

VOYAGE TO UNCHARTERED PROGRESS

HALF YEARLY REPORT
DECEMBER 31, 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
Samba Bank 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 Shakra-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

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 pleasure in presenting to you the results of your Company which include both, the stand-alone (duly reviewed by the auditors) and consolidated unaudited financial statements for the half year ended December 31, 2014.

Overview

Cement industry in Pakistan grew by 6.23% to 17.12 million tons during the half year ended 31 December 2014 compared to 16.12 million tons of the same period last year. While local sales volume registered a growth of 9.10% to 13.06 million tons during the half year compared to 11.97 million tons of the same period last year, export sales volumes registered a decline of 2.07% to 4.05 million tons during the half year compared to 4.14 million tons of the same period last year.

Your Company continued to perform better than the industry and managed to maintain its market share in the industry during half year under review at 19%.

Your Company achieved an overall growth of 6.46% to 3.25 million tons during the half year ended compared to 3.05 million tons sold in the same period last year. Local sales volume registered a growth of 9.20% to 2.02 million tons during the half year compared to 1.85 million tons of same period last year. While industry registered a decline in export volumes, your Company was able to register a growth of 2.24% to 1.23 million tons during the half year compared to 1.21 million tons of the same period last year.

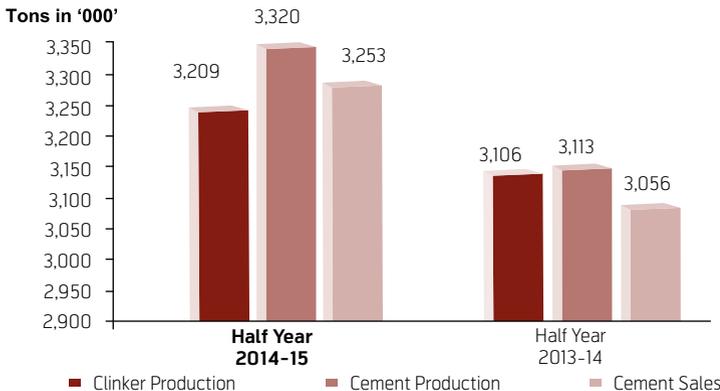
Business Performance:

(a) Production & Sales Volume Performance

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

Particulars	Half Year 2014-15	Half Year 2013-14	Increase/ (Decrease)
	----- Tons in '000 -----		%
Clinker Production	3,209	3,106	3.32%
Cement Production	3,320	3,113	6.66%
Cement Sales	3,253	3,056	6.46%

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



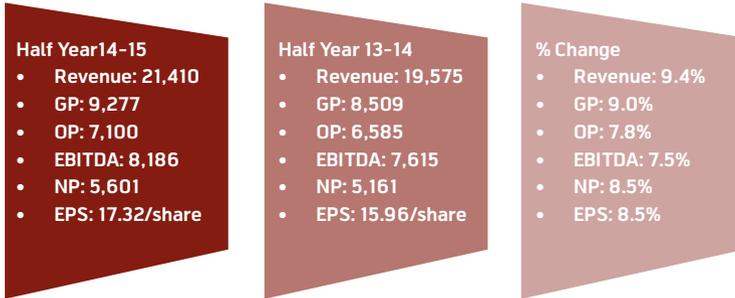
A comparison of the dispatches of the industry and your Company for the half year ended 2014-15 compared to the same period last year is presented below:

Particulars	Half Year 2014-15	Half Year 2013-14	Growth / (Decline) %	
Cement Industry				
Local Sales	13,065	11,975	1,090	9.10%
Export Sales				
Cement				
- Bagged	3,897	3,966	(69)	(1.74%)
- Loose	162	179	(17)	(9.43%)
Total Exports	4,059	4,145	(86)	(2.07%)
Grand Total	17,124	16,120	1,004	6.23%
Lucky Cement				
Local Sales	2,020	1,850	170	9.20%
Export Sales				
Cement				
- Bagged	1,070	1,026	44	4.28%
- Loose	162	179	(17)	(9.43%)
Total Exports	1,233	1,206	27	2.24%
Grand Total	3,253	3,056	197	6.46%
Market Share				
LCL - Market Share (%)	Half Year 2014-15	Half Year 2013-14	Growth / (Decline)	
Local Sales	15.46%	15.45%	0.06%	
Export Sales				
Cement				
- Bagged	27.47%	25.88%	6.13%	
- Loose	100.0%	100.0%	0.0%	
Total Export	30.38%	29.10%	4.40%	
Grand Total	19.00%	18.96%	0.21%	

Industry Source: APCMA website

(b) Financial Performance

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

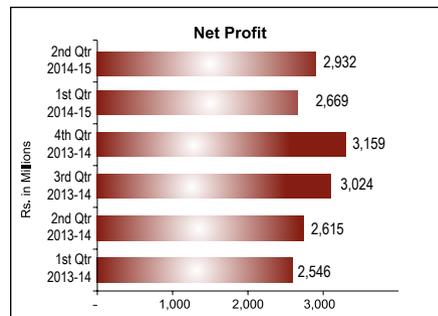
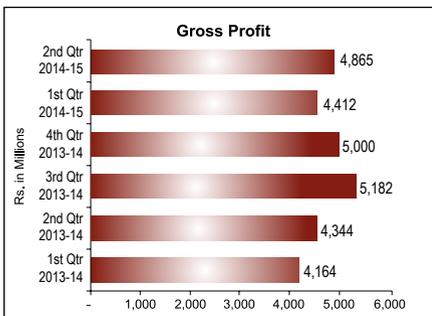
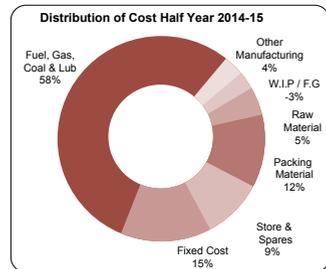
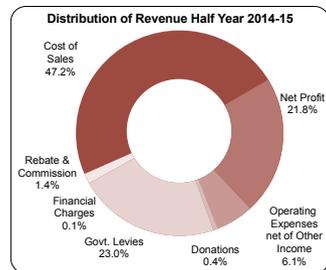


