

LCD/MFL/ANNO/2014-15/

February 21, 2015

The General Manager
Karachi Stock Exchange
Limited
Karachi

The Secretary
Lahore Stock Exchange
Limited
Lahore

The Managing Director
Islamabad Stock Exchange
Limited
Islamabad

The Deputy Chief
Securities & Exchange
Commission of Pakistan
Islamabad

The Joint Registrar
of Companies, Company
Registration Office
Peshawar

The London Stock Exchange
10 Paternoster
Square,
London

Dear Sir(s)

FINANCIAL RESULTS FOR THE HALF YEAR ENDED DECEMBER 31, 2014

This is to inform you that the Board of Directors of our Company in their Meeting held on Saturday, February 21, 2015 at 11:30 a.m., at 6-A, Muhammad Ali Housing Society, A. Aziz Hashim Tabba Street, Karachi-75350 recommended the following:

- | | | |
|-------|--------------------------------|------------|
| (i) | <u>Cash Dividend</u> | Nil |
| (ii) | <u>Bonus Issue</u> | Nil |
| (iii) | <u>Right Issue</u> | Nil |
| (iv) | <u>Interim Dividend</u> | Nil |

The financial results of the Company consisting of Balance Sheet, Profit and Loss Account and Directors' Report are annexed.

We will be sending you the requisite copies of printed financial statements in due course of time.

Yours truly
for **LUCKY CEMENT LIMITED**


MUHAMMAD FAISAL
Director Finance / CFO
& Chief Investment Officer

**Unconsolidated Condensed Interim Balance Sheet
As at December 31, 2014 (Un-audited)**

	December 31, 2014 (Un-audited) (Rupees in '000')	June 30, 2014 (Audited)
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	33,614,728	31,937,211
Intangible assets	<u>53,898</u>	<u>27,652</u>
	33,668,626	31,964,863
Long-term investments	10,369,865	8,157,550
Long-term advances	156,979	72,445
Long-term deposits	<u>3,175</u>	<u>3,175</u>
	44,198,645	40,198,033
CURRENT ASSETS		
Stores and spares	6,263,639	6,078,915
Stock-in-trade	2,089,524	1,638,984
Trade debts	2,332,595	2,077,714
Loans and advances	273,867	161,625
Trade deposits and short term prepayments	55,826	57,699
Other receivables	551,424	527,052
Tax refunds due from the Government	538,812	538,812
Cash and bank balances	<u>7,805,230</u>	<u>8,519,082</u>
	19,910,917	19,599,883
TOTAL ASSETS	<u>64,109,562</u>	<u>59,797,916</u>
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized capital	<u>5,000,000</u>	<u>5,000,000</u>
Issued, subscribed and paid-up capital	3,233,750	3,233,750
Reserves	<u>49,249,353</u>	<u>46,558,433</u>
	52,483,103	49,792,183
NON-CURRENT LIABILITIES		
Long-term deposits	64,600	67,971
Deferred liabilities	<u>5,540,349</u>	<u>5,453,512</u>
	5,604,949	5,521,483
CURRENT LIABILITIES		
Trade and other payables	5,349,990	4,096,255
Taxation - net	671,512	257,446
Accrued mark-up	8	3,051
Current portion of long-term finance	<u>-</u>	<u>127,498</u>
	6,021,510	4,484,250
CONTINGENCIES AND COMMITMENTS		
TOTAL EQUITY AND LIABILITIES	<u>64,109,562</u>	<u>59,797,916</u>



