

# VOYAGE TO UNCHARTERED PROGRESS

FIRST QUARTER REPORT  
SEPTEMBER 30, 2014





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## Company Information

### Board of Directors

Mr. Muhammad Yunus Tabba (Chairman)  
Mr. Muhammad Ali Tabba  
Mr. Muhammad Sohail Tabba  
Mr. Jawed Yunus Tabba  
Mrs. Rahila Aleem  
Mrs. Zulekha Tabba Maskatiya  
Mr. Muhammad Abid Ganatra  
Mr. Tariq Iqbal Khan

### Chief Executive

Mr. Muhammad Ali Tabba

### Executive Director

Mr. Noman Hasan

### Director Finance/ CFO & Chief Investment Officer

Mr. Muhammad Faisal

### Chief Operating Officer

Mr. Amin Ganny

### Company Secretary

Mr. Fayyaz Abdul Ghaffar

### Statutory Auditors

M/s. Ernst & Young  
Ford Rhodes Sidat Hyder,  
Chartered Accountants  
A member firm of Ernst & Young  
Global Limited

### Cost Auditors

M/s. KPMG Taseer Hadi and Co.  
Chartered Accountants

### Bankers

Allied Bank Limited  
Askari Bank Limited  
Bank AL-Habib Limited  
Bank Alfalah Limited  
Barclays Bank Plc, Pakistan  
Citibank N.A.  
Dubai Islamic Bank Pakistan Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
Meezan Bank Limited  
MCB Bank Limited  
NIB Bank Limited  
Standard Chartered Bank (Pakistan)  
Limited  
United Bank Limited

### Registered Office

Pezu, District Lakki Marwat,  
Khyber Pakhtunkhwa

### Head Office

6-A, Muhammad Ali Housing Society,  
A. Aziz Hashim Tabba Street,  
Karachi - 75350  
UAN: (021) 111-786-555  
Website: www.lucky-cement.com  
E-mail: info@lucky-cement.com

### Production Facilities

- 1) Pezu, District Lakki Marwat,  
Khyber Pakhtunkhwa
- 2) 58 Kilometers on  
Main Super Highway,  
Gadap Town, Karachi.

### Share Registrar/Transfer Agent

Central Depository Company of Pakistan  
Limited  
CDC House, 99-B, Block-B, S.M.C.H.S  
Main Shahra-e-Faisal, Karachi.  
(Toll Free): 0800 23275

### BOARD COMMITTEES

#### Audit Committee

Mr. Tariq Iqbal Khan (Chairman)  
Mr. Muhammad Ali Tabba  
Mr. Muhammad Sohail Tabba  
Mr. Jawed Yunus Tabba  
Mrs. Zulekha Tabba Maskatiya  
Mr. Muhammad Abid Ganatra

#### Human Resource and Remuneration Committee

Mrs. Rahila Aleem (Chairperson)  
Mr. Muhammad Ali Tabba  
Mr. Muhammad Sohail Tabba  
Mr. Jawed Yunus Tabba  
Mrs. Zulekha Tabba Maskatiya  
Mr. Muhammad Abid Ganatra

#### Budget Committee

Mr. Muhammad Sohail Tabba  
(Chairman)  
Mr. Muhammad Ali Tabba  
Mr. Jawed Yunus Tabba  
Mr. Muhammad Abid Ganatra

#### Corporate Governance Committee

Mr. Jawed Yunus Tabba (Chairman)  
Mr. Muhammad Abid Ganatra  
Mrs. Rahila Aleem

## Directors' Report

The Directors of your Company have the pleasure in presenting to you the financial results of your Company which include both, the Stand-alone and Consolidated un-audited financial statements for the first quarter ended September 30, 2014.

### Overview

Cement industry in Pakistan grew by 4.7% to 8.163 million tons during the first quarter compared to 7.799 million tons during the same period last year. While local sales volume registered a growth of 9.8% to 6.103 million tons during the first quarter compared to 5.556 million tons during the same period last year, export sales volumes registered a decline of 8.1% to 2.060 million tons during the first quarter compared to 2.243 million tons during the same period last year.

Your Company registered an overall growth of 9.2% to 1.608 million tons during the first quarter compared to 1.472 million tons sold in the same period last year. Local sales volume registered a growth of 13.4% to 0.965 million tons during the first quarter compared to 0.850 million tons during the same period last year. While industry registered a decline in export volumes, your Company was able to register a growth of 3.3% to 0.643 million tons during the first quarter as compared to 0.622 million tons during the same period last year.

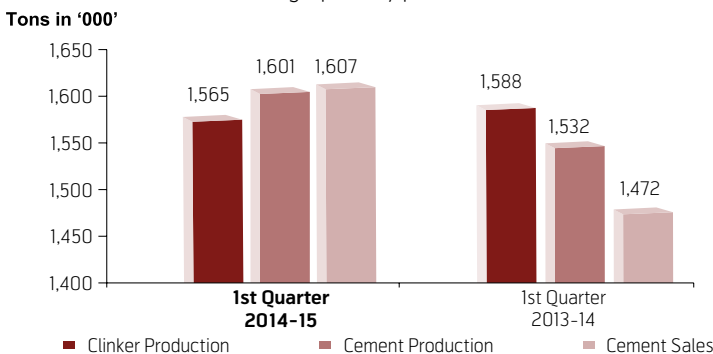
### Business Performance:

#### (a) Production & Sales Volume Performance

The production and sales statistics of your Company for the first quarter of the financial year 2014-15 compared to the same period last year are as follows:

Particulars	1st Quarter 2014-15	1st Quarter 2013-14	Increase/ (Decrease)
	----- Tons in '000 -----		%
Clinker Production	<b>1,565</b>	1,588	(1.49%)
Cement Production	<b>1,601</b>	1,532	4.47%
Cement Sales	<b>1,607</b>	1,472	9.17%

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



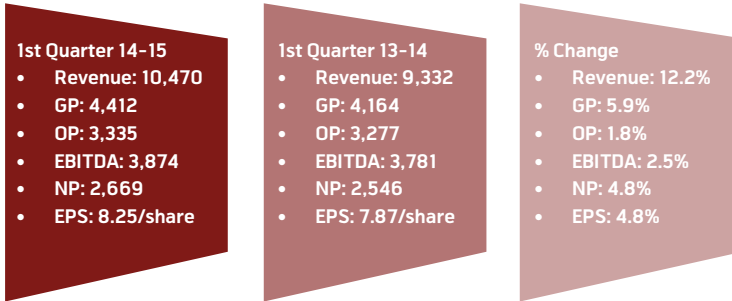
A comparison of the dispatches of the industry and your Company for the first quarter of the financial year 2014-15 with the same period last year is presented below:

Particulars	1st Quarter 2014-15	1st Quarter 2013-14	Growth / (Decline) %	
<b>Cement Industry</b>				
Local Sales	6,103	5,556	547	9.8%
Export Sale				
Cement				
- Bagged	1,975	2,141	(166)	(7.8%)
- Loose	85	102	(16)	(16.1%)
Total Exports	2,060	2,243	(182)	(8.1%)
Grand Total	8,163	7,799	365	4.7%
<b>Lucky Cement</b>				
Local Sales	965	850	114	13.4%
Export Sales				
Cement				
- Bagged	557	520	37	7.1%
- Loose	85	102	(16)	(16.1%)
Total Exports	643	622	21	3.3%
Grand Total	1,608	1,472	135	9.2%
<b>Market Share</b>				
LCL - Market Share (%)	<b>1st Quarter 2014-15</b>	<b>1st Quarter 2013-14</b>	<b>Growth / (Decline)</b>	
Local Sales	15.8%	15.3%	3.3%	
Export Sales				
Cement				
- Bagged	28.2%	24.3%	16.1%	
- Loose	100.0%	100.0%	0.0%	
Total Export	31.2%	27.7%	12.6%	
Grand Total	19.7%	18.9%	4.3%	

