479	24,305	-	-	-	-	-	-	-	-	-	-	24,479	24,305
Aircraft running and maintenance		61,884	56,611	-	-	-	-	-	-	-	-	-	-	61,884	56,611
Printing and stationery		9,022	8,818	-	-	-	-	-	-	-	-	-	5	9,022	8,823
Fees and subscription		39,453	28,481	-	-	-	-	-	-	-	-	1,678	780	41,131	29,261
Security services		13,990	12,091	-	-	-	-	-	-	-	-	-	-	13,990	12,091
Legal fee		26,250	9,475	-	-	-	-	-	-	-	-	120	2,680	26,370	12,155
Professional and advisory services		-	22,262	-	-	-	-	-	-	-	-	-	-	-	22,262
Transportation and freight		-	868	-	-	-	-	-	-	-	-	-	-	-	868
Utilities		6,283	6,745	5,625	6,241	3,984	4,905	10,849	9,118	861	1,060	-	-	27,602	28,069
Repairs and maintenance		14,220	42,806	3,089	4,235	3,601	3,470	5,970	4,732	1,133	1,185	-	-	28,013	56,428
Advertisement		2,324	2,039	1,781	5,057	1,915	5,778	967	1,915	457	1,249	-	-	7,444	16,038
Auditors' remuneration	32.1	2,365	2,273	1,844	1,981	1,793	857	687	618	394	384	2,453	97	9,536	6,210
Other auditors' remuneration	32.2	323	280	-	-	-	-	-	-	-	-	-	-	323	280
Depreciation / amortization	6.2 & 7.3	176,632	142,226	39,721	35,266	34,565	37,262	12,015	17,133	14,648	21,008	1,083	-	278,664	252,895
Write-offs		-	-	-	993	-	1,188	-	667	-	448	-	-	-	3,296
Provision for doubtful debts	13.2	-	-	2,956	-	-	-	2,218	1,556	21,021	-	-	-	26,195	1,556
Provision for slow moving and obsolete stocks		-	-	-	-	-	-	23,283	12,389	12,717	-	-	-	36,000	12,389
Provision for slow moving spares	11.3	-	-	-	-	15,044	52	-	102	-	-	-	-	15,044	154
Training cost		9,458	6,906	-	-	-	-	-	-	-	-	-	-	9,458	6,906
Other general expenses	32.3	19,469	14,374	62,029	60,884	54,165	45,469	33,885	32,663	19,632	14,748	59,998	4,371	248,938	172,509
		917,635	760,269	316,308	318,942	296,525	279,521	224,975	206,668	161,810	125,604	67,152	9,312	1,984,165	1,700,316

32.1 These include sum of PKR 95.142 million (2014: PKR 40.736 million) in respect of staff retirement benefits.

		2015	2014
		PKR in '000'	
32.1	**Auditors' remuneration**		
	Statutory audit fee of the Holding Company's		
	- standalone financial statements	1,375	1,294
	- consolidated financial statements	345	312
	Audit fee of the subsidiary companies	7,171	3,937
	Half yearly review fee	380	359
	Fee for the review of Code of Corporate Governance	86	78
	Out of pocket expenses	179	230
		9,536	6,210
32.2	**Cost auditors' remuneration**		
	Cost audit fee	300	259
	Out of pocket expenses	23	21
		323	280

32.3 Included herein is an amount PKR 0.240 million (2014: PKR Nil) charged within the Group for certain administrative service charges in accordance with the service level agreement which has been eliminated from the total.

		Note	2015	2014
			PKR in '000'	
33	**FINANCE COSTS**			
	Mark-up on long-term finance		637,027	650,590
	Mark-up on short-term borrowings and running finance		292,444	327,724
	Interest on workers' profit participation fund	24.3	9,534	5,109
	Discounting charges on receivables		59,230	46,292
	Bank charges and commission		18,121	18,429
	Guarantee fee and others		50	26,561
			1,016,406	1,074,705
34	**OTHER EXPENSES**			
	Workers' Profit Participation Fund	24.3	1,003,466	872,386
	Workers' Welfare Fund		399,522	43,140
	Donations	34.1 & 34.2	264,315	291,533
			1,667,303	1,207,059

34.1 Included herein is donation amounting to PKR 170 million (2014: PKR 105 million) to Aziz Tabba Foundation (ATF). ATF is located at 1-A, Latif Cloth Market, M.A. Jinnah Road, Karachi. Mr. Muhammad Yunus Tabba, Chairman of the Board of Directors of the Holding Company, is the Chairman of ATF and Mr. Muhammad Ali Tabba, the Chief Executive of the Holding Company, is the Vice Chairman of ATF. Further, Mr. Muhammad Sohail Tabba, Mr. Muhammad Jawed Tabba, Mrs. Rahila Aleem and Mrs. Zulekha Tabba Maskatiya, the Directors of the Company, are the Directors of ATF.

34.2 Represent provision in respect of donation to ICI Pakistan Foundation (Head office, Karachi). Mr. Asif Jooma, Director of a Subsidiary Company (ICI), Mr. Suhail Aslam Khan, Mr. Asif Malik, Ms. Saima Kamila Khan and Ms. Fathema Zuberi, Executives of the Subsidiary Company (ICI) are amongst the Trustees of the Foundation. No amount has been paid during the current year and corresponding year.

Notes to the Consolidated Financial Statements
For the year ended June 30, 2015

		Note	2015	2014
			PKR in '000'	
35	OTHER INCOME			
	Income from non-financial assets			
	Gain on disposal of operating fixed assets	6.3	28,363	8,731
	Sale of electricity		1,910,280	1,682,520
	Cost of sale of electricity		(1,738,305)	(1,501,218)
			171,975	181,302
	Scrap sales		69,252	67,994
	Exchange gain - net		30,157	132,338
	Provisions and accruals no longer required written back		10,097	138,552
	Others		17,089	36,412
			326,933	565,329
	Income from financial assets			
	Capital gain / (loss) on sale of investments		32,319	(991)
	Dividend income		40,000	10,072
	Interest income on deposit accounts		942,058	710,846
			1,014,377	719,927
			1,341,310	1,285,256
36	TAXATION			
	Current		3,390,211	3,103,748
	Deferred		380,274	95,891
			3,770,485	3,199,639
36.1	Relationship between income tax expense and accounting profit:			
	Tax at the applicable tax rate of 33% (2014: 34%)		6,080,491	5,362,957
	Tax impact on profit of the ICI PowerGen		(32,467)	(45,186)
	Tax impact on share of profit of associate		(51,734)	-
	Effect of prior year change		(2,574)	(103,571)
	Tax impact due to change of FTR ratio		(51,183)	-
	Effect of credit under section 65B		(245,834)	(316,690)
	Effect of change in tax rate on begining deferred tax balance		(36,922)	(127,362)
	Tax effect of dividend (taxed at 10% instead of 33%)		(9,200)	-
	Tax effects of items not deductible for tax purposes		5,410	7,278
	Tax effect under lower rate of tax		(1,473,729)	(1,248,425)
	Foreign tax credit		(20,672)	-
	Others		(391,101)	(329,362)
			3,770,485	3,199,639

