

# CULTIVATING GROWTH



FIRST QUARTER REPORT  
SEPTEMBER 30, 2015





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# COMPANY INFORMATION

BOARD OF DIRECTORS	
Mr. Muhammad Yunus Tabba – Chairman	Mrs. Rahila Aleem (Alternate: Mrs. Mariam Tabba Khan)
Mr. Muhammad Ali Tabba	Mrs. Zulekha Tabba Maskatiya
Mr. Muhammad Sohail Tabba	Mr. Muhammad Abid Ganatra
Mr. Jawed Yunus Tabba	Mr. Tariq Iqbal Khan
BOARD COMMITTEES	
<b>Chief Executive</b>	Mr. Muhammad Ali Tabba
<b>Executive Directors</b>	Mr. Noman Hasan Mr. Muhammad Faisal (Chief Strategy, Finance & Investment Officer )
<b>Chief Operating Officer</b>	Mr. Amin Ganny
<b>Company Secretary</b>	Mr. Fayyaz Abdul Ghaffar
BOARD COMMITTEES	
<b>Audit Committee</b>	<b>Human Resource and Remuneration Committee</b>
<ul style="list-style-type: none"> <li>Mr. Tariq Iqbal Khan-Chairman</li> <li>Mr. Muhammad Ali Tabba</li> <li>Mr. Muhammad Sohail Tabba</li> <li>Mr. Jawed Yunus Tabba</li> <li>Mrs. Zulekha Tabba Maskatiya</li> <li>Mr. Muhammad Abid Ganatra</li> </ul>	<ul style="list-style-type: none"> <li>Mrs. Rahila Aleem-Chairperson (Alternate: Mrs. Mariam Tabba Khan)</li> <li>Mr. Muhammad Ali Tabba</li> <li>Mr. Muhammad Sohail Tabba</li> <li>Mr. Jawed Yunus Tabba</li> <li>Mrs. Zulekha Tabba Maskatiya</li> </ul>
<b>Budget Committee</b>	<b>Corporate Governance Committee</b>
<ul style="list-style-type: none"> <li>Mr. Muhammad Sohail Tabba-Chairman</li> <li>Mr. Muhammad Ali Tabba</li> <li>Mr. Jawed Yunus Tabba</li> <li>Mr. Muhammad Abid Ganatra</li> </ul>	<ul style="list-style-type: none"> <li>Mr. Jawed Yunus Tabba -Chairman</li> <li>Mr. Muhammad Abid Ganatra</li> <li>Mrs. Rahila Aleem (Alternate: Mrs. Mariam Tabba Khan)</li> </ul>
BANKERS	
<ul style="list-style-type: none"> <li>Allied Bank Limited</li> <li>Askari Bank Limited</li> <li>Bank Alfalah Limited</li> <li>Bank AL-Habib Limited</li> <li>Citibank N.A.</li> <li>Dubai Islamic Bank Pakistan Limited</li> <li>Habib Bank Limited</li> <li>Habib Metropolitan Bank Limited</li> </ul>	<ul style="list-style-type: none"> <li>MCB Bank Limited</li> <li>Meezan Bank Limited</li> <li>National Bank of Pakistan</li> <li>NIB Bank Limited</li> <li>Standard Chartered Bank (Pakistan) Limited</li> <li>Summit Bank Limited</li> <li>United Bank Limited</li> </ul>
AUDITORS	
<b>External Auditors</b>	<b>Cost Auditors</b>
M/s Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants (A member firm of Ernst & Young Global Limited)	M/s. KPMG Taseer Hadi & Co. Chartered Accountants
<b>REGISTERED OFFICE</b>	<b>HEAD OFFICE</b>
Main Indus Highway, Pezu, District Lakki Marwat, Khyber Pakhtunkhwa, Pakistan	6-A, Muhammad Ali Housing Society, A.Aziz Hashim Tabba Street, Karachi – 75350 UAN: (021) 111-786-555 Website: www.lucky-cement.com Email: info@lucky-cement.com
<b>PRODUCTION FACILITIES</b>	<b>SHARE REGISTRAR/TRANSFER AGENT</b>
<ol style="list-style-type: none"> <li>Main Indus Highway, Pezu, District Lakki Marwat, Khyber Pakhtunkhwa, Pakistan</li> <li>58 Kilometers on Main Super Highway, Gadap Town, Karachi, Pakistan</li> </ol>	Central Depository Company of Pakistan Limited CDC House, 99-B, Block-B, S.M.C.H.S Main Shahra-e-Faisal, Karachi, Pakistan (Toll Free): 0800 23275



# 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, 2015.

## Overview

Cement industry in Pakistan grew by 1.4% to 8.27 million tons during the first quarter compared to 8.16 million tons during the same period last year. While local sales volume registered a growth of 11.1% to 6.77 million tons during the first quarter compared to 6.10 million tons during the same period last year, export sales volume registered a decline of 27.2% to 1.50 million tons during the first quarter compared to 2.06 million tons during the same period last year.

Your Company's overall sales volume declined by 2.7% to 1.56 million tons during the first quarter compared to 1.61 million tons sold in the same period last year. While local sales volume of your Company registered a growth of 11.0% to 1.07 million tons during the first quarter compared to 0.97 million tons during the same period last year, export sales volume declined by 23.2% to 0.49 million tons during the first quarter compared to 0.64 million tons during the same period last year.

The EPS for the quarter was recorded at PKR 9.18 which is 11.2% higher than the same period last year's EPS of PKR 8.25.

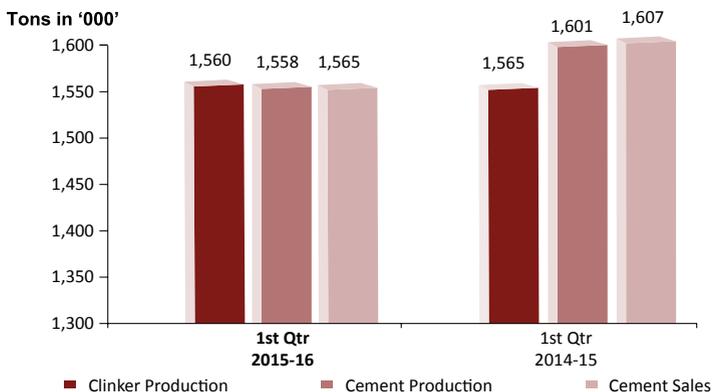
## Business Performance:

### (a) Production & Sales Volume Performance

The production and sales statistics of your Company for the first quarter of the financial year 2015-16 compared to the same period last year are as follows:

Particulars	1st Quarter 2015-16	1st Quarter 2014-15	Increase/ (Decrease)
	----- Tons in '000' -----		%
Clinker Production	1,560	1,565	(0.3%)
Cement Production	1,558	1,601	(2.7%)
Cement Sales	1,565	1,607	(2.7%)

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 2015-16 with the same period last year is presented below:

Particulars (Tons in '000')	1st Quarter 2015-16	1st Quarter 2014-15	Growth / (Decline) %	
<b>Cement Industry</b>				
Local Sales	6,774	6,097	678	11.1%
Export Sales				
- Bagged	1,499	1,975	(476)	(24.1%)
- Loose	0	85	(85)	(100.0%)
Total Exports	1,499	2,060	561	(27.2%)
Grand Total	8,274	8,157	117	1.4%
<b>Lucky Cement</b>				
Local Sales	1,071	965	106	11.0%
Export Sales				
- Bagged	494	557	(64)	(11.4%)
- Loose	0	85	(85)	(100.0%)
Total Exports	494	643	(149)	(23.2%)
Grand Total	1,565	1,607	(42)	(2.7%)
<b>Market Share %</b>				
Local Sales	15.8%	15.8%	0.0%	
Export Sales				
- Bagged	32.9%	28.2%	16.7%	
- Loose	0.0%	100.0%	(100.0%)	
Total Export	32.9%	31.2%	5.4%	
Grand Total	18.9%	19.7%	(4.1%)	

Industry Source: APCMA website

**(b) Financial Performance**

The financial performance of your Company for the first quarter of the financial year 2015-16 compared to the same period last year is presented below:

Numbers in PKR million except EPS

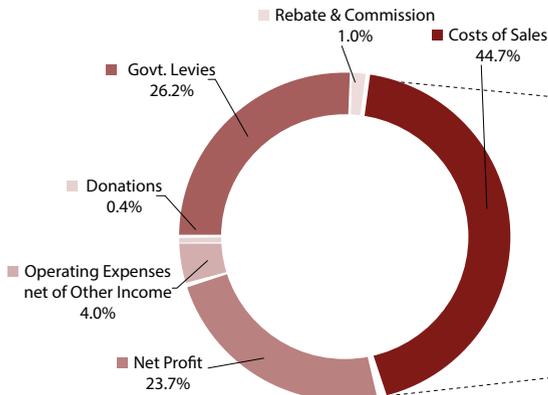
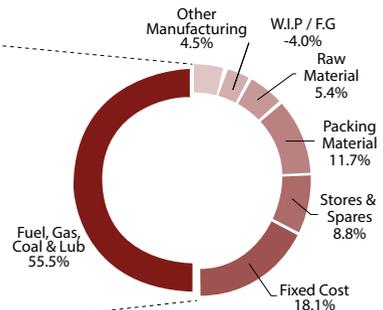
	1st Quarter 2015-16	1st Quarter 2014-15	% Change
Revenue	<b>10,342</b>	10,470	(1.2%)
GP	<b>4,753</b>	4,412	7.8%
OP	<b>3,898</b>	3,335	16.9%
EBITDA	<b>4,509</b>	3,874	16.4%
NP	<b>2,968</b>	2,669	11.2%
EPS	<b>9.18 / Share</b>	8.25 / Share	11.2%

**Revenue**

During the first quarter 2015-16 under review, your Company's net sales revenue declined by 1.2% compared to same period last year. This was mainly attributable to decline of 2.7% in sales volume which was partially offset by 1.5% increase in net retention due to improved sales mix.

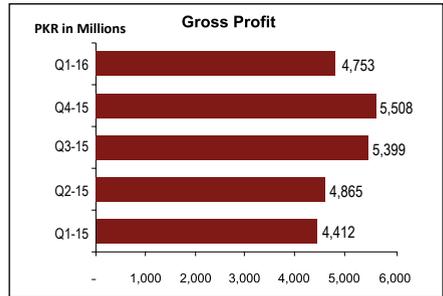
**Cost of Sales**

Per ton cost of sales of your Company during the period under review decreased by 5.3% compared to last year. The decrease was mainly attributable to decrease in coal and other fuel prices as well as positive contribution of WHR in Karachi Plant.

**Distribution of Gross Revenue**

**Distribution of Cost of Sales**


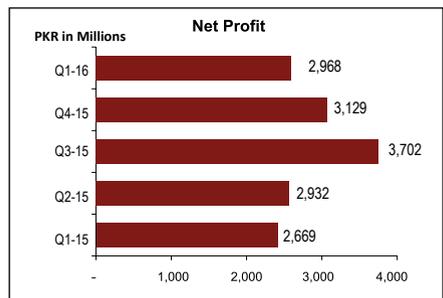
**Gross Profit**

Your Company was able to improve its gross profit margin to 46.0% for the quarter under review compared to 42.1% reported during the same period last year.



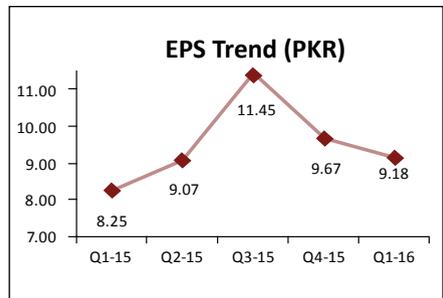
**Net Profit**

Your Company achieved profit before tax of PKR 3,914.3 million during the quarter under review compared to PKR 3,345.4 million reported during the same period last year. Similarly, after tax profit of PKR 2,968.2 million was achieved during the quarter under review compared to PKR 2,669.1 million reported during the same period last year.



**Earnings per share**

The earnings per share of your Company for the first quarter ended September 30, 2015 was PKR 9.18 compared to PKR 8.25 reported during the same period last year.



**Projects – New and Ongoing**

**Fully integrated green field Cement Plant in Punjab Province of Pakistan**

Keeping in view the expected growth in the country of cement on the back of long term infrastructure projects primarily driven by China Pakistan Economic Corridor (CPEC) initiative, the Board of Directors of your Company has decided to put up a 2.3 million tons capacity, fully integrated green field cement manufacturing plant in Punjab Province. The expected project cost is US\$ 200 million and construction work is expected to start in the first quarter of calendar year 2016. It is expected that plant will become operational in the second quarter of calendar year 2018.

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

5 MW WHR at PEZU Plant is expected to be completed by end of October, 2015.

**Electricity Supply to PESCO**

Tariff petition has been filed with National Electric Power Regulatory Authority (NEPRA) which is awaiting determination. Once tariff is determined by NEPRA, an agreement for the supply of 15 MW electricity shall be signed with PESCO.

**Investments**

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

Project land has been acquired and the Company is currently in the process of appointing Owners’ Engineer (OE) and Technical consultant to carry out feasibility study. The target to achieve financial close is May 2016.

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

The construction work at project site is in progress to achieve planned Commercial Operations Date (COD) of October 2016.

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

The EPC Contractors have been mobilized at project site and currently engaged in full scale construction activities. The project is expected to be completed by the end of May 2016.

### **Corporate Social Responsibility**

Being a responsible corporate citizen, your Company continued to strengthen on its core values of corporate social responsibility by contributions in the areas of education, health and environment during the quarter under review.

Your Company offered merit based scholarships to numerous talented students in leading schools and universities, alongside celebrating International Literacy Day on September 8th by making donations for school library and curriculum books for Higher Secondary School, Yarak (District Lakki Marwat) and Hilal Public School, Nooriabad, Sindh.

Under the ambit of providing equitable healthcare to the deserving, your Company continued its patronage of Aziz Tabba Foundation, a welfare entity dedicated to raising the standards of health, education and economic wellbeing of the community at large.