**Unconsolidated Condensed Interim Profit and Loss Account
For the half year ended December 31, 2014 (Un-audited)**

	Half Year Ended		Quarter Ended	
	December 31, 2014 (Rupees in '000')	December 31, 2013	December 31, 2014 (Rupees in '000')	December 31, 2013
Gross sales	25,688,304	23,215,851	13,166,172	12,242,955
Less: Sales tax and excise duty	3,920,628	3,359,349	2,044,762	1,831,566
Rebates and commission	357,960	281,010	181,635	168,084
	4,278,588	3,640,359	2,226,397	1,999,650
Net sales	21,409,716	19,575,492	10,939,775	10,243,305
Cost of sales	(12,132,854)	(11,066,864)	(6,074,423)	(5,899,138)
Gross profit	9,276,862	8,508,628	4,865,352	4,344,167
Distribution costs	(1,747,271)	(1,546,234)	(879,158)	(850,668)
Administrative expenses	(429,248)	(377,357)	(221,034)	(185,236)
Finance costs	(12,906)	(20,679)	(3,708)	(8,922)
Other charges	(646,453)	(494,101)	(333,563)	(237,068)
Other income	616,481	415,895	284,135	194,550
Profit before taxation	7,057,465	6,486,152	3,712,024	3,256,823
Taxation				
-current	(1,471,952)	(1,231,710)	(795,640)	(616,202)
-deferred	15,782	(93,683)	15,782	(25,662)
	(1,456,170)	(1,325,393)	(779,858)	(641,864)
Profit after taxation	5,601,295	5,160,759	2,932,166	2,614,959
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	5,601,295	5,160,759	2,932,166	2,614,959
	(Rupees)		(Rupees)	
Earnings per share - basic and diluted	17.32	15.96	9.07	8.09



Condensed Interim Consolidated Balance Sheet
As at December 31, 2014 (Un-audited)

	December 31, 2014 (Un-audited)	June 30, 2014 (Audited)
	(Rupees in '000')	
ASSETS		
NON-CURRENT ASSETS		
Fixed assets		
Property, plant and equipment	46,930,845	44,063,423
Intangible assets	<u>7,572,060</u>	<u>7,741,210</u>
	54,502,905	51,804,633
Long-term investments	9,769,527	1,714,879
Long-term loans and advances	357,066	1,711,839
Long-term deposits and prepayments	<u>32,366</u>	<u>31,018</u>
	64,661,864	55,262,369
CURRENT ASSETS		
Stores, spares and consumables	7,140,230	6,952,502
Stock-in-trade	6,826,520	6,246,200
Trade debts	3,844,898	2,961,424
Loans and advances	621,398	354,625
Trade deposits and short-term prepayments	247,378	278,010
Other receivables	1,857,390	2,195,956
Tax refunds due from the Government	538,812	538,812
Taxation - net	963,690	1,502,916
Cash and bank balances	<u>8,233,257</u>	<u>11,723,248</u>
	30,273,573	32,753,693
TOTAL ASSETS	<u>94,935,437</u>	<u>88,016,062</u>
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Share capital	3,233,750	3,233,750
Reserves	<u>50,528,776</u>	<u>47,145,858</u>
Attributable to the equity holders of the Holding Company	53,762,526	50,379,608
Non-controlling interests	<u>6,523,233</u>	<u>6,204,663</u>
Total equity	60,285,759	56,584,271
NON-CURRENT LIABILITIES		
Long-term finances	8,878,645	9,983,078
Long-term deposits	64,600	67,971
Deferred liabilities	<u>8,562,400</u>	<u>8,655,713</u>
	17,505,645	18,706,762
CURRENT LIABILITIES		
Short-term borrowings and running finance	1,053,033	437,368
Trade and other payables	13,966,854	10,900,436
Accrued mark-up	209,312	223,656
Current portion of long-term finance	<u>1,914,834</u>	<u>1,163,569</u>
	17,144,033	12,725,029
CONTINGENCIES AND COMMITMENTS		
TOTAL EQUITY AND LIABILITIES	<u>94,935,437</u>	<u>88,016,062</u>

