

LCK/CS/2018-19/

January 31, 2019

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 HALF YEAR ENDED DECEMBER 31, 2018

This is to inform you that the Board of Directors of our Company in their meeting held on Thursday, January 31, 2019 at 11:30 a.m., at 6-A, Muhammad Ali Housing Society, A. Aziz Hashim Tabba Street, Karachi-75350 recommended the following:

(i)	<u>Cash Dividend</u>	Nil
(ii)	<u>Bonus Issue</u>	Nil
(iii)	<u>Right Issue</u>	Nil
(iv)	<u>Interim Dividend</u>	Nil

The financial results of the Company consisting of Statements of Financial Position, Statements of Profit and Loss and Other Comprehensive Income and Directors' Report are annexed.

The Half Yearly report of the Company for the period ended December 31, 2018 will also be transmitted through PUCARS separately, within the specified time.

Yours truly
for **LUCKY CEMENT LIMITED**



IRFAN CHAWALA
Director Finance / CFO

**Unconsolidated Condensed Interim Statement of Financial Position
As at December 31, 2018**

	(Un-audited) December 31, 2018	(Audited) June 30, 2018
	(PKR in '000')	
ASSETS		
NON-CURRENT ASSETS		
Fixed assets		
Property, plant and equipment	44,961,909	40,913,168
Intangible assets	39,622	55,023
	<u>45,001,531</u>	<u>40,968,191</u>
Long-term investments	31,417,700	24,981,078
Long-term loans and advances	103,596	90,996
Long-term deposits	3,175	3,175
	<u>76,526,002</u>	<u>66,043,440</u>
CURRENT ASSETS		
Stores and spares	8,050,866	7,783,111
Stock-in-trade	2,915,297	2,796,658
Trade debts	2,410,197	2,424,470
Loans and advances	423,023	420,671
Trade deposits and short term prepayments	78,062	67,577
Accrued return	197,352	142,881
Other receivables	1,512,116	1,311,180
Tax refunds due from the Government	538,812	538,812
Short term investment	525,329	34,956
Cash and bank balances	22,169,822	27,435,361
	<u>38,820,876</u>	<u>42,955,677</u>
TOTAL ASSETS	<u><u>115,346,878</u></u>	<u><u>108,999,117</u></u>
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Share capital	3,233,750	3,233,750
Reserves	86,037,563	83,133,072
	<u>89,271,313</u>	<u>86,366,822</u>
NON-CURRENT LIABILITIES		
Long-term deposits	90,994	94,394
Deferred liabilities	7,032,294	7,300,639
	<u>7,123,288</u>	<u>7,395,033</u>
CURRENT LIABILITIES		
Trade and other payables	15,415,516	13,121,005
Short term running finance	1,000,000	-
Unclaimed dividend	59,716	47,945
Unpaid dividend	91,119	82,960
Taxation - net	2,385,926	1,985,352
	<u>18,952,277</u>	<u>15,237,262</u>
	<u>26,075,565</u>	<u>22,632,295</u>
TOTAL EQUITY AND LIABILITIES	<u><u>115,346,878</u></u>	<u><u>108,999,117</u></u>



Lucky Cement Limited

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**Unconsolidated Condensed Interim Statement of Profit or Loss and Other Comprehensive Income
For the half year ended December 31, 2018 (Un-audited)**

	Half Year Ended		Quarter Ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	(PKR in '000')		(PKR in '000')	
Gross sales	34,885,341	32,852,077	18,874,278	17,156,894
Less: Sales tax and federal excise duty	9,484,395	9,149,825	5,093,783	4,857,234
Rebates and commission	445,871	448,424	230,488	249,613
	9,930,266	9,598,249	5,324,271	5,106,847
Net sales	24,955,075	23,253,828	13,550,007	12,050,047
Cost of sales	(17,531,060)	(14,368,087)	(9,550,411)	(7,277,550)
Gross profit	7,424,015	8,885,741	3,999,596	4,772,497
Distribution cost	(1,374,509)	(813,183)	(716,990)	(443,832)
Administrative expenses	(559,645)	(556,503)	(285,869)	(275,235)
Other expenses	(570,602)	(616,749)	(325,146)	(322,494)
Other income	1,606,571	1,195,338	962,242	662,942
Profit before taxation	6,525,830	8,094,644	3,633,833	4,393,878
Taxation				
-current	(1,433,590)	(1,486,683)	(883,235)	(553,578)
-deferred	408,549	(60,828)	257,360	(310,450)
	(1,025,041)	(1,547,511)	(625,875)	(864,028)
Profit after taxation	5,500,789	6,547,133	3,007,958	3,529,850
Other comprehensive income:				
Other comprehensive loss which will not be reclassified to statement of profit or loss in subsequent periods				
Unrealized loss on remeasurement of equity investment at fair value through other comprehensive income	(10,938)	(5,805)	(4,602)	(690)
Deferred tax thereon	1,640	871	690	104
	(9,298)	(4,934)	(3,912)	(586)
Total comprehensive income for the period	5,491,491	6,542,199	3,004,046	3,529,264
	(PKR)		(PKR)	
Earnings per share - basic and diluted	17.01	20.25	9.30	10.92



**Condensed Interim Consolidated Statement of Financial Position
As at December 31, 2018**

	(Un-audited) December 31, 2018	(Audited) June 30, 2018
	(PKR in '000')	
ASSETS		
NON-CURRENT ASSETS		
Fixed assets		
Property, plant and equipment	92,449,115	73,865,002
Intangible assets	7,775,543	7,943,988
	<u>100,224,658</u>	<u>81,808,990</u>
Long-term investments	15,373,556	13,642,987
Long-term loans and advances	565,605	534,786
Long-term deposits and prepayments	47,192	53,325
	<u>116,211,011</u>	<u>96,040,088</u>
CURRENT ASSETS		
Stores, spares and consumables	9,194,878	8,854,536
Stock-in-trade	12,849,417	12,088,621
Trade debts	4,814,834	5,142,591
Loans and advances	1,760,554	1,117,485
Trade deposits and short-term prepayments	3,149,789	1,108,185
Other receivables	3,727,796	3,431,926
Tax refunds due from the Government	538,812	538,812
Taxation receivable	2,145,076	2,221,851
Accrued return	206,077	161,742
Short term investments	525,329	34,956
Cash and bank balances	25,707,497	34,382,272
	<u>64,620,059</u>	<u>69,082,977</u>
TOTAL ASSETS	<u>180,831,070</u>	<u>165,123,065</u>
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Share capital	3,233,750	3,233,750
Reserves	98,836,312	93,913,157
Attributable to the owners of the Holding Company	102,070,062	97,146,907
Non-controlling interests	14,864,553	12,428,264
Total equity	<u>116,934,615</u>	<u>109,575,171</u>
NON-CURRENT LIABILITIES		
Long-term finances	11,494,906	8,789,887
Long-term deposits	90,994	94,394
Deferred liabilities	10,113,142	10,640,736
Other long term liabilities	4,130,772	3,431,948
	<u>25,829,814</u>	<u>22,956,965</u>
CURRENT LIABILITIES		
Trade and other payables	24,595,554	20,242,935
Unclaimed dividend	59,716	47,945
Unpaid dividend	91,119	82,960
Provision for taxation	2,385,926	1,992,278
Accrued return	326,697	272,146
Short-term borrowings and running finance	7,977,487	7,332,327
Current portion of liabilities against assets subject to finance lease	134	822
Current portion of long-term finances	2,630,008	2,619,516
	<u>38,066,641</u>	<u>32,590,929</u>
	<u>63,896,455</u>	<u>55,547,894</u>
TOTAL EQUITY AND LIABILITIES	<u>180,831,070</u>	<u>165,123,065</u>

**Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half year ended December 31, 2018 (Un-audited)**

	Half Year Ended		Quarter Ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	(PKR in '000')		(PKR in '000')	
Revenue	67,854,061	59,766,088	36,538,607	31,082,652
Less Sales tax and excise duty	11,301,849	10,554,415	6,058,883	5,592,056
Rebates and commission	2,832,361	2,457,306	1,604,495	1,319,084
	14,134,210	13,011,721	7,663,378	6,911,140
	53,719,851	46,754,367	28,875,229	24,171,512
Cost of sales	(42,020,952)	(33,587,614)	(22,764,288)	(17,093,671)
Gross profit	11,698,899	13,166,753	6,110,941	7,077,841
Distribution cost	(2,837,830)	(2,152,288)	(1,454,128)	(1,140,194)
Administrative expenses	(1,531,627)	(1,442,077)	(775,797)	(821,054)
Finance cost	(774,333)	(314,595)	(417,120)	(149,498)
Other expenses	(901,980)	(1,111,190)	(560,207)	(712,471)
Other income	1,923,716	2,196,681	770,974	972,943
Profit before taxation	7,576,845	10,343,284	3,674,663	5,227,567
Taxation				
- current	(2,123,114)	(1,916,509)	(1,059,506)	(654,580)
- deferred	683,531	150,104	360,315	(163,839)
	(1,439,583)	(1,766,405)	(699,191)	(818,419)
Profit after taxation	6,137,262	8,576,879	2,975,472	4,409,149
Attributable to:				
Owners of the Holding Company	5,795,505	7,914,236	2,839,705	4,067,067
Non-controlling interests	341,757	662,643	135,767	342,082
	<u>6,137,262</u>	<u>8,576,879</u>	<u>2,975,472</u>	<u>4,409,149</u>
Other comprehensive income for the period				
Other comprehensive income which may be reclassified to statement of profit or loss in subsequent periods				
Foreign exchange differences on translation of foreign operations	1,200,556	363,078	1,011,443	327,092
Other comprehensive loss which will not be reclassified to statement of profit or loss in subsequent periods				
Unrealized loss on remeasurement of equity investment at fair value through other comprehensive income	(10,938)	(5,805)	(4,602)	(690)
Deferred tax thereon	1,640	871	690	104
	(9,298)	(4,934)	(3,912)	(586)
Total comprehensive income for the period	7,328,520	8,935,023	3,983,003	4,735,654
Attributable to:				
Owners of the Holding Company	6,986,763	8,272,380	3,847,236	4,393,572
Non-controlling interests	341,757	662,643	135,767	342,082
	<u>7,328,520</u>	<u>8,935,023</u>	<u>3,983,003</u>	<u>4,735,654</u>
	(PKR)	(PKR)	(PKR)	(PKR)
Earnings per share - basic and diluted	17.92	24.47	8.78	12.58



Lucky Cement Limited

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Directors' Report (Condensed)

The Directors have the pleasure in presenting to you the financial results of your Company which include both, **stand-alone** (duly reviewed by the auditors) and **consolidated unaudited financial statements** for the half year ended December 31, 2018.

Overview

Cement industry in Pakistan grew by 3.9% to 23.12 million tons during the half year ended December 31, 2018 in comparison to 22.24 million tons during the same period last year. While local sales volume registered a decline of 1.4% to 19.56 million tons during the half year in comparison to 19.84 million tons during the same period last year; export sales volume registered an increase of 47.9% to 3.56 million tons during the half year under review as compared to 2.41 million tons reported in the same period last year.

In comparison to the Cement Industry, your **Company's** overall sales grew by 6.8% to reach 4.01 million tons during the current half year under review; where, local cement sales volume registered a decline of 6.8% (North 10.8% and South 2.1%) in the current half year to reach 2.99 million tons in comparison to 3.21 million tons in the same period last year. On the other hand, export sales volumes of your Company more than doubled in the current half year and improved by 109.0% to reach 1.02 million tons as compared to 0.49 million tons during the same period last year.

On a **consolidated basis**, your Company achieved a gross turnover of PKR 67.85 billion which is 13.5% higher as compared to the same period last year's turnover of PKR 59.77 billion.

Moreover, **consolidated** Net Profit of the Company was PKR 6.14 billion of which PKR 0.34 billion is attributable to non-controlling interests which translates into an EPS of PKR 17.92 during the current half year ended December 31, 2018 as compared to PKR 24.47 during the same period last year.

Business Performance

a. Production & Sales Volume Performance - Standalone

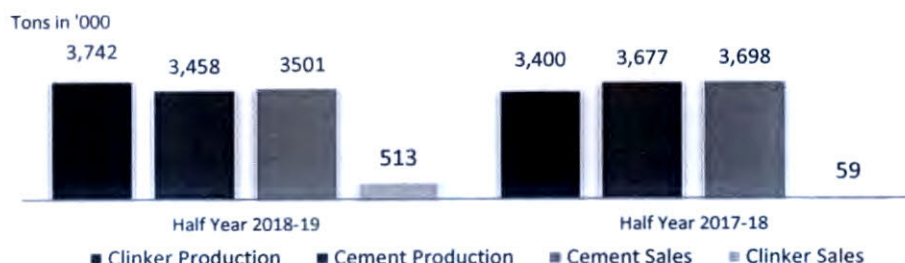
The **standalone** production and sales statistics of your Company for the current half year ended December 31, 2018 compared to the same period last year are as follows:

Particulars	Half Year 2018-19	Half Year 2017-18	Growth/ (Decline) %
	Tons in '000'		
Clinker Production	3,742	3400	10.1%
Cement Production	3,458	3,677	(6.0%)
Cement Sales	3,501	3,698	(5.3%)
Clinker Sales	513	59	769.5%

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

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A comparison of the dispatches of the **industry** and your **Company's standalone business** for the current half year of the financial year 2018-19 with the same period last year is presented below:

Particulars	Half Year 2018-19 (Tons in '000')	Half Year 2017-18 (Tons in '000')	Growth / (Decline) %	
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Cement Industry

Local Sales	19,558	19,836	(278)	(1.4%)
Export Sales				
- Bagged	2,205	2,326	(121)	5.2%
- Loose	39	81	(42)	(51.9%)
- Clinker	1,316	-	1,316	100.0%
Total Exports	3,560	2,407	1,153	47.9%
Grand Total	23,118	22,243	875	3.9%

Lucky Cement

Local Sales				
- Cement	2,992	3,209	(217)	(6.8%)
- Clinker	-	59	(59)	(100.0%)
Total Local Sales	2,992	3,268	(276)	(8.4%)
Export Sales				
- Bagged	470	408	62	15.2%
- Loose	39	81	(42)	(51.9%)
- Clinker	513	-	513	100.0%
Total Exports	1,022	489	533	109.0%
Grand Total	4,014	3,757	257	6.8%

Market Share	Half Year 2018-19	Half Year 2017-18	Growth / (Decline) %	
Local Sales	15.3%	16.5%	(7.3%)	
Export Sales				
- Bagged	21.3%	17.5%	21.7%	
- Loose	100.0%	100.0%	0.0%	
- Clinker	39.0%	-	100.0%	
Total Export	28.7%	20.3%	41.4%	
Grand Total	17.4%	16.9%	3.0%	

Industry Source: APCMA website

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b. Financial Performance - Standalone

The **standalone financial performance** of your Company for the half year ended December 31, 2018 as compared to the same period last year is presented below:

Particulars	PKR in millions except EPS		
	Half Year 2018-19	Half Year 2017-18	% Change
Gross Revenue	34,885	32,852	6.2%
Net Revenue	24,955	23,254	7.3%
GP	7,424	8,886	(16.5%)
OP	5,490	7,516	(27.0%)
EBITDA	7,157	8,910	(19.7%)
NP	5,501	6,547	(16.0%)
EPS	17.01 /Share	20.25 /Share	(16.0%)

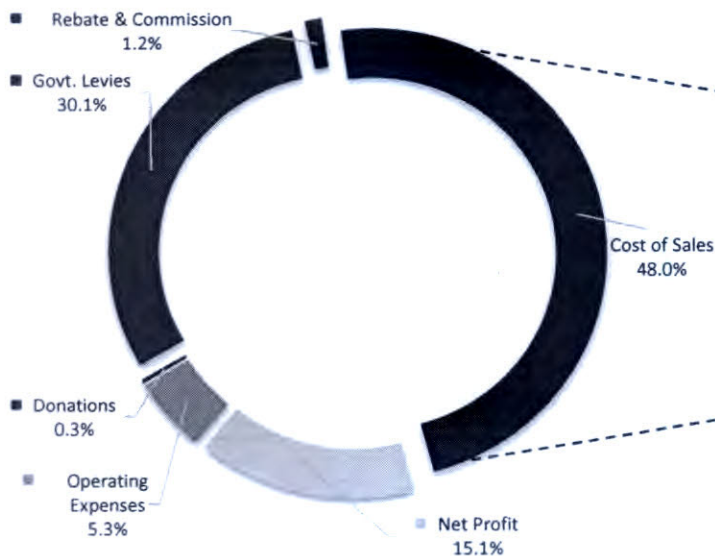
Revenue

During the half year of 2018-19 under review, your Company achieved an overall gross sales revenue growth of 6.2% as compared to the same period last year. This was mainly attributable to higher export volumes for clinker and cement.

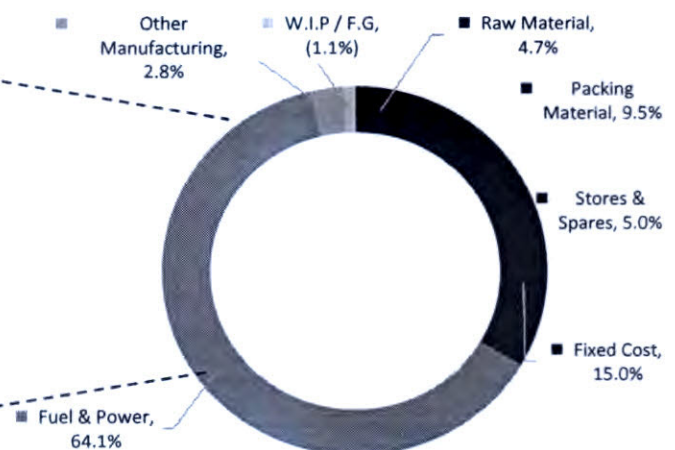
Cost of Sales

During the half year under review, per ton cost of sales of your Company increased by 14.2% as compared to the same period last year. This increase was mainly on account of increase in coal, packing material and other fuel prices.

Distribution of Gross Revenue



Distribution of Cost of Sales

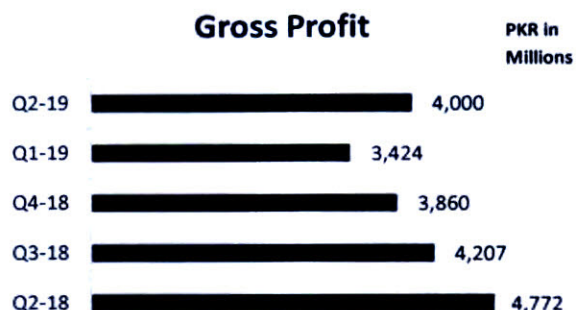


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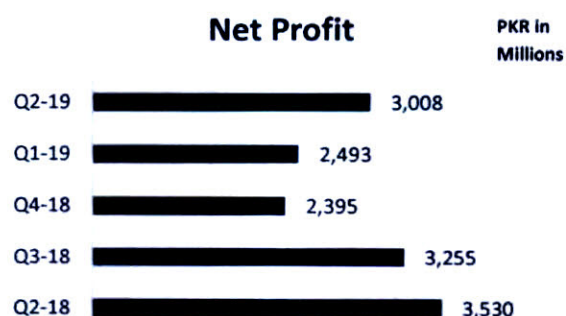
Gross Profit

Your Company achieved a gross profit margin of 29.7% for the half year under review as compared to 38.2% reported during the same period last year.



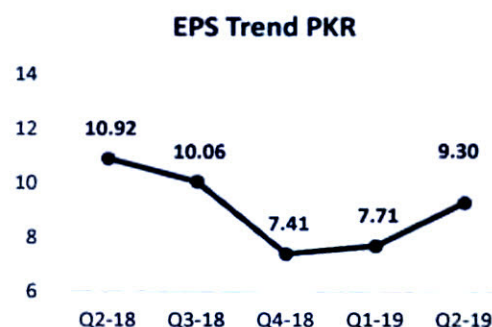
Net Profit

Your Company achieved a profit before tax of PKR 6,525.8 million during the half year under review as compared to PKR 8,094.6 million reported during the same period last year. Similarly, after tax profit of PKR 5,500.8 million was achieved during the half year under review as compared to PKR 6,547.1 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, 2018 was PKR 17.01 in comparison to PKR 20.25 reported during the same period last year.



Projects – New and Ongoing

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

The civil works are progressing as per schedule and plant & machinery shipments have started arriving at the project site. The erection and fabrication work is also progressing satisfactorily and as per schedule to achieve commercial operations in the second quarter of financial year 2019-20.

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Investments

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

The construction activity for setting up 660 MW super critical, lignite coal based power plant is progressing well and as per project implementation schedule. Target to achieve commercial operations remains 1st March 2021.

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

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 of Pakistan. Target to start commercial production is for the first quarter of financial year 2019-20.

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

The project has achieved financial close and the letter of credit to import plant and machinery was opened in the month of December 2018. Levelling work at project site started in the month of January 2019 and civil works are expected to commence in March 2019. Target to achieve commercial production is for the last quarter of financial year 2019-20.

Corporate Social Responsibility

Your Company remains committed to value creation in the society and the communities in which it operates, with primary focus of its CSR initiatives in Education, Women empowerment, Community development, Health and Environment conservation.

Education / Scholarships

Continuing on the agenda to support deserving students, during the first half of the financial year under review, your Company extended a number of scholarships to various students of LUMS, IBA and other leading universities in Pakistan and abroad.

Women Empowerment

Prioritizing its emphasis on women empowerment, your company continued to extend its full support for two leading Government girls' schools in Karachi in collaboration with Zindagi Trust. With the primary objective of social intervention in the development of women's education in the Country, your Company has transformed these schools into model educational institutions for girls of Pakistan.

Community development

Working on the key agenda of Community development; your Company sponsored certain events of World Memon Organization, which is known for its charitable initiatives and donations for community development. Furthermore, your Company also made contributions for certain annual events organized by Special Olympics Pakistan.

Health Initiatives

Provision of quality healthcare has remained your Company's priority, especially through financial support to Aziz Tabba Foundation: a prominent philanthropic institution that is running Tabba Heart and Tabba Kidney institutes, which provide vital support in bridging the gap of specialized and modern medical care in the Country. In this regard, your company also provided financial support to the First International Pediatric Urology Congress, held by the Tabba Kidney Institute.

Environment Conservation

Your Company always takes serious responsibility towards the environment. In an effort to highlight the importance of environment conservation during the first half of the financial year under review, a tree plantation drive was launched and free tree saplings were distributed amongst the employees to contribute towards making Pakistan greener and environment friendly.

Outlook

The future outlook for the Cement industry remains promising and your Company remains hopeful for improvement in domestic sales going forward on account of Government's key initiatives to build both small and mega-capacity / multipurpose water reservoirs / dams and '5 million housing scheme' to construct affordable houses for public at large; whereas, export sales are anticipated to remain strong in view of favorable market dynamics and increasing demand for Clinker in the regional countries.

Your Company believes that its strong financial position and free cash flow generating ability can continue to support investments in projects and avenues which can bring in further operational efficiencies and enhance shareholders' value.

Acknowledgement

Directors of your Company take pleasure in expressing their sincere gratitude and appreciation for excellent commitment and contribution of all the employees and continued trust and confidence placed in the Company by all the stakeholders.

On behalf of the Board


MUHAMMAD YUNUS TABBA
Chairman / Director
MUHAMMAD ALI TABBA
Chief Executive / Director

Karachi: January 31, 2019



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