

LCL/MFL/1500/2015-16/

October 29, 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 1ST QUARTER ENDED – SEPTEMBER 30, 2015

We have to inform that the Board of Directors of our Company in their Meeting held on Thursday, October 29, 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>Any other Entitlement / Corporate Action</u> | Nil |
| (v) | <u>Any other Price-Sensitive information</u> | Nil |

The financial results of the Company consisting of balance sheet, profit and loss account and directors' report are annexed.

Yours truly,
for: **LUCKY CEMENT LIMITED**


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

**Condensed Interim Profit and Loss Account
For the 1st quarter ended September 30, 2015 (Un-audited)**

	Quarter Ended	
	September 30, 2015	September 30, 2014
	(Rupees in '000')	
Gross sales	12,498,877	12,522,132
Less: Sales tax and excise duty	2,029,367	1,875,866
Rebates and commission	127,378	176,325
	2,156,745	2,052,191
Net sales	10,342,132	10,469,941
Cost of sales	(5,588,634)	(6,058,431)
Gross profit	4,753,498	4,411,510
Distribution costs	(592,274)	(868,113)
Administrative expenses	(263,634)	(208,214)
Finance costs	(2,898)	(9,198)
Other expenses	(338,855)	(312,890)
Other income	358,430	332,346
Profit before taxation	3,914,267	3,345,441
Taxation		
-current	(931,464)	(676,312)
-deferred	(14,590)	-
	(946,054)	(676,312)
Profit after taxation	2,968,213	2,669,129
Other comprehensive income for the period	-	-
Total comprehensive income for the period	2,968,213	2,669,129
	(Rupees)	
Earnings per share - basic and diluted	9.18	8.25



Lucky Cement Limited

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 URL: www.lucky-cement.com

**Condensed Interim Balance Sheet
As at September 30, 2015 (Un-audited)**

	September 30, 2015 (Un-audited)	June 30, 2015 (Audited)
	(Rupees in '000')	
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	34,894,816	35,018,819
Intangible assets	<u>36,615</u>	<u>41,921</u>
	34,931,431	35,060,740
Long-term investment	10,950,020	10,925,020
Long-term loans and advances	827,841	78,981
Long-term deposits	<u>3,175</u>	<u>3,175</u>
	46,712,467	46,067,916
CURRENT ASSETS		
Stores and spares	5,605,489	4,995,423
Stock-in-trade	1,740,554	1,580,745
Trade debts	2,313,484	2,042,199
Loans and advances	250,001	253,350
Trade deposits and short term prepayments	48,700	50,688
Accrued mark-up on deposit accounts	94,584	79,257
Other receivables	1,311,169	1,032,853
Tax refunds due from the Government	538,812	538,812
Cash and bank balances	<u>17,557,755</u>	<u>16,444,622</u>
	29,460,548	27,017,949
TOTAL ASSETS	<u><u>76,173,015</u></u>	<u><u>73,085,865</u></u>
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized capital	<u>5,000,000</u>	<u>5,000,000</u>
Share capital	3,233,750	3,233,750
Reserves	<u>58,993,233</u>	<u>56,025,020</u>
	62,226,983	59,258,770
NON-CURRENT LIABILITIES		
Long-term deposits	69,937	69,246
Deferred liabilities	<u>6,392,143</u>	<u>6,327,146</u>
	6,462,080	6,396,392
CURRENT LIABILITIES		
Trade and other payables	6,265,384	6,382,372
Taxation - net	<u>1,218,568</u>	<u>1,048,331</u>
	7,483,952	7,430,703
CONTINGENCIES AND COMMITMENTS		
TOTAL EQUITY AND LIABILITIES	<u><u>76,173,015</u></u>	<u><u>73,085,865</u></u>



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**Condensed Interim Consolidated Profit and Loss Account
For the 1st quarter ended September 30, 2015 (Un-audited)**

	September 30, 2015	September 30, 2014
	(Rupees in '000')	
Gross sales	22,329,803	23,052,579
Less: Sales tax and excise duty	2,738,581	2,525,457
Rebates and commission	754,906	733,725
	3,493,487	3,259,182
Net sales	18,836,316	19,793,397
Cost of sales	(12,741,302)	(14,159,977)
Gross profit	6,095,014	5,633,420
Distribution costs	(1,034,508)	(1,223,545)
Administrative expenses	(495,195)	(439,860)
Finance costs	(260,051)	(377,361)
Other expenses	(395,791)	(354,835)
Other income	620,558	524,314
Profit before taxation	4,530,027	3,762,133
Taxation		
- current	(1,090,993)	(868,703)
- deferred	43,636	119,094
	(1,047,357)	(749,609)
Profit after taxation	3,482,670	3,012,524
Attributable to:		
Owners of the Holding Company	3,297,815	2,897,622
Non-controlling interests	184,855	114,902
Total comprehensive income for the period	3,482,670	3,012,524
Other comprehensive income for the period		
Foreign exchange differences on translation of foreign operations	132,515	95,976
Items to be reclassified to profit or loss in subsequent periods:		
Loss on hedge during the period	(3,342)	-
Income tax relating to hedging reserve	1,069	-
	(2,273)	-
Adjustments for amounts transferred to initial carrying amounts of hedged item - capital work-in-progress	386	
	3,613,298	3,108,500
Attributable to:		
Owners of the Holding Company	3,429,272	2,993,598
Non-controlling interests	184,026	114,902
	3,613,298	3,108,500
	(Rupees)	
Earnings per share - basic and diluted	10.20	8.96



