

LCK/CS/2017-18/

January 26, 2018

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 HALF YEAR ENDED DECEMBER 31, 2017**

This is to inform you that the Board of Directors of our Company in their meeting held on Friday, January 26, 2018 at 10:30 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>Nil</b> |
| (ii)  | <b><u>Bonus Issue</u></b>      | <b>Nil</b> |
| (iii) | <b><u>Right Issue</u></b>      | <b>Nil</b> |
| (iv)  | <b><u>Interim Dividend</u></b> | <b>Nil</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 the required copies of printed financial statements in due course of time.

Yours truly  
for **LUCKY CEMENT LIMITED**



**IRFAN CHAWALA**  
Director Finance / CFO

**Unconsolidated Condensed Interim Balance Sheet  
As at December 31, 2017**

	December 31, 2017 (Un-audited) (PKR in '000')	June 30, 2017 (Audited)
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Fixed assets		
Property, plant and equipment	40,345,905	37,488,137
Intangible assets	59,117	79,657
	<u>40,405,022</u>	<u>37,567,794</u>
Long-term investments	14,726,094	13,313,520
Long-term loans and advances	87,213	84,951
Long-term deposits	3,175	3,175
	<u>55,221,504</u>	<u>50,969,440</u>
<b>CURRENT ASSETS</b>		
Stores and spares	7,228,441	5,894,079
Stock-in-trade	1,894,698	2,509,273
Trade debts	2,097,810	1,582,689
Loans and advances	556,654	619,161
Trade deposits and short term prepayments	72,362	39,774
Accrued return	170,526	165,289
Other receivables	1,564,282	1,235,019
Tax refunds due from the Government	538,812	538,812
Short term investment	39,647	45,452
Cash and bank balances	32,285,248	33,738,377
	<u>46,448,480</u>	<u>46,367,925</u>
<b>TOTAL ASSETS</b>	<u><b>101,669,984</b></u>	<u><b>97,337,365</b></u>
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Authorized capital	5,000,000	5,000,000
Issued, subscribed and paid-up capital	3,233,750	3,233,750
Reserves	77,596,055	76,551,231
	<u>80,829,805</u>	<u>79,784,981</u>
<b>NON-CURRENT LIABILITIES</b>		
Long-term deposits	90,715	84,630
Deferred liabilities	7,293,910	7,124,127
	<u>7,384,625</u>	<u>7,208,757</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	12,370,524	9,269,882
Taxation - net	1,085,030	1,073,745
	<u>13,455,554</u>	<u>10,343,627</u>
	<u>20,840,179</u>	<u>17,552,384</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>101,669,984</b></u>	<u><b>97,337,365</b></u>

**Unconsolidated Condensed Interim Profit and Loss Account  
For the half year ended December 31, 2017**

	Half Year Ended		Quarter Ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	(PKR in '000')		(PKR in '000')	
Gross sales	32,852,077	31,242,508	17,156,894	17,193,514
Less: Sales tax and federal excise duty	9,149,825	7,460,182	4,857,234	4,123,836
Rebates and commission	448,424	340,652	249,613	194,819
	9,598,249	7,800,834	5,106,847	4,318,655
Net sales	23,253,828	23,441,674	12,050,047	12,874,859
Cost of sales	(14,368,087)	(11,775,513)	(7,277,550)	(6,559,451)
<b>Gross profit</b>	<b>8,885,741</b>	<b>11,666,161</b>	<b>4,772,497</b>	<b>6,315,408</b>
Distribution cost	(813,183)	(1,037,958)	(443,832)	(547,843)
Administrative expenses	(556,503)	(514,055)	(275,235)	(267,048)
Other expenses	(616,749)	(1,156,569)	(322,494)	(742,706)
Other income	1,195,338	948,857	662,942	497,512
<b>Profit before taxation</b>	<b>8,094,644</b>	<b>9,906,436</b>	<b>4,393,878</b>	<b>5,255,323</b>
Taxation				
-current	(1,486,683)	(2,773,574)	(553,578)	(1,465,115)
-deferred	(60,828)	(95,446)	(310,450)	10,047
	(1,547,511)	(2,869,020)	(864,028)	(1,455,068)
<b>Profit after taxation</b>	<b>6,547,133</b>	<b>7,037,416</b>	<b>3,529,850</b>	<b>3,800,255</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	(5,805)	-	(690)	-
Deferred tax thereon	871	-	104	-
	(4,934)	-	(586)	-
<b>Total comprehensive income for the period</b>	<b>6,542,199</b>	<b>7,037,416</b>	<b>3,529,264</b>	<b>3,800,255</b>
	(Rupees)		(Rupees)	
<b>Earnings per share - basic and diluted</b>	<b>20.25</b>	<b>21.76</b>	<b>10.92</b>	<b>11.75</b>



