

CULTIVATING GROWTH



SECOND QUARTER REPORT
DECEMBER 31, 2015





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COMPANY INFORMATION

BOARD OF DIRECTORS	
Mr. Muhammad Yunus Tabba - Chairman	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	
Chief Executive	Mr. Muhammad Ali Tabba
Executive Directors	<ul style="list-style-type: none"> Mr. Noman Hasan Mr. Muhammad Faisal (Chief Strategy, Finance & Investment Officer)
Chief Operating Officer	Mr. Amin Ganny
Company Secretary	Mr. Fayyaz Abdul Ghaffar
BOARD COMMITTEES	
Audit Committee	Human Resource and Remuneration Committee
<ul style="list-style-type: none"> Mr. Tariq Iqbal Khan - Chairman Mr. Muhammad Sohail Tabba Mr. Jawed Yunus Tabba Mrs. Mariam Tabba Khan Mrs. Zulekha Tabba Maskatiya Mr. Muhammad Abid Ganatra 	<ul style="list-style-type: none"> Mrs. Mariam Tabba Khan - Chairperson Mr. Muhammad Ali Tabba Mr. Muhammad Sohail Tabba Mr. Jawed Yunus Tabba Mrs. Zulekha Tabba Maskatiya
Budget Committee	Shares Transfer Committee
<ul style="list-style-type: none"> Mr. Muhammad Sohail Tabba - Chairman Mr. Muhammad Ali Tabba Mr. Jawed Yunus Tabba Mr. Muhammad Abid Ganatra 	<ul style="list-style-type: none"> Mr. Jawed Yunus Tabba - Chairman Mrs. Mariam Tabba Khan Mr. Muhammad Abid Ganatra
BANKERS	
<ul style="list-style-type: none"> Allied Bank Limited Askari Bank Limited Bank Alfalah Limited Bank AL-Habib Limited Citibank N.A. Dubai Islamic Bank Pakistan Limited Habib Bank Limited Habib Metropolitan Bank Limited 	<ul style="list-style-type: none"> MCB Bank Limited Meezan Bank Limited National Bank of Pakistan NIB Bank Limited Standard Chartered Bank (Pakistan) Limited Summit Bank Limited United Bank Limited
AUDITORS	
Statutory Auditors	Cost Auditors
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
REGISTERED OFFICE	HEAD OFFICE
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
PRODUCTION FACILITIES	SHARE REGISTRAR/TRANSFER AGENT
<ol style="list-style-type: none"> Main Indus Highway, Pezu, District Lakki Marwat, Khyber Pakhtunkhwa, Pakistan 58 Kilometers on Main Super Highway, Gadap Town, Karachi, Pakistan 	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 (duly reviewed by the auditors) and consolidated unaudited financial statements for the half year ended December 31, 2015.

Overview

Cement industry in Pakistan grew by 6.4% to 18.22 million tons during the half year ended 31 December 2015 compared to 17.12 million tons during the same period last year. While local sales volume registered a growth of 16.3% to 15.20 million tons during the half year compared to 13.07 million tons during the same period last year; export sales volume registered a decline of 25.7% to 3.02 million tons during the current half year compared to 4.06 million tons during the same period last year.

Your Company achieved an overall growth of 2.0% to 3.32 million tons during the half year ended compared to 3.25 million tons sold in the same period last year. While local sales volume of your Company registered a growth of 19.7% to 2.42 million tons during the current half year compared to 2.02 million tons during the same period last year; export sales volume declined by 27.0% to 0.90 million tons during the current half year compared to 1.23 million tons during the same period last year.

The Earnings Per Share (EPS) for the current half year was recorded at PKR 19.34 which is 11.7% higher than the same period last year's EPS of PKR 17.32.

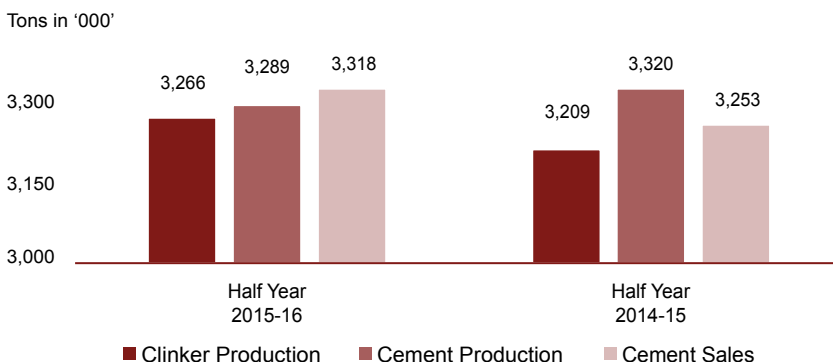
Business Performance:

(a) Production & Sales Volume Performance

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

Particulars	Half Year 2015-16	Half Year 2014-15	Increase/ (Decrease)
	----- Tons in '000' -----		%
Clinker Production	3,266	3,209	1.8%
Cement Production	3,289	3,320	(0.9%)
Cement Sales	3,318	3,253	2.0%

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

Particulars (Tons in '000')	Half Year 2015-16	Half Year 2014-15	Growth / (Decline) %	
Cement Industry				
Local Sales	15,200	13,065	2,135	16.3%
Export Sales				
- Bagged	2,975	3,897	(922)	(23.7%)
- Loose	42	162	(120)	(74.1%)
Total Exports	3,017	4,059	(1,042)	(25.7%)
Grand Total	18,217	17,124	1,093	6.4%
Lucky Cement				
Local Sales	2,418	2,020	398	19.7%
Export Sales				
- Bagged	858	1,070	(213)	(19.9%)
- Loose	42	162	(120)	(73.8%)
Total Exports	900	1,233	(333)	(27.0%)
Grand Total	3,318	3,253	65	2.0%
Market Share %				
Local Sales	15.9%	15.5%	2.6%	
Export Sales				
- Bagged	28.8%	27.5%	4.7%	
- Loose	100.0%	100.0%	0.0%	
Total Export	29.8%	30.4%	(2.0%)	
Grand Total	18.2%	19.0%	(4.2%)	