36.2 The tax assessments of the Holding Company have been finalized upto and including the tax year 2014.

37 EARNINGS PER SHARE - basic and diluted

There is no dilutive effect on the basic earnings per share of the Holding Company, which is based on:

	2015	2014
Profit attributable to owners of the Holding Company (PKR in thousands)	13,757,976	11,892,359
Weighted average number of ordinary shares (in thousands)	323,375	323,375
Basic and diluted earnings per share - (PKR)	42.54	36.78

	Note	2015	2014
		PKR in '000'	
38 CASH GENERATED FROM OPERATIONS			
Profit before taxation		18,425,729	15,773,403
Adjustments for non cash charges and other items:			
Depreciation / amortization	6.2	3,972,409	3,436,048
Amortization on intangible assets	7.3	424,820	414,726
Provision for slow moving spares	11.3	40,044	10,000
Provision for slow moving and obselete stocks		66,000	12,389
Provision for doubtful debts	13.2	34,487	-
Gain on disposal of operating fixed assets	6.3	(28,363)	(8,731)
Assets written-off		-	27,403
Reversal of provision for doubtful receivables		(18,615)	-
Provision for staff gratuity	23.1.3	377,016	200,628
Share of (gain) / loss in equity-accounted investments		(718,039)	18,582
Finance costs	33	1,016,406	1,079,480
Profit before working capital changes		23,591,894	20,963,928
(Increase) / decrease in current assets			
Stores, spares and consumables		990,571	(911,745)
Stock-in-trade		(343,954)	(232,555)
Trade debts		(546,356)	(401,939)
Loans and advances		(223,984)	66,013
Trade deposits and short-term prepayments		(186,382)	(5,597)
Other receivables		190,530	(306,532)
		(119,575)	(1,792,355)
Increase in current liabilities			
Trade and other payables		5,108,266	2,752,635
		28,580,585	21,924,208

Notes to the Consolidated Financial Statements
For the year ended June 30, 2015

39 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

39.1 Aggregate amounts charged in these consolidated financial statements are as follows :

Particulars	Chief Executive		Director(s)		Executives		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	PKR in '000'							
Remuneration	39,000	28,000	933	1,600	1,192,524	991,133	1,232,457	1,020,733
House rent allowance	15,600	11,200	373	640	381,192	309,902	397,165	321,742
Utility allowance	3,900	2,800	94	160	91,183	74,051	95,177	77,011
Conveyance allowance	–	–	–	–	38,264	29,488	38,264	29,488
Charge for defined								
benefit obligation	18,500	3,500	–	200	259,361	181,047	277,861	184,747
Group insurance	–	–	–	–	4,321	4,503	4,321	4,503
Medical expenses	–	–	–	–	36,202	31,339	36,202	31,339
	77,000	45,500	1,400	2,600	2,003,047	1,621,463	2,081,447	1,669,563
Number of persons	1	1	1	1	818	670	820	672

39.2 In addition to the above, chief executive, director(s) and some executives are provided with the Group maintained cars and other benefits as per the Group policy.

39.3 An amount of PKR 550,000/- was paid to 6 non executive directors and PKR 220,000/- was paid to 2 executive directors during the year as fee for attending board meetings (2014: 6 non executive directors were paid PKR 200,000/- and 2 executive directors were paid PKR 80,000/-).

40 TRANSACTIONS WITH RELATED PARTIES

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

	2015	2014
	PKR in '000'	
Directors		
Purchase of Land & Building	599,379	-
Sales	2,561	-
Associates		
Lucky Paragon ReadyMix Limited		
Sales	386,879	250,665
Fazal Textile Mills Limited		
Sales	320,001	302,051
Yunus Textile Mills Limited		
Sales	85,362	181,242
Lucky Textile Mills Limited		
Sales	101,034	35,007
Dividend	45,695	-
Gadoon Textile Mills Limited		
Sales	1,055,147	1,249,358
Dividend	53,828	-
Aziz Tabba Foundation		
Sales	2,522	1,995
Donation	170,000	105,000
Lucky One (Pvt) Limited		
Sales	123,315	172,855
Lucky Commodities		
Sales	-	229,494
Lucky Air (Pvt) Limited		
Services	22,587	20,882
Yunus Energy Limited		
Investment	203,615	750
Arabian Sea Country Club Limited		
Purchase of goods, materials and services	122	127
Lucky Knits (Pvt) Ltd		
Sales	30,120	3,745
Feroze 1888 Mills Limited		
Sales	29,199	-
International Steel Limited		
Sales	17,218	-

	2015	2014
	PKR in '000'	
NIB Bank		
Loan interest	14,717	-
Jubilee Life Insurance Company Limited		
Insurance premium	12,923	-
Pakistan Business Council		
Membership fee	1,500	-
Nutrico Pakistan (Private) Limited		
Reimbursement of expenses	43,197	-

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

41 PRODUCTION CAPACITY

In metric tonnes except PowerGen which is thousand of Megawatt hours:

	Note	2015		2014	
		Annual Name plate Capacity	Production	Annual Name plate Capacity	Production
Cement	41.1	7,750,000	6,794,964	7,750,000	6,621,208
Clinker		-	6,395,248	-	6,365,814
Polyester	41.2	122,250	115,711	122,000	109,810
Soda Ash	41.2	350,000	308,499	350,000	287,445
Chemicals	41.3	-	13,299	-	15,643
Sodium Bicarbonate		26,000	27,840	26,000	27,000
PowerGen	41.4	122,640	40,059	122,640	42,873

41.1 Production capacity utilization is 87.68% (2014: 85.43%) of total installed capacity. The shortfall is due to low demand.

41.2 Production of Soda Ash as compared to last year was greater as coal fired boilers operated during the year at full capacity. Overall production of Soda Ash and Polyester is lower due to market demand as compared to capacity.

41.3 The capacity of Chemicals is indeterminable because these are multi-product plants.

41.4 Electricity by PowerGen is produced as per demand of the Polyester division.

42 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. Taken as a whole, the Group is exposed to market risk (including interest rate risk, currency risk and other price risk), credit risk and liquidity risk. The Group's principal financial liabilities comprise long-term finance, long-term deposits, short-term borrowings and running finance and trade and other payables. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as investments, loans, deposits, trade and other receivables and cash and bank balances, which are directly related to its operations. The Group's finance and treasury departments oversee the management of these risks and provide assurance to the Group's senior management that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with group policies and risk appetite. No changes were made in the objectives, policies or processes and assumptions during the year ended June 30, 2015. The policies for managing each of these risks are summarized below:

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

42.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk. Financial instruments susceptible to market risk include deposits, loans and borrowings. The sensitivity analysis in the following sections relate to the position as at June 30, 2015 and 2014.

42.1.1 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. Bank balances carry interest rates between 5% and 10.25% (2014: 6% and 10.25%). The Group mitigates its risk against exposure through focusing on short term borrowings that are available at lower rates to the Group and maintaining bank balances. As of the balance sheet date, the Group is not materially exposed to interest rate risk.

