



# DEVELOPING **THE FUTURE**

First Quarterly Report  
September 30, 2018

## 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, 2018.

### Overview

Cement industry in Pakistan grew by 4.5% to 10.81 million tons during the first quarter ended September 30, 2018 in comparison to 10.35 million tons during the same period last year. While local sales volume registered a decline of 0.4% to 9.02 million tons during the first quarter in comparison to 9.06 million tons during the same period last year; export sales volume registered an increase of 39.2% to 1.79 million tons during the quarter under review as compared to 1.29 million tons in the same period last year.

Your Company achieved an overall growth of 4.9% with total sales volume of 1.90 million tons during the first quarter as compared to 1.80 million tons sold in the same period last year.

While local cement sales volume registered a decline of 5.9% (North 9.1% and South 2.2%) in the first quarter to reach 1.40 million tons as compared to 1.48 million tons in the same period last year. Whereas, due to no clinker sales during the quarter under review, overall local sales volumes declined by 9.1% to reach 1.40 million tons as compared to 1.54 million tons in the same period last year. On the other hand, export sales volume increased by 85.1% to reach 0.50 million tons during the current quarter as compared to 0.27 million tons during the same period last year.

On a **consolidated basis**, your Company achieved a gross turnover of PKR 31.32 billion which is 9.2% higher as compared to the same period last year's turnover of PKR 28.68 billion.

Moreover, consolidated Net Profit of the Company was PKR 3.16 billion of which PKR 0.21 billion is attributable to non-controlling interests which translates into an EPS of PKR 9.14 during the first quarter of the fiscal year 2018-19 as compared to PKR 11.90 during the same period last year.

### Business Performance

#### a. Production & Sales Volume Performance - Standalone

The standalone production and sales statistics of your Company for the first quarter of the financial year 2018-19 compared to the same period last year are as follows:

Particulars	1 <sup>st</sup> Quarter 2018-19	1 <sup>st</sup> Quarter 2017-18	Growth/ (Decline) %
	Tons in '000'		
Clinker Production	1,801	1,533	17.5%
Cement Production	1,665	1,711	(2.7%)
Cement Sales	1,654	1,752	(5.6%)
Clinker Sales	239	52	359.6%

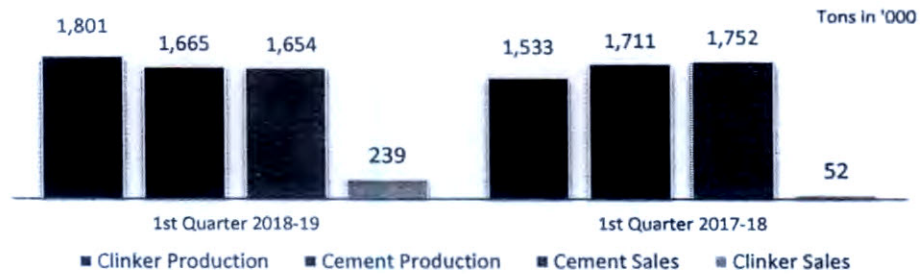
Lucky Cement Limited

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 & 34530450 F: 34534302 E: info@lucky-cement.com

URL: www.lucky-cement.com

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



A comparison of the dispatches of the industry and your Company's standalone business for the first quarter of the financial year 2018-19 with the same period last year is presented below:

Particulars	1 <sup>st</sup> Quarter 2018-19 (Tons in '000')	1 <sup>st</sup> Quarter 2017-18 (Tons in '000')	Growth / (Decline) %	
<b>Cement Industry</b>				
Local Sales	9,022	9,061	(39)	(0.4%)
<b>Export Sales</b>				
- Bagged	1,146	1,225	(79)	(6.4%)
- Loose	21	62	(41)	(66.1%)
- Clinker	624	-	624	100.0%
<b>Total Exports</b>	<b>1,791</b>	<b>1,287</b>	<b>504</b>	<b>39.2%</b>
<b>Grand Total</b>	<b>10,813</b>	<b>10,348</b>	<b>465</b>	<b>4.5%</b>
<b>Lucky Cement</b>				
<b>Local Sales</b>				
- Cement	1,395	1,483	(88)	(5.9%)
- Clinker	-	52	(52)	(100.0%)
<b>Total Local Sales</b>	<b>1,395</b>	<b>1,535</b>	<b>(140)</b>	<b>(9.1%)</b>
<b>Export Sales</b>				
- Bagged	238	207	31	15.0%
- Loose	21	62	(41)	(66.1%)
- Clinker	239	-	239	100.0%
<b>Total Exports</b>	<b>498</b>	<b>269</b>	<b>229</b>	<b>85.1%</b>
<b>Grand Total</b>	<b>1,893</b>	<b>1,804</b>	<b>89</b>	<b>4.9%</b>
<b>Market Share</b>				
<b>Local Sales</b>	<b>15.5%</b>	<b>16.9%</b>	<b>(8.3%)</b>	
<b>Export Sales</b>				
- Bagged	20.8%	16.9%	23.7%	
- Loose	100.0%	100.0%	-	
- Clinker	38.3%	-	100.0%	
<b>Total Export</b>	<b>27.8%</b>	<b>20.9%</b>	<b>33.0%</b>	
<b>Grand Total</b>	<b>17.5%</b>	<b>17.4%</b>	<b>0.6%</b>	

## b. Financial Performance

The **standalone financial performance** of your Company for the first quarter of the fiscal year ended 2018-19 as compared to the same period last year is presented below:

Particulars	PKR in millions except EPS		
	1 <sup>st</sup> Quarter 2018-19	1 <sup>st</sup> Quarter 2017-18	% Change
Gross Revenue	16,011	15,695	2.0%
Net Revenue	11,405	11,204	1.8%
GP	3,424	4,113	(16.8%)
OP	2,493	3,463	(28.0%)
EBITDA	3,325	4,143	(19.7%)
NP	2,493	3,017	(17.4%)
EPS	7.71 /Share	9.33 /Share	(17.4%)

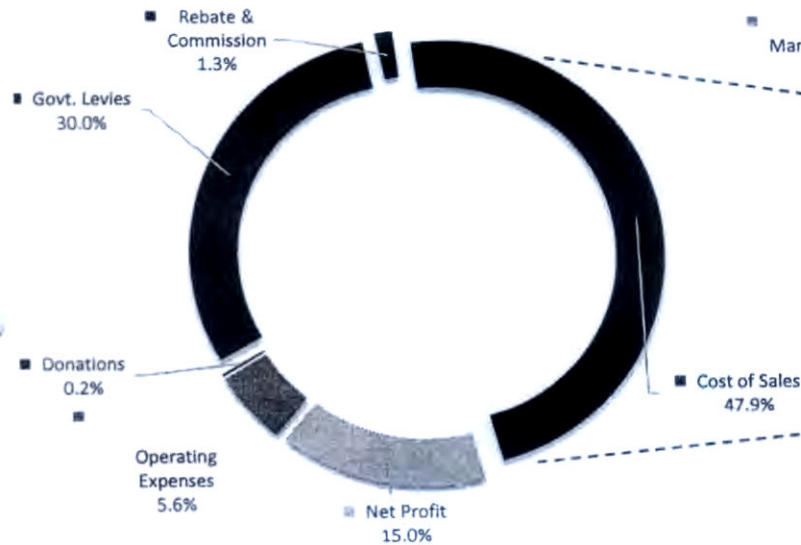
### Revenue

During the first quarter of 2018-19 under review, your Company achieved an overall gross sales revenue growth of 2.0% as compared to the same period last year. This was mainly due to the impact of higher Volumes and increase in Federal Excise Duty and Sales Tax.

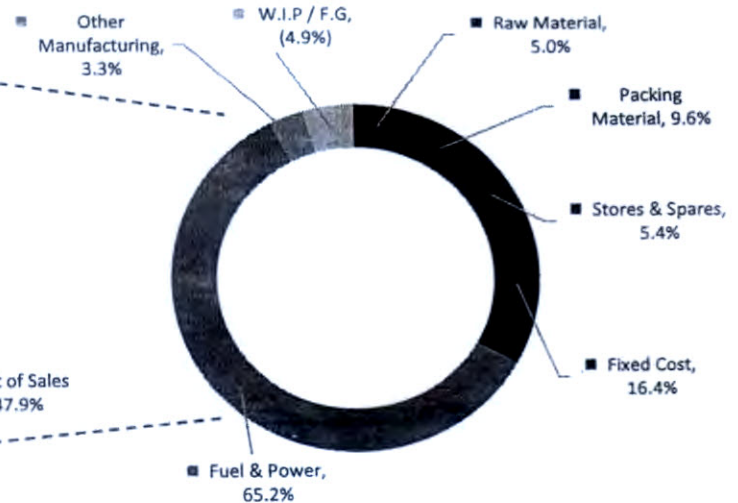
### Cost of Sales

During the first quarter under review, per ton cost of sales of your Company increased by 7.3% as compared to the same period last year. The increase was mainly attributable to increase in coal, packing material and other fuel prices.