Industry Source: APCMA website

(b) Financial Performance

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

Numbers in PKR million except EPS

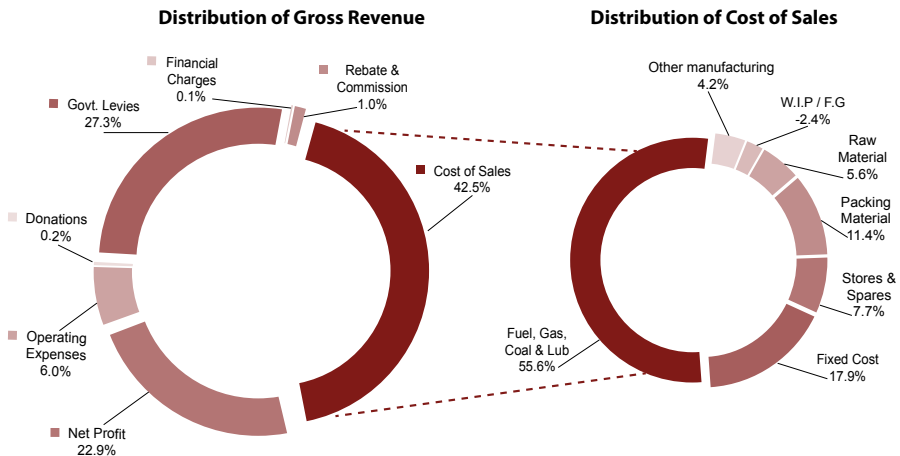
	Half Year 2015-16	Half Year 2014-15	% Change
Revenue	21,842	21,410	2.0%
GP	10,209	9,277	10.0%
OP	8,565	7,100	20.6%
EBITDA	9,819	8,186	19.9%
NP	6,255	5,601	11.7%
EPS	19.34 / Share	17.32 / Share	11.7%

Revenue

During the half year 2015-16 under review, your Company achieved an overall net sales revenue growth of 2.0% compared to same period last year. This was mainly attributable to increase in sales volume.

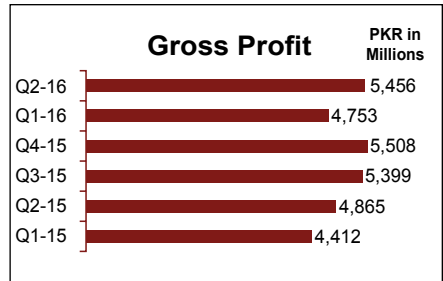
Cost of Sales

Per ton cost of sales of your Company during the period under review decreased by 6.0% compared to same period last year. The decrease was mainly attributable to decrease in coal and other fuel prices as well as positive contribution of WHR plant in Pezu and Karachi.



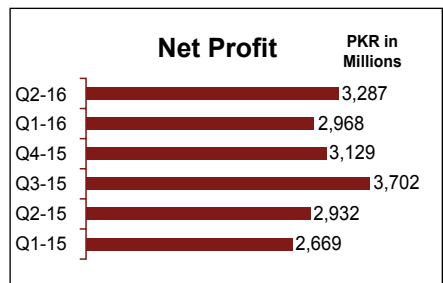
Gross Profit

Your Company was able to improve its gross profit margin to 46.7% for the half year under review compared to 43.3% reported during the same period last year.



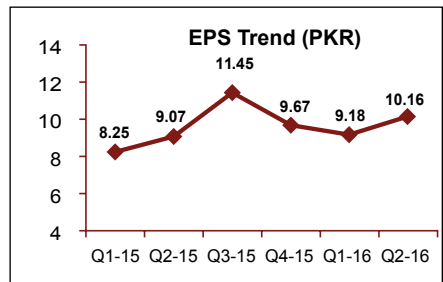
Net Profit

Your Company achieved profit before tax of PKR 8,501.9 million during the current half year under review compared to PKR 7,057.5 million reported during the same period last year. Similarly, after tax profit of PKR 6,254.9 million was achieved during the half year under review compared to PKR 5,601.3 million reported during the same period last year.



Earnings per share

The earnings per share of your Company for the half year ended December 31, 2015 was PKR 19.34 compared to PKR 17.32 reported during the same period last year.



Projects – New and Ongoing

Fully integrated green field Cement Plant in Punjab Province of Pakistan

Your Company is currently engaged with the Government of Punjab for acquisition of land for the project. Similarly, it is also in the process of negotiating and finalizing contract with the equipment supplier(s). The contract with the equipment supplier is expected to be finalized within first quarter of calendar year 2016.

Waste Heat Recovery (WHR) Plant at Captive Power Plant

By the grace of Almighty Allah, 5 MW WHR plant at PEZU Power Plant has been operational since end of October 2015.

Electricity Supply to PESCO

Your Company has filed a review petition against the tariff allowed by NEPRA for electricity supply to PESCO. The tariff is expected to be re-determined by the end of April 2016.

10 MW WHR at PEZU Plant - Kiln

Your Company has decided to set up another 10 MW WHR plant at Pezu Plant for which order has been placed with the equipment supplier. The project is expected to be completed by December 2016.

Investments

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

Lucky Electric Power Company Limited (LEPCL) has appointed Owners’ Engineer (OE) and Technical consultant to carry out feasibility study. Negotiations with shortlisted EPC contractors are likely to start in March 2016 and the target to achieve financial close is July 2016.

The consolidated unaudited condensed financial statements of the Company for half year ended 31 December 2015 include the net assets of LEPCL which is a 100% indirectly owned subsidiary of the Company.

Joint Venture Investment in Cement Plant in DR Congo

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

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 2015.

Equity Investment in Associated Company in 50 MW Wind Farm

The project is expected to achieve COD by the end of May 2016.

Corporate Social Responsibility

Strengthening its core value of social responsibility, your Company has played a vital role in the field of education, health and environment sustainability. To instill a sense of corporate responsibility and community welfare among its employees, your Company celebrated Employee Volunteer Day by renovating a Government Girls Primary School located in Korangi, Karachi. Your Company donated cement bags to the school which were used for the construction of a new classroom for the students, and the employees wholeheartedly participated in decorating the new classroom along with engaging the students in coloring, story-telling, tree plantation and other activities.

Under the ambit of providing affordable and quality healthcare to the deserving, your Company has continued extending its support to various causes on a need basis. Your Company also made a generous donation to Special Olympics Pakistan for organizing the Healthy Athletes Program, which is a global program aimed at offering health services and information to athletes in dire need.