**Condensed Interim Consolidated Balance Sheet
As at September 30, 2015 (Un-audited)**

	September 30, 2015 (Un-audited)	June 30, 2015 (Audited)
	(Rupees in '000')	
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	51,277,175	49,900,183
Intangible assets	7,257,286	7,360,811
	<u>58,534,461</u>	<u>57,260,994</u>
Long-term investments	10,435,217	10,007,198
Long-term loans and advances	584,528	405,496
Long-term deposits and prepayments	33,706	33,952
	<u>69,587,912</u>	<u>67,707,640</u>
CURRENT ASSETS		
Stores, spares and consumables	6,567,269	5,921,887
Stock-in-trade	6,773,004	6,524,154
Trade debts	4,100,783	3,473,293
Loans and advances	592,390	578,609
Trade deposits and short-term prepayments	517,651	464,392
Accrued mark-up	95,667	79,257
Other receivables	2,522,549	2,023,466
Tax refunds due from the Government	538,812	538,812
Taxation - net	453,223	997,518
Cash and bank balances	19,177,943	18,155,599
	<u>41,339,291</u>	<u>38,756,987</u>
TOTAL ASSETS	<u><u>110,927,203</u></u>	<u><u>106,464,627</u></u>
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Share capital	3,233,750	3,233,750
Reserves	61,632,972	58,190,818
Attributable to the equity holders of the Holding Company	64,866,722	61,424,568
Non-controlling interests	7,263,790	7,071,234
Total equity	<u>72,130,512</u>	<u>68,495,802</u>
NON-CURRENT LIABILITIES		
Long-term finances	8,844,227	8,854,165
Long-term deposits	69,937	69,246
Deferred liabilities	9,440,275	9,430,707
	<u>18,354,439</u>	<u>18,354,118</u>
CURRENT LIABILITIES		
Short-term borrowings and running finance	2,984,160	1,833,247
Trade and other payables	15,285,333	15,819,145
Accrued mark-up	161,804	165,210
Current portion of long-term finance	2,010,955	1,797,105
	<u>20,442,252</u>	<u>19,614,707</u>
CONTINGENCIES AND COMMITMENTS		
TOTAL EQUITY AND LIABILITIES	<u><u>110,927,203</u></u>	<u><u>106,464,627</u></u>

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Directors' Report:

The Directors of your Company have the pleasure in presenting to you the financial results of your Company which include both, the stand-alone and consolidated un-audited financial statements for the first quarter ended September 30, 2015.

Overview:

Cement industry in Pakistan grew by 1.4% to 8.27 million tons during the first quarter compared to 8.16 million tons during the same period last year. While local sales volume registered a growth of 11.1% to 6.77 million tons during the first quarter compared to 6.10 million tons during the same period last year, export sales volume registered a decline of 27.2% to 1.50 million tons during the first quarter compared to 2.06 million tons during the same period last year.

Your Company's overall sales volume declined by 2.7% to 1.56 million tons during the first quarter compared to 1.61 million tons sold in the same period last year. While local sales volume of your company registered a growth of 11.0% to 1.07 million tons during the first quarter compared to 0.97 million tons during the same period last year, export sales volume declined by 23.2% to 0.49 million tons during the first quarter compared to 0.64 million tons during the same period last year.

The EPS for the quarter was recorded at PKR 9.18 which is 11.2% higher than the same period last year's EPS of PKR 8.25.