Figures in PKR million except EPS

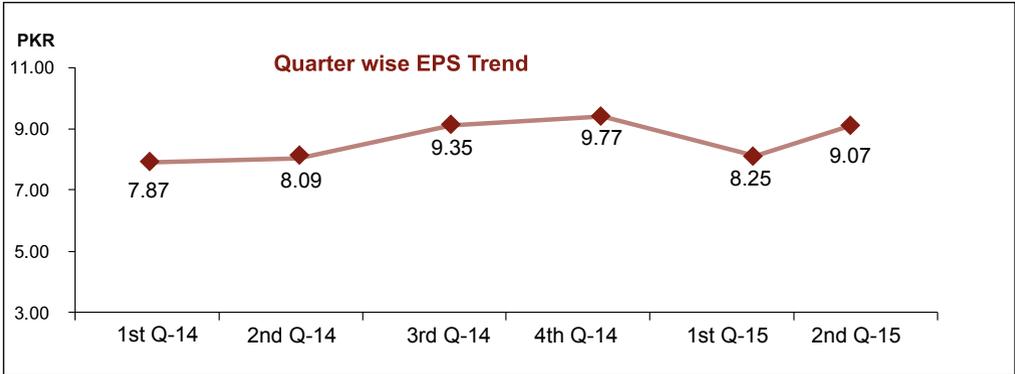
During the period under review, your Company achieved an overall net sales revenue growth of 9.37% as compared to same period last year contributed by 6.46% increase in volume and 2.91% increase in net retention.

Per ton cost of sales of your Company during the period under review increased by 2.98% compared to the same period last year. The increase in the cost of sales was mainly due to increase in packing material cost and cost of repairs and maintenance at plant site. Your Company achieved a gross profit margin of 43.33% during the period under review compared to 43.47% reported in the same period last year.

Your Company achieved the before tax profit of Rs.7,057.46 million during the period under review compared to Rs.6,486.15 million reported during the same period last year. Similarly, after tax profit of Rs.5,601.29 million was achieved during the period under review compared to Rs. 5,160.76 million reported during the same period last year.



The earnings per share of your Company for the half year ended 31 December 2014 was Rs.17.32 compared to Rs.15.96 reported in the same period last year.



Projects – New and Ongoing:

Waste Heat Recovery (WHR) Plants at Captive Power Plants

5 MW WHR plant at Karachi: Plant and machinery has been installed and is expected to be commissioned by the end of February 2015.

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

Vertical Grinding Mills at Karachi Plant

Vertical Grinding Mills have been installed at Karachi Plant and are undergoing necessary test and trial run process. These are expected to become fully operational by the end of February 2015.

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 1 x 660MW, supercritical, coal based power project

By the grace of Almighty Allah, Lucky Electric Power Company Limited (LEPCL) being the project company and the subsidiary of Lucky Cement, has been issued Letter of Intent (LOI) by the Private Power and Infrastructure Board (PPIB) on 11th February 2015.

Technical consultant has already been appointed to start work on the feasibility study of the project and LEPCL is expecting to file Tariff Petition and apply for generation license with NEPRA by April 2015.

Preliminary negotiations with shortlisted EPC contractors from China and Republic of Korea are expected to start in parallel and expected to be completed by June 2015.

Joint Venture Investment in Cement Plant in DR Congo

Finance documents for project financing were signed on 27 November 2014 to achieve financial close and first draw down is expected in March 2015. Shipments under the equipment supply contract from FLSmidth (the European equipment supplier) have already been initiated. Civil and mine development work at plant site is in progress.

The effect of 50% share of the net assets of the DR Congo plant has been reflected in the consolidated unaudited condensed financial statements of the Company for the half year ended 31 December 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 half year under review, the grinding mill achieved production and sales volumes of 378,000 and 372,000 tons respectively. The operations posted a net profit of US\$ 6.4 million for the half year ended 31 December 2014. The results of the Iraq grinding unit have been reflected in the consolidated unaudited condensed financial statements of the Company for the half year ended 31 December 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 has been achieved on 9th February 2015. The project is expected to be completed by May 2016.

Corporate Social Responsibility:

Your Company is committed to the cause of development of the country, and is cognizant of its social responsibility as one of Pakistan's leading corporate citizens. With a three pronged focus on health, education and environment, your company is playing its part in the development of this nation.

In the period under review, your Company granted several scholarships to needy students on merit in leading schools and universities of Pakistan, with the aim of equipping the talented youth of the country with access to quality education.

To further the cause of social welfare and community development, your company facilitated the rehabilitation of the internally displaced persons of Pakistan, besides aiding for the construction of a community center around its head office.

Your company also generously donated to Aziz Tabba Foundation, to ensure the smooth running of a leading cardiac hospital and a leading dialysis center in the country.

Outlook:

Your company is quite optimistic about the volumetric growth in the current financial year. Your company's strong financial position and free cash flow generating ability would help investing in the projects and avenues which would continue to bring in further efficiencies and increase shareholder value. Strong local demand, declining coal and fuel prices in the international market and lower freight cost will be the major contributors for the increase in 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: February 21, 2015.

Auditors' Report To The Members On Review Of Interim Financial Information

Introduction

We have reviewed the accompanying unconsolidated condensed interim balance sheet of Lucky Cement Limited (the Company) as at 31 December 2014 and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim cash flow statement, unconsolidated condensed interim statement of changes in equity and notes to the accounts for the six-months period then ended (here-in-after referred to as "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of matter

We draw attention to note 8 to the accompanying interim financial information which explain the reasons for recording an asset representing a claim of refund of excise duty amounting to Rs 538.812 million in the books of account of the Company. Our conclusion is not qualified in respect of this matter.