Outlook

Your Company is optimistic about its volumetric growth in the current financial year. Domestic sales are expected to maintain the current levels during the remaining half year as well on the back of private and public sector construction projects as well as mega infrastructure development projects under the China–Pakistan Economic Corridor (CPEC) initiative. Exports, however, are expected to remain challenging; primarily due to lower commodity prices in the international market and devaluation of currencies against USD in the prime export markets of your Company. However, your Company estimates to fully offset the negative impact of declining export volumes with growing local volumes. Your Company's strong and debt-free financial position and free cash flow generating ability would continue to support investments in projects and avenues which can bring in further operational efficiencies and enhance shareholders' value.

Acknowledgment

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: February 20, 2016

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 2015 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 PKR 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 20, 2016

Place: Karachi

Unconsolidated Condensed Interim Balance Sheet

As at December 31, 2015

	Note	December 31, 2015 (Un-audited) (PKR in '000')	June 30, 2015 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
Property, plant and equipment	4	34,474,708	35,018,819
Intangible assets		32,503	41,921
		34,507,211	35,060,740
Long-term investments	5	12,017,020	10,925,020
Long-term loans and advances	6	176,688	78,981
Long-term deposits		3,175	3,175
		46,704,094	46,067,916
CURRENT ASSETS			
Stores and spares		5,502,320	4,995,423
Stock-in-trade		1,848,556	1,580,745
Trade debts		2,091,756	2,042,199
Loans and advances		272,099	253,350
Trade deposits and short term prepayments		93,242	50,688
Accrued mark-up on deposit accounts		80,152	79,257
Other receivables	7	1,331,225	1,032,853
Tax refunds due from the Government	8	538,812	538,812
Short term investments	9	3,180,243	-
Cash and bank balances		15,417,912	16,444,622
		30,356,317	27,017,949
TOTAL ASSETS		77,060,411	73,085,865
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital		5,000,000	5,000,000
Issued, subscribed and paid-up capital		3,233,750	3,233,750
Reserves		59,369,584	56,025,020
		62,603,334	59,258,770
NON-CURRENT LIABILITIES			
Long-term deposits		70,962	69,246
Deferred liabilities	10	6,643,118	6,327,146
		6,714,080	6,396,392
CURRENT LIABILITIES			
Trade and other payables		6,878,405	6,382,372
Taxation - net		864,592	1,048,331
		7,742,997	7,430,703
CONTINGENCIES AND COMMITMENTS	11		
TOTAL EQUITY AND LIABILITIES		77,060,411	73,085,865

The annexed notes from 1 to 18 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, 2015 (Un-audited)

Note	Half Year Ended		Quarter Ended		
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014	
	(PKR in '000')		(PKR in '000')		
Gross sales	12	26,697,331	25,688,304	14,198,454	13,166,172
Less: Sales tax and excise duty		4,572,763	3,920,628	2,543,396	2,044,762
Rebates and commission		282,567	357,960	155,189	181,635
		4,855,330	4,278,588	2,698,585	2,226,397
Net sales		21,842,001	21,409,716	11,499,869	10,939,775
Cost of sales		(11,632,889)	(12,132,854)	(6,044,255)	(6,074,423)
Gross profit		10,209,112	9,276,862	5,455,614	4,865,352
Distribution cost		(1,064,255)	(1,747,271)	(471,981)	(879,158)
Administrative expenses		(579,396)	(429,248)	(315,762)	(221,034)
Finance costs		(17,468)	(12,906)	(14,570)	(3,708)
Other charges		(707,185)	(646,453)	(368,330)	(333,563)
Other income	13	661,176	616,481	302,746	284,135
Profit before taxation		8,501,984	7,057,465	4,587,717	3,712,024
Taxation					
-current		(2,035,062)	(1,471,952)	(1,103,598)	(795,640)
-deferred		(211,983)	15,782	(197,393)	15,782
		(2,247,045)	(1,456,170)	(1,300,991)	(779,858)
Profit after taxation		6,254,939	5,601,295	3,286,726	2,932,166
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		6,254,939	5,601,295	3,286,726	2,932,166
		(PKR)	(PKR)	(PKR)	(PKR)
Earnings per share -basic and diluted		19.34	17.32	10.16	9.07

The annexed notes from 1 to 18 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, 2015 (Un-audited)

	Note	December 31, 2015	December 31, 2014
(PKR in '000')			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	14	9,008,545	8,482,189
Finance costs paid		(17,468)	(15,949)
Income tax paid		(2,218,803)	(1,057,886)
Gratuity paid		(20,026)	(20,647)
		(2,256,297)	(1,094,482)
Long-term loans and advances		(97,707)	(84,534)
Long-term deposits		1,717	(3,370)
Net cash generated from operating activities		6,656,258	7,299,803
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(696,539)	(2,797,718)
Long-term investments		(1,092,000)	(2,212,315)
Sale proceeds on disposal of property, plant and equipment		9,282	12,241
Net cash used in investing activities		(1,779,257)	(4,997,792)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term investments		(3,147,919)	(127,498)
Dividends paid		(2,755,792)	(2,888,365)
Net cash used in financing activities		(5,903,711)	(3,015,863)
Net decrease in cash and cash equivalents		(1,026,710)	(713,852)
Cash and cash equivalents at the beginning of the period		16,444,622	8,519,082
Cash and cash equivalents at the end of the period		15,417,912	7,805,230

The annexed notes from 1 to 18 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, 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
Transfer to general reserve	-	-	8,433,365	(8,433,365)	-	-
Final dividend at the rate of PKR 9/- per share 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	3,233,750	7,343,422	36,304,636	5,601,295	49,249,353	52,483,103
Balance as at July 01, 2015	3,233,750	7,343,422	36,304,636	12,376,962	56,025,020	59,258,770
Transfer to general reserve	-	-	9,466,587	(9,466,587)	-	-
Final dividend at the rate of PKR 9/- per share for the year ended June 30, 2015	-	-	-	(2,910,375)	(2,910,375)	(2,910,375)
Total comprehensive income for the period	-	-	-	6,254,939	6,254,939	6,254,939
Balance as at December 31, 2015	3,233,750	7,343,422	45,771,223	6,254,939	59,369,584	62,603,334

The annexed notes from 1 to 18 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, 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 Ordinance). The shares of the Company are quoted on Pakistan Stock Exchange. The Company has also issued Global Depository Receipts (GDRs) which are listed and traded on the Professional Securities Market of the London Stock Exchange. The principal activity of the Company is manufacturing and marketing of cement. The registered office of the Company is located at Pezu, District Lakki Marwat in Khyber Pakhtunkhwa. The Company has two production facilities at Pezu, District Lakki Marwat in Khyber Pakhtunkhwa and at Main Super Highway in Karachi, Sindh.
- 1.2** These unconsolidated condensed interim 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, 2015 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, 2015 and 2014 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, 2015 and 2014. 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, 2015.

