

LCK/CS/2017-18/

October 28, 2017

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 Results for the 1<sup>st</sup> Quarter ended – September 30, 2017**

We have to inform that the Board of Directors of our Company in their Meeting held on Saturday, October 28, 2017 at 11:30 a.m., at 6-A, Muhammad Ali Housing Society, A. Aziz Hashim Tabba Street, Karachi-75350 recommended the following:

- |       |  |                         |
|-------|--|-------------------------|
| (i)   | <b><u>Cash Dividend</u></b>                            | <b>50%*</b>             |
| (ii)  | <b><u>Bonus Issue</u></b>                              | <b>Nil</b>              |
| (iii) | <b><u>Right Issue</u></b>                              | <b>Nil</b>              |
| (iv)  | <b><u>Any other Entitlement / Corporate Action</u></b> | <b>NIL</b>              |
| (v)   | <b><u>Any other Price-Sensitive information</u></b>    | <b>Please see below</b> |

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

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

\* The above entitlement will be paid to the shareholders whose names will appear in the Register of Members on Monday, November 20, 2017. The Share Transfer Books of the Company will be closed from Tuesday, November 21, 2017 to Tuesday, November 28, 2017 (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 Monday, November 20, 2017 will be treated in time for the purpose of above entitlement to the transferees.



Lucky Cement Limited

6-A, Muhammad Ali Housing Society, A. Aziz Hashim Tabba Street, Karachi-75350.  
U.A.N: 111-786-555 T: (92-21) 34537390, 34530175, 34522554 & 34530450 F: 34534302 E: info@lucky-cement.com  
URL: www.lucky-cement.com

- (vi) **RESOLVED THAT** in continuation of the resolution of the company passed in the extra ordinary general meeting of the company on December 30, 2016, the Company be and is hereby authorized to increase the equity investment to be made in the Company's associated company, M/s. Kia Lucky Motors Pakistan Limited established to undertake the manufacturing, assembling, marketing, distribution, sales, after-sales service, import and export of all types of Kia motor vehicles, parts and accessories in Pakistan under license from Kia Motors Corporation by PKR 2,000,000,000/- (Rupees two billion), that is, an enhancement from an amount upto PKR 12,000,000,000/- (Rupees twelve billion) to an amount upto PKR 14,000,000,000/- (Rupees fourteen billion) and to the extent of the total equity investment approved, provide from time to time one or more commitments, advance against issue of shares, guarantees, undertakings, standby letters of credit and credit support for the financial and non-financial obligations of Kia Lucky Motors Pakistan Limited as may be required.

**FURTHER RESOLVED** that, for the purpose of giving effect to the above resolution, the Chief Executive Officer of the company or such person or persons as may be authorized by the Chief Executive Officer of the Company being authorized to do all such acts, deeds and things and to execute and deliver all such deeds, agreements, declarations, undertakings, guarantees, standby letters of credit including any ancillary document thereto or provide any such documentation for and on behalf and in the name of the Company as may be necessary or required or as they or any of them may think fit for or in connection with or incidental to the aforesaid including without limiting the generality of the foregoing, the negotiation and finalization of the terms and conditions relating to such investment, guarantees, indemnities and other undertakings and commitments.

- (vii) **RESOLVED** that the Company be and is hereby authorized to make equity investment amounting to approx. PKR 720,000,000/- (Rupees seven hundred and twenty million) divided into 72,000,000 ordinary shares of PKR 10/- including cost overrun being contingencies for interest and insurance in case of delay during construction and considering the expected fluctuation between PKR and USD parity and for the maintenance of minimum shareholding ratio of 20% of the equity of in an associated company, M/s. **Yunus Wind Power Limited** for a Wind Power Project of 50 MW.

**FURTHER RESOLVED** that such investment be and is hereby made and retained by the Company initially for the life of the project, which is **twenty five years after the date of commercial operations** and as the Directors deem appropriate and/or modify the same from time to time in accordance with the instructions of the Board.

**Further resolved** that, the Chief Executive Officer of the Company or such person or persons as may be authorized by the Chief Executive Officer of the Company being authorized to do all such acts, deeds and to execute and deliver all such deeds, agreements, declarations, undertakings, guarantees, standby letters of credit including any ancillary document thereto or provide any such documentation for and on behalf and in the name of the Company as may be necessary or required or as they or any of them may think fit for or in connection with or incidental to the proposed equity investment of PKR 720,000,000/- (Rupees seven hundred and twenty million) in Yunus Wind Power Limited, including without limiting the generality of the foregoing, the negotiation and finalization of the terms and conditions relating to such investment.

