

EMBRACING THE **CHANGE**

ADVOCATES OF SUSTAINABILITY
FOR A BETTER TOMORROW

**20
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1ST QUARTERLY REPORT
SEPTEMBER 30, 2020

EMBRACING THE **CHANGE**

ADVOCATES OF SUSTAINABILITY
FOR A BETTER TOMORROW

Our belief in bringing a positive change based on our values is the testament of our philosophy for a better tomorrow. Our dynamic workforce and concrete business ethics have not only resulted in market leadership but also help us unlock more avenues for progression.

With our diversified business portfolio, we aim to strengthen the economy with innovation, growth and sustainability.



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COMPANY INFORMATION

Board of Directors

Muhammad Yunus Tabba
(Chairman)

Muhammad Ali Tabba
Muhammad Sohail Tabba
Jawed Yunus Tabba
Mariam Tabba Khan
Manzoor Ahmed
Masood Karim Shaikh

Management Team

Muhammad Ali Tabba
(Chief Executive)

Noman Hasan
(Executive Director)

Muhammad Atif Kaludi
(Director Finance & Chief Financial Officer)

Amin Ganny
(Chief Operating Officer)

Adnan Ahmed
(Chief Operating Officer, International Businesses)

Murtaza Abbas
(Chief Strategy Officer & Director Investment)

Faisal Mahmood
(GM Finance & Company Secretary)

Board Committees AUDIT COMMITTEE

Manzoor Ahmed
(Chairman)

Muhammad Sohail Tabba
Jawed Yunus Tabba
Mariam Tabba Khan
Masood Karim Shaikh

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Masood Karim Shaikh
(Chairman)

Muhammad Ali Tabba
Muhammad Sohail Tabba
Jawed Yunus Tabba
Mariam Tabba Khan

BUDGET COMMITTEE

Muhammad Sohail Tabba
(Chairman)

Muhammad Ali Tabba
Jawed Yunus Tabba
Mariam Tabba Khan

Bankers

Allied Bank Limited
Allied Bank Limited – Islamic Banking
Askari Bank Limited
Askari Bank Limited – Islamic Banking
Bank Alfalah Limited – Islamic Banking
Bank Al-Habib Limited
Bank Al-Habib Limited – Islamic Banking
BankIslami Pakistan Limited
Citibank N.A.
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited – Islamic Banking
Habib Bank Limited
Habib Bank Limited – Islamic Banking
Habib Metropolitan Bank Limited
Habib Metropolitan Bank Limited – Islamic Banking
Industrial and Commercial Bank of China Limited
MCB Bank Limited
MCB Islamic Bank Limited
Meezan Bank Limited
National Bank of Pakistan
National Bank of Pakistan –Aitemaad Islamic Banking
Standard Chartered Bank (Pakistan) Limited
United Bank Limited
UBL Ameen Islamic Banking

Credit Rating

Medium to Long term rating : AA+ (Double A Plus)
Short term rating: A-1+ (A-One Plus)
(by VIS Credit Rating Company Limited)

Auditors

External Auditors
M/s. A.F. Ferguson & Co., Chartered Accountants

Shariah Advisor

M/s. Alhamd Shariah Advisory Services (Pvt). Ltd

Registered Office

📍 Main Indus Highway, Pezu, District Lakki Marwat,
Khyber Pakhtunkhwa, Pakistan

Head Office

📍 6-A, Muhammad Ali Housing Society,
A. Aziz Hashim Tabba Street,
Karachi – 75350
UAN: (+92-21) 111-786-555
🌐 Website: www.lucky-cement.com
✉ Email: info@lucky-cement.com

Production Facilities

1. Main Indus Highway, Pezu, District Lakki Marwat,
Khyber Pakhtunkhwa, Pakistan
2. 58 Kilometers on Main M9 Highway, Gadap Town,
Karachi, Pakistan

Share Registrar

M/s. CDC Share Registrar Services Limited (CDCSRSL)
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 have the pleasure in presenting to you the financial results of your Company which include both, **stand-alone** and **consolidated unaudited financial statements** for the first quarter ended September 30, 2020.

Overview

The performance of the **Cement Industry** has been very encouraging during the current quarter where overall Industry volumes increased by 22.0% to 13.59 million tons for the first quarter ended September 30, 2020 in comparison to 11.14 million tons during same period last year. Export sales volumes registered an increase of 36.0% to reach 2.74 million tons during the current quarter under review as compared to 2.02 million tons during same period last year. The local sales volume registered an increase of 18.9% to reach 10.84 million tons during the quarter under review in comparison to 9.12 million tons during same period last year.

This increase in industry sales volume is mainly attributable to increase in economic activity post-Covid 19 and revival of various infrastructure projects under CPEC.

Your **Company's overall** sales volume improved by 48.6% to reach 2.43 million tons during the current first quarter ended September 30, 2020 as compared to the same period last year. The local cement sales volume registered an increase of 48.8% and were 1.67 million tons in comparison to 1.12 million tons during the same period last year. The export sales volumes of the Company also improved by 49.5% to 0.76 million tons as compared to 0.51 million tons during the same period last year.

The increase in Company's local sales volume during the quarter under review is due to increase in additional capacity at Pezu Plant. Due to increase in economic activities and pent-up demand of last quarter the Company was able to increase its volumes on a quarter-on-quarter basis. Moreover, the increase in export sales volume is due to higher exports of loose cement and clinker.

On a **consolidated basis**, your Company achieved a gross turnover of PKR 57.85 billion which is 68.03% higher as compared to the same period last year's turnover of PKR 34.43 billion.

Moreover, **consolidated** Net Profit of the Company was PKR 5.13 billion of which PKR 0.78 billion is attributable to non-controlling interests. The consolidated net profit attributable to owners of the Holding Company translates into an EPS of PKR 13.45 during the first quarter ended September 30, 2020 as compared to PKR 3.93 during the same period last year.

Financial Performance - Consolidated

The **consolidated** financial performance of your Company for the first quarter ended September 30, 2020 as compared to last year is presented below:

Particulars	PKR in millions except EPS		
	1st Quarter 2020-21	1st Quarter 2019-20	Change (%)
Gross Revenue	57,851	34,430	68%
Net Revenue	45,114	27,180	66%
GP	8,773	4,344	102%
OP	5,298	1,478	258%
EBITDA	7,469	3,362	122%
NP (Attributable to Owners' of the holding company)	4,349	1,272	242%
EPS (PKR/share)	13.45	3.93	242%

During the first quarter 2020-21 under review, your Company's overall Consolidated Net Profit increased by 2.36 times as compared to the same period last year.

The increase in Net profit was mainly attributable to increase in Net Profit of Cement segment (Holding Company) which increased by 132% due to absorption of fixed costs and lower input costs (as explained in details below). This increase in Net Profit of holding company was also supported by significant increase in Net Profits of Lucky Motor Corporation and LCL Investment Holdings Limited as compared to same period last year. The better market conditions and increase in economic activities, helped to increase the Net Profit of LCL Investment Holdings Limited that is mainly attributable to a combination of growth in sales volume, increase in retention price and decrease in input costs from both Congo & Iraq projects.

Business Performance

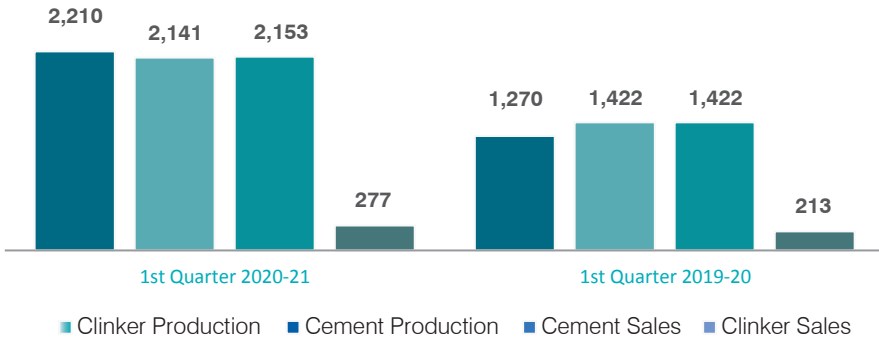
a. Production & Sales Volume Performance - Standalone

The **standalone** production and sales statistics of your Company for the first quarter ended September 30, 2020 compared to the same period last year are as follows:

Particulars	1st Quarter 2020-21 (Tons in '000')	1st Quarter 2019-20	Growth (%)
Clinker Production	2,210	1,270	74.0%
Cement Production	2,141	1,422	50.6%
Cement Sales	2,153	1,422	51.4%
Clinker Sales	277	213	30.0%

