



PIONEER CEMENT
LIMITED.

ANNUAL REPORT

FOR THE YEAR ENDED JUNE 30, 2018
PIONEER CEMENT LIMITED

ENDURING
STRENGTH



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Vision & Mission

Pioneer Cement Limited is committed to make sustained efforts towards optimum utilization of its resources through good corporate governance for serving the interests of all stakeholders.

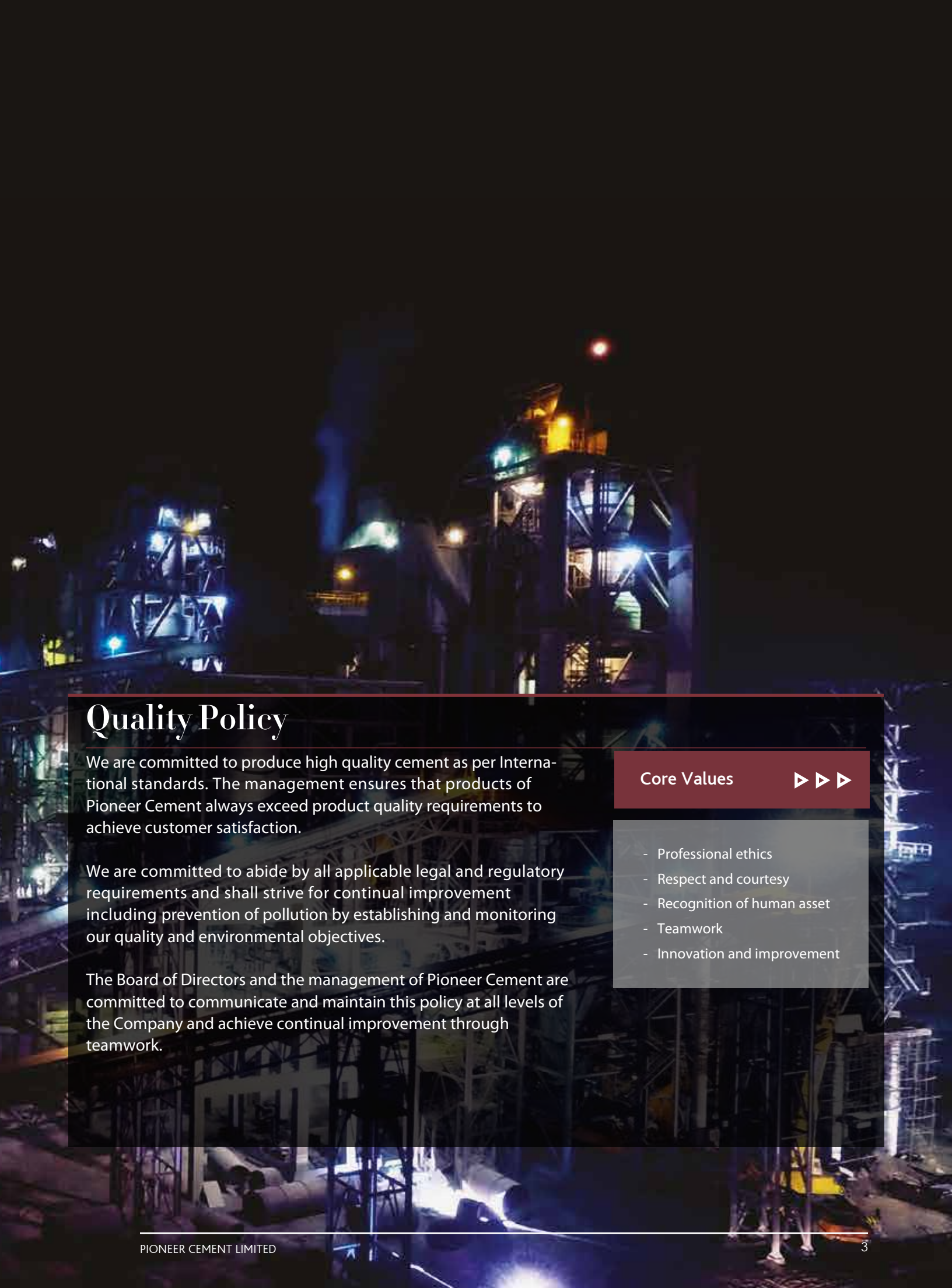
Strategic Goals

- Customers' satisfaction
- Efficient deployment of resources
- Research and development
- Maximization of profits
- Environmental initiatives

Business Ethics

- Transparency and justice
- Sound business policies and compliance with laws
- Judicious use of Company's resources
- Avoidance of conflict of interest
- Integrity at all levels





Quality Policy

We are committed to produce high quality cement as per International standards. The management ensures that products of Pioneer Cement always exceed product quality requirements to achieve customer satisfaction.

We are committed to abide by all applicable legal and regulatory requirements and shall strive for continual improvement including prevention of pollution by establishing and monitoring our quality and environmental objectives.

The Board of Directors and the management of Pioneer Cement are committed to communicate and maintain this policy at all levels of the Company and achieve continual improvement through teamwork.

Core Values



- Professional ethics
- Respect and courtesy
- Recognition of human asset
- Teamwork
- Innovation and improvement

Financial Results 2018

Dividend Rs. 4.07
Per share (40.7%)

▶ Net Sale Revenue

Rs. 10,121.3 million

▶ Gross Profit

Rs. 2,810.7 million

▶ Operating Profit

Rs. 2,307.6 million

▶ EBITDA

Rs. 2,821.6 million

▶ Profit after Taxation

Rs. 1,644 million

▶ Earnings per Share

Rs. 7.24

▶ Breakup Value per Share (June 30 , 2018)

Rs. 60.00

▶ Market Value per Share (June 30 , 2018)

Rs. 46.86

● QUARTER 01

Gross profit ratio	33.7%
Operating profit ratio	25.4%
Profit after tax ratio	17.2%
Earnings per share	Rs. 1.84
Market value per share (September 30, 2017)	Rs. 89.94

01

● QUARTER 02

Gross profit ratio	26.7%
Operating profit ratio	20.9%
Profit after tax ratio	12.9%
Earnings per share	Rs. 1.41
Market value per share (December 31, 2017)	Rs. 63.12

02

● QUARTER 03

Gross profit ratio	22.4%
Operating profit ratio	22.9%
Profit after tax ratio	15.8%
Earnings per share	Rs. 1.81
Market value per share (March 31, 2018)	Rs. 70.04

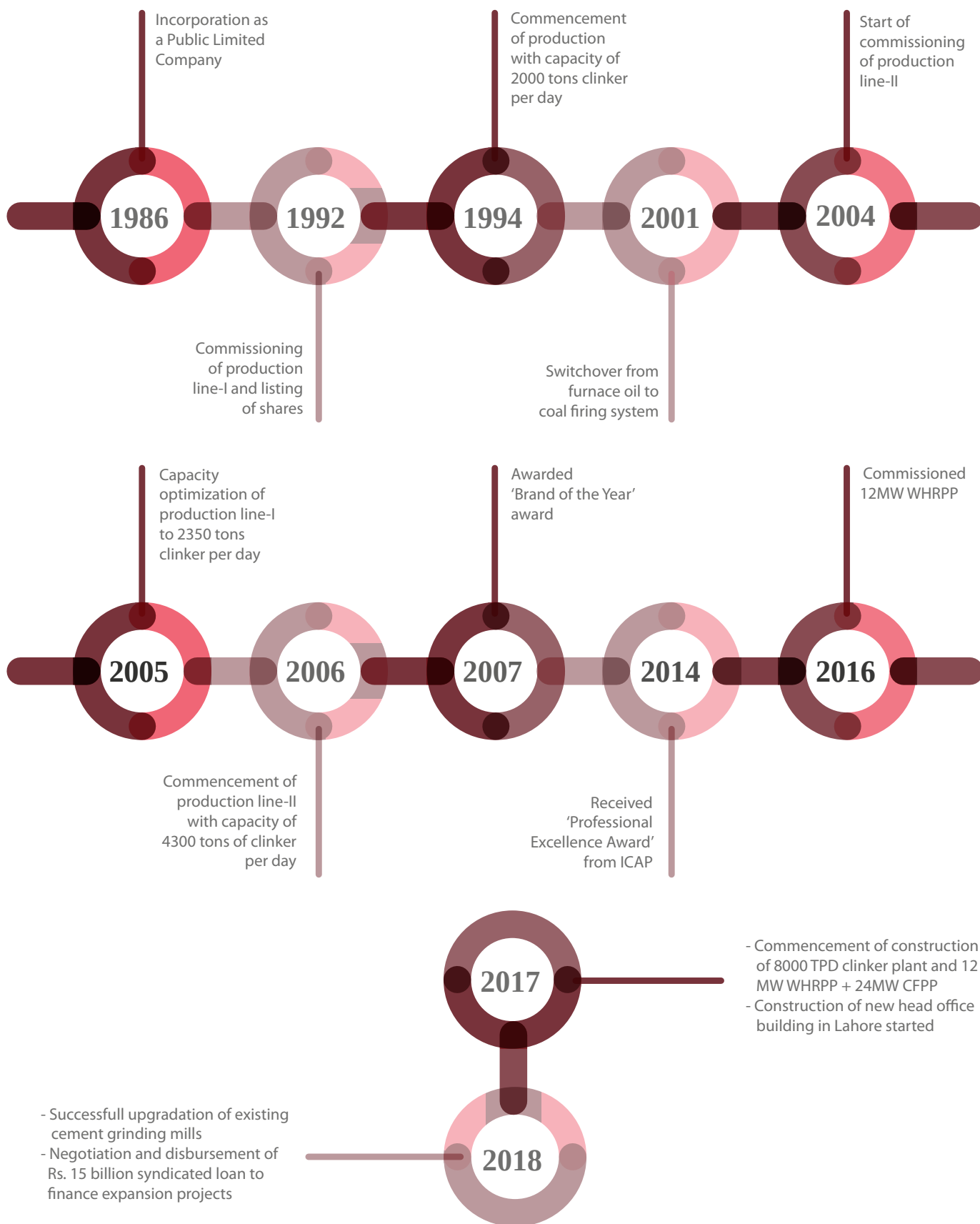
03

● QUARTER 04

Gross profit ratio	28.6%
Operating profit ratio	21.9%
Profit after tax ratio	18.9%
Earnings per share	Rs. 2.18
Market value per share (June 30, 2018)	Rs. 46.86

04

Milestones





ENVIRONMENTAL

ENSURING ENVIRONMENT FRIENDLY OPERATIONS, PRODUCTS AND SERVICES

The inherent processes of manufacturing cement are widely considered to be unfriendly to the environment. However, with the development of technology, our modern plant is equipped with extensive dust collection equipment heavily reducing our carbon footprint.

Organizational commitment toward environmental protection and prevention of pollution has played a pivotal role in our day-to-day operations. We were awarded a "Green Office" Diploma by WWF Pakistan for complying with their benchmarks for reducing consumption of natural resources in the current year.

Pioneer Cement is ISO 9001:2015 certified for Quality Management Systems and ISO 14001:2015 certified for Environmental Management Systems. Our management systems were comprehensively audited by TÜV Austria and we were awarded these qualifications.



INITIATIVES



Social Responsibilities

Pioneer Cement remains committed to its role as a responsible and ethical corporate citizen. We understand the impact our operations can have on the community and the environment and therefore have an active CSR strategy that focuses on areas such as education, health and the environment.

Education

Pioneer Cement takes great pride in the establishment and running of two schools providing primary education to boys and girls in Chenki village where our plant is located. The schools are fully equipped to impart elementary education to children of the village.



Pioneer Cement also funded the construction of an additional building in the District Public School in Jauharabad as well as Sargodha. The extra wings will enable the inclusion of 500 students in both cities. Other initiatives include ongoing support for SOS Schools and the Vocational Training Institute of Quaidabad. We are also working with Pakistan's premiere business school IBA to ensure the quality and relevance of its business curriculum. Our partnership with IBA continues and the company has contributed for the construction of residence for the faculty.

Health



Healthcare remains a key interest for Pioneer Cement. We have initiated several long term programs which includes establishing Pioneer Medical Center at the plant. This facility provides free medical and emergency ambulance services to the entire community besides our own employees and their dependents. A public dispensary has been established in Chenki Village. Financial support is also being provided to the TB Center Foundation.

Environment Protection

Pioneer Cement promotes environmental sustainability, emission reduction and energy efficiency in our products as well as our operations. We stand up to date with our certification of ISO 14001:2015 and ISO 9001:2015 and are compliant



with the Green Office criteria to reducing consumption of natural resources. In line with our mission to be green, we have introduced several environment friendly business practices including the installation of energy efficient coal firing burners that reduce the gaseous emissions as well as a Waste Heat Recovery Power Plant that generates electricity from these emissions.

Local Community Development

In an effort to encourage closer ties within the communities where we operate, Pioneer Cement has rolled out several development initiatives such



as the construction and maintenance of the Chenki village mosque, the development of 15 km long road connection to Chenki and Jabbi Village and thereby helping to over thousand of commuters and the ongoing donation support for flood and disaster relief efforts.



Art & Culture

In keeping our focus on community development, Pioneer Cement organized an impressive 2nd Artist in Residency Program, with the objective of promoting local art and culture using indigenous materials. This was a collaborative effort with Canvas Gallery and was centered around six internationally renowned visual artists who lived on plant for two weeks to create locally inspired art. A formal unveiling of their work, in the presence of business and community leaders, was held in february this year at the plant. Beside providing a platform to showcase local talent, this program has fostered a sense of aesthetics and appreciation for Visual Arts within the local community. We intend to carry on this Residency Program every year.

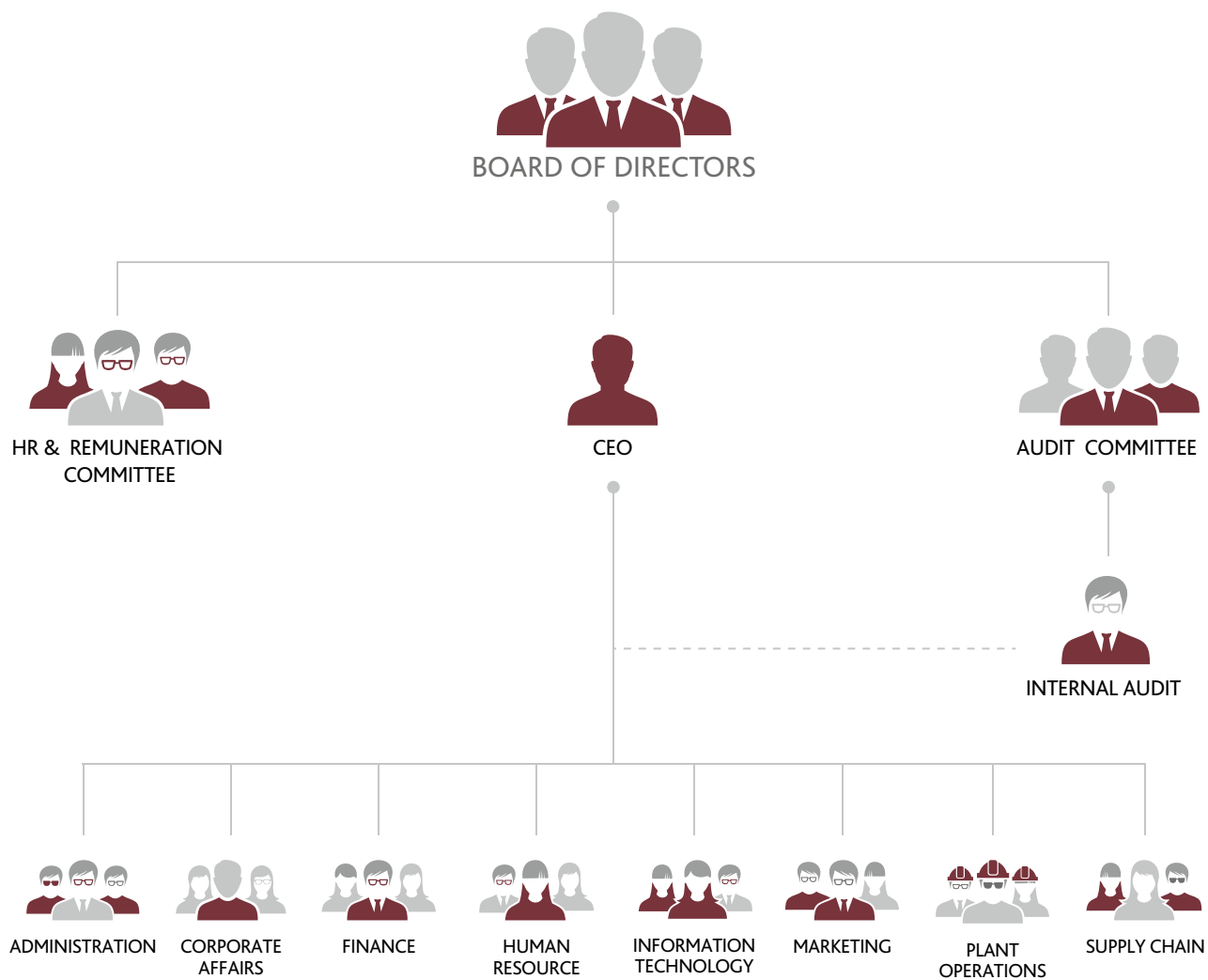


Corporate Information

01	Board of Directors
	Mr. Aly Khan (Chairman)
	Mr. Arif Hamid Dar (CEO)
	Ms. Aleeya Khan
	Mr. Shafuiddin Ghani Khan
	Mr. Mohammad Aftab Alam
	Mr. Jamal Nasim
	Mr. Mirza Ali Hassan Askari
	Mr. Rafique Dawood
02	Audit Committee
	Mr. Jamal Nasim (Chairman)
	Mr. Aly Khan
	Ms. Aleeya Khan
	Mr. Shafuiddin Ghani Khan
	Mr. Mohammad Aftab Alam
03	HR & Remuneration Committee
	Mr. Shafuiddin Ghani Khan (Chairman)
	Mr. Aly Khan
	Ms. Aleeya Khan
	Mr. Mohammad Aftab Alam
	Mr. Arif Hamid Dar (CEO)
04	Chief Financial Officer
	Mr. Waqar Naeem
05	Chief Internal Auditor
	Mr. Jamal-ud-Din
06	Company Secretary
	Mr. Abdul Wahab
07	Bankers
	Allied Bank Limited
	Askari Bank Limited
	Bank Al Habib Limited
	Dubai Islamic Bank
	Bank of Khyber
	Habib Bank Limited
	JS Bank Limited
	MCB Bank Limited
	Meezan Bank Limited
	National Bank of Pakistan
	The Bank of Punjab
	United Bank Limited
08	Statutory Auditors
	EY Ford Rhodes Chartered Accountants

09	Legal Advisor
	Hassan & Hassan
10	Registered Office
	135-Ferozepur Road, Lahore Tel: +92 (42) 37503570-72 Fax: +92 (42) 37503573-4 Email: pioneer@pioneercement.com
11	Factory
	Chenki, District Khushab Tel: +92 (454) 898101-3 Fax: +92 (454) 898104 Email: factory@pioneercement.com
12	Regional Offices
	Karachi Office 4th Floor, KDLB Building West Wharf, Karachi Tel: +92 (21) 32201232-3 Fax: +92 (21) 32201234 Email: pclkhi@pioneercement.com
	Multan Office House No. 218, Naqshband Colony Khanewal Road, Multan Tel: +92 (61) 6510404 Fax: +92 (61) 6510405
	Faisalabad Office Office No. 3, 2nd Floor, Sitara Tower, Bilal Chowk, New Civil Lines, Faisalabad, Tel: +92 (41) 2630030, 2640406-7 Fax: +92 (41) 2630923
	Sargodha Office Office No. 6, 2nd Floor, Rehman Trade Centre, University Road, Sargodha Tel: +92 (483) 725050 Fax: +92 (483) 722331
13	Share Registrar
	Corplink (Pvt) Limited Wings Arcade, 1-K Commercial, Model Town, Lahore Tel: +92 (42) 35839182, 35916714 Fax: +92 (42) 35869037 Email: corplink786@yahoo.com, shares@pioneercement.com

Organizational Structure



Board of Directors



Aly Khan | Chairman



Arif Hamid Dar | CEO



Aleeya Khan



Shafiuddin Ghani Khan



Mohammad Aftab Alam



Jamal Nasim



Mirza Ali Hassan Askari



Rafique Dawood

Audit Committee



Left to Right

Mr. Jamal Nasim (Chairman), Mr. Aly Khan, Ms. Aleeya Khan, Mr. Shafiuddin Ghani Khan, Mr. Mohammad Aftab Alam

HR & Remuneration Committee



Left to Right

Mr. Shafiuddin Ghani Khan (Chairman), Mr. Aly Khan, Ms. Aleeya Khan, Mr. Mohammad Aftab Alam, Mr. Arif Hamid Dar (CEO & MD)

Chairman's Report

It is my pleasure to present to you the annual report of Pioneer Cement Limited along with the financial statements for the year ended June 30, 2018.