42.1.2 Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates and arises where transactions are done in foreign curreny. The Group manages its exposure against foreign currency risk by making sales and purchases of certain materials in currencies other than Pakistani Rupee. Approximately 15% (2014: 17%) of the Group's sales are denominated in foreign currency. When the management expects future depreciation of Pak PKR, the Group enters into forward foreign exchange contracts in accordance with State Bank of Pakistan instructions.

As at the balance sheet date, if Pak Rupee depreciated / appreciated by 1% against USD, Euro, GBP and JPY, with all other variables held constant, the Group's profit before tax would have been PKR 64.619 million (2014: PKR 86.418 million) higher / lower as a result of exchange gain / (loss) on translation of foreign currency denominated financial instruments.

42.1.3 Other price risk

Other price risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market prices.

42.2 Credit risk

42.2.1 Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed to perform as contracted. The Group manages credit risk by limiting significant exposure to any individual customers, by obtaining advance against sales and developing a formal approval process whereby credit limits are applied to its customer. The management also continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery. To mitigate the risk, the Group has a system of assigning credit limits to its customers based on an extensive evaluation based on customer profile and payment history. Outstanding customer receivables are regularly monitored. Some customers are also secured, where possible, by way of inland letters of credit, cash security deposit, bank guarantees and insurance guarantees. The Group does not have significant exposure to any individual customer. As of the balance sheet date, the Group is exposed to credit risk on the following assets:

	Note	2015	2014
		PKR in '000'	
Long-term loans	9	350,123	273,597
Long-term deposits	10	30,498	28,854
Trade debts	13	3,473,293	2,961,424
Short-term loans	14	130,535	114,843
Trade deposits	15	51,841	46,940
Other receivables	16	2,023,466	2,114,473
Bank balances	18	18,155,599	11,723,248
		24,215,355	17,263,379

Credit quality of financial assets

The credit quality of financial assets can be assessed by reference to external credit rating agencies or the historical information about counter party default rates as shown below:

The ageing of trade debts and loans at the reporting date is as follows:

	2015	2014
	PKR in '000'	
Not past due	3,837,794	3,000,251
Past due but not Impaired:		
Not more than three months	120,055	106,392
Past due and Impaired:		
More than three months and not more than one year	12,214	48,507
More than one year	26,850	138,242
	159,119	293,141
Less: Provision for:		
- Doubtful debts	49,279	93,664
- Doubtful loans and advances	-	7,292
	49,279	100,956
	3,947,634	3,192,436
Bank balances		
A1+	18,155,439	11,561,665
A1	160	150,943
	18,155,599	11,712,608

Finanacial assets other than trade debts, loans and bank balances are not exposed to any material credit risk.

42.3 Liquidity risk

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

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

	Less than one year	1 to 5 year	Total
		PKR in '000'	
June 30, 2015			
Long-term finance	1,797,105	8,854,165	10,651,270
Long-term deposit	-	69,246	69,246
Short-term borrowings and running finance	1,833,247	-	1,833,247
Trade and other payables	15,819,145	-	15,819,145
Accrued mark-up	165,210	-	165,210
	19,614,707	8,923,411	28,538,118
June 30, 2014			
Long-term finance	1,163,569	9,983,078	11,146,647
Long-term deposit	-	67,971	67,971
Short-term borrowings and running finance	437,368	-	437,368
Trade and other payables	10,900,436	-	10,900,436
Accrued mark-up	223,656	-	223,656
	12,725,029	10,051,049	22,776,078

42.4 Fair values of financial assets and liabilities

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

42.5 Capital management

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

The Group manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the year ended June 30, 2015.

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

During the year, the Group's strategy was to minimize leveraged gearing. The gearing ratios as at June 30, 2015 and 2014 were as follows:

	Note	2015	2014
		PKR in '000'	
Long-term finance	21	8,854,165	9,983,078
Trade and other payables	24	15,819,145	10,900,436
Accrued mark-up	25	165,210	223,656
Short-term borrowings and running finance	26	1,833,247	437,368
Current portion of long-term finance	21	1,797,105	1,163,569
Total debt		28,468,872	22,708,107
Cash and bank balances	18	(18,155,599)	(11,723,248)
Net debt		10,313,273	10,984,859
Share capital	19	3,233,750	3,233,750
Reserves	20	58,190,818	47,145,858
Equity		61,424,568	50,379,608
Capital		71,737,841	61,364,467
Gearing ratio		14.38%	17.90%

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

43 ACCOUNTING JUDGEMENTS AND ESTIMATES

Income and sales taxes

The Group takes into account the current income and sales tax law and decisions taken by appellate authorities. Instances where the Group's view differs from the view taken by the authorities at the assessment stage and where the Group considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities (unless there is remote possibility of transfer of benefits). The details of the tax matters are as follows:

In the case of assessment year 1998-99, the Appellate Tribunal Inland Revenue (The Tribunal) on September 19, 2008 had set aside the assessments made by FBR. The re-assessment was finalized by the department on June 29, 2010 in which the issues pertaining to date of commissioning of PTA's plant & the tax depreciation claimed thereon, restriction of cost of capitalization of PTA plant and addition to income in respect of trial production stocks were decided against the Group. The Group had filed an appeal against the said order before the CIR (Appeals) which is pending for hearing.

In the case of assessment year 2001-02, FBR had made an assessment on May 29, 2002 while deciding the issues related to claim and carry forward of depreciation pertaining to PTA's assets in our favor. The depreciation related to PTA's assets was claimed by the Group in assessment year 2001-02 and the unabsorbed part was carried forward and adjusted till tax year 2010. FBR reopened the income tax assessment for the assessment year 2001-02 under section 122(5A) of the Income Tax Ordinance, 2001 on the ground that demerger of PTA business from ICI Pakistan was effective from the completion date i.e. August 6, 2001 which falls in assessment year 2002-03. This was challenged by the Group in the High Court which upheld the Group's contention that FBR did not have the right to reopen this finalized assessment of assessment year 2001-02 under the Income Tax Ordinance, 2001 since assessment year 2001-02 pertained to the period in which Income Tax Ordinance, 1979 was effective. FBR filed an appeal in the Supreme Court against the High Court's order which also maintained the decision of High Court that the cases finalized under the old law of 1979 cannot be reopened under the new law of 2001. After the Supreme Court's decision, FBR issued an order under section 66A of the old law i.e. Income Tax Ordinance, 1979. In response, the Group filed an appeal before the Tribunal which decided the case in Group's favor on the basis that order issued on May 7, 2012 was barred by time. FBR filed an appeal in the High Court in 2013 against the decision of the Tribunal which is pending for hearing. In the meanwhile, FBR also issued an order through which Tribunal's order has been given effect and Group's position has been accepted.

In the case of assessment year 2002-03, on receipt of notice under section 62 of the Income Tax Ordinance, 1979, the Group had filed a writ petition in the Supreme Court, after it being dismissed by the Sindh High Court on maintainability, challenging FBR's notice which stated that the effective date of PTA's demerger was August 6, 2001 (falling in assessment year 2002-03) rather than the effective date given in the Scheme of Arrangement as October 1, 2000 (which falls in assessment year 2001-02). The notice had raised certain issues relating to vesting of PTA assets by the Group. On March 18, 2015, the Supreme Court has passed an interim order stating that this case has nexus with the case of assessment year 2001-02 and hearing will take place once the High Court decides the case in assessment year 2001-02.