Business Performance:

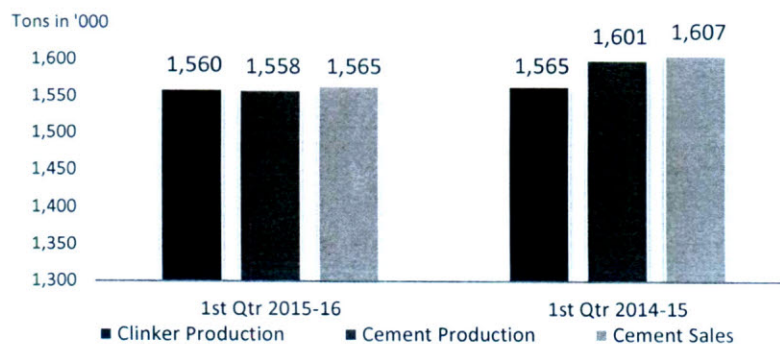
a. Production & Sales Volume Performance

The production and sales statistics of your Company for the first quarter of the financial year 2015-16 compared to the same period last year are as follows:

Particulars	1 st Quarter	1 st Quarter	Increase/
	2015-16	2014-15	(Decrease)
	Tons in '000		%
Clinker Production	1,560	1,565	(0.3%)
Cement Production	1,558	1,601	(2.7%)
Cement Sales	1,565	1,607	(2.7%)



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



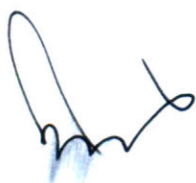
A comparison of the dispatches of the industry and your Company for the first quarter of the financial year 2015-16 with the same period last year is presented below:

Particulars (Tons in '000)	1 st Quarter 2015-16	1 st Quarter 2014-15	Growth / (Decline) %	
Cement Industry				
Local Sales	6,774	6,097	678	11.1%
Export Sales				
- Bagged	1,499	1,975	(476)	(24.1%)
- Loose	0	85	(85)	(100.0%)
Total Exports	1,499	2,060	561	(27.2%)
Grand Total	8,274	8,157	117	1.4%

Lucky Cement				
Local Sales	1,071	965	106	11.0%
Export Sales				
- Bagged	494	557	(64)	(11.4%)
- Loose	0	85	(85)	(100.0%)
Total Exports	494	643	(149)	(23.2%)
Grand Total	1,565	1,607	(42)	(2.7%)

Particulars	1 st Quarter 2015-16	1 st Quarter 2014-15	Growth / (Decline) %	
Market Share				
Lucky Cement				
Local Sales	15.8%	15.8%	0.0%	
Export Sales				
- Bagged	32.9%	28.2%	16.7%	
- Loose	0.0%	100.0%	(100.0%)	
Total Export	32.9%	31.2%	5.4%	
Grand Total	18.9%	19.7%	(4.1%)	

Industry Source: APCMA website



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b. Financial Performance

The financial performance of your Company for the first quarter of the financial year 2015-16 compared to the same period last year is presented below:

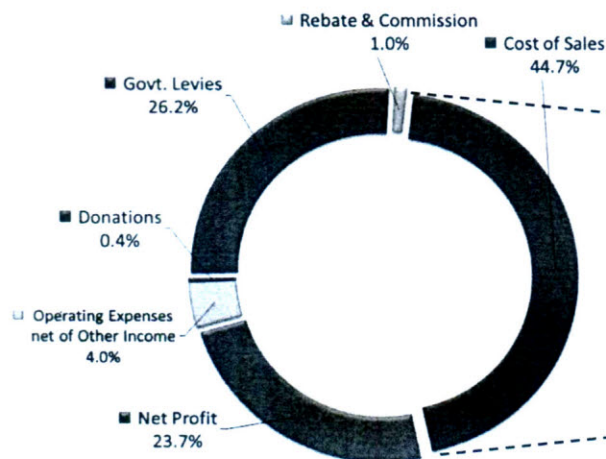
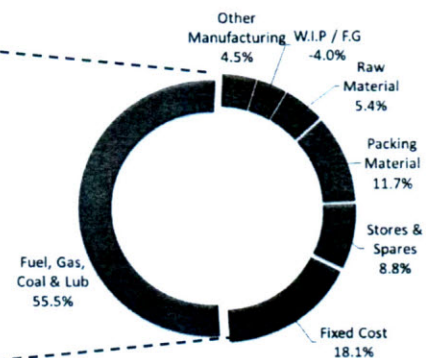
	Numbers in PKR million except EPS		
	1 st Quarter 2015-16	1 st Quarter 2014-15	% Change
Revenue	10,342	10,470	(1.2%)
GP	4,753	4,412	7.8%
OP	3,898	3,335	16.9%
EBITDA	4,509	3,874	16.4%
NP	2,968	2,669	11.2%
EPS	9.18 / Share	8.25 / Share	11.2%

Revenue

During the first quarter 2015-16 under review, your Company's net sales revenue declined by 1.2% compared to same period last year. This was mainly attributable to decline of 2.7% in sales volume which was partially offset by 1.5% increase in net retention due to improved sales mix.

Cost of Sales

Per ton cost of sales of your Company during the period under review decreased by 5.3% compared to last year. The decrease was mainly attributable to decrease in coal and other fuel prices as well as positive contribution of WHR in Karachi Plant.