Industry Source: APCMA website

## (b) Financial Performance

The financial performance of your Company for the first quarter of the financial year 2014-15 compared to the same period last year is presented below:



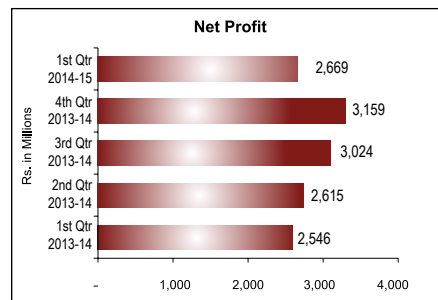
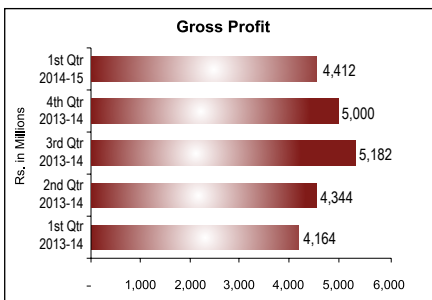
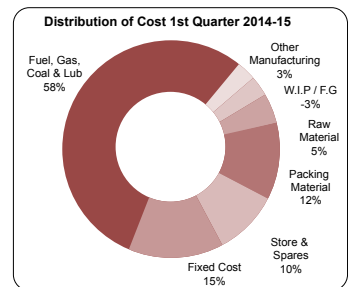
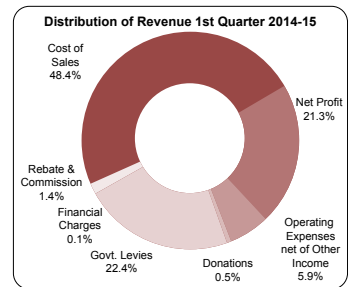
Figures in PKR million except EPS

During the quarter under review, your Company achieved an overall net revenue growth of 12.2% contributed by 9.2% increase in volume and 3.0% increase in net retention.

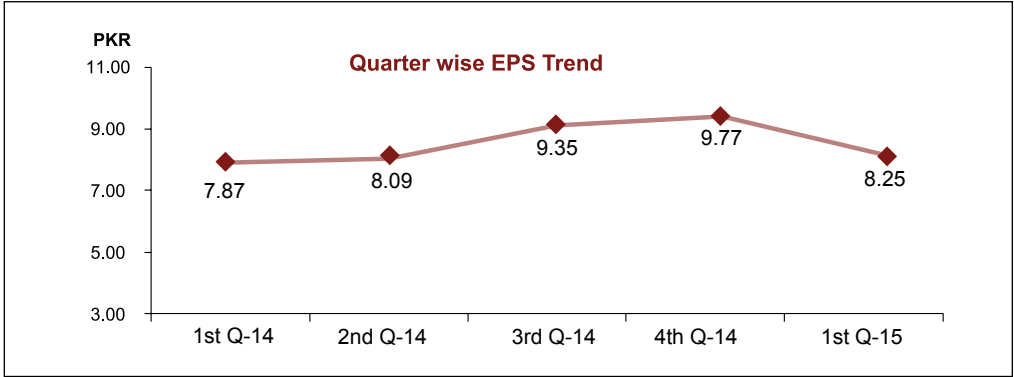
Per ton cost of sales of your Company during the quarter increased by 7.4% as compared to the same period last year mainly due to increase in fuel and packing material cost and cost of scheduled maintenance on plants.

Your Company achieved a gross profit rate of 42.1% during the quarter under review compared to 44.6% reported in the same period last year.

Your Company achieved the profit before tax of Rs.3,345.44 million during the quarter under review compared to Rs.3,229.33 million reported during the same period last year. Similarly, after tax profit of Rs.2,669.13 million was achieved during the quarter under review compared to Rs.2,545.80 million reported during the same period last year.



The earnings per share of your Company for the first quarter ended 30 September 2014 was Rs.8.25 compared to Rs. 7.87 reported during the same period last year.



**Projects – New and Ongoing:**

**Waste Heat Recovery (WHR) Plants at Captive Power Plants**

**5 MW WHR plant at Karachi:** The installation of plant and machinery is in progress at plant site and is expected to be completed by January 2015.

**5 MW WHR plant at Pezu:** The civil and mechanical work is expected to start soon at the plant site and plant and machinery is expected to be installed by the end of September 2015.

**Vertical Grinding Mills at Karachi Plant**

The erection work at plant site is in progress and will be completed by the end of October 2014 and the first mill will become operational by November 2014 whereas the second will become operational by December 2014.

**Electricity Supply to PESCO**

Your company is currently in the process of tariff negotiation with NEPRA for the supply of surplus electricity from Pezu power plant.

**Investments:**

**Investment in 660MW coal based power plant**

During the quarter under review, the Board of Directors of your Company decided to route an investment in Lucky Electric Power Company Limited (LEPCL) through a wholly owned subsidiary, LCL Holdings Limited (LCLHL) as opposed to Lucky Holdings Limited (LHL) being a 75% owned subsidiary. Consequently, your Company will be sole sponsor / 100% indirect shareholder of Lucky Electric Power Company (LEPCL) with an equity investment of approximately PKR 27 billion (USD 270 million approximately).

LEPCL has filed the proposal with the Private Power and Infrastructure Board (PPIB) and expecting the Letter of Intent (LOI) to be issued in November 2014. LEPCL has also initiated discussions with the potential Equipment suppliers / EPC contractors as well as financial institutions both in China and Republic of Korea. The next steps are the appointment of Technical Consultant and commencement of work on the feasibility study of the project.

**Joint Venture Investment in Cement Plant in DR Congo**

All the resources required to start construction of the project have been deployed at project site. Delivery



schedules for plant and machinery with the equipment supplier (FLSmidth) have been finalized. Signing of the finance documents is scheduled in the second week of November 2014 to achieve financial close. The project is expected to start commissioning by June 2016. The effect of 50% share of the net assets of the DR Congo plant has been reflected in the consolidated unaudited financial statements of the company for the first quarter ended 30<sup>th</sup> September 2014.

#### **Joint Venture Investment in Cement Grinding Facility in Iraq**

By the grace of Almighty Allah, the grinding plant in Iraq is performing well. During the quarter under review, the grinding plant achieved production and sales volumes of 188,000 and 189,000 tons respectively. The operations posted a net profit of US\$ 3.207 million for the first quarter ended 30<sup>th</sup> September 2014. The results of the Iraq grinding unit have been reflected in the consolidated unaudited financial statements of the Company for the first quarter ended 30<sup>th</sup> September 2014 to the extent of 50% share of net assets and net profit.

#### **Equity Investment in Associated Company in 50 MW Wind Farm**

The EPC Contractors have been mobilized at site for the preliminary works and financial close with the consortium of local banks for project financing is expected to be achieved by the end of December 2014. The project is expected to be completed by March 2016.

#### **Corporate Social Responsibility:**

Your company continued its active participation in promoting quality education to the deserving and talented youth of Pakistan. In this connection, several scholarships have been awarded on merit basis to students in leading universities.

