

LCK/CS/FR2018/2018-19/

July 31, 2018

The General Manager
Pakistan Stock Exchange
Limited
Karachi

The Deputy Chief
Securities & Exchange
Commission of Pakistan
Islamabad

The London Stock Exchange
10 Paternoster
Square,
London

Dear Sir(s)

Financial Results for the year ended June 30, 2018

We have to inform you that the Board of Directors of the Company in their Meeting held on Tuesday, July 31, 2018 at 11:30 a.m., at 6-A, Muhammad Ali Housing Society, A. Aziz Hashim Tabba Street, Karachi-75350 recommended the following:

- | | | |
|-------|--|------------|
| (i) | <u>Final Cash Dividend</u> | 80% |
| (ii) | <u>Bonus Shares</u> | Nil |
| (iii) | <u>Right Shares</u> | Nil |
| (iv) | <u>Any other Entitlement / Corporate Action</u> | Nil |
| (v) | <u>Any other Price-Sensitive Information</u> | Nil |

The financial results of the Company consisting of balance sheet, profit and loss account and directors' report (condensed) are attached.

The 25th Annual General Meeting (AGM) of the Company is scheduled to be held on Friday, **September 28, 2018** at 10:30 a.m., at the registered office of the Company situated at factory premises Pezu, District Lakki Marwat, Khyber Pukhtunkhwa.

The Share Transfer Books of the Company shall remain closed from Friday, September 14, 2018 to Friday, September 28, 2018 (both days inclusive). Transfers received at our Share Registrar/Transfer Agent M/s. Central Depository Company of Pakistan Limited, CDC House, 99-B, Block 'B', S.M.C.H.S. Main Shahrah-e-Faisal, Karachi-74400 at the close of business on Thursday, September 13, 2018 shall be treated in time for the purpose of above entitlement to the transferees.

Lucky Cement Limited

6-A, Muhammad Ali Housing Society, A. Aziz Hashim Tabba Street, Karachi-75350.

U.A.N: 111-786-575 T: (92-21) 34537390, 34530175, 34522554 & 34530450 F: 34534302 E: info@lucky-cement.com

URL: www.lucky-cement.com

We will be transmitting the Annual Report in electronic form through Pakistan Unified Corporate Action Reporting System (PUCARS) 21 days before the date of AGM.

Yours truly,
For: **LUCKY CEMENT LIMITED**



IRFAN CHAWALA
Director Finance / CFO

Unconsolidated Statement of Financial Position
 as at June 30, 2018

	2018	2017
	(PKR in '000')	
ASSETS		
NON-CURRENT ASSETS		
Fixed assets		
Property, plant and equipment	40,913,168	37,488,137
Intangible assets	55,023	79,657
	<u>40,968,191</u>	<u>37,567,794</u>
Long-term investments	24,981,078	13,313,520
Long-term loans and advances	90,996	84,951
Long-term deposits	3,175	3,175
	<u>66,043,440</u>	<u>50,969,440</u>
CURRENT ASSETS		
Stores and spares	7,783,111	5,894,079
Stock-in-trade	2,796,658	2,509,273
Trade debts	2,424,470	1,582,689
Loans and advances	420,671	619,161
Trade deposits and short-term prepayments	67,577	39,774
Accrued return	142,881	165,289
Other receivables	1,311,180	1,235,019
Tax refunds due from the Government	538,812	538,812
Short term investment	34,956	45,452
Cash and bank balances	27,435,361	33,738,377
	<u>42,955,677</u>	<u>46,367,925</u>
TOTAL ASSETS	<u><u>108,999,117</u></u>	<u><u>97,337,365</u></u>
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Share capital	3,233,750	3,233,750
Reserves	83,133,072	76,551,231
	<u>86,366,822</u>	<u>79,784,981</u>
NON-CURRENT LIABILITIES		
Long-term deposits	94,394	84,630
Deferred liabilities	7,300,639	7,124,127
	<u>7,395,033</u>	<u>7,208,757</u>
CURRENT LIABILITIES		
Trade and other payables	13,121,005	9,159,441
Unclaimed dividend	47,945	31,415
Unpaid dividend	82,960	79,026
Taxation - net	1,985,352	1,073,745
	<u>15,237,262</u>	<u>10,343,627</u>
	<u>22,632,295</u>	<u>17,552,384</u>
TOTAL EQUITY AND LIABILITIES	<u><u>108,999,117</u></u>	<u><u>97,337,365</u></u>