**RESOLVED THAT** in connection with the equity investment of the Company in M/s. Yunus Wind Power Limited and as one of the project sponsors, be and is hereby authorized to enter into the following agreements and take all necessary actions in proportion to the equity investment commitment of the Company in M/s. Yunus Wind Power Limited for meeting the conditions of the financiers to the project of M/s. Yunus Wind Power Limited:

- Share pledge agreement with lenders consortium or their appointment as Security Trustee.
- Debt Servicing Reserve Account (Funded or SBLC or Corporate Guarantee) as agreed in the Financing Documents (20% of the total amount equivalent to 2 semi-annual instalments of PKR 550 Million each). In case of contractual commitment or SBLC, it shall remain effective for the entire tenor of loan i.e. 13 years post COD or DSRA Required Balance Account has been funded by the project company.
- Back to Back Sponsors' Guarantee on behalf of Project Company for issuance of following Stand by Letters of Credit / Bank Guarantees.
- Bid Bond for Award of Tariff (20% of USD 0.50 Million with 25% bank margin)
- Bank Guarantee for Issuance of Letter of Support to achieve Financial Close (20% of USD 1.50 Million with 25% bank margin)

- Performance Guarantee to Power Purchaser for achievement of Commercial Operations Date (20% of USD 1.75 Million with 25% bank margin)

**FURTHER RESOLVED** that the Chief Executive and any Director of the Company be and are hereby authorized to sign, jointly/singly all necessary documents in connection with the investment in **M/s. Yunus Wind Power Limited** including those relating to achieving the financial close to be made in the best interest of the Company.

- (viii) **RESOLVED** as and by way of Special Resolution **THAT** the Company be and is hereby authorized to provide financial assistance to its associated company **Lucky Holdings Limited (LHL)** by way of creation of lien/charge over the current assets of the Company in terms whereof the financing Bank will be provided lien/charge on the current assets of the Company to raise and secure Islamic Finance under the Diminishing Musharika Facilities and to execute all necessary deeds, agreements, declarations, undertakings and documents required in connection therewith.

**RESOLVED FURTHER**, that Mr. Muhammad Ali Tabba, Chief Executive Officer and Mr. Muhammad Sohail Tabba, Director of the Company, [singly], be and are hereby authorized to execute and deliver all necessary deeds, agreements, declarations, undertakings and documents to the financing Bank in relation to the creation of security/collateral over current assets in respect of the Diminishing Musharika Facilities of LHL, which the financing Bank may require in connection therewith and to make all necessary filings in respect thereof.

**RESOLVED FURTHER**, that the financing Bank is hereby authorized to rely upon this resolution until written notice of revocation is served upon them.

- (xi) **RESOLVED THAT** the new set of Articles of Association tabled at this meeting and for the purpose of identification initialed by the Chairman be and is hereby approved for adoption as Articles of Association of the Company in substitution and exclusion of the existing Articles of Association and that the Members of the Company be and are recommended to approve and adopt the said Articles of Association and for the purpose pass the following resolution as Special Resolution, namely:

**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.

The Extraordinary General Meeting (EOGM) of the Company will be held on Tuesday, **November 28, 2017** 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 Tuesday, November 21, 2017 to Tuesday, November 28, 2017 (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 Monday, November 20, 2017 will be treated in time for the purpose of attending the meeting.

