

LCK/CS/FR2016/2016-17/

1st September 2016

The General Manager
Pakistan Stock Exchange
Limited
Karachi

The Deputy Chief
Securities & Exchange
Commission of Pakistan
Islamabad

The London Stock Exchange
10 Paternoster
Square,
London

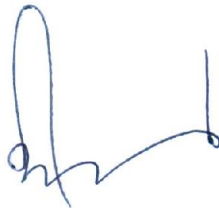
Dear Sir(s)

Financial Result for the year ended 30th June 2016

We have to inform you that the Board of Directors of our Company in their Meeting held on Thursday, 1st September 2016 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>	100%
(ii)	<u>Bonus Shares</u>	Nil
(iii)	<u>Right Shares</u>	Nil
(iv)	<u>Any other Entitlement / Corporate Action</u>	Nil
(v)	<u>Any other Price-Sensitive information</u>	Nil

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Lucky Cement Limited

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

The 23rd Annual General Meeting (AGM) of the Company will be held on Saturday **29th October 2016** at 10:30 a.m., at the registered office of the Company situated at factory premises Pezu, District Lakki Marwat, Khyber Pukhtunkhwa.

The Share Transfer Books of the Company will remain closed from Monday, 17th October to Saturday 29th October 2016 (both days inclusive). Transfers received 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 Saturday 15th October 2016 will be treated in time for the purpose of above entitlement to the transferees.

We will be sending you 200 copies of printed accounts for distribution amongst the Trading Right Entitlement (TRE) Certificate Holders of the Exchange 21 days before the date of AGM.

Yours truly,

For: LUCKY CEMENT LIMITED



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

**Unconsolidated Balance Sheet
As at 30th June 2016**

	2016	2015
	(Rupees in '000')	
ASSETS		
NON-CURRENT ASSETS		
Fixed assets		
Property, plant and equipment	33,887,375	35,018,819
Intangible assets	126,549	41,921
	<u>34,013,924</u>	<u>35,060,740</u>
Long-term investments	12,422,020	10,925,020
Long-term loans and advances	75,570	78,981
Long-term deposits	3,175	3,175
	<u>46,514,689</u>	<u>46,067,916</u>
CURRENT ASSETS		
Stores and spares	5,993,969	4,995,423
Stock-in-trade	1,588,469	1,580,745
Trade debts	2,181,788	2,042,199
Loans and advances	447,049	253,350
Trade deposits and short-term prepayments	52,038	50,688
Accrued mark-up	125,984	79,257
Other receivables	1,274,026	1,032,853
Tax refunds due from the Government	538,812	538,812
Short term investments	400,000	-
Cash and bank balances	26,805,582	16,444,622
	<u>39,407,717</u>	<u>27,017,949</u>
TOTAL ASSETS	<u><u>85,922,406</u></u>	<u><u>73,085,865</u></u>
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Share capital	3,233,750	3,233,750
Reserves	66,089,088	56,025,020
	<u>69,322,838</u>	<u>59,258,770</u>
NON-CURRENT LIABILITIES		
Long-term deposits	70,666	69,246
Deferred liabilities	6,898,078	6,327,146
	<u>6,968,744</u>	<u>6,396,392</u>
CURRENT LIABILITIES		
Trade and other payables	8,563,850	6,382,372
Taxation - net	1,066,974	1,048,331
	<u>9,630,824</u>	<u>7,430,703</u>
TOTAL EQUITY AND LIABILITIES	<u><u>85,922,406</u></u>	<u><u>73,085,865</u></u>