In addition, to further its cause of community development and to promote social welfare during the Holy month of Ramadan, Lucky Cement has generously donated for various social welfare programs.

During the quarter under review, your Company has also made considerable donations for the rehabilitation of Internally Displaced Persons in Pakistan.

#### **Outlook:**

Your company is quite optimistic about its volumetric growth in the current financial year. Your company's strong financial position and free cash flow generating ability would also help investing in the projects and avenues which would continue to bring in further efficiencies and increase shareholder value. Declining coal prices in the international market and stability of Pak Rupee against US\$ will be the key factors to have positive impact on the profitability of your company in the current financial year.

#### **Acknowledgement:**

Your directors take this opportunity to express their deep sense of gratitude to all the stakeholders for their encouragement and support.

We would like to place on record our sincere appreciation for the commitment, dedication and hard work put in by every member of the Lucky family.

And also our shareholders, who have always shown their confidence and faith in the Company

On behalf of the Board



**MUHAMMAD YUNUS TABBA**

Chairman / Director

Karachi: October 30, 2014.

# Condensed Interim Balance Sheet

As at September 30, 2014

	Note	September 30, 2014 (Un-audited) (Rupees in '000')	June 30, 2014 (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets			
Property, plant and equipment	4	32,888,998	31,937,211
Intangible assets		25,403	27,652
		<b>32,914,401</b>	31,964,863
Long-term investments	5	9,300,665	8,157,550
Long-term advances		73,377	72,445
Long-term deposits		3,175	3,175
		<b>42,291,618</b>	40,198,033
<b>CURRENT ASSETS</b>			
Stores and spares		6,426,065	6,078,915
Stock-in-trade		1,903,285	1,638,984
Trade debts		2,187,454	2,077,714
Loans and advances		234,016	161,625
Trade deposits and short-term prepayments		40,873	57,699
Other receivables		469,440	527,052
Tax refunds due from the Government	6	538,812	538,812
Cash and bank balances		9,699,626	8,519,082
		<b>21,499,571</b>	19,599,883
<b>TOTAL ASSETS</b>		<b>63,791,189</b>	59,797,916
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		3,233,750	3,233,750
Reserves		49,227,562	46,558,433
		<b>52,461,312</b>	49,792,183
<b>NON-CURRENT LIABILITIES</b>			
Long-term finances	7	-	-
Long-term deposits		66,774	67,971
Deferred liabilities	8	5,505,380	5,453,512
		<b>5,572,154</b>	5,521,483
<b>CURRENT LIABILITIES</b>			
Trade and other payables		5,282,927	4,096,255
Taxation - net		450,567	257,446
Accrued mark-up		934	3,051
Current portion of long-term finance		23,295	127,498
		<b>5,757,723</b>	4,484,250
<b>CONTINGENCIES AND COMMITMENTS</b>			
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>63,791,189</b>	59,797,916

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

Muhammad Yunus Tabba  
Chairman / Director

Muhammad Ali Tabba  
Chief Executive

## Condensed Interim Profit and Loss Account

For the 1st quarter ended September 30, 2014 (Un-audited)

	Note	September 30, 2014 (Rupees in '000')	September 30, 2013
<b>Gross sales</b>	10	<b>12,522,132</b>	10,972,896
Less: Sales tax and excise duty		<b>1,875,866</b>	1,527,783
Rebates and commission		<b>176,325</b>	112,926
		<b>2,052,191</b>	1,640,709
Net sales		<b>10,469,941</b>	9,332,187
Cost of sales		<b>(6,058,431)</b>	(5,167,726)
<b>Gross profit</b>		<b>4,411,510</b>	4,164,461
Distribution costs		<b>(868,113)</b>	(695,566)
Administrative expenses		<b>(208,214)</b>	(192,121)
Finance costs		<b>(9,198)</b>	(11,757)
Other charges		<b>(312,890)</b>	(257,033)
Other income	11	<b>332,346</b>	221,345
<b>Profit before taxation</b>		<b>3,345,441</b>	3,229,329
Taxation			
- current		<b>(676,312)</b>	(615,508)
- deferred		<b>-</b>	(68,021)
		<b>(676,312)</b>	(683,529)
<b>Profit after taxation</b>		<b>2,669,129</b>	2,545,800
<b>Other comprehensive income for the period</b>		<b>-</b>	-
<b>Total comprehensive income for the period</b>		<b>2,669,129</b>	2,545,800
		<b>(Rupees)</b>	
<b>Earnings per share - basic and diluted</b>		<b>8.25</b>	7.87

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



Muhammad Yunus Tabba  
Chairman / Director



Muhammad Ali Tabba  
Chief Executive

# Condensed Interim Cash Flow Statement

For the 1st quarter ended September 30, 2014 (Un-audited)

	Note	September 30, 2014	September 30, 2013
(Rupees in '000')			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash generated from operations</b>	12	<b>4,420,801</b>	3,613,075
Finance costs paid		(11,315)	(12,965)
Income tax paid		(483,191)	(92,194)
Gratuity paid		(9,765)	(7,968)
		(504,271)	(113,127)
Long-term deposits		(1,197)	1,547
<b>Net cash generated from operating activities</b>		<b>3,915,333</b>	3,501,495
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(1,495,470)	(102,608)
Long-term investments		(1,143,115)	-
Long-term advance		(932)	-
Investments		-	(2,138)
Sale proceeds on disposal of property, plant and equipment		9,161	7,245
<b>Net cash used in investing activities</b>		<b>(2,630,356)</b>	(97,501)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long-term finance		(104,203)	(66,350)
Dividends paid		(230)	(202)
<b>Net cash used in financing activities</b>		<b>(104,433)</b>	(66,552)
Net increase in cash and cash equivalents		<b>1,180,544</b>	3,337,442
Cash and cash equivalents at the beginning of the period /year		<b>8,519,082</b>	2,805,840
Cash and cash equivalents at the end of the period /year		<b>9,699,626</b>	6,143,282

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



Muhammad Yunus Tabba  
Chairman / Director



Muhammad Ali Tabba  
Chief Executive

## Condensed Interim Statement of Changes in Equity

For the 1st quarter ended September 30, 2014

	Issued, subscribed and paid up capital	Capital reserve	Revenue reserves		Total reserves	Total equity
		Share premium	General reserve	Unappropri- ated profit		
----- <b>(Rupees in '000')</b> -----						
Balance as at June 30, 2013	3,233,750	7,343,422	20,000,000	10,458,271	37,801,693	41,035,443
Transfer to general reserve	-	-	7,871,271	(7,871,271)	-	-
Final dividend at the rate of Rs.8/- per ordinary share of Rs.10/- each for the year ended June 30, 2013	-	-	-	(2,587,000)	(2,587,000)	(2,587,000)
Total comprehensive income for the period	-	-	-	8,185,078	8,185,078	8,185,078
Balance as at March 31, 2014	3,233,750	7,343,422	27,871,271	8,185,078	43,399,771	46,633,521
Total comprehensive income for the three months period ended June 30, 2014	-	-	-	3,158,662	3,158,662	3,158,662
Balance as at June 30, 2014	3,233,750	7,343,422	27,871,271	11,343,740	46,558,433	49,792,183
Total comprehensive income for the period	-	-	-	2,669,129	2,669,129	2,669,129
<b>Balance as at September 30, 2014</b>	<b>3,233,750</b>	<b>7,343,422</b>	<b>27,871,271</b>	<b>14,012,869</b>	<b>49,227,562</b>	<b>52,461,312</b>

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



Muhammad Yunus Tabba  
Chairman / Director



Muhammad Ali Tabba  
Chief Executive

# Notes to the Condensed Interim Financial Statements

For the 1st quarter ended September 30, 2014 (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). The shares of the Company are quoted on all the three stock exchanges in Pakistan. 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. The Company has production facilities at Pezu, District Lakki Marwat in Khyber Pakhtunkhwa and at Main Super Highway in Karachi, Sindh.
- 1.2** These financial statements are the 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 condensed interim financial statements of the Company for the three months period ended September 30, 2014 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 Ordinance, 1984. In case where the requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. These condensed interim financial statements do not include all the information and disclosures required in the annual audited financial statements, and should be read in conjunction with Company's annual audited financial statements for the year ended June 30, 2014.