Chartered Accountants
Review Engagement Partner: Riaz A. Rehman Chamdia
Date: February 21, 2015
Karachi

Unconsolidated Condensed Interim Balance Sheet

As at December 31, 2014 (Un-audited)

	Note	December 31, 2014 (Un-audited) (Rupees in '000')	June 30, 2014 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	33,614,728	31,937,211
Intangible assets	5	53,898	27,652
		33,668,626	31,964,863
Long-term investments	6	10,369,865	8,157,550
Long-term advances	7	156,979	72,445
Long-term deposits		3,175	3,175
		44,198,645	40,198,033
CURRENT ASSETS			
Stores and spares		6,263,639	6,078,915
Stock-in-trade		2,089,524	1,638,984
Trade debts		2,332,595	2,077,714
Loans and advances		273,867	161,625
Trade deposits and short-term prepayments		55,826	57,699
Other receivables		551,424	527,052
Tax refunds due from the Government	8	538,812	538,812
Cash and bank balances		7,805,230	8,519,082
		19,910,917	19,599,883
TOTAL ASSETS		64,109,562	59,797,916
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		3,233,750	3,233,750
Reserves		49,249,353	46,558,433
		52,483,103	49,792,183
NON-CURRENT LIABILITIES			
Long-term deposits		64,600	67,971
Deferred liabilities	9	5,540,349	5,453,512
		5,604,949	5,521,483
CURRENT LIABILITIES			
Trade and other payables		5,349,990	4,096,255
Taxation - net		671,512	257,446
Accrued mark-up		8	3,051
Current portion of long-term finance		-	127,498
		6,021,510	4,484,250
CONTINGENCIES AND COMMITMENTS	10		
TOTAL EQUITY AND LIABILITIES		64,109,562	59,797,916

The annexed notes from 1 to 17 form an integral part of these unconsolidated condensed interim financial statements.



Muhammad Yunus Tabba
Chairman / Director



Muhammad Ali Tabba
Chief Executive

Unconsolidated Condensed Interim Profit and Loss Account

For the half year ended December 31, 2014 (Un-audited)

	Note	Half Year Ended		Quarter Ended	
		December 31,	December 31,	December 31,	December 31,
		2014	2013	2014	2013
		(Rupees in '000')		(Rupees in '000')	
Gross sales	11	25,688,304	23,215,851	13,166,172	12,242,955
Less: Sales tax and excise duty		3,920,628	3,359,349	2,044,762	1,831,566
Rebates and commission		357,960	281,010	181,635	168,084
		4,278,588	3,640,359	2,226,397	1,999,650
Net sales		21,409,716	19,575,492	10,939,775	10,243,305
Cost of sales		(12,132,854)	(11,066,864)	(6,074,423)	(5,899,138)
Gross profit		9,276,862	8,508,628	4,865,352	4,344,167
Distribution costs		(1,747,271)	(1,546,234)	(879,158)	(850,668)
Administrative expenses		(429,248)	(377,357)	(221,034)	(185,236)
Finance costs		(12,906)	(20,679)	(3,708)	(8,922)
Other charges		(646,453)	(494,101)	(333,563)	(237,068)
Other income	12	616,481	415,895	284,135	194,550
Profit before taxation		7,057,465	6,486,152	3,712,024	3,256,823
Taxation					
-current		(1,471,952)	(1,231,710)	(795,640)	(616,202)
-deferred		15,782	(93,683)	15,782	(25,662)
		(1,456,170)	(1,325,393)	(779,858)	(641,864)
Profit after taxation		5,601,295	5,160,759	2,932,166	2,614,959
Other comprehensive income for the period			-		-
Total comprehensive income for the period		5,601,295	5,160,759	2,932,166	2,614,959
		(Rupees)		(Rupees)	
Earnings per share - basic and diluted		17.32	15.96	9.07	8.09

The annexed notes from 1 to 17 form an integral part of these unconsolidated condensed interim financial statements.

Muhammad Yunus Tabba
Chairman / Director

Muhammad Ali Tabba
Chief Executive

Unconsolidated Condensed Interim Cash Flow Statement

For the half year ended December 31, 2014 (Un-audited)

	Note	December 31, 2014	December 31, 2013
(Rupees in '000')			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	13	8,482,189	7,978,221
Finance costs paid		(15,949)	(23,171)
Income tax paid		(1,057,886)	(223,928)
Gratuity paid		(20,647)	(16,624)
		(1,094,482)	(263,723)
Long-term loans and advances		(84,534)	-
Long-term deposits		(3,370)	1,645
Net cash generated from operating activities		7,299,803	7,716,143
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(2,797,718)	(574,035)
Long-term investment		(2,212,315)	-
Sale proceeds on disposal of property, plant and equipment		12,241	13,648
Net cash (used in) investing activities		(4,997,792)	(560,387)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term finance		(127,498)	(132,700)
Dividends paid		(2,888,365)	(2,564,808)
Net cash (used in) financing activities		(3,015,863)	(2,697,508)
Net (decrease) / increase in cash and cash equivalents		(713,852)	4,458,248
Cash and cash equivalents at the beginning of the period		8,519,082	2,805,840
Cash and cash equivalents at the end of the period		7,805,230	7,264,088

The annexed notes from 1 to 17 form an integral part of these unconsolidated condensed interim financial statements.



Muhammad Yunus Tabba
Chairman / Director



Muhammad Ali Tabba
Chief Executive

Unconsolidated Condensed Interim Statement of Changes in Equity

For the half year ended December 31, 2014 (Un-audited)

	Issued, subscribed and paid up capital	Capital reserve	Revenue reserves		Total reserves	Total equity
		Share premium	General reserve	Unappropri- ated profit		
----- (Rupees in '000') -----						
Balance as at July 01, 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	-	-	-	5,160,759	5,160,759	5,160,759
Balance as at December 31, 2013	<u>3,233,750</u>	<u>7,343,422</u>	<u>27,871,271</u>	<u>5,160,759</u>	<u>40,375,452</u>	<u>43,609,202</u>
Balance as at July 01, 2014	3,233,750	7,343,422	27,871,271	11,343,740	46,558,433	49,792,183
Transfer to general reserve	-	-	8,433,365	(8,433,365)	-	-
Final dividend at the rate of Rs.9/- per ordinary share of Rs. 10 each for the year ended June 30, 2014	-	-	-	(2,910,375)	(2,910,375)	(2,910,375)
Total comprehensive income for the period	-	-	-	5,601,295	5,601,295	5,601,295
Balance as at December 31, 2014	<u>3,233,750</u>	<u>7,343,422</u>	<u>36,304,636</u>	<u>5,601,295</u>	<u>49,249,353</u>	<u>52,483,103</u>

The annexed notes from 1 to 17 form an integral part of these unconsolidated condensed interim financial statements.



Muhammad Yunus Tabba
Chairman / Director



Muhammad Ali Tabba
Chief Executive

Notes to the Unconsolidated Condensed Interim Financial Statements

For the half year ended December 31, 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 investment in subsidiary has 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 six months period ended December 31, 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.