Lucky Cement Limited

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URL: www.lucky-cement.com

**Unconsolidated Profit and Loss Account
For the year ended 30th June 2016**

	2016	2015
	(Rupees in '000')	
Gross sales	55,923,115	53,919,310
Less: Sales tax and federal excise duty	10,086,623	8,487,245
Rebates and commission	614,403	670,758
	10,701,026	9,158,003
Net sales	45,222,089	44,761,307
Cost of sales	(23,421,515)	(24,578,219)
Gross profit	21,800,574	20,183,088
Distribution costs	(2,073,181)	(3,127,018)
Administrative expenses	(1,095,504)	(917,635)
Finance costs	(23,884)	(25,750)
Other expenses	(1,628,244)	(1,442,341)
Other income	1,420,461	1,241,450
Profit before taxation	18,400,222	15,911,794
Taxation		
- current	(5,015,844)	(2,942,130)
- deferred	(440,193)	(538,066)
	(5,456,037)	(3,480,196)
Profit after taxation	12,944,185	12,431,598
Other comprehensive income :		
Other comprehensive income not to be reclassified to profit and loss account in subsequent periods		
Gain/(Loss) on remeasurements of post retirement benefit obligations	40,508	(71,594)
Deferred taxation	(10,250)	16,958
	30,258	(54,636)
Total comprehensive income for the year	12,974,443	12,376,962
Earnings per share - basic and diluted	40.03	38.44

(Rupees)

**Consolidated Balance Sheet
As at 30th June 2016**

	2016	2015
	(Rupees in '000')	
ASSETS		
NON-CURRENT ASSETS		
Fixed assets		
Property, plant and equipment	52,357,646	49,900,183
Intangible assets	<u>7,022,261</u>	<u>7,360,811</u>
	59,379,907	57,260,994
Long-term investments	10,654,528	10,007,198
Long-term loans and advances	433,207	405,496
Long-term deposits and prepayments	<u>39,939</u>	<u>33,952</u>
	70,507,581	67,707,640
CURRENT ASSETS		
Stores, spares and consumables	7,016,458	5,921,887
Stock-in-trade	6,905,826	6,524,154
Trade debts	3,821,855	3,473,293
Loans and advances	852,484	578,609
Trade deposits and short-term prepayments	485,469	464,392
Accrued mark-up	126,286	79,257
Other receivables	2,098,339	2,023,466
Tax refunds due from the Government	538,812	538,812
Taxation - net	1,152,299	997,518
Short term investments	400,000	-
Cash and bank balances	<u>28,448,471</u>	<u>18,155,599</u>
	51,846,299	38,756,987
TOTAL ASSETS	<u><u>122,353,880</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	<u>70,337,188</u>	<u>58,190,818</u>
Attributable to the owners of the Holding Company	73,570,938	61,424,568
Non-controlling interests (NCI)	<u>7,888,373</u>	<u>7,071,234</u>
Total equity	81,459,311	68,495,802
NON-CURRENT LIABILITIES		
Long-term finance	8,741,955	8,854,165
Long-term deposits	70,666	69,246
Deferred liabilities	<u>9,916,313</u>	<u>9,430,707</u>
	18,728,934	18,354,118
CURRENT LIABILITIES		
Trade and other payables	18,532,947	15,819,145
Accrued mark-up	146,321	165,210
Short-term borrowings and running finance	1,937,184	1,833,247
Current portion of long-term finance	<u>1,549,183</u>	<u>1,797,105</u>
	22,165,635	19,614,707
TOTAL EQUITY AND LIABILITIES	<u><u>122,353,880</u></u>	<u><u>106,464,627</u></u>

Lucky Cement Limited

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**Consolidated Profit and Loss Account
For the year ended 30th June 2016**