## 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the annual audited financial statements for the year ended June 30, 2014.

## 4 PROPERTY, PLANT AND EQUIPMENT

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

		<b>September 30, 2014</b>	June 30, 2014
		<b>(Un-audited)</b>	(Audited)
	<b>Note</b>	<b>(Rupees in '000')</b>	
Operating fixed assets (WDV) Opening balance		<b>29,508,081</b>	30,810,820
Add: Additions during the period/year	<b>4.2</b>	<b>483,914</b>	808,467
		<b>29,991,995</b>	31,619,287
Less: Disposals during the period/year (WDV)		<b>7,124</b>	47,147
Depreciation charge for the period/year		<b>535,584</b>	2,064,059
Operating fixed assets (WDV) - closing balance		<b>29,449,287</b>	29,508,081
Add: Capital work-in-progress	<b>4.3</b>	<b>3,439,711</b>	2,429,130
		<b>32,888,998</b>	31,937,211

## Notes to the Condensed Interim Financial Statements

For the 1st quarter ended September 30, 2014 (Un-audited)

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

	<b>Additions (Cost)</b>	<b>Deletions (Cost)</b>
	<b>(Rupees in '000')</b>	
<b>Operating fixed assets</b>		
Buildings	49,998	-
Plant and machinery	156,009	-
Generators	250,302	-
Quarry equipments	-	20,240
Vehicles	14,739	4,592
Furniture and fixtures	835	99
Office equipments	4,859	20
Computer and Accessories	5,461	1,913
Other assets	1,711	11,270
	<b>483,914</b>	<b>38,134</b>

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

	<b>September 30, 2014</b>	June 30, 2014
	<b>(Un-audited)</b>	(Audited)
	<b>(Rupees in '000')</b>	
Opening balance	2,429,130	197,572
Add: Additions during the period/year	1,476,729	2,821,885
	<b>3,905,859</b>	3,019,457
Less: Transferred to operating fixed assets	466,148	590,327
Closing balance	<b>3,439,711</b>	2,429,130
	<b>September 30, 2014</b>	June 30, 2014
<b>Note</b>	<b>(Un-audited)</b>	(Audited)
	<b>(Rupees in '000')</b>	

### 5 LONG-TERM INVESTMENTS - at cost

Lucky Holdings Limited	<b>5.1</b>	5,619,000	5,619,000
LCL Investment Holdings Limited	<b>5.2</b>	3,562,800	2,537,800
Yunus Energy Limited	<b>5.3</b>	118,865	750
		<b>9,300,665</b>	8,157,550

**5.1** Lucky Holdings Limited (LHL) is a public unlisted company incorporated in Pakistan. As of the balance sheet date, the Company owns 75 percent shareholding of LHL.

As of the balance sheet date, LHL held 75.27 percent shares of ICI Pakistan Limited. The said acquisition was made as per the share purchase agreement with ICI Omicron B.V. a wholly owned subsidiary of Akzo Noble N.V. Netherlands.

## Notes to the Condensed Interim Financial Statements

For the 1st quarter ended September 30, 2014 (Un-audited)

**5.2** The Company has made an investment in LCL Investment Holdings Limited (LCLIHL), the wholly owned subsidiary of the Company, incorporated and domiciled in Mauritius. LCLIHL has concluded a joint venture agreement with Al-Shumookh Construction Materials Trading FZE, United Arab Emirates and established Lucky Al-Shumookh Holdings Limited having a cement grinding unit in the Republic of Iraq. LCLIHL holds 50 percent ownership interest in the aforementioned Joint Venture.

LCLIHL has also entered into a joint venture agreement with Rawsons Investments Limited (registered in Cayman Islands) for establishing LuckyRawji Holdings Limited for constructing a fully integrated cement manufacturing unit in the Democratic Republic of Congo. LCLIHL holds 50 percent ownership interest in the aforesaid Joint Venture.

**5.3** Represents Equity investment in Yunus Energy Limited (11,886,500 shares @10/- each.)

**5.4** During the quarter, the Company has formed a wholly owned subsidiary by the name of LCL Holdings Limited (LCLHL) with the object to invest in the Coal Based Power project to be setup by Lucky Electric Power Company Limited (LEPCL)

### 6 TAX REFUNDS DUE FROM THE GOVERNMENT

The status is fully explained in note 15 to the annual audited financial statements of the Company for the year ended June 30, 2014.

		<b>September 30, 2014</b>	June 30, 2014
		<b>(Un-audited)</b>	(Audited)
	<b>Note</b>	<b>(Rupees in '000')</b>	
<b>7 LONG TERM FINANCE</b>			
Long-term finance	<b>7.1</b>	<b>23,295</b>	127,498
Current portion of long term finance		<b>(23,295)</b>	(127,498)
		<b>-</b>	<b>-</b>

**7.1** The terms and conditions of long-term finance are the same as disclosed in note 19 to the annual audited financial statements of the Company for the year ended June 30, 2014.

### 8 DEFERRED LIABILITIES

Staff gratuity		<b>706,063</b>	654,195
Deferred tax liability	<b>8.1</b>	<b>4,799,317</b>	4,799,317
		<b>5,505,380</b>	<b>5,453,512</b>
<b>8.1 Deferred tax liability</b>			
This comprises of the following :			
- Difference in tax and accounting bases of fixed assets		<b>4,799,317</b>	5,079,314
- Provisions		<b>-</b>	(279,997)
		<b>4,799,317</b>	<b>4,799,317</b>



## Notes to the Condensed Interim Financial Statements

For the 1st quarter ended September 30, 2014 (Un-audited)

### 9 CONTINGENCIES AND COMMITMENTS

#### 9.1 CONTINGENCIES

There are no major changes in the status of contingencies as reported in the annual audited financial statements of the Company for the year ended June 30, 2014.

<b>September 30, 2014</b>	June 30, 2014
<b>(Un-audited)</b>	(Audited)
<b>(Rupees in '000')</b>	

#### 9.2 COMMITMENTS

##### Capital commitments

Plant and machinery under letters of credit

**1,303,507**

1,667,530

##### Other commitments

Stores, spares and packing material under letters of credit

**1,132,870**

1,870,971

Bank guarantees issued on behalf of the Company

**957,271**

942,233

Post dated cheques

**587,306**

555,150

<b>For the three months ended</b>	
<b>September 30, 2014</b>	September 30, 2013
<b>(Rupees in '000')</b>	

### 10 GROSS SALES

Local  
Export

**8,757,816**

7,104,850

**3,764,316**

3,868,046

**12,522,132**

10,972,896

### 11 OTHER INCOME

It mainly includes interest income from bank deposits and net income from supply of surplus electricity to Hyderabad Electricity Supply Corporation (HESCO).