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**Unconsolidated Statement of Profit or Loss and Other Comprehensive Income
for the year ended June 30, 2018**

	2018	2017
	(PKR in '000')	
Gross sales	67,376,579	61,601,934
Less: Sales tax and federal excise duty	18,875,112	15,227,058
Rebates and commission	959,743	687,833
	<u>19,834,855</u>	<u>15,914,891</u>
Net sales	47,541,724	45,687,043
Cost of sales	(30,589,363)	(24,388,760)
Gross profit	<u>16,952,361</u>	<u>21,298,283</u>
Distribution cost	(1,992,454)	(1,703,785)
Administrative expenses	(1,089,446)	(1,021,694)
Other expenses	(1,346,369)	(1,788,023)
Other income	2,594,563	1,993,472
Profit before taxation	<u>15,118,655</u>	<u>18,778,253</u>
Taxation		
- current	(3,037,587)	(5,032,196)
- deferred	116,022	(53,808)
	<u>(2,921,565)</u>	<u>(5,086,004)</u>
Profit after taxation	<u>12,197,090</u>	<u>13,692,249</u>
Other comprehensive income:		
Other comprehensive (loss) / income which will not be reclassified to statement of profit or loss in subsequent periods		
(Loss) / gain on remeasurements of post retirement benefit obligation	(149,249)	9,488
Deferred tax thereon	40,297	(2,354)
	<u>(108,952)</u>	<u>7,134</u>
Other comprehensive loss which may be reclassified to statement of profit or loss in subsequent periods		
Unrealized loss on remeasurement of available for sale investment	(10,496)	(4,106)
Deferred tax thereon	1,574	616
	<u>(8,922)</u>	<u>(3,490)</u>
	<u>(117,874)</u>	<u>3,644</u>
Total comprehensive income for the year	<u>12,079,216</u>	<u>13,695,893</u>
	(PKR)	
Earnings per share - basic and diluted	<u>37.72</u>	<u>42.34</u>

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Consolidated Statement of Financial Position
 as at June 30, 2018

	2018	2017
	(PKR in '000)	
ASSETS		
NON-CURRENT ASSETS		
Fixed assets		
Property, plant and equipment	73,865,002	59,601,233
Intangible assets	7,943,988	7,388,387
	<u>81,808,990</u>	<u>66,989,620</u>
Long-term investments	13,642,987	11,098,870
Long-term loans and advances	534,786	467,373
Long-term deposits and prepayments	53,325	44,972
	<u>96,040,088</u>	<u>78,600,835</u>
CURRENT ASSETS		
Stores, spares and consumables	8,854,536	7,041,171
Stock-in-trade	12,088,621	8,423,173
Trade debts	5,142,591	4,172,567
Loans and advances	1,117,485	1,061,146
Trade deposits and short-term prepayments	1,108,185	675,814
Other receivables	3,431,926	2,881,844
Tax refunds due from the Government	538,812	538,812
Taxation receivable	2,221,851	1,093,972
Accrued return	161,742	181,355
Short term investments	34,956	45,452
Cash and bank balances	34,382,272	36,273,319
	<u>69,082,977</u>	<u>62,388,625</u>
TOTAL ASSETS	<u><u>165,123,065</u></u>	<u><u>140,989,460</u></u>
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Share capital	3,233,750	3,233,750
Reserves	93,913,157	83,736,475
	<u>97,146,907</u>	<u>86,970,225</u>
Attributable to the owners of the Holding Company	97,146,907	86,970,225
Non-controlling interest	12,428,264	9,235,325
Total equity	<u>109,575,171</u>	<u>96,205,550</u>
NON-CURRENT LIABILITIES		
Long-term finance	8,789,887	8,825,140
Long-term deposits	94,394	84,630
Liabilities against assets subject to finance lease	-	798
Deferred liabilities	10,640,736	9,864,932
Other long term liabilities	3,431,948	2,752,510
	<u>22,956,965</u>	<u>21,528,010</u>
CURRENT LIABILITIES		
Trade and other payables	20,242,935	19,034,911
Unclaimed dividend	47,945	111,983
Unpaid dividend	82,960	79,026
Provision for taxation	1,992,278	1,073,745
Accrued return	272,146	177,654
Short-term borrowings and running finance	7,332,327	2,128,905
Current portion of liabilities against assets subject to finance lease	822	2,009
Current portion of long-term finance	2,619,516	647,667
	<u>32,590,929</u>	<u>23,255,900</u>
	<u>55,547,894</u>	<u>44,783,910</u>
TOTAL EQUITY AND LIABILITIES	<u><u>165,123,065</u></u>	<u><u>140,989,460</u></u>