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

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



**IRFAN CHAWALA**  
Director Finance / CFO

**Unconsolidated Condensed Interim Balance Sheet  
As at September 30, 2017**

	September 30, 2017 (Un-audited)	June 30, 2017 (Audited)
	(Rupees in '000')	
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Fixed assets		
Property, plant and equipment	39,078,929	37,488,137
Intangible assets	69,230	79,657
	<u>39,148,159</u>	<u>37,567,794</u>
Long-term investments	14,676,084	13,313,520
Long-term advances	82,103	84,951
Long-term deposits	3,175	3,175
	<u>53,909,521</u>	<u>50,969,440</u>
<b>CURRENT ASSETS</b>		
Stores and spares	6,669,174	5,894,079
Stock-in-trade	1,835,173	2,509,273
Trade debts	1,854,863	1,582,689
Loans and advances	816,368	619,161
Trade deposits and short term prepayments	32,867	39,774
Accrued return	200,772	165,289
Other receivables	1,451,724	1,235,019
Tax refunds due from the Government	538,812	538,812
Short term investment	40,337	45,452
Cash and bank balances	34,194,643	33,738,377
	<u>47,634,733</u>	<u>46,367,925</u>
<b>TOTAL ASSETS</b>	<u><u>101,544,254</u></u>	<u><u>97,337,365</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Issued, subscribed and paid-up capital	3,233,750	3,233,750
Reserves	75,683,666	76,551,231
	<u>78,917,416</u>	<u>79,784,981</u>
<b>NON-CURRENT LIABILITIES</b>		
Long-term deposits	87,305	84,630
Deferred liabilities	6,936,461	7,124,127
	<u>7,023,766</u>	<u>7,208,757</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	14,524,505	9,269,882
Taxation - net	1,078,567	1,073,745
	<u>15,603,072</u>	<u>10,343,627</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>101,544,254</u></u>	<u><u>97,337,365</u></u>

**Unconsolidated Condensed Interim Profit and Loss Account  
For the 1st quarter ended September 30, 2017 (Unaudited)**

	<b>Quarter Ended</b>	
	<b>September 30, 2017</b>	<b>September 30, 2016</b>
	<b>(Rupees in '000')</b>	
Gross sales	15,695,183	14,048,994
Less: Sales tax and federal excise duty	4,292,591	3,336,346
Rebates and commission	198,811	145,833
	4,491,402	3,482,179
Net sales	11,203,781	10,566,815
Cost of sales	(7,090,537)	(5,216,062)
<b>Gross profit</b>	<b>4,113,244</b>	<b>5,350,753</b>
Distribution cost	(369,351)	(490,115)
Administrative expenses	(281,268)	(247,007)
Other expenses	(294,255)	(413,863)
Other income	532,396	451,345
<b>Profit before taxation</b>	<b>3,700,766</b>	<b>4,651,113</b>
Taxation		
-current	(933,105)	(1,308,459)
-deferred	249,622	(105,494)
	(683,483)	(1,413,953)
<b>Profit after taxation</b>	<b>3,017,283</b>	<b>3,237,160</b>
<b>Other comprehensive income:</b>		
Other comprehensive income / (loss) which may be reclassified to profit and loss account in subsequent periods		
Unrealized loss on remeasurement of available for sale investment	(5,115)	-
Deferred tax thereon	767	-
	(4,348)	-
<b>Total comprehensive income for the period</b>	<b>3,012,935</b>	<b>3,237,160</b>
	<b>(Rupees)</b>	
<b>Earnings per share - basic and diluted</b>	<b>9.33</b>	<b>10.01</b>



Lucky Cement Limited

**Condensed Interim Consolidated Balance Sheet  
As at September 30, 2017**

	September 30, 2017 (Un-audited)	June 30, 2017 (Audited)
	(PKR in'000')	
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Fixed assets		
Property, plant and equipment	62,798,083	59,601,233
Intangible assets	8,204,896	7,388,387
	<u>71,002,979</u>	<u>66,989,620</u>
Long-term investments	11,496,509	11,098,870
Long-term loans and advances	474,544	467,373
Long-term deposits and prepayments	72,068	44,972
	<u>83,046,100</u>	<u>78,600,835</u>
<b>CURRENT ASSETS</b>		
Stores, spares and consumables	7,882,128	7,041,171
Stock-in-trade	7,844,784	8,423,173
Trade debts	4,830,941	4,172,567
Loans and advances	1,328,154	1,061,146
Trade deposits and short-term prepayments	762,382	675,814
Other receivables	2,842,347	2,881,844
Tax refunds due from the Government	538,812	538,812
Taxation - receivable	949,703	1,093,972
Accrued mark-up	202,786	181,355
Short term investments	40,337	45,452
Cash and bank balances	37,356,499	36,273,319
	<u>64,578,874</u>	<u>62,388,625</u>
<b>TOTAL ASSETS</b>	<u><b>147,624,974</b></u>	<u><b>140,989,460</b></u>
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Share capital	3,233,750	3,233,750
Reserves	83,735,208	83,736,475
Attributable to the owners of the Holding Company	86,968,958	86,970,225
Non-controlling interests	9,541,820	9,235,325
Total equity	<u>96,510,778</u>	<u>96,205,550</u>
<b>NON-CURRENT LIABILITIES</b>		
Long-term finances	10,142,841	8,825,140
Long-term deposits	87,305	84,630
Liabilities against assets subject to finance lease	441	798
Deferred liabilities	9,620,198	9,864,932
Other long term liabilities	2,756,504	2,752,510
	<u>22,607,289</u>	<u>21,528,010</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	23,354,222	19,225,920
Provision for taxation	1,078,567	1,073,745
Accrued return	166,924	177,654
Short-term borrowings and running finance	2,761,261	2,128,905
Current portion of liabilities against assets subject to finance lease	1,836	2,009
Current portion of long-term finance	1,144,097	647,667
	<u>28,506,907</u>	<u>23,255,900</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>147,624,974</b></u>	<u><b>140,989,460</b></u>