**Distribution of Gross Revenue**



**Distribution of Cost of Sales**




Lucky Cement Limited

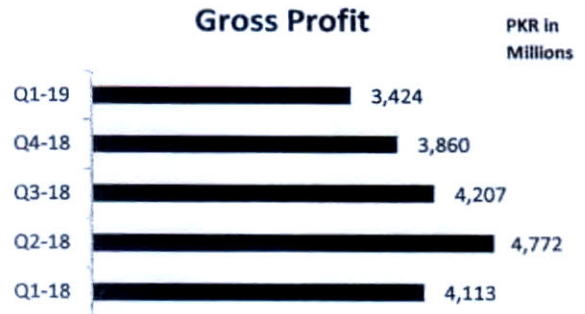
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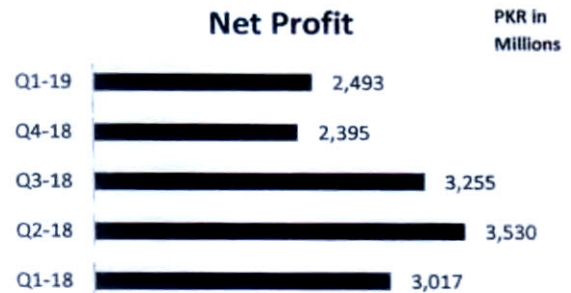
### Gross Profit

Your Company achieved a gross profit margin of 30.0% for the quarter under review as compared to 36.7% reported during the same period last year.



### Net Profit

Your Company achieved a profit before tax of PKR 2,892.0 million during the quarter under review as compared to PKR 3,700.8 million reported during the same period last year. Similarly, after tax profit of PKR 2,492.8 million was achieved during the quarter under review as compared to PKR 3,017.3 million reported during the same period last year.



### Earnings per share

The earnings per share of your Company for the quarter ended September 30, 2018 was PKR 7.71 in comparison to PKR 9.33 reported during the same period last year.



### Projects – New and Ongoing

#### Brownfield cement plant expansion in KPK Province of Pakistan – 2.6 million tons per annum

Civil works at the site are currently in progress and the project remains on target to achieve commercial operations in the last quarter of calendar year 2019.



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## Investments

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

Your Company had achieved financial close of the project on 25th June, 2018 after fulfilling all the necessary conditions and accordingly, PPIB also issued the necessary guarantee from the Government of Pakistan under the Implementation Agreement. Construction work at project site is running satisfactorily to achieve the target date for Commercial Operations of 1st March, 2021.

### **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 the Ministry of Industries & Production under the Automotive Development Policy 2016-2021 in December 2017.

On 1st June 2018, KLM started its Complete Built Up (CBU) operations. It has opened up several, company owned / third party operated dealerships in some of the metro cities of Pakistan. The Project aims to start commercial production in second quarter of calendar year 2019.

### **Greenfield clinker production facility in Samawah, Iraq – 1.2 million tons per annum**

The company is currently in negotiation with the potential suppliers of plant and machinery and financial institutions. Target to achieve financial close is last quarter of calendar year 2018.

## Corporate Social Responsibility

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Your Company remains committed to value creation in the society and the communities in which it operates, with primary focus of its CSR initiatives in Education, Women empowerment, Health initiatives and Environment conservation.

### **Education / Scholarships**

Continuing on the agenda to support the deserving students of the society, during the quarter under review your Company extended a number of scholarships to various students of LUMS, IBA and other leading universities of Pakistan.

### **Women Empowerment**

Prioritizing its emphasis on women empowerment, Lucky Cement continued its support for two leading Government girls' schools in Karachi in collaboration with Zindagi Trust. With the primary objective of social intervention in the development of women's education in the Country, your Company has transformed these schools into model educational institutions for girls of Pakistan.

### **Health Initiatives**

Provision of quality healthcare continues to remain your Company's priority, especially through financial support of Aziz Tabba Foundation; a prominent philanthropic institution that is running Tabba Heart and Tabba Kidney institutes, which provide vital support in bridging the gap of specialized and modern medical care in the Country.

**Environment Conservation**

Your Company always takes responsibility towards the environment seriously and in an effort to highlight the importance of environment conservation; during the quarter under review, a tree plantation drive was launched and free tree saplings were distributed amongst the employees to contribute towards making Pakistan greener and environment friendly.

**Outlook**

The future outlook for the Cement industry remains positive and domestic sales are expected to improve on the back of new Government's initiatives to build both small and mega-capacity / multipurpose water reservoirs/ dams and '5 million housing scheme' to construct affordable houses for public at large; whereas, export sales are anticipated to remain strong in view of favorable market dynamics and increasing demand for Clinker in the regional export markets.

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**

Directors of your Company take this opportunity to express sincere gratitude and appreciation for unrelenting commitment and contribution of its people and the trust and confidence placed in the Company by all the stakeholders.

On behalf of the Board



**MUHAMMAD YUNUS TABBA**  
Chairman / Director



**MUHAMMAD ALI TABBA**  
Chief Executive/ Director

Karachi: October 29, 2018



Lucky Cement Limited

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**LUCKY CEMENT LIMITED**  
**CONDENSED INTERIM UNCONSOLIDATED**  
**FIRST QUARTER REPORT**  
**SEPTEMBER 30, 2018**  
**( UN-AUDITED )**

**LUCKY CEMENT LIMITED**  
**Unconsolidated Condensed Interim Statement of Financial Position**  
**As at September 30, 2018**

	Note	(Un-audited) September 30, 2018	(Audited) June 30, 2018
		(PKR in '000')	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets			
Property, plant and equipment	5	41,709,542	40,913,168
Intangible assets		50,891	55,023
		<u>41,760,433</u>	<u>40,968,191</u>
Long-term investments	6	28,614,700	24,981,078
Long-term advances		88,327	90,996
Long-term deposits		3,175	3,175
		<u>70,466,635</u>	<u>66,043,440</u>
<b>CURRENT ASSETS</b>			
Stores and spares		9,830,364	7,783,111
Stock-in-trade		3,065,971	2,796,658
Trade debts		2,249,068	2,424,470
Loans and advances		327,201	420,671
Trade deposits and short term prepayments		73,307	67,577
Accrued return		124,500	142,881
Other receivables		1,625,778	1,311,180
Tax refunds due from the Government		538,812	538,812
Short term investment		28,620	34,956
Cash and bank balances		22,641,971	27,435,361
		<u>40,505,592</u>	<u>42,955,677</u>
<b>TOTAL ASSETS</b>		<u><u>110,972,227</u></u>	<u><u>108,999,117</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized capital		<u>5,000,000</u>	<u>5,000,000</u>
Share Capital		3,233,750	3,233,750
Reserves		<u>83,033,517</u>	<u>83,133,072</u>
		86,267,267	86,366,822
<b>NON-CURRENT LIABILITIES</b>			
Long-term deposits		96,894	94,394
Deferred liabilities	7	7,220,317	7,300,639
		7,317,211	7,395,033
<b>CURRENT LIABILITIES</b>			
Trade and other payables		12,570,173	13,121,005
Unclaimed dividend		47,740	47,945
Unpaid dividend	8	2,669,960	82,960
Taxation - net		2,099,876	1,985,352
		<u>17,387,749</u>	<u>15,237,262</u>
		24,704,960	22,632,295
<b>CONTINGENCIES AND COMMITMENTS</b>	9		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>110,972,227</u></u>	<u><u>108,999,117</u></u>

The annexed notes from 1 to 15 form an integral part of these unconsolidated condensed interim financial statement

  
Chairman / Director

  
Chief Executive

  
Chief Financial Officer

**LUCKY CEMENT LIMITED**  
**Unconsolidated Condensed Interim Profit or Loss and Other Comprehensive Income**  
**For the 1st quarter ended September 30, 2018 (Un-audited)**

	Note	September 30, 2018 (PKR in'000')	September 30, 2017
Gross sales	10	16,011,063	15,695,183
Less: Sales tax and federal excise duty		4,390,612	4,292,591
Rebates and commission		215,383	198,811
		4,605,995	4,491,402
Net sales		11,405,068	11,203,781
Cost of sales		(7,980,649)	(7,090,537)
<b>Gross profit</b>		3,424,419	4,113,244
Distribution cost		(657,519)	(369,351)
Administrative expenses		(273,776)	(281,268)
Other expenses		(245,456)	(294,255)
Other income	11	644,329	532,396
<b>Profit before taxation</b>		2,891,997	3,700,766
Taxation			
-current		(550,355)	(933,105)
-deferred		151,189	249,622
		(399,166)	(683,483)
<b>Profit after taxation</b>		2,492,831	3,017,283
<b>Other comprehensive income:</b>			
Other comprehensive loss which will not be reclassified to statement of profit or loss in subsequent periods			
Unrealized loss on remeasurement of equity investment at fair value through other comprehensive income		(6,336)	(5,115)
Deferred tax thereon		950	767
		(5,386)	(4,348)
<b>Total comprehensive income for the period</b>		2,487,445	3,012,935

(PKR)

**Earnings per share - basic and diluted**

7.71      ~~9.33~~

The annexed notes from 1 to 15 form an integral part of these unconsolidated condensed interim financial statements.