### **Outlook**

Your Company is optimistic about its volumetric growth in the current financial year. Domestic sales are expected to maintain the same upward momentum during the entire year as witnessed in the first quarter of the current financial year on the back of private and public sector construction projects as well as mega construction projects under the China–Pakistan Economic Corridor (CPEC) initiative. Exports, however, will continue to be challenging primarily due to lower commodity prices in the international market and devaluation of currencies of the countries against US\$ which are prime export markets of your Company. Your Company, however, will be able to fully offset the negative impact of declining export volumes with local volumes. Your Company's strong and debt-free financial position and free cash flow generating ability would continue to help investing in projects and avenues which bring in operational efficiencies and enhance shareholder value.

### **Acknowledgement**

Your directors take this opportunity to express their deep sense of gratitude for 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 29, 2015

# Unconsolidated Condensed Interim Balance Sheet

As at September 30, 2015 (Un-audited)

	Note	September 30, 2015 (Un-audited) (PKR in '000')	June 30, 2015 (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed Assets			
Property, plant and equipment	4	34,894,816	35,018,819
Intangible assets		36,615	41,921
		34,931,431	35,060,740
Long-term investments	5	10,950,020	10,925,020
Long-term loans and advances		827,841	78,981
Long-term deposits		3,175	3,175
		46,712,467	46,067,916
<b>CURRENT ASSETS</b>			
Stores and spares		5,605,489	4,995,423
Stock-in-trade		1,740,554	1,580,745
Trade debts		2,313,484	2,042,199
Loans and advances		250,001	253,350
Trade deposits and short term prepayments		48,700	50,688
Accrued mark-up on deposit accounts		94,584	79,257
Other receivables	6	1,311,169	1,032,853
Tax refunds due from the Government	7	538,812	538,812
Cash and bank balances		17,557,755	16,444,622
		29,460,548	27,017,949
<b>TOTAL ASSETS</b>		<b>76,173,015</b>	<b>73,085,865</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized capital</b>		<b>5,000,000</b>	<b>5,000,000</b>
Share capital		3,233,750	3,233,750
Reserves		58,993,233	56,025,020
		62,226,983	59,258,770
<b>NON-CURRENT LIABILITIES</b>			
Long-term deposits		69,937	69,246
Deferred liabilities	8	6,392,143	6,327,146
		6,462,080	6,396,392
<b>CURRENT LIABILITIES</b>			
Trade and other payables		6,265,384	6,382,372
Taxation - net		1,218,568	1,048,331
		7,483,952	7,430,703
<b>CONTINGENCIES AND COMMITMENTS</b>	9		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>76,173,015</b>	<b>73,085,865</b>

The annexed notes from 1 to 16 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 1st quarter ended September 30, 2015 (Un-audited)

	Note	September 30, 2015 (PKR in '000')	September 30, 2014
<b>Gross sales</b>	10	<b>12,498,877</b>	12,522,132
Less: Sales tax and excise duty		<b>2,029,367</b>	1,875,866
Rebates and commission		<b>127,378</b>	176,325
		<b>2,156,745</b>	2,052,191
<b>Net sales</b>		<b>10,342,132</b>	10,469,941
<b>Cost of sales</b>		<b>(5,588,634)</b>	(6,058,431)
<b>Gross profit</b>		<b>4,753,498</b>	4,411,510
Distribution costs		<b>(592,274)</b>	(868,113)
Administrative expenses		<b>(263,634)</b>	(208,214)
Finance costs		<b>(2,898)</b>	(9,198)
Other expenses		<b>(338,855)</b>	(312,890)
Other income	11	<b>358,430</b>	332,346
<b>Profit before taxation</b>		<b>3,914,267</b>	3,345,441
<b>Taxation</b>			
- current		<b>(931,464)</b>	(676,312)
- deferred		<b>(14,590)</b>	-
		<b>(946,054)</b>	(676,312)
<b>Profit after taxation</b>		<b>2,968,213</b>	2,669,129
<b>Other comprehensive income for the period</b>		-	-
<b>Total comprehensive income for the period</b>		<b>2,968,213</b>	2,669,129
<b>(PKR)</b>			
<b>Earnings per share - basic and diluted</b>		<b>9.18</b>	8.25

The annexed notes from 1 to 16 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 1st quarter ended September 30, 2015 (Un-audited)

	Note	September 30, 2015 (PKR in '000')	September 30, 2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash generated from operations</b>	12	<b>3,141,458</b>	4,420,801
Finance costs paid		(2,898)	(11,315)
Income tax paid		(761,239)	(483,191)
Gratuity paid		(11,595)	(9,765)
		<b>(775,732)</b>	(504,271)
Long-term loans and advances		<b>(748,860)</b>	-
Long-term deposits		692	(1,197)
<b>Net cash generated from operating activities</b>		<b>1,617,558</b>	3,915,333
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(483,404)	(1,495,470)
Long-term investment		(25,000)	(1,143,115)
Long-term advance		-	(932)
Sale proceeds on disposal of property, plant and equipment		4,068	9,161
<b>Net cash used in investing activities</b>		<b>(504,336)</b>	(2,630,356)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long-term finance		-	(104,203)
Dividends paid		(89)	(230)
<b>Net cash used in financing activities</b>		<b>(89)</b>	(104,433)
Net increase in cash and cash equivalents		<b>1,113,133</b>	1,180,544
Cash and cash equivalents at the beginning of the period		<b>16,444,622</b>	8,519,082
Cash and cash equivalents at the end of the period		<b>17,557,755</b>	9,699,626

The annexed notes from 1 to 16 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 1st quarter ended September 30, 2015 (Un-audited)

	Issued, subscribed and paid up capital	Capital reserve	Revenue reserves		Total reserves	Total equity
		Share premium	General reserve	Unappropriated profit		
----- (PKR in '000) -----						
Balance as at July 01, 2014	3,233,750	7,343,422	27,871,271	11,343,740	46,558,433	49,792,183
Total comprehensive income for the quarter ended September 30, 2014	-	-	-	2,669,129	2,669,129	2,669,129
Balance as at September 30, 2014	3,233,750	7,343,422	27,871,271	14,012,869	49,227,562	52,461,312
Balance as at July 01, 2015	3,233,750	7,343,422	36,304,636	12,376,962	56,025,020	59,258,770
Total comprehensive income for the quarter ended September 30, 2015	-	-	-	2,968,213	2,968,213	2,968,213
<b>Balance as at September 30, 2015</b>	<b>3,233,750</b>	<b>7,343,422</b>	<b>36,304,636</b>	<b>15,345,175</b>	<b>58,993,233</b>	<b>62,226,983</b>

The annexed notes from 1 to 16 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 1st quarter ended September 30, 2015 (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 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 condensed interim financial statements of the Company for the 1st quarter ended September 30, 2015 have been prepared in accordance with the requirements of the International Accounting Standards (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, 2015.