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, 2015, except for the following:

New, Amended and Revised Standards and Interpretations of IFRSs

The Company has adopted the following amendments to IFRSs which became effective for the current period:

- IFRS 10 - Consolidated Financial Statements
- IFRS 11 - Joint Arrangements
- IFRS 12 - Disclosure of Interests in Other Entities
- IFRS 13 - Fair Value Measurement

The adoption of the above amendments to accounting standards did not have any effect on the unconsolidated condensed interim financial statements.

Notes to the Unconsolidated Condensed Interim Financial Statements

For the half year ended December 31, 2015

4 PROPERTY, PLANT AND EQUIPMENT

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

	Note	December 31, 2015 (Un-audited) (PKR in '000')	June 30, 2015 (Audited)
Operating fixed assets (WDV) - opening balance		33,734,793	29,508,081
Add: Additions during the period/year	4.2	1,772,793	6,537,533
		35,507,586	36,045,614
Less: Disposals during the period/year (WDV)		1,110	41,584
Depreciation charge for the period/year		1,236,565	2,269,237
Operating fixed assets (WDV) - closing balance		34,269,911	33,734,793
Add: Capital work-in-progress	4.3	204,797	1,284,026
		34,474,708	35,018,819

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

	Additions (Cost)	Deletions (Cost)
	(PKR in '000')	
Operating fixed assets		
Freehold land	64	-
Leasehold land	137	-
Buildings on freehold land	126,615	-
Buildings on leasehold land	1,064	-
Plant and machinery	103,444	-
Generators	1,348,241	-
Quarry equipments	32,401	-
Vehicles	102,087	11,644
Furniture and fixtures	6,996	-
Office equipments	6,383	-
Computer and Accessories	4,860	-
Other assets (Laboratory equipment, etc.)	40,501	191
	1,772,793	11,835

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

	December 31, 2015 (Un-audited) (PKR in '000')	June 30, 2015 (Audited)
Opening balance	1,284,026	2,429,130
Add: Additions during the period/year	607,040	5,270,602
	1,891,066	7,699,732
Less: Transferred to operating fixed assets	1,686,269	6,415,706
Closing balance	204,797	1,284,026

Notes to the Unconsolidated Condensed Interim Financial Statements

For the half year ended December 31, 2015

	Note	December 31, 2015 (Un-audited) (PKR in '000')	June 30, 2015 (Audited)
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	1,311,155	521,155
Yunus Energy Limited	5.4	506,365	204,365
		12,017,020	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 constructing a cement grinding unit in the Republic of Iraq and a fully integrated cement manufacturing unit in the Democratic Republic of Congo.

5.3 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. As of the balance sheet date, LCLHL owns 100 percent shares in Lucky Electric Power Company Limited.

5.4 During the period, the Company has made an 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. LONG-TERM LOANS AND ADVANCES

Includes advance paid to LCL Holdings Limited against future issue of shares amounting to PKR 100 million (30 June 2015: PKR Nil).

7. OTHER RECEIVABLES

The balance includes receivable from Hyderabad Electric Supply Company (HESCO) amounting to PKR 1,175.128 million which is overdue but not impaired and pertains to electricity supplied for the period from February 2015 to December 2015. The Company has filed a suit for injunction in the High Court of Sindh(HCS) against HESCO for non-payment of its dues; which is currently pending adjudication.

Further, the Company has filed an appeal in the Supreme Court of Pakistan against NEPRA, challenging the order dated September 2, 2015, passed by the HCS with regard to NEPRA's decision to revise tariff vide its impugned determination dated January 9, 2013.

Subsequent to the period end, the Company has suspended its supply of electricity to HESCO with effect from January 9, 2016 in accordance with the terms of the Power Purchase Agreement executed between HESCO and the Company.

Notes to the Unconsolidated Condensed Interim Financial Statements

For the half year ended December 31, 2015 (Un-audited)

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 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.

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.

Notes to the Unconsolidated Condensed Interim Financial Statements

For the half year ended December 31, 2015

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 of having an audit conducted by independent firm. FBR filed a Writ Petition in the Peshawar High Court against the findings of the FTO as recommended by the President which suspended the operations of the orders of FTO and President of Pakistan on 14th July 2015 till further orders. The Company has filed a counter affidavit in response to FBR's Writ Petition; which is pending adjudication in the Peshawar High Court.

9 SHORT TERM INVESTMENTS

These represent investments made in mutual funds amounting to PKR 2,780.243 million (30 June 2015: Nil) and Term Finance Certificates amounting to PKR 400 million (30 June 2015: Nil).

		December 31, 2015	June 30, 2015
		(Un-audited)	(Audited)
	Note	(PKR in '000')	
10 DEFERRED LIABILITIES			
Staff gratuity		1,110,712	1,006,711
Deferred tax liability	10.1	5,532,406	5,320,435
		6,643,118	6,327,146
10.1 Deferred tax liability			
This comprises of the following :			
Deferred tax liability			
Difference in tax and accounting bases of			
- fixed assets		5,910,517	5,652,783
Deferred tax assets			
- Provisions		(378,111)	(332,348)
		5,532,406	5,320,435

Notes to the Unconsolidated Condensed Interim Financial Statements

For the half year ended December 31, 2015

11 CONTINGENCIES AND COMMITMENTS

11.1 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 11.2.