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

Tons in '000



A comparison of the dispatches of the **Industry** and your **Company's standalone business** for the first quarter ended 2020-21 in comparison with the same period last year is presented below:

Particulars	1st Quarter 2020-21	1st Quarter 2019-20	Growth/(Decline)	
	(Tons in '000')		(Tons in '000')	(%)
Cement Industry*				
Local Sales	10,844	9,120	1,724	18.9%
Export Sales				
- Bagged	1,128	1,117	11	1.0%
- Loose	123	21	102	458.7%
- Clinker	1,491	878	613	69.8%
Total Exports	2,742	2,016	726	36.0%
Grand Total	13,586	11,136	2,450	22.0%
Lucky Cement				
Local Sales				
- Cement	1,666	1,120	546	48.8%
- Clinker	-	4	(4)	(100.0%)
Total Local Sales	1,666	1,124	542	48.2%
Export Sales				
- Bagged	364	281	83	29.5%
- Loose	123	21	102	485.7%
- Clinker	277	209	68	35.5%
Total Exports	764	511	253	49.5%
Grand Total	2,430	1,635	795	48.6%

Market Share	1st Quarter 2020-21	1st Quarter 2019-20	Growth/ (Decline) (%)
Local Sales	15.4%	12.3%	25.2%
Export Sales			
- Bagged	32.3%	25.2%	28.2%
- Loose	100.0%	100.0%	0.0%
- Clinker	18.6%	23.8%	(21.8%)
Total Export	27.9%	25.3%	10.3%
Grand Total	17.9%	14.7%	21.8%

*Industry data is based on best available market estimate

b. Financial Performance - Standalone

The **standalone** financial performance of your Company for the first quarter ended September 30, 2020 as compared to the same period last year is presented below:

Particulars	PKR in millions except EPS		
	1st Quarter 2020-21	1st Quarter 2019-20	Change (%)
Gross Revenue	19,731	13,930	41.6%
Net Revenue	14,335	9,629	48.9%
GP	3,995	1,492	167.8%
OP	2,351	216	988.4%
EBITDA	3,426	1,084	216.1%
NP	2,226	956	132.8%
EPS	6.89 / Share	2.96 / Share	132.8%

Revenue

During the first quarter 2020-21 under review, your Company's overall gross sales revenue increased by 41.6% as compared to the same period last year. Where both export and local sales revenue showed an increase of 42.3% (PKR 4.57 billion vs PKR 3.21 billion) and 41.4% (PKR 15.17 billion vs PKR 10.72 billion) respectively.

Gross Profit

The Gross profit margins of the company for the first quarter under review were 27.9% as compared to 15.5% reported during the same period last year.

Net Profit

Similarly, your Company achieved a profit before tax of PKR 2,685.4 million during the first quarter under review as compared to PKR 1,021.9 million reported during the same period last year.

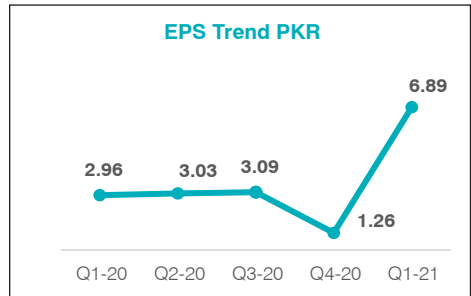
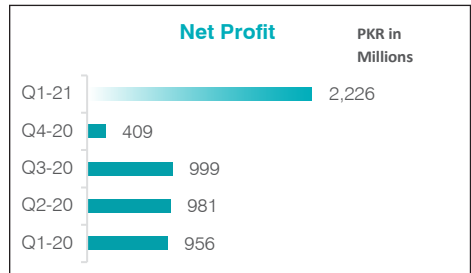
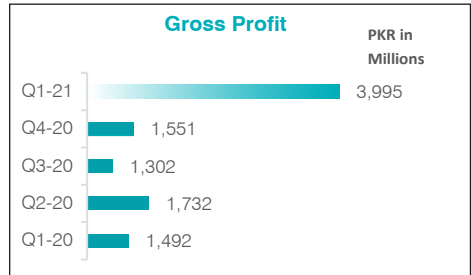
Accordingly, after tax profit of PKR 2,226.4 million was achieved during the first quarter under review as compared to PKR 955.8 million reported during the same period last year.

Earnings per share

The earnings per share of your Company for the first quarter ended September 30, 2020 was PKR 6.89 in comparison to PKR 2.96 reported during the same period last year.

Cost of Sales

During the first quarter 2020-21 under review, per ton cost of sales of your Company decreased by 14.5% as compared to the same period last year. This was due to better absorption of fixed cost as a result of increase in volumes and efficiencies achieved from new production line in the North.



Investment Projects – New and Ongoing

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 was moving as per Schedule before the outbreak of COVID-19 in China with the targeted Commercial Operation on March 1, 2021. The Contractor as a result of the removal of certain restrictions by the Government of Pakistan has notified the cessation of FME on September 3, 2020, which was earlier notified on February 6, 2020. The Company accordingly notified the same to the Central Power Purchasing Agency (CPPA) and Private Power Infrastructure Board (PPIB) that despite FME, it is striving to achieve its COD as per the targeted timeline. The project is completed over 90% by end of this quarter.

The CPPA, based on FME notice received by it from National Transmission and Dispatch Company (NTDC), notified the Company about FME through its letter dated March 25, 2020, stating therein that COVID-19 outbreak has caused a complete halt to transmission planning, design, engineering, project development and execution of the inter-connection works. Subsequently, NTDC notified CPPA about the cessation of FME through its letter of September 30, 2020.

The Company is following up with CPPA, NTDC and PPIB for the earliest availability of an interconnection facility which is essential for achieving the COD.

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

Post opening of airspace, additional manpower for preheater/kiln, refractory and electrical works have been mobilized at site. Civil, mechanical and electrical works are in advance stage and work is in full pace. During the quarter, two additional shipments from Sinoma for cement grinding unit also reached site. Remaining shipments of electrical and instrumental equipment's (from China), Cement packer (from Italy) and Cement Gear Box (from Germany) are expected to reach at site in October / November 2020.

The additional Power Plant (01 Genset and 02 WHR Boilers) reached site and power plant is in commissioning and testing phase.

Target date to achieve commercial production is December 2020.

Corporate Social Responsibility

Your Company has continued its patronage on Education, Women empowerment and Health. Your Company is committed for the development of society and the communities in which it operates.

Education / Scholarships

In continuation of its long-term objective to provide merit-based support for the deserving and less privileged segments of the society. Your Company continued to extend scholarships to various students of leading universities in Pakistan and abroad.

Women Empowerment

To empower women through education has been an ongoing process with the collaboration of Zindagi Trust in which your Company has been supporting two leading Government girls' schools in Karachi. These schools have been transformed into model girls' educational institutions in Pakistan. Further to this, Company has collaborated with Shahid Afridi Foundation (SAF) adopted primary school in the remote area of Karachi to improve primary level education for the less privilege.

Health Initiatives

Provision of quality healthcare for the society at large continues to remain your Company's priority, especially through financial support of 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 available in the Country.

Environment Conservation

Your Company always takes responsibility towards the environment seriously and in an effort to highlight the importance of environment conservation; your Company continued with its pro-environment initiatives including tree-plantation drives in and around its manufacturing sites.

Outlook

While the initial outbreak of Covid-19 in Pakistan has receded significantly, a second wave of infections cannot be ruled out at present. We expect that any such spike will be countered through targeted measures instead of general lockdowns. Barring this, in the short to medium term, the Outlook of the Cement industry remains positive. Due to increase in economic activity, the Local demand has increased both in the North and South regions compared to last quarter. As a result, price stability can be seen which is more pronounced in the North. Export sales are anticipated to remain stable. The prices have started to go up due to pick-up in construction activities.

Moreover, we also expect that the package announced for the construction industry by the Federal Government will continue to have a positive impact on the cement demand of the country.

Your Company's strong financial position and free cash flow generating ability are anticipated to further support its Vision to improve operational efficiencies as well as make new investments, which can bring in further improvement in efficiencies and enhance shareholders' value.