The figures of the unconsolidated condensed interim profit and loss account for the quarters ended December 31, 2014 and 2013 and notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the accumulated figures for the half years ended December 31, 2014 and 2013. These unconsolidated 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 unconsolidated 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, except for the following:

New, amended and revised standards and interpretations of IFRSs

The Company has adopted the following revised standard, amendments and interpretation of IFRSs which became effective for the current period:

IAS 19	Employee Benefits - (Amendment) - Defined Benefit Plans: Employee Contributions
IAS 32	Financial Instruments : Presentation - (Amendment) -Offsetting Financial Assets and Financial Liabilities

Notes to the Unconsolidated Condensed Interim Financial Statements

For the half year ended December 31, 2014 (Un-audited)

IAS 36	Impairment of Assets - (Amendment) - Recoverable Amount Disclosures for Non-Financial Assets
IAS 39	Financial Instruments: Recognition and Measurement - (Amendment) - Novation of Derivatives and Continuation of Hedge Accounting
IFRIC 21	Levies

The adoption of the above amendments, revisions, improvements to accounting standards and interpretations did not have material effect on the unconsolidated condensed interim financial statements.

4 PROPERTY, PLANT AND EQUIPMENT

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

		December 31, 2014	June 30, 2014
		(Un-audited)	(Audited)
	Note	(Rupees in '000')	
Operating fixed assets (WDV) Opening balance		29,508,081	30,810,820
Add: Additions during the period/year	4.2	1,219,548	808,467
		30,727,629	31,619,287
Less: Disposals during the period/year (WDV)		8,305	47,147
Depreciation charge for the period/year		1,077,186	2,064,059
Operating fixed assets (WDV) - closing balance		29,642,138	29,508,081
Add: Capital work-in-progress	4.3	3,972,590	2,429,130
		33,614,728	31,937,211

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

	Additions (Cost)	Deletions (Cost)
	(Rupees in '000')	
Operating fixed assets		
Land	572,894	-
Buildings	152,106	-
Plant and machinery	193,942	-
Generators	250,572	-
Quarry equipments	-	20,240
Vehicles	18,031	8,834
Furniture and fixtures	3,512	216
Office equipments	13,458	20
Computer and Accessories	9,372	1,913
Other assets	5,661	11,517
	1,219,548	42,740

Notes to the Unconsolidated Condensed Interim Financial Statements

For the half year ended December 31, 2014 (Un-audited)

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

	December 31, 2014	June 30, 2014
	(Un-audited)	(Audited)
	(Rupees in '000')	
Opening balance	2,429,130	197,572
Add: Additions during the period/year	2,730,745	2,821,885
	5,159,875	3,019,457
Less: Transferred to operating fixed assets	1,187,285	590,327
Closing balance	3,972,590	2,429,130

5 INTANGIBLE ASSETS

During the period, the Company has acquired computer software licenses amounting to Rs. 34.710 million.

	December 31, 2014	June 30, 2014
	(Un-audited)	(Audited)
	(Rupees in '000')	
	Note	
6 LONG TERM INVESTMENTS - at cost		
Lucky Holdings Limited	6.1	5,619,000
LCL Investment Holdings Limited	6.2	4,580,500
LCL Holdings Limited	6.3	1,000
Yunus Energy Limited	6.4	169,365
		10,369,865
		5,619,000
		2,537,800
		-
		750
		8,157,550

6.1 As of the balance sheet date, the Company owns 75 percent shares of Lucky Holdings Limited (LHL). LHL owns 75.27 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. During the period, the Company has subscribed 20,000,000 ordinary shares of LCLIHL @ US\$1/- each.

6.3 During the period, the Company has made an equity investment in LCL Holdings Limited (LCLHL), a wholly owned subsidiary of the Company, incorporated in Pakistan, of 100,000 ordinary shares at Rs.10/- each. As of the balance sheet date, LCLHL owns 100 percent shares in Lucky Electric Power Company Limited.

6.4 Represents equity investment in Yunus Energy Limited (YEL), a public unlisted company incorporated in Pakistan. During the period, the Company subscribed 16,861,500 ordinary shares of YEL at Rs.10/- each. As of the balance sheet date, the Company owns 20 percent shares of YEL.

Notes to the Unconsolidated Condensed Interim Financial Statements

For the half year ended December 31, 2014 (Un-audited)

7 LONG TERM ADVANCES

Includes advance paid to LCL Holdings Limited against future issue of shares amounting to Rs. 81 million.

8 TAX REFUNDS DUE FROM THE GOVERNMENT

A dispute with respect to the calculation of excise duty on retail price of cement arose between the Company and the Federal Board of Revenue (FBR) from the very first day the Company started sales of cement in 1996. The FBR's point of view was that excise duty be calculated on the declared retail price inclusive of excise duty whereas the Company contended that the excise duty would not be included in retail price for calculation of the excise duty payable to the Government. On June 2, 1997 the Company filed a writ petition before the Peshawar High Court seeking judgment on this matter. The dispute relates to the period from June 26, 1996 to April 19, 1999 after which the FBR changed the mechanism of levying excise duty from percentage of retail price to a fixed amount of duty at the rate of Rs.1,400 per ton. The Peshawar High Court after hearing both the parties issued a detailed judgment, operating paragraph of which is reproduced as follows:

“For the reasons we accept the petitions declare, that present system of realization of duties of excise on the “Retail Price” inclusive of excise duty is illegal and without lawful authority, the duties of excise on cement must not form part of retail price and the petitioners are not liable to pay duties of excise forming part of the retail price of cement.”

Simultaneously, a similar nature of dispute arose between various beverage companies operating in the provinces of Sindh and Punjab and accordingly they also filed petitions before the Honourable High Courts of Sindh and Lahore respectively. Both the Courts also decided the case against the method of calculation of excise duty as interpreted by the FBR.

The FBR preferred an appeal before the Honourable Supreme Court of Pakistan against the judgments of all three High Courts of the country. A full bench of the Honourable Supreme Court of Pakistan heard the legal counsel of all the parties and finally announced the judgment on April 14, 2007, upholding the judgments of the High Courts and dismissed the appeal of the FBR.

As a result of the full bench judgment of the Honourable Supreme Court of Pakistan, the Company filed a refund claim of Rs.538.812 million on May 08, 2007 with the Collector of Central Excise and Sales Tax, Peshawar, who had earlier collected the same due to incorrect interpretation of law. The Company on the basis of legal opinions obtained, recognised this refund claim in the financial statements for the year ended June 30, 2007.

