LUCKY CEMENT

LCL/MFL/1500/2014-15/ October 30, 2014

The General Manager
Karachi Stock Exchange
Limited
Karachi

The Secretary
Lahore Stock Exchange
Limited
Lahore

The Managing Director
Islamabad Stock Exchange
Limited
Islamabad

The Deputy Chief
Securities & Exchange
Commission of Pakistan
Islamabad

The Joint Registrar
of Companies, Company
Registration Office
Peshawar

The London Stock Exchange
10 Paternoster
Square,
London

Dear Sir(s)

FINANCIAL RESULTS FOR THE 1ST QUARTER ENDED – SEPTEMBER 30, 2014

We have to inform that the Board of Directors of our Company in their Meeting held on Thursday, October 30, 2014 at 11:30 a.m., at 6-A, Muhammad Ali Housing Society, A. Aziz Hashim Tabba Street, Karachi-75350 recommended the following:

(I)	**Cash Dividend**	**Nil**
(ii)	**Bonus Issue**	**Nil**
(iii)	**Right Issue**	**Nil**
(iv)	**Any other Entitlement / Corporate Action**	**Nil**
(v)	**Any other Price-Sensitive information**	**Nil**

The financial results of the Company consisting of balance sheet, profit and loss account and directors' report are annexed.

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

MUHAMMAD FAISAL
Director Finance / CFO
& Chief Investment Officer

Lucky Cement Limited
6-A, Mohammad Ali Housing Society, A. Aziz Hashim Tabba Street, Karachi-75350.
U.A.N: 111-786-555 T: (92-21) 34537390, 34530175, 34522554 & 34530450 F: 34534302 E: info@lucky-cement.com
URL: www.lucky-cement.com

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LUCKY CEMENT LIMITED
Condensed Interim Balance Sheet
As at September 30, 2014

	September 30, 2014 (Un-audited)	June 30, 2014 (Audited)
	(Rupees in'000')	
ASSETS		
NON-CURRENT ASSETS		
Fixed assets		
Property, plant and equipment	**32,888,998**	31,937,211
Intangible assets	**25,403**	27,652
	32,914,401	31,964,863
Long-term investments	**9,300,665**	8,157,550
Long-term advances	**73,377**	72,445
Long-term deposits	**3,175**	3,175
	42,291,618	40,198,033
CURRENT ASSETS		
Stores and spares	**6,426,065**	6,078,915
Stock-in-trade	**1,903,285**	1,638,984
Trade debts	**2,187,454**	2,077,714
Loans and advances	**234,016**	161,625
Trade deposits and short-term prepayments	**40,873**	57,699
Other receivables	**469,440**	527,052
Tax refunds due from the Government	**538,812**	538,812
Cash and bank balances	**9,699,626**	8,519,082
	21,499,571	19,599,883
TOTAL ASSETS	**63,791,189**	59,797,916
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Share capital	**3,233,750**	3,233,750
Reserves	**49,227,562**	46,558,433
	52,461,312	49,792,183
NON-CURRENT LIABILITIES		
Long-term finances	**-**	-
Long-term deposits	**66,774**	67,971
Deferred liabilities	**5,505,380**	5,453,512
	5,572,154	5,521,483
CURRENT LIABILITIES		
Trade and other payables	**5,282,927**	4,096,255
Taxation - net	**450,567**	257,446
Accrued mark-up	**934**	3,051
Current portion of long-term finance	**23,295**	127,498
	5,757,723	4,484,250
CONTINGENCIES AND COMMITMENTS		
TOTAL EQUITY AND LIABILITIES	**63,791,189**	59,797,916

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LUCKY CEMENT

LUCKY CEMENT LIMITED
Condensed Interim Profit and Loss Account
For the 1st quarter ended September 30, 2014 (Un-audited)

	September 30, 2014	September 30, 2013
	(Rupees in'000')	
Gross sales	**12,522,132**	10,972,896
Less: Sales tax and excise duty	**1,875,866**	1,527,783
Rebates and commission	**176,325**	112,926
	2,052,191	1,640,709
Net sales	**10,469,941**	9,332,187
Cost of sales	**(6,058,431)**	(5,167,726)
Gross profit	**4,411,510**	4,164,461
Distribution costs	**(868,113)**	(695,566)
Administrative expenses	**(208,214)**	(192,121)
Finance costs	**(9,198)**	(11,757)
Other charges	**(312,890)**	(257,033)
Other income	**332,346**	221,345
Profit before taxation	**3,345,441**	3,229,329
Taxation		
- current	**(676,312)**	(615,508)
- deferred	**-**	(68,021)
	(676,312)	(683,529)
Profit after taxation	**2,669,129**	2,545,800
Other comprehensive income for the period	**-**	-
Total comprehensive income for the period	**2,669,129**	2,545,800
	(Rupees)	
Earnings per share - basic and diluted	**8.25**	7.87

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LUCKY CEMENT LIMITED
Condensed Interim Consolidated Balance Sheet
As at September 30, 2014 (Un-audited)

	September 30, 2014 (Un-audited)	June 30, 2014 (Audited)
	(Rupees in'000')	
ASSETS		
NON-CURRENT ASSETS		
Fixed assets		
Property, plant and equipment	**45,390,525**	44,063,423
Intangible assets	**7,637,360**	7,741,210
	53,027,885	51,804,633
Long-term investments	**2,423,915**	1,714,879
Long-term loans and advances	**4,602,902**	1,711,839
Long-term deposits and prepayments	**30,784**	31,018
	60,085,486	55,262,369
CURRENT ASSETS		
Stores, spares and consumables	**7,317,334**	6,952,502
Stock-in-trade	**6,701,990**	6,246,200
Trade debts	**3,473,741**	2,961,424
Loans and advances	**515,511**	354,625
Trade deposits and short-term prepayments	**246,236**	278,010
Other receivables	**1,598,410**	2,195,956
Tax refunds due from the Government	**538,812**	538,812
Taxation - net	**1,237,158**	1,502,916
Cash and bank balances	**11,087,707**	11,723,248
	32,716,899	32,753,693
TOTAL ASSETS	**92,802,385**	88,016,062
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Share capital	**3,233,750**	3,233,750
Reserves	**50,158,933**	47,145,858
Attributable to the equity holders of the Holding Company	**53,392,683**	50,379,608
Non-controlling interests	**6,335,905**	6,204,663
Total equity	**59,728,588**	56,584,271
NON-CURRENT LIABILITIES		
Long-term finance	**9,426,707**	9,983,078
Long-term deposits	**66,774**	67,971
Deferred liabilities	**8,591,635**	8,655,713
	18,085,116	18,706,762
CURRENT LIABILITIES		
Short-term borrowings and running finance	**315,302**	437,368
Trade and other payables	**12,907,041**	10,900,436
Accrued mark-up	**209,788**	223,656
Current portion of long-term finance	**1,556,550**	1,163,569
	14,988,681	12,725,029
CONTINGENCIES AND COMMITMENTS		
TOTAL EQUITY AND LIABILITIES	**92,802,385**	88,016,062

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LUCKY CEMENT

LUCKY CEMENT LIMITED
Condensed Interim Consolidated Profit and Loss Account
For the 1st quarter ended September 30, 2014 (Un-audited)

	September 30, 2014	September 30, 2013
	(Rupees in'000')	
Gross sales	**23,052,579**	21,041,511
Less: Sales tax and excise duty	**2,525,457**	2,131,673
Rebates and commission	**733,725**	563,459
	3,259,182	2,695,132
Net sales	**19,793,397**	18,346,379
Cost of sales	**(14,159,977)**	(13,174,619)
Gross profit	**5,633,420**	5,171,760
Distribution costs	**(1,223,545)**	(968,638)
Administrative expenses	**(439,860)**	(404,932)
Share of gain in equity-accounted investments	**161,481**	-
Finance costs	**(377,361)**	(243,342)
Other charges	**(354,835)**	(297,228)
Other income	**362,833**	287,942
Profit before taxation	**3,762,133**	3,545,562
Taxation		
- current	**(868,703)**	(721,310)
- deferred	**119,094**	(68,021)
	(749,609)	(789,331)
Profit after taxation	**3,012,524**	2,756,231
Attributable to:		
Owners of the Holding Company	**2,897,622**	2,641,002
Non-controlling interests	**114,902**	115,229
	3,012,524	2,756,231
Other comprehensive income for the period		
Foreign exchange differences on translation of foreign operations	**95,976**	-
Total comprehensive income for the period	**3,108,500**	2,756,231
Attributable to:	**2,993,598**	2,641,002
Owners of the Holding Company	**114,902**	115,229
Non-controlling interests		
	3,108,500	2,756,231
	(Rupees)	
Earnings per share - basic and diluted	**8.96**	8.17

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Directors' Report:

The Directors of your Company have the pleasure in presenting to you the financial results of your Company which include both, the Stand-alone and Consolidated un-audited financial statements for the first quarter ended September 30, 2014.

Overview:

Cement industry in Pakistan grew by 4.7% to 8.163 million tons during the first quarter compared to 7.799 million tons during the same period last year. While local sales volume registered a growth of 9.8% to 6.103 million tons during the first quarter compared to 5.556 million tons during the same period last year, export sales volumes registered a decline of 8.1% to 2.060 million tons during the first quarter compared to 2.243 million tons during the first period last year.

Your Company registered an overall growth of 9.2% to 1.608 million tons during the first quarter compared to 1.472 million tons sold in the same period last year. Local sales volume registered a growth of 13.4% to 0.965 million tons during the first quarter compared to 0.850 million tons during the same period last year. While industry registered a decline in export volumes, your Company was able to register a growth of 3.3% to 0.643 million tons during the first quarter as compared to 0.622 million tons during the same period last year.

Business Performance:

(a) Production & Sales Volume Performance

The production and sales statistics of your Company for the first quarter of the financial year 2014-15 compared to the same period last year are as follows:

Particulars	1st Quarter 2014-15	1st Quarter 2013-14	Increase/ (Decrease)
	------------ Tons in '000 ------------		%
Clinker Production	1,565	1,588	**(1.49%)**
Cement Production	1,601	1,532	**4.47%**
Cement Sales	1,607	1,472	**9.17%**

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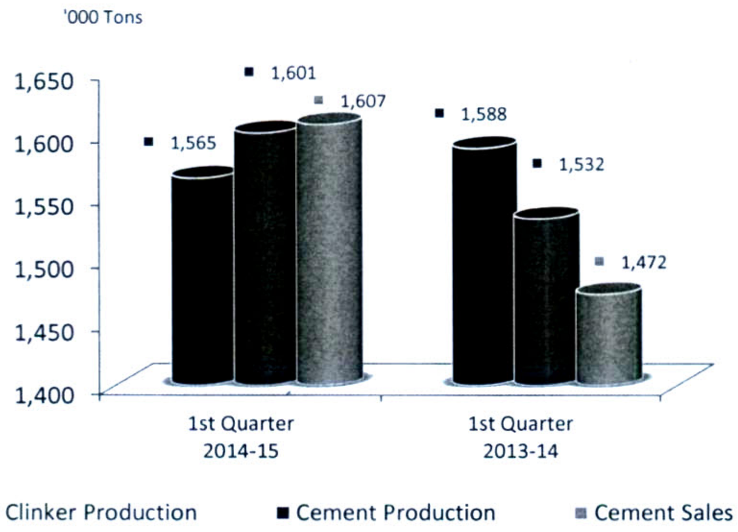
The production and sales volume data is graphically presented as under:



A comparison of the dispatches of the industry and your Company for the first quarter of the financial year 2014-15 with the same period last year is presented below:

Particulars	1st Quarter 2014-15	1st Quarter 2013-14	Growth / (Decline)	
	------ Tons in '000 ------			%
Cement Industry				
Local Sales	**6,103**	**5,556**	**547**	**9.8%**
Export Sales				
Cement				
- Bagged	1,975	2,141	(166)	(7.8%)
- Loose	85	102	(16)	(16.1%)
Total Exports	**2,060**	**2,243**	**(182)**	**(8.1%)**
Grand Total	**8,163**	**7,799**	**365**	**4.7%**
Lucky Cement				
Local Sales	**965**	**850**	**114**	**13.4%**
Export Sales				
Cement				
- Bagged	557	520	37	7.1%
- Loose	85	102	(16)	(16.1%)
Total Exports	**643**	**622**	**21**	**3.3%**
Grand Total	**1,608**	**1,472**	**135**	**9.2%**

LUCKY CEMENT

Market Share

LCL - Market Share (%)	1st Quarter 2014-15	1st Quarter 2013-14	Growth / (Decline)
Local Sales	**15.8%**	**15.3%**	**3.3%**
Export Sales			
Cement			
- Bagged	28.2%	24.3%	16.1%
- Loose	100.0%	100.0%	0.0%
Total Export	**31.2%**	**27.7%**	**12.6%**
Grand Total	**19.7%**	**18.9%**	**4.3%**

Industry Source: APCMA website

(b) Financial Performance

The financial performance of your Company for the first quarter of the financial year 2014-15 compared to the same period last year is presented below:

1st Quarter 14-15

- Revenue: 10,470
- GP: 4,412
- OP: 3,335
- EBIDA: 3,874
- NP: 2,669
- EPS: 8.25/share

1st Quarter 13-14

- Revenue: 9,332
- GP: 4,164
- OP: 3,277
- EBIDA: 3,781
- NP: 2,546
- EPS: 7.87/share

% Change

- Revenue: 12.2%
- GP: 5.9%
- OP: 1.8%
- EBIDA: 2.5%
- NP: 4.8%
- EPS: 4.8%

Figures in PKR million except EPS

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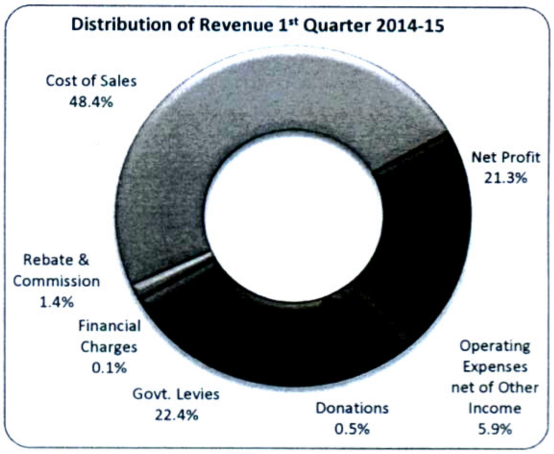
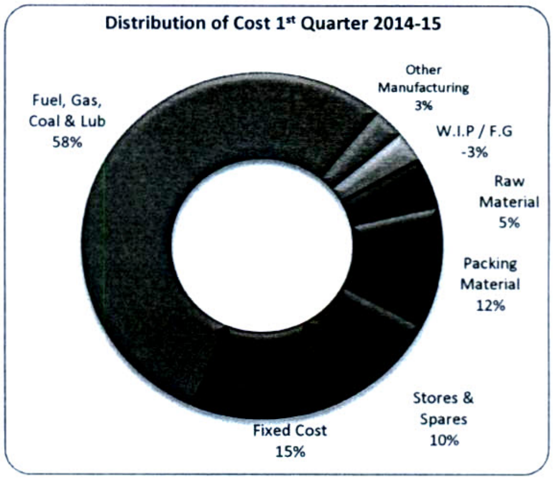
During the quarter under review, your Company achieved an overall net revenue growth of 12.2% contributed by 9.2% increase in volume and 3.0% increase in net retention.

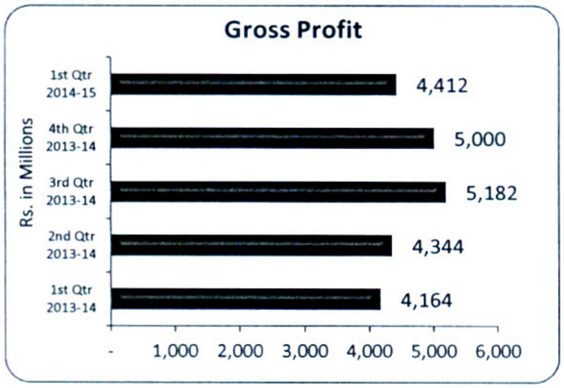


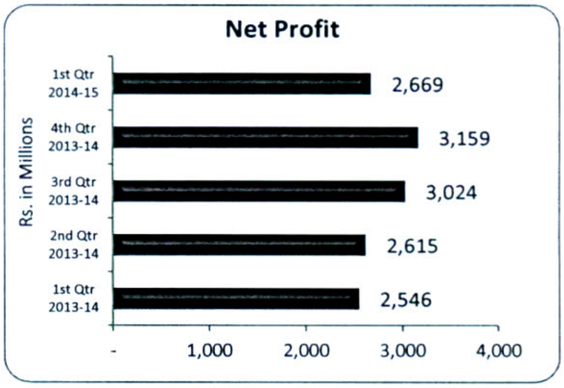
Per ton cost of sales of your Company during the quarter increased by 7.4% as compared to the same period last year mainly due to increase in fuel and packing material cost and cost of scheduled maintenance on plants.

Your Company achieved a gross profit rate of 42.1% during the quarter under review compared to 44.6% reported in the same period last year.



Your Company achieved the profit before tax of Rs.3,345.44 million during the quarter under review compared to Rs.3,229.33 million reported during the same period last year. Similarly, after tax profit of Rs.2,669.13 million was achieved during the quarter under review compared to Rs.2,545.80 million reported during the same period last year.





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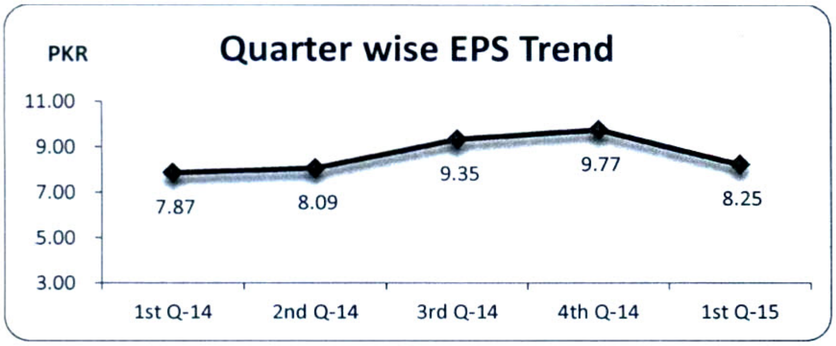
The earnings per share of your Company for the first quarter ended 30 September 2014 was Rs.8.25 compared to Rs.7.87 reported during the same period last year.



Projects – New and Ongoing:

Waste Heat Recovery (WHR) Plants at Captive Power Plants

5 MW WHR plant at Karachi: The installation of plant and machinery is in progress at plant site and is it expected to be completed by January 2015.

5 MW WHR plant at Pezu: The civil and mechanical work is expected to start soon at the plant site and plant and machinery is expected to be installed by the end of September 2015.

Vertical Grinding Mills at Karachi Plant

The erection work at plant site is in progress and will be completed by the end of October 2014 and the first mill will become operational by November 2014 whereas the second will become operational by December 2014.

Electricity Supply to PESCO

Your company is currently in the process of tariff negotiation with NEPRA for the supply of surplus electricity from Pezu power plant.

Investments:

Investment in 660MW coal based power plant

During the quarter under review, the Board of Directors of your Company decided to route an investment in Lucky Electric Power Company Limited (LEPCL) through a wholly owned subsidiary, LCL Holdings Limited (LCLHL) as opposed to Lucky Holdings Limited (LHL) being a 75% owned subsidiary. Consequently, your Company will become the sole sponsor / 100% indirect shareholder of Lucky Electric Power Company (LEPCL) with an equity investment of approximately PKR 27 billion (USD 270 million approximately).

LEPCL has filed the proposal with the Private Power and Infrastructure Board (PPIB) and expecting the Letter of Intent (LOI) to be issued in November 2014. LEPCL has also initiated discussions with the potential Equipment suppliers / EPC contractors as well as financial institutions both in China and Republic of Korea. The next steps are the appointment of Technical Consultant and commencement of work on the feasibility study of the project.

Joint Venture Investment in Cement Plant in DR Congo

All the resources required to start construction of the project have been deployed at project site. Delivery schedules for plant and machinery with the equipment supplier (FLSmidth) have been finalized. Signing of the finance documents is scheduled in the second week of November 2014 to achieve financial close. The project is expected to start commissioning by June 2016. The effect of 50% share of the net assets of the DR Congo plant has been reflected in the consolidated unaudited financial statements of the company for the first quarter ended 30th September 2014.

Joint Venture Investment in Cement Grinding Facility in Iraq

By the grace of Almighty Allah, the grinding plant in Iraq is performing well. During the quarter under review, the grinding plant achieved production and sales volumes of 188,000 and 189,000 tons respectively. The operations posted a net profit of US$ 3.207 million for the first quarter ended 30th September 2014. The results of the Iraq grinding unit have been reflected in the consolidated unaudited financial statements of the Company for the first quarter ended 30th September 2014 to the extent of 50% share of net assets and net profit.

Equity Investment in Associated Company in 50 MW Wind Farm

The EPC Contractors have been mobilized at site for the preliminary works and financial close with the consortium of local banks for project financing is expected to be achieved by the end of December 2014. The project is expected to be completed by March 2016.

Corporate Social Responsibility:

Your company continued its active participation in promoting quality education to the deserving and talented youth of Pakistan. In this connection, several scholarships have been awarded on merit basis to students in leading universities.

In addition, to further its cause of community development and to promote social welfare during the Holy month of Ramadan, Lucky Cement has generously donated for various social welfare programs.

During the quarter under review, your Company has also made considerable donations for the rehabilitation of Internally Displaced Persons in Pakistan.

Outlook:

Your company is quite optimistic about its volumetric growth in the current financial year. Your company's strong financial position and free cash flow generating ability would also help investing in the projects and avenues which would continue to bring in further efficiencies and increase shareholder value. Declining coal prices in the international market and stability of Pak Rupee against US$ will be the key factors to have positive impact on the profitability of your company in the current financial year.

Acknowledgement:

Your directors take this opportunity to express their deep sense of gratitude to all the stakeholders for their encouragement and support.

We would like to place on record our sincere appreciation for the commitment, dedication and hard work put in by every member of the Lucky family.

And also our shareholders, who have always shown their confidence and faith in the Company

On behalf of the Board

MUHAMMAD YUNUS TABBA
Chairman / Director
Karachi: October 30, 2014.