	December 31, 2015	June 30, 2015
	(Un-audited)	(Audited)
	(PKR in '000')	
11.2 Plant and machinery under letters of credit	1,037,111	50,583
Stores, spares and packing material under letters of credit	1,544,115	2,162,633
Standby letter of credit issued by the Company	198,000	500,000
Bank guarantees issued on behalf of the Company	1,096,494	1,073,288
Post dated cheques	232,129	450,436

	For the half year ended	
	December 31, 2015	December 31, 2014
	(PKR in '000')	
12 GROSS SALES		
Local	21,696,709	18,327,768
Export	5,000,622	7,360,536
	26,697,331	25,688,304

13 OTHER INCOME

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

Notes to the Unconsolidated Condensed Interim Financial Statements

For the half year ended December 31, 2015 (Un-audited)

	Note	For the half year ended	
		December 31,	December 31,
		2015	2014
		(PKR in '000')	
14 CASH GENERATED FROM OPERATIONS			
Profit before taxation		8,501,984	7,057,465
Adjustments for non cash charges and other items			
Depreciation	4.1	1,236,565	1,077,186
Amortization of intangible assets		12,393	8,464
Gain on disposal of fixed assets		(8,183)	(3,936)
Unrealized gain on investments		(32,324)	-
Provision for gratuity		124,027	123,265
Finance cost		17,468	12,906
Profit before working capital changes		9,851,930	8,275,350
(Increase) / decrease in current assets			
Stores and spares		(506,897)	(184,724)
Stock in trade		(267,811)	(450,540)
Trade Debts		(49,557)	(254,881)
Loans and advances		(18,749)	(112,242)
Trade deposits and short term prepayments		(42,554)	1,873
Accrued mark up on deposits account		(895)	-
Other receivables		(298,372)	(24,372)
		(1,184,835)	(1,024,886)
Increase in current liabilities			
Trade and other payables		341,450	1,231,725
Cash flows generated from operations		9,008,545	8,482,189

Notes to the Unconsolidated Condensed Interim Financial Statements

For the half year ended December 31, 2015 (Un-audited)

15 TRANSACTIONS WITH RELATED PARTIES

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

	For the half year ended	
	December 31,	December 31,
	2015	2014
	(PKR in '000')	
Subsidiary Companies		
Lucky Holdings Limited		
Purchase of tax loss on account of Group Tax adjustment	302,674	-
LCL Investment Holdings Limited		
Investment made during the period	-	2,042,700
LCL Holdings Limited		
Reimbursement of expenses	14	-
Investment made during the period	790,000	1,000
Advance against issuance of shares	100,000	81,000
Lucky Electric Power Company Limited		
Sale of containers	2,500	-
Reimbursement of expenses	578	-
ICI Pakistan Limited		
Sales	15,781	13,417
Directors		
Sales	778	-
Meeting fee	791	-
Purchase of land and building	-	599,379
Associated Undertakings		
Lucky Paragon ReadyMix Limited		
Sales	152,208	169,390
Lucky Textile Mills		
Sales	28,424	33,420
Gadoon Textile Mills Limited		
Sales	2,031	3,171
Yunus Textile Mills Limited		
Sales	1,560	17,322
Fazal Textile Mills Limited		
Sales	-	3,611
Aziz Tabba Foundation		
Sales	333	1,650
Donation	40,000	90,000
Lucky One (Pvt) Limited		
Sales	43,068	74,429
Lucky Knits (Pvt) Limited		
Sales	3,818	-
International Steels Limited		
Sales	1,102	-
Feroze 1888 Mills Limited		
Sales	19,424	6,891
Lucky Foods (Pvt) Limited		
Sales	3,860	-
Lucky Air (Pvt) limited		
Services	13,585	14,060
Yunus Energy Limited		
Investment	302,000	168,615
With key management personnel		
Salaries and benefits	88,832	-
Post employment benefits	20,618	-

Notes to the Unconsolidated Condensed Interim Financial Statements

For the half year ended December 31, 2015 (Un-audited)

16 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue on February 20, 2016 by the Board of Directors of the Company.

17 CORRESPONDING FIGURES

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

18 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, 2015

	Note	December 31, 2015 (Un-audited) (PKR in'000')	June 30, 2015 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
Property, plant and equipment	4	52,141,605	49,900,183
Intangible assets		7,155,497	7,360,811
		59,297,102	57,260,994
Long-term investments	5	10,952,948	10,007,198
Long-term loans and advances		419,356	405,496
Long-term deposits and prepayments		34,277	33,952
		70,703,683	67,707,640
CURRENT ASSETS			
Stores, spares and consumables		6,527,749	5,921,887
Stock-in-trade		6,213,991	6,524,154
Trade debts		4,036,859	3,473,293
Loans and advances		627,825	578,609
Trade deposits and short-term prepayments		545,261	464,392
Accrued mark-up on deposit accounts		80,519	79,257
Other receivables	6	2,329,923	2,023,466
Short term investments		3,180,243	-
Tax refunds due from the Government	7	538,812	538,812
Taxation - net		758,034	997,518
Cash and bank balances		17,442,605	18,155,599
		42,281,821	38,756,987
TOTAL ASSETS		112,985,504	106,464,627
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		3,233,750	3,233,750
Reserves		62,606,052	58,190,818
Attributable to the owners of the Holding Company		65,839,802	61,424,568
Non-controlling interests		7,412,119	7,071,234
Total equity		73,251,921	68,495,802
NON-CURRENT LIABILITIES			
Long-term finance	8	9,259,461	8,854,165
Long-term deposits		70,962	69,246
Deferred liabilities	9	9,598,130	9,430,707
		18,928,553	18,354,118
CURRENT LIABILITIES			
Short-term borrowings and running finance		2,108,866	1,833,247
Trade and other payables		16,683,113	15,819,145
Accrued mark-up		157,651	165,210
Current portion of long-term finance	8	1,855,400	1,797,105
		20,805,030	19,614,707
CONTINGENCIES AND COMMITMENTS	10		
TOTAL EQUITY AND LIABILITIES		112,985,504	106,464,627

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 half year ended December 31, 2015 (Un-audited)