 Lucky Cement Limited

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**Condensed Interim Consolidated Profit and Loss Account  
For the 1st quarter ended September 30, 2017 (Un-audited)**

	September 30, 2017	September 30, 2016
	(PKR in'000')	
Gross sales	28,683,436	24,632,034
Less: Sales tax and federal excise duty	4,962,359	3,933,496
Rebates and commission	1,138,222	883,124
	6,100,581	4,816,620
Net sales	22,582,855	19,815,414
Cost of sales	(16,493,943)	(12,843,762)
Gross profit	6,088,912	6,971,652
Distribution costs	(1,012,094)	(1,013,091)
Administrative expenses	(621,023)	(505,203)
Finance costs	(165,097)	(193,243)
Other expenses	(398,719)	(486,231)
Other income	1,223,738	873,916
Profit before taxation	5,115,717	5,647,800
Taxation		
- current	(1,261,929)	(1,599,510)
- deferred	313,943	(6,154)
	(947,987)	(1,605,664)
Profit after taxation	4,167,730	4,042,136
Attributable to:		
Owners of the Holding Company	3,847,169	3,780,395
Non-controlling interests	320,561	261,741
	4,167,730	4,042,136
<b>Other comprehensive income for the period</b>		
<b>Items to be reclassified to profit and loss account in subsequent periods :</b>		
Foreign exchange differences on translation of foreign operations	35,987	(11,776)
Unrealised loss on remeasurement of available-for-sale investment	(5,115)	-
Deferred tax thereon	767	-
	(4,348)	-
<b>Total comprehensive income for the period</b>	<b>4,199,369</b>	<b>4,030,360</b>
Attributable to:		
Owners of the Holding Company	3,878,808	3,768,619
Non-controlling interests	320,561	261,741
	4,199,369	4,030,360
	(PKR)	
Earnings per share - basic and diluted	11.90	11.69

## Directors' Report (Condensed)

The Directors of your Company have the pleasure in presenting to you the financial results of your Company which include both, stand-alone and consolidated unaudited financial statements for the first quarter ended September 30, 2017.

### Overview

Cement industry in Pakistan grew by 15.3% to 10.35 million tons during the first quarter ended September 30, 2017 compared to 8.98 million tons during the same period last year. While local sales volume registered a growth of 21.9% to 9.06 million tons during the first quarter compared to 7.43 million tons during the same period last year; export sales volume registered a decline of 16.7% to 1.29 million tons during the quarter under review compared to 1.55 million tons last year.

Your Company achieved an overall growth of 5.9% with total sales volume of 1.80 million tons during the first quarter compared to 1.70 million tons last year. While local sales volume of your Company registered a growth of 14.3% to 1.54 million tons during the first quarter compared to 1.34 million tons during the same period last year; export sales volume declined by 25.3% to 0.27 million tons during the first quarter compared to 0.36 million tons during the same period last year.

The EPS for the quarter was recorded at PKR 9.33 which is 6.8% lower than the same period last year's EPS of PKR 10.01.