FY 2018 has been a year of ups and downs; while Pakistan's economy grew at a pace of 5.8% GDP due to CPEC projects, recovery in agriculture and increase in domestic consumption; other macroeconomic imbalances loomed large. Circular debt has continued to flare and currency devaluation is a mounting problem straining Pakistan's external condition.

Industry wise, cement demand from the infrastructure and housing sector has surged to record highs. Work on Gawadar Port, KKH Phase-II (Havelain-Thakot 120km) and the Karachi-Lahore Motorway (Sukkur-Multan 392km) are well underway. In addition, our new government has highlighted their intention of adding 5 million affordable homes throughout the country and constructing the long planned Diamer-Bhasha Dam. All signs that suggest strong future growth in domestic cement demand. In line with these trends, your companies FY 2018 cement sales volume grew by 10.97% as compared to last year, but price pressure and a significant increase in raw material costs considerably impacted profitability.

In order to be an active participant in the aforementioned future demand growth it has become imperative for the Company to realign toward a competitive low cost of production highest possible quality product mix and transform into an innovation and digitalization focused systems oriented organization with multiple income streams.

With this long-term goal in mind your Company has prepared a specific multi-target strategy for cost reduction, maximizing plant efficiencies, business development, new venture development and above all sales growth. Targets have been set all the way down to measurable department level objectives within exact timelines and are collectively defined as VISION 2025 within the organization.

The first step toward realization of VISION 2025 will be our new state of the art integrated cement plant with a 9000 TPD capacity powered by a 24 MW coal fired power plant and a 12 MW waste heat recovery plant. Progress on this expansion project is well under way, taking our capacity to 4.5 million tons per annum by 3rd quarter 2019. Along with this we are deep in development of our Galadari Cement (Gulf) Limited brownfield 3000 TPD expansion project in Hub, Baluchistan. Completion of this plant will enable access to Pakistan's southern market and allow competitive exports by sea.



Through all this development we are very conscious of our shareholders continued support and faith in the Company. This will remain the key enabler for us to move to the next level with our long-term transformative plan for Pioneer Cement.

As such, on behalf of Pioneer Cement I would like to reaffirm our commitment to achieve the objectives and targets we have set out for the Company to repay our shareholders for their unwavering endorsement over the years.

A handwritten signature in black ink, appearing to be 'Aly Khan'.

Aly Khan
Chairman
September 27, 2018

To the Shareholders



IN THE NAME OF ALLAH, THE MOST GRACIOUS, THE MOST MERCIFUL.

The Directors of your Company are pleased to present the annual report along with its audited financial statements for the year ended June 30, 2018.

The Economy

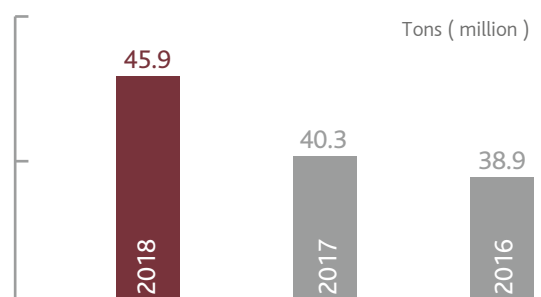
Our economy continued to grow at encouraging rate. Different sectors have shown growth, at varying rates. GDP has exhibited growth of above 5% in each of the last two years reaching at 5.79% for the current year (FY 2017: 5.28%). For the current year, world output is expected to grow at 3.9% compared to 3.8% achieved last year. Growth rate of 5.79% for the current year is highest in last 13 years. Large Scale Manufacturing Sector grew at 6.24% during July-February 2018 period which was 4.40% during same period last year. Policy rate remained at 5.75% till January 2018 which increased up to 6.5% at the year end.

Country is facing certain challenges on the front of Balance of Payments and resultantly, foreign exchange reserves remained under pressure. During July-March FY 2018, exports grew to USD 17.1 billion, a growth of USD 2 billion (13.24%) over same period last year. Imports were up by 15.66% over the corresponding period and amounted to USD 44.38 billion, resultantly, SBP's liquid foreign exchange reserves declined by USD 4.5 billion during the July-March 2018 period.

The Cement Industry

Increasing economic activities and population size makes Pakistan a growing market for cement industry. High demand of cement has resulted in total dispatches of 45.9 million tons for the year ended June 30, 2018, a growth of 13.8 % (5.6 million tons). It consists of domestic cement dispatches of 41.1 million tons and exports of 4.8 million tons. Cement industry has achieved capacity utilization of 92.8% as compared to 86.9% of last year.

Dispatches	Tons (million)		
	FY 2018	FY 2017	Variance
Local	41.1	35.6	5.5
Export	4.8	4.7	0.1
Total	45.9	40.3	5.6



Business Performance

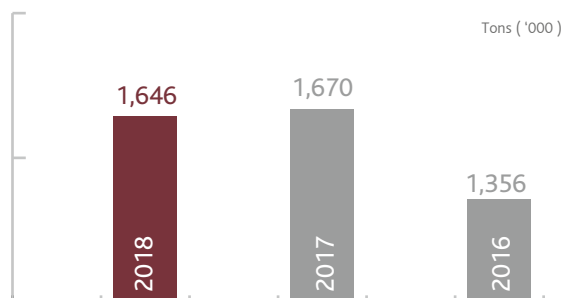
Your Company has earned gross revenue of Rs. 14,586 million, decline of Rs. 50 million over last year. Total revenue from sale of cement increased by Rs. 968 million which was offset by decline in clinker sale due to less demand. Various components of gross revenue were as follows:

	Rs. (million)			
	FY 2018	FY 2017	Variance	
				%
Cement Sales				
Local	13,575	12,801	773	6.0
Exports	383	189	195	103.3
	13,958	12,990	968	7.4
Clinker Sale	627	1,645	(1,018)	(61.9)
Total	14,586	14,636	(50)	(0.3)

Production and Sales Volume

A summary of the production and sales volume is given below:

	Tons		
	FY 2018	FY 2017	Variance
Production Capacity	1,995,000	1,995,000	
Clinker	1,550,704	1,564,037	(13,333)
Cement	1,543,325	1,405,092	138,233
Dispatches			
Domestic			
Cement	1,475,956	1,356,915	119,041
Clinker	100,915	277,521	(176,606)
	1,576,871	1,634,436	(57,565)
Exports			
Cement	68,950	35,258	33,692
Clinker	-	498	(498)
	68,950	35,756	33,194
	1,645,821	1,670,192	(24,371)



Dispatches of clinker for the year declined over last year due to reduced demand of clinker from local cement manufacturers. Local cement dispatches marked a growth over the corresponding year. Cement Exports of your Company expanded significantly and grew by 96% over last year.

Revenues and Cost of Production

The Company's net revenue was Rs. 10,121 million (2017: Rs.10,631 million) registering a decline of 4.8%.

	FY 2018	FY 2017	Rupees (million)	
			Variance	%
Net Sales Revenue	10,121	10,631	(510)	(4.8)
Cost of Sales	7,311	6,203	1,108	17.9

The cost of sales increased by Rs. 1,108 million over last year mainly due to the following reasons:

- Coal prices increased during the year in international market.

- "Fuel Price Adjustment", which had favourable impact on power cost in the previous years, decreased gradually and has resulted in increased production cost during the current year.

- Cost of packing material also increased by Rs. 84.8 million due to increased prices of paper in international market.

- Total fuel and power cost for the year increased by Rs. 989.3 million over last year.

- Depreciation of Pak rupee against US Dollar pulled the fuel, power and packaging cost up. At the start of financial year the Rs./\$ parity was 104.9 which went on to close at 121.5 year end.

Operating and Financing Costs

- Distribution cost for the year increased by Rs. 72.8 million over last year mainly due to export freight and handling charges.

- Administrative expenses of Rs. 97.6 million showed an increase of 15.3% (Rs. 12.9 million) over last year. The increase is mainly attributable to employee cost.

- Finance cost for the year amounted to Rs. 94.9 million (2017: Rs. 34.7 million). The increase is attributable to utilization of additional working capital facilities and cost of financing of existing WHRPP.

Profitability

For the year under review, gross profit amortised to Rs.2,810.7 million (2017: Rs. 4,428.3 million), decrease of Rs. 1,617.6 million (36.5%) over corresponding year due to the reasons explained above in the section of "Revenues and Cost of Production".

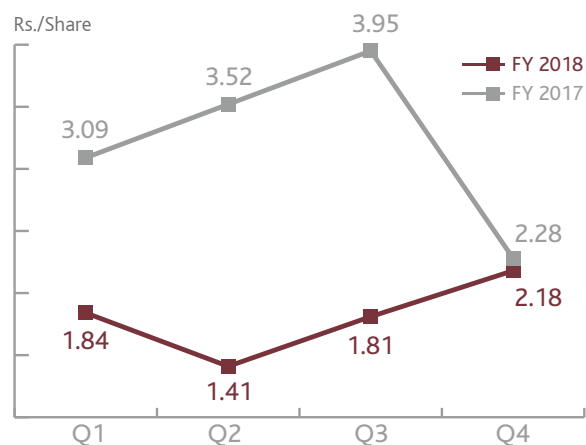
During the current year, GP margin also dropped to 27.8% (2017: 41.7%). Consequently, the operating profit also declined to Rs. 2,307.6 million. The Company remeasures its investment with mutual funds each year and as a result, had to provide for Rs. 101.5 million due to volatility in equity market against gain of Rs.130.5 million last year.

A summary of the profitability of the company is shown below:

Results	FY 2018	FY 2017	Rupees (000)	
			Variance	%
Gross Profit	2,810,672	4,428,309	(1,617,637)	(36.5)
Operating Profit	2,307,581	4,104,199	(1,796,618)	(43.8)
Net Profit	1,644,020	2,917,545	(1,273,525)	(43.7)
Earnings Per Share	7.24	12.84	(5.6)	(43.7)

Earnings Per Share

Quarter wise earnings for the current and the comparative years remained as follows:



The Board

The Board comprises of seven non-executive directors including three independent directors. The position of the Chairman and the CEO are kept separate in line with the recommendation of the Code of Corporate Governance.

Meetings of Board of Directors and Committees

Name of Director	Status of Directorship	Committee		Attendance		
		Audit Committee	HR & Remuneration Committee	Board of Directors	Audit Committee	HR & Remuneration Committee
Mr. Aly Khan (Chairman of BoD)	Non-Executive	✓	✓	4/4	4/4	1/1
Ms. Aleeya Khan*	Non-Executive	✓	✓	2/4	2/4	1/1
Mr. Mohammad Aftab Alam	Non-Executive	✓	✓	4/4	4/4	1/1
Mirza Ali Hassan Askari	Non-Executive	-	-	4/4	-	-
Mr. Shafiuddin Ghani Khan (Chairman of HR & Remuneration Committee)	Independent	✓	✓	4/4	4/4	1/1
Mr. Jamal Nasim (Chairman of Audit Committee)	Independent	✓	-	4/4	4/4	-
Mr. Rafique Dawood**	Independent	-	-	3/4	2/4	-
Shaikh Javed Elahi***	Executive	-	-	1/4	-	-
Syed Mazher Iqbal****	CEO	-	✓	4/4	-	1/1

*elected during the year.

**retired from Audit Committee during the year.

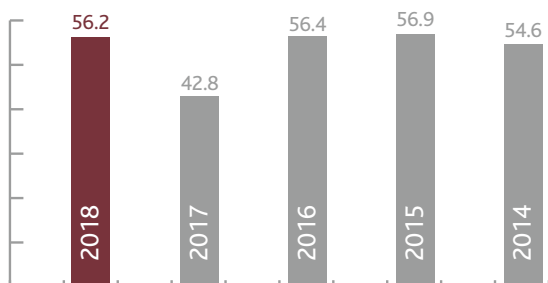
***retired during the year.

****retired on June 30, 2018 and Mr. Arif Hamid Dar has been appointed CEO with effect from July 01, 2018.

Dividends

The Board of Directors in its meeting held on September 27, 2018 has recommended a final cash dividend @ 40.7% i.e. Rs. 4.07 per share for the year.

Payout ratio (%) of your Company for the recent years is as follows:



Corporate and Financial Reporting Framework

The Board reviews the strategic direction of the Company on a regular basis. The business plan and budgetary targets set by the Board are also reviewed regularly. The Board is committed to maintain a high standard of corporate governance and ensures comprehensive compliance of the Code of Corporate Governance enforced by the Securities and Exchange Commission of Pakistan.

The Board is pleased to confirm the following:

- a) The financial statements prepared by the management present fairly its state of affairs, the result of its operations, its cash flow position and changes in its equity.
- b) Proper books of account have been maintained.
- c) Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) International Accounting Standards as applicable in Pakistan have been followed in preparation of the financial statements and any departure from the Standards, if any, has been adequately disclosed.
- e) The existing system of internal controls and procedures is regularly reviewed. This is formulized by the Board's Audit Committee and is updated when required.

f) There are no significant doubts upon Company's ability to continue as a going concern.

g) There has been no material departure from the best practices of corporate governance.

h) The Statement of Ethics and Business Strategy is prepared and circulated amongst the directors and employees.

i) The Board has adopted a mission statement and a statement of overall corporate strategy.

j) As required by the Code of Corporate Governance, statements regarding the following are annexed:

- i. Key operating and financial data for six years
- ii. Statement of pattern of shareholding
- iii. Statement of shares held by associated companies, undertakings and related persons
- iv. Statement of other information



Corporate Social Responsibility

Health, Safety and Environment

The management is committed to provide its staff a safe, healthy and nurturing environment and accordingly has successfully achieved certification of ISO 9001:2015 and ISO 14001:2015. Further, your Company has also been awarded Green Office Diploma after complying with the criteria of reducing consumption of natural resources.

Gaseous and Dust Emission

The Company is dedicated to maintain a pollution free atmosphere and accordingly electrostatic precipitator and dust collectors have been installed at the production facility of the Company. Further, efficient coal firing burners have been installed that help in reducing environment pollution from nitrogen oxide and carbon monoxide.

Employee Safety

Employees of the Company have been equipped with the required tools and safety equipments to protect them against health or safety risks at work. A separate Safety Department has been developed to promote the compliance with the safety rules and practices and to ensure compliance therewith. Such rules and practices are reviewed and evaluated periodically and all necessary measures are taken to avoid any undesired event.

Community Investment and Welfare Scheme

The Company is constantly contributing towards the welfare of the society. The Company is playing an active

role in various community development and maintenance programs including a mosque, medical dispensaries, ambulance service and primary schools at Chenki (production facility site) and financial support to Divisional Public School at Jauharabad. The Company continuously coordinates with the communities in the vicinity of the plant to meet their socio-economic needs. Residents of plant vicinity will fetch additional benefits from the expansion and enhancement plans of your Company. With the construction of carpeted road and other infrastructural developments, general living standards of the adjacent communities will definitely improve.

Contribution to National Exchequer

The Company contributed an amount of Rs. 6,437 million (2017: Rs. 5,669.8 million) into the Government Treasury on account of income taxes, levies, sales tax and excise duty. At the reporting date, an amount of Rs. 23.9 million (2017: Rs. 203.4 million) is payable to government departments which will be paid in due course.

EMPLOYEE WELFARE

Provident Fund / Gratuity

The Company operates a funded Provident Fund Scheme for all permanent employees while all contractual employees below the age of 60 years are provided with an unfunded Gratuity Scheme. The audited fair value of the investments of the Provident Fund as on June 30, 2018 was Rs. 159.1 million (2017: Rs. 181.2 million - audited).

Medical and Hospitalization

All eligible employees of the Company including their spouse and children are provided with medical and hospitalization facilities as per the Company policy in order to provide them peace of mind to concentrate on discharging their professional duties.

Human Capital

The Company recognizes its human resource as one of the valuable assets. Employees with high performance are awarded to create a conducive environment and to motivate other employees for better performance.

Directors' Training Program

Code of Corporate Governance requires all listed companies to make appropriate arrangements to conduct orientation and training courses for their directors. All of our directors have successfully attended the Directors' Training Program organized by recognized institutions.

Evaluation of Board's Own Performance

Board of Directors has developed criteria to evaluate and improve its own performance. The criteria circulated among the directors focuses on corporate goal and vision, independence of board and evaluation of board's committees. Feedbacks and recommendations are provided by the board members and are then incorporated for future evaluations.

Auditors

EY Ford Rhodes will retire at the conclusion of the 32nd Annual General Meeting. They have offered themselves for reappointment. The Board hereby recommends EY Ford Rhodes for reappointment as suggested by the Audit Committee.

Future Outlook

The installation of 8,000 tons per day clinker plant accompanied by 12 MW Waste heat recovery power plant (WHRPP) is in process. 24 MW coal power plant is also being installed to minimize the reliance on national grid. The completion of these projects shall allow your Company to consolidate its position in central and northern regions of Pakistan.

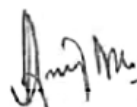
The above mentioned projects are being financed through two syndicated facilities; Rs. 15 billion syndicate led by National Bank of Pakistan is financing cement plant and WHRPP whereas Meezan Bank is leading second syndicated facility of Rs. 2.6 billion. Your Company is committed to achieve commercial operations within the original planned timelines.

In addition to the above mentioned brown field expansion projects, your Company has also signed a non-binding Memorandum of Understanding with the sponsors of Galadari Cement (Gulf) Limited (GCGL) for the acquisition of 100% shares of GCGL. GCGL plant is situated at Hub, District Lasbela, Balochistan province. Currently, negotiations are underway with the existing lenders/-creditors of GCGL to complete the acquisition.

During the year, your Company has successfully upgraded its existing cement grinding mills, resulting in expanded cement grinding capacity. It will help your Company to expand its market and earn incremental returns in future.

Acknowledgement

The Board places on record its gratitude for the dedication of employees of the Company. The Board acknowledges the assistance and cooperation of all stakeholders including financial institutions, customers, creditors, government departments and all others who strengthened the Company.



Arif Hamid Dar
Chief Executive Officer
September 27, 2018

From raw material
to finished product,
Enduring Strength
is our engineers' promise.