## 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, 2015.

## 4 PROPERTY, PLANT AND EQUIPMENT

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

		<b>September 30, 2015</b>	June 30, 2015
		<b>(Un-audited)</b>	(Audited)
	Note	<b>(PKR in '000')</b>	
Operating fixed assets (WDV) - opening balance		<b>33,734,793</b>	29,508,081
Add: Additions during the period/year	4.2	<b>178,831</b>	6,537,533
		<b>33,913,624</b>	36,045,614
Less: Disposals during the period/year (WDV)		<b>606</b>	41,584
Depreciation charge for the period/year		<b>606,015</b>	2,269,237
Operating fixed assets (WDV) - closing balance		<b>33,307,003</b>	33,734,793
Add: Capital work-in-progress	4.3	<b>1,587,813</b>	1,284,026
		<b>34,894,816</b>	35,018,819

## Notes to the Unconsolidated Condensed Interim Financial Statements

For the 1st quarter ended September 30, 2015 (Un-audited)

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

	Additions (Cost)	Deletions (Cost)
	(PKR in '000')	
<b>Operating fixed assets</b>		
Land	201	-
Buildings	4,898	-
Plant and machinery	34,986	-
Generators	710	-
Quarry equipments	32,401	-
Vehicles	65,404	4,790
Furniture and fixtures	3,246	-
Office equipments	3,427	-
Computer and accessories	3,479	-
Other assets	30,079	40
	<b>178,831</b>	<b>4,830</b>

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

	September 30, 2015	June 30, 2015
	(Un-audited)	(Audited)
Note	(PKR in '000')	
Opening balance	1,284,026	2,429,130
Add: Additions during the period/year	434,286	5,270,602
	<b>1,718,312</b>	7,699,732
Less: Transferred to operating fixed assets	130,499	6,415,706
Closing balance	<b>1,587,813</b>	1,284,026

### 5 LONG-TERM INVESTMENTS - at cost

Lucky Holdings Limited	5.1	5,619,000	5,619,000
LCL Investment Holdings Limited	5.2	4,580,500	4,580,500
LCL Holdings Limited	5.3	521,155	521,155
Yunus Energy Limited	5.4	229,365	204,365
		<b>10,950,020</b>	10,925,020

**5.1** As of the balance sheet date, the Company owns 75 percent shares of Lucky Holdings Limited (LHL). LHL owns 74.70 percent shares of ICI Pakistan Limited as of the said date.

**5.2** 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 cement grinding unit in the Republic of Iraq and for constructing a fully integrated cement manufacturing unit in the Democratic Republic of Congo. LCLIHL holds 50 percent ownership interest in the aforesaid Joint Ventures.

## Notes to the Unconsolidated Condensed Interim Financial Statements

For the 1st quarter ended September 30, 2015 (Un-audited)

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- 5.3** Represents equity investment in LCL Holdings Limited (LCLHL), a wholly owned subsidiary of the Company, incorporated in Pakistan. As of the balance sheet date, LCLHL owns 100 percent shares in Lucky Electric Power Company Limited.
- 5.4** Represents equity investment in Yunus Energy Limited (YEL), a public unlisted company incorporated in Pakistan. As of the balance sheet date, the Company owns 20 percent shares of YEL.

### 6 OTHER RECEIVABLES

The balance includes receivable from Hyderabad Electric Supply Company Ltd (HESCO) amounting to PKR 1,136.61 million which is overdue but not considered impaired and pertains to electricity supplied for the period from February to September 2015. The Company has filed a writ petition in Sindh High Court against HESCO for non-payment of its dues; which is currently pending adjudication.

Subsequent to the quarter end, Company has filed an appeal in the Supreme Court of Pakistan against NEPRA, challenging the order dated September 2, 2015, passed by the Sindh High Court with regards to NEPRA's decision to revise tariff vide its impugned determination dated 9th January 2013.

### 7. 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 PKR 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 judgement of the Honourable Supreme Court of Pakistan, the Company filed a refund claim of PKR 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.

## Notes to the Unconsolidated Condensed Interim Financial Statements

For the 1st quarter ended September 30, 2015 (Un-audited)

A review petition was also filed by the 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.

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. However, the President of Pakistan endorsed the recommendations of the FTO. The Peshawar High Court suspended the operations of the orders of FTO and President of Pakistan on 14th July 2015 till further orders. Subsequently, FBR then filed writ petition in the Peshawar High Court challenging the above decision of the FTO and the President's recommendation given in favor of the Company. The Company has now filed a counter affidavit in response to FBR's above writ petition; which is pending adjudication in the Peshawar High Court.

		<b>September 30, 2015</b>	June 30, 2015
		<b>(Un-audited)</b>	(Audited)
	Note	<b>(PKR in '000')</b>	
<b>8 DEFERRED LIABILITIES</b>			
Staff gratuity		<b>1,057,129</b>	1,006,711
Deferred tax liability	8.1	<b>5,335,014</b>	5,320,435
		<b>6,392,143</b>	6,327,146
<b>8.1 Deferred tax liability</b>			
This comprises of the following :			
Deferred tax liability			
Difference in tax and accounting bases of			
- fixed assets		<b>5,686,598</b>	5,652,783
Deferred tax assets			
- Provisions		<b>(351,584)</b>	(332,348)
		<b>5,335,014</b>	5,320,435

## Notes to the Unconsolidated Condensed Interim Financial Statements

For the 1st quarter ended September 30, 2015 (Un-audited)

### 9 CONTINGENCIES AND COMMITMENTS

9.1 There are no major changes in the status of contingencies and commitments as reported in the annual audited financial statements of the Company for the year ended June 30, 2015, except as disclosed in note 9.2.

	<b>September 30, 2015</b>	June 30, 2015
	<b>(Un-audited)</b>	(Audited)
	<b>(PKR in '000')</b>	
<b>9.2</b> Plant and machinery under letters of credit	<b>162,815</b>	50,583
Stores, spares and packing material under letters of credit	<b>1,328,110</b>	2,162,633
Standby letter of credit issued by the Company	<b>475,000</b>	500,000
Bank guarantees issued on behalf of the Company	<b>1,070,574</b>	1,073,288
Post dated cheques	<b>465,522</b>	450,436

	<b>For the 1st quarter ended</b>	
	<b>September 30, 2015</b>	September 30, 2014
	<b>(PKR in '000')</b>	
<b>10 GROSS SALES</b>		
Local	<b>9,660,144</b>	8,757,816
Export	<b>2,838,733</b>	3,764,316
	<b>12,498,877</b>	12,522,132

### 11 OTHER INCOME

It mainly includes interest income from bank deposits and net income from supply of surplus electricity to HESCO.