  
**Chairman / Director**

  
**Chief Executive**

  
**Chief Financial Officer**

**LUCKY CEMENT LIMITED**  
**Unconsolidated Condensed Interim Statement of Cash Flows**  
**For the 1st quarter ended September 30, 2018 (Un-audited)**

	Note	September 30, 2018	September 30, 2017
		(PKR in '000')	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash generated from operations</b>	<b>12</b>	<b>403,936</b>	4,565,234
Income tax paid		(435,831)	(928,283)
Gratuity paid		(32,305)	(21,642)
Income from desposits with islamic banks and other financial institutions		466,479	459,813
Decrease in long-term loans and advances		2,669	2,848
Increase in long-term deposits (liabilities)		2,500	2,675
<b>Net cash generated from operating activities</b>		<b>407,448</b>	4,080,645
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(1,634,187)	(2,260,766)
Long term investment		(3,633,622)	(1,362,564)
Sale proceeds on disposal of property, plant and equipment		67,176	13
Release of bank balance held as lien		402,640	-
<b>Net cash used in investing activities</b>		<b>(4,797,993)</b>	(3,623,317)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid		(205)	(1,062)
Net increase in cash and cash equivalents		(4,390,750)	456,266
Cash and cash equivalents at the beginning of the period		19,548,346	33,738,377
Cash and cash equivalents at the end of the period	<b>12.1</b>	<b>15,157,596</b>	34,194,643

The annexed notes from 1 to 15 form an integral part of these unconsolidated condensed interim financial statements.

  
**Chairman / Director**

  
**Chief Executive**

  
**Chief Financial Officer**

**LUCKY CEMENT LIMITED**  
**Unconsolidated Condensed Interim Statement of Changes in Equity**  
**For the 1st quarter ended September 30, 2018 (Un-audited)**

	Issued, subscribed and paid up capital	Capital reserve	Revenue reserves		Total reserves	Total equity
		Share premium	General reserves	Unappropria ted Profit		
-----PKR in '000'-----						
<b>Balance as at July 01, 2017</b>	3,233,750	7,343,422	55,511,916	13,695,893	76,551,231	79,784,981
Transfer to general reserves	-	-	9,815,393	(9,815,393)	-	-
Final dividend at the rate of PKR 12/- per share each for the year ended June 30, 2017	-	-	-	(3,880,500)	(3,880,500)	(3,880,500)
Total comprehensive income for the quarter ended September 30, 2017	-	-	-	3,012,935	3,012,935	3,012,935
<b>Balance as at September 30, 2017</b>	<u>3,233,750</u>	<u>7,343,422</u>	<u>65,327,309</u>	<u>3,012,935</u>	<u>75,683,666</u>	<u>78,917,416</u>
<b>Balance as at July 01, 2018</b>	3,233,750	7,343,422	63,710,434	12,079,216	83,133,072	86,366,822
Transfer to general reserves	-	-	9,492,216	(9,492,216)	-	-
Final dividend at the rate of PKR 8/- per share each for the year ended June 30, 2018	-	-	-	(2,587,000)	(2,587,000)	(2,587,000)
Total comprehensive income for the quarter ended September 30, 2018	-	-	-	2,487,445	2,487,445	2,487,445
<b>Balance as at September 30, 2018</b>	<u>3,233,750</u>	<u>7,343,422</u>	<u>73,202,650</u>	<u>2,487,445</u>	<u>83,033,517</u>	<u>86,267,267</u>

The annexed notes from 1 to 15 form an integral part of these unconsolidated condensed interim financial statements.

  
**Chairman / Director**

  
**Chief Executive**

  
**Chief Financial Officer**

**LUCKY CEMENT LIMITED**  
**Notes to the Unconsolidated Condensed Interim Financial Statements**  
**For the 1st quarter ended September 30, 2018 (Un-audited)**

**1 THE COMPANY AND ITS OPERATION**

- 1.1** Lucky Cement Limited (the Company) was incorporated in Pakistan on September 18, 1993 under the Companies Ordinance, 1984 (the Ordinance) [now Companies Act, 2017] and is listed on the Pakistan Stock Exchange. The Company has also issued Global Depository Receipts (GDRs) which are listed and traded on the Professional Securities Market of the London Stock Exchange. The principal activity of the Company is manufacturing and marketing of cement.

The registered office of the Company is located at Pezu, District Lakki Marwat in Khyber Pakhtunkhwa and the head office is situated at Muhammad Ali Housing Society, A. Aziz Hashim Tabba Street in Karachi. The Company has two production facilities at Pezu, District Lakki Marwat in Khyber Pakhtunkhwa and at Main Super Highway in Karachi, Sindh. Further, the Company's liaison offices are situated in Islamabad, Quetta, Multan, D.I.Khan, Lahore and Peshawar.

- 1.2** These unconsolidated condensed interim financial statements are separate financial statements of the Company in which investments in subsidiaries have been accounted for at cost less accumulated impairment losses, if any.

**2 STATEMENT OF COMPLIANCE**

These unconsolidated condensed interim financial statements of the Company for the three months period ended September 30, 2018 have been prepared in accordance with the requirements of the International Accounting Standard (IAS) - 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Act, 2017. In case where the requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed. These unconsolidated condensed interim financial statements do not include all the information and disclosures required in the unconsolidated annual audited financial statements, and should be read in conjunction with Company's unconsolidated annual audited financial statements for the year ended June 30, 2018.

**3 SIGNIFICANT ACCOUNTING POLICIES**

- 3.1** The accounting policies and methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the unconsolidated annual audited financial statements for the year ended June 30, 2018.

**3.2 Change in accounting standards, interpretations and amendments to published approved accounting standards**

- (a) Standards and amendments to published approved accounting standards which are effective during the quarter ended September 30, 2018**

There are certain new standards and amendments to approved accounting standards which are mandatory for the Company's annual accounting period which began on July 1, 2018. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been detailed in these unconsolidated condensed interim financial statements.

- (b) Standards and amendments to published approved accounting standards that are not yet effective**

There are certain new standards and amendments to the approved accounting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2019. However, these amendments will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these unconsolidated condensed interim financial statements.

#### 4 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts. Actual results may differ from these judgements, estimates and assumptions.

However, the management believes that the change in outcome of judgements, estimates and assumptions would not have a material impact on the amounts disclosed in these unconsolidated condensed interim financial statements.

Judgements and estimates made by the management in the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the Company's unconsolidated annual audited financial statements for the year ended June 30, 2018.

The Company's financial risk management objectives and policies are consistent with those disclosed in the Company's unconsolidated annual audited financial statements for the year ended June 30, 2018.