	Note	Half Year Ended		Quarter Ended	
		December 31, 2015 (PKR in'000')	December 31, 2014	December 31, 2015 (PKR in'000')	December 31, 2014
Gross sales	11	47,565,997	47,396,494	25,236,194	24,343,915
Less: Sales tax and excise duty		6,027,888	5,260,287	3,289,307	2,734,830
Rebates and commission		1,648,339	1,556,865	893,433	823,140
		7,676,227	6,817,152	4,182,740	3,557,970
Net sales		39,889,770	40,579,342	21,053,454	20,785,945
Cost of sales		(26,749,171)	(28,528,681)	(14,007,869)	(14,368,704)
Gross profit		13,140,599	12,050,661	7,045,585	6,417,241
Distribution costs		(1,957,240)	(2,461,455)	(922,732)	(1,237,910)
Administrative expenses		(1,044,275)	(891,500)	(549,080)	(451,640)
Finance costs		(480,666)	(611,186)	(220,615)	(233,825)
Other expenses		(848,060)	(769,417)	(452,269)	(414,582)
Other income	12	1,284,932	1,063,428	664,374	539,114
Profit before taxation		10,095,290	8,380,531	5,565,263	4,618,398
Taxation					
- current		(2,384,557)	(1,920,492)	(1,293,564)	(1,051,789)
- deferred		(57,049)	202,442	(100,685)	83,348
		(2,441,606)	(1,718,050)	(1,394,249)	(968,441)
Profit after taxation		7,653,684	6,662,481	4,171,014	3,649,957
Attributable to:					
Owners of the Holding Company		7,169,468	6,268,894	3,871,653	3,371,272
Non-controlling interests		484,216	393,587	299,361	278,685
		7,653,684	6,662,481	4,171,014	3,649,957
Other comprehensive income for the period					
Foreign exchange differences on translation of foreign operations		143,259	4,922	10,744	(91,054)
Items to be reclassified to profit or loss in subsequent periods:					
Loss on hedge during the period		(2,285)	-	1,057	-
Income tax relating to hedging reserve		731	-	(338)	-
		(1,554)	-	719	-
Adjustments for amounts transferred to initial carrying amounts of hedged item					
- capital work-in-progress		1,554	-	1,168	-
Total comprehensive income for the period		7,796,943	6,667,403	4,183,645	3,558,903
Attributable to:					
Owners of the Holding Company		7,312,727	6,273,816	3,883,455	3,280,218
Non-controlling interests		484,216	393,587	300,190	278,685
		7,796,943	6,667,403	4,183,645	3,558,903
		(PKR)	(PKR)	(PKR)	(PKR)
Earnings per share - basic and diluted		22.17	19.39	11.97	10.43

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 half year ended December 31, 2015 (Un-audited)

	Note	December 31, 2015	December 31, 2014
		(PKR in '000')	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	13	11,854,752	12,081,850
Finance costs paid		(435,299)	(494,569)
Income tax paid		(2,164,921)	(1,382,672)
Gratuity paid		(56,635)	(52,417)
		(2,656,855)	(1,929,658)
Long-term loans and advances		(13,860)	(109,095)
Long-term deposits		1,392	(4,719)
Net cash generated from operating activities		9,185,429	10,038,378
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(4,409,579)	(4,679,330)
Long-term advance		-	(5,375,846)
Long term investments		(302,000)	(922,653)
Dividend from Associate		180,000	40,000
Sale proceeds on disposal of property, plant and equipment		31,687	15,364
Net cash (used in) investing activities		(4,499,892)	(10,922,465)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term finance - net		376,701	(243,437)
Short term investments		(3,147,919)	-
Dividends paid		(2,902,933)	(2,977,132)
Short-term borrowings and running finance		275,620	614,665
Net cash (used in) financing activities		(5,398,531)	(2,605,904)
Net (decrease) in cash and cash equivalents		(712,994)	(3,489,991)
Cash and cash equivalents at the beginning of the period		18,155,599	11,723,248
Cash and cash equivalents at the end of the period		17,442,605	8,233,257

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 half year ended December 31, 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	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
Transfer to general reserve	-	-	8,433,365	-	(8,433,365)	-	-	-
Final dividend at the rate of PKR 9/- per ordinary share of PKR 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
Total comprehensive income for the six months period ended December 31, 2014	-	-	-	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
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
Transfer to general reserve	-	-	9,466,587	-	(9,466,587)	-	-	-
Final dividend at the rate of PKR 9/- per ordinary share of PKR 10/- each for the year ended June 30, 2015	-	-	-	-	(2,910,375)	(2,910,375)	-	(2,910,375)
Dividends paid to non-controlling interests of ICI	-	-	-	-	-	-	(151,861)	(151,861)
Decrease in ownership interest in ICI	-	-	-	-	12,882	12,882	8,530	21,412
Profit after taxation	-	-	-	-	7,169,468	7,169,468	484,216	7,653,684
Other comprehensive income	-	-	-	143,259	-	143,259	-	143,259
Total comprehensive income for the six months period ended December 31, 2015	-	-	-	143,259	7,169,468	7,312,727	484,216	7,796,943
Balance as at December 31, 2015	3,233,750	7,343,422	45,771,223	145,113	9,346,294	62,606,052	7,412,119	73,251,921

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 half year ended December 31, 2015 (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 Pakistan Stock Exchange. The Holding Company has also issued Global Depository Receipts (GDRs) which are listed and traded on the Professional Securities Market of the London Stock Exchange. The principal activity of the Holding Company is manufacturing and marketing of cement. The registered office of the Holding Company is located at Pezu, District Lakki Marwat in Khyber Pakhtunkhwa. 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, for constructing 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 sources of earning are dividend and royalty income.

1.4 ICI Pakistan Limited

ICI Pakistan Limited (ICI) was incorporated in Pakistan and is listed on the Pakistan Stock Exchange. 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 half year ended December 31, 2015 (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

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 six months period ended December 31, 2015 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, 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, except for the following:

New, Amended and Revised Standards and Interpretations of IFRSs

The Holding Company has adopted the following amendments to IFRSs which became effective for the current period:

- IFRS 10 - Consolidated Financial Statements
- IFRS 11 - Joint Arrangements
- IFRS 12 - Disclosure of Interests in Other Entities
- IFRS 13 - Fair Value Measurement

The adoption of the above amendments to accounting standards did not have any effect on the condensed interim consolidated financial statements.