## Notes to the Unconsolidated Condensed Interim Financial Statements

For the 1st quarter ended September 30, 2015 (Un-audited)

	Note	For the 1st quarter ended	
		September 30,	September 30,
		2015	2014
		(PKR in '000')	
<b>12 CASH GENERATED FROM OPERATIONS</b>			
Profit before taxation		<b>3,914,267</b>	3,345,441
<b>Adjustments for non cash charges and other items</b>			
Depreciation	4.1	<b>606,015</b>	535,584
Amortization of intangible assets		<b>6,092</b>	3,224
Gain on disposal of fixed assets		<b>(3,462)</b>	(2,037)
Provision for gratuity		<b>62,013</b>	61,633
Finance cost		<b>2,898</b>	9,198
Profit before working capital changes		<b>4,587,823</b>	3,953,043
<b>(Increase) / decrease in current assets</b>			
Stores and spares		<b>(610,066)</b>	(347,150)
Stock in trade		<b>(159,809)</b>	(264,301)
Trade Debts		<b>(271,285)</b>	(109,740)
Loans and advances		<b>3,349</b>	(72,391)
Trade deposits and short term prepayments		<b>1,988</b>	16,826
Accrued mark-up on deposit accounts		<b>(15,327)</b>	-
Other receivables		<b>(278,316)</b>	57,612
		<b>(1,329,466)</b>	(719,144)
<b>(Decrease) / increase in current liabilities</b>			
Trade and other payables		<b>(116,899)</b>	1,186,902
Cash flows generated from operations		<b>3,141,458</b>	4,420,801

## Notes to the Unconsolidated Condensed Interim Financial Statements

For the 1st quarter ended September 30, 2015 (Un-audited)

### 13 TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of subsidiaries, 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 1st quarter ended	
	September 30, 2015	September 30, 2014
	(PKR in '000')	
<b>Subsidiary Companies</b>		
<b>LCL Holdings Limited</b>		
Reimbursement of expenses	14	-
Advance against future issuance of shares	590,000	-
<b>Lucky Electric Power Company Limited</b>		
Reimbursement of expenses	521	-
<b>LCL Investment Holdings Limited</b>		
Investment made during the period	-	1,025,000
<b>ICI Pakistan Limited</b>		
Sales	7,708	6,541
<b>Director</b>		
Sales	778	-
<b>Associated Undertakings</b>		
<b>Lucky Paragon ReadyMix Limited</b>		
Sales	86,985	86,607
<b>Lucky Textile Mills Limited</b>		
Sales	14,137	15,142
<b>Gadoon Textile Mills Limited</b>		
Sales	964	2,574
<b>Yunus Textile Mills Limited</b>		
Sales	595	13,800
<b>Fazal Textile Mills Limited</b>		
Sales	-	1,541
<b>Aziz Tabba Foundation</b>		
Sales	125	990
Donation	20,000	40,000
<b>Lucky One (Pvt) Limited</b>		
Sales	8,934	37,579
<b>Lucky Knits (Pvt) Limited</b>		
Sales	1,610	-
<b>Feroze 1888 Mills Limited</b>		
Sales	8,124	-
<b>International Steels Limited</b>		
Sales	906	-
<b>Lucky Foods (Pvt) Limited</b>		
Sales	193	-
<b>Lucky Air (Pvt) limited</b>		
Services	6,575	8,250
<b>Yunus Energy Limited</b>		
Investment made during the period	25,000	118,115
Advance against future issuance of shares	162,000	-

## Notes to the Unconsolidated Condensed Interim Financial Statements

For the 1st quarter ended September 30, 2015 (Un-audited)

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### 14 DATE OF AUTHORISATION FOR ISSUE

These condensed interim unconsolidated financial statements were authorized for issue on October 29, 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

**16.1** The Board of Directors in their meeting held on September 08, 2015 (i) approved the transfer of PKR 9,521.223 million (2014: PKR 8,433.365 million) from un-appropriated profit to general reserve; and (ii) proposed final dividend of PKR 9/- per share for the year ended June 30, 2015 amounting to PKR 2,910.375 million (2014: PKR 2,910.375 million) which is to be approved by the members at the Annual General Meeting to be held on October 31, 2015. These financial statements do not reflect this appropriation and the proposed dividend payable.

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



Muhammad Yunus Tabba  
Chairman / Director



Muhammad Ali Tabba  
Chief Executive

# Condensed Interim Consolidated Balance Sheet

As at September 30, 2015 (Un-audited)

	Note	September 30, 2015 (Un-audited) (PKR in '000')	June 30, 2015 (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed Assets			
Property, plant and equipment	4	51,277,175	49,900,183
Intangible assets		7,257,286	7,360,811
		58,534,461	57,260,994
Long-term investments	5	10,435,217	10,007,198
Long-term loans and advances		584,528	405,496
Long-term deposits and prepayments		33,706	33,952
		69,587,912	67,707,640
<b>CURRENT ASSETS</b>			
Stores, spares and consumables		6,567,269	5,921,887
Stock-in-trade		6,773,004	6,524,154
Trade debts		4,100,783	3,473,293
Loans and advances		592,390	578,609
Trade deposits and short-term prepayments		517,651	464,392
Accrued mark-up		95,667	79,257
Other receivables	6	2,522,549	2,023,466
Tax refunds due from the Government	7	538,812	538,812
Taxation - net		453,223	997,518
Cash and bank balances		19,177,943	18,155,599
		41,339,291	38,756,987
<b>TOTAL ASSETS</b>		<b>110,927,203</b>	<b>106,464,627</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		3,233,750	3,233,750
Reserves		61,632,972	58,190,818
Attributable to the owners of the Holding Company		64,866,722	61,424,568
Non-controlling interests		7,263,790	7,071,234
Total equity		72,130,512	68,495,802
<b>NON-CURRENT LIABILITIES</b>			
Long-term finances	8	8,844,227	8,854,165
Long-term deposits		69,937	69,246
Deferred liabilities	9	9,440,275	9,430,707
		18,354,439	18,354,118
<b>CURRENT LIABILITIES</b>			
Short-term borrowings and running finance		2,984,160	1,833,247
Trade and other payables		15,285,333	15,819,145
Accrued mark-up		161,804	165,210
Current portion of long-term finance	8	2,010,955	1,797,105
		20,442,252	19,614,707
<b>CONTINGENCIES AND COMMITMENTS</b>	10		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>110,927,203</b>	<b>106,464,627</b>

The annexed notes from 1 to 17 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, 2015 (Un-audited)

	Note	September 30, 2015	September 30, 2014
(PKR in'000')			
<b>Gross sales</b>	11	<b>22,329,803</b>	23,052,579
Less: Sales tax and excise duty		<b>2,738,581</b>	2,525,457
Rebates and commission		<b>754,906</b>	733,725
		<b>3,493,487</b>	3,259,182
<b>Net sales</b>		<b>18,836,316</b>	19,793,397
<b>Cost of sales</b>		<b>(12,741,302)</b>	(14,159,977)
<b>Gross profit</b>		<b>6,095,014</b>	5,633,420
Distribution costs		<b>(1,034,508)</b>	(1,223,545)
Administrative expenses		<b>(495,195)</b>	(439,860)
Finance costs		<b>(260,051)</b>	(377,361)
Other expenses		<b>(395,791)</b>	(354,835)
Other income	12	<b>620,558</b>	524,314
<b>Profit before taxation</b>		<b>4,530,027</b>	3,762,133
Taxation			
- current		<b>(1,090,993)</b>	(868,703)
- deferred		<b>43,636</b>	119,094
		<b>(1,047,357)</b>	(749,609)
<b>Profit after taxation</b>		<b>3,482,670</b>	3,012,524
<b>Attributable to:</b>			
Owners of the Holding Company		<b>3,297,815</b>	2,897,622
Non-controlling interests		<b>184,855</b>	114,902
		<b>3,482,670</b>	3,012,524
<b>Other comprehensive income for the period</b>			
Foreign exchange differences on translation of foreign operations		<b>132,515</b>	95,976
Items to be reclassified to profit or loss in subsequent periods:			
Loss on hedge during the period		<b>(3,342)</b>	-
Income tax relating to hedging reserve		<b>1,069</b>	-
		<b>(2,273)</b>	-
Adjustments for amounts transferred to initial carrying amounts of hedged item - capital work-in-progress		<b>386</b>	-
<b>Total comprehensive income for the period</b>		<b>3,613,298</b>	3,108,500
<b>Attributable to:</b>			
Owners of the Holding Company		<b>3,429,272</b>	2,993,598
Non-controlling interests		<b>184,026</b>	114,902
		<b>3,613,298</b>	3,108,500
(PKR)			
<b>Earnings per share - basic and diluted</b>		<b>10.20</b>	8.96