#### 5 PROPERTY, PLANT AND EQUIPMENT

5.1 The following is the movement in property, plant and equipment during the period/year:

		(Un-audited) September 30, 2018	(Audited) June 30, 2018
	Note	(PKR in '000')	
Operating fixed assets (WDV) - opening balance		38,550,862	33,086,307
Add: Additions during the period/year	5.2	2,197,644	8,467,733
		<u>40,748,506</u>	<u>41,554,040</u>
Less: Disposals during the period/year (WDV)		10,495	28,294
Depreciation charge for the period/year		820,322	2,974,884
Operating fixed assets (WDV) - closing balance		39,917,689	38,550,862
Add: Capital work-in-progress	5.3	1,791,853	2,362,306
		<u>41,709,542</u>	<u>40,913,168</u>

5.2 The following additions and deletions were made during the period in operating fixed assets:

	Additions (Cost)	Deletions (Cost)
	(PKR in '000')	
<b>Operating fixed assets</b>		
Freehold land	30,317	-
Buildings on freehold land	18,465	-
Buildings on leasehold land	190,181	-
Machinery	1,543,153	-
Generators	69,228	1,809
Quarry equipments	113,118	247
Vehicles	185,278	52,951
Furniture and fixtures	3,017	-
Office equipments	7,919	-
Computer and Accessories	7,466	1,584
Other assets (Laboratory equipment, etc.)	29,502	450
	<u>2,197,644</u>	<u>57,041</u>

5.3 The following is the movement in capital work-in-progress during the period/year:

	(Un-audited) September 30, 2018	(Audited) June 30, 2018
	(PKR in '000')	
Opening balance	2,362,306	4,401,830
Add: Additions during the period/year	1,634,187	6,430,906
	3,996,493	10,832,736
Less: Transferred to operating fixed assets	(2,197,644)	(8,453,808)
Less: Transferred to intangible assets	(6,996)	(16,622)
Closing balance	<u>1,791,853</u>	<u>2,362,306</u>

## 6 LONG-TERM INVESTMENTS - at cost

### Subsidiaries

Lucky Holdings Limited	6.1	5,619,000	5,619,000
LCL Investment Holdings Limited	6.2	4,580,500	4,580,500
LCL Holdings Limited	6.3	10,418,439	10,216,139
Kia Lucky Motors Pakistan Limited	6.4	7,385,296	3,954,074
Lucky Cement Holdings (Private) Limited	6.5	100	-
		<u>28,003,335</u>	<u>24,369,713</u>

### Associate

Yunus Energy Limited	6.6	611,365	611,365
		<u>28,614,700</u>	<u>24,981,078</u>

- 6.1 As of the statement of financial position date, the Company owns 75 percent shares of Lucky Holdings Limited (LHL). LHL owns 74.16 percent shares of ICI Pakistan Limited as of the said date.
- 6.2 Represents equity investment in LCL Investment Holdings Limited (LCLIHL), a wholly owned subsidiary of the Company, incorporated and domiciled in Mauritius. LCLIHL has entered into joint venture agreements for constructing a cement grinding unit in the Republic of Iraq and a fully integrated cement manufacturing unit in the Democratic Republic of Congo. LCLIHL holds 50 percent ownership interest in the aforesaid joint ventures.
- 6.3 The Company has an equity investment in LCL Holdings Limited (LCLHL), a wholly owned subsidiary of the Company, incorporated in Pakistan, of 37,933,843 ordinary shares at PKR 10/- each out of which 37,833,843 (June 30, 2018: 20,778,349) shares were issued at a premium of PKR 260/- each. As of the statement of financial position date, LCLHL owned 100 percent shares in Lucky Electric Power Company Limited. The amount of investment includes advance against future issuance of shares amounting to PKR 202.3 million (June 30, 2018: PKR 4,604.984 million).
- 6.4 Represents equity investment in Kia Lucky Motors Pakistan Limited (KLM), a public unlisted company incorporated in Pakistan. The Company will hold 70 percent shares of KLM at its commercial operations date. The amount includes advance against future issuance of shares amounting to PKR 1,699.07 million (June 30, 2018: PKR 2,000 million).
- 6.5 Represents equity investment in Lucky Cement Holdings (Private) Limited, a wholly owned subsidiary company, incorporated in Pakistan as a private limited company.
- 6.6 Represents equity investment in Yunus Energy Limited (YEL), a public unlisted company incorporated in Pakistan. As of the statement of financial position date, the Company owns 20 percent shares of YEL.

	<u>(Un-audited)</u> <u>September 30,</u> <u>2018</u>	<u>(Audited)</u> <u>June 30,</u> <u>2018</u>
Note	(PKR in '000')	
<b>7 DEFERRED LIABILITIES</b>		
Staff gratuity	1,703,936	1,632,119
Deferred tax liability	5,516,381	5,668,520
	<u>7,220,317</u>	<u>7,300,639</u>

#### 7.1 Deferred tax liability

This comprises the following :

- Taxable temporary differences arising due to accelerated tax depreciation allowance	5,997,985	6,149,671
- Deductible temporary differences arising in respect of provisions	(481,604)	(481,151)
	<u>5,516,381</u>	<u>5,668,520</u>

8 This includes cash dividend amounting to PKR 2,587 million of PKR 8/- per share for the year ended June 30, 2018, which was approved by the members at the Annual General Meeting held on September 28, 2018.

#### 9 CONTINGENCIES AND COMMITMENTS

9.1 There are no major changes in the status of contingencies and commitments as reported in the unconsolidated annual audited financial statements of the Company for the year ended June 30, 2018, except as disclosed in note 9.2.

	<u>(Un-audited)</u> <u>September 30,</u> <u>2018</u>	<u>(Audited)</u> <u>June 30,</u> <u>2018</u>
	(PKR in '000')	
9.2 Machinery under letters of credit	<u>10,743,681</u>	<u>10,853,999</u>
Stores, spares and packing material under letters of credit	<u>1,945,835</u>	<u>2,631,479</u>
Bank guarantees issued by the Company on behalf of the subsidiary companies	<u>27,907,014</u>	<u>30,699,438</u>
Bank guarantees issued on behalf of the Company	<u>1,855,828</u>	<u>1,917,572</u>
Post dated cheques	<u>484,148</u>	<u>315,791</u>

<b>For the 1st quarter ended</b>	
<b>September 30,</b>	<b>September 30,</b>
<b>2018</b>	<b>2017</b>
<b>(PKR in '000')</b>	

## 10 GROSS SALES

Local	13,499,934	14,347,708
Export	2,511,129	1,347,475
	<b>16,011,063</b>	<b>15,695,183</b>

## 11 OTHER INCOME

It mainly includes income from deposits with Islamic banks and other financial institutions and net income from supply of surplus electricity to Hyderabad Electricity Supply Company.

<b>For the 1st quarter ended</b>	
<b>September 30,</b>	<b>September 30,</b>
<b>2018</b>	<b>2017</b>
<b>(PKR in '000')</b>	

## 12 CASH GENERATED FROM OPERATIONS

	Note	<b>September 30,</b>	<b>September 30,</b>
		<b>2018</b>	<b>2017</b>
<b>(PKR in '000')</b>			
Profit before taxation		2,891,997	3,700,766
<b>Adjustments for non cash charges and other items</b>			
Depreciation	5.1	820,322	668,219
Amortization of intangible assets		11,128	12,164
(Gain) / Loss on disposal of fixed assets		(56,681)	5
Provision for gratuity		104,122	84,365
Income from deposits with islamic banks and other financial institutions		<b>(448,098)</b>	<b>(495,296)</b>
Profit before working capital changes		<b>3,322,790</b>	<b>3,970,223</b>
(Increase) / decrease in current assets			
Stores and spares		<b>(2,047,253)</b>	(775,095)
Stock in trade		<b>(269,313)</b>	674,100
Trade debts		<b>175,402</b>	(272,174)
Loans and advances		<b>93,470</b>	(197,207)
Trade deposits and short term prepayments		<b>(5,730)</b>	6,907
Other receivables		<b>(314,598)</b>	(23,300)
		<b>(2,368,022)</b>	<b>(586,769)</b>
(Decrease) / increase in current liabilities			
Trade and other payables		<b>(550,832)</b>	1,181,780
Cash generated from operations		<b>403,936</b>	<b>4,565,234</b>

September 30, 2018	September 30, 2017
(PKR in '000')	

## 12.1 CASH AND CASH EQUIVALENTS

Cash and bank balances	22,641,971	34,194,643
Bank balance marked as lien	(7,484,375)	-
	<u>15,157,596</u>	<u>34,194,643</u>

## 13 TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of subsidiary companies, associated undertakings, directors and key management personnel. Transactions with related parties during the period are as follows:

For the 1st quarter ended	
September 30, 2018	September 30, 2017
(PKR in '000')	

### Transactions with Subsidiary Companies:

Reimbursement of expenses to Company	341	3,533
Sales	128,242	12,982
Purchases	6,040	-
Purchase of fixed asset	5,500	-
Investment made during the period	3,633,622	1,362,564

### Transactions with Directors:

Meeting fee	438	344
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### Transactions with Associated Undertakings:

Sales	456,504	110,261
Reimbursement of expenses to Company	3,634	3,512
Reimbursement of expenses from Company	303	253
Sale of fixed asset	1,875	-
Donation	20,000	-
Services	6,340	6,235

### Transaction with key management personnel

Salaries and benefits	49,380	45,506
Post employment benefits	4,809	7,785

## 14 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue on October 29, 2018 by the Board of Directors of the Company.