A review petition was also filed by the Federal Board of Revenue (FBR) before the Honourable Supreme Court of Pakistan. The Honourable Supreme Court of Pakistan vide its order dated January 27, 2009 dismissed the review petition filed by the FBR and upheld its earlier decision which was in favour of the Company.

Notes to the Unconsolidated Condensed Interim Financial Statements

For the half year ended December 31, 2014 (Un-audited)

While verifying the refund claim, the Collector of Excise and Sales Tax Peshawar had issued show cause notice to the Company raising certain objections against the release of said refund including an objection that the burden of this levy had been passed on to the end consumer. The Company had challenged this show cause notice in the Honourable Peshawar High Court and taken the stance that this matter had already been dealt with at the level of Honourable Supreme Court of Pakistan, based on the doctrine of res judicata. The Honourable Peshawar High Court granted a stay order to the Company against any adverse proceeding by the FBR in this case.

During the year ended June 30, 2013, the Company filed a complaint before the Federal Tax Ombudsman (FTO) with a request that the FBR may be directed for early issuance of refund along-with the compensation for the delayed refund. The FTO directed the FBR to verify the claim of the Company and submit a report in the matter. Subsequently, the FBR on the basis of audit conducted submitted a report to the FTO. However, the Company did not agree to the findings of the department and argued before the FTO that the report submitted by the department is not based on the facts of the case.

After hearing the arguments of both the parties the FTO forwarded its recommendations/findings to the Secretary, Revenue Division, Islamabad through its order dated November 22, 2013.

FBR filed representation, before the President of Pakistan against the recommendations of the FTO under section 32 of Federal Tax Ombudsman Ordinance, 2000. Accordingly, the President of Pakistan through its secretariat invited comments of the Company which have been submitted. Subsequently, the President of Pakistan through its order has endorsed the recommendations of FTO. In view of the above, the management believes that the above refund claim is considered good and recoverable in due course.

		December 31, 2014	June 30, 2014
		(Un-audited)	(Audited)
	Note	(Rupees in '000')	
9 DEFERRED LIABILITIES			
Staff gratuity		756,814	654,195
Deferred tax liability	9.1	4,783,535	4,799,317
		5,540,349	5,453,512
9.1 Deferred tax liability			
This comprises of the following :			
Deferred tax liability			
- Difference in tax and accounting bases of fixed assets		5,100,633	5,079,314
Deferred tax assets			
- Provisions		(317,098)	(279,997)
		4,783,535	4,799,317

Notes to the Unconsolidated Condensed Interim Financial Statements

For the half year ended December 31, 2014 (Un-audited)

10 CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

There were 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, except as follows:

In September 2014, the Federal Government promulgated Gas Infrastructure Development Cess (GIDC) Ordinance No. VI of 2014 to circumvent earlier decision of the Honorable Supreme Court on the subject, where it upheld that earlier introduction of GIDC Act of 2011 was unconstitutional and ultravires on the grounds that GIDC was a 'Fee' and not a 'Tax'.

The Company filed a Suit against the above Ordinance in Sindh High Court on the plea that the Honorable Supreme Court has already given its judgment on the subject. Accordingly the Company has not recorded GIDC amounting to Rupees 440.7 million in these unconsolidated condensed interim financial statements as the Company is confident that the decision of the case will be in its favor.

	December 31, 2014	June 30, 2014
	(Un-audited)	(Audited)
	(Rupees in '000')	
10.2 Commitments		
Capital Commitments		
Plant and machinery under letters of credit	987,957	1,667,530
Other Commitments		
Stores, spares and packing material under letters of credit	955,085	1,870,971
Standby letter of credit issued by the Company	520,000	-
Bank guarantees issued on behalf of the Company	1,009,017	942,233
Post dated cheques	425,325	555,150
	For the half year ended	
	December 31, 2014	December 31, 2013
	(Rupees in '000')	

11 GROSS SALES

Local	18,327,768	15,644,656
Export	7,360,536	7,571,195
	25,688,304	23,215,851

Notes to the Unconsolidated Condensed Interim Financial Statements

For the half year ended December 31, 2014 (Un-audited)

12 OTHER INCOME

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

	For the half year ended	
	December 31, 2014	December 31, 2013
Note	(Rupees in '000')	

13 CASH GENERATED FROM OPERATIONS

Profit before taxation	7,057,465	6,486,152
Adjustments for non cash charges and other items		
Depreciation	4.1 1,077,186	1,027,465
Amortization of intangible assets	8,464	2,911
Provision for slow moving spares	-	10,000
Gain on disposal of fixed assets	(3,936)	(8,525)
Unrealized gain on investments	-	(4,459)
Provision for gratuity	123,265	73,297
Finance cost	12,906	20,679
Profit before working capital changes	8,275,350	7,607,520
(Increase) / decrease in current assets		
Stores and spares	(184,724)	(411,210)
Stock in trade	(450,540)	(693,015)
Trade debts	(254,881)	(25,307)
Loans and advances	(112,242)	(31,379)
Trade deposits and short term prepayments	1,873	(22,152)
Other receivables	(24,372)	269,686
	(1,024,886)	(913,377)
Increase in current liabilities		
Trade and other payables	1,231,725	1,284,078
Cash flows generated from operations	8,482,189	7,978,221

Notes to the Unconsolidated Condensed Interim Financial Statements

For the half year ended December 31, 2014 (Un-audited)

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

	For the half year ended	
	December 31, 2014	December 31, 2013
	(Rupees in '000')	
Subsidiaries		
LCL Investment Holdings Limited		
Investment made during the period	2,042,700	-
LCL Holdings Limited		
Investment made during the period	1,000	-
Advance against issuance of shares	81,000	-
Directors		
Purchase of land & building	599,379	-
Associated Undertakings		
Lucky Paragon ReadyMix Limited		
Sales	169,390	112,787
Lucky Textile Mills		
Sales	33,420	11,522
Gadoon Textile Mills Limited		
Sales	3,171	7,266
Younus Textile Mills Limited		
Sales	17,322	21,303
Fazal Textile Mills Limited		
Sales	3,611	6,761
Aziz Tabba Foundation		
Sales	1,650	683
Donation	90,000	45,000
Lucky One (Pvt) Limited		
Sales	74,429	77,004
ICI Pakistan Limited		
Sales	13,417	-
Lucky Commodities		
Sales	-	100,682
Lucky Air (Pvt) limited		
Services	14,060	10,082
Yunus Energy Limited		
Investment	168,615	-
Feroze 1888 Mills Limited		
Sales	6,891	-

Notes to the Unconsolidated Condensed Interim Financial Statements

For the half year ended December 31, 2014 (Un-audited)

15 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue on February 21, 2015 by the Board of Directors of the Company.