The annexed notes from 1 to 17 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, 2015 (Un-audited)

	Note	September 30, 2015	September 30, 2014
(PKR in '000')			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash generated from operations</b>	13	<b>3,210,789</b>	6,098,173
Finance costs paid		(183,525)	(269,075)
Income tax paid		(562,045)	(601,410)
Gratuity paid		(27,093)	(23,796)
		<b>(772,663)</b>	(894,281)
Long-term loans and advances		(179,032)	(14,094)
Long-term deposits		938	(964)
<b>Net cash generated from operating activities</b>		<b>2,260,032</b>	5,188,834
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(2,593,786)	(2,271,482)
Long-term advance		-	(2,738,805)
Investments		(25,000)	(439,606)
Interest received on bank deposits/investment		6,855	-
Dividend from Associate		75,000	-
Sale proceeds on disposal of property, plant and equipment		25,555	9,898
<b>Net cash (used in) investing activities</b>		<b>(2,511,376)</b>	(5,439,995)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long-term finance - net		123,288	(259,759)
Dividends paid		(514)	(1,555)
Short-term borrowings and running finance		1,150,914	(123,066)
<b>Net cash generated from / (used in) financing activities</b>		<b>1,273,688</b>	(384,380)
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>1,022,344</b>	(635,541)
Cash and cash equivalents at the beginning of the period		18,155,599	11,723,248
<b>Cash and cash equivalents at the end of the period</b>		<b>19,177,943</b>	11,087,707

The annexed notes from 1 to 17 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, 2015 (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	Hedging reserve	Unappropriated Profit			
-----PKR in '000'-----									
Balance as at July 01, 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
Total comprehensive income for the quarter ended September 30, 2014	-	-	-	95,976	-	2,897,622	2,993,598	114,902	3,108,500
Balance as at September 30, 2014	3,233,750	7,343,422	27,871,271	32,422	-	14,911,818	50,158,933	6,335,905	59,728,588
Balance as at July 01, 2015	3,233,750	7,343,422	36,304,636	1,854	-	14,540,906	58,190,818	7,071,234	68,495,802
Decrease in ownership interest in ICI	-	-	-	-	-	12,882	12,882	8,530	21,412
Profit after taxation	-	-	-	-	-	3,297,815	3,297,815	184,855	3,482,670
Other comprehensive income	-	-	-	132,515	(1,058)	-	131,457	(829)	130,628
Total comprehensive income for the quarter ended September 30, 2015	-	-	-	132,515	(1,058)	3,297,815	3,429,272	184,026	3,613,298
<b>Balance as at September 30, 2015</b>	<b>3,233,750</b>	<b>7,343,422</b>	<b>36,304,636</b>	<b>134,369</b>	<b>(1,058)</b>	<b>17,851,603</b>	<b>61,632,972</b>	<b>7,263,790</b>	<b>72,130,512</b>

The annexed notes from 1 to 17 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, 2015 (Un-audited)

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## 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 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 two 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), a 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, to run 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 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 74.70% (2015: 74.75%) 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, 2015 (Un-audited)

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

### 1.6 LCL Holdings Limited

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

### 1.7 Lucky Electric Power Company Limited

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

## 2 STATEMENT OF COMPLIANCE

These condensed interim consolidated financial statements of the Holding Company for the 1st quarter ended September 30, 2015 have been prepared in accordance with the requirements of the International Accounting Standards (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, 2015.

## 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, 2015.

## Notes to the Condensed Interim Consolidated Financial Statements

For the 1st quarter ended September 30, 2015 (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, 2015</b>	June 30, 2015
		<b>(Un-audited)</b>	(Audited)
	Note	<b>(PKR in '000')</b>	
Operating fixed assets (WDV) - opening balance		<b>46,737,710</b>	40,734,338
Add: Additions during the period/year	4.2	<b>410,479</b>	10,023,829
		<b>47,148,189</b>	50,758,167
Less: Disposals during the period/year (WDV)		<b>5,907</b>	48,048
Depreciation charge for the period/year		<b>1,083,448</b>	3,972,409
Operating fixed assets (WDV) - closing balance		<b>46,058,834</b>	46,737,710
Add: Capital work-in-progress	4.3	<b>5,218,341</b>	3,162,473
		<b>51,277,175</b>	49,900,183

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>(PKR in '000')</b>	
<b>Operating fixed assets</b>		
Land	<b>201</b>	-
Buildings	<b>101,748</b>	<b>10,458</b>
Plant and machinery	<b>164,833</b>	-
Generators	<b>710</b>	-
Quarry equipments	<b>32,401</b>	-
Vehicles	<b>65,513</b>	<b>4,790</b>
Furniture and fixtures	<b>7,743</b>	<b>189</b>
Office equipments	<b>3,427</b>	-
Computer & accessories	<b>3,824</b>	-
Other assets	<b>30,079</b>	<b>40</b>
	<b>410,479</b>	<b>15,477</b>

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

	<b>September 30, 2015</b>	June 30, 2015
	<b>(Un-audited)</b>	(Audited)
	<b>(PKR in '000')</b>	
Opening balance	<b>3,162,473</b>	3,329,085
Add: Additions during the period/year	<b>2,412,999</b>	9,689,891
	<b>5,575,472</b>	13,018,976
Less: Transferred to operating fixed assets	<b>357,131</b>	9,856,503
Closing balance	<b>5,218,341</b>	3,162,473

## Notes to the Condensed Interim Consolidated Financial Statements

For the 1st quarter ended September 30, 2015 (Un-audited)

	Note	September 30, 2015 (Un-audited) (PKR in '000')	June 30, 2015 (Audited)
<b>5 LONG TERM INVESTMENTS</b>			
<b>Equity accounted investments</b>			
Joint ventures			
Lucky Al Shumookh Holdings Limited	5.1	2,375,720	2,157,856
LuckyRawji Holdings Limited	5.2	7,054,369	6,870,253
		<b>9,430,089</b>	9,028,109
<b>Associates</b>			
NutriCo Pakistan (Pvt) Limited	5.3	773,263	772,224
Yunus Energy Limited	5.4	229,365	204,365
		<b>1,002,628</b>	976,589
		<b>10,432,717</b>	10,004,698
<b>Unquoted</b>			
Equity security available-for-sale			
Arabian Sea Country Club Limited (250,000 ordinary shares of PKR 10 each)		2,500	2,500
		<b>10,435,217</b>	10,007,198
<b>5.1 Lucky Al Shumookh Holdings Limited</b>			
Investment at cost		2,157,856	1,729,081
Investments made during the period/year		-	183,202
Share of loss opening balance		-	(18,583)
Share of profit / (loss) during the period/year		157,479	515,626
Dividend income		-	(304,379)
Foreign currency translation reserve		60,385	52,909
		<b>2,375,720</b>	2,157,856

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.