## 15 GENERAL

Figures have been rounded off to the nearest thousand of PKR, unless otherwise stated.

  
Chairman / Director

  
Chief Executive

  
Chief Financial Officer

**LUCKY CEMENT LIMITED**  
**CONDENSED INTERIM CONSOLIDATED**  
**FIRST QUARTER REPORT**  
**SEPTEMBER 30, 2018**  
**( UN-AUDITED )**

**LUCKY CEMENT LIMITED**  
**Condensed Interim Consolidated Statement of Financial Position**  
**As at September 30, 2018**

	Note	(Un-audited) September 30, 2018	(Audited) June 30, 2018
(PKR in '000')			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets			
Property, plant and equipment	5	84,268,759	73,865,002
Intangible assets		<u>7,865,414</u>	<u>7,943,988</u>
		92,134,173	81,808,990
Long-term investments	6	14,163,070	13,642,987
Long-term loans and advances		562,883	534,786
Long-term deposits and prepayments		<u>46,422</u>	<u>53,325</u>
		106,906,548	96,040,088
<b>CURRENT ASSETS</b>			
Stores, spares and consumables		10,917,337	8,854,536
Stock-in-trade		13,967,112	12,088,621
Trade debts		4,776,008	5,142,591
Loans and advances		1,117,319	1,117,485
Trade deposits and short-term prepayments		1,293,833	1,108,185
Other receivables		4,134,539	3,431,926
Tax refunds due from the Government		538,812	538,812
Taxation receivable		1,864,915	2,221,851
Accrued return		127,487	161,742
Short term investments		28,620	34,956
Cash and bank balances		<u>25,496,632</u>	<u>34,382,272</u>
		64,262,614	69,082,977
<b>TOTAL ASSETS</b>		<u>171,169,162</u>	<u>165,123,065</u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		3,233,750	3,233,750
Reserves		<u>94,465,135</u>	<u>93,913,157</u>
		97,698,885	97,146,907
Attributable to the owners of the Holding Company		13,417,001	12,428,264
Non-controlling interests		<u>111,115,886</u>	<u>109,575,171</u>
Total equity			
<b>NON-CURRENT LIABILITIES</b>			
Long-term finances	7	8,321,749	8,789,887
Long-term deposits		96,894	94,394
Deferred liabilities	8	10,399,388	10,640,736
Other long term liabilities		<u>3,695,810</u>	<u>3,431,948</u>
		22,513,841	22,956,965
<b>CURRENT LIABILITIES</b>			
Trade and other payables		22,376,201	20,242,935
Unclaimed dividend		47,740	47,945
Unpaid dividend		2,669,960	82,960
Provision for taxation		2,099,876	1,992,278
Accrued return		306,032	272,146
Short-term borrowings and running finance		6,854,898	7,332,327
Current portion of liabilities against assets subject to finance lease		488	822
Current portion of long-term finances	7	<u>3,184,240</u>	<u>2,619,516</u>
		37,539,435	32,590,929
		60,053,276	55,547,894
<b>CONTINGENCIES AND COMMITMENTS</b>	9		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>171,169,162</u>	<u>165,123,065</u>

The annexed notes from 1 to 15 form an integral part of these condensed interim consolidated financial statements.

  
Chairman / Director

  
Chief Executive

  
Chief Financial Officer

**LUCKY CEMENT LIMITED**  
**Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
**For the 1st quarter ended September 30, 2018 (Un-audited)**

	Note	September 30, 2018 (PKR in '000')	September 30, 2017 -
Gross sales	10	31,315,454	28,683,436
Less: Sales tax and excise duty		5,242,966	4,962,359
Rebates and commission		1,227,866	1,138,222
		6,470,832	6,100,581
Net sales		24,844,622	22,582,855
Cost of sales		(19,256,664)	(16,493,943)
<b>Gross profit</b>		5,587,958	6,088,912
Distribution cost		(1,383,702)	(1,012,094)
Administrative expenses		(755,830)	(621,023)
Finance cost		(357,213)	(165,097)
Other expenses		(341,773)	(398,719)
Other income	11	1,152,742	1,223,738
<b>Profit before taxation</b>		3,902,182	5,115,717
Taxation			
- current		(1,063,608)	(1,261,929)
- deferred		323,216	313,943
		(740,392)	(947,987)
<b>Profit after taxation</b>		3,161,790	4,167,730
<b>Attributable to:</b>			
Owners of the Holding Company		2,955,800	3,847,169
Non-controlling interests		205,990	320,561
		3,161,790	4,167,730
<b>Other comprehensive income for the period</b>			
<b>Other comprehensive income which may be reclassified to statement of profit or loss in subsequent periods</b>			
Foreign exchange differences on translation of foreign operations		189,113	35,987
<b>Other comprehensive loss which will not be reclassified to statement of profit or loss in subsequent periods</b>			
Unrealized loss on remeasurement of equity investment at fair value through other comprehensive income		(6,336)	(5,115)
Deferred tax thereon		950	767
		(5,386)	(4,348)
<b>Total comprehensive income for the period</b>		3,345,517	4,199,369
<b>Attributable to:</b>			
Owners of the Holding Company		3,139,527	3,878,808
Non-controlling interests		205,990	320,561
		3,345,517	4,199,369
		(PKR)	
Earnings per share - basic and diluted		9.14	11.90

The annexed notes from 1 to 15 form an integral part of these condensed interim consolidated financial statements.

  
**Chairman / Director**

  
**Chief Executive**

  
**Chief Financial Officer**

**LUCKY CEMENT LIMITED**  
**Condensed Interim Consolidated Statement of Cash Flows**  
**For the 1st quarter ended September 30, 2018 (Un-audited)**

	Note	September 30, 2018	September 30, 2017
(PKR in '000')			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash generated from operations</b>	12	2,672,432	4,887,920
Finance costs paid		(317,910)	(172,289)
Income tax paid		(590,062)	(1,106,416)
Staff retirement benefits paid		(47,444)	(36,177)
Income from deposits with islamic banks and and other financial institutions		531,033	493,241
Long-term loans and advances		(28,096)	(7,172)
Long-term deposits and prepayments		9,405	(24,421)
<b>Net cash generated from operating activities</b>		<u>2,229,358</u>	<u>4,034,686</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(11,938,659)	(4,357,800)
Business acquisition	4	-	(1,563,700)
Dividend from associate		180,000	310,819
Release of bank balance held as lien		402,640	-
Sale proceeds on disposal of property, plant and equipment		71,236	216
<b>Net cash used in investing activities</b>		<u>(11,284,783)</u>	<u>(5,610,465)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long-term finance - net		69,157	1,805,685
Payment against finance lease liability		(590)	(876)
Issuance of shares to non controlling interest		985,034	224,990
Dividends paid		(3,747)	(3,196)
<b>Net cash generated from financing activities</b>		<u>1,049,854</u>	<u>2,026,603</u>
Net increase in cash and cash equivalents		<u>(8,005,571)</u>	<u>450,824</u>
Cash and cash equivalents at the beginning of the period		19,162,930	34,144,414
Cash and cash equivalents at the end of the period		<u><u>11,157,359</u></u>	<u><u>34,595,238</u></u>

**Cash and cash equivalents at September 30 comprise of:**

Cash and bank balances	25,496,632	37,356,499
Short-term borrowings and running finance	(6,854,898)	(2,761,261)
Bank balance marked as lien	(7,484,375)	-
	<u>11,157,359</u>	<u>34,595,238</u>

The annexed notes from 1 to 15 form an integral part of these condensed interim consolidated financial statements.