Notes to the Condensed Interim Consolidated Financial Statements

For the half year ended December 31, 2015

4 PROPERTY, PLANT AND EQUIPMENT

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

		December 31, 2015	June 30, 2015
		(Un-audited)	(Audited)
	Note	(PKR in '000')	
Operating fixed assets (WDV) - opening balance		46,737,710	40,734,338
Add: Additions during the period/year	4.2	2,482,481	10,023,829
		49,220,191	50,758,167
Less: Disposals during the period/year (WDV)		7,751	48,048
Depreciation charge for the period/year		2,196,367	3,972,409
Operating fixed assets (WDV) - closing balance		47,016,073	46,737,710
Add: Capital work-in-progress	4.3	5,125,532	3,162,473
		52,141,605	49,900,183

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

	Additions (Cost)	Deletions (Cost)
	(PKR in '000')	
Operating fixed assets		
Land	201	-
Buildings	275,162	10,799
Plant and machinery	634,689	-
Generators	1,348,241	-
Quarry equipments	32,401	-
Vehicles	116,035	11,644
Furniture and fixtures	23,090	7,560
Office equipments	6,828	-
Computer & accessories	5,333	-
Other assets	40,501	191
	2,482,481	30,194

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

	December 31, 2015	June 30, 2015
	(Un-audited)	(Audited)
	(PKR in '000')	
Opening balance	3,162,473	3,329,085
Add: Additions during the period/year	4,197,654	9,689,891
	7,360,127	13,018,976
Less: Transferred to operating fixed assets	2,234,595	9,856,503
Closing balance	5,125,532	3,162,473

Notes to the Condensed Interim Consolidated Financial Statements

For the half year ended December 31, 2015

	Note	December 31, 2015 (Un-audited) (PKR in '000')	June 30, 2015 (Audited)
5 LONG TERM INVESTMENTS			
Equity accounted investments			
Joint ventures			
Lucky Al Shumookh Holdings Limited	5.1	2,638,533	2,157,856
LuckyRawji Holdings Limited	5.2	7,068,182	6,870,253
		9,706,715	9,028,109
Associates			
NutriCo Pakistan (Pvt) Limited	5.3	768,650	772,224
Yunus Energy Limited	5.4	475,083	204,365
		1,243,733	976,589
		10,950,448	10,004,698
Unquoted			
Equity security available-for-sale			
Arabian Sea Country Club Limited (250,000 ordinary shares of Rs. 10 each)		2,500	2,500
		10,952,948	10,007,198
5.1 Lucky Al Shumookh Holdings Limited			
Opening Balance		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		415,201	515,626
Dividend income		-	(304,379)
Foreign currency translation reserve		65,476	52,909
		2,638,533	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 half year ended December 31, 2015

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

	December 31, 2015	June 30, 2015
	(Un-audited)	(Audited)
	(PKR in '000')	
Total assets	5,610,422	4,619,269
Total liabilities	(330,788)	(301,060)
Net assets (100%)	5,279,634	4,318,209
Group's share of net assets (50%)	2,639,817	2,159,105
Less: Share of pre-acquisition loss	(1,284)	(1,249)
	2,638,533	2,157,856
The Group's share in LASHL's profit and loss account is as follows:		
Revenue	3,270,230	5,889,224
Net profit / (loss) (100%)	830,403	1,031,251
Group's share of net profit / (loss) (50%)	415,201	515,626

5.2 LuckyRawji Holdings Limited

Opening balance	6,870,253	395
Investments made during the period/year	-	6,869,655
Share of (loss) / profit for the period/year	(883)	189
Foreign currency translation reserve	198,812	14
	7,068,182	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 operational 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, 2015	June 30, 2015
	(Un-audited)	(Audited)
	(PKR in '000')	
Total assets	25,557,225	13,912,572
Total liabilities	(11,420,860)	(172,066)
Net assets (100%)	14,136,365	13,740,506
Group's share of net assets (50%)	7,068,182	6,870,253

Notes to the Condensed Interim Consolidated Financial Statements

For the half year ended December 31, 2015

	December 31, 2015	June 30, 2015
	(Un-audited)	(Audited)
	(PKR in '000')	
5.3 NutriCo Pakistan (Pvt) Limited		
Investment at cost	720,000	720,000
Post acquisition profits at the beginning	52,224	-
Share of profit for the period / year	176,426	202,224
Dividend received during the period / year	(180,000)	(150,000)
	768,650	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.

	December 31, 2015	June 30, 2015
	(Un-audited)	(Audited)
	(PKR in '000')	
5.4 Yunus Energy Limited		
Investment at cost	204,365	750
Investments made during the period/year	302,000	203,615
Share of loss	(31,282)	-
	475,083	204,365

The Group has a 20% interest in Yunus Energy Limited (the associate), which is involved in establishment and operation of a wind power plant and the supply of the electric power to national grid.

6 OTHER RECEIVABLES

The balance includes receivable from Hyderabad Electric Supply Company (HESCO) amounting to PKR 1,175.128 million which is overdue but not impaired and pertains to electricity supplied for the period from February 2015 to December 2015. The Holding Company has filed a suit for injunction in the High Court of Sindh(HCS) against HESCO for non-payment of its dues; which is currently pending adjudication.

Further, the Holding Company has filed an appeal in the Supreme Court of Pakistan against NEPRA, challenging the order dated September 2, 2015, passed by the HCS with regard to NEPRA's decision to revise tariff vide its impugned determination dated January 9, 2013.

Subsequent to the period end, the Holding Company has suspended its supply of electricity to HESCO with effect from January 9, 2016 in accordance with the terms of the Power Purchase Agreement executed between HESCO and the Holding Company.

Notes to the Condensed Interim Consolidated Financial Statements

For the half year ended December 31, 2015

7 TAX REFUNDS DUE FROM THE GOVERNMENT

The status is fully explained in note 8 to the unconsolidated condensed interim financial statements of the Holding Company for the half year ended December 31, 2015.

	Note	December 31, 2015 (Un-audited)	June 30, 2015 (Audited)
		(PKR in '000')	
8	LONG TERM FINANCE		
	Long-term finance	11,114,861	10,651,270
	Less: Current portion of long term finance	(1,855,400)	(1,797,105)
	8.1	9,259,461	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.

	Note	December 31, 2015 (Un-audited)	June 30, 2015 (Audited)
		(PKR in '000')	
9	DEFERRED LIABILITIES		
	Staff gratuity and eligible retired employees' medical scheme	1,204,521	1,094,133
	Deferred tax liability	8,393,609	8,336,574
		9,598,130	9,430,707
9.1	Deferred tax liability		
	This comprises of the following :		
	- Difference in tax and accounting bases of fixed assets	9,028,355	8,914,361
	- Provisions	(634,746)	(577,787)
		8,393,609	8,336,574

Notes to the Condensed Interim Consolidated Financial Statements

For the half year ended December 31, 2015

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.