**Condensed Interim Consolidated Profit and Loss Account
For the half year ended December 31, 2014 (Un-audited)**

	Half Year Ended		Quarter Ended	
	December 31, 2014 (Rupees in'000')	December 31, 2013	December 31, 2014 (Rupees in'000')	December 31, 2013
Gross sales	47,396,494	43,925,983	24,343,915	22,884,472
Less: Sales tax and excise duty	5,260,287	4,566,918	2,734,830	2,435,245
Rebates and commission	1,556,865	1,242,396	823,140	678,937
	6,817,152	5,809,314	3,557,970	3,114,182
Net sales	40,579,342	38,116,669	20,785,945	19,770,290
Cost of sales	(28,528,681)	(27,463,130)	(14,368,704)	(14,288,511)
Gross profit	12,050,661	10,653,539	6,417,241	5,481,779
Distribution costs	(2,461,455)	(2,120,929)	(1,237,910)	(1,152,291)
Administrative expenses	(891,500)	(832,217)	(451,640)	(427,285)
Share of gain in equity-accounted investments	323,299	-	161,818	-
Finance costs	(611,186)	(468,252)	(233,825)	(224,910)
Other charges	(769,417)	(576,877)	(414,582)	(279,649)
Other income	740,129	500,133	377,296	212,191
Profit before taxation	8,380,531	7,155,397	4,618,398	3,609,835
Taxation				
- current	(1,920,492)	(1,286,822)	(1,051,789)	(565,512)
- deferred	202,442	(144,252)	83,348	(76,231)
	(1,718,050)	(1,431,074)	(968,441)	(641,743)
Profit after taxation	6,662,481	5,724,323	3,649,957	2,968,092
Attributable to:				
Owners of the Holding Company	6,268,894	5,431,516	3,371,272	2,790,514
Non-controlling interests	393,587	292,807	278,685	177,578
Total comprehensive income for the period	6,662,481	5,724,323	3,649,957	2,968,092
Other comprehensive income for the period				
Foreign exchange differences on translation of foreign operations	4,922	-	(91,054)	-
	6,667,403	5,724,323	3,558,903	2,968,092
Attributable to:				
Owners of the Holding Company	6,273,816	5,431,516	3,280,218	2,790,514
Non-controlling interests	393,587	292,807	278,685	177,578
	6,667,403	5,724,323	3,558,903	2,968,092
	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Earnings per share - basic and diluted	19.39	16.80	10.43	8.63


Lucky Cement Limited

Directors' Report:

The Directors of your Company have pleasure in presenting to you the results of your Company which include both, the stand-alone (duly reviewed by the auditors) and consolidated unaudited financial statements for the half year ended December 31, 2014.

Overview:

Cement industry in Pakistan grew by 6.23% to 17.12 million tons during the half year ended 31 December 2014 compared to 16.12 million tons of the same period last year. While local sales volume registered a growth of 9.10% to 13.06 million tons during the half year compared to 11.97 million tons of the same period last year, export sales volumes registered a decline of 2.07% to 4.05 million tons during the half year compared to 4.14 million tons of the same period last year.

Your Company continued to perform better than the industry and managed to maintain its market share in the industry during half year under review at 19%.

Your Company achieved an overall growth of 6.46% to 3.25 million tons during the half year ended compared to 3.05 million tons sold in the same period last year. Local sales volume registered a growth of 9.20% to 2.02 million tons during the half year compared to 1.85 million tons of same period last year. While industry registered a decline in export volumes, your Company was able to register a growth of 2.24% to 1.23 million tons during the half year compared to 1.21 million tons of the same period last year.

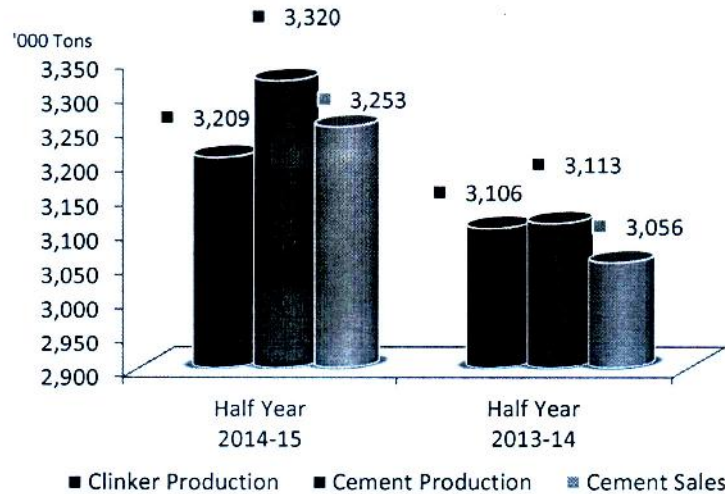
Business Performance:

(a) Production & Sales Volume Performance

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

Particulars	Half Year 2014-15	Half Year 2013-14	Increase/ (Decrease) %
	----- Tons in '000 -----		
Clinker Production	3,209	3,106	3.32%
Cement Production	3,320	3,113	6.66%
Cement Sales	3,253	3,056	6.46%

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



A comparison of the dispatches of the industry and your Company for the half year ended 2014-15 compared to the same period last year is presented below:

Particulars	Half Year	Half Year	Growth / (Decline)	
	2014-15	2013-14	%	
	----- Tons in '000 -----			
Cement Industry				
Local Sales	13,065	11,975	1,090	9.10%
Export Sales				
Cement				
- Bagged	3,897	3,966	(69)	(1.74%)
- Loose	162	179	(17)	(9.43%)
Total Exports	4,059	4,145	(86)	(2.07%)
Grand Total	17,124	16,120	1,004	6.23%
Lucky Cement				
Local Sales	2,020	1,850	170	9.20%
Export Sales				
Cement				
- Bagged	1,070	1,026	44	4.28%
- Loose	162	179	(17)	(9.43%)
Total Exports	1,233	1,206	27	2.24%
Grand Total	3,253	3,056	197	6.46%



Lucky Cement Limited

Market Share			
LCL - Market Share (%)	Half Year 2014-15	Half Year 2013-14	Growth / (Decline)
Local Sales	15.46%	15.45%	0.06%
Export Sales			
Cement			
- Bagged	27.47%	25.88%	6.13%
- Loose	100.00%	100.00%	0.00%
Total Export	30.38%	29.10%	4.40%
Grand Total	19.00%	18.96%	0.21%

Industry Source: APCMA website

(b) Financial Performance

The financial performance of your Company for the half year ended 2014-15 compared to the same period of last year is presented below:

Figures in PKR million except EPS

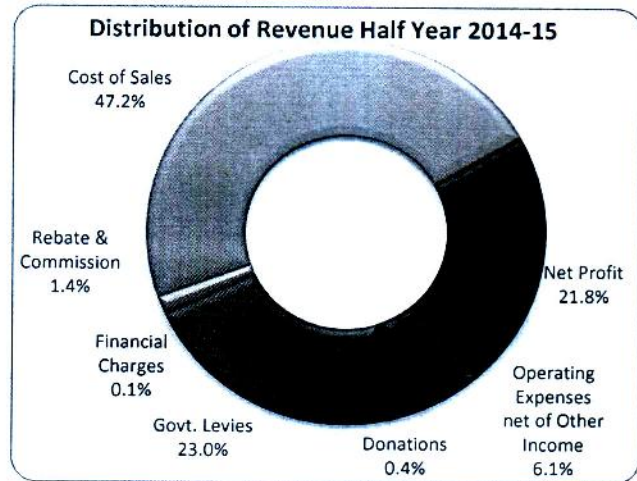
Half Year 14-15	Half Year 13-14	% Change
• Revenue: 21,410	• Revenue: 19,575	• Revenue: 9.4%
• GP: 9,277	• GP: 8,509	• GP: 9.0%
• OP: 7,100	• OP: 6,585	• OP: 7.8%
• EBITDA: 8,186	• EBITDA: 7,615	• EBITDA: 7.5%
• NP: 5,601	• NP: 5,161	• NP: 8.5%
• EPS: 17.32/share	• EPS: 15.96/share	• EPS: 8.5%