  
**Chairman / Director**

  
**Chief Executive**

  
**Chief Financial Officer**

**LUCKY CEMENT LIMITED**  
**Condensed Interim Consolidated Statement of Changes in Equity**  
**For the 1st quarter ended September 30, 2018 (Un-audited)**

	Issued, subscribed and paid up capital	Capital reserve	Revenue reserves			Total reserves	Non- controlling interests	Total equity
		Share premium	General reserves	Foreign currency translation reserve	Unappropri- ated Profit			
-----PKR in '000'-----								
<b>Balance as at July 01, 2017</b>	<b>3,233,750</b>	<b>7,343,422</b>	<b>55,511,916</b>	<b>152,106</b>	<b>20,729,031</b>	<b>83,736,475</b>	<b>9,235,325</b>	<b>96,205,550</b>
Transfer to general reserves	-	-	9,815,393	-	(9,815,393)	-	-	-
Final dividend at the rate of PKR 12/- per share for the year ended June 30, 2017	-	-	-	-	(3,880,500)	(3,880,500)	-	(3,880,500)
Dividends paid to non-controlling interests of ICI	-	-	-	-	-	-	(238,631)	(238,631)
Share of non-controlling interests of KLM	-	-	-	-	425	425	224,565	224,990
Profit after taxation	-	-	-	-	3,847,169	3,847,169	320,561	4,167,730
Other comprehensive income	-	-	-	35,987	(4,348)	31,639	-	31,639
Total comprehensive income for the quarter ended September 30, 2017	-	-	-	35,987	3,842,821	3,878,808	320,561	4,199,369
<b>Balance as at September 30, 2017</b>	<b>3,233,750</b>	<b>7,343,422</b>	<b>65,327,309</b>	<b>188,093</b>	<b>10,876,384</b>	<b>83,735,208</b>	<b>9,541,820</b>	<b>96,510,778</b>
<b>Balance as at July 01, 2018</b>	<b>3,233,750</b>	<b>7,343,422</b>	<b>63,710,434</b>	<b>1,258,268</b>	<b>21,601,033</b>	<b>93,913,157</b>	<b>12,428,264</b>	<b>109,575,171</b>
Transfer to general reserves	-	-	9,492,216	-	(9,492,216)	-	-	-
Final dividend at the rate of PKR 8/- per share for the year ended June 30, 2018	-	-	-	-	(2,587,000)	(2,587,000)	-	(2,587,000)
Dividends paid to non-controlling interests of ICI	-	-	-	-	-	-	(202,836)	(202,836)
Share of non-controlling interests of KLM	-	-	-	-	(549)	(549)	985,583	985,034
Profit after taxation	-	-	-	-	2,955,800	2,955,800	205,990	3,161,790
Other comprehensive income	-	-	-	189,113	(5,386)	183,727	-	183,727
Total comprehensive income for the quarter ended September 30, 2018	-	-	-	189,113	2,950,414	3,139,527	205,990	3,345,517
<b>Balance as at September 30, 2018</b>	<b>3,233,750</b>	<b>7,343,422</b>	<b>73,202,650</b>	<b>1,447,381</b>	<b>12,471,682</b>	<b>94,465,135</b>	<b>13,417,001</b>	<b>117,115,886</b>

The annexed notes from 1 to 15 form an integral part of these condensed interim consolidated financial statements.

  
**Chairman / Director**

  
**Chief Executive**

  
**Chief Financial Officer**

**LUCKY CEMENT LIMITED**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the 1st quarter ended September 30, 2018 (Un-audited)**

**1 THE GROUP AND ITS OPERATIONS**

The Group consists of Lucky Cement Limited ("the Holding Company") and its subsidiary companies LCL Investment Holdings Limited, Lucky Holdings Limited, LCL Holdings Limited, Lucky Cement Holdings (Private) Limited and KIA Lucky Motors Pakistan Limited. Brief profiles of the Holding company, its subsidiary companies and associate are as follows :

**1.1 Lucky Cement Limited**

The Holding Company was incorporated in Pakistan on September 18, 1993 under the Companies Ordinance, 1984 (the Ordinance) [now Companies Act, 2017]. The shares of the Holding Company are quoted on the Pakistan Stock Exchange. The Holding Company has also issued Global Depository Receipts (GDRs) which are listed and traded on the Professional Securities Market of the London Stock Exchange. The principal activity of the Holding Company is manufacturing and marketing of cement. The registered office of the Holding Company is located at Pezu, District Lakki Marwat in Khyber Pakhtunkhwa and the head office is situated at Muhammad Ali Housing Society, A. Aziz Hashim Tappa Street in Karachi. The Holding Company has two production facilities at Pezu, District Lakki Marwat in Khyber Pakhtunkhwa and at Main Super Highway in Karachi. Sindh. Further, the Holding Company's liaison offices are situated in Islamabad, Quetta, Multan, D.I.Khan, Lahore and Peshawar.

**1.2 LCL Investment Holdings Limited**

The Holding Company has made an investment in LCL Investment Holdings Limited (LCLIHL), incorporated and domiciled in Mauritius. LCLIHL has entered into a joint venture agreement, i.e. Lucky Al Shamookh Holdings Limited (LASHL) with Al Shamookh Group. LASHL is a company with limited liability in Jebel Ali Free Zone, United Arab Emirates. LCLIHL holds 50 percent ownership interest in LASHL.

LCLIHL has also entered into a joint venture agreement with Rawsons Investments Limited (registered in Cayman Islands) for establishing LuckyRawji Holdings Limited (LRHL), incorporated with limited liability under laws of British Virgin Islands, for constructing a fully integrated cement manufacturing unit in the Democratic Republic of Congo. LCLIHL holds 50 percent ownership interest in LRHL.

**1.3 Lucky Holdings Limited**

Lucky Holdings Limited (LHL) was incorporated in Pakistan on September 6, 2012 as a public unlisted Company limited by shares under the Companies Ordinance, 1984. The registered office of LHL is situated at Room No 5, 6 and 7, Third Floor, Syed Towers, University Road, Opp: Custom House, Peshawar, Khyber Pakhtunkhwa.

Details of the investments of LHL are as follows:

**1.3.1 ICI Pakistan Limited**

ICI Pakistan Limited (ICI) was incorporated in Pakistan and is listed on the Pakistan Stock Exchange. ICI is engaged in the manufacture of polyester staple fiber, POY chips, soda ash, specialty chemicals, sodium bicarbonate and polyurethanes; marketing of seeds, toll manufactured and imported pharmaceuticals and animal health products; and merchandising of general chemicals. It also acts as an indenting agent and toll manufacturer. The registered office of ICI is situated at 5 West Wharf, Karachi.

**1.3.2 ICI Pakistan PowerGen Limited**

ICI Pakistan PowerGen Limited (ICI PowerGen) was incorporated in Pakistan as an unlisted public company and is a wholly owned subsidiary company of ICI. ICI PowerGen is engaged in generating, selling and supplying electricity to ICI. The registered office of ICI PowerGen is situated at 5 West Wharf, Karachi.

**1.3.3 Cirin Pharmaceutical (Private) Limited**

Cirin Pharmaceuticals (Private) Limited (Cirin) is a private limited company incorporated in Pakistan and is a wholly owned subsidiary of ICI. Cirin is engaged in manufacturing and sale of pharmaceutical products. The registered office of Cirin is situated at ICI House, 5 West Wharf, Karachi.

#### **1.3.4 NutriCo Morinaga (Private) Limited**

NutriCo Morinaga (Private) Limited (NutriCo) is a private limited company incorporated in Pakistan. ICI has 51% ownership interest in NutriCo. NutriCo is engaged in manufacturing of infant milk powder. The registered office of NutriCo is situated at ICI House, 5 West Wharf, Karachi.

#### **1.4 LCL Holdings Limited**

LCL Holdings Limited (LCLHL) was incorporated in Pakistan as public unlisted company. LCLHL is a wholly owned subsidiary of the Holding Company. LCLHL has been incorporated with the objective to invest in the Coal Based Power project to be setup by Lucky Electric Power Company Limited (LEPCL). The registered office of the Company is situated at 6-A, Muhammad Ali Society, A. Aziz Hashim Tabba Street, Karachi in the province of Sindh.

Details of investments of LCLHL are as follows

##### **1.4.1 Lucky Electric Power Company Limited**

Lucky Electric Power Company Limited (LEPCL) was incorporated in Pakistan on June 13, 2014, as a public unlisted company. LEPCL is a wholly owned subsidiary of LCLHL. The operations of LEPCL have not yet started. LEPCL will invest in setting up a 660 MW coal based power project in Karachi. Its registered office is situated at 6-A, Muhammad Ali Society, A. Aziz Hashim Tabba Street, Karachi in the province of Sindh.

#### **1.5 KIA Lucky Motors Pakistan Limited**

KIA Lucky Motors Pakistan Limited (KLM) was incorporated in Pakistan as a public unlisted company. The principal line of business of KLM is to carry on the manufacturing, assembling, distribution, marketing, sale, after-sale-service, import and export of all types of KIA motor vehicles, parts and accessories under license from KIA Motors Corporation.

#### **1.6 Lucky Cement Holdings (Private) Limited**

Lucky Cement Holdings (Private) Limited (LHPL) is a private limited company incorporated in Pakistan. LHPL is a wholly owned subsidiary of the Holding Company.