	2016	2015
	(Rupees in'000')	
Turnover	98,651,896	96,474,922
Less: Sales tax and excise duty	13,098,661	11,209,856
Rebates and commission	3,403,433	3,147,264
	16,502,094	14,357,120
Net sales	82,149,802	82,117,802
Cost of turnover	(54,247,203)	(56,430,360)
Gross profit	27,902,599	25,687,442
Distribution cost	(3,952,914)	(4,653,188)
Administrative expenses	(2,077,596)	(1,984,165)
Finance cost	(789,810)	(1,016,406)
Other expenses	(1,910,496)	(1,667,303)
Other income	1,478,074	1,341,310
	20,649,857	17,707,690
Share of gain in equity-accounted investments	1,179,966	718,039
Profit before taxation	21,829,823	18,425,729
Taxation	(5,838,794)	(3,770,485)
Profit after taxation	15,991,029	14,655,244
Attributable to:		
Owners of the Holding Company	14,872,560	13,757,976
Non-controlling interests	1,118,469	897,268
	15,991,029	14,655,244
Other comprehensive income:		
Items not to be reclassified to profit and loss account in subsequent periods :		
Gain on remeasurements of post retirement benefit obligations	22,478	95,850
Deferred taxation	(6,180)	(32,853)
	16,298	62,997
Items to be reclassified to profit and loss account in subsequent periods :		
Foreign exchange differences on translation of foreign operations	148,867	65,408
Loss on hedge during the period	(2,285)	-
Income tax relating to hedging reserve	731	-
	(1,554)	-
Adjustments for amounts transferred to initial carrying amounts of hedged item - capital work-in-progress	1,554	-
Total comprehensive income for the year	16,156,194	14,783,649
Attributable to:		
Owners of the Holding Company	15,043,863	13,834,692
Non-controlling interests	1,112,331	948,957
	16,156,194	14,783,649
	(Rupees)	
Earnings per share - basic and diluted	45.99	42.54

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Directors' Report (Condensed)

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 audited financial statements for the fiscal year ended 30th June 2016.

Overview

Cement industry in Pakistan grew by 9.8% to 38.87 million tons during the fiscal year ended 30th June, 2016 compared to 35.40 million tons during last year. While local sales volume registered a growth of 17.0% to 33.00 million tons during the fiscal year compared to 28.21 million tons during last year; export sales volume registered a decline of 18.4% to 5.87 million tons during the year under review compared to 7.19 million tons of last year.

Your Company achieved an overall growth of 2.1% to 6.93 million tons during the fiscal year 2015-16 compared to 6.79 million tons sold last year. While local sales volume of your Company registered a growth of 20.5% to 5.33 million tons during the fiscal year 2015-16 compared to 4.42 million tons last year; export sales volume declined by 32.2% to 1.61 million tons during the fiscal year 2015-16 compared to 2.37 million tons of last year.

The Earnings Per Share (EPS) for the fiscal year ended 30th June 2016 was recorded at PKR 40.03 which is 4.1% higher than the last year's EPS of PKR 38.44.

Business Performance

a. Production & Sales Volume Performance

The production and sales statistics of your Company for the fiscal year 2015-16 compared to last year are as follows:

Particulars	FY 2015-16	FY 2014-15	Increase/ (Decrease)
	Tons in '000'		%
Clinker Production	6,608	6,395	3.3%
Cement Production	6,908	6,795	1.7%
Cement Sales	6,934	6,794	2.1%

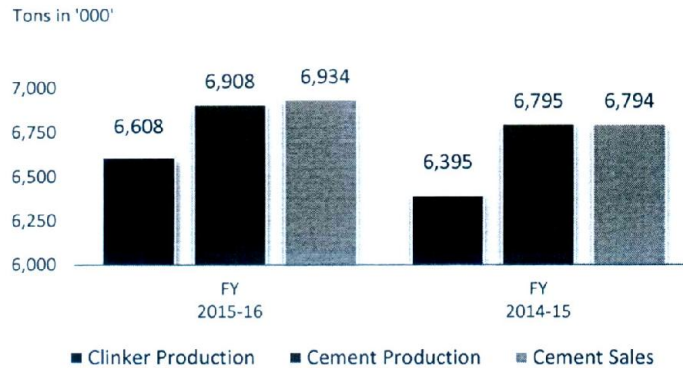


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The production and sales volume data is graphically presented as under:



A comparison of the dispatches of the industry and your Company for the fiscal year ended 2015-16 with last year is presented below:

Particulars (Tons in '000')	FY 2015-16	FY 2014-15	Growth / (Decline)	
Cement Industry				
Local Sales	33,000	28,206	4,794	17.0%
Export Sales				
- Bagged	5,728	6,904	(1,176)	(17.0%)
- Loose	145	291	(146)	(50.1%)
Total Exports	5,873	7,195	(1,322)	(18.4%)
Grand Total	38,873	35,401	3,472	9.8%
Lucky Cement				
Local Sales	5,327	4,421	906	20.5%
Export Sales				
- Bagged	1,462	2,082	(620)	(29.8%)
- Loose	145	291	(146)	(50.1%)
Total Exports	1,607	2,373	(766)	(32.3%)
Grand Total	6,934	6,794	140	2.1%

Market Share	FY 2015-16	FY 2014-15	Growth / (Decline)%	
Local Sales	16.1%	15.7%	2.5%	
Export Sales				
- Bagged	25.5%	30.2%	(15.6)%	
- Loose	100.0%	100.0%	0.0%	
Total Export	27.4%	33.0%	(17.0)%	
Grand Total	17.8%	19.2%	(7.3)%	

Industry Source: APCMA website

Lucky Cement Limited

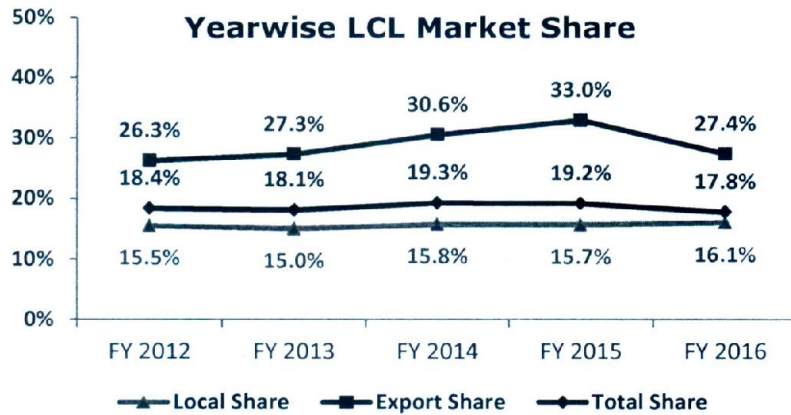
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A comparative year-wise analysis of market share of your company is as under:



b. Financial Performance

The financial performance of your Company for fiscal year 2015-16 compared to the last year is presented below:

Numbers in PKR million except EPS

Particulars	FY 2015-16	FY 2014-15	% Change
Revenue	45,222	44,761	1.0%
GP	21,801	20,183	8.0%
OP	18,632	16,138	15.5%
EBITDA	21,201	18,428	15.0%
NP	12,944	12,432	4.1%
EPS	40.03 / Share	38.44 / Share	4.1%

Revenue

During the fiscal year under review, your Company achieved an overall net sales revenue growth of 1.0% compared to last year. This was mainly attributable to increase in sales volume.

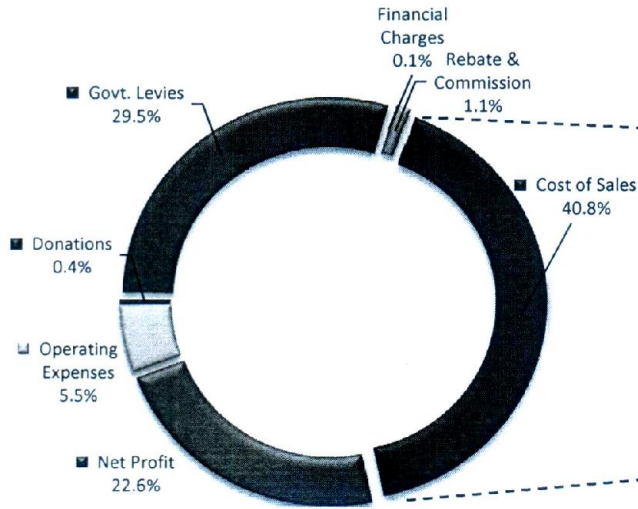
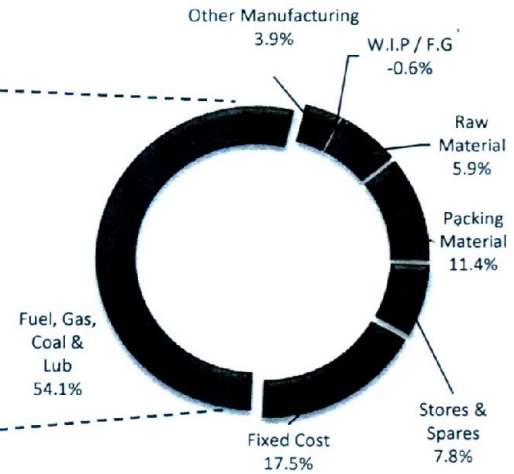
Cost of Sales