In the case of Tax Years 2003, 2004, 2005, 2006, 2007, 2008, 2009 and 2010, FBR had made disallowances on the matters related to provisions charged under various heads, financial charges, gain on disposal of fixed assets, exchange loss, proration of expenses against capital gains and interest free loans offered to employees. The CIR (Appeals) has allowed all the issues in Tax Years 2003 to 2010 in our favor (except 2 issues in tax year 2003 and 2010) against which appeals have been filed by FBR in the Tribunal. On the 2 issues pertaining to tax year 2003 and 2010 decided against us, we have filed an appeal in the Tribunal against CIR (Appeals)'s decision. No hearings have yet taken place.

In course of conducting a sales tax audit for the period July 2012 to June 2013, DCIR of FBR raised certain issues with respect to exemption and zero-rating / reduced rate benefit available to the Group on its sales. On September 12, 2014 the Group received an order in which demand of PKR 952 million was raised. An appeal was filed with CIR(A) which was decided against the Group however directions were given to DCIR to amend the original order if the returns are revised by the Group subject to approval of FBR itself. The application for revision of return filed by the Group is pending with FBR. The Group being aggrieved has filed a suit in the Sindh High Court for relief in which the Court has granted ad-interim relief till the next date of hearing which is yet to take place. The Group is confident that there is no merit in this claim of FBR regarding revenue loss and hence, considering no probability that the case would be decided against the Group, no provision in respect of this has been made in these consolidated financial statements.

Pension and Gratuity

Certain actuarial assumptions have been adopted as disclosed in note 23.1 to the consolidated financial statements for valuation of present value of defined benefit obligations and fair value of plan assets. Any changes in these assumptions in future years might affect gains and losses in those years.

Property, plant and equipment

The estimates for revalued amounts, if any, of different classes of property, plant and equipment, are based on valuation performed by external professional valuer and recommendation of technical teams of the Group. The said recommendations also include estimates with respect to residual values and depreciable lives. Further, the Group reviews the value of the assets for possible impairment on an annual basis. The future cash flows used in the impairment testing of assets is based on management's best estimates which may change in future periods. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipments with a corresponding affect on the depreciation charge and impairment.

Provision for stores and spares and stock-in-trade

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

Provision for doubtful debts and other receivables

The Group reviews the recoverability of its trade debts and other receivables, to assess the amount required for provision for doubtful debts and other receivables as disclosed in these consolidated financial statements.

Future estimation of export sales

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

Contingencies

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

Impairment of goodwill and intangibles with indefinite lives

Impairment testing involves a number of judgemental areas which are subject to inherent significant uncertainity, including the preparation of cash flow forecasts for periods that are beyond the normal requirements of management reporting and the assessment of the discount rate appropriate to the business. The detail assumptions underlying impairment testing of goodwill and intangibles with indefinite lives are given in note 7.5 and 7.6 to these consolidated financial statements.

44 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on 08 September, 2015 by the Board of Directors of the Holding Company.

45 NUMBER OF EMPLOYEES

The number of persons employed as on the balance sheet date was 3,610 (2014: 3,454) and the average number of employees during the year was 3,548 (2014: 3,356).

46 GENERAL

46.1 The Board of Directors in their meeting held on September 08, 2015 (i) approved the transfer of PKR 9,521.223 million (2014: PKR 8,433.365 million) from un-appropriated profit to general reserve; and (ii) proposed final dividend of PKR 9/- per ordinary share for the year ended June 30, 2015 amounting to PKR 2,910.375 million (2014: PKR 2,910.375 million) for approval of the members at the Annual General Meeting to be held on October 31, 2015. These consolidated financial statements do not reflect this appropriation and the proposed dividend payable.

46.2 The Finance Act, 2015 introduced a new tax under Section 5A of the Income Tax Ordinance, 2001 on every public company other than a scheduled bank or modaraba, that derives profits for tax year and does not distribute cash dividend within six months of the end of said tax year or distribute dividends to such an extent, after such distribution, are in excess of 100% of its paid up capital. However, this tax on undistributed reserves is not applicable to a public company which distributes profit equal to either 40% of its after tax profits or 50% of its paid up capital, whichever is less, within six months of the end of the tax year.

The Board of Directors in their meeting held on September 08, 2015 has proposed sufficient cash dividend for the year ended June 30, 2015 (refer note 46.1) which complies with the above stated requirements. Accordingly, no provision of tax on undistributed reserves has been recognized in these consolidated financial statements for the year ended June 30, 2015.

46.3 For better presentation certain prior year's figures have been reclassified consequent to certain changes in the current year's presentation.

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

Muhammad Yunus Tabba
Chairman / Director

Muhammad Ali Tabba
Chief Executive

Pattern of Shareholding

As at June 30, 2015

No of. Shareholders	Shareholdings From	To	Total Shares hold
1526	1	100	65,740
1105	101	500	347,118
2695	501	1000	1,569,205
649	1001	5000	1,533,489
161	5001	10000	1,186,671
71	10001	15000	884,686
56	15001	20000	993,692
32	20001	25000	726,499
26	25001	30000	713,029
15	30001	35000	493,422
15	35001	40000	577,809
7	40001	45000	299,034
17	45001	50000	837,128
5	50001	55000	266,532
7	55001	60000	413,208
11	60001	65000	695,166
6	65001	70000	406,100
3	70001	75000	220,894
6	75001	80000	474,134
2	80001	85000	165,000
5	85001	90000	439,631
4	90001	95000	372,000
4	95001	100000	394,654
3	100001	105000	307,300
3	105001	110000	325,322
2	110001	115000	225,200
3	115001	120000	353,900
2	120001	125000	243,900
2	125001	130000	258,000
1	135001	140000	138,700
3	140001	145000	430,100
8	145001	150000	1,183,944
2	155001	160000	318,800
1	160001	165000	162,900
1	170001	175000	171,010
2	175001	180000	356,525
2	180001	185000	362,878
3	185001	190000	562,891
1	190001	195000	190,100
1	195001	200000	200,000
3	200001	205000	609,200
2	205001	210000	417,200
1	215001	220000	215,684
3	220001	225000	670,581
6	225001	230000	1,361,300
1	230001	235000	232,700
1	240001	245000	243,000
2	245001	250000	491,900