## **2 STATEMENT OF COMPLIANCE**

These consolidated condensed interim financial statements of the Holding Company for the three months period ended September 30, 2018 have been prepared in accordance with the requirements of the International Accounting Standard (IAS) - 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Act, 2017. In case where the requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed. These consolidated condensed interim financial statements do not include all the information and disclosures required in the annual audited consolidated financial statements, and should be read in conjunction with Holding Company's annual audited consolidated financial statements for the year ended June 30, 2018.

## **3 SIGNIFICANT ACCOUNTING POLICIES**

**3.1** The accounting policies and methods of computation adopted in the preparation of these condensed interim consolidated financial statements are consistent with those applied in the preparation of the annual audited consolidated financial statements for the year ended June 30, 2018.

### **3.2 Change in accounting standards, interpretations and amendments to published approved accounting standards**

#### **(a) Standards and amendments to published approved accounting standards which are effective during the quarter ended September 30, 2018**

There are certain new standards and amendments to approved accounting standards which are mandatory for the Company's annual accounting period which began on July 1, 2018. However, these do not have any significant impact on the Holding Company's financial reporting and, therefore, have not been detailed in these consolidated condensed interim financial statements.

**(b) Standards and amendments to published approved accounting standards that are not yet effective**

There are certain new standards and amendments to the approved accounting standards that will be mandatory for the Holding Company's annual accounting periods beginning on or after July 1, 2019. However, these amendments will not have any significant impact on the financial reporting of the Holding Company and, therefore, have not been disclosed in these consolidated condensed interim financial statements.

**4 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT**

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts. Actual results may differ from these judgements, estimates and assumptions.

However, the management believes that the change in outcome of judgements, estimates and assumptions would not have a material impact on the amounts disclosed in these consolidated condensed interim financial statements.

Judgements and estimates made by the management in the preparation of these consolidated condensed interim financial statements are the same as those applied in the Company's annual audited consolidated financial statements for the year ended June 30, 2018.

The Company's financial risk management objectives and policies are consistent with those disclosed in the Company's annual audited consolidated financial statements for the year ended June 30, 2018.

**5 PROPERTY, PLANT AND EQUIPMENT**

5.1 The following is the movement in property, plant and equipment during the period/year:

	<u>(Un-audited)</u> <u>September 30,</u> <u>2018</u>	<u>(Audited)</u> <u>June 30,</u> <u>2018</u>
Note	(PKR in '000')	
Operating fixed assets (WDV) - opening balance	60,619,288	49,689,176
Additions during the period/year	5.2 <u>2,372,574</u>	<u>16,508,608</u>
	<u>62,991,862</u>	<u>66,197,784</u>
Less: Disposals during the period/year (WDV)	20,949	74,484
Impairment charge for the period/year	-	36,758
Depreciation charge for the period/year	<u>1,533,863</u>	<u>5,467,254</u>
Operating fixed assets (WDV) - closing balance	<u>61,437,050</u>	<u>60,619,288</u>
Add: Capital work-in-progress	5.3 <u>22,831,709</u>	<u>13,245,714</u>
	<u><u>84,268,759</u></u>	<u><u>73,865,002</u></u>

5.2 The following additions and deletions were made during the period in operating fixed assets:

	<u>Additions</u> <u>(Cost)</u>	<u>Deletions</u> <u>(Cost)</u>
	(PKR in '000')	
<b>Operating fixed assets</b>		
Land	43,508	-
Lime beds on freehold land	7,370	-
Buildings	225,253	400
Machinery	1,615,593	32,858
Generators	69,228	1,809
Quarry equipments	113,118	247
Vehicles	227,141	58,784
Furniture and fixtures	17,994	1,122
Office equipments	12,559	60
Computer & Accessories	11,308	1,584
Other assets	29,502	450
	<u><u>2,372,574</u></u>	<u><u>97,314</u></u>

5.3 The following is the movement in capital work-in-progress during the period/year:

	<b>(Un-audited)</b> <b>September 30,</b> <b>2018</b>	<b>(Audited)</b> <b>June 30,</b> <b>2018</b>
Note	<b>(PKR in '000')</b>	
Opening balance	13,245,714	9,912,057
Add: Additions during the period/year	11,859,182	18,114,978
	<u>25,104,896</u>	<u>28,027,035</u>
Less: Transferred to operating fixed assets	2,266,191	14,764,699
Less: Transferred to intangible assets	6,996	16,622
Closing balance	<u>22,831,709</u>	<u>13,245,714</u>

## 6 LONG TERM INVESTMENT

### Equity accounted investment

#### Joint ventures

Lucky Al Shumookh Holdings Limited

6.1 3,749,481 3,560,404

LuckyRawji Holdings Limited

6.2 8,368,111 8,106,046

12,117,592 11,666,450

#### Associates

NutriCo Pakistan (Pvt) Limited

6.3 1,074,530 1,130,004

Yunus Energy Limited

6.4 968,448 844,033

2,042,978 1,974,037

14,160,570 13,640,487

#### Unquoted - at cost

Equity security available-for-sale

Arabian Sea Country Club Limited

(250,000 ordinary shares of Rs. 10 each)

2,500 2,500

14,163,070 13,642,987

### 6.1 Lucky Al Shumookh Holdings Limited

Investment at cost

1,912,283 1,912,283

Share of cumulative profit at the beginning of the year

1,067,601 536,384

Share of profit during the period/year

108,852 861,131

Dividend received during the period/year

- (329,914)

1,176,453 1,067,601

Foreign currency translation reserve

660,745 580,520

3,749,481 3,560,404

The Group's interest in LASHL's assets and liabilities is as follows:

Total assets

8,092,751 7,541,074

Total liabilities

(593,788) (420,267)

Net assets (100%)

7,498,963 7,120,807

Group's share of net assets (50%)

3,749,481 3,560,404

The Group's share in LASHL's profit or loss is as follows:

Revenue

1,641,924 7,491,670

Net profit (100%)

217,704 1,722,262

Group's share of net profit (50%)

108,852 861,131

<u>September 30, 2018</u>	<u>June 30, 2018</u>
(Un-audited)	(Audited)
(PKR in '000')	

## 6.2 LuckyRawji Holdings Limited

Investment at cost	6,870,050	6,870,050
Share of cumulative loss at the beginning of the year	(74,603)	(231,226)
Share of profit during the period/year	79,180	156,623
	4,577	(74,603)
Foreign currency translation reserve	1,493,484	1,310,599
	<u>8,368,111</u>	<u>8,106,046</u>

The Group's interest in LRHL's assets and liabilities is as follows:

	<u>(Un-audited)</u> <u>September 30,</u> <u>2018</u>	<u>(Audited)</u> <u>June 30,</u> <u>2018</u>
	(PKR in '000')	
Total assets	33,727,033	33,720,710
Total liabilities	(16,990,811)	(17,508,618)
Net assets (100%)	<u>16,736,222</u>	<u>16,212,092</u>
Group's share of net assets (50%)	<u>8,368,111</u>	<u>8,106,046</u>

The Group's share in LRHL's profit or loss is as follows:

Revenue	<u>2,445,222</u>	<u>7,786,559</u>
Net profit (100%)	<u>158,359</u>	<u>313,245</u>
Group's share of net profit (50%)	<u>79,180</u>	<u>156,623</u>

## NutriCo Pakistan (Pvt) Limited

Investment at cost	960,000	960,000
Share of profit opening balance	170,004	4,034
Share of profit during the period/year	124,526	585,970
Dividend received during the period/year	(180,000)	(420,000)
	114,530	170,004
	<u>1,074,530</u>	<u>1,130,004</u>

The Group has a 40% interest in NutriCo Pakistan (Private) Limited (the associate), which is involved in marketing and distribution of infant milk and nutritional products.

	<u>(Un-audited)</u> <b>September 30,</b> <b>2018</b>	<u>(Audited)</u> June 30, 2018
	(PKR in '000')	
6.4 <b>Yunus Energy Limited</b>		
Investment at cost	611,365	611,365
Share of cumulative profit at the beginning of the year	232,668	108,472
Share of profit during the period/year	124,415	261,753
Dividend received period/year	-	(137,557)
	<b>357,083</b>	<b>232,668</b>
	<b>968,448</b>	<b>844,033</b>

Represents 20% equity investment of 61,365,500 shares @ Rs.10/- each in Yunus Energy Limited.