FINANCIAL HIGHLIGHTS 2018

FINANCIAL HIGHLIGHTS

SIX YEARS AT A GLANCE

Tons '000	2018	2017	2016	2015	2014	2013
Production and Sales						
Clinker Production	1,551	1,564	1,185	1,014	1,189	1,086
Cement Production	1,543	1,405	1,345	1,210	1,194	1,232
Cement / Clinker Dispatches						
Domestic Market	1,577	1,634	1,310	1,143	1,048	1,033
International Market	69	36	46	68	142	201
	1,646	1,670	1,356	1,211	1,190	1,234
Capacity Utilization (based on installed capacity)	78%	78%	59%	51%	60%	54%

Rs (million)

Financial position

Assets Employed						
Property plant and equipment	22,920.02	12,237.40	10,384.03	7,330.67	7,509.38	7,860.70
Other long term assets	120.47	114.85	116.16	109.54	105.66	39.69
Current assets	6,070.88	5,407.92	4,267.51	4,674.14	4,262.03	3,701.77
Total Assets	29,111.37	17,760.17	14,767.70	12,114.35	11,877.07	11,602.16
Financed by						
Shareholders equity	10,517.41	9,519.11	7,820.70	6,720.32	5,134.77	4,442.68
Surplus on revaluation of fixed assets-net of tax	3,111.55	2,728.42	2,849.47	1,612.76	1,667.55	1,726.53
Long term liabilities	11,031.78	3,825.57	2,355.44	2,138.38	3,543.53	3,719.64
Other Current liabilities	4,450.63	1,687.07	1,742.09	1,642.89	1,531.21	1,713.31
Total Funds Invested	29,111.37	17,760.17	14,767.70	12,114.35	11,877.07	11,602.16

Turnover and profit

Net turnover	10,121.32	10,630.99	9,366.53	8,425.77	8,024.78	7,568.43
Gross profit	2,810.67	4,428.31	4,005.20	3,165.50	2,588.97	2,405.39
Operating profit	2,307.58	4,104.20	3,864.08	3,520.30	2,553.20	2,228.94
Profit before taxation	2,212.69	4,069.51	3,846.61	3,501.46	2,430.02	2,248.40
Profit after taxation	1,644.02	2,917.55	2,518.78	2,496.14	1,768.86	1,535.14
EBITDA	2,821.60	4,569.36	4,245.85	3,869.60	2,949.98	2,606.20
Earnings per share (Rs.)	7.24	12.84	11.09	10.99	7.79	6.76
Breakup value per share (Rs.)	60.00	53.92	46.97	36.69	29.95	27.16

Cash flow summary

Net cash generated from operating activities	1,775.38	1,751.13	3,149.90	2,556.73	2,267.29	2,801.56
Net cash used in/(generated from) investing activities	(9,051.39)	(2,429.46)	(2,729.26)	457.13	(810.13)	(854.20)
Net cash outflow from financing activities	7,460.25	326.87	(1,851.60)	(1,812.35)	(2,031.54)	(751.47)
Increase / (decrease) in cash and cash equivalents	184.24	(351.46)	(1,431.40)	1,201.51	(574.39)	1,195.88
Cash and cash equivalents at beginning of the year	309.02	660.48	2,091.90	890.40	1,464.79	268.91
Cash and cash equivalents at end of the year	493.26	309.02	660.50	2,091.91	890.40	1,464.79

FINANCIAL PERFORMANCE

SIX YEARS AT A GLANCE

	UoM	2018	2017	2016	2015	2014	2013
Profitability ratios							
Gross profit to sales		27.77	41.65	42.76	37.57	32.26	31.78
Operating profit to sales		22.80	38.61	41.25	41.78	31.82	29.45
Net profit before tax to sales		21.86	38.28	41.07	41.56	30.28	29.71
Net profit after tax to sales	%	16.24	27.44	26.89	29.63	22.04	20.28
EBITDA to sales		27.88	42.98	45.33	45.93	36.76	34.44
Return on equity (after tax)		72.38	128.44	110.89	109.89	77.87	67.58
Return on capital employed		9.36	25.59	32.96	33.74	28.70	27.27
Liquidity ratios							
Current ratio		1.36:1	3.21:1	2.45:1	2.78:1	1.43:1	1.08:1
Acid test ratio		0.88:1	2.18:1	1.82:1	1.93:1	0.86:1	0.7:1
EBITDA to current Liabilities	Times	0.63:1	2.71:1	2.44:1	2.30:1	0.99:1	0.76:1
Cash to current liabilities		0.11:1	0.18:1	0.38:1	1.24:1	0.3:1	0.43:1
Cash flow from operating activities to sales		0.18:1	0.16:1	0.34:1	0.30:1	0.28:1	0.37:1
Activity / turnover ratios							
Inventory turnover	Times	3.74	4.37	4.24	3.36	3.61	3.71
Inventory days	Days	97.59	83.58	86.08	108.66	101.13	98.33
Debtors turn over	Times	44.29	87.82	109.94	173.40	180.57	235.26
Debtors days	Days	8.24	4.16	3.32	2.10	2.02	1.55
Creditors turnover	Times	7.14	7.97	6.19	5.81	5.84	6.03
Creditors days	Days	51.12	45.80	58.97	62.81	62.52	60.48
Operating cycle	Days	77.64	41.94	30.43	47.95	40.63	39.40
Total assets turnover	%	34.77	59.86	63.43	69.55	67.57	65.23
Fixed assets turnover	%	44.16	86.34	105.75	113.85	105.93	96.28
Investment valuation ratios							
Earnings per share	Rupee	7.24	12.84	11.09	10.99	7.79	6.76
Price / earning ratio	Times	6.47	10.12	9.68	7.76	5.99	4.34
Market value per share as on June 30	Rupee	46.86	130.00	107.4	85.29	46.66	29.37
Cash dividend per share	Rupee	4.07	5.50	6.25	6.25	4.25	4.00
Dividend payout ratio	%	56.22	42.83	56.36	56.87	54.56	59.17
Capital structure ratios							
Financial leverage ratio	%	37.90	21.54	15.95	17.34	17.62	17.27
Debt / equity ratio	Times	46:54	24:76	18:82	20:80	34:66	38:62
Interest coverage ratio	Times	24.32	118.30	221.17	62.50	16.45	13.09

ANALYSIS OF STATEMENT OF FINANCIAL POSITION

	2018	2017	2016	2015	2014	2013
Share capital and reserves	10,517.41	9,519.11	7,820.70	6,720.32	5,134.77	4,442.68
Surplus on revaluation of fixed assets	3,111.55	2,728.42	2,849.47	1,612.76	1,667.55	1,726.53
Long term liabilities	11,031.78	3,825.57	2,355.44	2,138.38	3,543.54	3,719.64
Current liabilities	4,450.63	1,687.07	1,724.09	1,642.89	1,531.21	1,713.31
Total equity and liabilities	29,111.37	17,760.17	14,767.70	12,114.35	11,877.07	11,602.16
Non current assets	23,040.49	12,352.25	10,500.19	7,440.21	7,615.05	7,900.39
Current assets	6,070.88	5,407.92	4,267.51	4,674.14	4,262.02	3,701.77
Total assets	29,111.37	17,760.17	14,767.70	12,114.35	11,877.07	11,602.16

%

Vertical analysis

Share capital and reserves	36.12	53.60	52.95	55.47	43.23	38.29
Surplus on revaluation of fixed assets	10.69	15.36	19.30	13.31	14.04	14.88
Long term liabilities	37.90	21.35	15.95	17.65	29.84	32.06
Current liabilities	15.29	9.69	11.80	13.56	12.89	14.77
Total equity and liabilities	100.00	100.00	100.00	100.00	100.00	100.00
Non current assets	79.15	69.55	71.10	61.42	64.12	68.09
Current assets	20.85	30.45	28.90	38.58	35.88	31.91
Total assets	100.00	100.00	100.00	100.00	100.00	100.00

Horizontal analysis (i)

Cumulative						
Share capital and reserves	136.74	114.26	76.04	51.27	15.58	100.00
Surplus on revaluation of fixed assets	80.22	58.03	65.04	(6.59)	(3.42)	100.00
Long term liabilities	196.58	2.85	(36.68)	(42.51)	(4.73)	100.00
Current liabilities	159.77	(1.53)	1.68	(4.11)	(10.63)	100.00
Total equity and liabilities	150.91	53.08	27.28	4.42	2.37	100.00
Non current assets	191.64	56.35	32.91	(5.82)	(3.61)	100.00
Current assets	64.00	46.09	15.28	26.27	15.13	100.00
Total assets	150.91	53.08	27.28	4.42	2.37	100.00

Horizontal analysis (ii)

Year vs Year						
Share capital and reserves	10.49	21.72	16.37	30.88	15.58	41.65
Surplus on revaluation of fixed assets	14.04	(4.25)	76.68	(3.28)	(3.42)	(3.09)
Long term liabilities	188.37	62.41	10.15	(39.65)	(4.73)	3.24
Current liabilities	163.81	(3.16)	6.04	7.29	(10.63)	7.77
Total equity and liabilities	63.91	20.26	21.90	2.00	2.37	14.75
Non current assets	86.53	17.64	41.13	(2.30)	(3.61)	(3.29)
Current assets	12.26	26.72	(8.70)	9.67	15.13	90.71
Total assets	63.91	20.26	21.90	2.00	2.37	14.75

ANALYSIS OF STATEMENT OF PROFIT OR LOSS

	2018	2017	2016	2015	2014	2013
Net turnover	10,121.32	10,630.99	9,366.53	8,425.77	8,024.78	7,568.43
Cost of sales	(7,310.65)	(6,202.69)	(5,361.33)	(5,260.27)	(5,435.81)	(5,163.05)
Gross profit	2,810.67	4,428.31	4,005.20	3,165.50	2,588.97	2,405.39
Distribution cost	(166.91)	(94.06)	(59.98)	(56.97)	(53.14)	(89.96)
Administrative expenses	(97.54)	(84.58)	(81.54)	(71.02)	(63.87)	(62.28)
Other income / (charges)	(238.64)	(145.47)	0.40	482.79	81.25	(24.21)
Operating profit	2,307.58	4,104.20	3,864.08	3,520.30	2,553.20	2,228.94
Finance cost	(94.90)	(34.69)	(17.47)	(56.32)	(155.18)	(170.28)
Exchange gain	–	–	–	37.48	31.99	189.74
Profit before taxation	2,212.69	4,069.51	3,846.61	3,501.46	2,430.02	2,248.40
Taxation	(568.67)	(1,151.96)	(1,327.83)	(1,005.32)	(661.16)	(713.26)
Profit after taxation	1,644.02	2,917.55	2,518.78	2,496.14	1,768.86	1,535.14

%

Vertical analysis

Net turnover	100.00	100.00	100.00	100.00	100.00	100.00
Cost of sales	(72.23)	(58.35)	(57.24)	(62.43)	(67.74)	(68.22)
Gross profit	27.77	41.65	42.76	37.57	32.26	31.78
Distribution cost	(1.65)	(0.88)	(0.64)	(0.68)	(0.66)	(1.19)
Administrative expenses	(0.96)	(0.80)	(0.87)	(0.84)	(0.80)	(0.82)
Other income / (charges)	(2.36)	(1.37)	0.00	5.73	1.01	(0.32)
Operating profit	22.80	38.61	41.25	41.78	31.82	29.45
Finance cost	(0.94)	(0.33)	(0.19)	(0.67)	(1.93)	(2.25)
Exchange gain	–	–	–	0.44	0.40	2.51
Profit before taxation	21.86	38.28	41.07	41.56	30.28	29.71
Taxation	(5.62)	(10.84)	(14.18)	(11.93)	(8.24)	(9.42)
Profit after taxation	16.24	27.44	26.89	29.63	22.04	20.28

Horizontal analysis (i)

Cumulative						
Net turnover	33.73	40.46	23.76	11.33	6.03	100.00
Cost of sales	41.60	20.14	3.84	1.88	5.28	100.00
Gross profit	16.85	84.10	66.51	31.60	7.63	100.00
Distribution cost	85.54	4.56	(33.33)	(36.67)	(40.93)	100.00
Administrative expenses	56.62	35.81	30.93	14.04	2.56	100.00
Other income / (charges)	885.71	500.85	(101.67)	(2,094.17)	(435.61)	100.00
Operating profit	3.53	84.13	73.36	57.94	14.55	100.00
Finance cost	(44.27)	(79.63)	(89.74)	(66.92)	(8.87)	100.00
Exchange gain	–	–	(100.00)	(80.25)	(83.14)	100.00
Profit before taxation	(1.59)	81.00	71.08	55.73	8.08	100.00
Taxation	(20.27)	61.51	86.16	40.95	(7.30)	100.00
Profit after taxation	7.09	90.05	64.07	62.60	15.22	100.00

Horizontal analysis (ii)

Year vs Year						
Net turnover	(4.79)	13.50	11.17	5.00	6.03	16.67
Cost of sales	17.86	15.69	1.92	(3.23)	5.28	5.36
Gross profit	(36.53)	10.56	26.53	22.27	7.63	51.57
Distribution cost	77.45	56.83	5.29	7.20	(40.93)	14.16
Administrative expenses	15.32	3.73	14.81	11.20	2.56	0.60
Other income / (charges)	64.05	(36,106.19)	(99.92)	494.20	(435.61)	(36.06)
Operating profit	(43.78)	6.21	9.77	37.88	14.55	58.26
Finance cost	173.52	98.59	(68.98)	(63.70)	(8.87)	(48.09)
Exchange gain	–	–	(100.00)	17.16	(83.14)	(221.61)
Profit before taxation	(45.63)	5.79	9.86	44.09	8.08	143.24
Taxation	(50.64)	(13.24)	32.08	52.05	(7.30)	120.94
Profit after taxation	(43.65)	15.83	0.91	41.12	15.22	155.21

PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2018

Number of shareholders	Shares held		Total shares held
	From	To	
1796	1	100	57,025
1943	101	500	518,244
1387	501	1,000	1,052,297
1514	1,001	5,000	3,495,875
277	5,001	10,000	2,151,252
106	10,001	15,000	1,347,607
50	15,001	20,000	930,559
37	20,001	25,000	853,770
26	25,001	30,000	730,636
16	30,001	35,000	532,473
21	35,001	40,000	799,242
8	40,001	45,000	349,744
16	45,001	50,000	784,664
1	50,001	55,000	50,366
9	55,001	60,000	533,762
10	60,001	65,000	629,929
9	65,001	70,000	613,456
7	70,001	75,000	500,934
5	75,001	80,000	392,790
3	80,001	85,000	247,493
3	85,001	90,000	263,500
4	90,001	95,000	374,258
19	95,001	100,000	1,892,600
6	100,001	105,000	608,405
2	105,001	110,000	214,784
1	110,001	115,000	111,088
3	115,001	120,000	350,052
2	120,001	125,000	248,000
1	125,001	130,000	125,771
4	130,001	135,000	536,361
8	140,001	145,000	1,145,176
3	145,001	150,000	449,500
1	150,001	155,000	153,000
4	155,001	160,000	635,400
1	180,001	185,000	180,400
1	185,001	190,000	190,000
1	190,001	195,000	193,900
4	195,001	200,000	800,000
1	210,001	215,000	211,682
1	215,001	220,000	218,125
1	220,001	225,000	225,000
1	225,001	230,000	225,500
1	230,001	235,000	233,000
1	240,001	245,000	244,000
1	245,001	250,000	250,000
2	260,001	265,000	524,800
1	285,001	290,000	289,500
1	290,001	295,000	295,000

Number of shareholders	Shares held		Total shares held
	From	To	
3	295,001	300,000	897,234
1	300,001	305,000	300,700
1	320,001	325,000	322,353
1	335,001	340,000	340,000
1	355,001	360,000	355,900
2	375,001	380,000	758,000
2	395,001	400,000	800,000
1	410,001	415,000	415,000
2	415,001	420,000	833,200
1	425,001	430,000	429,444
1	430,001	435,000	432,600
1	475,001	480,000	478,300
1	485,001	490,000	488,500
1	495,001	500,000	500,000
1	510,001	515,000	514,900
1	530,001	535,000	530,100
1	540,001	545,000	541,800
1	545,001	550,000	545,100
1	570,001	575,000	574,000
1	575,001	580,000	577,100
1	585,001	590,000	589,600
1	595,001	600,000	600,000
1	620,001	625,000	623,600
1	715,001	720,000	717,500
1	735,001	740,000	736,800
2	740,001	745,000	1,482,442
1	760,001	765,000	760,300
1	830,001	835,000	835,000
1	980,001	985,000	983,000
1	1,030,001	1,035,000	1,035,000
1	1,065,001	1,070,000	1,065,200
1	1,155,001	1,160,000	1,158,500
1	1,320,001	1,325,000	1,320,500
1	1,325,001	1,330,000	1,329,100
1	1,410,001	1,415,000	1,414,856
2	1,495,001	1,500,000	3,000,000
1	1,705,001	1,710,000	1,709,300
2	1,780,001	1,785,000	3,570,000
1	2,030,001	2,035,000	2,033,800
1	2,435,001	2,440,000	2,436,944
1	2,690,001	2,695,000	2,690,800
1	3,040,001	3,045,000	3,042,000
1	3,045,001	3,050,000	3,050,000
1	3,320,001	3,325,000	3,323,000
1	3,355,001	3,360,000	3,359,600
1	3,995,001	4,000,000	4,000,000
1	4,165,001	4,170,000	4,170,000
1	4,690,001	4,695,000	4,690,100
1	7,220,001	7,225,000	7,220,500
1	7,955,001	7,960,000	7,959,707
1	10,980,001	10,985,000	10,983,300
1	106,860,001	106,865,000	106,863,193
7,380			227,148,793

CATEGORY OF SHAREHOLDERS AND SHARES HELD

AS AT JUNE 30, 2018

Categories of shareholders	Shares held	%
Directors, Chief Executive Officer, their spouses and minor children	29,163	0.0128
Associated Companies, undertakings and related parties	522,144	0.2299
NIT and ICP	36,000	0.0158
Banks Development Financial Institutions, Non Banking Financial Institutions.	8,143,770	3.5852
Insurance Companies	5,106,236	2.2480
Modarabas and Mutual Funds	26,521,802	11.6760
Share holders holding 10% or more	106,863,193	47.0455
General Public		
a) Local	34,643,708	15.2515
b) Foreign	127,790	0.0563
Others		
1- Leasing Companies	79,640	0.0351
2- Investment Companies	4,316	0.0019
3- Joint Stock Companies	19,845,124	8.7366
4- Pension Funds	1,723,487	0.7587
5- Foreign Companies	120,906,764	53.2280
6- Others	9,458,849	4.1642

OTHER INFORMATION

AS AT JUNE 30, 2018

Sr#	Name	Shares held	%
Associated Companies, Undertakings and Related Parties			
1	DAWOOD FAMILY TAKAFUL LIMITED (CDC)	58,000	0.0255
2	DAWOOD FAMILY TAKAFUL LIMITED (CDC)	34,500	0.0152
3	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST (CDC)	429,444	0.1891
4	ELLCOT SPINNING MILLS. LIMITED (CDC)	200	0.0001
Mutual Funds (Name Wise Detail)			
1	CDC - TRUSTEE ABL STOCK FUND (CDC)	514,900	0.2267
2	CDC - TRUSTEE AKD INDEX TRACKER FUND (CDC)	26,100	0.0115
3	CDC - TRUSTEE AL AMEEN ISLAMIC DEDICATED EQUITY FUN	2,436,944	1.0728
4	CDC - TRUSTEE AL MEEZAN MUTUAL FUND (CDC)	1,709,300	0.7525
5	CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUI	261,300	0.1150
6	CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND (CDC)	1,414,856	0.6229
7	CDC - TRUSTEE APF-EQUITY SUB FUND (CDC)	20,000	0.0088
8	CDC - TRUSTEE APIF-EQUITY SUB FUND (CDC)	60,000	0.0264
9	CDC - TRUSTEE ASKARI ASSET ALLOCATION FUND (CDC)	5,000	0.0022
10	CDC - TRUSTEE ASKARI EQUITY FUND (CDC)	40,000	0.0176
11	CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND (CDC)	300,000	0.1321
12	CDC - TRUSTEE ATLAS STOCK MARKET FUND (CDC)	415,000	0.1827
13	CDC - TRUSTEE DAWOOD ISLAMIC FUND (CDC)	5,000	0.0022
14	CDC - TRUSTEE FAYSAL MTS FUND - MT (CDC)	50,000	0.0220
15	CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND (CDC)	16,500	0.0073
16	CDC - TRUSTEE HBL - STOCK FUND (CDC)	488,500	0.2151
17	CDC - TRUSTEE HBL EQUITY FUND (CDC)	23,000	0.0101
18	CDC - TRUSTEE HBL IPF EQUITY SUB FUND (CDC)	16,000	0.0070
19	CDC - TRUSTEE HBL ISLAMIC ASSET ALLOCATION FUND (C	95,000	0.0418
20	CDC - TRUSTEE HBL ISLAMIC EQUITY FUND (CDC)	149,500	0.0658
21	CDC - TRUSTEE HBL MULTI - ASSET FUND (CDC)	10,000	0.0044
22	CDC - TRUSTEE HBL PF EQUITY SUB FUND (CDC)	12,000	0.0053
23	CDC - TRUSTEE LAKSON EQUITY FUND (CDC)	741,942	0.3266
24	CDC - TRUSTEE LAKSON ISLAMIC TACTICAL FUND (CDC)	27,852	0.0123
25	CDC - TRUSTEE LAKSON TACTICAL FUND (CDC)	141,821	0.0624
26	CDC - TRUSTEE MCB INCOME FUND (CDC)	37,000	0.0163
27	CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND (CDC)	45,500	0.0200
28	CDC - TRUSTEE MEEZAN BALANCED FUND (CDC)	1,158,500	0.5100
29	CDC - TRUSTEE MEEZAN ISLAMIC FUND (CDC)	10,893,300	4.7957
30	CDC - TRUSTEE NAFA INCOME OPPORTUNITY FUND - MT (C	39,000	0.0172
31	CDC - TRUSTEE NAFA ISLAMIC ACTIVE ALLOCATION FUND (I	101,000	0.0445
32	CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND (C	1,065,200	0.4689
33	CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUNI	9,200	0.0041
34	CDC - TRUSTEE NAFA ISLAMIC STOCK FUND (CDC)	530,100	0.2334
35	CDC - TRUSTEE NAFA MULTI ASSET FUND (CDC)	736,800	0.3244
36	CDC - TRUSTEE NIT INCOME FUND - MT (CDC)	145,000	0.0638
37	CDC - TRUSTEE PICIC GROWTH FUND (CDC)	500,000	0.2201
38	CDC - TRUSTEE PICIC INVESTMENT FUND (CDC)	250,000	0.1101
39	CDC - TRUSTEE UBL ASSET ALLOCATION FUND (CDC)	39,000	0.0172
40	CDC - TRUSTEE UBL DEDICATED EQUITY FUND (CDC)	9,000	0.0040