	December 31, 2015	June 30, 2015
	(Un-audited)	(Audited)
	(PKR in '000')	
10.2 Plant and machinery under letters of credit	2,658,820	2,780,083
Stores, spares and packing material under letters of credit	1,544,115	2,162,633
Standby letters of credit	3,339,723	500,000
Bank guarantees issued on behalf of the Holding Company and its subsidiaries	1,442,083	1,073,288
Post dated cheques	232,129	450,436

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

	December 31, 2015	June 30, 2015
	(Un-audited)	(Audited)
	(PKR in '000')	
Year		
2015-16	30,354	57,839
2016-17	51,589	45,988
2017-18	30,769	23,848
2018-19	14,442	6,641
2019-20	487	-
	127,641	134,316
Payable not later than one year	30,354	57,839
Payable later than one year but not later than five years	97,287	76,477
	127,641	134,316

Notes to the Condensed Interim Consolidated Financial Statements

For the half year ended December 31, 2015 (Un-audited)

	For the half year ended	
	December 31, 2015	December 31, 2014
	(PKR in '000')	
11 SEGMENT REPORTING		
TURNOVER		
Cement	26,697,331	25,688,304
Polyester	6,954,682	9,134,184
Soda Ash	6,710,612	6,034,314
Life Sciences	5,081,689	4,605,611
Chemicals	2,122,272	1,951,358
Others (ICI PowerGen)	129,886	434,799
	47,565,997	47,396,494

	For the half year ended	
	December 31, 2015	December 31, 2014
	(PKR in '000')	
11.1 OPERATING RESULT		
Cement	8,565,461	7,100,343
Polyester	(534,975)	(175,643)
Soda Ash	1,455,073	1,133,561
Life Sciences	509,114	491,085
Chemicals	140,838	111,761
Others (LHL, LCLIHL, LCLHL, LEPL & ICI PowerGen)	2,583	36,323
	10,139,084	8,697,706

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 half year ended	
	December 31, 2015	December 31, 2014
	(PKR in '000')	
11.4 GROSS SALES		
Local	42,225,111	39,681,348
Export	5,340,886	7,715,146
	47,565,997	47,396,494

Notes to the Condensed Interim Consolidated Financial Statements

For the half year ended December 31, 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 Hyderabad Electric Supply Company (HESCO).

	Note	For the half year ended	
		December 31, 2015	December 31, 2014
		(PKR in '000')	
13 CASH GENERATED FROM OPERATIONS			
Profit before taxation		10,095,290	8,380,531
Adjustments for non cash charges and other items			
Depreciation	4.1	2,196,367	1,906,760
Amortization on intangible assets		209,305	211,644
Provision for slow moving spares		7,193	-
Provision for slow moving and obsolete stock-in-trade		(1,925)	-
Provision for doubtful debts		16,312	-
Gain on disposal of property, plant and equipment		(16,752)	(4,437)
Provision for staff retirement plan		154,649	157,374
Share of gain in equity-accounted investees		(414,319)	(323,299)
Interest on bank deposits		(380)	36,459
Unrealized gain on investments		(32,324)	-
Dividend from Associate		-	(40,000)
Associate share of profits		(145,143)	(34,027)
Finance cost		440,350	565,421
Profit before working capital changes		12,508,623	10,856,426
(Increase) / decrease in current assets			
Stores, spares and consumables		(613,055)	(187,727)
Stock in trade		312,088	(580,321)
Trade Debts		(579,878)	(883,475)
Loans and advances		(48,943)	(266,772)
Trade deposits and short term prepayments		(85,170)	29,247
Accrued mark-up on deposit accounts		58	-
Other receivables		(259,824)	287,228
		(1,274,724)	(1,601,820)
Increase in current liabilities			
Trade and other payables		620,853	2,827,244
Cash generated from operations		11,854,752	12,081,850

Notes to the Condensed Interim Consolidated Financial Statements

For the half year ended December 31, 2015 (Un-audited)

14 TRANSACTIONS WITH RELATED PARTIES

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

	For the half year ended	
	December 31, 2015	December 31, 2014
	(PKR in '000')	
Associated Companies		
Lucky Paragon ReadyMix Limited		
Sales	152,208	169,390
Fazal Textile Mills Limited		
Sales	-	274,691
Yunus Textile Mills Limited		
Sales	29,667	55,027
Lucky Textile Mills Limited		
Sales	31,420	35,280
Gadoon Textile Mills Limited		
Sales	671,525	585,561
Aziz Tabba Foundation		
Sales	333	1,650
Donation	40,000	90,000
Lucky One (Pvt) Limited		
Sales	43,068	74,429
Lucky Air (Pvt) Limited		
Services	13,585	14,060
Yunus Energy Limited		
Investment	302,000	168,615
Lucky Knits (Pvt) Limited		
Sales	4,443	4,545
Feroze 1888 Mills Limited		
Sales	43,753	6,891
International Steels Limited		
Sales	1,102	-
Lucky Foods (Pvt) Limited		
Sales	3,860	-
Pakistan Business Council		
Membership fee	1,500	1,500
Nutrico Pakistan (Pvt) Limited		
Dividend	180,000	40,000
Reimbursement of expenses	31,990	15,000
NIB Bank		
Loan interest	10,576	6,758
Oil and Gas Development Company Limited		
Sale of goods and materials	487	-
Arabian Sea Country Club Limited		
Club Subscription	-	47
Purchase of goods, materials and services	96	67
Jubilee Life Insurance Company Limited		
Insurance premium	6,596	7,795
Pakistan Cables		
Purchase of goods, materials and services	33,869	-
With key management personnel		
Salaries and benefits	213,440	178,075
Post employment benefits	35,746	36,694
Staff Retirement Benefit Plan		
Contribution	89,375	78,735
Directors		
Sales	778	-
Meeting fee	791	-
Purchase of land and building	-	599,379

Notes to the Condensed Interim Consolidated Financial Statements

For the half year ended December 31, 2015 (Un-audited)

15 DATE OF AUTHORISATION FOR ISSUE

These condensed interim consolidated financial statements were authorized for issue on February 20, 2016 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

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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