## Notes to the Condensed Interim Financial Statements

For the 1st quarter ended September 30, 2014 (Un-audited)

Note	For the three months ended	
	September 30, 2014	September 30, 2013
	(Rupees in '000')	
<b>12 CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	3,345,441	3,229,329
Adjustments for non cash charges and other items		
Depreciation	4.1 535,584	503,198
Amortization on intangible assets	3,224	533
Provision for slow moving spares	-	10,000
Gain on disposal of property, plant and equipment	(2,037)	(4,779)
Provision for staff gratuity	61,633	36,648
Finance costs	9,198	11,757
Profit before working capital changes	3,953,043	3,786,686
<b>(Increase) / decrease in current assets</b>		
Stores and spares	(347,150)	(179,010)
Stock in trade	(264,301)	(640,065)
Trade debts	(109,740)	154,439
Loans and advances	(72,391)	(150,491)
Trade deposits and short term prepayments	16,826	7,149
Other receivables	57,612	65,743
	(719,144)	(742,235)
<b>Increase in current liabilities</b>		
Trade and other payables	1,186,902	568,624
Cash generated from operations	4,420,801	3,613,075

## Notes to the Condensed Interim Financial Statements

For the 1st quarter ended September 30, 2014 (Un-audited)

### 13 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise subsidiaries, associated entities, entities with common directorship, directors and key management personnel. Details of transactions with related parties during the period, other than remuneration and benefits to key management personnel under the terms of their employment, are as follows:

	<b>For the three months ended</b>	
	<b>September 30, 2014</b>	September 30, 2013
	(Rupees in '000')	
<i>Subsidiaries</i>		
<b>LCL Investment Holdings Limited</b>		
Investment made during the period	<b>1,025,000</b>	-
<b>ICI Pakistan Limited</b>		
Sales	<b>6,541</b>	-
<i>Associated Companies</i>		
<b>Lucky Paragon ReadyMix Limited</b>		
Sales	<b>86,607</b>	55,997
<b>Fazal Textile Mills Limited</b>		
Sales	<b>1,541</b>	2,884
<b>Yunus Textile Mills Limited</b>		
Sales	<b>13,800</b>	5,590
<b>Lucky Textile Mills</b>		
Sales	<b>15,142</b>	6,330
<b>Gadoon Textile Mills Limited</b>		
Sales	<b>2,574</b>	1,920
<b>Aziz Tabba Foundation</b>		
Sales	<b>990</b>	222
Donation	<b>40,000</b>	20,000
<b>Lucky One (Pvt) Limited</b>		
Sales	<b>37,579</b>	40,584
<b>Lucky Commodities</b>		
Sales	-	100,682
<b>Lucky Air (Pvt) Limited</b>		
Services	<b>8,250</b>	5,282
<b>Yunus Energy Limited</b>		
Investment	<b>118,115</b>	-

# Notes to the Condensed Interim Financial Statements

For the 1st quarter ended September 30, 2014 (Un-audited)

## 14 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue on October 30, 2014 by the Board of Directors of the Company.

## 15 GENERAL

**15.1** The Board of Directors in their meeting held on September 02, 2014 (i) approved the transfer of Rs.8,433.365 million (2013: Rs.7,871.271 million) from un-appropriated profit to general reserve; and (ii) proposed final dividend of Rs.9/- per share for the year ended June 30, 2014 amounting to Rs.2,910.375 million (2013: Rs.2,587 million) which was approved by the members at the Annual General Meeting held on October 17, 2014. These financial statements do not reflect this appropriation and the proposed dividend payable.

**15.2** Corresponding figures have been reclassified, wherever necessary, for better presentation.

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



Muhammad Yunus Tabba  
Chairman / Director



Muhammad Ali Tabba  
Chief Executive

# Condensed Interim Consolidated Balance Sheet

As at September 30, 2014 (Un-audited)

	Note	September 30, 2014 (Un-audited) (Rupees in '000')	June 30, 2014 (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets			
Property, plant and equipment	4	45,390,525	44,063,423
Intangible assets		7,637,360	7,741,210
		<b>53,027,885</b>	51,804,633
Long-term investments	5	2,423,915	1,714,879
Long-term loans and advances		4,602,902	1,711,839
Long-term deposits and prepayments		30,784	31,018
		<b>60,085,486</b>	55,262,369
<b>CURRENT ASSETS</b>			
Stores, spares and consumables		7,317,334	6,952,502
Stock-in-trade		6,701,990	6,246,200
Trade debts		3,473,741	2,961,424
Loans and advances		515,511	354,625
Trade deposits and short-term prepayments		246,236	278,010
Other receivables		1,598,410	2,195,956
Tax refunds due from the Government	6	538,812	538,812
Taxation - net		1,237,158	1,502,916
Cash and bank balances		11,087,707	11,723,248
		<b>32,716,899</b>	32,753,693
<b>TOTAL ASSETS</b>		<b>92,802,385</b>	88,016,062
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		3,233,750	3,233,750
Reserves		50,158,933	47,145,858
Attributable to the equity holders of the Holding Company		53,392,683	50,379,608
Non-controlling interests		6,335,905	6,204,663
Total equity		<b>59,728,588</b>	56,584,271
<b>NON-CURRENT LIABILITIES</b>			
Long-term finances	7	9,426,707	9,983,078
Long-term deposits		66,774	67,971
Deferred liabilities	8	8,591,635	8,655,713
		<b>18,085,116</b>	18,706,762
<b>CURRENT LIABILITIES</b>			
Short-term borrowings and running finance		315,302	437,368
Trade and other payables		12,907,041	10,900,436
Accrued mark-up		209,788	223,656
Current portion of long-term finance	7	1,556,550	1,163,569
		<b>14,988,681</b>	12,725,029
<b>CONTINGENCIES AND COMMITMENTS</b>	9		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>92,802,385</b>	88,016,062

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



Muhammad Yunus Tabba  
Chairman / Director



Muhammad Ali Tabba  
Chief Executive

# Condensed Interim Consolidated Profit and Loss Account

For the 1st quarter ended September 30, 2014 (Un-audited)

	Note	September 30, 2014 (Rupees in '000')	September 30, 2013
<b>Gross sales</b>	10	<b>23,052,579</b>	21,041,511
Less: Sales tax and excise duty		<b>2,525,457</b>	2,131,673
Rebates and commission		<b>733,725</b>	563,459
		<b>3,259,182</b>	2,695,132
Net sales		<b>19,793,397</b>	18,346,379
Cost of sales		<b>(14,159,977)</b>	(13,174,619)
<b>Gross profit</b>		<b>5,633,420</b>	5,171,760
Distribution costs		<b>(1,223,545)</b>	(968,638)
Administrative expenses		<b>(439,860)</b>	(404,932)
Share of gain in equity-accounted investments		<b>161,481</b>	-
Finance costs		<b>(377,361)</b>	(243,342)
Other charges		<b>(354,835)</b>	(297,228)
Other income	11	<b>362,833</b>	287,942
<b>Profit before taxation</b>		<b>3,762,133</b>	3,545,562
Taxation			
- current		<b>(868,703)</b>	(721,310)
- deferred		<b>119,094</b>	(68,021)
		<b>(749,609)</b>	(789,331)
<b>Profit after taxation</b>		<b>3,012,524</b>	2,756,231
<b>Attributable to:</b>			
Owners of the Holding Company		<b>2,897,622</b>	2,641,002
Non-controlling interests		<b>114,902</b>	115,229
		<b>3,012,524</b>	2,756,231
Other comprehensive income for the period			
Foreign exchange differences on translation of foreign operations		<b>95,976</b>	-
<b>Total comprehensive income for the period</b>		<b>3,108,500</b>	2,756,231
<b>Attributable to:</b>			
Owners of the Holding Company		<b>2,993,598</b>	2,641,002
Non-controlling interests		<b>114,902</b>	115,229
		<b>3,108,500</b>	2,756,231
		(Rupees)	
<b>Earnings per share - basic and diluted</b>		<b>8.96</b>	8.17