OTHER INFORMATION

AS AT JUNE 30, 2018

Sr#	Name	Shares held	%
41	CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND (CDC)	8,200	0.0036
42	CDC - TRUSTEE UBL STOCK ADVANTAGE FUND (CDC)	142,200	0.0626
43	CDC - TRUSTEE UNIT TRUST OF PAKISTAN (CDC)	32,500	0.0143
44	CDC TRUSTEE - MEEZAN DEDICATED EQUITY FUND (CDC)	98,000	0.0431
45	CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND (CDC)	415,300	0.1828
46	CDC-TRUSTEE HBL ISLAMIC STOCK FUND (CDC)	289,500	0.1274
47	CDC-TRUSTEE NAFA SAVINGS PLUS FUND - MT (CDC)	37,500	0.0165
48	M C F S L-TRUSTEE ASKARI ISLAMIC ASSET ALLOCATION FUND (CDC)	30,000	0.0132
49	MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND (CDC)	478,300	0.2106
50	MCBFSL - TRUSTEE NAFA INCOME FUND - MT (CDC)	18,500	0.0081
51	MCBFSL - TRUSTEE PAK OMAN ADVANTAGE ASSET ALLOCATION FUND (CDC)	22,500	0.0099
52	MCBFSL - TRUSTEE PAK OMAN ISLAMIC ASSET ALLOCATION FUND (CDC)	60,000	0.0264
53	MCBFSL TRUSTEE ABL ISLAMIC DEDICATED STOCK FUND (CDC)	340,000	0.1497

Directors and their Spouse and Minor Children (Name Wise Detail):

1	Mr. Aly Khan	1	0.0000
2	Ms. Aleeya Khan	11	0.0000
3	Mr. Shafiuddin Ghani Khan (CDC)	100	0.0000
4	Mr. Mohammad Aftab Alam (CDC)	100	0.0000
5	Mirza Ali Hasan Askari (CDC)	100	0.0000
6	Mr. Jamal Naseem (CDC)	9,500	0.0042
7	Mr. Rafique Dawood (CDC)	19,340	0.0085
8	Mrs. Fatin Aly Khan	11	0.0000
9	Syed Mazher Iqbal	-	0.0000

Executives	250	0.0001
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Public Sector Companies & Corporations	-	-
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Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds	15,063,320	6.6315
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Shareholders holding five percent or more voting interest in the Company

VISION HOLDING MIDDLE EAST LIMITED (CDC)	106,863,193	47.0455
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SALE	PURCHASE
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All trades in the shares of the Company, carried out by its Directors, Executives and their spouses and minor children	-	-
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Notice of Annual General Meeting

Notice is hereby given that the 32nd Annual General Meeting of Pioneer Cement Limited will be held at 135 Ferozepur Road, Lahore on Thursday, October 25, 2018 at 11:00 a.m. to transact the following business:

1. To confirm minutes of last Annual General Meeting held on October 26, 2017.
2. To receive, consider and adopt the audited accounts for the year ended June 30, 2018 and the reports of the directors and auditors thereon.
3. To appoint auditors for the year ending June 30, 2019 and to fix their remuneration.
4. To approve final dividend of Rs.4.07/- (i.e.40.70%) per share as recommended by the Board of Directors for the year ended June 30, 2018.
5. To transact any other business as may be placed before the meeting with the permission of the Chairman.

Lahore
September 27, 2018

By Order of the Board



ABDUL WAHAB
Company Secretary

Notes

1. a) The share transfer books of the Company will remain closed from October 19, 2018 to October 25, 2018 (both days inclusive) for the purpose of holding AGM.

b) The share transfer books of the Company will remain closed from November 11, 2018 to November 17, 2018 (both days inclusive) for entitlement of dividend. Transfer received at the Company's Registrars' office M/s. Corplink (Pvt) Limited, Wings Arcade, 1-K Commercial, Model Town, Lahore at the close of business on November 10, 2018 will be treated in time for the purpose of above entitlement to the transferees.

2. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend, speak and vote on his/her behalf. Proxies in order to be effective must be received by the Company at the registered office not less than 48 hours before the meeting.

(a) The shareholders through CDC are requested to bring original Computerized National Identity Card (CNIC)/-Passport for the purpose of identification to attend the meeting.

(b) In case of corporate entity, the Board's Resolution or power of attorney with specimen signature of the nominee shall be produced at the time of the meeting.

3. Shareholders having physical share certificates are requested to immediately notify the change in address, if any.

4. Under the provisions of Section 242 of the Companies Act, 2017 and Circular No.18/2017, it is mandatory for a listed Company to pay cash dividend to its shareholders ONLY through electronic mode directly into bank account designated by the entitled shareholders. In order to receive dividends directly into their bank account, shareholders are requested to fill in Electronic Credit Mandate Form available on Company's website and send it duly signed along with a copy of CNIC to:

(a) The Registrar of the Company M/s. Corplink (Pvt.) Limited, Wings Arcade, 1-K Commercial, Model Town, Lahore in case of physical shareholders.

(b) The Broker/Participant/CDC account services in case of shares are held in CDC.

Pursuant to the directive of the Securities and Exchange Commission of Pakistan (SECP), Dividend Warrants shall mandatorily bear the CNIC number of shareholders. All shareholders who have not yet submitted copy of their CNIC and NTN Certificate to the Company are requested to send the same at the earliest to Company's Registrars M/s. Corplink (Pvt.) Limited to mention the same on the dividend warrants.

Shareholders who hold shares in Central Depository System are requested to send the valid copies of CNIC and NTN Certificates to their CDC Participants/CDC Investor Account Services.

In case of non availability of a valid copy of the CNIC in the records of the Company, the Company will be constrained to withhold the dividend warrants which will be released by the Share Registrar only upon compliance with the SECP directives.

According to clarification of FBR, withholding tax will be deducted separately on 'Filer' and 'Non-Filer' status of Principal shareholder as well as joint holder(s) based on their shareholding proportions.

In the light of above, kindly arrange to provide us shareholding proportions of yourself as principal shareholder and your joint holder(s) if any, in respect of ordinary shares held, enabling us to compute withholding tax on each shareholder accordingly.

Additionally, shareholders are informed that the rates of deduction of income tax from dividend payments under section 150 of the Income Tax Ordinance 2001 are as follows:

(a) Rate of tax deduction for filer of income tax returns 15%

(b) Rate of income tax for non-filer of income tax returns 20%

Where the required documents are not submitted, the Company will be constrained to treat the non-complying shareholders as a non-filer thereby attracting a higher rate of withholding tax.

Consent for Video Conference Facility

In compliance with Section 134(l)(b) of the Companies Act, 2017, if the Company receive consent from members holding aggregate 10% or more shareholding residing at geographical location to participate in the meeting through video link facility at least 10 days prior to the date of general meeting, the Company will arrange video link facility in that city.

To avail this facility, please provide following information and submit to registered address of the Company.

The Company will intimate members regarding venue of video conference facility at least 5 days before the date of the general meeting along with complete information necessary to enable them to access the facility.

I/We, _____ of _____ being a member of the PIONEER CEMENT LIMITED, being holder of Ordinary Shares as per Register Folio No. _____ hereby opt for video conference facility at _____

Signature of member

Review Report on the Statement of Compliance Contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Pioneer Cement Limited (the Company) for the year ended 30 June 2018 in accordance with the requirements of regulation 40 of the Regulations.

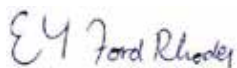
The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2018.

Further, we highlight the status of compliance as mentioned in the paragraph 18 of the Statement of Compliance, which has been complied with subsequent to the year.



Chartered Accountants

Engagement Partner: Abdullah Fahad Masood

Lahore: October 01, 2018

Statement of Compliance

With Listed Companies (Code of Corporate Governance)
Regulations, 2017

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are eight (8) as per the following:

- a) Male : Seven
b) Female : One

2. The composition of board is as follows:

a) Independent Directors

Mr. Jamal Nasim
Mr. Shafiuddin Ghani Khan
Mr. Rafique Dawood

b) Other Non-executive Director

Mr. Aly Khan
Ms. Aleeya Khan
Mr. Mohammad Aftab Alam
Mr. Mirza Ali Hasan Askari

c) Executive Directors

Mr. Syed Mazher Iqbal CEO/MD*

*retired on June 30, 2018 and Mr. Arif Hamid Dar has been appointed CEO with effect from July 01, 2018.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. The board has arranged Directors' Training program during the year for the Ms Aleeya Khan.

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. CFO and CEO duly endorsed the financial statements before approval of the board.

The board has formed committees comprising of members given below:

a) Audit Committee

Mr. Jamal Nasim (Chairman)
Mr. Aly Khan
Ms. Aleeya Khan
Mr. Shafiuddin Ghani Khan
Mr. Mohammad Aftab Alam

b) HR and Remuneration Committee

Mr. Shafiuddin Ghani Khan (Chairman)
Mr. Aly Khan
Ms. Aleeya Khan
Mr. Mohammad Aftab Alam
Mr. Syed Mazher Iqbal*

13. *retired on June 30, 2018 and Mr. Arif Hamid Dar has been appointed CEO with effect from July 01, 2018.

14. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

The frequency of meetings of the committee were as per following:

15. a) Audit Committee: Four quarterly meetings during the year ended June 30, 2018
b) HR and Remuneration Committee: One meeting during the year ended June 30, 2018

The board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. During the year, the offices of Chief Financial Officer and Company Secretary have been separated and new Company Secretary has subsequently assumed the office with effect from July 1, 2018.
19. We confirm that all other requirements of the Regulations have been complied with.



ALY KHAN
Chairman of the Board

Independent auditors' report to the members of Pioneer Cement Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Pioneer Cement Limited (the Company), which comprise the statement of financial position as at 30 June 2018, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2018 and of the profit, total comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

Key Audit Matters	How our audit addressed the key audit matter
1. INITIAL ENGAGEMENT OPENING BALANCES In the year of audit transition, as auditors, we have to involve in a number of considerations not associated with recurring audits. Additional planning activities and considerations necessary to establish an appropriate audit strategy and audit plan include, amongst others, gaining an initial understanding of the business of the Company including its control environment, obtaining sufficient appropriate audit evidence regarding the opening balances and accounting policies adopted, assessing the risk of material misstatement in opening balances, if any, and the impact on the audit strategy for the year being audited and communicating with the previous auditors. Since a number of amounts recorded in the statement of financial position as at 30 June 2018 take account of opening balances which form a significant part of the year-end balance, we have assessed opening balances as a key audit matter.	Our procedures in relation to auditing opening balances, included: - We conducted planning meetings with the management of the Company in order to obtain an understanding of the business and processes; - We communicated and interacted with the predecessor auditors and reviewed their 2017 audit files; This built upon our knowledge of business and processes gained through holding client planning meetings - We assessed the entity's control environment including meetings with management and other employees, to obtain their feedback on the tone at the top set by management; - We obtained understanding of accounting policies and historic accounting judgements by discussions with management; - We obtained sufficient appropriate audit evidence regarding the opening balances including the selection and application of accounting policies;

- We assessed the impact of any control deficiencies observed by predecessor auditors;
- We reviewed events/transactions in the earlier part of the year under review which provide evidence on valuation/existence of opening balances including, amongst others, review of loan agreements for existing loans, reviewed working of depreciation expense on opening balance of operating fixed assets, physical verification of items included in opening balance of operating fixed assets, analytical review of usage of inventory items included in opening balance of inventory and review of payments made in earlier part of year to creditors recognized as at 30 June 2017 and receipts in earlier part of the year from trade receivables recorded as at 30 June 2017.

2. ADDITIONS IN CAPITAL WORK IN PROGRESS

Additions in Capital Work in Progress (CWIP), as referred to in note 5.2, amounts to Rs. 10.7 billion. This addition in the CWIP was due to business expansion in respect of the construction of cement plant, waste heat recovery plant and coal power plant.

We focused on the capitalization and depreciation policies of the Company due to the significant amount of capital expenditures incurred during the year which required substantial audit efforts to ascertain the nature of cost incurred and whether such capital expenditures (including the borrowing cost) meet the specific recognition as per the applicable financial reporting requirements. For such reasons we have identified this as a key audit matter.

We assessed the Company's accounting policy for Property, Plant and Equipment (PPE) for compliance with IAS 16 Property, Plant and Equipment.

We evaluated and tested the design and operating effectiveness of the controls over the additions in CWIP and also reviewed the procurement agreements with the vendors for the procurement and installation of the new plant and related facilities.

We assessed the costs incurred for a sample, and agreed to the supporting documentation including supplier invoices, banking documents, receipts/shipping documentation, along with indirect cost charged and whether such costs met the capitalization criteria under IAS 16 Property, Plant and Equipment.

We reviewed interest cost included in the capital work in progress in respect of loan acquired specifically for the construction and development of cement plant, waste heat recovery plant and coal power plant and assessed appropriate capitalization of such costs in line with IAS 23 Borrowing Cost and related loan agreements.

We physically verified the additions on sample basis. We assessed the adequacy of the disclosure relating to PPE and addition in CWIP in the financial statements.

3. FINANCIAL REPORTING FRAMEWORK

As referred in note 2 to the accompanying financial statements, the Companies Act 2017 (the Act) became applicable for the first time for the preparation of the Company's annual financial statements for the year ended 30 June 2018.

The Act forms an integral part of the statutory financial reporting framework as applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements.

In the case of the Company, specific additional disclosures and changes to the existing disclosures have been included in the financial statements as referred to note 4.1 to the financial statements.

Further, the Company has also changed its accounting policy relating to presentation and measurement of surplus on revaluation of fixed assets as a consequence of the application of the Act with retrospective effect.

We assessed the procedures applied by the management for identification of the changes required in the financial statements due the application of the Act. We considered the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures based on the new requirements. We also evaluated the sources of information used by the management for the preparation of the above referred disclosures and the internal consistency of such disclosures with other elements of the financial statements.

In respect of the change in accounting policy for the accounting and presentation of revaluation surplus as referred to note 4.1 to the financial statements; we assessed the accounting implications in accordance with the applicable financial reporting standards and evaluated its application in the context of the Company including the related disclosures made in financial statements.

The impact of the said change in accounting policy has been disclosed in note 4.1 to the financial statements.

These changes and enhancements in the financial statements are considered important and a key audit matter because of the volume and significance of the changes in the financial statements resulting from the transition to the new reporting requirements under the Act.

4. TAX CONTINGENCIES

As disclosed in note 25.1 to the financial statements, certain tax matters are pending adjudication at various levels with the taxation authorities and other legal forums.

The aggregate amounts involved in such contingencies is Rs. 691.6 million as of 30 June 2018.

The tax contingencies require the management to make judgements and estimates in relation to the interpretation of tax laws and regulations and the recognition and measurement of any provisions that may be required against such contingencies. Due to inherent uncertainties and the time period such matters may take time to resolve, the management judgements and estimates in relation to such contingencies may be complex.

We obtained explanations from management and corroborative evidence including communication with local tax authorities and confirmations of external tax advisors. We gained an understanding of the current status of tax assessments and investigations to monitor developments in on-going disputes.

We analyzed and tested management's key assumptions, in particular on cases where there had been significant developments with local tax authorities, based on our knowledge and experience of the application of the tax legislation by the relevant authorities and courts. We also evaluated whether the liabilities and exposures for uncertain tax positions were appropriately disclosed in the financial statements.

We involved internal tax experts to assess and review the management's conclusions on contingent tax matters and evaluated whether adequate disclosures have been made in note 25.1 to the financial statements.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

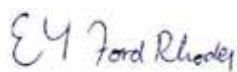
a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss, statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditors' report is Abdullah Fahad Masood.



EY Ford Rhodes

Chartered Accountants

Lahore: October 01, 2018

FINANCIAL STATEMENTS

for the year ended June 30, 2018

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2018

Rupees in thousand	Note	2018	2017 Restated	2016 Restated
Assets				
Non-current assets				
Property, plant and equipment	5	22,920,019	12,237,399	10,384,030
Investment property	6	78,690	70,836	68,910
Intangible assets	7	1,690	4,480	7,799
Long term deposits	8	40,086	39,531	39,449
		23,040,485	12,352,246	10,500,188
Current assets				
Stores, spare parts and loose tools	9	1,697,712	1,500,779	922,941
Stock in trade	10	470,397	235,743	181,319
Trade debts - unsecured	11	433,814	224,828	108,481
Loans and advances	12	127,239	62,512	35,254
Trade deposits and short term prepayments	13	4,188	1,937	1,991
Advance income tax		1,136,794	359,748	—
Sales tax receivable - net		700,529	90,176	—
Other receivables	14	45	—	549
Short term investments	15	1,006,904	2,623,180	2,356,497
Cash and bank balances	16	493,261	309,019	660,479
		6,070,883	5,407,922	4,267,511
Total assets		29,111,368	17,760,168	14,767,699
Equity and liabilities				
Share capital and reserves				
Authorized share capital	17	3,500,000	3,500,000	3,500,000
Issued, subscribed and paid-up share capital	18	2,271,489	2,271,489	2,271,489
Reserves				
Capital				
Share premium		197,517	197,517	197,517
Surplus on revaluation of fixed assets - net of tax	19	3,111,554	2,728,420	2,849,469
Revenue				
Accumulated profits		8,048,399	7,050,106	5,351,691
		11,357,470	9,976,043	8,398,677
		13,628,959	12,247,532	10,670,166
Liabilities				
Non-current liabilities				
Long term financing - secured	20	7,890,631	1,387,500	—
Long term deposits		4,262	4,202	4,177
Deferred liabilities	21	2,265,998	2,399,820	2,341,138
Retention money		870,890	34,045	10,131
		11,031,781	3,825,567	2,355,446
Current liabilities				
Trade and other payables	22	1,380,197	667,428	889,127
Accrued interest / profit on financing	23	183,641	47,101	442
Short term borrowings - secured	24	2,439,751	806,855	644,597
Current portion of long term financing - secured	20	375,000	112,500	—
Unclaimed dividend		72,039	53,185	40,019
Provision for taxation - net		—	—	71,316
Sales tax payable - net		—	—	96,586
		4,450,628	1,687,069	1,742,087
Total liabilities		15,482,409	5,512,636	4,097,533
Contingencies and commitments	25	—	—	—
Total equity and liabilities		29,111,368	17,760,168	14,767,699

The annexed notes from 1 to 44 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer



Chairman

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2018

Rupees in thousand	Note	2018	2017
Sales - gross			
Cement - local		13,574,937	12,801,493
Cement - export		383,468	188,586
Clinker		627,118	1,645,477
		14,585,523	14,635,556
Less:			
Sales tax		2,337,767	2,302,145
Federal excise duty		2,008,583	1,634,436
Commission		33,884	38,363
Discount and rebate		83,969	29,618
		4,464,203	4,004,562
Sales - net		10,121,320	10,630,994
Cost of sales	26	(7,310,647)	(6,202,685)
Gross profit		2,810,673	4,428,309
Distribution cost	27	(166,913)	(94,064)
Administrative expenses	28	(97,538)	(84,581)
Other income	29	59,049	376,035
Other operating expenses	30	(297,690)	(521,500)
		(503,092)	(324,110)
Operating profit		2,307,581	4,104,199
Finance cost	31	(94,896)	(34,694)
Profit before taxation		2,212,685	4,069,505
Taxation	32	(568,665)	(1,151,960)
Profit after taxation		1,644,020	2,917,545
Earnings per share - basic and diluted (Rupees)	33	7.24	12.84

The annexed notes from 1 to 44 form an integral part of these financial statements.