No of. Shareholders	Shareholdings From	To	Total Shares hold
2	250001	255000	505,973
1	255001	260000	259,000
1	260001	265000	260,500
3	265001	270000	805,800
2	280001	285000	566,900
3	285001	290000	865,818
1	290001	295000	294,800
3	295001	300000	895,406
2	300001	305000	608,000
2	310001	315000	625,500
1	325001	330000	328,200
1	340001	345000	341,451
2	345001	350000	694,087
4	350001	355000	1,412,410
1	360001	365000	363,200
1	370001	375000	373,025
2	380001	385000	766,033
1	395001	400000	400,000
1	400001	405000	404,200
1	405001	410000	408,958
1	415001	420000	417,006
1	425001	430000	429,500
4	450001	455000	1,815,500
1	465001	470000	469,418
1	480001	485000	485,000
3	485001	490000	1,463,417
1	505001	510000	508,700
1	515001	520000	517,925
1	520001	525000	524,600
1	525001	530000	526,392
1	530001	535000	532,200
1	560001	565000	564,700
1	615001	620000	620,000
2	625001	630000	1,254,217
1	630001	635000	634,800
1	640001	645000	645,000
1	665001	670000	668,600
1	675001	680000	675,615
1	680001	685000	685,000
1	685001	690000	687,946
1	720001	725000	722,335
1	745001	750000	746,500
1	780001	785000	782,531
1	805001	810000	805,700
1	830001	835000	830,258
1	915001	920000	916,191
1	930001	935000	934,400
1	1000001	1005000	1,004,300
1	1035001	1040000	1,039,300

Pattern of Shareholding

As at June 30, 2015

No of. Shareholders	Shareholdings From	To	Total Shares hold
1	1050001	1055000	1,050,256
1	1065001	1070000	1,067,700
1	1080001	1085000	1,080,500
1	1150001	1155000	1,151,502
1	1170001	1175000	1,173,200
1	1180001	1185000	1,182,298
1	1190001	1195000	1,194,800
1	1205001	1210000	1,205,200
1	1235001	1240000	1,237,960
1	1285001	1290000	1,287,440
1	1290001	1295000	1,291,600
1	1295001	1300000	1,297,400
1	1385001	1390000	1,386,672
1	1460001	1465000	1,463,818
1	1610001	1615000	1,613,500
1	1685001	1690000	1,688,235
2	1825001	1830000	3,652,241
1	1890001	1895000	1,894,500
2	1925001	1930000	3,858,900
1	2370001	2375000	2,372,080
1	2590001	2595000	2,590,200
1	2685001	2690000	2,687,500
1	2855001	2860000	2,855,500
1	3095001	3100000	3,097,250
2	3115001	3120000	6,232,242
1	3185001	3190000	3,188,400
3	3215001	3220000	9,658,000
1	3275001	3280000	3,278,750
1	3295001	3300000	3,298,598
1	3745001	3750000	3,747,400
1	3975001	3980000	3,977,500
1	4365001	4370000	4,365,962
1	4835001	4840000	4,837,500
1	4850001	4855000	4,854,879
3	5370001	5375000	16,125,000
1	5680001	5685000	5,680,412
2	6065001	6070000	12,140,000
1	6560001	6565000	6,560,550
1	7510001	7515000	7,510,275
1	7560001	7565000	7,560,275
1	8155001	8160000	8,158,700
1	8955001	8960000	8,958,351
1	10540001	10545000	10,541,000
1	11480001	11485000	11,482,875
1	13590001	13595000	13,591,550
1	21445001	21450000	21,446,283
2	22800001	22805000	45,606,058
6613			**323,375,000**

Shareholders’ Category	Number of Shareholders	Number Share Held	Percentage %
Directors, Chief Executive Officer and their spouse and minor children	20	75,539,317	23.36
Associated Companies, Undertakings and related parties	4	40,205,256	12.43
NIT and ICP	3	179,306	0.06
Public Sector Companies and Corporations	9	1,157,188	0.36
Banks, Development Financial Institutions, Non Banking Financial Institutions	21	3,999,018	1.24
Insurance Companies	10	2,184,200	0.68
Modarabas and Mutual Funds	79	18,545,188	5.73
Share holders holding 10% or more:	0	0	-
General Public			
a. Local	6125	46,636,175	14.42
b. Foreign	126	127,055,574	39.29
Other (to be specified)	216	7,873,778	2.43
	6613	**323,375,000**	**100.00**

Additional Information
As at June 30, 2015

Shareholder's Category	No of. Shareholders	No of. Share Held	Percentage %
Associated Companies, undertakings and related parties			
YUNUS TEXTILE MILLS LIMITED	1	21,446,283	6.63
LUCKY ENERGY (PRIVATE) LIMITED	1	11,482,875	3.55
YOUNUS TEXTILE (PRIVATE) LIMITED	1	3,977,500	1.23
YB PAKISTAN LIMITED	1	3,298,598	1.02
	4	**40,205,256**	**12.43**
Mutual Funds			
CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	1	50,000	0.02
MCBFSL - TRUSTEE JS VALUE FUND	1	101,800	0.03
CDC - TRUSTEE PICIC INVESTMENT FUND	1	245,500	0.08
CDC - TRUSTEE JS LARGE CAP. FUND	1	150,000	0.05
CDC - TRUSTEE PICIC GROWTH FUND	1	508,700	0.16
CDC - TRUSTEE PAKISTAN STRATEGIC ALLOCATION FUND	1	35,019	0.01
CDC - TRUSTEE ATLAS STOCK MARKET FUND	1	315,000	0.10
CDC - TRUSTEE MEEZAN BALANCED FUND	1	341,451	0.11
CDC - TRUSTEE JS ISLAMIC FUND	1	80,000	0.02
CDC - TRUSTEE ALFALAH GHP VALUE FUND	1	63,377	0.02
CDC - TRUSTEE UNIT TRUST OF PAKISTAN	1	119,700	0.04
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	27,848	0.01
CDC-TRUSTEE PAK. INT. ELEMENT ISLAMIC ASSET ALLOCATION FUND	1	40,000	0.01
MC FSL - TRUSTEE JS KSE-30 INDEX FUND	1	4,969	0.00
CDC - TRUSTEE AL MEEZAN MUTUAL FUND	1	628,517	0.19
CDC - TRUSTEE MEEZAN ISLAMIC FUND	1	4,854,879	1.50
CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	1	429,500	0.13
CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	1	225,000	0.07
CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	1	1,194,800	0.37
CDC - TRUSTEE NAFA STOCK FUND	1	381,233	0.12
CDC - TRUSTEE NAFA MULTI ASSET FUND	1	88,864	0.03
CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND	1	417,006	0.13
CDC - TRUSTEE APF-EQUITY SUB FUND	1	25,000	0.01
CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT	1	18,000	0.01
CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	1	78,450	0.02
CDC - TRUSTEE HBL - STOCK FUND	1	454,000	0.14
CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND	1	210,000	0.06
CDC - TRUSTEE APIF - EQUITY SUB FUND	1	53,000	0.02
MC FSL - TRUSTEE JS GROWTH FUND	1	232,700	0.07
CDC - TRUSTEE HBL MULTI - ASSET FUND	1	63,100	0.02
CDC - TRUSTEE KASB ASSET ALLOCATION FUND	1	28,500	0.01
CDC - TRUSTEE JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT	1	4,000	0.00
CDC - TRUSTEE ALFALAH GHP STOCK FUND	1	145,746	0.05
CDC - TRUSTEE ALFALAH GHP ALPHA FUND	1	90,700	0.03
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	1,463,818	0.45
CDC - TRUSTEE ABL STOCK FUND	1	288,800	0.09
M C F S L-TRUSTEE ASKARI ISLAMIC ASSET ALLOCATION FUND	1	20,000	0.01
CDC - TRUSTEE FIRST HABIB STOCK FUND	1	8,100	0.00
CDC - TRUSTEE LAKSON EQUITY FUND	1	564,700	0.17
CDC - TRUSTEE CROSBY DRAGON FUND	1	17,600	0.01
CDC-TRUSTEE NAFA ASSET ALLOCATION FUND	1	201,700	0.06
CDC-TRUSTEE NAFA SAVINGS PLUS FUND - MT	1	16,600	0.01
CDC - TRUSTEE AKD AGGRESSIVE INCOME FUND - MT	1	5,200	0.00