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

Muhammad Yunus Tabba  
Chairman / Director

Muhammad Ali Tabba  
Chief Executive

## Condensed Interim Consolidated Cash Flow Statement

For the 1st quarter ended September 30, 2014 (Un-audited)

	Note	September 30, 2014	September 30, 2013
(Rupees in '000')			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash generated from operations</b>	12	<b>6,098,173</b>	4,928,503
Finance costs paid		<b>(269,075)</b>	(352,961)
Income tax paid		<b>(601,410)</b>	(186,845)
Gratuity paid		<b>(23,796)</b>	(19,596)
		<b>(894,281)</b>	(559,402)
Long-term loan		<b>(14,094)</b>	(9,987)
Long-term deposits		<b>(964)</b>	3,790
<b>Net cash generated from operating activities</b>		<b>5,188,834</b>	4,362,904
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		<b>(2,271,482)</b>	(697,074)
Long-term advance		<b>(2,738,805)</b>	-
Investments		<b>(439,606)</b>	(32,138)
Sale proceeds on disposal of property, plant and equipment		<b>9,898</b>	7,854
<b>Net cash used in investing activities</b>		<b>(5,439,995)</b>	(721,358)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long-term finance - net		<b>(259,759)</b>	1,433,650
Proceeds from redemption of investment		-	30,420
Dividends paid		<b>(1,555)</b>	(491)
(Repayment) / Short-term borrowings and running finance		<b>(123,066)</b>	847,196
<b>Net cash (used in) / generated from financing activities</b>		<b>(384,380)</b>	2,310,775
Net (decrease) / increase in cash and cash equivalents		<b>(635,541)</b>	5,952,321
Cash and cash equivalents at the beginning of the period /year		<b>11,723,248</b>	1,092,419
Cash and cash equivalents at the end of the period /year		<b>11,087,707</b>	7,044,740

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



Muhammad Yunus Tabba  
Chairman / Director



Muhammad Ali Tabba  
Chief Executive

## Condensed Interim Consolidated Statement of Changes in Equity

For the 1st quarter ended September 30, 2014 (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	Unappropriated Profit			
-----Rupees in '000'-----								
Balance as at June 30, 2013	3,233,750	7,343,422	20,000,000	-	10,552,319	37,895,741	5,490,672	46,620,163
Transfer to general reserve	-	-	7,871,271	-	(7,871,271)	-	-	-
Final dividend at the rate of Rs.8/- per ordinary share of Rs.10/- each for the year ended June 30, 2013	-	-	-	-	(2,587,000)	(2,587,000)	-	(2,587,000)
Total comprehensive income for the period	-	-	-	-	8,594,073	8,594,073	443,914	9,037,987
Balance as at March 31, 2014	3,233,750	7,343,422	27,871,271	-	8,688,121	43,902,814	5,934,586	53,071,150
Dividends paid to non-controlling interests of ICI	-	-	-	-	-	-	(91,040)	(91,040)
Decrease in ownership interest in ICI	-	-	-	-	(11,063)	(11,063)	108,212	97,149
Total comprehensive income for the three month period ended June 30, 2014	-	-	-	-	3,298,286	3,298,286	237,491	3,535,777
Other comprehensive income	-	-	-	(63,554)	19,375	(44,179)	15,414	(28,765)
	-	-	-	(63,554)	3,317,661	3,254,107	252,905	3,507,012
Balance as at June 30, 2014	3,233,750	7,343,422	27,871,271	(63,554)	11,994,719	47,145,858	6,204,663	56,584,271
Decrease in ownership interest in ICI	-	-	-	-	19,477	19,477	16,340	35,817
Profit after taxation	-	-	-	-	2,897,622	2,897,622	114,902	3,012,524
Other comprehensive income	-	-	-	95,976	-	95,976	-	95,976
	-	-	-	95,976	2,897,622	2,993,598	114,902	3,108,500
<b>Balance as at September 30, 2014</b>	<b>3,233,750</b>	<b>7,343,422</b>	<b>27,871,271</b>	<b>32,422</b>	<b>14,911,818</b>	<b>50,158,933</b>	<b>6,335,905</b>	<b>59,728,588</b>

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

Muhammad Yunus Tabba  
Chairman / Director

Muhammad Ali Tabba  
Chief Executive



# Notes to the Condensed Interim Consolidated Financial Statements

For the 1st quarter ended September 30, 2014 (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, ICI Pakistan Limited, ICI Pakistan PowerGen Limited, LCL Holdings Limited and Lucky Electric Power Company Limited. Brief profiles of the Holding company and its subsidiary companies 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). The shares of the Holding Company are quoted on all the three stock exchanges in Pakistan. 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. The Holding Company has production facilities at Pezu, District Lakki Marwat in Khyber Pakhtunkhwa and at Main Super Highway in Karachi, Sindh.

### 1.2 LCL Investment Holdings Limited

The Holding Company has made an investment in LCL Investment Holdings Limited (LCLIHL), the wholly owned subsidiary of the Holding Company, incorporated and domiciled in Mauritius. LCLIHL has concluded a joint venture agreement with Al-Shumookh Construction Materials Trading FZE, United Arab Emirates, for establishing Lucky Al-Shumookh Holdings Limited, for constructing a cement grinding unit in the Republic of Iraq, plant has already commenced production. LCLIHL holds 50 percent ownership interest in the aforementioned joint venture.

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

### 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 located at Main Indus Highway, Pezu, District Lakki Marwat in the province of Khyber Pakhtunkhwa. As of the balance sheet date, LHL held 75.27% shares in ICI Pakistan Limited. The main source of earning is dividend and royalty income.

### 1.4 ICI Pakistan Limited

ICI Pakistan Limited (ICI) was incorporated in Pakistan and is listed on the Karachi, Lahore and Islamabad Stock Exchanges. The Company 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.

# Notes to the Condensed Interim Consolidated Financial Statements

For the 1st quarter ended September 30, 2014 (Un-audited)

## 1.5 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 the ICI. The registered office of ICI PowerGen is situated at 5 West Wharf, Karachi.

## 1.6 LCL Holdings Limited

During the quarter, the Company has formed a wholly owned subsidiary by the name of LCL Holdings Limited (LCLHL) with the object to invest in the Coal Based Power project to be set up by Lucky Electric Power Company Limited (LEPCL).

## 1.7 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 has been incorporated with the objective of setting up a 660 MW coal based power project in Pakistan. Its registered office is situated at 6-A, Muhammad Ali Society, A. Aziz Hashim Tabba Street, Karachi in the province of Sindh.

## 2 STATEMENT OF COMPLIANCE

These condensed interim consolidated financial statements of the Holding Company for the three months period ended September 30, 2014 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 Ordinance, 1984. In case where the requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. These condensed interim consolidated 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, 2014.

## 3 SIGNIFICANT ACCOUNTING POLICIES

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, 2014.