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**Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the Year Ended June 30, 2018**

	2018	2017
	(PKR in '000)	
Revenue	124,681,831	109,800,227
Less: Sales tax and excise duty	21,958,757	17,959,806
Rebates and commission	5,181,190	4,457,896
	27,139,947	22,417,702
	97,541,884	87,382,525
Cost of sales	(71,943,557)	(58,445,580)
Gross profit	25,598,327	28,936,945
Distribution cost	(4,736,174)	(4,138,496)
Administrative expenses	(2,586,556)	(2,237,067)
Finance cost	(829,919)	(682,173)
Other expenses	(2,204,275)	(1,916,716)
Other income	2,766,520	2,085,609
	18,007,923	22,048,102
Share of profit in equity-accounted investments	1,865,477	1,582,119
Profit before taxation	19,873,400	23,630,221
Taxation		
- current	(3,160,980)	(6,475,246)
- deferred	(538,867)	235,659
	(3,699,847)	(6,239,587)
Profit after taxation	16,173,553	17,390,634
Attributable to:		
Owners of the Holding Company	14,819,911	16,227,033
Non-controlling interest	1,353,642	1,163,601
	16,173,553	17,390,634
Other comprehensive income:		
Other comprehensive loss which will not be reclassified to statement of profit or loss in subsequent periods:		
Loss on remeasurements of post retirement benefit obligations	(467,082)	(64,663)
Deferred tax thereon	114,961	15,873
	(352,121)	(48,790)
Other comprehensive loss which may be reclassified to statement of profit or loss in subsequent periods:		
Foreign exchange differences on translation of foreign operations	1,106,162	1,385
Unrealised loss on remeasurement of available-for-sale investment	(10,496)	(4,106)
Deferred tax thereon	1,574	616
	(8,922)	(3,490)
	745,119	(50,895)
Total comprehensive income for the year	16,918,672	17,339,739
Attributable to:		
Owners of the Holding Company	15,672,949	16,200,957
Non-controlling interest	1,245,723	1,138,782
	16,918,672	17,339,739
Earnings per share - basic and diluted	45.83	50.18

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Directors' Report (Condensed)

The Directors of your Company have the pleasure in presenting to you the financial results of your Company which include both, stand-alone and consolidated audited financial statements for the fiscal year ended June 30, 2018.

Overview

Cement industry in Pakistan grew by 13.8% to 45.89 million tons during the fiscal year ended June 30, 2018 in comparison to 40.32 million tons during last year. While local sales volume registered a growth of 15.4% to 41.15 million tons during the current fiscal year in comparison to 35.65 million tons last year; export sales volume registered an increase of 1.8% to 4.75 million tons during the current fiscal year under review as compared to 4.66 million tons last year.

Your Company achieved an overall growth of 9.3% with total sales volume of 7.82 million tons during the current fiscal year as compared to 7.15 million tons sold last year. While local cement sales volume registered a growth of 14.8% (North 18.1% and South 11.0%) to reach 6.63 million tons as compared to 5.77 million tons last year, whereas, local clinker sales volumes declined by 80.1% to 0.06 million tons during the current fiscal year as compared to 0.30 million tons last year, resulting in the overall local sales growth of 10.2% to reach 6.69 million tons during the fiscal year as compared to 6.07 million tons last year; whereas, export sales volume increased by 4.6% to 1.13 million tons during the current fiscal year as compared to 1.08 million tons last year.

On a consolidated basis your Company achieved gross turnover of PKR 124.68 billion which is 13.6% higher as compared to last year's turnover of PKR 109.80 billion.