Chief Financial Officer


Chief Executive Officer


Chairman

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2018

Rupees in thousand	Note	2018	2017
Profit after taxation		1,644,020	2,917,545
Items that will not be reclassified to statement of profit or loss subsequently			
Re-measurement losses on defined benefit plan		(7,238)	—
Related tax		1,810	—
		(5,428)	—
Surplus on revaluation of property, plant and equipment		404,534	—
Related tax on other comprehensive income		(97,338)	—
		307,196	—
Deferred tax on surplus on revaluation of property, plant and equipment due to reduction in tax rate	19	196,587	—
Items that may be reclassified to statement of profit or loss		—	—
Other comprehensive income for the year		498,355	—
Total comprehensive income for the year		2,142,375	2,917,545

The annexed notes from 1 to 44 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer



Chairman

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2018

Rupees in thousand	Note	2018	2017
Cash flows from operating activities			
Cash generated from operations	39	3,385,291	3,605,071
Income tax paid		(1,387,248)	(1,539,249)
Workers' profit participation fund paid		(131,554)	(225,584)
Workers' welfare fund paid		(71,998)	(75,681)
Gratuity and compensated absences paid		(18,616)	(13,425)
Increase in long term deposits - net		(495)	(57)
		(1,609,911)	(1,853,996)
Net cash generated from operating activities	A	1,775,380	1,751,075
Cash Flows From Investing Activities			
Capital expenditure incurred		(10,546,544)	(2,294,859)
Proceeds from disposal of property, plant and equipment		2,411	1,666
Redemption of / (increase in) short term investments		1,492,743	(136,207)
Net cash used in investing activities	B	(9,051,390)	(2,429,400)
Cash flows from financing activities			
Long term musharaka finance obtained		6,765,631	1,500,000
Increase in short term borrowings - net		1,632,896	162,258
Finance cost paid		(196,181)	(8,381)
Dividend paid		(742,094)	(1,327,012)
Net cash generated from financing activities	C	7,460,252	326,865
Net decrease in cash and cash equivalents	A+B+C	184,242	(351,460)
Cash and cash equivalents at the beginning of the year		309,019	660,479
Cash and cash equivalents at the end of the year		493,261	309,019

The annexed notes from 1 to 44 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer



Chairman

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2018

Rupees in thousand	Issued, subscribed and paid-up capital	Reserves			Sub total	Total equity
		Capital		Revenue		
		Share premium	Surplus on revaluation of property, plant and equipment	Accumulated profits		
Balance as at July 1, 2016 (as reported)	2,271,489	197,517	–	5,351,691	5,549,208	7,820,697
Impact of restatement	–	–	2,849,469	–	2,849,469	2,849,469
Balance as at July 1, 2016 (restated)	2,271,489	197,517	2,849,469	5,351,691	8,398,677	10,670,166
Final dividend for the year ended June 30, 2016 @ Rs. 3.75 per share	–	–	–	(851,809)	(851,809)	(851,809)
Interim dividend for the year ended June 30, 2017 @ Rs. 2.15 per share	–	–	–	(488,370)	(488,370)	(488,370)
Transaction with owners	–	–	–	(1,340,179)	(1,340,179)	(1,340,179)
Profit after taxation	–	–	–	2,917,545	2,917,545	2,917,545
Other comprehensive income for the year	–	–	(121,049)	121,049	–	–
Total comprehensive income for the year	–	–	(121,049)	3,038,594	2,917,545	2,917,545
Balance as at June 30, 2017 (restated)	2,271,489	197,517	2,728,420	7,050,106	9,976,043	12,247,532
Final dividend for the year ended June 30, 2017 @ Rs. 3.35 per share	–	–	–	(760,948)	(760,948)	(760,948)
Profit after taxation	–	–	–	1,644,020	1,644,020	1,644,020
Other comprehensive income for the year	–	–	383,134	115,221	498,355	498,355
Total comprehensive income for the year	–	–	383,134	1,759,241	2,142,375	2,142,375
Balance as at June 30, 2018	2,271,489	197,517	3,111,554	8,048,399	11,357,470	13,628,959

The annexed notes from 1 to 44 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer



Chairman

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 Pioneer Cement Limited (the Company) was incorporated in Pakistan as a public company limited by shares on February 09, 1986. Its shares are quoted on Pakistan Stock Exchange. The principal activity of the Company is manufacturing and sale of cement. The registered office of the Company is situated at 135, Ferozepur Road, Lahore. The Company's production facility is situated at Chenki, District Khushab in Punjab Province with the land area of 2,429 kanals and 9 marlas.

1.2 The Company commenced its operations with an installed clinker production capacity of 2,000 tons per day. During 2005, the capacity was optimized to 2,350 tons clinker per day. In financial year 2006, another production line of 4,300 tons per day capacity was completed which started commercial operations from April 2006.

1.3 The Company is in process of installing a new brown field cement plant having production capacity of approximately 8,000 tons per day clinker supported by a 12 MW Waste Heat Recovery Power Plant. In addition, a 24 MW Coal Fired Power Plant is also being installed at the existing plant site.

1.4 During the year, the Company has signed a non-binding Memorandum of Understanding with the sponsors of Galadari Cement (Gulf) Limited (the target company) to acquire the controlling interest of the target company. The plant of the target company is located at Village Bhawani, Tehsil Hub, District Lasbela, Balochistan. Currently, negotiations are underway with the lenders of the target company to complete the acquisition.

1.5 Summary of significant events and transactions in the current reporting period

The Company's financial position and performance was particularly affected by the following events and transactions during the reporting period:

- Significant work on 8000 TPD clinker new cement production line along with 12 MW waste heat recovery power plant and 24 MW coal fired power plant was performed during the current year.
- New working capital lines were obtained during the year to finance working capital requirement.
- Due to volatility in equity market, Company had to provide for on short-term investment.
- During the financial year 2018 federal excise duty on cement and clinker sales were increased. Clinker sales in the current year dropped due to low demand, the reduction in clinker sale was balanced by increase in cement sales.
- Fuel and power cost for the year increased due to increase in coal prices in international market, rupee depreciation and reduction of fuel price adjustments.

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standard (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

The Companies Ordinance, 1984 has been repealed after the enactment of Companies Act, 2017. As a result, the Company has changed its accounting framework accordingly. This change in accounting framework has not resulted in significant changes to the amounts recognized in these financial statements or the comparative information except some additional disclosures being made as required under the Companies Act, 2017, presentation of surplus on revaluation of property, plant and equipment as a component of equity (Note 4) and re-arrangement of certain figures (Note 42).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

Standards, interpretations and amendments to published approved accounting standards effective during the year.

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described below and in (Note 4.1):

2.1 New standards, interpretations and amendments

The Company has adopted the following accounting standard and the amendments which became effective for the current year:

IAS 7	Statement of Cash Flows: Disclosure Initiative - (Amendment),
IAS 12	Income Taxes — Recognition of Deferred Tax Assets for Unrealized losses (Amendments).

Improvements to accounting standards issued by the IASB in December 2014

IFRS 12	Disclosure of Interests in Other Entities - Clarification of the scope of the disclosure requirements in IFRS 12.
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The adoption of the above amendments, improvements to accounting standards and interpretations did not have any effect on the financial statements.

2.2 Standards, interpretation and amendments to approved accounting standards that are not yet effective

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation		Effective date (annual periods beginning on after)
IFRS 2	– Share based Payments — Classification and Measurement of Share-based Payments Transactions (Amendments).	January 01, 2018
IFRS 10	– Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 4	Insurance Contracts: Applying IFRS 9 Financial 01 January 2018 Instruments with IFRS 4 Insurance Contracts — (Amendments)	January 01, 2018
IAS 40	– Transfers to Investment Property — (Amendments)	January 01, 2018
IFRIC 22	– Foreign Currency Transactions and Advance Consideration	January 01, 2018
IFRS 9	– Financial Instruments: Classification and Measurement	July 01, 2018
IFRS 15	– Revenue from Contracts with Customers	July 01, 2018
IFRS 16	– Leases	January 01, 2019
IFRS 9	– Prepayment Features with Negative Compensation – (Amendments)	January 01, 2019
IAS 28	– Long-term Interests in Associates and Joint Ventures – (Amendments)	January 01, 2019
IFRIC 23	– Uncertainty over Income Tax Treatments	January 01, 2019
IAS 19	– Plan Amendment, Curtailment or Settlement – (Amendments)	January 01, 2019

The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application except for IFRS 15 and IFRS 16. The management is in the process of determining the effect of application of IFRS 15 and IFRS 16.

In addition to the above standards and amendments, improvements to various accounting standards and conceptual framework have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after January 01, 2018.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or Interpretation	Effective date (annual periods beginning on after)
IFRS 14 Regulatory Deferral Accounts	January 01, 2016
IFRS 17 Insurance Contracts	January 01, 2021

The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements.

3 BASIS OF PREPARATION

3.1 Basis of measurement

The financial statements have been prepared under the 'historical cost convention' except for freehold land, factory building, plant & machinery, coal firing system, investment property, short term investments and certain other financial instruments which are carried at revalued amounts / fair value as referred to in notes 4.2, 4.3 & 4.8.

3.2 Presentation currency

These financial statements are presented in Pakistani Rupee which is the functional currency of the Company.

3.3 Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgments in the process of applying the Company's accounting policies. Estimates, judgments and assumptions are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods effective. In the process of applying the Company's accounting policies, management has made the following judgments, estimates and assumptions which are significant to the financial statements:

- a) recognition of taxation and deferred tax (Note 4.15);
- b) determining the residual values, useful lives and revalued amounts of property, plant and equipment (Note 4.2);
- c) employment benefits (Note 4.12);
- d) impairment of inventories / adjustment of inventories to their net realizable value (Note 4.6);
- e) impairment of store, spares and loose tools (Note 4.5);
- f) provision for doubtful debts / other receivables (Note 4.7);
- g) impairment of assets (Note 4.22 & 4.23);
- h) investment property (Note 4.3); and
- i) contingencies (Note 25.1).

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, except as stated in note 2.1 and 4.1.

4.1 Change in accounting policy

On July 01, 2017 the Company changed its accounting policy for the revaluation surplus on property, plant and equipment, in accordance with requirements of the accounting and reporting standards as applicable

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

in Pakistan under the Companies Act, 2017. Previously, the Company's accounting policy for surplus on revaluation of property, plant and equipment was in accordance with the provisions of section 235 of the repealed Companies Ordinance, 1984 according to which, the revaluation surplus was shown as a separate item below equity.

The Companies Act, 2017 has not retained the above mentioned specific accounting and presentation requirements of revaluation surplus on property, plant and equipment. Consequently, this impacted the Company's accounting policy for revaluation surplus on property, plant and equipment, and now the related accounting and presentation requirements set out in IFRS are being followed by the Company. The new accounting policy is explained in note 4.10. This change has not resulted in any impact on amounts reported in the financial statements for prior years except for disclosure of revaluation surplus as a component of equity. Had there been no change in accounting policy revaluation surplus have been disclosed under equity.

4.2 Property, plant and equipment

4.2.1 Operating property, plant and equipment

Owned:

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for, factory building, plant & machinery, coal firing system and waste heat recovery plant which are stated at revalued amount less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any, and freehold land is stated at revalued amount. Valuations are performed by independent valuer with sufficient frequency to ensure that fair value of a revalued asset does not differ materially from its carrying amount.

Depreciation is calculated at the rates specified in note 5.1 to these financial statements on straight line method except for plant and machinery and coal firing system on which depreciation is charged on the basis of units of production method. Depreciation on additions is charged from the month in which the asset is available for use and on disposal up to the preceding month of disposal. Assets' residual values and useful lives are reviewed and adjusted, if appropriate at each reporting date.

Subsequent costs are included in the assets carrying amount or recognized as separate assets as appropriate only when it is probable that future economic benefits associated with them will flow to the Company and cost of items can be measured reliably.

Maintenance and normal repairs are charged to statement of profit or loss as and when incurred. Major renewals and improvements are capitalized. Gain or loss on disposal of an asset represented by the difference of the sale proceeds and the carrying amount of the asset is recognized in the statement of profit or loss.

Assets subject to finance lease:

These are stated initially at lower of present value of minimum lease payments under the lease agreements and the fair value of the assets acquired on lease. The outstanding obligations under the lease less finance charges allocated to future periods are shown as liability. Financial charges are calculated at the interest rate implicit in the lease and are charged to the statement of profit or loss. Depreciation is charged to statement of profit or loss applying the same basis as for owned assets.

Maintenance and normal repairs are charged to statement of profit or loss as and when incurred. Major renewals and improvements are capitalized.

4.2.2 Capital work in progress

These are stated at cost less impairment loss, if any. It consists of expenditure incurred and advances paid to acquire fixed assets in course of their construction and installation. These are transferred to property, plant and equipment when they are available for use.

4.3 Investment property

Property not held for own use or leased out under operating lease is classified as investment property.

Investment properties are initially measured at cost, including transaction cost. Subsequent to initial recognition, investment properties are stated at fair value considering the effects of market conditions at reporting date. Gains or losses arising from change in fair value of properties are included in profit or loss in the year which they arise. Fair values are determined based on an annual evaluation performed by an independent valuer.

4.4 Intangible assets

Intangible assets are stated at cost less accumulated amortization and identified impairment loss, if any. These are amortized using the straight line method reflecting the pattern in which economic benefits of the asset are consumed by the Company at the rates disclosed in note 7.

Amortization is charged from the month in which an asset is available for use while no amortization is charged for the month in which the asset is disposed off.

The assets' useful lives are continually reviewed by the Company and adjusted if impact of amortization is significant.

4.5 Stores, spare parts and loose tools

These are valued at lower of weighted average cost and net realizable value. Cost comprises of invoice value and other direct costs. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

Provision for obsolete and slow moving store is recognized based on the management's best estimate regarding the future usability.

Net realizable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make a sale.

4.6 Stock in trade

These are stated at the lower of cost and net realizable value. The methods used for the calculation of cost are as follows:

- | | |
|--|---|
| i) Raw and packing material | – at weighted average cost comprising of purchase price, transportation and other overheads. |
| ii) Work in process and finished goods | – at weighted average cost comprising quarrying cost, transportation, government levies, direct cost of raw material, labour and other manufacturing overheads. |

Net realizable value signifies estimated selling price in ordinary course of business less estimated cost of completion and estimated cost necessary to make the sale.

4.7 Trade debts and other receivables

Trade debts and other receivables are stated at original invoice amount less provision for doubtful debts, if any. Provision for doubtful debts / other receivables is recognized in statement of profit or loss, based on the management's assessment of counter party's credit worthiness. Trade debts and other receivables are written off when considered irrecoverable.

4.8 Short term investments

Financial assets are classified as held for trading and included in the category of financial assets at fair value through statement of profit or loss and are acquired for the purpose of selling and purchasing in near term. These investments are initially recognized at fair value of the consideration given. Subsequent to initial recognition, these are recognized at fair value unless fair value cannot be reliably measured. Any surplus and deficit on remeasurement of investment is recognized in statement of profit or loss. All purchases and sales of investment are recognized on trade date, which is the date that the Company commits to purchase or sell the investments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

4.9 Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise cash in hand, cash at banks in current and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

4.10 Surplus on revaluation of fixed assets

A revaluation surplus is recorded in statement of comprehensive income and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognized in profit or loss, the increase is recognized in profit or loss. A revaluation deficit is recognized in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation surplus.

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Cost and accumulated depreciation of assets till the date of revaluation are grossed up with the rate of revaluation, calculated on the basis of net book value before revaluation and fair value of respective assets.

4.11 Long term and short term borrowings

These are recorded at the proceeds received and stated at net of repayments. Financial charges are accounted for on accrual basis and are disclosed as accrued interest / mark-up to the extent of unpaid amounts.

4.12 Employees' benefits

Defined contribution plan

The Company operates an approved contributory provident fund for all its permanent employees and equal monthly contributions are made both by the Company and the employees at the rate of 10 percent of basic salary.

Defined benefit plan – contractual workers

The Company operates an unfunded gratuity scheme covering its contractual workers with one or more years of service with the Company. Provision for gratuity is made to cover obligations under the scheme in respect of employees who have completed the minimum qualifying period. In prior years the Company used to estimate provision on terminal basis. During the year the Company has valued provision for gratuity using the projected unit credit method in accordance with IAS - 19. This change has been treated as a change in accounting estimate and applied prospectively, hence certain comparative values for 2017 have not been presented in note 21.2. Had the change not been made, cost of sales would have been higher and profit for the year would have been lower by Rs. 7,721 thousand respectively.

Experience adjustments are recognized in statement of comprehensive income when they occur. Amounts recorded in statement of profit or loss are limited to current and past service cost, gains or losses on settlements and interest income/expense. All other changes in net defined benefit liability are recognized in statement of comprehensive income with no subsequent recycling to statement of profit or loss.

Compensated absences

All permanent and contractual workers are entitled for compensated absences plan. Accrual for compensated absences is made to the extent of the value of accrued absences of the employees at the reporting date using their current salary levels.

4.13 Trade and other payables

Liabilities for trade and other payables are carried at cost which is fair value of the consideration to be paid in future for goods and services, whether billed or not.

4.14 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past

events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

4.15 Taxation

Current:

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credits, tax losses, rebates and exemptions available, if any, or minimum taxation at the specified applicable rate for the turnover or Alternative Corporate Tax, whichever is higher and tax paid on final tax regime and super tax. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

Deferred:

Deferred income tax is provided using the balance sheet liability method for all temporary differences at the reporting date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liability is recognized for all taxable temporary differences and deferred tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses and unused tax credits, if any, to the extent it is probable that future taxable profits will be available against which these can be utilized. The Company recognizes deferred tax liability on surplus on revaluation of fixed assets which is adjusted against the related surplus.

Deferred income tax assets and liabilities are measured at the tax rate that is expected to apply to the periods when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. In this regard, the effects on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted in proportion to the respective revenues.

4.16 Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

- When receivables and payables are stated with the amount including the sales tax; and
- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in that case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable;

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of current assets or current liabilities in the statement of financial position.

4.17 Foreign currency translations

Transactions in foreign currencies are translated into Pakistani Rupee at the rates of exchange approximating those ruling on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated into Pakistani Rupee at the rates of exchange ruling at the reporting date. Any resulting gain or loss arising from changes in exchange rates is taken to statement of profit or loss.

4.18 Financial instruments

All financial assets and liabilities are recognized at the time when the Company becomes party to the contractual provisions of the instrument. Financial assets are derecognized when the Company loses control of the contractual rights that comprise the financial asset. Financial liabilities are derecognized from the balance sheet when the obligation is extinguished, discharged, cancelled or expired.

Any gain / (loss) on the recognition and derecognition of the financial assets and liabilities is included in the statement of profit or loss for the year to which it arises.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

These are measured at fair value adjusted by transaction cost. Subsequent measurement of financial assets are described below:

a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest rate method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. These are included in current assets, except for maturities for greater than twelve months after the reporting date, which are classified as non-current assets. Loans and receivables with less than twelve months maturities are classified as current assets. The Company's trade debts, trade deposits, loans and advances, interest accrued and other receivables fall into this category of financial instruments. Loans and receivables are subject to review for impairment at each reporting date to identify whether there is objective evidence that the financial asset is impaired.

b) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

c) Available for sale financial assets

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the categories of loans and receivables, financial assets at fair value through profit or loss and financial assets held to maturity. These are included in non-current assets unless management intends to dispose off the investments within twelve months from the end of reporting period.

d) Held to maturity

Financial assets with fixed or determinable payments and fixed maturity, where management has the intention and ability to hold till maturity are classified as held to maturity and are stated at amortized cost.

4.19 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the assets and settle the liability simultaneously. Corresponding income on the assets and charge on the liabilities is also off set.

4.20 Revenue recognition

- Revenue from sale is recognized when the significant risks and rewards of ownership of the goods have passed to the customers, which usually coincides with the dispatch of goods to customers.
- Return on bank deposits is recognized on time proportion basis using effective interest method.
- Scrap sales are recognized on physical delivery to customer.
- Rental income arising from investment property is accounted for on accrual basis over the lease period and is included in revenue due to its operating nature.
- Dividend income is recognized when the Company's right to receive establishes.
- Other revenues are accounted for on accrual basis.