## Notes to the Condensed Interim Consolidated Financial Statements

For the 1st quarter ended September 30, 2014 (Un-audited)

### 4 PROPERTY, PLANT AND EQUIPMENT

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

	<b>September 30, 2014</b>	June 30, 2014
	<b>(Un-audited)</b>	(Audited)
<b>Note</b>	<b>(Rupees in '000')</b>	
Operating fixed assets (WDV) Opening balance	<b>40,734,338</b>	39,313,315
Add: Additions during the period/year	<b>545,404</b>	4,925,924
	<b>41,279,742</b>	44,239,239
Less: Disposals during the period/year (WDV)	<b>8,127</b>	68,853
Depreciation charge for the period/year	<b>950,540</b>	3,436,048
Operating fixed assets (WDV) - closing balance	<b>40,321,075</b>	40,734,338
Add: Capital work-in-progress	<b>5,069,450</b>	3,329,085
	<b>45,390,525</b>	44,063,423

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

	<b>Additions (Cost)</b>	<b>Deletions (Cost)</b>
	<b>(Rupees in '000')</b>	
<b>Operating fixed assets</b>		
Buildings	<b>53,215</b>	<b>4,060</b>
Plant and machinery	<b>200,645</b>	<b>58,805</b>
Generators	<b>250,302</b>	-
Quarry equipments	-	<b>20,240</b>
Vehicles	<b>14,739</b>	<b>11,032</b>
Furniture and fixtures	<b>14,472</b>	<b>1,189</b>
Office equipments	<b>4,859</b>	<b>20</b>
Computer & Accessories	<b>5,461</b>	<b>1,913</b>
Other assets	<b>1,711</b>	<b>11,270</b>
	<b>545,404</b>	<b>108,529</b>

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

	<b>September 30, 2014</b>	June 30, 2014
	<b>(Un-audited)</b>	(Audited)
	<b>(Rupees in '000')</b>	
Opening balance	<b>3,329,085</b>	2,777,779
Add: Additions during the period/year	<b>2,253,545</b>	5,253,415
	<b>5,582,630</b>	8,031,195
Less: Transferred to operating fixed assets	<b>513,180</b>	4,702,110
Closing balance	<b>5,069,450</b>	3,329,085

## Notes to the Condensed Interim Consolidated Financial Statements

For the 1st quarter ended September 30, 2014 (Un-audited)

5 LONG TERM INVESTMENT	September 30, 2014 (Un-audited)	June 30, 2014 (Audited)
Note	(Rupees in '000')	
<b>Joint ventures</b>		
Equity accounted investment		
Lucky Al Shumookh Holdings Limited	1,942,139	1,711,234
LuckyRawji Holdings Limited	411	395
	<b>1,942,550</b>	<b>1,711,629</b>
<b>Unquoted</b>		
Equity security available-for-sale		
Arabian Sea Country Club Limited (250,000 ordinary shares of Rs. 10 each)	2,500	2,500
NutriCo Pakistan (Pvt) Limited (representing 15% ownership)	360,000	-
Yunus Energy Limited	118,865	750
	<b>2,423,915</b>	<b>1,714,879</b>

### 5.1 Lucky Al Shumookh Holdings Limited

Investment at cost	1,711,234	1,729,081
Share of profit / (loss)	161,481	(18,583)
Foreign currency translation reserve	69,424	736
	<b>1,942,139</b>	<b>1,711,234</b>

Lucky Al Shumookh Holdings Limited (LASHL) is a joint venture between the Group and Al Shumookh Group. LASHL was incorporated as an offshore company with limited liability in Jebel Ali Free Zone, United Arab Emirates. The Group holds 50 percent ownership interest in LASHL.

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

	September 30, 2014 (Un-audited)	June 30, 2014 (Audited)
	(Rupees in '000')	
Total assets	4,866,173	4,171,366
Total liabilities	(979,376)	(746,475)
Net assets (100%)	<b>3,886,797</b>	<b>3,424,891</b>
Company's share of net assets (50%)	1,943,399	1,712,446
Less: Share of pre-acquisition loss	(1,260)	(1,212)
	<b>1,942,139</b>	<b>1,711,234</b>

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

Revenue	1,625,596	1,186,339
Net profit / (loss) (100%)	322,962	(37,166)
Company's share of net profit / (loss) (50%)	161,481	(18,583)

## Notes to the Condensed Interim Consolidated Financial Statements

For the 1st quarter ended September 30, 2014 (Un-audited)

<b>September 30, 2014</b>	June 30, 2014
<b>(Un-audited)</b>	(Audited)
<b>(Rupees in '000')</b>	

### 5.2 LuckyRawji Holdings Limited

Investment at cost	<b>411</b>	395
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LuckyRawji Holdings Limited (LRHL) is a joint venture between the Group and Rawsons Investments Limited. LRHL was incorporated with limited liability under the laws of British Virgin Islands. The Group holds 50 percent ownership interest in LRHL. No activity affecting the profit and loss account of LRHL has been carried out as of the balance sheet date.

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

	<b>September 30, 2014</b>	June 30, 2014
	<b>(Un-audited)</b>	(Audited)
	<b>(Rupees in '000')</b>	
Non-current assets	<b>8,520,215</b>	2,771,503
Liabilities	<b>(8,519,394)</b>	(2,770,713)
Net assets (100%)	<b>821</b>	790
Company's share of net assets (50%)	<b>411</b>	395

**5.3** Represents Equity investment in Yunus Energy Limited (11,886,500 shares @10/- each.)

## 6 TAX REFUNDS DUE FROM THE GOVERNMENT

The status is fully explained in note 18 to the audited consolidated financial statements of the Company for the year ended June 30, 2014.

	<b>September 30, 2014</b>	June 30, 2014
	<b>(Un-audited)</b>	(Audited)
	<b>(Rupees in '000')</b>	

## 7 LONG TERM FINANCE

Long-term finance	<b>10,983,257</b>	11,146,647
Current portion of long term finance	<b>(1,556,550)</b>	(1,163,569)
	<b>7.1 9,426,707</b>	9,983,078

**7.1** The terms and conditions of long-term finance are the same as disclosed in note 22 to the annual audited consolidated financial statements of the Company for the year ended June 30, 2014.

## Notes to the Condensed Interim Consolidated Financial Statements

For the 1st quarter ended September 30, 2014 (Un-audited)

	<b>Note</b>	<b>September 30, 2014 (Un-audited)</b>	<b>June 30, 2014 (Audited)</b>
<b>(Rupees in '000')</b>			
<b>8 DEFERRED LIABILITIES</b>			
Staff gratuity and eligible retired employees' medical scheme		<b>787,294</b>	732,276
Deferred tax liability	<b>8.1</b>	<b>7,804,341</b>	7,923,437
		<b>8,591,635</b>	<b>8,655,713</b>
<b>8.1 Deferred tax liability</b>			
This comprises of the following :			
- Difference in tax and accounting bases of fixed assets		<b>8,128,480</b>	8,528,034
- Provisions		<b>(324,139)</b>	(604,597)
		<b>7,804,341</b>	<b>7,923,437</b>
<b>9 CONTINGENCIES AND COMMITMENTS</b>			
<b>9.1 Contingencies</b>			
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, 2014.			
		<b>September 30, 2014 (Un-audited)</b>	<b>June 30, 2014 (Audited)</b>
<b>(Rupees in '000')</b>			
<b>9.2 Commitments</b>			
<b>Capital Commitments</b>			
Plant and machinery under letters of credit		<b>2,458,128</b>	2,840,266
<b>Other Commitments</b>			
Stores, spares and packing material under letters of credit		<b>1,132,870</b>	1,870,971
Bank guarantees issued on behalf of the Company		<b>957,271</b>	942,233
Post dated cheques		<b>587,306</b>	555,150