Acknowledgement

Directors of your Company take pleasure in expressing their sincere gratitude and appreciation for the outstanding commitment and contribution of all the employees and continued trust and reliance 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: October 24, 2020

STRIVING FOR EXCELLENCE IN CORPORATE REPORTING

FINANCIAL STATEMENTS

For the Quarter ended Sep 30, 2020

Unconsolidated & Consolidated

Unconsolidated Condensed Interim Statement of Financial Position

As at September 30, 2020

	Note	(Un-audited) September 30, 2020	(Audited) June 30, 2020
(PKR in '000')			
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	5	59,613,894	60,154,650
Intangible assets		8,426	11,323
		59,622,320	60,165,973
Long-term investments	6	48,994,485	47,144,485
Long-term loans and advances		85,215	87,008
Long-term deposits		3,175	3,175
		108,705,195	107,400,641
CURRENT ASSETS			
Stores and spares		7,126,037	6,613,090
Stock-in-trade		2,798,227	2,915,552
Trade debts		2,880,849	3,422,767
Loans and advances		911,942	390,966
Trade deposits and short term prepayments		63,653	81,169
Accrued return		50,809	47,572
Other receivables		4,225,109	3,670,300
Tax refunds due from the Government		538,812	538,812
Short term investment		3,022,979	2,970,999
Cash and bank balances		8,282,152	7,816,606
		29,900,569	28,467,833
TOTAL ASSETS		138,605,764	135,868,474
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share Capital		3,233,750	3,233,750
Reserves		98,186,490	95,950,111
		101,420,240	99,183,861
NON-CURRENT LIABILITIES			
Long-term deposits		235,662	233,062
Long-term loan	7	532,570	320,461
Deferred income - Government grant	7	101,065	59,720
Deferred liabilities	8	7,283,613	7,116,018
		8,152,910	7,729,261
CURRENT LIABILITIES			
Trade and other payables		20,346,718	19,354,794
Current maturity of long-term loan	7	380,181	126,727
Short term borrowings	9	6,550,000	7,931,444
Unclaimed dividend		55,478	55,767
Unpaid dividend		17,580	17,580
Accrued markup		34,173	46,173
Taxation - net		1,648,484	1,422,867
		29,032,614	28,955,352
CONTINGENCIES AND COMMITMENTS	10	37,185,524	36,684,613
TOTAL EQUITY AND LIABILITIES		138,605,764	135,868,474

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



Muhammad Yunus Tabba
Chairman / Director



Muhammad Ali Tabba
Chief Executive



Atif Kaludi
Chief Financial Officer

Unconsolidated Condensed Interim Statement of Profit or Loss and Other Comprehensive Income

For the 1st quarter ended September 30, 2020 (Un-audited)

	Note	Quarter Ended	
		September 30, 2020	September 30, 2019
		(PKR in '000')	
Gross sales	11	19,731,269	13,929,982
Less: Sales tax and federal excise duty		5,083,135	4,083,620
Rebates, incentive and commission		313,005	217,386
		5,396,139	4,301,006
Net sales		14,335,130	9,628,976
Cost of sales		(10,340,530)	(8,137,147)
Gross profit		3,994,600	1,491,829
Distribution cost		(1,356,935)	(975,317)
Administrative expenses		(286,476)	(300,427)
Finance cost		(68,104)	(19,866)
Other expenses		(200,110)	(104,537)
Other income	12	602,395	930,231
Profit before taxation		2,685,370	1,021,913
Taxation			
- current		(371,360)	(170,064)
- deferred		(87,561)	103,995
		(458,921)	(66,068)
Profit after taxation		2,226,449	955,845
Other comprehensive income:			
Other comprehensive income / (loss) which will not be reclassified to statement of profit or loss in subsequent periods			
Unrealized income / (loss) on remeasurement of equity instrument at fair value through other comprehensive income		11,682	(8,089)
Deferred tax thereon		(1,752)	1,213
		9,930	(6,876)
Total comprehensive income for the period		2,236,379	948,969
		(PKR)	
Earnings per share - basic and diluted		6.89	2.96

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



Muhammad Yunus Tabba
Chairman / Director



Muhammad Ali Tabba
Chief Executive



Atif Kaludi
Chief Financial Officer

Unconsolidated Condensed Interim Statement of Cash Flows

For the 1st quarter ended September 30, 2020 (Un-audited)

	Note	September 30, 2020	September 30, 2019 (PKR in '000')
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	13	3,795,253	(835,430)
Income tax paid		(145,743)	(134,332)
Gratuity paid		(18,895)	(22,353)
Finance cost paid		(80,104)	(14,795)
Income from deposits with islamic banks		133,349	510,347
Decrease in long-term loans and advances		1,793	9,094
Increase in long-term deposits (liabilities)		2,600	98,033
Net cash generated from / (used in) operating activities		3,688,254	(389,436)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(550,443)	(2,370,288)
Long-term investment		(1,850,000)	(802,299)
Short term investment		(40,298)	(26,378)
Sale proceeds on disposal of property, plant and equipment		45,449	10,030
Dividend received from subsidiary companies		-	267,053
Dividend received from associated company		-	122,273
Dividend received on short term investments		47,410	31,034
Release of bank balance held as lien		1,950,000	-
Net cash used in investing activities		(397,883)	(2,768,575)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term loan obtained		506,908	-
Dividends paid		(289)	(1,208)
		506,619	(1,208)
Net increase / (decrease) in cash and cash equivalents		3,796,990	(3,159,219)
Cash and cash equivalents at the beginning of the period		(2,064,838)	4,871,686
Cash and cash equivalents at the end of the period	13.1	<u>1,732,152</u>	<u>1,712,467</u>

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



Muhammad Yunus Tabba
Chairman / Director



Muhammad Ali Tabba
Chief Executive



Atif Kaludi
Chief Financial Officer

Unconsolidated Condensed Interim Statement of Changes in Equity

For the 1st quarter ended September 30, 2020 (Un-audited)

	Issued, subscribed and paid up capital	Capital reserve Share premium	Revenue reserves		Total reserves	Total equity
			General reserves	Unappropriated profit		
(PKR in '000')						
Balance as at July 01, 2019	3,233,750	7,343,422	73,202,650	10,538,595	91,084,667	94,318,417
Transfer to general reserves	-	-	8,436,657	(8,436,657)	-	-
<i>Transactions with owners in their capacity as owners</i>						
Final dividend at the rate of PKR 6.5/- per share each for the year ended June 30, 2019	-	-	-	(2,101,938)	(2,101,938)	(2,101,938)
Total comprehensive income for the quarter ended September 30, 2019	-	-	-	948,969	948,969	948,969
Balance as at September 30, 2019	<u>3,233,750</u>	<u>7,343,422</u>	<u>81,639,307</u>	<u>948,969</u>	<u>89,931,698</u>	<u>93,165,448</u>
Balance as at July 01, 2020	3,233,750	7,343,422	81,639,307	6,967,382	95,950,111	99,183,861
Transfer to general reserves	-	-	3,508,483	(3,508,483)	-	-
Total comprehensive income for the quarter ended September 30, 2020	-	-	-	2,236,379	2,236,379	2,236,379
Balance as at September 30, 2020	<u>3,233,750</u>	<u>7,343,422</u>	<u>85,147,790</u>	<u>5,695,278</u>	<u>98,186,490</u>	<u>101,420,240</u>

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



Muhammad Yunus Tabba
Chairman / Director



Muhammad Ali Tabba
Chief Executive



Atif Kaludi
Chief Financial Officer

Notes to the Unconsolidated Condensed Interim Financial Statements

For the 1st quarter ended September 30, 2020 (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) [now Companies Act, 2017] and is listed on the 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 and the head office is situated at Muhammad Ali Housing Society, A. Aziz Hashim Tabba Street in Karachi. The Company has two production facilities at Pezu, District Lakki Marwat in Khyber Pakhtunkhwa and at Main Super Highway in Karachi, Sindh. Further, the Company's liaison offices are situated in Islamabad, Quetta, Multan, D.I.Khan, Lahore and Peshawar.

- 1.2 These unconsolidated condensed interim financial statements are separate financial statements of the Company in which investments in subsidiaries and an associated company have 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 quarter ended September 30, 2020 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 Act, 2017. In case where the requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed. These unconsolidated condensed interim financial statements do not include all the information and disclosures required in the unconsolidated annual audited financial statements, and should be read in conjunction with Company's unconsolidated annual audited financial statements for the year ended June 30, 2020.

3 SIGNIFICANT ACCOUNTING POLICIES

- 3.1 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 unconsolidated annual audited financial statements for the year ended June 30, 2020.

- 3.2 Change in accounting standards, interpretations and amendments to published approved accounting and financial reporting standards

(a) **Standards and amendments to published approved accounting standards which are effective during the quarter ended September 30, 2020**

There are certain new standards and amendments to approved accounting standards which are mandatory for the Company's annual accounting period which began on July 1, 2020. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been detailed in these unconsolidated condensed interim financial statements.

(b) Standards and amendments to published approved accounting and financial reporting standards that are not yet effective

There are certain new standards and amendments to the approved accounting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2021. However, these amendments will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these unconsolidated condensed interim financial statements.

4 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts. Actual results may differ from these judgements, estimates and assumptions.

Judgements and estimates made by the management in the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the Company's unconsolidated annual audited financial statements for the year ended June 30, 2020.

5 PROPERTY, PLANT AND EQUIPMENT

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

	Note	(Un-audited) September 30, 2020	(Audited) June 30, 2020
(PKR in '000')			
Operating fixed assets (WDV) - opening balance		59,650,770	43,118,520
Add: Additions during the period / year	5.2	313,117	20,412,640
		<u>59,963,887</u>	<u>63,531,160</u>
Less: Disposals during the period/year (WDV)		18,872	36,822
Depreciation charge for the period / year		1,072,327	3,843,568
Operating fixed assets (WDV) - closing balance		58,872,688	59,650,770
Add: Capital work-in-progress	5.3	741,206	503,880
		<u>59,613,894</u>	<u>60,154,650</u>

Notes to the Unconsolidated Condensed Interim Financial Statements

For the 1st quarter ended September 30, 2020 (Un-audited)

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

	Additions (Cost)	Deletions (Cost)
	(PKR in '000')	
Operating fixed assets		
Buildings on freehold land		
- Cement plant	119,027	-
- Power plant	814	-
Buildings on leasehold land		
- Cement plant	738	-
Machinery	168,331	-
Vehicles	12,664	47,257
Furniture and fixtures	618	-
Office equipment	4,508	-
Computer and Accessories	4,152	1,836
Other assets (Laboratory equipment, etc.)	2,264	109
	<u>313,117</u>	<u>49,202</u>
	Note	(Audited)
	(Un-audited)	June 30,
	September 30,	2020
	2020	(PKR in '000')

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

Opening balance	503,880	14,157,664
Add: Additions during the period / year	550,443	6,762,896
	<u>1,054,323</u>	<u>20,920,560</u>
Less: Transferred to operating fixed assets	313,117	20,416,680
Closing balance	<u>741,206</u>	<u>503,880</u>

6 LONG-TERM INVESTMENTS - at cost

Subsidiaries

Lucky Holdings Limited	6.1	32,145	32,145
LCL Investment Holdings Limited	6.2	4,580,500	4,580,500
Lucky Motor Corporation Limited (formerly Kia Lucky Motors Pakistan Limited)	6.3	12,876,384	12,876,384
ICI Pakistan Limited	6.4	9,594,091	9,594,091
Lucky Electric Power Company Limited	6.5	21,300,000	19,450,000
		<u>48,383,120</u>	<u>46,533,120</u>

Associate

Yunus Energy Limited	6.6	611,365	611,365
		<u>48,994,485</u>	<u>47,144,485</u>

6.1 Lucky Holdings Limited (LHL) is a public unlisted Company incorporated in Pakistan. As of the statement of financial position date, the Company owns 75 percent shares of Lucky Holdings Limited.

6.2 Represents equity investment in LCL Investment Holdings Limited (LCLIHL), a wholly owned subsidiary of the Company, incorporated and domiciled in Mauritius. LCLIHL has entered into joint venture agreements with Al Shamookh group to form Lucky Al Shamookh Holdings Limited (LASHL) for operating a cement grinding unit in Basra, Iraq and Al Shamookh Lucky Investment Limited (ASLIL) for constructing a fully integrated cement manufacturing unit in Samawah, Iraq. LASHL and ASLIL are companies with limited liability registered in Jebel Ali Free Zone, United Arab Emirates. LCLIHL holds 50 percent ownership in the aforesaid joint ventures.

LCLIHL has also entered into a joint venture agreement with Rawsons Investments Limited (registered in Cayman Islands) for establishing LuckyRawji Holdings Limited (LRHL), incorporated with limited liability under laws of British Virgin Islands, for operating a fully integrated cement manufacturing unit in the Democratic Republic of Congo. LCLIHL holds 50 percent ownership interest in LRHL.

6.3 Represents equity investment in Lucky Motor Corporation Limited (LMC) [formerly Kia Lucky Motors Pakistan Limited], a public unlisted company incorporated in Pakistan. The Company holds 71.55 percent shares of LMC (June 30, 2020: 71.55%). The amount includes advance against issuance of shares amounting to Nil (June 30, 2020: PKR 1,558 million).

6.4 ICI Pakistan Limited (ICI) was incorporated in Pakistan and is listed on the Pakistan Stock Exchange. Subsequent to the amalgamation of Lucky Cement Holdings (Pvt) Ltd with Lucky Cement Limited, the Company now directly holds 55 percent shares (50,798,000 shares of PKR 10 each) of ICI. ICI is engaged in the manufacture of polyester staple fiber, POY chips, soda ash, specialty chemicals, sodium bicarbonate and polyurethanes; marketing of seeds, toll manufactured and imported pharmaceuticals and animal health products; and merchanting of general chemicals. It also acts an indenting agent and toll manufacturer. Its manufacturing facilities are situated in Karachi, Lahore and Khewra and its registered office is situated at 5 West Wharf, Karachi.

6.5 Lucky Electric Power Company Limited (LEPCL) was incorporated in Pakistan on June 13, 2014, as a public unlisted company. Subsequent to the amalgamation of LCL Holdings Limited, the Company now directly holds 100 percent shares (2,130,000,000 shares of PKR 10 each) of LEPCL. This includes advance against issuance of shares amounting to PKR 1,450 million. The operations of LEPCL have not yet started. LEPCL is investing 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.

6.6 Represents equity investment in Yunus Energy Limited (YEL), a public unlisted company incorporated in Pakistan. As of the statement of financial position date, the Company owns 20 percent shares of YEL.

Notes to the Unconsolidated Condensed Interim Financial Statements

For the 1st quarter ended September 30, 2020 (Un-audited)

	Note	(Un-audited) September 30, 2020	(Audited) June 30, 2020
(PKR in '000')			
7	LONG-TERM LOAN		
		506,908	-
		506,908	506,908
	7.1	1,013,816	506,908
	7.2	(101,065)	(59,720)
		(380,181)	(126,727)
		532,570	320,461

7.1 Represents long-term loan obtained under the Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns by the State Bank of Pakistan, terms and conditions of which are same as those disclosed in the Company's unconsolidated annual audited financial statements for the year ended June 30, 2020.

7.2 The value of benefit of below-market interest rate on the salary refinance loan by the State Bank of Pakistan has been accounted for as government grant under IAS - 20 Government grants.

	Note	(Un-audited) September 30, 2020	(Audited) June 30, 2020
(PKR in '000')			
8	DEFERRED LIABILITIES		
		2,026,738	1,948,457
	8.1	5,256,875	5,167,561
		7,283,613	7,116,018
8.1	Deferred tax liability		
		6,340,228	5,605,449
		(459,188)	-
		(624,165)	(437,888)
		5,256,875	5,167,561

9 This represents Islamic Export Refinance Facilities which carry markup at rates ranging from 2.5% to 3% per annum.

10 CONTINGENCIES AND COMMITMENTS

10.1 There are no significant changes in the status of contingencies and commitments as reported in note 27 to the unconsolidated annual audited financial statements of the Company for the year ended June 30, 2020, except as disclosed in note 10.2.

	(Un-audited) September 30, 2020	(Audited) June 30, 2020
	(PKR in '000')	

10.2 COMMITMENTS

Machinery under letters of credit	1,733,900	816,405
Stores, spares, packing material and other supplies under letters of credit	4,200,509	1,636,056
Bank guarantees issued by the Company on behalf of subsidiary companies	19,114,000	19,114,000
Bank guarantees issued on behalf of the Company	2,617,029	2,589,829
Post dated cheques	965,918	883,551
Commitment on behalf of subsidiary company in respect of cost over-run and PSRA support	22,812,208	23,135,522

	For the 1st quarter ended	
	September 30, 2020	September 30, 2019
	(PKR in '000')	

11 GROSS SALES

Local	15,165,365	10,721,689
Export	4,565,904	3,208,292
	<u>19,731,269</u>	<u>13,929,982</u>

12 OTHER INCOME

It mainly includes dividend income, income from deposits with Islamic banks and net income from supply of surplus electricity to Hyderabad Electric Supply Company.

	For the 1st quarter ended	
Note	September 30, 2020	September 30, 2019
	(PKR in '000')	

13 CASH GENERATED FROM OPERATIONS

Profit before taxation		2,685,370	1,021,913
Adjustments for non cash charges and other items			
Depreciation	5.1	1,072,327	867,182
Amortization of intangible assets		2,897	2,517
Gain on disposal of property, plant & equipment		(26,577)	(3,384)
Provision for gratuity		97,176	122,013
Dividend income from subsidiaries		(382,690)	(267,053)
Dividend income from associate		-	(122,273)
Dividend income from short term investments		(47,410)	(31,034)

Notes to the Unconsolidated Condensed Interim Financial Statements

For the 1st quarter ended September 30, 2020 (Un-audited)

	For the 1st quarter ended	
	September 30, 2020	September 30, 2019
	(PKR in '000')	
Income from deposits with islamic banks	(136,586)	(485,323)
Finance cost	68,104	19,866
Profit before working capital changes	3,332,611	1,124,424
Increase in current assets		
Stores and spares	(512,947)	(1,106,437)
Stock in trade	117,325	651,859
Trade debts	541,918	(411,130)
Loans and advances	(520,976)	(121,986)
Trade deposits and short term prepayments	17,516	5,785
Other receivables	(172,119)	4,019
	(529,283)	(977,890)
Increase / (decrease) in current liabilities		
Trade and other payables	991,925	(981,964)
Cash generated from operations	<u>3,795,253</u>	<u>(835,430)</u>
13.1 CASH AND CASH EQUIVALENTS		
Cash and bank balances	8,282,152	12,948,027
Bank balance marked as lien	-	(7,885,560)
Short term borrowings	(6,550,000)	(3,350,000)
	<u>1,732,152</u>	<u>1,712,467</u>

14 TRANSACTIONS WITH RELATED PARTIES

Related parties include subsidiaries, associated entities, directors, the other key management personnel and close family members of directors and other key management personnel. Details of transactions with related parties during the period, other than those which have been disclosed elsewhere in these unconsolidated financial statements, are as follows:

	For the 1st quarter ended	
	September 30, 2020	September 30, 2019
	(PKR in '000')	
Transactions with Subsidiary Companies:		
Reimbursement of expenses to Company	16	20,699
Sales	9,211	7,920
Purchases	6,551	3,422
Services	4	-
Purchase of vehicles	12,084	77,984
Investment made during the period	1,850,000	802,300
Dividend received	382,690	267,053
Payment against claim of tax loss	-	32,639
Services received	253	29
Transactions with Directors and their close family members		
Meeting fee	438	375

	For the 1st quarter ended	
Note	September 30, 2020	September 30, 2019
	(PKR in '000')	
Transactions with Associated Undertakings:		
Sales	67,019	345,335
Reimbursement of expenses to Company	3,569	5,021
Reimbursement of expenses from Company	3,974	392
Dividend received	-	122,273
Donation	20,000	1,175
Charity	-	8,825
Services received	14,163	7,616
Transactions with other key management personnel		
Salaries and benefits	64,192	62,924
Post employment benefits	11,474	5,268

15 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Financial risk factors

The Company is exposed to market risk (including return rate risk, currency risk and other price risk), credit risk and liquidity risk. The Company's finance and treasury departments oversee the management of these risks.

There have been no changes in the risk management policies during the period, consequently these condensed interim financial statements do not include all the financial risk management information and disclosures required in the annual financial statements.

Fair value hierarchy

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
- inputs for the asset or liability that are not based on observable market data (level 3).

Assets	Level 1	Level 2	Level 3	Total
	(PKR in '000')			
Financial assets - fair value through Profit or loss				
- Short - term investment	-	2,993,775	-	2,993,775
Financial assets - fair value through other comprehensive income				
- Short term investment	29,204	-	-	29,204

Notes to the Unconsolidated Condensed Interim Financial Statements

For the 1st quarter ended September 30, 2020 (Un-audited)

16 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue on October 24, 2020 by the Board of Directors of the Company.

17 GENERAL

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



Muhammad Yunus Tabba
Chairman / Director



Muhammad Ali Tabba
Chief Executive



Atif Kaludi
Chief Financial Officer

Consolidated Condensed Interim Statement of Financial Position

As at September 30, 2020

	Note	(Un-audited) September 30, 2020	(Audited) June 30, 2020
(PKR in '000')			
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	5	196,382,875	190,788,960
Intangible assets		7,257,052	7,341,737
Right-of-use assets	6	297,141	318,279
		203,937,068	198,448,976
Long-term investments	7	24,759,652	23,970,762
Long-term loans and advances		643,720	617,130
Long-term deposits and prepayments		48,694	46,672
		229,389,134	223,083,540
CURRENT ASSETS			
Stores, spares and consumables		8,731,294	8,165,751
Stock-in-trade		20,335,176	21,292,185
Trade debts		5,180,802	5,834,590
Loans and advances		2,607,087	1,636,587
Trade deposits and short-term prepayments		1,000,026	1,000,279
Other receivables		9,462,532	9,202,663
Tax refunds due from the Government		538,812	538,812
Taxation receivable		2,110,225	2,335,223
Accrued return		58,171	94,208
Short term investments		3,022,979	2,970,999
Cash and bank balances		28,006,281	15,731,810
		81,053,385	68,803,107
TOTAL ASSETS		310,442,519	291,886,647
EQUITY AND LIABILITIES SHARE CAPITAL AND RESERVES			
Share capital		3,233,750	3,233,750
Reserves		114,701,237	110,543,591
Attributable to the owners of the Holding Company		117,934,987	113,777,341
Non-controlling interests		18,486,749	17,709,710
Total equity		136,421,736	131,487,051
NON-CURRENT LIABILITIES			
Long-term finances	8	89,335,855	82,427,884
Long-term deposits		360,662	357,855
Deferred liabilities	9	11,087,712	11,133,530
Deferred income - Government grant	8	217,270	96,256
Leases		238,393	253,591
Other long term liabilities		5,257,264	5,331,774
		106,497,156	99,600,890
CURRENT LIABILITIES			
Current portion of long-term finances	8	2,461,233	2,637,451
Trade and other payables		53,328,628	42,536,979
Provision for taxation		2,018,872	1,792,626
Accrued return		271,778	848,931
Short-term borrowings and running finance		9,214,292	12,830,116
Current portion of leases		68,179	79,256
Unclaimed dividend		143,065	55,767
Unpaid dividend		17,580	17,580
		67,523,627	60,798,706
		174,020,783	160,399,596
CONTINGENCIES AND COMMITMENTS	10		
TOTAL EQUITY AND LIABILITIES		310,442,519	291,886,647

The annexed notes from 1 to 16 form an integral part of these consolidated condensed interim financial statements.



Muhammad Yunus Tabba
Chairman / Director



Muhammad Ali Tabba
Chief Executive



Atif Kaludi
Chief Financial Officer

Consolidated Condensed Interim Statement of Profit or Loss and Other Comprehensive Income

For the 1st quarter ended September 30, 2020 (Un-audited)

	Note	Quarter Ended	
		September 30, 2020	September 30, 2019
		(PKR in '000')	
Revenue	11	57,850,843	34,429,646
Less: Sales tax and excise duty		7,886,485	5,683,102
Rebates, incentives and commission		4,850,591	1,566,605
		12,737,076	7,249,707
		45,113,767	27,179,939
Cost of sales		(36,340,792)	(22,836,297)
Gross profit		8,772,975	4,343,642
Distribution cost		(2,278,104)	(1,846,745)
Administrative expenses		(1,196,494)	(1,018,820)
Finance cost		(425,619)	(625,003)
Other expenses		(483,944)	(191,640)
Other income	12	1,507,934	1,385,695
Profit before taxation		5,896,748	2,047,129
Taxation			
- current		(894,783)	(748,827)
- deferred		130,270	228,721
		(764,513)	(520,106)
Profit after taxation		5,132,235	1,527,023
Attributable to:			
Owners of the Holding Company		4,349,491	1,272,179
Non-controlling interests		782,744	254,844
		5,132,235	1,527,023
Other comprehensive income for the period			
Other comprehensive loss which may be reclassified to statement of profit or loss in subsequent periods			
Foreign exchange differences on translation of foreign operations		(201,775)	(261,420)
Other comprehensive income / (loss) which will not be reclassified to statement of profit or loss in subsequent periods			
Unrealized gain / (loss) on remeasurement of equity investment at fair value through other comprehensive income		11,682	(8,089)
Deferred tax thereon		(1,752)	1,213
		9,930	(6,876)
Total comprehensive income for the period		4,940,390	1,258,727
Attributable to:			
Owners of the Holding Company		4,157,646	1,003,883
Non-controlling interests		782,744	254,844
		4,940,390	1,258,727
		(PKR)	
Earnings per share - basic and diluted		13.45	3.93

The annexed notes from 1 to 16 form an integral part of these consolidated condensed interim financial statements.



Muhammad Yunus Tabba
Chairman / Director



Muhammad Ali Tabba
Chief Executive



Atif Kaludi
Chief Financial Officer

Consolidated Condensed Interim Statement of Cash Flows

For the 1st quarter ended September 30, 2020 (Un-audited)

	Note	September 30, 2020	September 30, 2020 (PKR in '000')
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	13	16,724,774	732,213
Finance costs paid		(2,224,509)	(1,367,959)
Income tax paid		(560,491)	(387,107)
Staff retirement benefits paid		(33,314)	(38,090)
Income from deposits with Islamic banks and and other financial institutions		309,877	575,988
(Increase) / decrease in long-term loans and advances		(26,590)	29,712
Decrease in long-term deposits and prepayments		2,665	96,195
Net cash generated from / (used in) operating activities		14,192,412	(359,048)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(5,957,327)	(15,983,352)
Dividend from associated companies		-	382,273
Short term investment		(40,298)	(26,378)
Dividend received from short term investments		47,410	31,034
Release of bank balance held as lien		1,950,000	-
Sale proceeds on disposal of property, plant and equipment		48,292	10,060
Net cash used in investing activities		(3,951,923)	(15,586,363)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term finance - net		7,434,077	14,098,413
Payment against finance lease liability		(35,348)	(946)
Advance against issuance of shares to non-controlling interest		245,000	365,565
Dividends paid		(43,923)	(133,519)
Net cash generated from financing activities		7,599,806	14,329,513
Net decrease in cash and cash equivalents		17,840,295	(1,615,898)
Cash and cash equivalents at the beginning of the period		951,694	(1,776,479)
Cash and cash equivalents at the end of the period		18,791,989	(3,392,377)
Cash and cash equivalents at September 30 comprise of:			
Cash and bank balances		28,006,281	17,872,045
Short-term finances		(9,214,292)	(13,378,862)
Bank balance marked as lien		-	(7,885,560)
		18,791,989	(3,392,377)

The annexed notes from 1 to 16 form an integral part of these consolidated condensed interim financial statements.



Muhammad Yunus Tabba
Chairman / Director



Muhammad Ali Tabba
Chief Executive



Atif Kaludi
Chief Financial Officer

Consolidated Condensed Interim Statement of Changes in Equity

For the 1st quarter ended September 30, 2020 (Un-audited)

	Issued, subscribed and paid up capital	Capital reserve Share premium	Revenue reserves			Total reserves	Non-controlling interests	Total equity
			General reserves	Foreign currency translation reserve	Unappropriated profit			
(PKR in '000')								
Balance as at July 01, 2019	3,233,750	7,343,422	73,202,650	3,936,146	21,305,260	105,787,478	16,249,228	125,270,456
Transfer to general reserves	-	-	8,436,657	-	(8,436,657)	-	-	-
Final dividend at the rate of PKR 6.5/- per share for the year ended June 30, 2019	-	-	-	-	(2,101,938)	(2,101,938)	-	(2,101,938)
Dividends paid to non-controlling interests of ICI	-	-	-	-	-	-	(188,157)	(188,157)
Dividends paid to non-controlling interests of LHL	-	-	-	-	-	-	(89,017)	(89,017)
Share of non-controlling interests of KLM	-	-	-	-	-	-	365,565	365,565
Profit after taxation	-	-	-	-	1,272,179	1,272,179	254,844	1,527,023
Other comprehensive income	-	-	-	(261,420)	(6,876)	(268,296)	-	(268,296)
Total comprehensive income for the quarter ended September 30, 2019	-	-	-	(261,420)	1,265,303	1,003,883	254,844	1,258,727
Balance as at September 30, 2019	<u>3,233,750</u>	<u>7,343,422</u>	<u>81,639,307</u>	<u>3,674,726</u>	<u>12,031,968</u>	<u>104,689,423</u>	<u>16,592,463</u>	<u>124,515,636</u>
Balance as at July 01, 2020	3,233,750	7,343,422	81,639,307	4,625,020	16,935,842	110,543,591	17,709,710	131,487,051
Transfer to general reserves	-	-	3,508,483	-	(3,508,483)	-	-	-
Dividends paid to non-controlling interests of ICI	-	-	-	-	-	-	(207,805)	(207,805)
Dividends paid to non-controlling interests of LHL	-	-	-	-	-	-	(42,900)	(42,900)
Shares issued to non-controlling interest of ICI	-	-	-	-	-	-	245,000	245,000
Profit after taxation	-	-	-	-	4,349,491	4,349,491	782,744	5,132,235
Other comprehensive income	-	-	-	(201,775)	9,930	(191,845)	-	(191,845)
Total comprehensive income for the quarter ended September 30, 2020	-	-	-	(201,775)	4,359,421	4,157,646	782,744	4,940,390
Balance as at September 30, 2020	<u>3,233,750</u>	<u>7,343,422</u>	<u>85,147,790</u>	<u>4,423,245</u>	<u>17,786,780</u>	<u>114,701,237</u>	<u>18,486,749</u>	<u>136,421,736</u>

The annexed notes from 1 to 16 form an integral part of these consolidated condensed interim financial statements.



Muhammad Yunus Tabba
Chairman / Director



Muhammad Ali Tabba
Chief Executive



Atif Kaludi
Chief Financial Officer

Notes to the Consolidated Condensed Interim Financial Statements

For the 1st quarter ended September 30, 2020 (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, Lucky Motor Corporation Limited (formerly KIA Lucky Motors Pakistan Limited), ICI Pakistan Limited and Lucky Electric Power Company Limited. Brief profiles of the Holding company, 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 the 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 and the head office is situated at Muhammad Ali Housing Society, A. Aziz Hashim Tabba Street in Karachi. The Holding Company has two production facilities at Pezu, District Lakki Marwat in Khyber Pakhtunkhwa and at Main Super Highway in Karachi, Sindh. Further, the Holding Company's liaison offices are situated in Islamabad, Quetta, Multan, D.I.Khan, Lahore and Peshawar.

1.2 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 situated at Third Floor, Syed Towers, University Road, Opp: Custom House, Peshawar, Khyber Pakhtunkhwa. As of the statement of financial position date, the Company owns 75 percent shares of Lucky Holdings Limited (LHL).

1.3 LCL Investment Holdings Limited

The Holding Company has made an investment in LCL Investment Holdings Limited (LCLIHL), incorporated and domiciled in Mauritius. LCLIHL has entered into joint venture agreements with Al Shamookh group to form Lucky Al Shamookh Holdings Limited (LASHL) for operating a cement grinding unit in Basra, Iraq and Al Shamookh Lucky Investment Limited (ASLIL) for constructing a fully integrated cement manufacturing unit in Samawah, Iraq. LASHL and ASLIL are companies with limited liability registered in Jebel Ali Free Zone, United Arab Emirates. LCLIHL holds 50 percent ownership in the aforesaid joint ventures.

LCLIHL has also entered into a joint venture agreement with Rawsons Investments Limited (registered in Cayman Islands) for establishing Lucky Rawji Holdings Limited (LRHL), incorporated with limited liability under laws of British Virgin Islands, for constructing a fully integrated cement manufacturing unit in the Democratic Republic of Congo. LCLIHL holds 50 percent ownership interest in LRHL.

1.4 Lucky Motor Corporation Limited

Lucky Motor Corporation Limited (LMC) [formerly KIA Lucky Motors Pakistan Limited] was incorporated in Pakistan as a public unlisted company. The principal line of business of LMC is to carry on the manufacturing, assembling, distribution, marketing, sale, after-sale-service, import and export of all types of KIA motor vehicles, parts and accessories under license from KIA Motors Corporation. As of the statement of financial position date the Company holds 71.55 percent shares of LMC (June 30, 2020: 71.55%).

1.5 ICI Pakistan Limited

ICI Pakistan Limited (ICI) was incorporated in Pakistan and is listed on the Pakistan Stock Exchange. The Holding Company holds 55 percent shares (50,798,000 shares of PKR 10 each) of ICI. ICI 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. Its manufacturing facilities are situated in Karachi, Lahore and Khewra and the registered office of ICI is situated at 5 West Wharf, Karachi.

Details of the investments of ICI are as follows:

1.5.1 ICI Pakistan PowerGen Limited

ICI Pakistan PowerGen Limited (ICI PowerGen) was incorporated in Pakistan as an unlisted public company and is a wholly owned subsidiary company of ICI. ICI PowerGen is engaged in generating, selling and supplying electricity to ICI. The registered office of ICI PowerGen is situated at 5 West Wharf, Karachi.

1.5.2 NutriCo Morinaga (Private) Limited

NutriCo Morinaga (Private) Limited (NutriCo) is a private limited company incorporated in Pakistan. ICI has 51% ownership interest in NutriCo. NutriCo is engaged in manufacturing of infant milk powder. The registered office of NutriCo is situated at ICI House, 5 West Wharf, Karachi.

1.6 Lucky Electric Power Company Limited

Lucky Electric Power Company Limited (LEPCL) was incorporated in Pakistan on June 13, 2014, as a public unlisted company. Subsequent to the amalgamation of LCL Holdings Limited, the Company now directly holds 100 percent shares (2,130,000,000 shares of PKR 10 each) of LEPCL. This includes advance against issuance of shares amounting to PKR 1,450 million. The operations of LEPCL have not yet started. LEPCL is investing 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

- 2.1** These consolidated condensed interim financial statements of the Company for the quarter ended September 30, 2020 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 Act, 2017. In case where the requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed. These consolidated condensed interim financial statements do not include all the information and disclosures required in the consolidated annual audited financial statements, and should be read in conjunction with Company's consolidated annual audited financial statements for the year ended June 30, 2020.

Notes to the Consolidated Condensed Interim Financial Statements

For the 1st quarter ended September 30, 2020 (Un-audited)

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and methods of computation adopted in the preparation of these consolidated condensed interim financial statements are consistent with those applied in the preparation of the consolidated annual audited financial statements for the year ended June 30, 2020 except those stated in note 3.2 (a) below.

3.2 Change in accounting standards, interpretations and amendments to published approved accounting standards

(a) New standards, amendments and interpretation to published approved accounting and reporting standards which are effective during the quarter ended September 30, 2020

There are certain amendments and an interpretation to approved accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2020. However, these do not have any significant impact on the Holding Company's financial reporting and, therefore, have not been detailed in these consolidated condensed interim financial statements.

(b) New standards and amendments to published approved accounting and reporting standards that are not yet effective

There are certain new standards and amendments to the approved accounting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2021. However, these amendments will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these Holding Company's consolidated condensed interim financial statements.

4 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts. Actual results may differ from these judgements, estimates and assumptions.

However, the management believes that the change in outcome of judgements, estimates and assumptions would not have a material impact on the amounts disclosed in these consolidated condensed interim financial statements.

Judgements and estimates made by the management in the preparation of these consolidated condensed interim financial statements are the same as those applied in the Company's consolidated annual audited financial statements for the year ended June 30, 2020.

The Company's financial risk management objectives and policies are consistent with those disclosed in the Company's consolidated annual audited financial statements for the year ended June 30, 2020. Further, there were no transfers in fair value hierarchy levels during the quarter.

5 PROPERTY, PLANT AND EQUIPMENT

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

	Note	(Un-audited) September 30, 2020 (PKR in '000')	(Audited) June 30, 2020
Operating fixed assets (WDV) - opening balance		103,464,039	83,666,110
Add: Additions during the period / year	5.2	417,653	27,604,790
		103,881,692	111,270,900
Less: Disposals during the period / year (WDV)		20,817	75,470
Depreciation charge for the period / year		2,066,217	7,731,391
Operating fixed assets (WDV) - closing balance		101,794,658	103,464,039
Add: Capital work-in-progress	5.3	94,588,217	87,324,921
		196,382,875	190,788,960

5.2 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	7,225	-
Buildings on free hold land		
- Cement plant	119,027	-
- Power plant	814	-
Buildings on leasehold land		
- Cement plant	738	-
- Others	5,412	-
Machinery	241,468	9,118
Vehicles including cement bulkers	19,934	47,257
Furniture and fixtures	9,043	1,939
Office equipments	4,533	-
Computer & Accessories	5,177	1,945
Other assets	4,282	109
	417,653	60,369
	(Un-audited) September 30, 2020	(Audited) June 30, 2020
	(PKR in '000')	

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

Opening balance	87,324,921	51,809,686
Add: Additions during the period / year	7,650,544	62,890,327
	94,975,465	114,700,013
Less: Transferred to operating fixed assets	387,248	27,345,907
Less: Transferred to intangible assets	-	29,185
Closing balance	94,588,217	87,324,921

Notes to the Consolidated Condensed Interim Financial Statements

For the 1st quarter ended September 30, 2020 (Un-audited)

	Note	(Un-audited) September 30, 2020	(Audited) June 30, 2020
(PKR in '000')			
6			
RIGHT-OF-USE ASSETS			
Cost		318,279	402,827
Less: Depreciation charged during the period / year		21,138	84,548
Closing net book value		<u>297,141</u>	<u>318,279</u>
7			
LONG TERM INVESTMENT			
Equity accounted investment			
Joint ventures			
Lucky AI Shumookh Holdings Limited (LASHL)	7.1	7,200,482	6,927,802
LuckyRawji Holdings Limited (LRHL)	7.2	11,846,975	11,471,453
AI Shumookh Lucky Investments Limited (ASLIL)	7.3	3,267,187	3,319,116
		<u>22,314,643</u>	<u>21,718,371</u>
Associates			
NutriCo Pakistan (Pvt) Limited	7.4	1,209,831	1,106,787
Yunus Energy Limited	7.5	1,232,678	1,143,104
		<u>2,442,509</u>	<u>2,249,891</u>
		<u>24,757,152</u>	<u>23,968,262</u>
Unquoted - at cost			
Equity security available-for-sale			
Arabian Sea Country Club Limited (250,000 ordinary shares of PKR 10 each)		2,500	2,500
		<u>24,759,652</u>	<u>23,970,762</u>
7.1			
Lucky AI Shumookh Holdings Limited			
Investment at cost		1,912,283	1,912,283
Share of cumulative profit at the beginning of the period / year		2,870,544	1,584,931
Share of profit during the period / year		372,309	1,285,613
		<u>3,242,853</u>	<u>2,870,544</u>
Foreign currency translation reserve		2,045,346	2,144,975
		<u>7,200,482</u>	<u>6,927,802</u>
The Group's interest in LASHL's assets and liabilities is as follows:			
Total assets		15,220,910	14,360,913
Total liabilities		(819,946)	(505,309)
Net assets (100%)		<u>14,400,964</u>	<u>13,855,604</u>
Group's share of net assets (50%)		<u>7,200,482</u>	<u>6,927,802</u>
The Group's share in LASHL's profit or loss is as follows:			
Revenue		2,928,793	10,658,479
Net profit (100%)		744,617	2,571,226
Group's share of net profit (50%)		<u>372,309</u>	<u>1,285,613</u>

	Note	(Un-audited) September 30, 2020	(Audited) June 30, 2020
(PKR in '000')			
7.2 Lucky Rawji Holdings Limited			
Investment at cost		6,870,050	6,870,050
Share of cumulative loss at the beginning of the period / year		237,439	(494,136)
Share of profit during the period / year		539,914	731,575
		777,353	237,439
Foreign currency translation reserve		4,199,571	4,363,964
		<u>11,846,974</u>	<u>11,471,453</u>
The Group's interest in LRHL's assets and liabilities is as follows:			
Total assets		40,925,221	40,765,483
Total liabilities		(17,231,272)	(17,822,578)
Net assets (100%)		<u>23,693,949</u>	<u>22,942,905</u>
Group's share of net assets (50%)		<u>11,846,975</u>	<u>11,471,453</u>
The Group's share in LRHL's profit or loss is as follows:			
Revenue		<u>4,347,019</u>	<u>11,131,345</u>
Net profit (100%)		<u>1,079,828</u>	<u>1,463,149</u>
Group's share of net profit (50%)		<u>539,914</u>	<u>731,575</u>
7.3 Al Shumookh Lucky Investments Limited			
Investment at cost - Opening		2,798,978	446,270
Investment made during the period / year		-	2,352,708
		<u>2,798,978</u>	<u>2,798,978</u>
Share of cumulative profit at the beginning of the period / year		374,794	105,343
Share of (loss) / profit during the period / year		(5,547)	269,451
		369,247	374,794
Foreign currency translation reserve		98,961	145,344
		<u>3,267,186</u>	<u>3,319,116</u>
The Group's interest in ASLIL's assets and liabilities is as follows:			
Total assets		18,104,972	16,785,363
Total liabilities		(11,570,598)	(10,147,131)
Net assets (100%)		<u>6,534,374</u>	<u>6,638,232</u>
Group's share of net assets (50%)		<u>3,267,187</u>	<u>3,319,116</u>

Notes to the Consolidated Condensed Interim Financial Statements

For the 1st quarter ended September 30, 2020 (Un-audited)

	(Un-audited) September 30, 2020	(Audited) June 30, 2020
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(PKR in '000')

The Group's share in ASLIL's profit or loss is as follows:

Revenue	-	-
Net profit (100%)	(11,093)	538,902
Group's share of net profit (50%)	(5,547)	269,451

7.4 NutriCo Pakistan (Pvt) Limited

Investment at cost	960,000	960,000
Share of profit opening balance	146,787	515,773
Share of profit during the period / year	103,044	431,014
Dividend received during the period / year	-	(800,000)
	249,831	146,787
	1,209,831	1,106,787

The Group's share in NutriCo's profit or loss is as follows:

Revenue	2,549,559	9,523,528
Net profit (100%)	257,610	1,077,534
Group's share of net profit (40%)	103,044	431,014

The Group has a 40% interest in NutriCo Pakistan (Private) Limited (the associate), which is involved in marketing and distribution of infant milk and nutritional products.

	(Un-audited) September 30, 2020	(Audited) June 30, 2020
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(PKR in '000')

7.5 Yunus Energy Limited

Investment at cost	611,365	611,365
Share of cumulative profit at the beginning of the year	531,739	333,219
Share of profit during the period / year	89,574	320,793
Dividend received during the period / year	-	(122,273)
	621,313	531,739
	1,232,678	1,143,104

Represents 20% equity investment of 61,365,500 shares @ PKR 10/- each in Yunus Energy Limited.

	Note	(Un-audited) September 30, 2020	(Audited) June 30, 2020
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(PKR in '000')

8 LONG TERM FINANCES

Long-term finances	8.1	92,014,358	85,161,591
Deferred income - Government grant	8.2	(217,270)	(96,256)
Current portion of long term finances		(2,461,233)	(2,637,451)
		<u>89,335,855</u>	<u>82,427,884</u>

8.1 This includes long-term loan obtained under the Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns by the State Bank of Pakistan, terms and conditions of which are same as those disclosed in the consolidated annual audited financial statements for the year ended June 30, 2020.

8.2 The value of benefit of below-market interest rate on the salary refinance loan by the State Bank of Pakistan has been accounted for as government grant under IAS - 20 Government grants.

	Note	(Un-audited) September 30, 2020	(Audited) June 30, 2020
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(PKR in '000')

9 DEFERRED LIABILITIES

Staff gratuity and eligible retired employees' medical scheme		2,191,617	2,104,551
Deferred tax liability	9.1	8,896,095	9,028,979
		<u>11,087,712</u>	<u>11,133,530</u>

9.1 Deferred tax liability

This comprises of the following :

- Taxable temporary differences arising due to accelerated tax depreciation allowance		11,034,151	10,397,926
- Deferred tax on minimum turnover tax		(459,188)	-
- Deductible temporary differences arising in respect of provisions		(1,678,868)	(1,368,947)
		<u>8,896,095</u>	<u>9,028,979</u>

10 CONTINGENCIES AND COMMITMENTS

10.1 CONTINGENCIES

There are no major changes in the status of contingencies as reported in the annual audited consolidated financial statements for the year ended June 30, 2020.

Notes to the Consolidated Condensed Interim Financial Statements

For the 1st quarter ended September 30, 2020 (Un-audited)

	(Un-audited) September 30, 2020	(Audited) June 30, 2020
	(PKR in '000')	
10.2 COMMITMENTS		
Machinery under letters of credit and others	16,090,499	13,333,475
Stores, spares, raw / packing material and other supplies under letters of credit	20,253,517	1,636,056
Bank guarantees issued on behalf of the Holding Company and its subsidiaries	26,927,107	20,126,180
Standby Letter of Credit	8,888,342	23,761,570
Post dated cheques	1,856,589	2,036,197
Commitment in connection with LEPCL's project's cost over-run and Payment Service Reserve Account (PSRA) support	22,812,208	23,135,522
10.3 Claims against the Group not acknowledged as debts are as follows:		
Local bodies	81,500	81,500
Others	22,979	22,979
	104,479	104,479
10.4 Commitments for rentals under operating lease / Ijarah agreements in respect of vehicles are as follows:		
Year		
2020-21	421	646
2021-22	187	287
	608	933
Payable not later than one year	421	646
Payable later than one year but not later than five years	187	287
	608	933

For the 1st quarter ended

September 30, September 30,
2020 2019
(PKR in '000')

11 SEGMENT REPORTING**TURNOVER**

Cement	19,731,269	13,929,982
Polyester	6,575,685	5,892,985
Soda Ash	4,719,947	4,952,463
Pharma	2,063,581	2,015,143
Animal Health	1,303,461	1,091,944
Chemicals and Agri Sciences	2,493,101	2,788,591
Automobiles	20,473,085	3,852,409
NutriCo Morinaga	543,268	-
Others	427,293	347,916
Inter-segment eliminations	(479,847)	(441,787)
	<u>57,850,843</u>	<u>34,429,646</u>

11.1 OPERATING RESULT

Cement	2,351,189	216,085
Polyester	413,300	199,684
Soda Ash	796,088	1,056,269
Pharma	128,820	101,414
Animal Health	76,811	66,868
Chemicals and Agri Sciences	198,857	215,798
Automobiles	1,542,248	(332,187)
Nutrico Morinaga	(185,783)	-
Power Generation	(34,009)	(28,763)
Others	51,460	(15,794)
Inter-segment eliminations	(40,603)	(1,297)
	<u>5,298,377</u>	<u>1,478,077</u>

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

For the 1st quarter ended

September 30, September 30,
2020 2019
(PKR in '000')

11.3 GROSS SALES

Local	53,111,353	30,830,752
Export	4,739,490	3,598,893
	<u>57,850,843</u>	<u>34,429,646</u>

12 OTHER INCOME

It mainly includes income from deposits with Islamic banks and other financial institution and share of gain in equity-accounted investments.

Notes to the Consolidated Condensed Interim Financial Statements

For the 1st quarter ended September 30, 2020 (Un-audited)

		For the 1st quarter ended	
	Note	September 30, 2020	September 30, 2019
		(PKR in '000')	
13 CASH GENERATED FROM OPERATIONS			
Profit before taxation		5,896,748	2,047,129
Adjustments for non-cash charges and other items			
Depreciation	5.1	2,066,217	1,798,443
Amortization on intangible assets		103,924	85,973
Provision for slow moving spares		31,980	-
Provision for slow moving and obsolete stock-in-trade		8,446	13,095
Provision / (reversal) for doubtful debts		2,517	(18,803)
Gain on disposal of fixed assets		(27,475)	(3,393)
Provision for staff retirement plan		117,464	146,146
Share of profit from equity accounted investees		(1,099,252)	(753,719)
Return from deposits with islamic banks and other financial institutions		(290,286)	(506,374)
Dividend income from short term investments		(47,410)	(31,034)
Finance cost		409,688	599,012
Profit before working capital changes		7,172,561	3,376,475
Increase in current assets			
Stores, spares and consumables		(536,389)	(1,167,391)
Stock-in-trade		896,658	(165,268)
Trade debts		653,786	(377,912)
Loans and advances		(976,094)	(303,360)
Trade deposits and short term prepayments		(161,222)	(252,675)
Other receivables		(188,075)	(520,252)
		(311,336)	(2,786,858)
Increase in current liabilities			
Trade and other payables		9,863,549	142,596
Cash generated from operations		<u>16,724,774</u>	<u>732,213</u>

14 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated entities, directors, other key management personnel and close family members of directors and other key management personnel. Details of transactions with related parties during the period are as follows:

For the 1st quarter ended

September 30, September 30,
2020 2019
(PKR in '000')

Transactions with Associated Undertakings

Sales	569,249	1,060,340
Purchase of goods, materials and services	531,731	428,028
Reimbursement of expenses to Company	5,150	24,645
Reimbursement of expenses from Company	3,974	392
Donation	20,000	3,475
Charity	-	8,825
Dividends received	-	382,273
Dividends paid	88,659	125,581
Rent paid	3,785	4,082
Services	43,584	7,616

Transactions with Directors and with their close family members

Meeting fee	438	375
Rent paid	1,000	-

Transactions with other key management personnel

Salaries and benefits	165,447	150,890
Post employment benefits	23,885	16,872
Dividends paid	2,369	2,180

Staff retirement benefit plan

Contribution	85,743	50,265
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15 GENERAL

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

16 DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial statements were authorized for issue on October 24, 2020 by the Board of Directors of the Holding Company.



Muhammad Yunus Tabba
Chairman / Director



Muhammad Ali Tabba
Chief Executive



Atif Kaludi
Chief Financial Officer



www.lucky-cement.com

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

☎ Tel : +92 21 111 786 555

✉ Email : info@lucky-cement.com