Business Performance

a. Production & Sales Volume Performance

The production and sales statistics of your Company for the fiscal year ended 2017-18 compared to last year are, as follows:

Particulars	FY	FY	Growth/
	2017-18	2016-17	(Decline)
	Tons in '000'		%
Clinker Production	7,426	6,873	8.0%
Cement Production	7,655	6,881	11.2%
Cement Sales	7,657	6,853	11.7%
Clinker Sales	161	297	(45.8%)



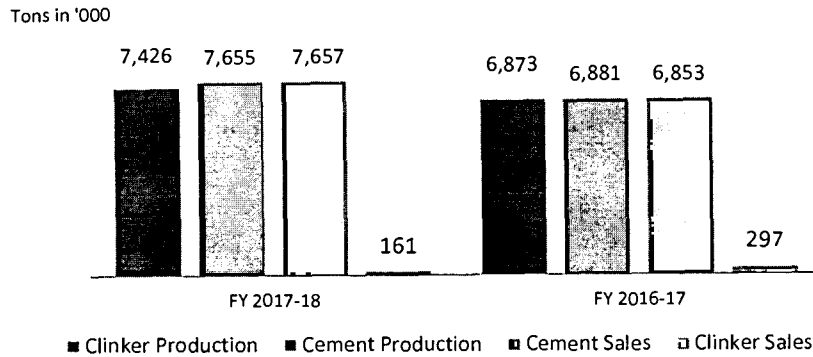
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The production and sales volume data is graphically presented as under:



A comparison of the dispatches of the industry and your Company for the fiscal year ended 2017-18 with last year is presented below:

Particulars	FY 2017-18 (Tons in '000)	FY 2016-17 (Tons in '000)	Growth / (Decline) %
-------------	---------------------------------	---------------------------------	----------------------

Cement Industry

Local Sales	41,147	35,652	5,495	15.4%
Export Sales				
- Bagged	4,260	4,479	(219)	(4.9%)
- Loose	181	185	(4)	(2.2%)
- Clinker	305	-	305	100%
Total Exports	4,746	4,664	82	1.8%
Grand Total	45,893	40,316	5,577	13.8%

Lucky Cement

Local Sales				
- Cement	6,627	5,772	855	14.8%
- Clinker	59	297	(238)	(80.1%)
Total Local Sales	6,686	6,069	617	10.2%
Export Sales				
- Bagged	849	896	(47)	(5.2%)
- Loose	181	185	(4)	(2.2%)
- Clinker	101	-	101	100.0%
Total Exports	1,131	1,081	50	4.6%
Grand Total	7,817	7,150	667	9.3%

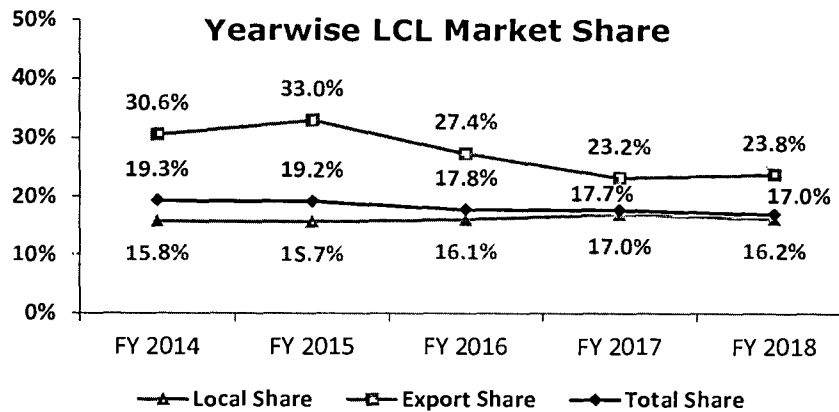
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Market Share	FY 2017-18	FY 2016-17	Growth/ (Decline)%
Local Sales	16.2%	17.0%	(4.7%)
Export Sales			
- Bagged	19.9%	20.0%	(0.5%)
- Loose	100.0%	100.0%	0.0%
- Clinker	33.1%	-	100%
Total Export	23.8%	23.2%	2.6%
Grand Total	17.0%	17.7%	(4.0%)

Industry Source: APCMA website

A comparative year-wise analysis of market share of your Company is as under:



b. Financial Performance

On a **consolidated** basis your Company achieved Net Profit of PKR 16.17 billion of which PKR 1.35 billion is attributable to non-controlling interests which translates into an EPS of PKR 45.83 as compared to PKR 50.18 last year.