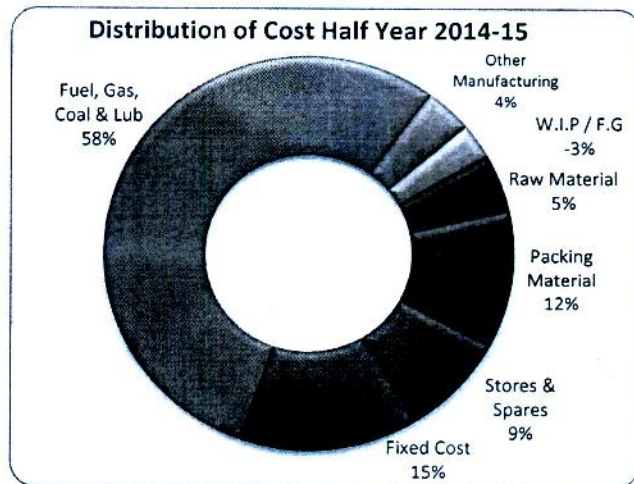
Lucky Cement Limited

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 URL: www.lucky-cement.com

During the period under review, your Company achieved an overall net sales revenue growth of 9.37% as compared to same period last year contributed by 6.46% increase in volume and 2.91% increase in net retention.

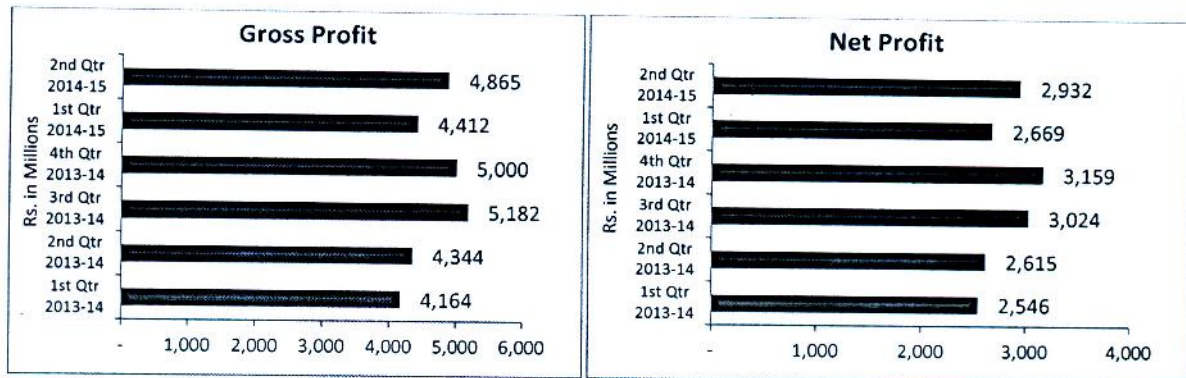


Per ton cost of sales of your Company during the period under review increased by 2.98% compared to the same period last year. The increase in the cost of sales was mainly due to increase in packing material cost and cost of repairs and maintenance at plant site. Your Company achieved a gross profit margin of 43.33% during the period under review compared to 43.47% reported in the same period last year.

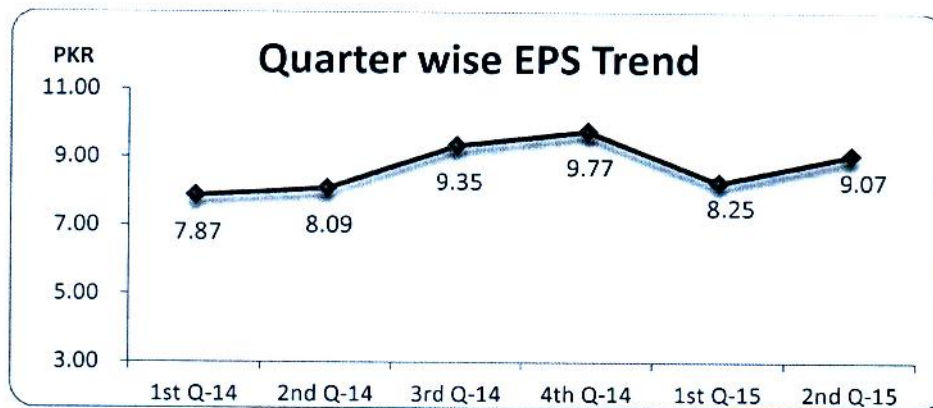


Your Company achieved the before tax profit of Rs.7,057.46 million during the period under review compared to Rs.6,486.15 million reported during the same period last year. Similarly, after tax profit of Rs.5,601.29 million was achieved during the period under review compared to Rs. 5,160.76 million reported during the same period last year.