**Condensed Interim Consolidated Balance Sheet  
As at December 31, 2017**

	December 31, 2017 (Un-audited)	June 30, 2017 (Audited)
	(PKR in '000')	
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Fixed assets		
Property, plant and equipment	65,228,726	59,601,233
Intangible assets	<u>8,070,585</u>	<u>7,388,387</u>
	73,299,311	66,989,620
Long-term investments	12,219,452	11,098,870
Long-term loans and advances	517,056	467,373
Long-term deposits and prepayments	<u>65,382</u>	<u>44,972</u>
	86,101,201	78,600,835
<b>CURRENT ASSETS</b>		
Stores, spares and consumables	8,366,901	7,041,171
Stock-in-trade	8,504,262	8,423,173
Trade debts	4,375,318	4,172,567
Loans and advances	1,223,797	1,061,146
Trade deposits and short-term prepayments	799,726	675,814
Other receivables	3,185,862	2,881,844
Tax refunds due from the Government	538,812	538,812
Taxation - receivable	1,339,156	1,093,972
Accrued return	177,577	181,355
Short term investments	39,647	45,452
Cash and bank balances	<u>35,425,269</u>	<u>36,273,319</u>
	63,976,327	62,388,625
<b>TOTAL ASSETS</b>	<u><b>150,077,528</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	<u>86,512,723</u>	<u>83,736,475</u>
Attributable to the owners of the Holding Company	89,746,473	86,970,225
Non-controlling interests	<u>10,503,020</u>	<u>9,235,325</u>
Total equity	100,249,493	96,205,550
<b>NON-CURRENT LIABILITIES</b>		
Long-term finances	10,268,416	8,825,140
Long-term deposits	90,715	84,630
Liabilities against assets subject to finance lease	73	798
Deferred liabilities	9,836,107	9,864,932
Other long term liabilities	<u>2,996,911</u>	<u>2,752,510</u>
	23,192,222	21,528,010
<b>CURRENT LIABILITIES</b>		
Trade and other payables	21,787,672	19,225,920
Provision for taxation	1,129,971	1,073,745
Accrued return	197,265	177,654
Short-term borrowings and running finance	2,246,987	2,128,905
Current portion of liabilities against assets subject to finance lease	1,652	2,009
Current portion of long-term finance	<u>1,272,266</u>	<u>647,667</u>
	26,635,813	23,255,900
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>150,077,528</b></u>	<u><b>140,989,460</b></u>



Lucky Cement Limited

6-A, Mohammad Ali Housing Society, A. Aziz Hashim Tabba Street, Karachi-75350.

U.A.N: 111-786-555 T: (92-21) 34537390, 34530175, 34522554 &amp; 34530450 F: 34534302 E: info@lucky-cement.com