The **standalone financial performance** of your Company for the fiscal year ended 2017-18 as compared to last year is presented below:

PKR in millions except EPS

Particulars	FY FY 2017-18	FY FY 2016-17	% Change
Gross Revenue	67,377	61,602	9.4%
Net Revenue	47,542	45,687	4.1%
GP	16,952	21,298	(20.4%)
OP	13,870	18,573	(25.3%)
EBITDA	16,887	21,205	(20.4%)
NP	12,197	13,692	(10.9%)
EPS	37.72 / Share	42.34 / Share	(10.9%)

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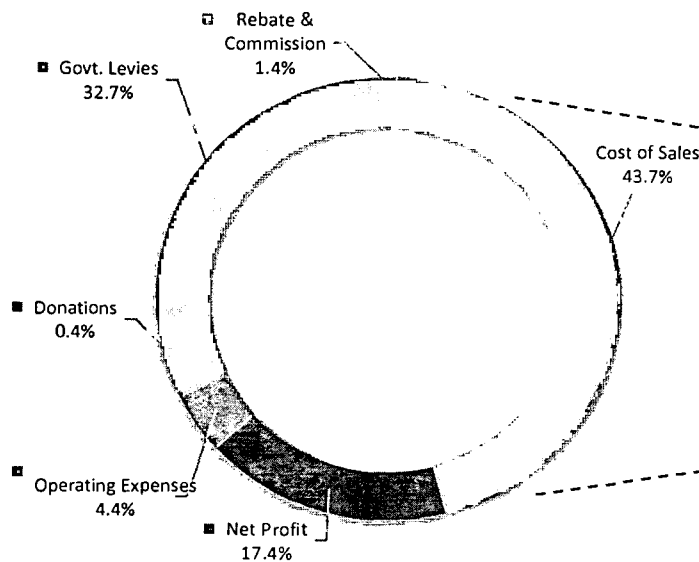
Revenue

During the fiscal year 2017-18 under review, your Company achieved an overall gross sales revenue growth of 9.4% as compared to last year. This was mainly due to the impact of higher Volumes and increase in Federal Excise Duty and Sales Tax.

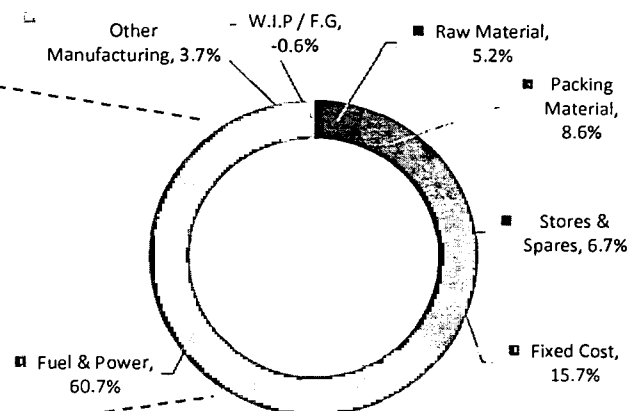
Cost of Sales

During the fiscal year 2017-18 under review, per ton cost of sales of your Company increased by 14.7% as compared to last year. The increase was mainly attributable to increase in coal, packing material and other fuel prices.

Distribution of Gross Revenue



Distribution of Cost of Sales



Gross Profit

Your Company achieved gross profit margin of 35.7% for the fiscal year under review as compared to 46.6% reported last year.

Gross Profit

PKR in Millions

2018	16,952
2017	21,298
2016	21,746
2015	20,183
2014	18,690



Net Profit

Your Company achieved profit before tax of PKR 15,118.7 million during the current fiscal year under review as compared to PKR 18,778.3 million reported last year. Similarly, after tax profit of PKR 12,197.1 million was achieved during the fiscal year under review as compared to PKR 13,692.2 million reported last year.

Net Profit

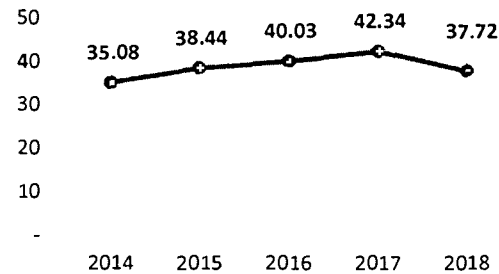
 PKR in
Millions

2018	12,197
2017	13,692
2016	12,944
2015	12,432
2014	11,344

Earnings per share

The earnings per share of your Company for the fiscal year ended June 30, 2018 was PKR 37.72 in comparison to PKR 42.34 reported during last year.

EPS Trend PKR



Projects – New and Ongoing


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

The construction activity at the project site has commenced and Letter of Credit for the import of Plant and Machinery has also been established. The project remains on target to achieve commercial operations in the last quarter of calendar year 2019.