## Business Performance

### a. Production & Sales Volume Performance

The production and sales statistics of your Company for the first quarter of the financial year 2017-18 compared to the same period last year are as follows:

Particulars	1 <sup>st</sup> Quarter	1 <sup>st</sup> Quarter	Growth/ (Decline) %
	2017-18	2016-17	
	Tons in '000'		
Clinker Production	1,553	1,642	(5.4%)
Cement Production	1,711	1,566	9.3%
Cement Sales	1,752	1,558	12.5%
Clinker Sales	52	145	(64.1%)



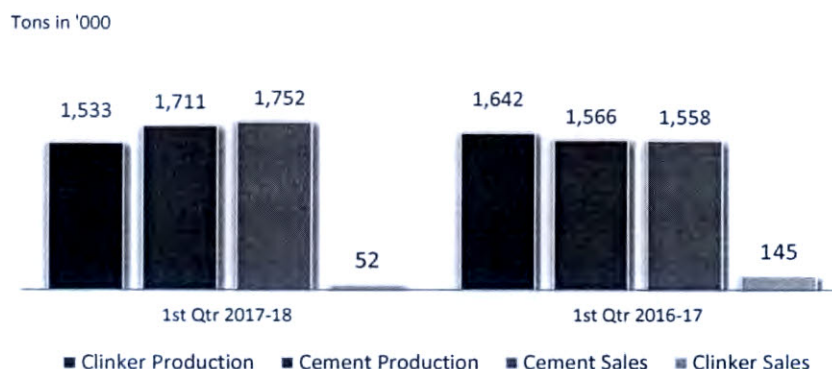
Lucky Cement Limited

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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 first quarter of the financial year 2017-18 with the same period last year is presented below:

Particulars	1 <sup>st</sup> Quarter	1 <sup>st</sup> Quarter	Growth / (Decline) %
	2017-18	2016-17	

(Tons in '000')

#### Cement Industry

Local Sales	9,061	7,431	1,630	21.9%
<b>Export Sales</b>				
- Bagged	1,225	1,467	(241)	(16.4%)
- Loose	62	78	(16)	(20.5%)
<b>Total Exports</b>	<b>1,287</b>	<b>1,545</b>	<b>(258)</b>	<b>(16.7%)</b>
<b>Grand Total</b>	<b>10,348</b>	<b>8,976</b>	<b>1,372</b>	<b>15.3%</b>

#### Lucky Cement

Local Sales				
- Cement	1,483	1,198	285	23.8%
- Clinker	52	145	(93)	(64.1%)
<b>Total Local Sales</b>	<b>1,535</b>	<b>1,343</b>	<b>192</b>	<b>14.3%</b>
<b>Export Sales</b>				
- Bagged	207	282	(75)	(26.6%)
- Loose	62	78	(16)	(20.5%)
<b>Total Exports</b>	<b>269</b>	<b>360</b>	<b>(91)</b>	<b>(25.3%)</b>
<b>Grand Total</b>	<b>1,804</b>	<b>1,703</b>	<b>101</b>	<b>5.9%</b>

Market Share	1 <sup>st</sup> Quarter	1 <sup>st</sup> Quarter	Growth / (Decline) %
	2017-18	2016-17	

Local Sales	16.9%	18.1%	(6.6%)
<b>Export Sales</b>			
- Bagged	16.9%	19.2%	(12.0%)
- Loose	100.0%	100.0%	-
<b>Total Export</b>	<b>20.9%</b>	<b>23.3%</b>	<b>(10.3%)</b>
<b>Grand Total</b>	<b>17.4%</b>	<b>19.0%</b>	<b>(8.4%)</b>

Industry Source: APCMA website

**b. Financial Performance**

The financial performance of your Company for the first quarter of the financial year 2017-18 compared to the same period last year is presented below:

Numbers in PKR million except EPS

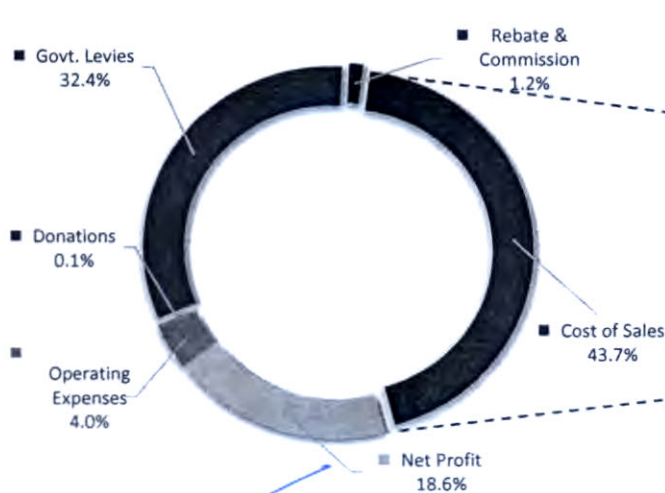
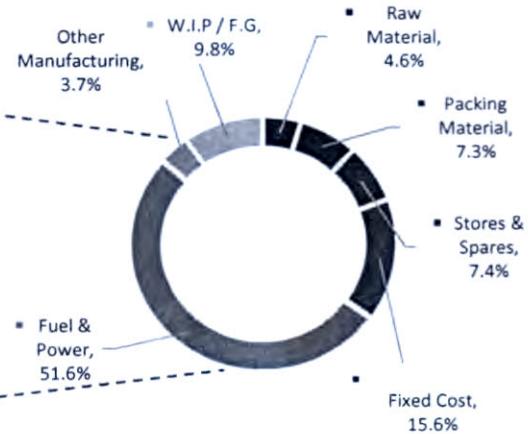
Particulars	1 <sup>st</sup> Quarter FY 2017-18	1 <sup>st</sup> Quarter FY 2016-17	% Change
Gross Revenue	15,695	14,049	11.7%
Net Revenue	11,204	10,567	6.0%
GP	4,113	5,351	(23.1%)
OP	3,463	4,614	(24.9%)
EBITDA	4,143	5,226	(20.7%)
NP	3,017	3,237	(6.8%)
EPS	9.33 / Share	10.01 / Share	(6.8%)

**Revenue**

During the first quarter of 2017-18 under review, your Company achieved an overall net sales revenue growth of 6.0% compared to the same period last year. This was mainly attributable to increase in sales volumes.

**Cost of Sales**

During the period under review, per ton cost of sales of your Company increased by 28.3% compared to the same period last year. The increase was mainly attributable to increase in coal and other fuel prices.

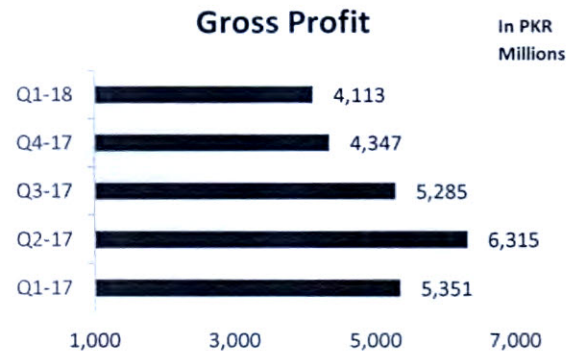
**Distribution of Gross Revenue**

**Distribution of Cost of Sales**


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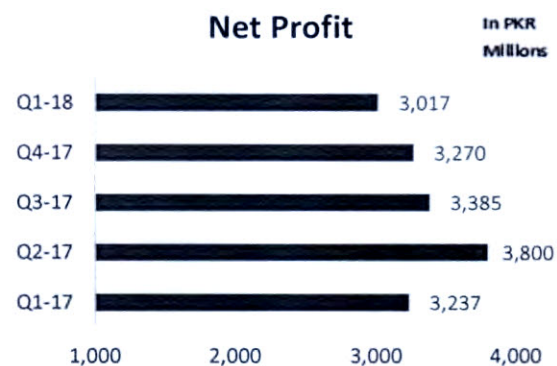
### Gross Profit

Your Company achieved gross profit margin of 36.7% for the quarter under review compared to 50.6% reported during the same period last year.



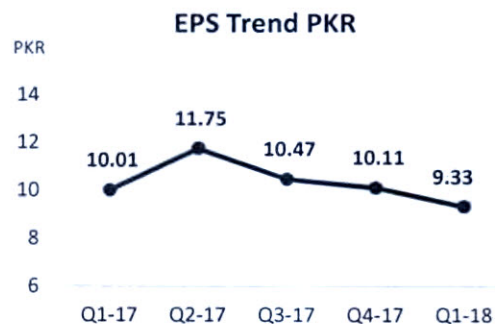
### Net Profit

Your Company achieved profit before tax of PKR 3,700.8 million during the quarter under review compared to PKR 4,651.1 million reported last year. Similarly, after tax profit of PKR 3,017.3 million was achieved during the quarter under review compared to PKR 3,237.2 million reported during the same period last year.



### Earnings per share

The earnings per share of your Company for the quarter ended September 30, 2017 was PKR 9.33 compared to PKR 10.01 reported during the same period last year.