Per ton cost of sales of your Company during the fiscal year under review decreased by 6.6% compared to last year. The decrease was mainly attributable to decrease in coal and other fuel prices as well as positive contribution of WHR plants in Pezu and Karachi.

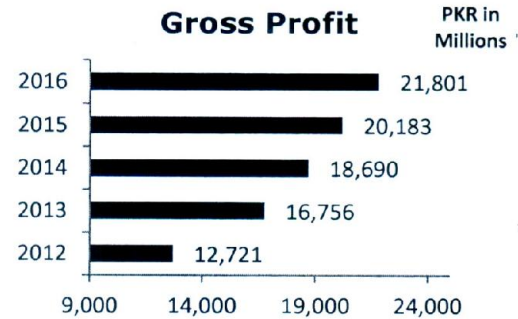


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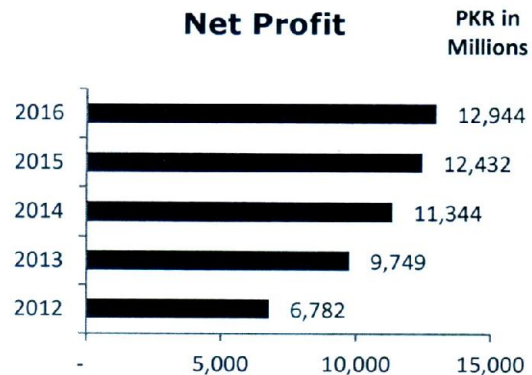
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Distribution of Gross Revenue

Distribution of Cost of Sales

Gross Profit

Your Company was able to improve its gross profit margin to 48.2% for the year under review compared to 45.1% reported last year.


Net Profit

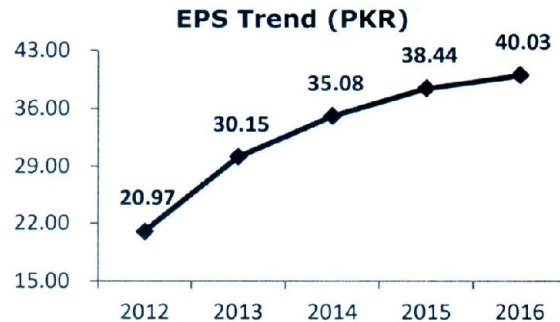
Your Company was able to improve its before tax profitability by 15.6% to PKR 18,400 million during the year under review compared to PKR 15,912 million reported last year. Similarly, after tax profit improved by 4.1% to PKR 12,944 million for the year under review compared to PKR 12,432 million reported last year.




Lucky Cement Limited

Earnings per share

The earnings per share of your Company for the year ended 30th June 2016 was PKR 40.03 compared to PKR 38.44 reported last year.



Projects – New and Ongoing

Brownfield Expansion (Installation of additional Line) at Karachi Plant

Keeping in view the expected growth in cement demand on the back of public and private sector construction projects as well as mega infrastructure development projects primarily driven by China Pakistan Economic Corridor (CPEC) initiative, your Company has decided to increase cement production capacity with the installation of new cement production line at Karachi Plant of 1.25 million tons per annum at a total project cost of around USD 30 million. This additional line will become operational by the end of the calendar year 2017.

Fully integrated green field Cement Plant in Punjab Province of Pakistan

Your Company is engaged with the Government of Punjab for acquisition of land for the project. Similarly, it is also in the process of negotiating and finalizing contract with the equipment supplier. Both these activities are likely to be completed by the end of September 2016.