16 CORRESPONDING FIGURES

Certain prior period figures have been reclassified for the purpose of better presentation, however there are no major reclassifications to report.

17 GENERAL

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 December 31, 2014 (Un-audited)

	Note	December 31, 2014 (Un-audited)	June 30, 2014 (Audited)
(Rupees in '000')			
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	4	46,930,845	44,063,423
Intangible assets		7,572,060	7,741,210
		54,502,905	51,804,633
Long-term investments	5	9,769,527	1,714,879
Long-term loans and advances		357,066	1,711,839
Long-term deposits and prepayments		32,366	31,018
		64,661,864	55,262,369
CURRENT ASSETS			
Stores, spares and consumables		7,140,230	6,952,502
Stock-in-trade		6,826,520	6,246,200
Trade debts		3,844,898	2,961,424
Loans and advances		621,398	354,625
Trade deposits and short-term prepayments		247,378	278,010
Other receivables		1,857,390	2,195,956
Tax refunds due from the Government	6	538,812	538,812
Taxation - net		963,690	1,502,916
Cash and bank balances		8,233,257	11,723,248
		30,273,573	32,753,693
TOTAL ASSETS		94,935,437	88,016,062
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		3,233,750	3,233,750
Reserves		50,528,776	47,145,858
Attributable to the equity holders of the Holding Company		53,762,526	50,379,608
Non-controlling interests		6,523,233	6,204,663
Total equity		60,285,759	56,584,271
NON-CURRENT LIABILITIES			
Long-term finances	7	8,878,645	9,983,078
Long-term deposits		64,600	67,971
Deferred liabilities	8	8,562,400	8,655,713
		17,505,645	18,706,762
CURRENT LIABILITIES			
Short-term borrowings and running finance		1,053,033	437,368
Trade and other payables		13,966,854	10,900,436
Accrued mark-up		209,312	223,656
Current portion of long-term finance	7	1,914,834	1,163,569
		17,144,033	12,725,029
CONTINGENCIES AND COMMITMENTS	9		
TOTAL EQUITY AND LIABILITIES		94,935,437	88,016,062

The annexed notes from 1 to 16 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 half year ended December 31, 2014 (Un-audited)

	Note	Half Year Ended		Quarter Ended	
		December 31,	December 31,	December 31,	December 31,
		2014	2013	2014	2013
		(Rupees in '000')		(Rupees in '000')	
Gross sales	10	47,396,494	43,925,983	24,343,915	22,884,472
Less: Sales tax and excise duty		5,260,287	4,566,918	2,734,830	2,435,245
Rebates and commission		1,556,865	1,242,396	823,140	678,937
		6,817,152	5,809,314	3,557,970	3,114,182
Net sales		40,579,342	38,116,669	20,785,945	19,770,290
Cost of sales		(28,528,681)	(27,463,130)	(14,368,704)	(14,288,511)
Gross profit		12,050,661	10,653,539	6,417,241	5,481,779
Distribution costs		(2,461,455)	(2,120,929)	(1,237,910)	(1,152,291)
Administrative expenses		(891,500)	(832,217)	(451,640)	(427,285)
Share of gain in equity-accounted investments		323,299	-	161,818	-
Finance costs		(611,186)	(468,252)	(233,825)	(224,910)
Other charges		(769,417)	(576,877)	(414,582)	(279,649)
Other income	11	740,129	500,133	377,296	212,191
Profit before taxation		8,380,531	7,155,397	4,618,398	3,609,835
Taxation					
- current		(1,920,492)	(1,286,822)	(1,051,789)	(565,512)
- deferred		202,442	(144,252)	83,348	(76,231)
		(1,718,050)	(1,431,074)	(968,441)	(641,743)
Profit after taxation		6,662,481	5,724,323	3,649,957	2,968,092
Attributable to:					
Owners of the Holding Company		6,268,894	5,431,516	3,371,272	2,790,514
Non-controlling interests		393,587	292,807	278,685	177,578
Total comprehensive income for the period		6,662,481	5,724,323	3,649,957	2,968,092
Other comprehensive income for the period					
Foreign exchange differences on translation of foreign operations		4,922	-	(91,054)	-
		6,667,403	5,724,323	3,558,903	2,968,092
Attributable to:					
Owners of the Holding Company		6,273,816	5,431,516	3,280,218	2,790,514
Non-controlling interests		393,587	292,807	278,685	177,578
		6,667,403	5,724,323	3,558,903	2,968,092
		(Rupees)	(Rupees)	(Rupees)	(Rupees)
Earnings per share - basic and diluted		19.39	16.80	10.43	8.63

The annexed notes from 1 to 16 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 half year ended December 31, 2014 (Un-audited)

	Note	December 31, 2014	December 31, 2013
(Rupees in '000')			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	12	12,045,391	10,983,497
Finance costs paid		(494,569)	(460,036)
Income tax paid		(1,382,672)	(427,338)
Gratuity paid		(52,417)	(54,146)
		(1,929,658)	(941,520)
Long-term loans and advances		(109,095)	(10,633)
Long-term deposits		(4,719)	5,013
Net cash generated from operating activities		10,001,919	10,036,357
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(4,679,330)	(1,691,532)
Long-term advance		(5,375,846)	-
Investments		(922,653)	(30,000)
Interest received on bank deposits/investment		36,459	-
Dividend from Associate		40,000	-
Sale proceeds on disposal of property, plant and equipment		15,364	20,411
Net cash (used in) investing activities		(10,886,006)	(1,701,121)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term finance - net		(243,437)	1,367,300
Proceeds from redemption of investment		-	30,420
Dividends paid		(2,977,132)	(2,565,139)
Short-term borrowings and running finance		614,665	572,667
Net cash (used in) financing activities		(2,605,904)	(594,752)
Net (decrease) / increase in cash and cash equivalents		(3,489,991)	7,740,484
Cash and cash equivalents at the beginning of the period		11,723,248	1,092,419
Cash and cash equivalents at the end of the period		8,233,257	8,832,903