	<u>(Un-audited)</u> <b>September 30,</b> <b>2018</b>	<u>(Audited)</u> June 30, 2018
	(PKR in '000')	
7 <b>LONG TERM FINANCES</b>		
	Note	
Long-term finances	11,505,989	11,409,403
Current portion of long term finances	(3,184,240)	(2,619,516)
	7.1	<b>8,321,749</b>

7.1 There is no change in the terms and conditions of long-term loans as disclosed in the consolidated annual audited financial statements, except that during the period, the ICI availed a further long term loan amounting to PKR 300 million. The mark up rates on LTFF ranges from SBP rate +0.3% to 0.5% and on other long term loans from 6 months KIBOR +0.05% to 0.25%. The profit rate on Islamic term finance is 6 months KIBOR +0.05%. The mark up is payable on quarterly and semi-annual basis.

	<u>(Un-audited)</u> <b>September 30,</b> <b>2018</b>	<u>(Audited)</u> June 30, 2018
	(PKR in '000')	
8 <b>DEFERRED LIABILITIES</b>		
	Note	
Staff gratuity and eligible retired employees' medical scheme	1,852,981	1,770,164
Deferred tax liability	8,546,407	8,870,572
	<b>10,399,388</b>	<b>10,640,736</b>
8.1 <b>Deferred</b>		
This comprises of the following :		
- Taxable temporary differences arising due to accelerated tax depreciation allowance	9,469,158	9,777,194
- Deductible temporary differences arising in respect of provisions	(922,751)	(906,622)
	<b>8,546,407</b>	<b>8,870,572</b>

## 9 CONTINGENCIES AND COMMITMENTS

9.1 There are no major changes in the status of contingencies as reported in the annual audited consolidated financial statements for the year ended June 30, 2018, except as disclosed in notes 9.2 , 9.3 & 9.4.

	<b>(Un-audited)</b> <b>September 30,</b> <b>2018</b>	<b>(Audited)</b> <b>June 30,</b> <b>2018</b>
	<b>(PKR in '000')</b>	
<b>9.2</b> Machinery under letters of credit and others	<b>77,163,265</b>	<b>78,556,891</b>
Stores, spares and packing material under letters of credit	<b>1,962,016</b>	<b>2,631,479</b>
Bank guarantees issued on behalf of the Holding Company and its subsidiaries	<b>29,762,842</b>	<b>32,617,010</b>
Standby Letter of Credit	<b>3,727,200</b>	<b>3,644,916</b>
Post dated cheques	<b>484,148</b>	<b>315,791</b>

	<b>(Un-audited)</b> <b>September 30,</b> <b>2018</b>	<b>(Audited)</b> <b>June 30,</b> <b>2018</b>
	<b>(PKR in '000')</b>	
<b>9.3</b> Claims against the Group not acknowledged as debts are as follows:		
Local bodies	<b>96,536</b>	<b>166,501</b>
Others	<b>11,318</b>	<b>11,318</b>
	<b>107,854</b>	<b>177,819</b>

**9.4** Commitments for rentals under operating lease / Ijarah agreements in respect of vehicles are as follows:

	<b>Year</b>		
	2018-19	<b>63,992</b>	76,101
	2019-20	<b>90,442</b>	80,895
	2020-21	<b>95,869</b>	85,991
	2021-22	<b>101,621</b>	91,409
	2022-23	<b>26,930</b>	-
		<b>378,854</b>	<b>334,396</b>
Payable not later than one year		<b>63,992</b>	76,101
Payable later than one year but not later than five years		<b>314,862</b>	258,295
		<b>378,854</b>	<b>334,396</b>

<b>For the 1st quarter ended</b>	
<b>September 30,</b> <b>2018</b>	<b>September 30,</b> <b>2017</b>
<b>(PKR in '000')</b>	

## **10 SEGMENT REPORTING**

### **TURNOVER**

Cement	<b>16,011,063</b>	15,695,183
Polyester	<b>5,440,077</b>	4,310,363
Soda Ash	<b>4,736,707</b>	3,376,673
Life Sciences	<b>2,849,509</b>	3,172,235
Chemicals and Agri Sciences	<b>2,089,631</b>	2,122,973
Others (ICI PowerGen, KLM)	<b>508,477</b>	146,724
	<b>31,315,454</b>	<b>28,683,436</b>

	<b>For the 1st quarter ended</b>	
	<b>September 30, 2018</b>	<b>September 30, 2017</b>
	<b>(PKR in '000')</b>	
<b>10.1 OPERATING RESULT</b>		
Cement	2,493,124	3,462,625
Polyester	154,738	(42)
Soda Ash	738,984	579,534
Life Sciences	56,061	357,216
Chemicals and Agri Sciences	75,678	81,948
Others (LHL,LCLIHL,LCLHL, KLM, LEPCL & ICI PowerGen)	<u>(48,645)</u>	<u>(25,981)</u>
	<u><b>3,448,426</b></u>	<u><b>4,455,795</b></u>

**10.2** Inter-segment sales and purchases have been eliminated from the total.

**10.3** Transactions among the business segments are recorded at arm's length prices using admissible valuation methods.

	<b>For the 1st quarter ended</b>	
	<b>September 30, 2018</b>	<b>September 30, 2017</b>
	<b>(PKR in '000')</b>	
<b>10.4 GROSS SALES</b>		
Local	28,397,027	27,258,851
Export	<u>2,918,427</u>	<u>1,424,585</u>
	<u><b>31,315,454</b></u>	<u><b>28,683,436</b></u>

## **11 OTHER INCOME**

It mainly includes return from deposits with banks, net income from supply of surplus electricity to Hyderabad Electricity Supply Company and share of gain in equity-accounted investments.

	Note	<b>For the 1st quarter ended</b>	
		<b>September 30, 2018</b>	<b>September 30, 2017</b>
		<b>(PKR in '000')</b>	
<b>12 CASH GENERATED FROM OPERATIONS</b>			
Profit before taxation		3,902,182	5,115,717
<b>Adjustments for non cash charges and other items</b>			
Depreciation	5.1	1,514,671	1,258,866
Amortization on intangible assets		87,546	101,128
Provision for slow moving spares		8	555
Provision for slow moving and obsolete stock-in-trade		60,719	535
Provision for doubtful debts		10,692	43,244
(Gain) / Loss on disposal of fixed assets		(50,332)	114
Provision for staff retirement plan		119,370	103,059
Share of profit from equity accounted investees		(436,973)	(655,353)
Return from deposits with islamic banks and and other financial institutions		(496,395)	(514,918)
Finance cost		<u>351,825</u>	<u>162,656</u>
Profit before working capital changes - c/f		<u><b>5,063,313</b></u>	<u><b>5,615,602</b></u>

	<b>For the 1st quarter ended</b>	
	<b>September 30, 2018</b>	<b>September 30, 2017</b>
	<b>(PKR in '000')</b>	
Profit before working capital changes - b/f	5,063,313	5,615,602
<b>(Increase) / decrease in current assets</b>		
Stores, spares and consumables	(2,062,809)	(773,712)
Stock in trade	(1,935,655)	596,854
Trade debts	355,891	(675,917)
Loans and advances	166	(271,215)
Trade deposits and short term prepayments	(185,741)	(31,549)
Other receivables	(679,199)	265,079
	<b>(4,507,347)</b>	<b>(890,460)</b>
<b>Increase in current liabilities</b>		
Trade and other payables	2,116,466	162,778
Cash generated from operations	<b>2,672,432</b>	<b>4,887,920</b>

### 13 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise associated entities, entities with common directorship, directors and key management personnel. Details of transactions with related parties during the period are as follows:

	<b>For the 1st quarter ended</b>	
	<b>September 30, 2018</b>	<b>September 30, 2017</b>
	<b>(PKR in '000')</b>	
<b>Transactions with Associated Undertakings</b>		
Sales	943,374	527,382
Purchase of goods, materials and services	63,430	51,136
Reimbursement of expenses to Company	20,731	22,500
Reimbursement of expenses from Company	6,290	253
Sale of fixed asset	1,875	-
Donation	20,000	5,000
Dividends received	180,000	100,000
Services	6,340	6,235
<b>Transactions with Directors</b>		
Meeting fee	438	344
<b>Transactions with key management personnel</b>		
Salaries and benefits	156,535	181,629
Post employment benefits	19,218	17,027
<b>Staff retirement benefit plan</b>		
Contribution	46,505	42,921

### 14 GENERAL

Figures have been rounded off to the nearest thousand of Rupees, unless otherwise stated.

### 15 DATE OF AUTHORISATION FOR ISSUE

These condensed interim consolidated financial statements were authorized for issue on October 29, 2018 by the Board of Directors of the Holding Company.

  
Chairman / Director

  
Chief Executive

  
Chief Financial Officer