URL: www.lucky-cement.com

**Condensed Interim Consolidated Profit and Loss Account  
For the half year ended December 31, 2017**

	Half Year Ended		Quarter Ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	(PKR in '000')		(PKR in '000')	
Turnover	59,766,088	53,877,246	31,082,652	29,245,212
Less Sales tax and excise duty	10,554,415	8,764,985	5,592,056	4,831,489
Rebates and commission	2,457,306	2,055,827	1,319,084	1,172,703
	13,011,721	10,820,812	6,911,140	6,004,192
Net sales	46,754,367	43,056,434	24,171,512	23,241,020
Cost of turnover	(33,587,614)	(27,895,931)	(17,093,671)	(15,052,169)
<b>Gross profit</b>	<b>13,166,753</b>	<b>15,160,503</b>	<b>7,077,841</b>	<b>8,188,851</b>
Distribution cost	(2,152,288)	(2,131,651)	(1,140,194)	(1,118,560)
Administrative expenses	(1,442,077)	(1,038,256)	(821,054)	(533,053)
Finance costs	(314,595)	(364,151)	(149,498)	(170,908)
Other expenses	(1,111,190)	(1,323,374)	(712,471)	(837,143)
Other income	2,196,681	1,740,984	972,943	867,068
<b>Profit before taxation</b>	<b>10,343,284</b>	<b>12,044,055</b>	<b>5,227,567</b>	<b>6,396,255</b>
Taxation				
- current	(1,916,509)	(3,319,875)	(654,580)	(1,720,365)
- deferred	150,104	15,991	(163,839)	22,145
	(1,766,405)	(3,303,884)	(818,419)	(1,698,220)
<b>Profit after taxation</b>	<b>8,576,879</b>	<b>8,740,171</b>	<b>4,409,149</b>	<b>4,698,035</b>
Attributable to:				
Owners of the Holding Company	7,914,236	8,122,743	4,067,067	4,342,348
Non-controlling interests	662,643	617,428	342,082	355,687
	8,576,879	8,740,171	4,409,149	4,698,035
<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	363,078	(13,339)	327,092	(1,563)
Unrealised loss on remeasurement of available-for-sale investment	(5,805)	-	(690)	-
Deferred tax thereon	871	-	104	-
	(4,934)	-	(586)	-
<b>Total comprehensive income for the period</b>	<b>8,935,023</b>	<b>8,726,832</b>	<b>4,735,654</b>	<b>4,696,472</b>
Attributable to:				
Owners of the Holding Company	8,272,380	8,109,404	4,393,572	4,340,785
Non-controlling interests	662,643	617,428	342,082	355,687
	8,935,023	8,726,832	4,735,654	4,696,472
	(PKR)	(PKR)	(PKR)	(PKR)
Earnings per share - basic and diluted	24.47	25.12	12.58	13.43

## Directors' Report

The Directors of your Company have the pleasure in presenting to you the financial results of your Company which include both, stand-alone (duly reviewed by the auditors) and consolidated unaudited financial statements for the half year ended December 31, 2017.

### Overview

Cement industry in Pakistan grew by 12.3% to 22.24 million tons during the half year ended December 31, 2017 compared to 19.81 million tons during the same period last year. While local sales volume registered a growth of 17.4% to 19.84 million tons during the half year compared to 16.90 million tons during the same period last year; export sales volume registered a decline of 17.3% to 2.41 million tons during the half year under review compared to 2.91 million tons last year.

Your Company achieved an overall growth of 0.6% with total sales volume of 3.76 million tons during the current half year compared to 3.73 million tons last year. While local cement sales volume registered a growth of 16.9% (North 15.6% and South 18.5%) to reach 3.21 million tons as compared to 2.75 million tons during the same period last year, whereas, local clinker sales volumes declined by 74.9% to 0.06 million tons during the current half year as compared to 0.24 million tons in the same period last year, resulting in the overall local sales growth of 9.7% to reach 3.27 million tons during the half year compared to 2.98 million tons during the same period last year; export sales volume declined by 35.1% to 0.49 million tons during the current half year compared to 0.75 million tons during the same period last year.

The EPS for the half year was recorded at PKR 20.25 which is 7.0% lower than the same period last year's EPS of PKR 21.76.

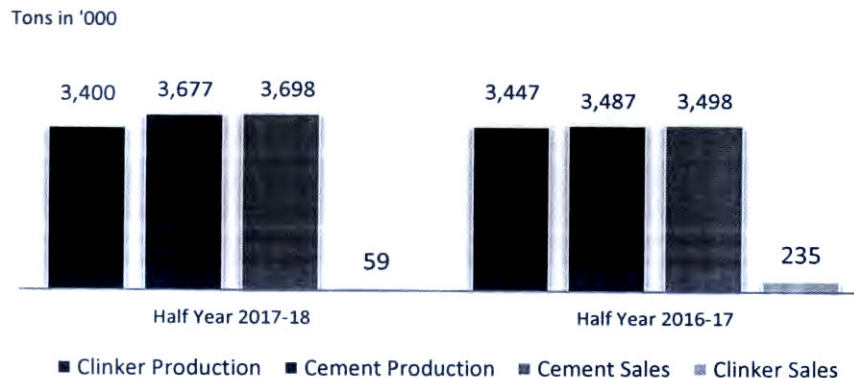
## Business Performance

### a. Production & Sales Volume Performance

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

Particulars	Half Year	Half Year	Growth/ (Decline) %
	2017-18	2016-17	
	Tons in '000'		
Clinker Production	3,400	3,447	(1.4%)
Cement Production	3,677	3,487	5.4%
Cement Sales	3,698	3,498	5.7%
Clinker Sales	59	235	(74.9%)