The annexed notes from 1 to 16 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 half year ended December 31, 2014 (Un-audited)

	Capital reserve		Revenue reserves			Total reserves	Non-controlling interests	Total equity
	Issued, subscribed and paid up capital	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
Transfer to general reserve	-	-	8,433,365	-	(8,433,365)	-	-	-
Final dividend at the rate of Rs.9/- per ordinary share of Rs.10/- each for the year ended June 30, 2014	-	-	-	-	(2,910,375)	(2,910,375)	-	(2,910,375)
Dividends paid to non-controlling interests of ICI	-	-	-	-	-	-	(91,357)	(91,357)
Decrease in ownership interest in ICI	-	-	-	-	19,477	19,477	16,340	35,817
Profit after taxation	-	-	-	-	6,268,894	6,268,894	393,587	6,662,481
Other comprehensive income	-	-	-	4,922	-	4,922	-	4,922
	-	-	-	4,922	6,268,894	6,273,816	393,587	6,667,403
Balance as at December 31, 2014	3,233,750	7,343,422	36,304,636	(58,632)	6,939,350	50,528,776	6,523,233	60,285,759

The annexed notes from 1 to 16 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 half year ended December 31, 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 merchanting of general chemicals. It also acts 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 half year ended December 31, 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 period, 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).

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 six months period ended December 31, 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 half year ended December 31, 2014 (Un-audited)

4 PROPERTY, PLANT AND EQUIPMENT

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

		December 31, 2014	June 30, 2014
		(Un-audited)	(Audited)
	Note	(Rupees in '000')	
Operating fixed assets (WDV) Opening balance		40,734,338	39,313,315
Add: Additions during the period/year	4.2	1,461,310	4,925,924
		42,195,648	44,239,239
Less: Disposals during the period/year (WDV)		10,066	68,853
Depreciation charge for the period/year		1,906,760	3,436,048
Operating fixed assets (WDV) - closing balance		40,278,822	40,734,338
Add: Capital work-in-progress	4.3	6,652,023	3,329,085
		46,930,845	44,063,423

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

	Additions (Cost)	Deletions (Cost)
	(Rupees in '000')	
Operating fixed assets		
Land	572,894	-
Buildings	170,914	2,254
Plant and machinery	388,608	35,758
Generators	250,572	-
Quarry equipments	-	20,240
Vehicles	21,948	8,834
Furniture and fixtures	27,883	1,066
Office equipments	13,458	20
Computer & Accessories	9,372	1,913
Other assets	5,661	11,517
	1,461,310	81,602

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

	December 31, 2014	June 30, 2014
	(Un-audited)	(Audited)
	(Rupees in '000')	
Opening balance	3,329,085	2,777,779
Add: Additions during the period/year	4,702,120	5,253,415
	8,031,205	8,031,195
Less: Transferred to operating fixed assets	1,379,182	4,702,110
Closing balance	6,652,023	3,329,085

Notes to the Condensed Interim Consolidated Financial Statements

For the half year ended December 31, 2014 (Un-audited)

5 LONG TERM INVESTMENT	Note	December 31, 2014	June 30, 2014
		(Un-audited)	(Audited)
		(Rupees in '000')	
Joint ventures			
Equity accounted investment			
Lucky Al Shumookh Holdings Limited	5.1	2,061,026	1,711,234
LuckyRawji Holdings Limited	5.2	6,782,609	395
		8,843,635	1,711,629
Unquoted			
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 30% ownership)		754,027	-
Yunus Energy Limited	5.3	169,365	750
		9,769,527	1,714,879
5.1 Lucky Al Shumookh Holdings Limited			
Investment at cost		1,711,234	1,729,081
Share of profit / (loss)		323,299	(18,583)
Foreign currency translation reserve		26,493	736
		2,061,026	1,711,234

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:

	December 31, 2014	June 30, 2014
	(Un-audited)	(Audited)
(Rupees in '000')		
Total assets	4,738,251	4,171,366
Total liabilities	(613,734)	(746,475)
Net assets (100%)	4,124,517	3,424,891
Group's share of net assets (50%)	2,062,258	1,712,446
Less: Share of pre-acquisition loss	(1,232)	(1,212)
	2,061,026	1,711,234

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

Revenue	3,202,082	1,186,339
Net profit / (loss) (100%)	646,598	(37,166)
Group's share of net profit / (loss) (50%)	323,299	(18,583)

Notes to the Condensed Interim Consolidated Financial Statements

For the half year ended December 31, 2014 (Un-audited)

	December 31, 2014	June 30, 2014
	(Un-audited)	(Audited)
	(Rupees in '000')	
5.2 LuckyRawji Holdings Limited		
Investment at cost	6,782,609	395

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:

	December 31, 2014	June 30, 2014
	(Un-audited)	(Audited)
	(Rupees in '000')	
Non-current assets	13,575,164	2,771,503
Liabilities	(9,945)	(2,770,713)
Net assets (100%)	13,565,219	790
Group's share of net assets (50%)	6,782,609	395

5.3 Represents Equity investment in Yunus Energy Limited (16,936,500 shares @10/- each.)

6 TAX REFUNDS DUE FROM THE GOVERNMENT

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

7 LONG TERM FINANCE

	December 31, 2014	June 30, 2014
	(Un-audited)	(Audited)
	(Rupees in '000')	
Long-term finance	10,793,479	11,146,647
Current portion of long term finance	(1,914,834)	(1,163,569)
	7.1 8,878,645	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 Holding Company for the year ended June 30, 2014.

Notes to the Condensed Interim Consolidated Financial Statements

For the half year ended December 31, 2014 (Un-audited)

	December 31, 2014	June 30, 2014
Note	(Un-audited)	(Audited)
	(Rupees in '000')	
8 DEFERRED LIABILITIES		
Staff gratuity and eligible retired employees' medical scheme	841,407	732,276
Deferred tax liability	7,720,993	7,923,437
	8,562,400	8,655,713
8.1 Deferred tax liability		
This comprises of the following :		
- Difference in tax and accounting bases of fixed assets	8,346,125	8,528,034
- Provisions	(625,132)	(604,597)
	7,720,993	7,923,437

9 CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

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, except as follows:

In September 2014, the Federal Government promulgated Gas Infrastructure Development Cess (GIDC) Ordinance No. VI of 2014 to circumvent earlier decision of the Honorable Supreme Court on the subject, where it upheld that earlier introduction of GIDC Act of 2011 was unconstitutional and ultravires on the grounds that GIDC was a 'Fee' and not a 'Tax'.