Shareholder's Category	No of. Shareholders	No of. Share Held	Percentage %
CDC-TRUSTEE HBL ISLAMIC STOCK FUND	1	80,700	0.02
CDC - TRUSTEE PICIC STOCK FUND	1	48,000	0.01
CDC - TRUSTEE HBL IPF EQUITY SUB FUND	1	9,300	0.00
CDC - TRUSTEE HBL PF EQUITY SUB FUND	1	9,200	0.00
CDC - TRUSTEE ALFALAH GHP INCOME FUND - MT	1	2,000	0.00
CDC - TRUSTEE KSE MEEZAN INDEX FUND	1	188,990	0.06
CDC-TRUSTEE FIRST HABIB ISLAMIC BALANCED FUND	1	2,000	0.00
MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	1	524,600	0.16
CDC - TRUSTEE UBL ASSET ALLOCATION FUND	1	62,000	0.02
CDC - TRUSTEE PIML STRATEGIC MULTI ASSET FUND	1	9,800	0.00
CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	1	17,900	0.01
CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND	1	66,100	0.02
CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - I	1	107,100	0.03
CDC - TRUSTEE PIML ISLAMIC EQUITY FUND	1	5,700	0.00
CDC - TRUSTEE FAYSAL SAVINGS GROWTH FUND - MT	1	20,800	0.01
CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	1	59,000	0.02
CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	1	41,000	0.01
CDC - TRUSTEE PICIC ISLAMIC STOCK FUND	1	47,500	0.01
CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - II	1	138,700	0.04
CDC - TRUSTEE ABL ISLAMIC PENSION FUND - EQUITY SUB FUND	1	3,200	0.00
CDC - TRUSTEE ABL PENSION FUND - EQUITY SUB FUND	1	4,800	0.00
CDC - TRUSTEE NAFA ISLAMIC STOCK FUND	1	142,600	0.04
CDC - TRUSTEE PAKISTAN SARMAYA MEHFOOZ FUND	1	32,000	0.01
CDC - TRUSTEE NAFA INCOME OPPORTUNITY FUND - MT	1	62,400	0.02
CDC - TRUSTEE PIML VALUE EQUITY FUND	1	15,700	0.00
CDC - TRUSTEE FIRST HABIB INCOME FUND - MT	1	500	0.00
CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	1	805,700	0.25
CDC-TRUSTEE NITIPF EQUITY SUB-FUND	1	5,000	0.00
CDC-TRUSTEE NITPF EQUITY SUB-FUND	1	5,000	0.00
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	1,688,235	0.52
	73	**18,498,402**	**5.72**
Directors and their spouse(s) and minor children			
MR. MUHAMMAD YUNUS TABBA (DIRECTOR)	2	9,839,300	3.04
MRS. KHAIRUNNISA (SPOUSE)	2	8,062,500	2.49
MR. MUHAMMAD ALI TABBA (DIRECTOR)	2	9,446,140	2.92
MRS. FEROZA TABBA (SPOUSE)	1	645,000	0.20
MR. MUHAMMAD SOHAIL TABBA (DIRECTOR)	2	12,397,775	3.83
MRS. SAIMA SOHAIL TABBA (SPOUSE)	1	6,070,000	1.88
MR. JAWED YUNUS TABBA (DIRECTOR)	2	18,966,550	5.87
MRS. RAHILA ALEEM (DIRECTOR)	2	5,045,571	1.56
MRS. ZULEKHA TABBA MASKATIYA (DIRECTOR)	2	5,045,571	1.56
MR. TARIQ IQBAL KHAN (DIRECTOR)	1	1,000	0.00
MR. MUHAMMAD ABID GANATRA (DIRECTOR)	2	4,910	0.00
MRS. SAMINA ABID GANATRA	1	15,000	0.00
	20	**75,539,317**	**23.36**

Additional Information
As at June 30, 2015

Shareholder's Category	No of. Shareholders	No of. Share Held	Percentage %
Executives	17	6,672	0.00
Public Sector Companies and Corporations	9	1,157,188	0.36
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds:			
Banks, development finance institutions,non-banking finance companies	21	3,999,018	1.24
Insurance companies	10	2,184,200	0.68
Takaful	2	5,200	0.00
Modarabas	6	46,786	0.01
Pension funds	25	1,571,178	0.49
	64	**7,806,382**	**2.41**
Share holders holding 5% or more			
JAWED YUNUS TABBA - DIRECTOR	2	18,966,550	5.87
YUNUS TEXTILE MILLS LIMITED - ASSOCIATED COMPANY	1	21,446,283	6.63
KENZO HOLDINGS LIMITED - FOREIGNER	1	22,803,029	7.05
ROSSNEATH INVESTMENTS LIMITED - FOREIGNER	1	22,803,029	7.05
	5	**86,018,891**	**26.60**

Details of trading in the shares by the Directors, Executives and their spouses and minor children:

None of the Directors, Executives and their spouses and minor Children has traded in the shares of the Company during the year of the company, except the following:

	BUY Gift Received	SELL Gift Given
Mr. Muhammad Ali Tabba - Chief Executive / Director		2,211,635
Mrs. Rahila Aleem - Director		269,091
Mrs. Zulekha Tabba Maskatiya - Director	1,629,409	
Mr. Muhammad Faisal - ED / CFO	2,500	12,500
Syed Noman Hassan - Executive Director	1,000	
Mr. Amin Ganny - COO	1,500	
Mrs. Samina Abid Ganatra - Spouse of Mr. Muhammad Abid Ganatra	15,000	

Notice of 22nd Annual General Meeting

Notice is hereby given that the 22nd Annual General Meeting of the members of Lucky Cement Limited will be held on Saturday, October 31, 2015 at 10:30 a.m., at the registered office of the Company situated at factory premises Pezu, District Lakki Marwat, Khyber Pakhtunkhwa to transact the following businesses:

ORDINARY BUSINESS:

1. To confirm the minutes of Extraordinary General Meeting held on December 27, 2014.
2. To receive, consider and adopt the audited financial statements for the year ended June 30, 2015 together with the Board of Directors' and Auditors' reports thereon.
3. To approve and declare cash dividend @ 90% i.e. PKR 9/- per share for the year ended June 30, 2015, as recommended by the Board of Directors.
4. To appoint Auditors and fix their remuneration for the year ending 30 June 2016. The present Auditors, Messrs Ernst and Young Ford Rhodes Sidat Hyder, Chartered Accountants, retire and being eligible, offer themselves for reappointment.
5. To elect eight Directors of the Company as fixed by the Board of Directors in accordance with the provisions of the Companies Ordinance, 1984 for a period of three years commencing from October 31, 2015. The names of retiring Directors are as follows:
   1. Mr. Muhammad Yunus Tabba
   2. Mr. Muhammad Ali Tabba
   3. Mr. Muhammad Sohail Tabba
   4. Mr. Jawed Yunus Tabba
   5. Mrs. Rahila Aleem
   6. Mrs. Zulekha Tabba Maskatiya
   7. Mr. Tariq Iqbal Khan
   8. Mr. Muhammad Abid Ganatra

SPECIAL BUSINESS:

6. To approve and adopt a new set of Articles of Association and for this purpose to pass the following resolution as a Special Resolution:

   RESOLVED as and by way of Special Resolution **THAT** the regulations contained in the printed document submitted to this meeting, and for the purpose of identification subscribed by the Chairman hereof, be approved and adopted as the Articles of Association of the Company, in substitution for, and to the exclusion of, all the existing Articles thereof.

7. To transact any other business with the permission of the Chair.

A statement as required by Section 160(1)(b) of the Companies Ordinance 1984 in respect of the special business to be considered at the meeting is being sent to the Members, along with a copy of this notice.

By Order of the Board

Fayyaz Abdul Ghaffar
Company Secretary

Karachi: October 9, 2015

Notes:

1. The Share Transfer Books of the Company will remain closed from Saturday, October 17, 2015 to Saturday, October 31, 2015 (both days inclusive). Transfers received in order at our Share Registrar/Transfer Agent M/s. Central Depository Company of Pakistan Limited, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400 at the close of business on Friday, October 16, 2015 will be treated in time for the purpose of Annual General Meeting and payment of cash dividend, if approved by the shareholders.
2. A member entitled to attend and vote may appoint another member as his/her proxy to attend and vote instead of him/her.
3. Nomination from shareholders for the office of Director must be received at least 14 days before the time of meeting at the Registered Office of the Company.
4. An individual beneficial owner of shares must bring his/her original CNIC or Passport, Account and Participant's I.D. numbers to prove his/her identity. A representative of corporate members, must bring the Board of Directors' Resolution and/or Power of Attorney and the specimen signature of the nominee. CDC account holders will further have to follow the guidelines as laid down in Circular No. 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

5. **(i)** The Government of Pakistan through Finance Act, 2014 has made certain amendments in section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the Companies. These tax rates are as under:

a)	For filers of income tax returns:	12.50%
b)	For non-filers of income tax returns:	17.50%

To enable the Company to make tax deduction on the amount of cash dividend @ 12.50% instead of 17.50%, all the shareholders whose names are not entered into the Active Tax Payer List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date for payment of the cash dividend i.e. 16th November, 2015 otherwise tax on their cash dividend will be deducted @ 17.50% instead of 12.5%.

(ii) For any query/problem/information, the investors may contact the Company and/or the Share Registrar: The Manager, Share Registrar Department, Central Depository Company Pakistan Limited, Telephone Number: 0800-23275 (Toll Free), email address: info@cdcpak.com and/ or The Manager Corporate Affairs, Telephone Number: 111-786-555 Ext: 2231 email address: company.secretary@lucky-cement.com

(iii) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or its Share Registrar i.e. /Transfer Agent M/s. Central Depository Company of Pakistan Limited. The shareholders while sending NTN or NTN Certificates, as the case may be, must quote Company name and their respective folio numbers.

6. In accordance with the notification of the Securities and Exchange Commission of Pakistan (SECP) vide SRO 779(1)/2011 dated August 18, 2011 and SRO 83(1)/2012 dated July 5, 2012, dividend warrants should bear CNIC number of the registered member or the authorized person, except in case of minor(s) and corporate members. Accordingly, Members who have not yet submitted copy of their valid CNIC or NTN in case of corporate entities are requested to submit the same to the Company's Shares Registrar. In case of non-compliance, the Company may withhold dispatch of dividend warrants under intimation to regulator till such time they provide the valid copy of their CNIC as per law.

7. The directive of SECP contained in SRO 787/(I)/2014 dated September 08, 2014, whereby SECP has allowed companies to circulate annual balance sheet, profit and loss account, auditor's report and directors' report etc. (Audited Financial Statements) alongwith notice of annual general meeting (Notice) to its members through email. Members are requested to provide their email addresses on registered address of the company.

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

Statement as required by section 160(1)(b) of the Companies Ordinance, 1984 in respect of the Special Business to be considered at the Annual General Meeting is appended below:

Alterations in the Articles of Association of the Company:

The Board of Directors has recommended that the Company's Articles of Association be substituted for, and to the exclusion, of all the existing articles by a new set of articles of association. The new set of the articles of association updates the Company's existing Articles of Association by taking into account the several changes made in the Companies Ordinance, 1984 since the time that the Articles were last amended. These alterations, inter alia, enable the Company, with the approval of a special resolution to purchase its own shares, and to create a share premium account. The other alterations made are to reflect the changes in procedure incorporated into the Company Law, including submission of quarterly accounts and holding of Board Meetings through electronic communication.

A copy of the new set of Articles of Association is attached.

The resolution required for the above purpose is set forth in the notice convening the Annual General Meeting and that resolution will be proposed and passed as a Special Resolution.

Form of Proxy

I/We ____

of (full address) ____

being a member of Lucky Cement Limited hereby appoint ____

______________________ of (full address) ____

____

or failing him / her ____

or (full address) ____

who is also a member of Lucky Cement Limited, as my / our proxy in my / our absence to attend and vote for me / and on my / our behalf at the 22nd Annual General Meeting the Company to be held on October 31, 2015 and / or any adjournment thereof.

Signature this ______________________ ______________________ Year 2015

(day) (date, month)

Signature of Member: ______________________

Folio / CDC Number : ______________________

Number of shares held: ______________________

CNIC No.: ______________________

Please affix revenue stamp

Signature and Company seal

Signatures, name and addresses of winesses

1. ____

____

2. ____

____

Important:

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

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

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

Dividend Mandate

Tax deduction on dividend income

This is with reference to final cash dividend announced by Lucky Cement Limited at the rate of PKR 9/- per share (i.e. 90%) to the shareholders for the year ended June 30, 2015 .

The share transfer books of the company are closed for entitlement of dividend from October 17, 2015 to October 31, 2015 (both days inclusive).

Please note that dividend income on shares is liable to deduction of withholding tax under Section 150 of the Income Tax Ordinance, 2001 and pursuant to Finance Act 2015 effective from July 1, 2015, the 'Filer' and 'Non-Filer' shareholders will pay tax @ 12.5% and 17.5% respectively. The 'Filer' shareholders will be determined by matching their CNIC Numbers I National Tax Numbers (NTN) available in Active Taxpayers List (ATL) uploaded by FBR at their website http://www.fbr.gov.pk from the CNIC Numbers / National Tax Numbers (NTN) maintained by your Participant I CDC Investor Account Services or by us (in case of physical shareholding).