4.21 Borrowing costs

Borrowing and other related costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their

intended use, are added to the cost of those assets to the extent the carrying amount of the assets does not exceed its recoverable value, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

4.22 Impairment of non financial assets

At each reporting date, the carrying amount of assets is reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense in the statement of profit or loss. Recoverable amount is estimated as higher of fair value less cost to sell and value in use.

4.23 Impairment of financial assets

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss is removed from equity and recognized in statement of profit or loss account. Impairment losses recognized in statement of profit or loss on equity instruments are not reversed through statement of profit or loss.

4.24 Dividend and appropriation reserves

Dividend and other appropriation to reserves are recognized in the financial statements in the year in which these are approved.

4.25 Earnings per share

The Company presents earnings per share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

4.26 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions. The management has determined that the Company has a single reportable segment as the Board of Directors views the Company's operations as one reportable segment.

Rupees in thousand		Note	2018	2017
5	PROPERTY, PLANT AND EQUIPMENT			
	Operating property, plant and equipment	5.1	11,350,064	10,411,469
	Capital work in progress	5.2	11,569,955	1,825,930
			22,920,019	12,237,399

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

5.1 Operating property, plant and equipment

Rupees in thousand

	Note	Cost / Revaluation					Depreciation					Written Down Value	
		As at July 01, 2017	Additions / transfers	Revaluation surplus	Disposals/ transfers	As at June 30, 2018	Rate %	As at July 01, 2017	Disposals / transfers	Revaluation surplus	For the year	As at June 30, 2018	As at June 30, 2018
June 30, 2018													
Owned													
Freehold land	5.1.1	75,920	-	15,184	-	91,104	-	-	-	-	-	-	91,104
Factory building on freehold land	5.1.1	2,625,536	128,160	155,216	-	2,908,912	5	1,458,308	-	87,751	98,496	1,644,555	1,264,357
Leasehold improvements		10,833	-	-	-	10,833	33.3	10,833	-	-	-	10,833	-
Roads and quarry development		56,008	-	-	-	56,008	20	56,008	-	-	-	56,008	-
Plant and machinery line I	5.1.1	5,592,668	11,514	1,016,927	-	6,621,109	Units of production method	3,940,096	-	732,877	98,362	4,771,335	1,849,774
Plant and machinery line II	5.1.1	7,423,746	867,349	7,545	-	8,298,640	Units of production method	1,729,969	-	1,769	213,698	1,945,436	6,353,204
Coal firing system	5.1.1	381,679	-	69,265	-	450,944	Units of production method	241,819	-	45,394	8,318	295,531	155,413
Power generation plant	5.1.1	1,618,286	10,899	8,690	-	1,637,875	4	29,312	-	502	64,816	94,630	1,543,245
Furniture and fixture		33,083	2,858	-	(34)	35,907	10	24,395	(34)	-	1,350	25,711	10,196
Office equipment		48,995	3,694	-	-	52,689	10	27,602	-	-	3,834	31,436	21,253
Computers and accessories		27,743	1,280	-	(223)	28,800	33	24,678	(223)	-	2,222	26,677	2,123
Vehicles		114,323	19,743	-	(3,416)	130,650	20	54,331	(3,210)	-	20,134	71,255	59,395
Total 2017-18		18,008,820	1,045,497	1,272,827	(3,673)	20,323,471		7,597,351	(3,467)	888,293	511,230	8,973,407	11,350,064

Rupees in thousand

	Note	Cost / Revaluation				Depreciation				Written Down Value			
		As at July 01, 2016	Additions / transfers	Revaluation surplus	Disposals/ transfers	As at June 30, 2017	Rate %	As at July 01, 2016	Disposals / transfers	Revaluation surplus	For the year	As at June 30, 2017	As at June 30, 2017
June 30,2017													
Owned													
Freehold land	5.1.1	75,920	-	-	-	75,920	-	-	-	-	-	-	75,920
Factory building on freehold land	5.1.1	2,355,963	269,573	-	-	2,625,536	5	1,366,412	-	-	91,896	1,458,308	1,167,228
Leasehold improvements		10,833	-	-	-	10,833	33.3	10,833	-	-	-	10,833	-
Roads and quarry development		56,008	-	-	-	56,008	20	56,008	-	-	-	56,008	-
Plant and machinery line I	5.1.1	5,588,439	4,229	-	-	5,592,668	Units of production method	3,845,528	-	-	94,568	3,940,096	1,652,572
Plant and machinery line II	5.1.1	7,346,819	76,927	-	-	7,423,746	Units of production method	1,515,809	-	-	214,160	1,729,969	5,693,777
Coal firing system	5.1.1	381,679	-	-	-	381,679	Units of production method	233,801	-	-	8,018	241,819	139,860
Power generation plant	5.1.1	-	1,618,286	-	-	1,618,286	4	-	-	-	29,312	29,312	1,588,974
Furniture and fixture		27,718	5,365	-	-	33,083	10	23,281	-	-	1,114	24,395	8,688
Office equipment		45,956	3,039	-	-	48,995	10	23,983	-	-	3,619	27,602	21,393
Computers and accessories		26,573	1,170	-	-	27,743	33	22,034	-	-	2,644	24,678	3,065
Vehicles		74,351	42,543	-	(2,571)	114,323	20	40,397	(2,571)	-	16,505	54,331	59,992
Total 2016-17		15,990,259	2,021,132	-	(2,571)	18,008,820		7,138,086	(2,571)	-	461,836	7,597,351	10,411,469

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

5.1.1 Revaluation of freehold land, factory building, plant & machinery, coal firing system and power generation plant has been conducted during the year ended June 30, 2018 by Hamid Mukhtar & Company creating additional revaluation surplus of Rs. 405 million over net book value of these assets amounting to Rs. 10,852 million.

5.1.2 Had there been no revaluation, written down values of such assets would have been as follows:

Rupees in thousand	Cost	2018 Net book value	2017 Net book value
Freehold land	31,411	31,411	31,411
Factory buildings	1,714,959	670,292	588,690
Plant and machinery - line I	4,239,576	1,227,165	1,453,572
Plant and machinery - line II	4,456,298	3,427,619	2,691,592
Coal firing system	357,802	147,193	167,318
Power generation plant	1,629,185	1,535,056	1,588,973
	12,429,231	7,038,736	6,521,558

5.1.3 Forced Sale Values of the assets under "Revaluation" are as follows:

Rupees in thousand	2018
Freehold land	77,438
Factory buildings	1,097,029
Plant and machinery line I including coal firing system	1,603,746
Plant and machinery line II	5,082,966
Power generation plant	1,234,595
	9,095,774

5.1.4 Depreciation for the year has been allocated as follows:

Rupees in thousand	Note	2018	2017
Cost of sales	26	426,717	427,061
Cost of sales (fuel and power)		75,541	25,823
Cost of sales (raw material consumed)		22	13
Distribution cost	27	2,425	2,591
Administrative expenses	28	6,525	6,348
		511,230	461,836

5.1.5 The operating fixed assets include fully depreciated assets having cost of Rs. 814.289 million (2017: Rs. 805.325 million).

5.1.6 The following assets were disposed off during the year:

Rupees in thousand							
Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain	Disposal mode	Particulars of buyer
Aggregate amount of assets disposed off having book value less than Rs 500,000/- each						Negotiations & Company's Policy	Various
2018	3,673	3,468	206	2,411	2,205		
2017	2,571	2,571	–	1,666	1,666		

Rupees in thousand		Note	2018	2017
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5.2 Capital work in progress

Opening balance as at July 01	1,825,930	1,531,857
Additions during the year	10,670,213	2,181,932
Transferred to operating fixed assets	(926,188)	(1,887,859)
Closing balance	11,569,955	1,825,930

Represented by:			
Cement plant, WHR and coal power plan including civil work	5.2.1	11,058,251	884,441
Cement grinding capacity enhancement		–	560,765
Other plant and machinery items		9,248	13,008
Factory buildings under construction		31,890	55,520
Advance for purchase of vehicles		–	5,940
Office premises under construction		465,228	306,256
Other projects		5,338	–
Closing balance		11,569,955	1,825,930

5.2.1 The amount of borrowing cost capitalized during the period amounts to Rs. 242.978 million (2017: Rs. 20.346 million).

5.2.2 The applicable financing rates for the under construction projects ranges from KIBOR plus 10bps to KIBOR plus 110bps.

Rupees in thousand		2018	2017
6 INVESTMENT PROPERTY			
Carrying amount as on July 01		70,836	68,910
Fair value remeasurement gain for the year		7,854	1,926
		78,690	70,836

6.1 The property was reclassified from owner-occupied property to investment property during financial year 2013 and comprises of an office building in Karachi leased out under operating lease agreement.

6.2 Investment property is stated at fair value, which has been determined based on valuations performed by M/s Surval, as at June 30, 2018 and forced sale value of the said property is Rs. 66.89 million.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

- 6.3** Net profit arising from investment property amounts to Rs. 3.994 million (2017: Rs. 3.400 million). Breakup is given below:

Rupees in thousand	Note	2018	2017
Rental income		6,621	5,976
Operating expenses		(2,627)	(2,576)
Net profit		3,994	3,400

7 INTANGIBLE ASSETS

Computer software			
Cost:			
As at July 01	7.1	11,066	11,066
Additions during the year		—	—
As at June 30		11,066	11,066
Accumulated amortization:			
As at July 01		6,586	3,267
Amortization during the year	7.2	2,790	3,319
As at June 30		9,376	6,586
Net book value		1,690	4,480
Rate of amortization		20 - 33.3%	20 - 33.3%

- 7.1** The cost of intangible assets includes fully amortized assets amounting to Rs. 4.326 million (2017: Rs. 1.099 million).

- 7.2** The amortization charge for the year has been allocated as follows:

Rupees in thousand	Note	2018	2017
Cost of sales	26	1,395	1,660
Distribution cost	27	697	830
Administrative expenses	28	698	829
		2,790	3,319

8 LONG TERM DEPOSITS

Security deposits - considered good			
- Utilities		35,848	35,741
- Others		4,238	3,790
		40,086	39,531

- 8.1** These are non-interest bearing and cover terms of more than one year.

9 STORES, SPARE PARTS AND LOOSE TOOLS

Stores		583,593	915,445
Spare parts		702,521	505,662
Loose tools		11,838	9,915
		1,297,952	1,431,022
Spare parts in transit		298,210	113,690
Imported coal in transit		145,483	—
		1,741,645	1,544,712
Provision for slow moving stores and spare parts		(43,933)	(43,933)
		1,697,712	1,500,779

9.1 Stores and spares held for capitalization are not distinguishable from other stores and spares.

Rupees in thousand		Note	2018	2017
10	STOCK IN TRADE			
	Raw material	26.1	45,909	29,595
	Packing material		55,729	35,249
	Work in process	26	301,807	109,176
	Finished goods	26	66,862	61,723
			470,397	235,743
11	TRADE DEBTS - unsecured			
	Considered good		433,814	224,828
	Considered doubtful	11.1	13,175	13,175
		11.2	446,989	238,003
	Provision for bad and doubtful debts	11.3	(13,175)	(13,175)
			433,814	224,828
11.1	Age analysis of impaired trade debts			
	Not past due		—	—
	Past due:			
	0 - 365 days		—	—
	1 - 2 years		—	—
	More than 2 years		13,175	13,175
			13,175	13,175
11.2	As at June 30, 2018, the aging analysis of trade debts is as follows:			
	Neither past due nor impaired		—	—
	Past due but not impaired			
	1-30 days		410,610	220,193
	31-90 days		19,782	2,215
	91-180 days		77	859
	181-365 days		1,970	436
	366-720 days		1,375	1,125
	Past due and impaired	11.1	13,175	13,175
			446,989	238,003
11.3	Provision for bad and doubtful debts			
	Opening balance		13,175	13,175
	Provision for the year		—	—
	Closing balance		13,175	13,175
12	LOANS AND ADVANCES			
	Advances - unsecured & considered good			
	Employees		7,162	5,297
	Bank margins against letters of credit		4,060	3,921
	Suppliers		90,841	50,786
	Contractors		1,016	2,508
	Service providers		24,160	—
			127,239	62,512

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

12.1 These are non-interest bearing and are generally for a term of less than 12 months.

Rupees in thousand	Note	2018	2017
13	TRADE DEPOSITS AND SHORT TERM PREPAYMENTS		
Trade deposits		9	9
Short term prepayments		4,179	1,928
		4,188	1,937
14	OTHER RECEIVABLES		
Receivable from WAPDA	14.1	19,381	19,381
Others		3,018	2,973
		22,399	22,354
Provision for doubtful receivables		(22,354)	(22,354)
		45	—

14.1 This represents rebate claim under incentive package for industries from Water and Power Development Authority (WAPDA) in accordance with their letter no. 677-97 / GMCS / DG (C) / DD (R&CP) / 57000 dated September 19, 2001. The Company is actively pursuing for above recovery. However, provision of full amount has already been made in the financial statements.

Rupees in thousand	2018	2017
15	SHORT TERM INVESTMENTS	
Held for trading:		
- Investments with shariah compliant funds		
Meezan Islamic Fund		
3,830,338 Units (June 30, 2017: 3,772,627)	242,594	288,266
NAFA Islamic Energy Fund		
Nil Units (June 30, 2017: 11,979,804)	—	156,884
NAFA Islamic Stock Fund		
22,977,008 Units (June 30, 2017: 22,920,506)	261,876	300,362
KSE Meezan Index Fund		
913,849 Units (June 30, 2017: 913,849)	64,558	72,706
Meezan Balanced Fund		
10,873,817 Units (June 30, 2017: 10,873,817)	167,852	184,311
Meezan Assets Allocation Fund		
3,427,064 Units (June 30, 2017: 3,427,064)	152,615	174,403
Meezan Islamic Income Fund		
10,100 Units (June 30, 2017: 10,100)	541	519
	890,036	1,177,451
- Investments with conventional funds		
ABL Government Securities Fund		
11,102,494 Units (June 30, 2017: 11,102,494)	116,856	111,225
NAFA Assets Allocation Fund		
Nil Units (June 30, 2017: 17,893,765)	—	305,030
NAFA Government Securities Liquid Fund		
1,144 Units (June 30, 2017: 63,467,991)	12	644,924
NAFA Money Market Fund		
Nil Units (June 30, 2017: 39,006,958)	—	384,550
	116,868	1,445,729
	1,006,904	2,623,180

- 15.1** The fair value of these investments has been determined using their respective redemption Net Assets Value at the reporting date.

Rupees in thousand	Note	2018	2017
16 CASH AND BANK BALANCES			
Cash in hand		715	1,693
Cheques in hand	16.1	180,801	192,243
		181,516	193,936
Balance with banks in:			
-Deposit accounts	16.2 & 16.4	280,633	97,568
-Current accounts		31,112	17,515
	16.3	311,745	115,083
		493,261	309,019

- 16.1** This represents sales collection in process.

- 16.2** These carry profits at rates ranging from 2.40 % to 5.50% (2017: 2.40 % to 5.80%) per annum.

- 16.3** Out of this, an aggregate amount of Rs. 274.129 million (2017: Rs. 13 million) has been deposited with shariah compliant islamic banks.

- 16.4** This includes Rs. 253 million deposited in an escrow account in respect of Company's proposed acquisition of Galadari Cement (Gulf) Limited as explained in Note 1.4.

17 AUTHORIZED SHARE CAPITAL

2018 No. of shares in '000	2017		2018 Rupees in thousand	2017
300,000	300,000	Ordinary shares of Rs.10/- each	3,000,000	3,000,000
50,000	50,000	Preference shares of Rs.10/- each	500,000	500,000
350,000	350,000		3,500,000	3,500,000

18 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

		Issued for cash:		
184,464	184,464	ordinary shares of Rs.10/- each	1,844,642	1,844,642
		Issued for consideration other than cash:		
27,617	27,617	Ordinary shares of Rs.10/- each	276,165	276,165
		Issued as fully paid bonus shares:		
15,068	15,068	Ordinary shares of Rs.10/- each	150,682	150,682
227,149	227,149		2,271,489	2,271,489

- 18.1** Vision Holding Middle East Limited (VHME), a Company incorporated and operating in British Virgin Island, having postal address of P.O. Box 728, 38 Esplanade, St. Helier, Jersey JE4 8ZT, Channel Islands, held 106.863 million (2017: 106.863 million) ordinary shares of Rs. 10 each as on June 30, 2018 comprising 47% of paid up share capital. Mr. William Gordan Rodgers is authorized agent of VHME.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

Rupees in thousand	Note	2018	2017
19 SURPLUS ON REVALUATION OF FIXED ASSETS - net of tax			
Gross surplus			
Opening balance of surplus on revaluation of fixed assets		3,907,944	4,083,377
Surplus on revaluation carried out during the year		404,534	—
Transferred to accumulated profits in respect of incremental depreciation charged during the year		(172,356)	(175,433)
	19.1	4,140,122	3,907,944
Less: Deferred tax liability on:			
Opening balance of revaluation		1,179,524	1,233,908
Increase on surplus revaluation carried out during the year		97,338	—
Incremental depreciation charge on related assets		(51,707)	(54,384)
Change in tax rate		(196,587)	—
		1,028,568	1,179,524
Closing balance of surplus on revaluation of fixed assets		3,111,554	2,728,420

19.1 This includes surplus on revaluation of freehold land amounting to Rs. 59.693 million (2017: Rs. 44.509 million).

Rupees in thousand	Note	2018	2017
20 LONG TERM FINANCING - SECURED			
Islamic bank			
Meezan Bank Limited	20.1	787,500	900,000
Meezan Bank Limited	20.2	600,000	600,000
		1,387,500	1,500,000
Current portion		(375,000)	(112,500)
		1,012,500	1,387,500
National Bank of Pakistan-syndicate			
Conventional Component	20.3	5,961,047	—
Islamic Component	20.3	917,084	—
		6,878,131	—
		7,890,631	1,387,500

20.1 The Company has obtained Diminishing Musharaka / Ijarah facility of up to Rs. 900 million (2017: Rs. 900 million) to finance the installation of existing Waste Heat Recovery Power Plant & Coal Fired Boiler at a price of 3 months KIBOR plus 1.1% per annum for a tenure of five years including grace period of one year with quarterly rental frequency. The facility is secured by creation of specific hypothecation charge over Waste Heat Recovery Power Plant and Coal Fired Boiler of the Company amounting to Rs. 1,000 million.

20.2 The Company has obtained Diminishing Musharaka / Ijarah facility of up to Rs. 600 million (2017: Rs. 600 million) for cement grinding capacity enhancement project as at price of 3 months KIBOR plus 1.1%. The facility is secured by creation of specific hypothecation charge over complete cement grinding enhancement project up to Rs. 650 million. The facility is re-payable in five years including a grace period of one year on quarterly basis.

20.3 During the year, the Company has obtained syndicated facility amounting to Rs. 15,000 million to finance new 8000 tons per day clinker plant supported by a 12 MW Waste Heat Recovery Plant. This comprises of Rs. 13,000 million term finance loan and Rs. 2,000 million musharaka facility. National Bank of Pakistan is the lead arranger and agent of this facility. This facility carries markup / profit at 6 months KIBOR plus 1.1% per annum payable quarterly whereas the principal is repayable in seven years including a grace period of two years. This facility is secured by way of pari passu charge over all present and future fixed assets of the Company excluding existing Waste Heat Recovery Power Plant, Cement /Grinding Mills and 24 MW Coal Power Plant.