Investments

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

Your Company has achieved financial close of the project on 25th June, 2018 after fulfilling all the necessary conditions and accordingly, PPIB has issued the necessary guarantee from the Government of Pakistan under the Implementation Agreement. Mobilization advance has been paid to the Contractors and the Notice to Proceed for carrying out works under Construction and Supply Contract has been issued. The Contractors have been mobilized at the site and levelling and piling work has commenced. The target date for Commercial Operations is 1st March, 2021.


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Investment in automotive manufacturing plant – Kia Lucky Motors Pakistan Limited [KLM]

KLM started construction of the project in November 2017 and has also signed a New Entrant Agreement with the Ministry of Industries & Production under the Automotive Development Policy 2016-2021 in December 2017.

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

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

Company is currently in negotiation with its suppliers to finalize plant and machinery. Target to achieve financial close and commercial production is third quarter of calendar year 2018 and last quarter of calendar year 2019, respectively.

Corporate Social Responsibility

Your company is committed to create value for the society in which it operates. Continuing on the agenda to support deserving students and increase the level of education in Pakistan, your company has been providing scholarships to deserving students of LUMS, IBA and other leading universities in Pakistan.

Keeping in view the importance and impact of women empowerment in Pakistan, your Company in collaboration with Zindagi Trust continued its support for two leading Government girls' schools in Karachi. With the primary focus of social intervention in the development of women education in the country and with the support of your Company, these schools have been transformed into model educational institutions for girls' education in Pakistan.

Provision of quality health care has also been your company's priority; which remains continued through financial support to the Aziz Tabba Foundation; a prominent philanthropic institution that is running Tabba Heart Institute and Tabba Kidney Institute. Furthermore, your Company has also extended support to Pakistan Welfare Association of the Blind.

As always, during the holy month of Ramadan your company fulfilled basic food needs of deserving families. Furthermore, contribution towards the community in connection with health-based initiatives and other welfare purposes were also made to highlight the true spirit of charity.

Your Company also continues to donate towards the cause of community development by supporting CPLC – an institution responsible for the safety and security of citizens in Sindh.

Your company has always taken its responsibility towards the environment seriously. In an effort to curtail carbon emissions in the atmosphere, your company has a comprehensive air quality measurement program that enables it to identify the limits of pollution parameters in the ambient air in and around the Cement plants. All mentioned parameters are closely monitored and kept well below the respective limits as specified by the National Environmental Quality Standards (NEQS). The levels of emissions from stacks for particulate matter, Sulphur

dioxides, oxides of nitrogen, carbon monoxide and carbon dioxide are well below their respective limits specified in the NEQs.

Outlook

The overall future outlook for the Cement industry remains positive and domestic sales are expected to remain strong on the back of on-going private and public sector construction projects as well as mega infrastructure development projects under the China-Pakistan Economic Corridor (CPEC) initiative; whereas, export sales have already improved in view of favorable market dynamics and foreign currency parity adjustments versus PKR.

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.

Dividend & Appropriation

Taking into account the current capital and equity investment plans; the board has proposed the **final cash dividend of PKR 8 per share** subject to the approval of shareholders in the upcoming Annual General Meeting scheduled to be held on September 28, 2018. This proposed final cash dividend is in addition to the interim cash dividend of PKR 5 per share already paid, as previously recommended by the Board of Directors for the financial year ended June 30, 2018.

This approach remains in line with your Company's commitment to consistently provide sustainable returns to the shareholders. Movement in un-appropriated profit is as follows:

	PKR in '000
Net Profit for the Year	
Un-appropriated profit at the beginning of the year	-
Profit available for appropriation	12,079,216
	<u>12,079,216</u>
Appropriations	
Interim cash dividend already paid @ PKR 5 per share	1,616,875
Proposed final cash dividend @ PKR 8 per share	2,587,000
Total Dividends for the Financial Year 2017-18	4,203,875
Proposed transfer to General Reserves	7,875,341
Un-appropriated profit at the end of the year	-
Basic and diluted earnings per share – PKR	<u>37.72</u>



Acknowledgement

Directors of your Company take this opportunity to express their deep sense of gratitude for all the stakeholders for their encouragement and continued 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 for our shareholders, who have always shown their confidence and faith in the Company.

On behalf of the Board



MUHAMMAD YUNUS TABBA
Chairman / Director

Karachi: July 31, 2018



MUHAMMAD ALI TABBA
Chief Executive / Director