## Notes to the Condensed Interim Consolidated Financial Statements

For the 1st quarter ended September 30, 2015 (Un-audited)

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

	<b>September 30, 2015</b>	June 30, 2015
	<b>(Un-audited)</b>	(Audited)
	<b>(PKR in '000')</b>	
Total assets	<b>5,243,364</b>	4,619,269
Total liabilities	<b>(489,360)</b>	(301,060)
Net assets (100%)	<b>4,754,004</b>	4,318,209
Group's share of net assets (50%)	<b>2,377,002</b>	2,159,105
Less: Share of pre-acquisition loss	<b>(1,282)</b>	(1,249)
	<b>2,375,720</b>	2,157,856
The Group's share in LASHL's profit and loss account is as follows:		
Revenue	<b>1,497,520</b>	5,889,224
Net profit / (loss) (100%)	<b>314,957</b>	1,031,251
Group's share of net profit / (loss) (50%)	<b>157,479</b>	515,626
<b>5.2 LuckyRawji Holdings Limited</b>		
Investment at cost	<b>6,870,253</b>	395
Investments made during the period/year	-	6,869,655
Share of (loss) / profit for the period/year	<b>(361)</b>	189
Foreign currency translation reserve	<b>184,477</b>	14
	<b>7,054,369</b>	6,870,253

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.

## Notes to the Condensed Interim Consolidated Financial Statements

For the 1st quarter ended September 30, 2015 (Un-audited)

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

	<b>September 30, 2015</b>	June 30, 2015
	<b>(Un-audited)</b>	(Audited)
	<b>(PKR in '000')</b>	
Total assets	<b>20,546,232</b>	13,912,572
Total liabilities	<b>(6,437,494)</b>	(172,066)
Net assets (100%)	<b>14,108,738</b>	13,740,506
Group's share of net assets (50%)	<b>7,054,369</b>	6,870,253
<b>5.3 NutriCo Pakistan (Pvt) Limited</b>		
Investment at cost	<b>720,000</b>	720,000
Post acquisition profits at the beginning	<b>52,224</b>	-
Share of profit for the period / year	<b>76,039</b>	202,224
Dividend received during the period / year	<b>(75,000)</b>	(150,000)
	<b>773,263</b>	772,224

The Group has a 30% interest in NutriCo Pakistan (Private) Limited (the associate), which is involved in marketing and distribution of infant milk and nutritional products.

**5.4** Represents Equity investment in Yunus Energy Limited (22,936,500 shares @ PKR 10/- each.)

## 6 OTHER RECEIVABLES

The balance includes receivable from Hyderabad Electric Supply Company Ltd (HESCO) amounting to PKR 1,136.61 million which is overdue but not considered impaired and pertains to electricity supplied for the period from February to September 2015. The Holding Company has filed a writ petition in Sindh High Court against HESCO for non-payment of its dues; which is currently pending adjudication.

Subsequent to the quarter end, Holding Company has filed an appeal in the Supreme Court of Pakistan against NEPRA, challenging the order dated September 2, 2015, passed by the Sindh High Court with regards to NEPRA's decision to revise tariff vide its impugned determination dated 9th January 2013.

## 7 TAX REFUNDS DUE FROM THE GOVERNMENT

The status is fully explained in note 17 to the annual audited consolidated financial statements of the Holding Company for the year ended June 30, 2015 except as follows:

FBR filed representation before the President of Pakistan against the recommendations of the FTO under Section 32 of Federal Tax Ombudsman Ordinance, 2000. However, the President of Pakistan through its order dated 30th October 2014, endorsed the recommendations of the FTO. The Peshawar High Court suspended the operations of the orders of FTO and President of Pakistan on 14th July 2015 till further orders. Subsequently, towards the end of the year, FBR filed a writ petition in the Peshawar High Court challenging the decision of the FTO and the President's recommendation given in favor of the Holding Company. The Holding Company has filed a counter affidavit in response to FBR's writ petition which is pending adjudication in the Peshawar High Court.

## Notes to the Condensed Interim Consolidated Financial Statements

For the 1st quarter ended September 30, 2015 (Un-audited)

		<b>September 30, 2015</b>	June 30, 2015
		<b>(Un-audited)</b>	(Audited)
	Note	<b>(PKR in '000')</b>	
<b>8</b>	<b>LONG TERM FINANCE</b>		
	Long-term finance	<b>10,855,182</b>	10,651,270
	Less: Current portion of long term finance	<b>(2,010,955)</b>	(1,797,105)
	8.1	<b>8,844,227</b>	8,854,165

- 8.1** The terms and conditions of long-term finance are the same as disclosed in note 21 to the annual audited consolidated financial statements of the Holding Company for the year ended June 30, 2015.

		<b>September 30, 2015</b>	June 30, 2015
		<b>(Un-audited)</b>	(Audited)
	Note	<b>(PKR in '000')</b>	
<b>9</b>	<b>DEFERRED LIABILITIES</b>		
	Staff gratuity and eligible retired employees' medical scheme	<b>1,147,348</b>	1,094,133
	Deferred tax liability	<b>8,292,927</b>	8,336,574
		<b>9,440,275</b>	9,430,707
<b>9.1</b>	<b>Deferred tax liability</b>		
	This comprises of the following :		
	- Difference in tax and accounting bases of fixed assets	<b>8,906,432</b>	8,914,361
	- Provisions	<b>(613,505)</b>	(577,787)
		<b>8,292,927</b>	8,336,574

## 10 CONTINGENCIES AND COMMITMENTS

- 10.1** There are no major changes in the status of contingencies and commitments as reported in the annual audited consolidated financial statements of the Holding Company for the year ended June 30, 2015, except as disclosed in note 10.2 and 10.3.