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 2017-18 with the same period last year is presented below:

Particulars	Half Year	Half Year	Growth / (Decline) %
	2017-18	2016-17	

(Tons in '000')

#### Cement Industry

Local Sales	19,836	16,895	2,941	17.4%
Export Sales				
- Bagged	2,326	2,790	(464)	(16.6%)
- Loose	81	121	(40)	(33.1%)
<b>Total Exports</b>	<b>2,407</b>	<b>2,911</b>	<b>(504)</b>	<b>(17.3%)</b>
<b>Grand Total</b>	<b>22,243</b>	<b>19,806</b>	<b>2,437</b>	<b>12.3%</b>

#### Lucky Cement

Local Sales				
- Cement	3,209	2,745	464	16.9%
- Clinker	59	235	(176)	(74.9%)
<b>Total Local Sales</b>	<b>3,268</b>	<b>2,980</b>	<b>288</b>	<b>9.7%</b>
Export Sales				
- Bagged	408	632	(224)	(35.4%)
- Loose	81	121	(40)	(33.1%)
<b>Total Exports</b>	<b>489</b>	<b>753</b>	<b>(264)</b>	<b>(35.1%)</b>
<b>Grand Total</b>	<b>3,757</b>	<b>3,733</b>	<b>24</b>	<b>0.6%</b>

Market Share	Half Year	Half Year	Growth / (Decline) %
	2017-18	2016-17	

Local Sales	16.5%	17.6%	(6.2%)
Export Sales			
- Bagged	17.5%	22.7%	(22.9%)
- Loose	100.0%	100.0%	-
<b>Total Export</b>	<b>20.3%</b>	<b>25.9%</b>	<b>(21.6%)</b>
<b>Grand Total</b>	<b>16.9%</b>	<b>18.8%</b>	<b>(10.1%)</b>

**b. Financial Performance**

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

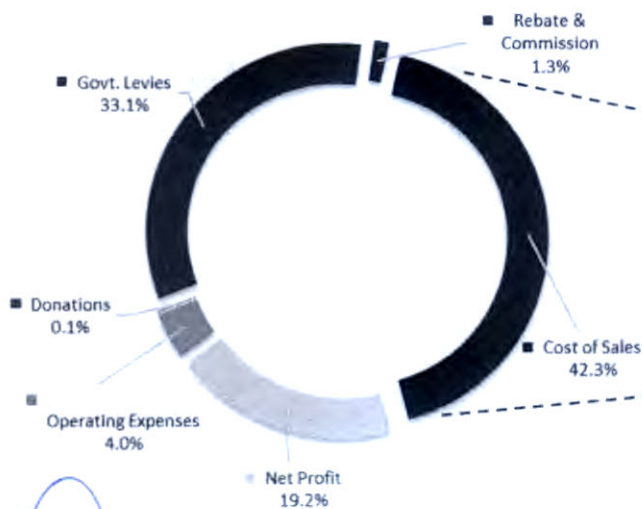
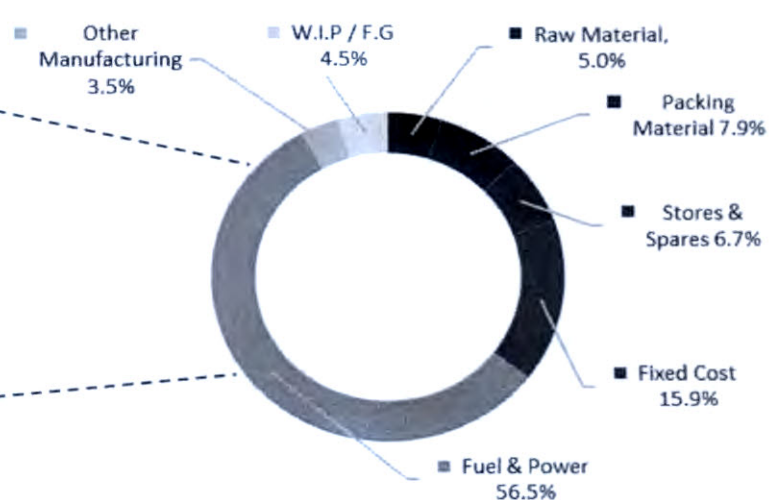
Particulars	Half Year FY 2017-18	Half Year FY 2016-17	% Change
Gross Revenue	32,852	31,243	5.2%
Net Revenue	23,254	23,442	(0.8%)
GP	8,886	11,666	(23.8%)
OP	7,516	10,114	(25.7%)
EBITDA	8,910	11,424	(22.0%)
NP	6,547	7,037	(7.0%)
EPS	20.25 / Share	21.76 / Share	(7.0%)