Rupees in thousand	Note	2018	2017
21 DEFERRED LIABILITIES			
Deferred tax liability	21.1	2,150,059	2,292,655
Gratuity - vested contractual employees	21.2	115,939	107,165
		2,265,998	2,399,820

21.1 Deferred tax liability

Credit balance arising due to:

- accelerated tax depreciation		1,181,660	1,232,647
- surplus on revaluation of fixed assets	19	1,028,568	1,179,524
		2,210,228	2,412,171

Debit balance arising due to:

- employee benefits and others		(60,169)	(119,516)
		2,150,059	2,292,655

Deferred tax is calculated in full on temporary differences under the liability method

Opening balance		2,292,655	2,248,880
Credited to statement of profit or loss	32	(41,537)	43,775
Charge recognized in other comprehensive income		(101,059)	—
Closing balance		2,150,059	2,292,655

21.2 Defined benefits plan: Gratuity

21.2.1 The amounts recognized in the statement of financial position are as follows:

Rupees in thousand	Note	2018	2017
Staff retirement benefits - gratuity	21.2.4	115,861	107,165
Benefit payable		78	—
		115,939	107,165

21.2.2 The amounts recognized in the statement of profit or loss account are as follows:

Current service cost		12,127	21,760
Interest cost on defined benefit obligation		7,255	—
Adjustment as result of change in accounting estimate		(9,175)	—
Expense recognized in the statement of profit or loss account		10,207	21,760

21.2.3 Movements in the net liability recognized as follows:

Net liabilities at the beginning of the year		107,165	92,258
Expense recognized during the year		10,207	21,760
Benefits paid		(8,749)	(6,853)
Re-measurements charged to other comprehensive income		7,238	—
Net liabilities at the end of the year		115,861	107,165

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

Rupees in thousand	2018
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21.2.4 Movements in the present value of defined benefit obligation:

Present value of defined benefits obligation at the beginning of the year	107,165
Adjustment as result of change in accounting estimate	(9,175)
Current service cost	12,127
Interest cost on defined benefit obligation	7,255
Benefits paid	(8,749)
Re-measurement:	
Actuarial gain from changes in financial assumptions	330
Experience adjustments	6,908
Present value of defined benefits obligation at the end of the year	115,861

21.2.5 Estimated expense to be charged to statement of profit or loss in next year

Current service cost	14,359
Interest cost on defined benefit obligation	10,130
Amount chargeable to profit or loss	24,489

Qualified actuaries have carried out the valuation as at 30 June 2018. The projected unit credit method, based on the following significant assumptions, is used for valuation of the scheme:

Rupees in thousand	2018	2017
Discount rate for interest cost in profit or loss charge	7.75%	7.25%
Discount rate for obligation	9.00%	7.75%
Expected rates of salary increase in future years	8.00%	6.75%
Mortality rates	SLIC 2001-2005	
	Setback 1 year	
Retirement age assumption	Age 60	Age 60

A quantitative sensitivity analysis for significant assumption on defined benefit obligation is as shown below:

Rupees in thousand	Sensitivity level	Assumption	Defined benefit obligation
	+100 bps	Discount rate	105,933
	-100 bps	Discount rate	127,406
	+100 bps	Expected increase in salary	127,580
	-100 bps	Expected increase in salary	105,606

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The average duration of the defined benefit plan obligation at the end of the reporting period is 9 years.

Rupees in thousand		Note	2018	2017
22	TRADE AND OTHER PAYABLES			
	Creditors	22.1	867,562	181,526
	Accrued expenses		265,975	252,208
	Advances from customers		75,118	51,886
	Deposits		14,780	15,628
	Excise duty on cement		16,328	19,190
	Royalty and excise duty		10,898	10,464
	Withholding tax payable		23,593	7,012
	Employees' compensated absences	22.2	37,597	22,764
	Workers' profit participation fund	22.3	10,684	18,554
	Workers' welfare fund	22.4	56,283	85,872
	Others		1,379	2,324
			1,380,197	667,428
22.1	These are non-interest bearing and generally have payment terms of up to 90 days.			
22.2	Employees' compensated absences			
	Opening balance as at July 01		22,764	17,817
	Charge for the year		24,557	11,519
			47,321	29,336
	Payments made during the year		(9,724)	(6,572)
	Closing balance as at June 30		37,597	22,764
22.3	Workers' profit participation fund			
	Opening balance as at July 01		18,554	25,583
	Charge for the year	30	123,684	218,555
			142,238	244,138
	Payments made during the year		(131,554)	(225,584)
	Closing balance as at June 30		10,684	18,554
22.4	The Company has made provision amounting to Rs. 42.409 million (2017: Rs. 83.051 million) during the year.			
23	ACCRUED INTEREST / PROFIT ON FINANCING			
	Islamic banks			
	Long term financing		65,149	39,128
	Short term borrowing		9,168	–
			74,317	39,128
	Conventional banks			
	Long term financing		94,985	–
	Short term borrowing		14,339	7,973
			109,324	7,973
			183,641	47,101

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Rupees in thousand	Note	2018	2017
24	SHORT TERM BORROWINGS - secured		
	Islamic banks		
	Meezan Bank Limited - Running musharaka	24.1	662,521
			525,920
	Conventional banks		
	Allied Bank Limited - Cash finance	24.2	111,013
			280,935
	Allied Bank Limited - Running finance	24.3	593,306
	National Bank of Pakistan	24.4	576,396
			—
	MCB Bank Limited	24.5	496,515
			—
			1,777,230
			280,935
			2,439,751
			806,855

24.1 Represents Running Musharaka / Murabaha up to Rs. 550 million in aggregate (2017: Rs. 550 million). The facility carries provisional profit rate of 0.25 % plus 3 months KIBOR on basis of Meezan Bank's average Musharaka investment determined at the time of disbursement and is payable on quarterly basis. This also carries 0.001% bank share of Musharaka profit if Musharaka profit exceeds beyond profit rate of 0.25 % plus 3 months KIBOR. The facility is secured against pari passu charge over current assets of the Company with margin of 15 percent. It also includes liability of Payment Against Documents (PAD) amounting to Rs. 103.38 million (2017: Nil). The Company has also obtained LC Sight / Usance facility up to Rs. 550 million for import of coal, plant and machinery, stores and spares and services. LC sight facility is secured by lien over import documents whereas Usance LC is secured against Pari Passu charge over current assets. These extendable facilities will expire on December 31, 2018.

24.2 The Company has obtained short term Running finance / Money market line / LC facility / Finance against imported merchandise and FATR from Allied Bank Limited amounting to Rs. 1,000 million in aggregate (2017: Rs. 1,000 million). This facility carries markup at the rate 3 months KIBOR plus 0.20% per annum payable to the Bank on quarterly basis, while markup in respect of money market loan transaction would be advisable at the time of transaction. The facility is secured by lien on Company's investment in Government Securities Fund and / or Cash Fund of ABL Asset Management Company with 5% margin. LC facility also carries lien on import documents / Bill of exchange / Trust receipts. This extendable facility expires on August 31, 2018.

24.3 During the year, the Company has obtained running finance/money market line/letter of credit sight facility/FATR facility of Rs. 500 million. This facility carries markup at the rate of 3 months KIBOR plus 0.35% per annum payable on quarterly basis while markup in respect of money market loan transaction would be advisable at the time of transaction. The facility has been disbursed by a ranking charge which shall be upgraded to pari passu charge on current assets of the Company with 25% margin. LC facility also carries lien on import documents / Bill of exchange / Trust receipts. This extendable facility expires on August 31, 2018.

24.4 During the year, the Company has obtained a Running finance facility amounting to Rs. 500 million. The facility is secured against first pari passu charge over current assets of the Company with 25% margin. This carries markup at the rate of 3 months KIBOR plus 0.10% per annum payable on quarterly basis. This facility also has a Letter of Credit sub limit of Rs. 500 million for import of coal, stores and machinery parts. This extendable facility has expired on June 30, 2018 and renewal is in process.

24.5 During the year, the Company has obtained a Running finance facility amounting to Rs. 500 million. The facility is secured against ranking charge over current assets of the Company which shall be subsequently upgraded to first pari passu with 25% margin. This carries markup at the rate of 3 months KIBOR plus 0.20% per annum payable on quarterly basis. This facility also has a Letter of Credit sub limit of Rs. 500 million to import coal, packing material, stores and machinery parts. This facility expires on March 31, 2019.

24.6 During the year, the Company has obtained FATR/LC sight facility up to Rs. 400 million from United Bank Limited. The facility is secured against ranking charge over current assets of the Company which shall be subsequently upgraded to first pari passu with 25% margin. FATR carries markup at the rate of 1 month

KIBOR plus 0.20% per annum payable on quarterly basis. LC facility is secured against lien over import documents. The facility has an unutilized Non Interest Cash Finance sublimit of Rs. 200 million at a price of 1 month KIBOR + 0.35% per annum. This extendible facility expires on April 30, 2019.

- 24.7** The Company has obtained letter of credit sight facility from JS Bank Limited up to Rs. 700 million (June 2017: Rs. 700 million) to import coal. The letter of credit sight facility is secured against lien over import documents with 5% cash margin or as per State Bank of Pakistan requirement whichever is higher. This facility contains LC sublimit of Rs. 300 million to import stores, spares and tools, Rs. 200 million for obtaining foreign technical services and FIM of Rs. 650 million against import of coal. The Company has also obtained letter of guarantee (LG) facility amounting to Rs. 50 million (June 2017: Rs Nil) which shall be secured against 100% margin, if availed. This renewable facility will expire on January 31, 2019.

25 CONTINGENCIES AND COMMITMENTS

25.1 Contingencies

Tax Matters

- 25.1.1** Demands of sales tax including additional tax and penalty on lime stone and clay amounting to Rs. 4.518 million and Rs. 8.292 million were raised respectively. The case for Rs. 4.518 million is pending in the LHC and case for Rs. 8.292 million is decided by the Collector of Sales Tax (Appeal) on February 03, 2007 partially reducing the value of sales tax amount from Rs. 8.292 million to Rs. 2.8 million. The Company had deposited Rs. 2.2 million and filed an appeal against the order of Collector Sales Tax (Appeal) in Sales Tax Tribunal, Lahore which is pending adjudication.
- 25.1.2** The income tax assessments of the Company have been finalized up to tax year 2012. While finalizing the said assessments, income tax authorities made certain additions / disallowances and accordingly raised income tax demands. As a result of appeals filed by the Company before different appellate forum; the said additions / disallowances and income tax demands had been reduced to Rs. 2,471 million and Rs. 137 million respectively. However, certain number of appeals of Company as well as tax department are still pending adjudication at different appellate fora. The management believes that there is a reasonable probability that the matters will be decided in favor of the Company. Pending the outcome of the matters, no provision has been made in these financial statements.
- 25.1.3** The Company's case was selected under section 214C/177 of the Ordinance by the FBR for audit of its income tax affairs for the tax year 2014. Audit proceedings were finalized by the DCIR and passed an order dated 09 September 2017 under section 122(1) of the Ordinance, wherein certain additions were made which resulted into taxable income at Rs. 1,304 million and income tax demand at Rs. 347 million. Being aggrieved with the said order, the Company filed an appeal on 08 December 2017 before the CIR(A) which is pending adjudication till date. The management believes that there is a reasonable probability that the matter will be decided in favor of the Company. Pending the outcome of the matter, no provision has been made in these financial statements.
- 25.1.4** The Company's case was selected for the audit of its sales tax affairs under section 72B of Sales Tax Act, 1990 (the Act) for the period July 2013 to June 2014. DCIR finalized the proceedings through its order dated 27-02-2018 wherein the sales tax demand of Rs. 16.5 million was created. The Company filed an appeal before CIR(A) against the said order which is pending adjudication. The Company has also filed a Writ Petition No. 206065/18 dated 30-04-2018 before the LHC against the said sales tax demand whereby stay has been granted. This stay is valid till the passing of order by the CIR(A).
- 25.1.5** The Additional Commissioner Inland Revenue (ADCIR) passed an amended order dated 25 November 2016 under section 122(5A) of the Income Tax Ordinance, 2001 (the Ordinance) for tax year 2015, wherein certain additions were made which resulted into taxable income of Rs. 4,131 million and income tax demand of Rs. 514 million. Being aggrieved with the said order, the Company filed an appeal before Commissioner Inland Revenue Appeals [CIR(A)] who deleted all the additions except the addition made under section 18(1)(d) of the Ordinance amounting to Rs. 550 million. Being aggrieved with the Order of CIR(A), both the Company

NOTES TO THE FINANCIAL STATEMENTS

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and tax department filed appeals before the Appellate Tribunal Inland Revenue (ATIR), wherein the ATIR vide its combined order dated 13 September 2017 decided the appeals in favour of the Company. Against the said order of the ATIR, the tax department filed a reference bearing No.121750/17, before the honorable Lahore High Court, Lahore (LHC), which is pending adjudication. The management believes that there is a reasonable probability that the matter will be decided in favor of the Company. Pending the outcome of the matter, no provision has been made in these financial statements.

25.1.6 The Deputy Commissioner Inland Revenue (DCIR) issued a show cause notice under section 205(1B) of the Ordinance to the Company showing intention to impose default surcharge for short payment of advance income tax liability for tax year 2015. The Company file a writ petition against the said show cause notice before the LHC on May 30, 2016. The LHC disposed off the said writ petition with the direction that the officer issuing the notice shall proceed to finalize the assessment after taking into account the stance of the Company with regard to the Alternate Corporate Tax (ACT) and applicable rate for the tax year in question within a period of one month of receipt of order. However, assessment has not been finalized yet. The management believes that there is a reasonable probability that the matter will be decided in favor of the Company. Pending the outcome of the matter, no provision has been made in these financial statements.

25.1.7 Commissioner passed an order that during the tax period 2008-2009, one of the suppliers of the Company namely M/s Al-Noor General Order Supplier allegedly did not deposit the tax paid by it on the supplies and therefore, the Company was not entitled to claim input tax in its monthly sales tax returns and a demand of Rs. 9.064 million was created. ATIR decided the order against the Company. The Company has filed an appeal against the said order in LHC which is pending adjudication.

Other Matters

25.1.8 The Company has filed writ petition on 19 January 2015 before the LHC on the issue of chargeability of ACT for the tax year 2014. The learned Judge allowed filing of return without payment of ACT upon submission of post-dated cheque amounting to Rs. 113.724 million with the Commissioner (to the extent of ACT). The Company has deposited the said cheque with the Commissioner as a collateral against Company's tax liability. The case is still pending in LHC.

25.1.9 The issue pertaining to interpretation of sub-section (2) of section 4 of the Central Excise Act, 1944 (the "1944 Act") has been adjudicated by the Honourable Supreme Court of Pakistan vide judgment dated 15-02-2007 (the "Supreme Court Judgment") in appeal nos. 1388 and 1389 of 2002, 410 to 418 of 2005, 266, 267 & 395 of 2005 (the "Appeal"). By way of background it is pointed out that the controversy between the department and the assesses pertained to whether in view of the words of sub-section (2) of section 4 of the 1944 Act "duty shall be charged on the retail price fixed by the manufacturer, inclusive of all charges and taxes, other than sales tax..." retail prices would include the excise duty leviable on the goods. The Honourable Lahore High Court as well as the Honourable Peshawar High Court held that excise duty shall not be included as a component for determination of the value (retail price) for levying excise duty (the "Judgments"). The department being aggrieved of the judgments impugned the same before the Supreme Court of Pakistan vide the Appeals, in pursuance whereof leave was granted to determine in the aforesaid issue. The Honourable Supreme Court of Pakistan vide the Supreme Court Judgment upheld the Judgments and the Appeals filed by the department were dismissed. In the Supreme Court Judgment it has been categorically held that excise duty is not to be included as a component for determination of the value (retail price) for levying excise duty under sub-section (2) of section 4 of the 1944 Act.

In view of the above, during the year ended June 30, 2008, the Company had filed a refund claim amounting to a sum of Rs. 734.056 million before Collector, sales tax and federal excise duty, Government of Pakistan (the Department). During the year ended June 30, 2010, the aforesaid refund claim has been rejected by the Department, however, the Company filed an appeal before Commissioner (Appeals) Inland Revenue, Lahore which has been decided in favour of the Company. Later on, tax department filed an appeal to the Appellate Tribunal Inland Revenue where case has also been decided in favour of the Company. However, same will be accounted for at the time of it's realization.

25.1.10 The Commissioner Social Security raised a demand of Rs. 0.7 million for non-payment of social security during the year 1994. An appeal was filed against above mentioned decision and the case is pending in the Labor Court, Lahore. The management anticipates a favourable outcome of this petition, hence, no provision has been made in these financial statements.

25.1.11 The Company has challenged in the Honourable Lahore High Court, the applicability of the marking fee on the production of the cement at the rate of 0.15 percent as levied by The Pakistan Standards and Quality Control Act, 1996 on the grounds that this fee is charged without any nexus with services, in fact shows that it is being charged as a tax and thus is in violation of the rights guaranteed under Articles 4, 18, 25 and 77 of the Constitution of Pakistan, 1973. However, the Company on prudence grounds provided for the above fee in these financial statements. The management anticipates a favourable outcome of this petition.

25.1.12 On August 31, 2009, the Competition Commission of Pakistan (CCP) imposed a penalty on the Company via an order dated August 27, 2009 amounting to Rs. 364 million, which is 7.5 percent of the turnover as reported in the last published financial statements as of June 30, 2009. CCP has also imposed penalties on 19 other cement manufacturing companies against alleged cartelization by cement manufacturers under the platform of All Pakistan Cement Manufacturers Association (APCMA) to increase cement prices by artificially restricting production.

The penalized cement companies jointly filed a petition in the Honorable Lahore High Court challenging the imposition of penalties by the CCP and any adverse action against the cement companies has been stayed by the Honorable Lahore High Court. The management of the Company is expecting a favorable outcome. Hence, no provision has been made against the above demand in these financial statements.

25.1.13 During the year ended June 30, 2013, one of the shareholders filed a suit in the Honourable High Court of Sindh against parties involved in public announcement dated May 22, 2012 pursuant to Listed Companies (Substantial Acquisition of Voting Shares and Take-Overs) Ordinance, 2002 including Company and its CEO, raising objections on legality of the transaction. The management considers that the shares transfer was valid and in accordance with the requirements of the applicable laws and regulations. The case is not fixed for hearing.

25.2 Commitments

25.2.1 Commitments in respect of outstanding letters of credit amount to Rs. 6,255.167 million (2017 Rs. 6,873.428 million). It includes letter of credit facilities for the procurement of new cement production plant, WHR and coal power plant aggregating to USD 48.25 million (2017: USD 64.03 million).