Further, according to recent clarification provided by FBR withholding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as Joint Holder(s) based on their shareholding proportions.

In the light of above, kindly arrange to provide us shareholding proportions of yourself as Principal shareholder and your Joint Holder(s) in below chart in respect of share(s) held under your Folio / CDS Account number enabling us to compute withholding tax of each shareholder accordingly:

Name of Principal Shareholder / Joint Holders	Shareholding Proportions	CNIC # (Copy Attached)	Signature
Principal Shareholder			
Joint Shareholder 1			
Joint Shareholder 2			
Joint Shareholder 3			

Kindly ensure that the required information must be reached to us along with photocopy of your valid CNICs on or before October 30, 2015, otherwise, it will be assumed that the shares in above mentioned Folio / CDS Account are equally held by each shareholder and withholding tax will be computed accordingly based on 'Filer/Non-Filer' status of the Principal and Joint Holder(s).

Dividend Mandate

The SECP through its notification No. 8(4)/SM/CDC-2008 dated April 5, 2013 has advised that the shareholders who have provided bank mandate should be paid dividend by transferring directly to their respective bank accounts (e-dividend mechanism); therefore, the registered shareholders of **LUCKY CEMENT LIMITED**, are requested to provide the following details in order to credit their cash dividends directly to their bank account, if declared:

(i) in case of book-entry securities in CDS, to CDS Participants; and

(ii) In case of physical securities to the Company's Share Registrar as mentioned below.

S. No.	Shareholder/Member Details	
1.	Shareholder's Name	
2.	Father's / Husband's Name	
3.	Folio Number	
4.	Postal Address	
5.	Name of Bank	
6.	Name of Branch	
7.	Address of Branch	
8.	Title of Bank Account	
9.	Bank Account Number (Complete with code)	
10.	IBAN Number * (Complete with code)	
11.	Cell Number	
12.	Telephone Number (if any)	
13.	CNIC Number (attach copy)	
14.	NTN (in case of corporate entity, attach copy)	

* IBAN number (International Bank Account Number) will be provided by your banker, containing alpha, numeric and without any space and gap.

Share Registrar: Central Depository Company of Pakistan Limited
99–B, Block – B, S.M.C.H.S., Shahrah-e-Faisal Karachi.

Signature of Member / Shareholder

Yours truly,

Fayyaz Abdul Ghaffar
Company Secretary

Lucky Cement Limited
Corporate Affairs Department
6–A, Muhammad Ali Housing Society, A. Aziz Hashim Tabba Street, Karachi-75350.
U.A.N: 111-786-555 Direct # 34543049 F: 34534302 E: info@lucky-cement.com

Glossary

Derivative Financial Instruments.
Transactions used to manage interest rate and/or currency risks

Dividend Payout Ratio.
The dividend payout ratio is the ratio between the dividend for the fiscal year and the earnings per share

EBIT.
Earnings Before Interest and Taxes. EBIT represents the results of operations

EBITDA.
Earnings Before Interest, Taxes, Depreciation and Amortization

EPS.
Earnings Per Share

Gearing Ratio.
The Gearing ratio represents the net indebtedness divided by total equity, expressed as a percentage.

Hedging.
Securing a transaction against risks, such as fluctuations in exchange or interest rates, by entering into an offsetting hedge transaction, typically in the form of a forward contract

HESCO.
Hyderabad Electric Supply Corporation

PESCO.
Peshawar Electric Supply Corporation

IAS.
International Accounting Standards (Accounting standards of the IASB)

IASB.
International Accounting Standards Board (The authority that defines the International Financial Reporting Standards)

IFRIC.
International Financial Reporting Interpretations Committee (predecessor of the International Financial Reporting Standards Interpretations Committee, IFRSC IC).

IFRS.
International Financial Reporting Standards. (The accounting standards of IASB)

IFRS IC.
International Financial Reporting Standards Interpretations Committee. The body that determines appropriate accounting treatment in the context of existing IFRS and IAS.

LCL.
Lucky Cement Limited

LHL.
Lucky Holdings Limited

Net Indebtedness.
The net amount of interest bearing financial liabilities as recognized in the balance sheet, cash and cash equivalents, the positive fair values of the derivative instruments as well as other interest bearing investments

mtpa.
million tons per annum

NEPRA.
National Electric & Power Regulatory Authority

OPC.
Ordinary Portland cement

Operating Assets.
Operating assets are the assets less liabilities as reported in the balance sheet, without recognizing the net indebtedness, discounted trade bills, deferred tax assets, income tax receivable and payable, as well as other financial assets and debts.

Operating Lease.
A form of lease that is largely similar to rental. Leased assets are recognized in the lessor's balance sheet and capitalized

PESCO.
Peshawar Electric Supply Corporation

RDF.
Refuse Derived Fuel

ROCE.
Return On Capital Employed. We define ROCE as the ratio of EBIT to average operating assets for the fiscal year

SIC.
Standing Interpretations Committee (predecessor to the IFRIC)

SRC.
Sulphate Resistant Cement

TDF.
Tyre Derived Fuel

WHR.
Waste Heat Recovery

YBG.
Yunus Brother Group


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Company Verification
Insurance & Investment Checklist
FAQs Answered
Stock trading simulator (based on live feed from KSE)
Knowledge center
Risk profiler*
Financial calculator
Subscription to Alerts (event notifications, corporate and regulatory actions)
Jamapunji application for mobile device
Online Quizzes
jamapunji.pk
@jamapunji_pk
Jama Punji is an Investor Education Initiative of Securites and Exchange Commission of Pakistan
SECP
*Mobile apps are also available for download for android and ios devices

Notes

Notes

Head Office

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

Liaison Offices

Islamabad

H. No: 12, Street No: 35,
Sector: F-7/1, Islamabad, Pakistan.
UAN: (+92-51) 111 786 555 Tel: (+92-51)2609424-30
Fax: (+92-51)2609432
E-mail : dm@lucky-cement.com

Multan

Office Number 607, 6th Floor,
The United Mall, Abdali Road,
Multan (near Ramada Inn Hotel)
Tel: (+92-61) 4540556-7, Fax: (+92-61)-4540558
Email: multan@lucky-cement.com

Lahore

17-C/3, Gulberg III, near Hussain Chowk, Lahore.
UAN: (+92-42) 111-786-555
Tel: (+92-42) 35772508
Fax: (+92-42) 35772512
Email: lahore@lucky-cement.com

Peshawar

Syed Tower, Room No. 5, 6 & 7, 3rd Floor Opposite
Custom House, University Road, Peshawar.
UAN: (+92-91) 111-786-555
Tel: (+92-91) 5844903
Fax: (+92-91) 5850969
Email: peshawar@lucky-cement.com

Quetta

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

Dera Ismail Khan

2nd Floor, State Life Building,
East Circular Road, DI Khan
Telephone: (+92-966) 717313
Fax: (92-966)717315

Plants

Pezu Plant

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

Karachi Plant

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

6-A Muhammad Ali Housing Society, A Aziz Hashim Tabba Street
Karachi-75350, Pakistan
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