## Notes to the Condensed Interim Consolidated Financial Statements

For the 1st quarter ended September 30, 2015 (Un-audited)

	<b>September 30, 2015</b>	June 30, 2015
	<b>(Un-audited)</b>	(Audited)
	<b>(PKR in '000')</b>	
<b>10.2</b> Plant and machinery under letters of credit	<b>1,784,524</b>	2,780,083
Stores, spares and packing material under letters of credit	<b>1,328,110</b>	2,162,633
Standby letters of credit	<b>3,610,351</b>	500,000
Bank guarantees issued on behalf of the Holding Company and its subsidiaries	<b>1,415,463</b>	1,073,288
Post dated cheques	<b>465,522</b>	450,436

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

	<b>September 30, 2015</b>	June 30, 2015
	<b>(Un-audited)</b>	(Audited)
	<b>(PKR in '000')</b>	
Year		
2015-16	<b>45,346</b>	57,839
2016-17	<b>49,990</b>	45,988
2017-18	<b>28,716</b>	23,848
2018-19	<b>11,232</b>	6,641
2019-20	<b>153</b>	-
	<b>135,437</b>	134,316
Payable not later than one year	<b>45,346</b>	57,839
Payable later than one year but not later than five years	<b>90,091</b>	76,477
	<b>135,437</b>	134,316

## Notes to the Condensed Interim Consolidated Financial Statements

For the 1st quarter ended September 30, 2015 (Un-audited)

	For the 1st quarter ended	
	September 30, 2015	September 30, 2014
	(PKR in '000')	
<b>11 SEGMENT REPORTING</b>		
<b>TURNOVER</b>		
Cement	12,498,877	12,522,132
Polyester	3,334,401	4,566,579
Soda Ash	3,257,586	3,020,606
Life Sciences	2,137,160	1,998,047
Chemicals	1,099,129	954,934
Others (LCLIHL & ICI PowerGen)	81,560	229,570
	<b>22,329,803</b>	<b>23,052,579</b>

	For the 1st quarter ended	
	September 30, 2015	September 30, 2014
	(PKR in '000')	
<b>11.1 OPERATING RESULT</b>		
Cement	3,897,590	3,335,183
Polyester	(286,863)	(212,340)
Soda Ash	699,662	611,543
Life Sciences	174,774	165,311
Chemicals	75,292	48,723
Others (LHL, LCLIHL, LCLHL, LEPL & ICI PowerGen)	4,361	21,100
	<b>4,565,311</b>	<b>3,970,015</b>

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

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

	For the 1st quarter ended	
	September 30, 2015	September 30, 2014
	(PKR in '000')	
<b>11.4 GROSS SALES</b>		
Local	19,343,833	19,073,141
Export	2,985,970	3,979,438
	<b>22,329,803</b>	<b>23,052,579</b>

## Notes to the Condensed Interim Consolidated Financial Statements

For the 1st quarter ended September 30, 2015 (Un-audited)

### 12 OTHER INCOME

It mainly includes interest income from bank deposits, share of gain in equity-accounted investments and net income from supply of surplus electricity to HESCO.

	Note	For the 1st quarter ended	
		September 30, 2015	September 30, 2014
		(PKR in '000')	
<b>13 CASH GENERATED FROM OPERATIONS</b>			
Profit before taxation		4,530,027	3,762,133
<b>Adjustments for non cash charges and other items</b>			
Depreciation	4.1	1,083,448	950,540
Amortization of intangible assets		105,327	108,474
Provision for slow moving spares		2,278	-
Provision for slow moving and obsolete stock-in-trade		1,367	-
Provision for doubtful debts		10,198	-
Gain on disposal of property, plant and equipment		(12,450)	(1,991)
Provision for staff retirement plan		77,324	78,609
Share of gain in equity-accounted investees		(157,118)	(161,481)
Interest on bank deposits and loan to the Subsidiary		(6,999)	-
Associate share of profits		(76,039)	-
Finance cost		224,559	293,591
Profit before working capital changes		5,781,922	5,029,875
<b>(Increase) / decrease in current assets</b>			
Stores, spares and consumables		(647,660)	(364,831)
Stock in trade		(250,217)	(455,791)
Trade Debts		(637,688)	(512,317)
Loans and advances		(13,408)	(160,886)
Trade deposits and short term prepayments		(62,199)	29,015
Accrued mark-up on deposit accounts		(15,356)	-
Other receivables		(452,931)	630,056
		(2,079,459)	(834,754)
<b>(Decrease) / increase in current liabilities</b>			
Trade and other payables		(491,674)	1,903,052
Cash generated from operations		3,210,789	6,098,173

## Notes to the Condensed Interim Consolidated Financial Statements

For the 1st quarter ended September 30, 2015 (Un-audited)

### 14 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of 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 1st quarter ended	
	September 30, 2015	September 30, 2014
	(PKR in '000')	
<b>Associated Companies</b>		
<b>Lucky Paragon ReadyMix Limited</b>		
Sales	86,985	86,607
<b>Fazal Textile Mills Limited</b>		
Sales	49,061	163,034
<b>Yunus Textile Mills Limited</b>		
Sales	16,131	36,461
<b>Lucky Textile Mills Limited</b>		
Sales	14,977	16,276
<b>Gadoon Textile Mills Limited</b>		
Sales	301,176	298,690
<b>Aziz Tabba Foundation</b>		
Sales	125	990
Donation	20,000	40,000
<b>Lucky One (Pvt) Limited</b>		
Sales	8,934	37,579
<b>Lucky Air (Pvt) Limited</b>		
Services	6,575	8,250
<b>Yunus Energy Limited</b>		
Investment	25,000	118,115
Advance against future issuance of shares	162,000	-
<b>Lucky Knits (Pvt) Limited</b>		
Sales	1,941	2,555
<b>Feroze 1888 Mills Limited</b>		
Sales	23,616	-
<b>International Steels Limited</b>		
Sales	906	-
<b>Lucky Foods (Pvt) Limited</b>		
Sales	193	-
<b>Pakistan Business Council</b>		
Membership fee	1,500	1,500
<b>Nutrico Pakistan (Pvt) Limited</b>		
Dividend	14,377	-
Reimbursement of expenses	75,000	-
<b>NIB Bank</b>		
Loan interest	3,626	4,434
<b>Oil and Gas Development Company Limited</b>		
Sale of goods and materials	487	-
<b>Arabian Sea Country Club Limited</b>		
Club Subscription	-	39
Purchase of goods, materials and services	96	-
<b>Jubilee Life Insurance Company Limited</b>		
Insurance premium	6,596	6,201
<b>Staff Retirement Benefit Plan</b>		
Contribution	34,301	32,299
<b>Director</b>		
Sales	778	-

## Notes to the Condensed Interim Consolidated Financial Statements

For the 1st quarter ended September 30, 2015 (Un-audited)

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### 15 DATE OF AUTHORISATION FOR ISSUE

These condensed interim consolidated financial statements were authorized for issue on October 29, 2015 by the Board of Directors of the Holding 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

**17.1** The Board of Directors of the Holding Company in their meeting held on September 08, 2015 (i) approved the transfer of PKR 9,521.223 million (2014: PKR 8,433.365 million) from un-appropriated profit to general reserve; and (ii) proposed final dividend of PKR 9/- per share for the year ended June 30, 2015 amounting to PKR 2,910.375 million (2014: PKR 2,910.375 million) which is to be approved by the members at the Annual General Meeting to be held on October 31, 2015. These consolidated financial statements do not reflect this appropriation and the proposed dividend payable.

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



Muhammad Yunus Tabba  
Chairman / Director



Muhammad Ali Tabba  
Chief Executive

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#### **Pezu Plant**

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Tel: (+92-969) 580123-5 Fax: (+92-969) 580122

#### **Karachi Plant**

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