The Holding Company filed a Suit against the above Ordinance in Sindh High Court on the plea that the Honorable Supreme Court has already given its judgment on the subject. Accordingly the Holding Company has not recorded GIDC amounting to Rupees 440.7 million in these consolidated condensed interim financial statements as the Company is confident that the decision of the case will be in its favor.

	December 31, 2014	June 30, 2014
	(Un-audited)	(Audited)
	(Rupees in '000')	
9.2 Commitments		
Capital Commitments		
Plant and machinery under letters of credit	4,616,661	2,840,266
Other Commitments		
Stores, spares and packing material under letters of credit	955,085	1,870,971
Standby letter of credit issued by the Holding Company	520,000	-
Bank guarantees issued on behalf of the Holding Company	1,009,017	942,233
Post dated cheques	425,325	555,150

Notes to the Condensed Interim Consolidated Financial Statements

For the half year ended December 31, 2014 (Un-audited)

December 31, 2014	June 30, 2014
(Un-audited)	(Audited)
(Rupees in '000')	

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

Year		
2014	31,866	-
2015	53,129	62,223
2016	40,497	49,215
2017	14,117	34,969
2018	619	9,203
	140,228	155,610
Payable not later than one year	31,866	62,223
Payable later than one year but not later than five years	108,362	93,387
	140,228	155,610

For the half year ended

December 31, 2014	December 31, 2013
(Rupees in '000')	

10 SEGMENT REPORTING

TURNOVER

Cement	25,688,304	23,215,851
Polyester	9,134,184	10,000,060
Soda Ash	6,034,314	5,005,310
Life Sciences	4,605,611	3,664,323
Chemicals	1,951,358	2,043,809
Others (LHL & ICI PowerGen)	434,799	525,681
	47,396,494	43,925,983

10.1 OPERATING RESULT

Cement	7,100,343	6,585,037
Polyester	(175,643)	(460,763)
Soda Ash	1,133,561	930,731
Life Sciences	491,085	423,398
Chemicals	111,761	154,048
Others (LHL, LCLIHL & ICI PowerGen)	36,323	66,952
	8,697,706	7,700,393

- 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.

Notes to the Condensed Interim Consolidated Financial Statements

For the half year ended December 31, 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:

	For the half year ended	
	December 31, 2014	December 31, 2013
	(Rupees in '000')	
Associated Companies		
Lucky Paragon Ready Mix Limited		
Sales	-	112,787
Fazal Textile Mills Limited		
Sales	274,691	94,315
Yunus Textile Mills Limited		
Sales	55,027	72,716
Lucky Textile Mills		
Sales	35,280	14,874
Gadoon Textile Mills Limited		
Sales	585,561	470,955
Aziz Tabba Foundation		
Sales	1,650	683
Donation	90,000	45,000
Lucky One (Pvt) Limited		
Sales	74,429	77,004
Lucky Commodities		
Sales	-	100,682
Lucky Air (Pvt) Limited		
Services	14,060	10,082
Yunus Energy Limited		
Investment	168,615	-
Lucky Knits (Pvt) Limited		
Sales	4,545	136
Feroze 1888 Mills Limited		
Sales	6,891	-
Pakistan Business Council		
Membership fee	1,500	1,250
Nutrigo Pakistan (Pvt) Limited		
Dividend	40,000	-
Reimbursement of expenses	15,000	-
NIB Bank		
Loan interest	6,758	-
Arabian Sea Country Club Limited		
Club Subscription	47	68
Purchase of goods, materials and services	67	-
Jubilee Life Insurance Company Limited		
Insurance premium	7,795	-
Staff Retirement Benefit Plan		
Contribution	78,735	70,274
Directors		
Purchase of land & building	599,379	-

Notes to the Condensed Interim Consolidated Financial Statements

For the half year ended December 31, 2014 (Un-audited)

14 DATE OF AUTHORISATION FOR ISSUE

These condensed interim consolidated financial statements were authorized for issue on February 21, 2015 by the Board of Directors of the Company.

15 CORRESPONDING FIGURES

Certain prior period figures have been reclassified for the purpose of better presentation, however there are no major reclassifications to report.

16 GENERAL

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

Pezu Plant

Main Indus Highway, Pezu, Distt. Lakki Marwat, Khyber Pakhtunkhwa.

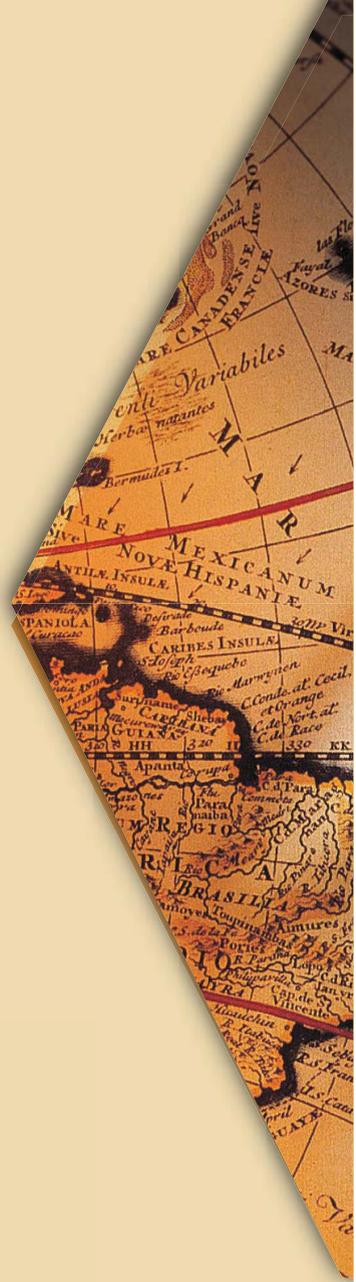
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104 km Milestone from Karachi to Hyderabad (58km towards Karachi)

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