The earnings per share of your Company for the half year ended 31 December 2014 was Rs.17.32 compared to Rs.15.96 reported in the same period last year.



Projects – New and Ongoing:

Waste Heat Recovery (WHR) Plants at Captive Power Plants

5 MW WHR at Karachi Plant: Plant and machinery has been installed and is expected to be commissioned by the end of February 2015.

5 MW WHR at PEZU Plant: Civil and mechanical work is expected to start soon at plant site and plant and machinery is expected to be installed by the end of September 2015.

Vertical Grinding Mills at Karachi Plant

Vertical Grinding Mills have been installed at Karachi Plant and are undergoing necessary test and trial run process. These are expected to become fully operational by the end of February 2015.

Electricity Supply to PESCO

Your company is currently in the process of tariff negotiation with NEPRA for the supply of surplus electricity from PEZU power plant.

Investments:

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

By the grace of Almighty Allah, Lucky Electric Power Company Limited (LEPCL) being the project company and the subsidiary of Lucky Cement, has been issued Letter of Intent (LOI) by the Private Power and Infrastructure Board (PPIB) on 11th February 2015.

Technical consultant has already been appointed to start work on the feasibility study of the project and LEPCL is expecting to file Tariff Petition and apply for generation license with NEPRA by April 2015.

Preliminary negotiations with shortlisted EPC contractors from China and Republic of Korea are expected to start in parallel and expected to be completed by June 2015.

Joint Venture Investment in Cement Plant in DR Congo

Finance documents for project financing were signed on 27 November 2014 to achieve financial close and first draw down is expected in March 2015. Shipments under the equipment supply contract from FLSmidth (the European equipment supplier) have already been initiated. Civil and mine development work at plant site is in progress.

The effect of 50% share of the net assets of the DR Congo plant has been reflected in the consolidated unaudited condensed financial statements of the Company for the half year ended 31 December 2014.

Joint Venture Investment in Cement Grinding Facility in Iraq

By the grace of Almighty Allah, the grinding plant in Iraq is performing well. During the half year under review, the grinding mill achieved production and sales volumes of 378,000 and 372,000 tons respectively. The operations posted a net profit of US\$ 6.4 million for the half year ended 31 December 2014. The results of the Iraq grinding unit have been reflected in the consolidated unaudited condensed financial statements of the Company for the half year ended 31 December 2014 to the extent of 50% share of net assets and net profit.

Equity Investment in Associated Company in 50 MW Wind Farm

The EPC Contractors have been mobilized at site for the preliminary works and financial close with the consortium of local banks for project financing has been achieved on 9th February 2015. The project is expected to be completed by May 2016.

Corporate Social Responsibility:



Your Company is committed to the cause of development of the country, and is cognizant of its social responsibility as one of Pakistan's leading corporate citizens. With a three pronged focus on health, education and environment, your company is playing its part in the development of this nation.

In the period under review, your Company granted several scholarships to needy students on merit in leading schools and universities of Pakistan, with the aim of equipping the talented youth of the country with access to quality education.

To further the cause of social welfare and community development, your company facilitated the rehabilitation of the internally displaced persons of Pakistan, besides aiding for the construction of a community center around its head office.

Your company also generously donated to Aziz Tabba Foundation, to ensure the smooth running of a leading cardiac hospital and a leading dialysis center in the country.

Outlook:

Your company is quite optimistic about the volumetric growth in the current financial year. Your company's strong financial position and free cash flow generating ability would help investing in the projects and avenues which would continue to bring in further efficiencies and increase shareholder value. Strong local demand, declining coal and fuel prices in the international market and lower freight cost will be the major contributors for the increase in profitability of your company in the current financial year.

Acknowledgement:

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

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

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

On behalf of the Board



MUHAMMAD YUNUS TABBA
Chairman / Director
Karachi: February 21, 2015.