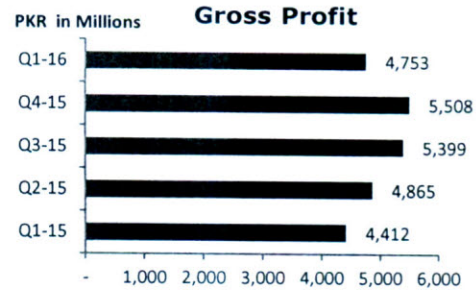
Distribution of Gross Revenue

Distribution of Cost of Sales



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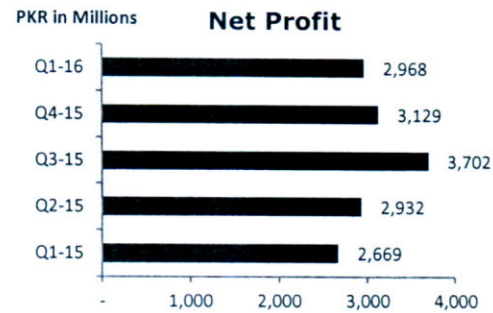
Gross Profit

Your Company was able to improve its gross profit margin to 46.0% for the quarter under review compared to 42.1% reported during the same period last year.



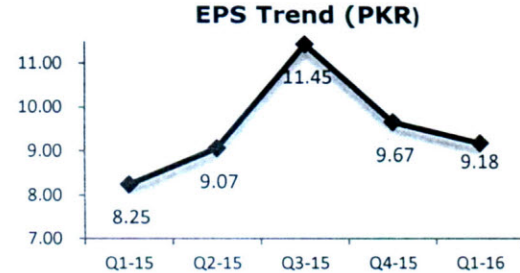
Net Profit

Your Company achieved profit before tax of PKR 3,914.3 million during the quarter under review compared to PKR 3,345.4 million reported during the same period last year. Similarly, after tax profit of PKR 2,968.2 million was achieved during the quarter under review compared to PKR 2,669.1 million reported during the same period last year.



Earnings per share

The earnings per share of your Company for the first quarter ended September 30, 2015 was PKR 9.18 compared to PKR 8.25 reported during the same period last year.



Projects – New and Ongoing

Fully integrated green field Cement Plant in Punjab Province of Pakistan

Keeping in view the expected growth in the country of cement on the back of long term infrastructure projects primarily driven by China Pakistan Economic Corridor (CPEC) initiative, The Board of Directors of your Company has decided to put up a 2.3 million tons capacity, fully integrated green field cement manufacturing plant in Punjab Province. The expected project cost is US\$ 200 million and construction work is expected to start in the first quarter



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of calendar year 2016. It is expected that plant will become operational in the second quarter of calendar year 2018.

Waste Heat Recovery (WHR) Plant at Captive Power Plant

5 MW WHR at PEZU Plant is expected to be completed by 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 660 MW, supercritical, coal based power project

Project land has been acquired and the company is currently in the process of appointing Owners' Engineer (OE) and Technical consultant to carry out feasibility study. The target to achieve financial close is May 2016.

Joint Venture Investment in Cement Plant in DR Congo

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

Equity Investment in Associated Company in 50 MW Wind Farm

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

Corporate Social Responsibility

Being a responsible corporate citizen, your Company continued to strengthen on its core values of corporate social responsibility by contributions in the areas of education, health and environment during the quarter under review.

Your Company offered merit based scholarships to numerous talented students in leading schools and universities, alongside celebrating International Literacy Day on September 8th by making donations for school library and curriculum books for Higher Secondary School, Yarak (District Lakki Marwat) and Hilal Public School, Nooriabad, Sindh.



Under the ambit of providing equitable healthcare to the deserving, your Company continued its patronage of Aziz Tabba Foundation, a welfare entity dedicated to raising the standards of health, education and economic wellbeing of the community at large.

Outlook

Your Company is optimistic about its volumetric growth in the current financial year. Domestic sales are expected to maintain the same upward momentum during the entire year as witnessed in the first quarter of the current financial year on the back of private and public sector construction projects as well as mega construction projects under the China–Pakistan Economic Corridor (CPEC) initiative. Exports, however, will continue to be challenging primarily due to lower commodity prices in the international market and devaluation of currencies of the countries against US\$ which are prime export markets of your company. Your company, however, will be able to fully offset the negative impact of declining export volumes with local volumes. Your company's strong and debt-free financial position and free cash flow generating ability would continue to help investing in projects and avenues which bring in operational efficiencies and enhance shareholder value.



Acknowledgement

Your directors take this opportunity to express their deep sense of gratitude for 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: October 29, 2015