**Revenue**

During the half year 2017-18 under review, your Company achieved an overall gross sales revenue growth of 5.2% compared to the same period last year. This was mainly due to the impact of higher Federal Excise Duty and Sales Tax.

**Cost of Sales**

During the period under review, per ton cost of sales of your Company increased by 21.2% 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 38.2% for the half year under review compared to 49.8% reported during the same period last year.



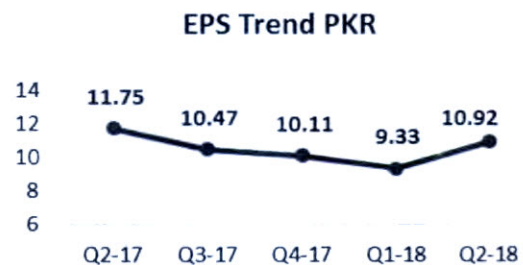
### Net Profit

Your Company achieved profit before tax of PKR 8,094.6 million during the half year under review compared to PKR 9,906.4 million reported last year. Similarly, after tax profit of PKR 6,547.1 million was achieved during the half year under review compared to PKR 7,037.4 million reported during the same period last year.



### Earnings per share

The earnings per share of your Company for the half year ended December 31, 2017 was PKR 20.25 compared to PKR 21.76 reported during the same period last year.




## Projects – New and Ongoing

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

The project was satisfactorily completed as per target in December, 2017 and commercial operations commenced. With the addition of this new line, Company's market share is anticipated to increase from January, 2018.

### **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. However, in view of the continued delay in expansion plans for North, the Company is evaluating for brownfield expansion of 2.3 million tons per annum at its existing plant location in Pezu, District Lakki Marwat in the KPK province.

## Investments

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

Your Company has already executed EPC contract and finalized the draft of the Power Purchase Agreement, Implementation Agreement and Coal Supply Agreement. After the favorable resolution of the matter with respect to restrictive [time bound] use of imported coal and extension of Letter of Support issued to the Company by Private Power Infrastructure Board, the Company is moving swiftly towards financial close. The revised target for financial close and commercial operation is second quarter 2018 and second quarter 2021, respectively.

The consolidated unaudited financial statements of the Company for the half year ended December 31, 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.



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

KLM started construction of the project in November 2017 and has also signed a New Entrant Agreement with Ministry of Industries & Production under the Automotive Development Policy 2016-2021 in December 2017. The Project aims to start commercial production in 2019.

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

The project has been satisfactorily completed in December, 2017 and with the addition of the new capacity of 0.871 million tons per annum, the total capacity of the Cement Grinding Unit has now increased to 1.742 million tons per annum. The sales volumes are anticipated to increase from January, 2018.

### **Corporate Social Responsibility**

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Your Company remains fully committed to value creation for the society where it operates in. During the first half of the financial year under review, your Company extended a number of scholarships to students from various leading universities in Pakistan. Keeping in view the impact of women's empowerment in Pakistan, Lucky Cement continued its support for two leading Government girls' schools in Karachi in collaboration with Zindagi Trust. With the primary focus of social intervention in the development of women education in the Country, your Company hopes that its support for these schools can transform them into model educational institutions for the girls of Pakistan.

Your Company also continues to donate towards the cause of community development by supporting CPLC – an institution responsible for the safety and security of citizens in Sindh. Furthermore, contributions towards the community in connection with health-based initiatives and other welfare purposes were also made to highlight the true spirit of charity. Your Company is also an active supporter of Special Olympics Pakistan, and contributes towards the cause of those affected by various disabilities.



## Outlook

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Your Company continues to remain optimistic about volumetric growth for the remaining half of the current 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



**MUHAMMAD ALI TABBA**  
Chief Executive/Director

Karachi: January 26, 2018