## Notes to the Condensed Interim Consolidated Financial Statements

For the 1st quarter ended September 30, 2014 (Un-audited)

<b>September 30, 2014</b>	June 30, 2014
<b>(Un-audited)</b>	(Audited)
<b>(Rupees in '000')</b>	

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

<b>Year</b>		
2014	<b>66,799</b>	-
2015	<b>56,649</b>	62,223
2016	<b>39,772</b>	49,215
2017	<b>19,282</b>	34,969
2018	<b>-</b>	9,203
	<b>182,502</b>	<u>155,610</u>
Payable not later than one year	<b>66,799</b>	62,223
Payable later than one year but not later than five years	<b>115,703</b>	93,387
	<b>182,502</b>	<u>155,610</u>

- 9.4** Outstanding foreign exchange contracts as at September 30, 2014 entered into by the Group amounted to hedge the anticipated future transactions amounted to Rs 348.825 million (June 30, 2014: Rs Nil).

<b>For the three months ended</b>	
<b>September 30, 2014</b>	September 30, 2013
<b>(Rupees in '000')</b>	

## 10 SEGMENT REPORTING

### TURNOVER

Cement	<b>12,522,132</b>	10,972,896
Polyester	<b>4,566,579</b>	5,006,892
Soda Ash	<b>3,020,606</b>	2,459,403
Life Sciences	<b>1,998,047</b>	1,550,501
Chemicals	<b>954,934</b>	1,061,605
Others (LHL & ICI PowerGen)	<b>229,570</b>	281,311
	<b>23,052,579</b>	<u>21,041,511</u>

### 10.1 OPERATING RESULTS

Cement	<b>3,335,183</b>	3,276,764
Polyester	<b>(212,340)</b>	(308,310)
Soda Ash	<b>611,543</b>	600,834
Life Sciences	<b>165,311</b>	140,971
Chemicals	<b>48,723</b>	80,891
Others (LHL, LCLIH & ICI PowerGen)	<b>21,100</b>	35,473
	<b>3,970,015</b>	<u>3,779,071</u>

## Notes to the Condensed Interim Consolidated Financial Statements

For the 1st quarter ended September 30, 2014 (Un-audited)

**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 three months ended</b>	
	<b>September 30, 2014</b>	September 30, 2013
	<b>(Rupees in '000')</b>	
<b>10.4 GROSS SALES</b>		
Local	<b>19,073,141</b>	17,088,677
Export	<b>3,979,438</b>	3,952,834
	<b><u>23,052,579</u></b>	<u>21,041,511</u>

### 11 OTHER INCOME

It mainly includes interest income from bank deposits and net income from supply of surplus electricity to Hyderabad Electricity Supply Corporation (HESCO).

	Note	<b>For the three months ended</b>	
		<b>September 30, 2014</b>	September 30, 2013
		<b>(Rupees in '000')</b>	
<b>12 CASH GENERATED FROM OPERATIONS</b>			
Profit before taxation		<b>3,762,133</b>	3,545,562
Adjustments for non cash charges and other items			
Depreciation	4.1	<b>950,540</b>	792,880
Amortization on intangible assets		<b>108,474</b>	101,742
Provision for slow moving spares		<b>-</b>	10,000
Gain on disposal of property, plant and equipment		<b>(1,991)</b>	(4,949)
Provision for staff retirement plan		<b>78,609</b>	41,568
Share of gain in equity-accounted investees		<b>(161,481)</b>	-
Finance cost		<b>293,591</b>	231,295
Profit before working capital changes		<b><u>5,029,875</u></b>	<u>4,718,098</u>
<b>(Increase) / decrease in current assets</b>			
Stores, spares and consumables		<b>(364,831)</b>	(228,418)
Stock in trade		<b>(455,791)</b>	(923,568)
Trade Debts		<b>(512,317)</b>	(111,001)
Loans and advances		<b>(160,886)</b>	(220,637)
Trade deposits and short term prepayments		<b>29,015</b>	41,986
Other receivables		<b>630,056</b>	56,783
		<b><u>(834,754)</u></b>	<u>(1,384,855)</u>
<b>Increase in current liabilities</b>			
Trade and other payables		<b>1,903,052</b>	1,595,260
Cash generated from operations		<b><u>6,098,173</u></b>	<u>4,928,503</u>



## Notes to the Condensed Interim Consolidated Financial Statements

For the 1st quarter ended September 30, 2014 (Un-audited)

### 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, other than remuneration and benefits to key management personnel under the terms of their employment, are as follows:

	<b>For the three months ended</b>	
	<b>September 30, 2014</b>	September 30, 2013
	(Rupees in '000')	
<i>Associated Companies</i>		
<b>Lucky Paragon ReadyMix Limited</b>		
Sales	<b>86,607</b>	55,997
<b>Fazal Textile Mills Limited</b>		
Sales	<b>163,034</b>	59,817
<b>Yunus Textile Mills Limited</b>		
Sales	<b>36,461</b>	20,609
<b>Lucky Textile Mills</b>		
Sales	<b>16,276</b>	7,929
<b>Gadoon Textile Mills Limited</b>		
Sales	<b>298,690</b>	252,836
<b>Aziz Tabba Foundation</b>		
Sales	<b>990</b>	222
Donation	<b>40,000</b>	20,000
<b>Lucky One (Pvt) Limited</b>		
Sales	<b>37,579</b>	40,584
<b>Lucky Commodities</b>		
Sales	-	100,682
<b>Lucky Air (Pvt) Limited</b>		
Services	<b>8,250</b>	5,282
<b>Yunus Energy Limited</b>		
Investment	<b>118,115</b>	-
<b>Lucky Knits (Pvt) Limited</b>		
Sales	<b>2,555</b>	99
<b>Pakistan Business Council</b>		
Membership fee	<b>1,500</b>	1,250
<b>NIB Bank</b>		
Loan interest	<b>4,434</b>	-
<b>Arabian Sea Country Club Limited</b>		
Club Subscription	<b>39</b>	47
<b>Jubilee Life Insurance Company Limited</b>		
Insurance premium	<b>6,201</b>	-
<b>Staff Retirement Benefit Plan</b>		
Contribution	<b>32,299</b>	28,136

# Notes to the Condensed Interim Consolidated Financial Statements

For the 1st quarter ended September 30, 2014 (Un-audited)

## 14 DATE OF AUTHORISATION FOR ISSUE

These condensed interim consolidated financial statements were authorized for issue on October 30, 2014 by the Board of Directors of the Company.

## 15 GENERAL

**15.1** The Board of Directors in their meeting held on September 02, 2014 (i) approved the transfer of Rs.8,433.365 million (2013: Rs.7,871.271 million) from un-appropriated profit to general reserve; and (ii) proposed final dividend of Rs.9/- per share for the year ended June 30, 2014 amounting to Rs.2,910.375 million (2013: Rs.2,587 million) which was approved by the members at the Annual General Meeting held on October 17, 2014. These consolidated financial statements do not reflect this appropriation and the proposed dividend payable.

**15.2** Corresponding figures have been reclassified, wherever necessary, for better presentation.

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



Muhammad Yunus Tabba  
Chairman / Director



Muhammad Ali Tabba  
Chief Executive

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### **Plants**

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