25.2.2 Contracts for capital expenditure amounts to Rs. 6,849.082 million (2017: Rs. 2,582.03 million).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

Rupees in thousand		Note	2018	2017
26	COST OF SALES			
	Raw material consumed	26.1	620,267	570,652
	Packing material consumed		620,195	535,400
	Fuel and power		4,956,475	3,967,170
	Stores and spare parts consumed		266,657	224,851
	Salaries, wages and benefits	26.2	465,943	410,859
	Travelling and conveyance		21,114	21,420
	Insurance		8,670	8,048
	Repairs and maintenance		76,695	55,981
	Depreciation	5.1.4	426,717	427,061
	Amortization of intangible assets	7.2	1,395	1,660
	Other manufacturing expenses		44,379	39,308
	Total manufacturing cost		7,508,507	6,262,410
	Work in process			
	Opening balance		109,176	92,788
	Closing balance	10	(301,897)	(109,176)
			(192,721)	(16,388)
	Cost of goods manufactured		7,315,786	6,246,022
	Finished goods			
	Opening balance		61,723	18,386
	Closing balance	10	(66,862)	(61,723)
			(5,139)	(43,337)
			7,310,647	6,202,685
26.1	Raw material consumed			
	Opening balance		29,595	24,200
	Quarrying / transportation / purchases and other overheads		636,581	576,047
			666,176	600,247
	Closing balance	10	(45,909)	(29,595)
			620,267	570,652
26.2	Includes amount pertaining to employee benefits as follows:			
	Defined contribution plan		8,881	7,120
	Gratuity - vested contractual employees		10,207	21,760
	Compensated absences		17,724	8,075
			36,812	36,955

Rupees in thousand		Note	2018	2017
27	DISTRIBUTION COST			
	Salaries, wages and benefits	27.1	48,449	39,207
	Travelling and conveyance		814	735
	Vehicle running expenses		2,019	1,778
	Communication		2,635	1,606
	Printing and stationery		1,524	1,392
	Rent, rates and taxes		5,637	5,356
	Utilities		2,101	1,787
	Repairs and maintenance		1,305	1,328
	Legal and professional charges		196	588
	Insurance		265	292
	Fee and subscription		1,341	882
	Advertisements / sales promotion		3,434	1,849
	Freight and handling charges	27.2	92,279	32,179
	Entertainment		1,792	1,664
	Depreciation	5.1.4	2,425	2,591
	Amortization	7.2	697	830
			166,913	94,064
27.1	Includes amount pertaining to employee benefits as follows:			
	Defined contribution plan		1,666	1,351
	Compensated absences		2,389	1,249
			4,055	2,600
27.2	It represents freight and handling charges against export sales.			
28	ADMINISTRATIVE EXPENSES			
	Salaries, wages and benefits	28.1	63,945	52,356
	Travelling and conveyance		1,787	1,440
	Vehicle running expenses		3,246	2,392
	Communication		1,019	1,381
	Printing and stationery		2,645	2,491
	Rent, rates and taxes		5,495	5,337
	Utilities		20	18
	Repairs and maintenance		2,484	2,522
	Legal and professional charges		4,141	1,393
	Insurance		856	708
	Auditors' remuneration	28.2	2,000	4,615
	Fee and subscription		1,971	2,298
	Depreciation	5.1.4	6,525	6,348
	Amortization	7.2	697	829
	Entertainment		461	281
	Others		246	172
			97,538	84,581
28.1	Includes amount pertaining to employee benefits as follows:			
	Defined contribution plan		1,822	1,652
	Compensated absences		4,489	2,195
			6,311	3,847

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	EY Ford Rhodes	Grant Thornton
28.2 Auditors' remuneration		
Annual audit fee	1,000	1,000
Fee for half yearly review	400	400
Special certifications and other advisory services	300	65
Taxation services	—	2,810
Out of pocket expenses	300	340
	2,000	4,615

Rupees in thousand	Note	2018	2017
29 OTHER INCOME			
Income from financial assets			
Interest on bank deposits		4,200	14,409
Profit on bank deposits		7,220	385
- Income on mutual funds			
Dividend income			
-Shariah compliant investments		761	120,250
-Conventional investments		1,272	113,134
Re-measurement gain on held for trading investments			
-Conventional investments		5,632	—
Gain on disposal of short term investments			
-Shariah compliant investments		22,017	27,622
-Conventional investments		—	88,994
		29,682	350,000
Liabilities written back		—	1,334
		41,102	366,128
Income from non financial assets			
Scrap sales		—	162
Gain on disposal of fixed assets	5.1.6	2,205	1,666
Fair value gain on investment property	6	7,854	1,926
Rental income		7,848	6,123
Others		40	30
		17,947	9,907
		59,049	376,035

30 OTHER OPERATING EXPENSES			
Workers' profit participation fund	22.3	123,684	218,555
Workers' welfare fund	22.4	42,409	83,051
Remeasurement loss on held for trading investment			
-Shariah compliant investments		131,198	154,532
-Conventional investments		—	64,992
Donation	30.1	399	370
		297,690	521,500

30.1 None of the directors were interested in donee institutions.

Rupees in thousand		Note	2018	2017
31	FINANCE COST			
	Profit on Musharaka finance		64,019	18,782
	Mark-up on:			
	Short-term borrowings		25,725	11,595
	Fee, charges and commission			
	Bank charges		5,152	4,317
			94,896	34,694
32	TAXATION			
	Current tax:			
	Current year		601,968	1,114,940
	Prior year		8,234	(6,754)
			610,202	1,108,186
	Deferred tax:			
	Relating to the reversal of and origination of temporary differences	32.2	(41,537)	43,774
			568,665	1,151,960
32.1	Numerical reconciliation between average effective tax rate and the applicable tax rate.			
	Accounting profit for the year before tax		2,212,685	4,069,505
	- Tax applicable rate of 30% (2017: Rate 31%)		625,121	1,261,557
	- Impact of deferred tax		(41,537)	43,774
	- Impact of super tax		63,617	115,626
	- Tax effect under lower rate of tax		4,089	(98,794)
	- Others		(82,625)	(170,202)
	Taxation		568,665	1,151,960
	Average effective tax rate		26%	28%
32.2	Deferred tax			
	Relating to origination and reversal of temporary difference		(270,803)	43,774
	Income resulting from change of rate of tax		229,266	–
			(41,537)	43,774
32.3	Advance income tax - net			
	Opening balance - net		359,748	(71,316)
	Provision for tax during the year		(610,202)	(1,108,186)
			(250,454)	(1,179,502)
	Advance income tax during the year		1,387,248	1,539,250
			1,136,794	359,748

32.3.1 The provision for current year tax represents tax on taxable income at the rate of 30%. Sufficient tax provision has been incorporated in these financial statements.

32.3.2 Income tax assessments are deemed finalized by the management up to the Tax Year 2017 as tax returns were filed under the self assessment scheme.

NOTES TO THE FINANCIAL STATEMENTS

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32.3.3 Subsequent to the amendment to section 5(A) of the Income Tax Ordinance, 2001, tax at the applicable rate shall be imposed on every public company which derives profit for the year. However, this tax shall not apply in case of a Company which distributes at least specified percentage of its tax profits within six months of the end of the tax year in the form of cash dividend. Liability in respect of such tax, if any, is recognized when the prescribed time period for distribution of dividend expires.

32.3.4 The Company computes tax based on the generally accepted interpretations of the tax laws to ensure that the sufficient provision for the purpose of taxation is available. The comparison of estimated provision for taxation and actual tax assessed as per income tax return filed for previous years can be analysed as follows:

Rupees in thousand	Provision for taxation	Tax assessed	(Shortage) / Excess
2017	1,108,186	1,116,420	(8,234)
2016	1,340,440	1,333,686	6,754
2015	783,340	987,911	(204,571)

This relates to the adjustment of excess provision charged in financial statements in tax year 2014.

Rupees in thousand	2018	2017
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33 EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilution effect on the basic earning per share of the Company, which is based on:

Profit after taxation (Rupees in '000')	1,644,020	2,917,545
Weighted average number of ordinary shares in issue ('000')	227,149	227,149
Earnings per share - basic and diluted (Rupees)	7.24	12.84

34 TRANSACTIONS WITH RELATED PARTIES

The related parties include major shareholders of the Company, entities having directors in common with the Company, directors of the Company, other key management personnel, employees benefit plans and Workers' Profit Participation Fund. Transactions with related parties, other than transactions with such parties reflected elsewhere in these financial statements, are as under:

Relationship with company	Nature of Transaction	Note	2018	2017
Key management personnel	Remuneration	36	139,192	120,466
Workers' profit participation fund	Payments to WPPF	22.3	131,554	225,584
Staff retirement contribution plan	Contribution to staff provident fund		12,369	10,123
Associate	Takaful premium		—	1,242
Balances:				
WPPF payable			10,684	18,554

Certain assets are being used by employees of the Company in accordance with their terms of employment.

Comparatives for Executives' remuneration have been restated in line with the application of Companies Act, 2017.

35 FINANCIAL RISKS AND MANAGEMENT OBJECTIVES

35.1 Capital risk management

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business, sustain future development of the business and maximize shareholders value. The Company closely monitors the return on capital along with the level of distributions to ordinary shareholders. No changes were made in the objectives, policies or processes during the year ended June 30, 2018.

The Company manages its capital structure and makes adjustment to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares.

The Company monitors capital using a debt equity ratio, which is net debt divided by total capital plus net debt. Equity comprises of share capital, capital and revenue reserves.

The Company finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk. The management of the Company continuing with operational and infrastructure rehabilitation program with the objective of converting and maintaining the Company into profitable entity and has taken financial measures to support such rehabilitation program. In order to improve liquidity and profitability of the Company, the management is planning to take certain appropriate steps such as increase sales through export of cement to neighboring countries, cost control and curtailing financing cost by means of debt management.

35.2 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity risk. Financial instruments affected by market risk include loans, borrowings, deposits and investments. The Company is exposed to interest rate risk, liquidity risk, credit risk and equity risk. The sensitivity analysis in the following sections relate to the position as at 30 June 2018 and 2017.

35.3 Liquidity risk

Liquidity risk reflects the Company's inability of raising funds to meet commitments. The Company's management closely monitors the Company's liquidity and cash flow position and foresees positive cash flows in the future as well.

The table below summarizes the maturity profile of the Company's financial liabilities at reporting date based on contractual undiscounted payment dates and present market interest rates:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

Rupees in thousand	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
June 30, 2018						
Long term financing	–	–	375,000	7,890,631	–	8,265,631
Long term deposits	–	–	–	4,262	–	4,262
Deferred liabilities	–	–	–	115,939	–	115,939
Unclaimed dividend	–	–	72,039	–	–	72,039
Retention money	–	–	–	870,890	–	870,890
Trade and other payables	50,819	1,281,097	48,281	–	–	1,380,197
Accrued mark up / profit on financing	183,641	–	–	–	–	183,641
Short term borrowings	–	–	2,439,751	–	–	2,439,751
	234,460	1,281,097	2,935,071	8,881,722	–	13,332,350
June 30, 2017						
Long term financing	–	–	112,500	1,387,500	–	1,500,000
Long term deposits	–	–	–	4,202	–	4,202
Deferred liabilities	–	–	–	107,165	–	107,165
Unclaimed dividend	–	53,185	–	–	–	53,185
Retention money	–	–	–	34,045	–	34,045
Trade and other payables	36,666	589,443	41,318	–	–	667,427
Accrued mark up / profit on financing	47,101	–	–	–	–	47,101
Short term borrowings	–	–	806,855	–	–	806,855
	83,767	642,628	960,673	1,532,912	–	3,219,980

35.4 Yield / mark-up rate

Yield / mark-up rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market yield / mark-up rates. Sensitivity to yield / mark-up rate risk arises from mismatches of financial assets and liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The Company exposure to the risk of changes in market markup rates relates primarily to the long-term financing, short-term finances and bank balances in deposit accounts.

The effective yield / mark up rate on the financial assets and liabilities are disclosed in their respective notes to the financial statements.

Markup rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on material assets and liabilities, with all other variables held constant, of the Company's deposits with banks and profit before tax. The analysis excludes the impact of movement in market variables on the carrying values of employees retirement obligation, provision and on non-financial assets and liabilities of the Company. Further, interest rate sensitivity does not have an asymmetric impact on the Company's result.

Rupees in thousand	Increase/ decrease in	Effect on bank deposits	Effect on profit before tax
2018			
Pak Rupee	+100	2,806	(13,323)
Pak Rupee	-100	(2,806)	13,323
2017			
Pak Rupee	+100	976	(16,907)
Pak Rupee	-100	(976)	16,907

35.5 Credit risk and concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry. The Company is mainly exposed to credit risk on long term deposits, trade debts, advances, other receivables, short term investments and bank balances aggregating to Rs. 1,980.557 million (2017: Rs. 3,200.162) million. The Company seeks to minimize its credit risk exposure through having exposure only to customers considered credit worthy.

Rupees in thousand	Note	2018	2017
Long term deposits	8	40,086	39,531
Trade debts	11	433,814	224,828
Advances to employees	12	7,162	5,297
Other receivables	14	45	–
Short term investments	15	1,006,904	2,623,180
Cheques in hand	16	180,801	192,243
Bank balances	16	311,745	115,083
		1,980,557	3,200,162

Credit quality of financial assets

The credit risk on liquid funds is limited because the counter parties are banks and mutual funds of asset management companies with reasonably high credit ratings. The credit quality of cash at bank (in current and deposit accounts) and short term investments as per credit rating agencies are as follows:

Rupees in thousand	2018	2017
Bank balances		
Banks having A1+ rating (PACRA)	30,211	91,739
Banks having A-1+ rating (JCR-VIS)	281,518	–
Banks having A-1 rating (JCR-VIS)	16	23,344
	311,745	115,083
Short Term investments		
Funds having AAA rating (PACRA)	12	644,924
Funds having AA rating (PACRA)	–	384,550
Funds having A rating (JCR-VIS)	116,856	111,225
Funds having A- rating (PACRA)	541	519
Unrated (equity based funds)	889,495	1,481,962
	1,006,904	2,623,180

35.6 Foreign exchange risk management

Foreign currency risk arises mainly where balances exists due to the transactions with foreign undertakings. The Company is not exposed to foreign currency exchange risk at the reporting date.

35.7 Other price risk

Equity price risk is the risk arising from uncertainties about future values of investment securities. As at reporting date, the Company is exposed to sensitivity equity price risk as the Company holds investments in mutual funds (Note 15).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

Rupees in thousand	Increase/ (decrease) in value	2018	2017
Short term investments (equity based funds)	+10%	64,690	119,370
	-10%	(64,690)	(119,370)

35.8 Fair value

35.8.1 Fair value is the amount that would be received on sale of an asset or paid on transfer of a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and fair value estimates. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

IFRS 13 Fair value Measurements' requires the Company to classify fair value measurements using fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 Inputs for the assets or liability that are not based on observable market data (unobservable inputs).

The following table show the carrying amounts and fair values of financial assets according to there respective category, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets not measured at fair value if the carrying amount is reasonable approximation of fair value.

Rupees in thousand	Cash and cash equivalents	Loans and advances	Available for sale instruments	Fair value through profit or loss	Total
June 30, 2018					
Financial assets measured at fair value					
Short term investments	–	–	–	1,006,904	1,006,904
Financial assets not measured at fair value					
Long term deposits	–	40,086	–	–	40,086
Current assets					
Trade debts - unsecured	–	433,814	–	–	433,814
Loans and advances	–	7,162	–	–	7,162
Trade deposits and short term prepayment	–	9	–	–	9
Other receivables	–	45	–	–	45
Cash and bank balances	493,261	–	–	–	493,261
	493,261	481,116	–	1,006,904	1,981,281

Rupees in thousand	Cash and cash equivalents	Loans and advances	Available for sale instruments	Fair value through profit or loss	Total
June 30, 2017					
Financial assets measured at fair value					
Short term investments	–	–	–	2,623,180	2,623,180
Financial assets not measured at fair value					
Long term deposits	–	39,531	–	–	39,531
Current assets					
Trade debts - unsecured	–	224,828	–	–	224,828
Loans and advances	–	5,297	–	–	5,297
Trade deposits and short term prepayment	–	9	–	–	9
Other receivables	–	–	–	–	–
Cash and bank balances	309,019	–	–	–	309,019
	309,019	269,665	–	2,623,180	3,201,864

35.8.2 The Company doesn't hold any financial liability at fair value.

Rupees in thousand	Note	2018	2017
35.8.3 Financial liabilities by categories			
Financial liabilities at amortized cost:			
Long term financing - secured	20	8,265,631	1,500,000
Trade and other payables	22	1,380,197	667,428
Accrued mark up / profit on financing	23	183,641	47,101
Short term borrowings - secured	24	2,439,751	806,855
		12,269,220	3,021,384

35.8.4 At 30 June, the Company had following financial instruments with respect to their level of fair value modelling which is determined on the basis of objective evidence at each reporting date.

Rupees in thousand	Level 1	Level 2	Level 3
2018			
Short term investments	–	1,006,904	–
	–	1,006,904	–
2017			
Short term investments	–	2,623,180	–
	–	2,623,180	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

36 REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE OFFICER AND EXECUTIVES

The aggregate amounts charged in the financial statements for the year are as follows:

Rupees in thousand	Chief Executive Officer		Executive Director		Executives	
	2018	2017	2018	2017	2018	2017
	1	1	1	1	26	19*
Basic Salary	14,833	13,147	911	2,585	46,220	37,525
Contribution to Provident Fund Trust	1,483	1,315	—	—	3,013	2,006
Allowances & benefits:						
House Rent	6,675	5,916	410	1,163	20,799	16,886
Utilities	1,483	1,315	91	259	4,622	3,753
Others	8,170	7,932	555	1,802	29,927	24,862
	32,644	29,625	1,967	5,809	104,581	85,032

*Comparatives for Executives' remuneration have been restated in line with the application of Companies Act, 2017.

36.1 In addition, the chief executive officer, executive director and all the executives of the Company have been provided with free use of Company owned and maintained cars and other benefits in accordance with their entitlements as per rules of the Company.

36.2 No remuneration is paid / payable to the directors of the Company except meeting fee which is paid to each non-executive director at the rate of Rs. 15,000 per meeting attended.

	2018	2017
37 NUMBER OF EMPLOYEES		
Number of employees at year end including permanent and contractual - total	951	938
Average number of employees during the year - total	941	874
Number of employees at year end including permanent and contractual - factory	865	853
Average number of employees during the year - factory	860	797

38 PROVIDENT FUND TRUST

38.1 The Company has maintained an employee's provident fund trust and investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and conditions specified thereunder. The salient audited information of the fund is as follows:

Rupees in thousand	2018	2017
	Audited	Audited
Size of the fund	167,055	187,441
Cost of investment made	139,070	134,713
Fair value of investment	159,119	181,151
Percentage of investment made	95%	97%

Rupees in thousand	2018		2017	
	Audited	% in full	Audited	% in full
38.2 Breakup of investments				
Mutual funds	101,066	63%	110,510	61%
Certificate of investments	42,808	27%	40,393	22%
Term finance certificates	934	1%	934	1%
Shares	14,311	9%	29,314	16%
	159,119	100%	181,151	100%

Rupees in thousand		Note	2018	2017
39	CASH GENERATED FROM OPERATIONS			
	Profit before taxation		2,212,685	4,069,505
	Adjustments for non cash and other items:			
	Depreciation	5.1.4	511,230	461,837
	Amortization of intangible	7.2	2,789	3,319
	Provision for gratuity and compensated absences		34,985	33,280
	Finance cost	31	89,744	34,694
	Gain on disposal of property, plant and equipment	5.1.6	(2,205)	(1,666)
	Gain on remeasurement of investment property	6	(7,854)	(1,926)
	Workers' profits participation fund	30	123,684	218,555
	Workers' welfare fund	30	42,409	83,051
	Dividend income	29	(2,033)	(233,384)
	Gain on redemption of short term investment	29	—	(116,616)
	Unrealized loss on investments		125,566	219,524
	Liabilities written back		—	(1,334)
			918,315	699,334
	Cash flows before working capital changes		3,131,000	4,768,839
	Movement in working capital			
	(Increase)/ decrease in current assets:			
	Stores, spare parts and loose tools		(196,933)	(577,838)
	Stock in trade		(234,654)	(54,424)
	Trade debts		(208,986)	(116,347)
	Loans and advances		(64,727)	(27,258)
	Trade deposits and short term prepayments		(2,251)	54
	Sales tax receivable		(610,353)	(90,176)
	Other receivables		(45)	549
			(1,317,949)	(865,440)
	Increase/ (decrease) in current liabilities:			
	Trade and other payables		735,395	(201,742)
	Retention money payable		836,845	—
	Sales tax payable		—	(96,586)
			1,572,240	(298,328)
			254,291	(1,163,768)
			3,385,291	3,605,071

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

Metric tons	2018	2017
40 PRODUCTION CAPACITY		
Rated capacity - clinker		
- Line I	705,000	705,000
- Line II	1,290,000	1,290,000
	1,995,000	1,995,000
Actual production - clinker		
- Line I	522,760	503,997
- Line II	1,027,944	1,060,040
	1,550,704	1,564,037
Sales		
- Local - Cement	1,475,956	1,356,915
- Local - Clinker	100,915	277,521
	1,576,871	1,634,436
- Exports	68,950	35,756
	1,645,821	1,670,192

40.1 The difference between installed capacity and actual production is due to the demand and supply variations of the Company's products.

41 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issuance by the Board of Directors of the Company on September 27, 2018.

42 CORRESPONDING FIGURES

Following figures have rearranged for the purpose of better presentation.

Rupees in thousand				
	From		To	
Note	Account	Note	Account	2017
22	Trade and other payables		Retention money	34,045
22	Trade and other payables		Unclaimed dividend	53,185
29	Other income	30	Other expenses	154,532
29	Other income	30	Other expenses	64,992
22	Creditors	22	Accrued expenses	219
22	Creditors	22	Withholding tax payable	96

43 EVENTS AFTER REPORTING DATE

Subsequent to the year ended June 30, 2018, the Board of Directors has proposed a final cash dividend in their meeting held on September 27, 2018 for the year ended June 30, 2018 of Rs. 4.07 (2017: Rs. 3.35) per share for the approval of the members at the annual general meeting.

44 GENERAL

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



Chief Financial Officer



Chief Executive Officer



Chairman

آڈٹ کمیٹی

نمبر شمار	نام	عہدہ	حاضری
۱۔	جناب جمال نسیم	چیئر مین	۴
۲۔	جناب علی خان	ممبر	۴
۳۔	محترمہ عالیہ خان	ممبر	۲
۴۔	جناب شفیع الدین غنی خان	ممبر	۴
۵۔	جناب محمد آفتاب عالم	ممبر	۴
۶۔	جناب رفیق داؤد	ممبر	۲

ایچ آر اینڈ ریویو نیریشن کمیٹی

نمبر شمار	نام	عہدہ	حاضری
۱۔	جناب شفیع الدین غنی خان	چیئر مین	۱
۲۔	جناب علی خان	ممبر	۱
۳۔	محترمہ عالیہ خان	ممبر	۱
۴۔	جناب محمد آفتاب عالم	ممبر	۱
۵۔	سید مظہر اقبال ