LUCKY CEMENT

LCK/CS/2016-17/

October 27, 2016

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 1st Quarter ended – September 30, 2016

We have to inform that the Board of Directors of our Company in their Meeting held on Thursday, October 27, 2016 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
Executive Director and
Chief Strategy, Finance & 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

Unconsolidated Condensed Interim Balance Sheet
As at September 30, 2016

	September 30, 2016 (Un-audited)	June 30, 2016 (Audited)
	(PKR in'000')	
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	**34,481,222**	33,887,375
Intangible assets	**114,184**	126,549
	34,595,406	34,013,924
Long-term investments	**12,422,020**	12,422,020
Long-term advances	**125,942**	75,570
Long-term deposits	**3,175**	3,175
	47,146,543	46,514,689
CURRENT ASSETS		
Stores and spares	**6,152,618**	5,993,969
Stock-in-trade	**1,758,587**	1,588,469
Trade debts	**2,006,433**	2,181,788
Loans and advances	**568,935**	447,049
Trade deposits and short term prepayments	**56,884**	52,038
Accrued mark-up on deposit accounts	**139,418**	125,984
Other receivables	**1,258,503**	1,274,026
Tax refunds due from the Government	**538,812**	538,812
Short term investments	**-**	400,000
Cash and bank balances	**30,810,326**	26,805,582
	43,290,516	39,407,717
TOTAL ASSETS	**90,437,059**	85,922,406
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized capital	**5,000,000**	5,000,000
Issued, subscribed and paid-up capital	**3,233,750**	3,233,750
Reserves	**69,326,248**	66,089,088
	72,559,998	69,322,838
NON-CURRENT LIABILITIES		
Long-term deposits	**68,136**	70,666
Deferred liabilities	**7,054,983**	6,898,078
	7,123,119	6,968,744
CURRENT LIABILITIES		
Trade and other payables	**8,633,746**	8,563,850
Taxation - net	**2,120,196**	1,066,974
	10,753,942	9,630,824
CONTINGENCIES AND COMMITMENTS		
TOTAL EQUITY AND LIABILITIES	**90,437,059**	85,922,406

LUCKY CEMENT

Unconsolidated Condensed Interim Profit and Loss Account
For the 1st quarter ended September 30, 2016

	Quarter Ended September 30, 2016	Quarter Ended September 30, 2015
	(PKR in'000')	
Gross sales	**14,048,994**	12,498,877
Less: Sales tax and excise duty	**3,336,346**	2,029,367
Rebates and commission	**145,833**	142,716
	3,482,179	2,172,083
Net sales	**10,566,815**	10,326,794
Cost of sales	**(5,216,062)**	(5,588,634)
Gross profit	**5,350,753**	4,738,160
Distribution cost	**(490,115)**	(576,936)
Administrative expenses	**(244,044)**	(263,634)
Finance costs	**(2,963)**	(2,898)
Other charges	**(413,863)**	(338,855)
Other income	**451,345**	358,430
Profit before taxation	**4,651,113**	3,914,267
Taxation		
-current	**(1,308,459)**	(931,464)
-deferred	**(105,494)**	(14,590)
	(1,413,953)	(946,054)
Profit after taxation	**3,237,160**	2,968,213
Other comprehensive income for the period	-	-
Total comprehensive income for the period	**3,237,160**	2,968,213
	(PKR)	
Earnings per share - basic and diluted	**10.01**	9.18

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Condensed Interim Consolidated Balance Sheet
As at September 30, 2016 (Un-audited)

	September 30, 2016 (Un-audited)	June 30, 2016 (Audited)
	(PKR in'000')	
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	**52,853,892**	52,357,646
Intangible assets	**6,919,292**	7,022,261
	59,773,184	59,379,907
Long-term investments	**10,756,408**	10,654,528
Long-term loans and advances	**443,672**	433,207
Long-term deposits and prepayments	**43,005**	39,939
	71,016,269	70,507,581
CURRENT ASSETS		
Stores, spares and consumables	**7,197,654**	7,016,458
Stock-in-trade	**7,233,493**	6,905,826
Trade debts	**3,938,519**	3,821,855
Loans and advances	**988,540**	852,484
Trade deposits and short-term prepayments	**572,886**	485,469
Accrued mark-up	**139,646**	126,286
Other receivables	**2,119,135**	2,098,339
Tax refunds due from the Government	**538,812**	538,812
Taxation refundable- net	**-**	1,152,299
Short term investments	**-**	400,000
Cash and bank balances	**32,366,323**	28,448,471
	55,095,008	51,846,299
TOTAL ASSETS	**126,111,277**	122,353,880
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Share capital	**3,233,750**	3,233,750
Reserves	**74,105,807**	70,337,188
Attributable to the equity holders of the Holding Company	**77,339,557**	73,570,938
Non-controlling interests	**8,150,114**	7,888,373
Total equity	**85,489,671**	81,459,311
NON-CURRENT LIABILITIES		
Long-term finances	**8,162,720**	8,741,955
Long-term deposits	**68,136**	70,666
Deferred liabilities	**9,977,970**	9,916,313
	18,208,826	18,728,934
CURRENT LIABILITIES		
Short-term borrowings and running finance	**1,624,281**	1,937,184
Trade and other payables	**18,296,779**	18,532,947
Taxation payable- net	**793,202**	-
Accrued mark-up	**131,294**	146,321
Current portion of long-term finance	**1,567,224**	1,549,183
	22,412,780	22,165,635
CONTINGENCIES AND COMMITMENTS		
TOTAL EQUITY AND LIABILITIES	**126,111,277**	122,353,880

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Condensed Interim Consolidated Profit and Loss Account
For the 1st quarter ended September 30, 2016 (Un-audited)

	September 30, 2016	September 30, 2015
	(PKR in'000')	
Gross sales	**24,632,034**	22,329,803
Less: Sales tax and excise duty	**3,933,496**	2,738,581
Rebates and commission	**883,124**	770,244
	4,816,620	3,508,825
Net sales	**19,815,414**	18,820,978
Cost of sales	**(12,843,762)**	(12,741,302)
Gross profit	**6,971,652**	6,079,676
Distribution costs	**(1,013,091)**	(1,019,170)
Administrative expenses	**(505,203)**	(495,195)
Finance costs	**(193,243)**	(260,051)
Other expenses	**(486,231)**	(395,791)
Other income	**873,916**	620,558
Profit before taxation	**5,647,800**	4,530,027
Taxation		
- current	**(1,599,510)**	(1,090,993)
- deferred	**(6,154)**	43,636
	(1,605,664)	(1,047,357)
Profit after taxation	**4,042,136**	3,482,670
Attributable to:		
Owners of the Holding Company	**3,780,395**	3,297,815
Non-controlling interests	**261,741**	184,855
Total comprehensive income for the period	**4,042,136**	3,482,670
Other comprehensive income for the period		
Foreign exchange differences on translation of foreign operations	**(11,776)**	132,515
Items to be reclassified to profit or loss in subsequent periods:		
Loss on hedge during the period	-	(3,342)
Income tax relating to hedging reserve	-	1,069
	-	(2,273)
Adjustments for amounts transferred to initial carrying amounts of hedged item - capital work-in-progress	-	386
	4,030,360	3,613,298
Attributable to:		
Owners of the Holding Company	**3,768,619**	3,429,272
Non-controlling interests	**261,741**	184,026
	4,030,360	3,613,298
	(PKR)	
Earnings per share - basic and diluted	**11.69**	10.20

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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, stand-alone and consolidated unaudited financial statements for the first quarter ended September 30, 2016.

Overview:

Cement industry in Pakistan grew by 8.3% to 8.97 million tons during the first quarter compared to 8.28 million tons during the same period last year. While local sales volume registered a growth of 9.5% to 7.43 million tons during the fiscal year compared to 6.78 million tons during the same last year; export sales volume registered a growth of 3.0% to 1.54 million tons during the first quarter compared to 1.50 million tons during the same period last year.

Your Company achieved an overall growth of 8.8% to 1.70 million tons during the first quarter compared to 1.56 million tons sold in the same period last year. While local sales volume of your Company registered a growth of 25.4% to 1.34 million tons during the first quarter compared to 1.07 million tons during the same period last year; export sales volume declined by 27.2% to 0.36 million tons during the first quarter compared to 0.49 million tons during the same period last year.

The EPS for the quarter was recorded at PKR 10.01 which is 9.1% higher than the same period last year's EPS of PKR 9.18.

Business Performance

a. Production & Sales Volume Performance

The production and sales statistics of your Company for the first quarter of the financial year 2016-17 compared to the same period last year are as follows:

Particulars	1st Quarter 2016-17	1st Quarter 2015-16	Increase/ (Decrease) %
	Tons in '000'		
Clinker Production	1,642	1,560	**5.3%**
Cement Production	1,566	1,558	**0.5%**
Cement Sales	1,558	1,565	**(0.4%)**
Clinker Sales	145	-	**100%**

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b. Financial Performance

The financial performance of your Company for the first quarter of the financial year 2016-17 compared to the same period last year is presented below:

Numbers in PKR million except EPS

Particulars	1st Quarter 2016-17	1st Quarter 2015-16	% Change
Revenue	10,567	10,327	2.3%
GP	5,351	4,738	12.9%
OP	4,617	3,898	18.4%
EBITDA	5,229	4,509	16.0%
NP	3,237	2,968	9.1%
EPS	10.01 / Share	9.18 / Share	9.1%

Revenue

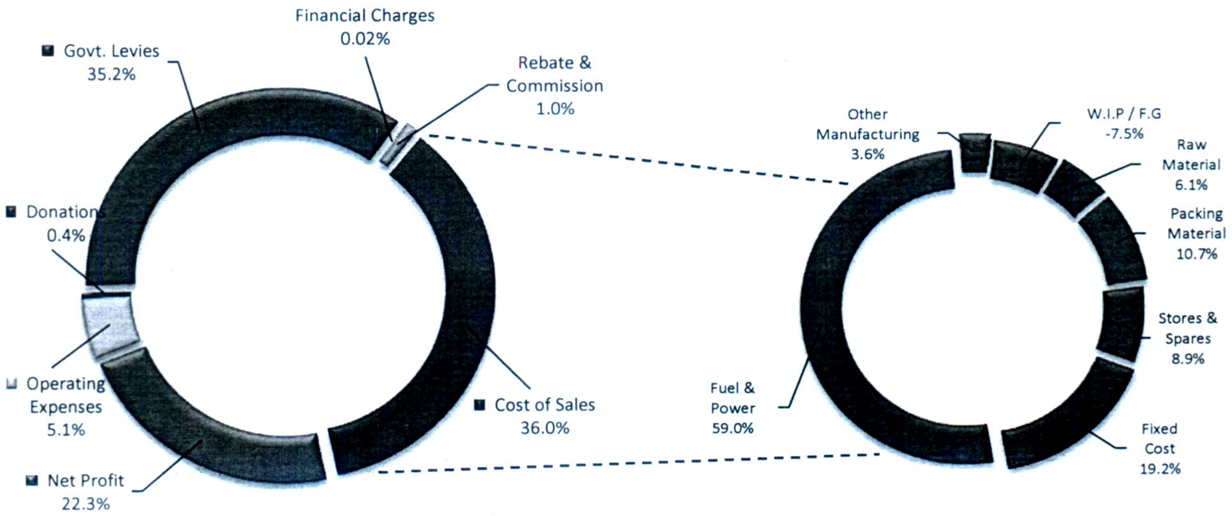
During the first quarter of 2016-17 under review, your Company achieved an overall net sales revenue growth of 2.3% compared to same period last year. This was mainly attributable to increase in sales volumes.

Cost of Sales

Per ton cost of sales of your Company during the period under review decreased by 14.2% compared to same period last year. The decrease was mainly attributable to the decrease in fuel prices and cost efficient fuel mix.

Distribution of Gross Revenue

Distribution of Cost of Sale



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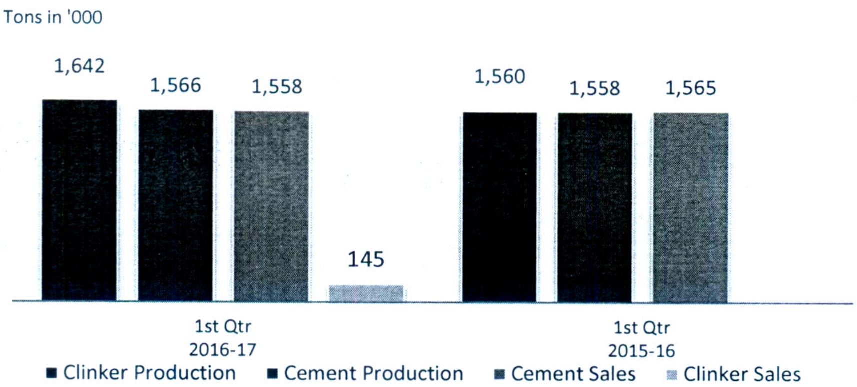

The production and sales volume data is graphically presented as under:

A comparison of the dispatches of the industry and your Company for the first quarter of the financial year 2016-17 with the same period last year is presented below:

Particulars (Tons in '000')	1st Quarter 2016-17	1st Quarter 2015-16	Growth / (Decline) %	
Cement Industry				
Local Sales	**7,431**	**6,787**	**644**	**9.5%**
Export Sales				
- Bagged	1,467	1,500	(33)	(2.2%)
- Loose	78	-	78	100.0%
Total Exports	**1,545**	**1,500**	**45**	**3.0%**
Grand Total	**8,976**	**8,287**	**689**	**8.3%**
Lucky Cement				
Local Sales				
- Cement	1,198	1,071	127	11.9%
- Clinker	145	-	145	100.0%
Total Local Sales	**1,343**	**1,071**	**272**	**25.4%**
Export Sales				
- Bagged	282	494	(212)	(42.9%)
- Loose	78	-	78	100.0%
Total Exports	**360**	**494**	**(134)**	**(27.2%)**
Grand Total	**1,703**	**1,565**	**138**	**8.8%**

Market Share	1st Quarter 2016-17	1st Quarter 2015-16	Growth / (Decline)%
Local Sales	**18.1%**	**15.8%**	**14.6%**
Export Sales			
- Bagged	19.2%	32.9%	(41.6%)
- Loose	100.0%	0.0%	100.0%
Total Export	**23.3%**	**32.9%**	**(29.2%)**
Grand Total	**18.97%**	**18.90%**	**0.4%**

Industry Source: APCMA website

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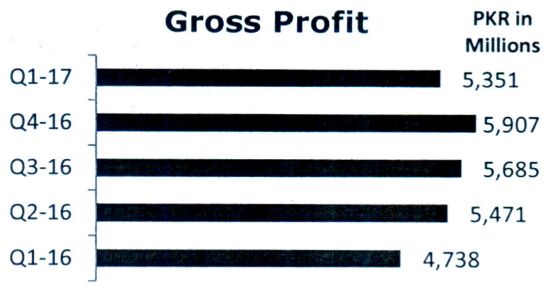
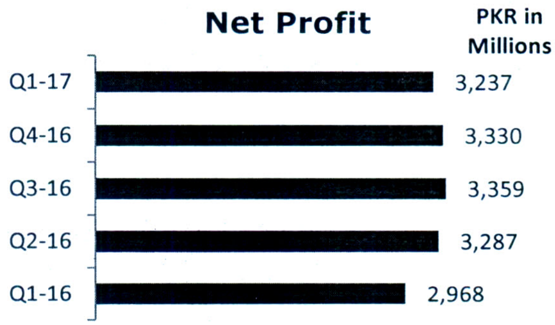
Gross Profit

Your Company was able to improve its gross profit margin to 50.6% for the quarter under review compared to 45.8% reported during the same period last year.



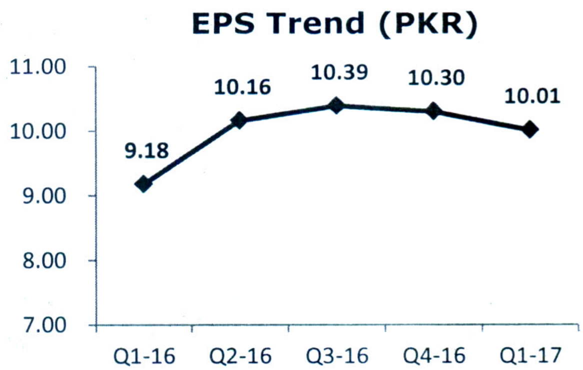
Net Profit

Your Company achieved profit before tax of PKR 4,651.1 million during the quarter under review compared to PKR 3,914.3 million reported during the same period last year. Similarly, after tax profit of PKR 3,237.2 million was achieved during the quarter under review compared to PKR 2,968.2 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, 2016 was PKR 10.01 compared to PKR 9.18 reported during the same period last year.



Projects – New and Ongoing

Brownfield Expansion (Installation of additional Line) at Karachi Plant

Progress on the Project is as per plan and the company expects the new line to be operational by the end of the calendar year 2017.

Fully integrated green field Cement Plant in Punjab Province of Pakistan

Your Company is in the process of seeking approvals and necessary authorizations from the Government of Punjab for commencement of this project. Similarly, it is also in the process of negotiating and finalizing contract with the equipment supplier. Both these activities are likely to be completed by the end of November 2016.

10 MW WHR at PEZU Plant - Kiln

Shipment from the supplier of Project equipment is completed and required civil work is in progress. The project is expected to be completed by December 2016.

Investments

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

On the advice of the government, the management of your Company has agreed to change its primary fuel from Imported Coal to Local Coal (Thar) whereas plant will be located at the original site of Port Qasim, Karachi. Accordingly, Private Power and Infrastructure Board (PPIB) has approved amendments to the Letter of Support originally issued to Lucky Electric Power Company Limited (LEPCL) whereas National Electric Power Regulatory Authority has admitted the revised upfront tariff petition of the Company on Local Coal. The Company is currently in the process of finalizing the required changes to the EPC contract and is also in discussion with Sind Engro Coal Mining Company (SECMC) for a reliable long term Coal Supply Agreement. The target to achieve financial close is March 2017.

The consolidated unaudited financial statements of the Company for the quarter ended September 30, 2016, include the net assets of LEPCL which is a 100% indirectly owned subsidiary of the Company.

Joint Venture Investment in Cement Plant in DR Congo

The construction work at project site is in the final stages to achieve planned Commercial Operations Date (COD) of 15th November, 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 quarter ended September 30, 2016.

Corporate Social Responsibility

Your Company has undertaken the responsibility of strengthening and refining its corporate social responsibility initiatives in various fields including education, health and environment.

To provide a brighter future for the under-privileged section in our society, your Company has joined hands with various prestigious educational institutions in the country to offer educational scholarships to students on merit basis. Furthermore, your company also supported the Hub School project for the smooth running of their operations.

Your company also donated towards the cause of community development by supporting the CPLC, an institution responsible for the safety and security of citizens in Sindh.

Under the domain of offering affordable and quality healthcare to those in need, your Company continued its support to Aziz Tabba Foundation, one of the most prominent philanthropic institutions in Pakistan which runs the affairs of a leading cardiac hospital and a leading kidney centre in the country.

Outlook

Your Company remains optimistic about domestic sales volumetric growth in the current financial year. Domestic sales are anticipated to maintain the same upward momentum during the entire year as witnessed in the first quarter of the current financial year on the back of private and public sector construction projects as well as mega infrastructure development projects under the China-Pakistan Economic Corridor (CPEC) initiative. Your Company's strong and debt-free financial position and free cash flow generating ability would continue to support investments in projects and avenues which can bring in further operational efficiencies and enhance shareholders' value.

Acknowledgement

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

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

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

On behalf of the Board

MUHAMMAD YUNUS TABBA
Chairman/Director
Karachi: October 27, 2016