## Projects – New and Ongoing

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### **Brownfield Expansion [Installation of additional Line of 1.25 million tons per annum] at Karachi Plant**

The construction work at project site is running satisfactorily to achieve commercial operations during the month of December 2017.

### **Fully integrated green field Cement Plant in Punjab Province of Pakistan – 2.3 million tons per annum**

Your Company is still in the process of seeking necessary approvals from the Government of Punjab for commencement of this project.

## Investments

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

Your company has already executed EPC contract and also finalized the draft of the Power Purchase Agreement, Implementation Agreement and Coal Supply Agreement. With the anticipated resolution of the matter with respect to restrictive [timebound] use of imported coal in the second quarter of the financial year 2017-18, the Company shall swiftly move towards financial close. The revised target for financial close and Commercial operation is June, 2018 and June 2021, respectively.

The consolidated unaudited financial statements of the Company for the quarter ended September 30, 2017, include the net assets of the project company i.e. Lucky Electric Power Company Limited which is 100% indirectly owned subsidiary of the Company.

### **Investment in automotive Manufacturing plant – Kia Lucky Motors Pakistan Limited [KLM]**

KLM was awarded category 'A' greenfield investment status in June 2017 by the Ministry of Industries and Production and was the first company to get such status under Automotive Development Policy 2016 - 2021. The target to start plant construction is for second quarter of the financial year 2017-18.

### **Brown field expansion in Cement Grinding unit in Republic of Iraq – 0.871 million tons per annum**

Capacity expansion of the first 50% [i.e. 0.4355 million tons] in Iraq grinding unit is expected to come online by the end of October 2017, whereas, the remaining 50% of the capacity expansion [i.e. 0.4355 million tons] is expected to come online by the end of November 2017.

### **Cash Dividend**

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In the backdrop that Federal Government to date has not even submitted its response to the petition, filed 3 months ago by the Company, challenging the imposition of 7.5% tax on undistributed profits under section 5A of the Income Tax Ordinance, 2001 as amended through Finance Act, 2017 for the expeditious execution of legal proceedings on the matter in the Honourable Sindh High Court, the Board carried out a fresh review of Company's financial situation and the implication of its action of challenging this provision of the law. The Board has approved cash dividend of PKR 5/- per share out of un-distributed profits available with the Company with respect to Tax year 2017. The declaration of such cash dividend is not an ideal situation and may lead to hurdles in the implementation and execution of planned future investments and financial commitments of the Company, however, as the basis of the Company's challenge is that such a levy is unconstitutional and usurps the rights and property of the Company and its shareholders, it is in the best interest of the Company that the dividend be declared and the matter be pursued with full force in the Honourable Sindh High Court.

### **Corporate Social Responsibility**

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Your Company remains committed to value creation in the society which it operates in. During the quarter under review, your Company extended a number of scholarships to students from



Lucky Cement Limited

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various leading universities in Pakistan. With an emphasis on empowering women in the Country, Lucky Cement continued its support for two leading Government girls' schools in Karachi in collaboration with Zindagi Trust. With the objective of social intervention in the development of women's education in the Country, your Company aims to transform these schools into model educational institutions for girls of Pakistan.

Your Company also continues to donate generously towards the cause of community development by supporting CPLC – an institution responsible for the safety and security of citizens in Sindh.

## Outlook

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Your Company continues to remain optimistic about volumetric growth for the upcoming financial year. Domestic sales are expected to remain strong on the back of private and public 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.

## Acknowledgement

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Directors of your Company take this opportunity to express their deep sense of gratitude for all the stakeholders for their encouragement and continued 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 for our shareholders, who have always shown their confidence and faith in the Company.

On behalf of the Board

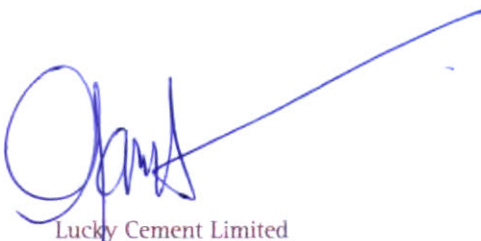


**MUHAMMAD YUNUS TABBA**  
Chairman / Director

Karachi: October 28, 2017



**MUHAMMAD ALI TABBA**  
Chief Executive/Director



Lucky Cement Limited

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