Electricity Supply to PESCO

NEPRA re-determined the tariff in July 2016; however, since the re-determined tariff was not commercially viable; therefore, your Company decided not to pursue this matter any further.

10 MW WHR at PEZU Plant - Kiln

Shipment from the supplier of Project equipment is in progress and the required civil work has already been initiated at the site. The project is expected to be completed by December 2016.

Investments

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

On the advise of the government, the management of your Company is currently engaged with relevant authorities to explore the possibility of using both imported as well as local



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(Thar) coal as fuel. Use of Thar coal in the power project will require some changes to be made in the design of the equipment which was originally finalized with the EPC contractor(s). The target to finalize the EPC contract with the revised scope is October 2016. This project will be put up on the original site at Port Qasim, Karachi.

The consolidated audited financial statements of the Company for the fiscal year ended 30th June 2016 include the net assets of Lucky Electric Power Company Limited which is a 100% indirectly owned subsidiary of the Company.

Joint Venture Investment in Cement Plant in DR Congo

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

The effect of 50% share of the net assets of the DR Congo plant has been reflected in the consolidated audited financial statements of the Company for the fiscal year ended 30th June 2016.

Equity Investment in Associated Company in 50 MW Wind Farm

Project construction and installation works have been completed. Testing and commissioning activities of the complex are in final stages. The project is expected to achieve COD by September 2016.

Corporate Social Responsibility

Your Company is fully committed to elevate the livelihood of the society it operates in. Corporate social responsibility is not just a core-value but it also forms an integral part of your Company's business model. Your Company endures its commitment by staying true to its cause in supporting the best avenues of education, health and environment.

In its resolve to provide quality education to the less-privileged class of the society, your Company continued to offer merit based scholarships to the deserving students across the country enrolled with leading institutions throughout the year. Playing its part in promoting literacy amongst the masses, your Company supplemented the book reading habits in children by celebrating 'International Literacy Day' at under-privileged schools in Karachi and Pezu during the year. Your Company also generously donated to various not-for-profit organizations providing education through public schools nationwide. Your Company also provided school books for blind students registered with Pakistan Welfare Association of Blind.

In its efforts to sustain the environment, your Company celebrated Green Office Week on account of World Environment Day (5th June) through awareness building sessions amongst

employees, tree plantation drives at Karachi and Pezu Plants, and continuous efforts to reduce the carbon footprint of its business operations.

Sustaining its core value of social development, your Company has devotedly participated in numerous health projects across Pakistan. This includes patronage of 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. Your Company is also supporting Karachi Relief Trust in Disaster Management and rehabilitation of IDPs, as well as the Special Olympics Pakistan in organizing healthy athletic activities in the country. In addition, your Company continued its support to numerous social improvement initiatives in the country and provided support to various non-governmental organisations.

Outlook

Your Company is optimistic about its local volumetric growth in the upcoming financial year. Domestic sales are expected to remain strong on the back of public and private sector construction projects as well as mega infrastructure development projects under the China-Pakistan Economic Corridor (CPEC) initiative. Your Company's strong and debt-free financial position and free cash flow generating ability would continue to support investments in projects and avenues which can bring in further operational efficiencies and enhance shareholders' value.

Dividend & Appropriation

Taking into account the current capital and equity investment plans; the board has proposed the final dividend of PKR 10/- per share for the financial year ended 30th June 2016.

This approach remains in line with your Company's commitment to consistently provide sustainable returns to the shareholders. Movement in un-appropriated profit is as follows:

Lucky Cement Limited	PKR in '000
Net Profit for the Year	
Un-appropriated profit at the beginning of the year	-
Profit available for appropriation	12,974,443
	12,974,443
Appropriations	
Proposed dividend for the Financial Year 2015-16 @ PKR 10	(3,233,750)
Proposed transfer to General Reserves	(9,740,693)
Un-appropriated profit at the end of the year	-
Basic and diluted earnings per share – PKR	40.03

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: 1st September 2016

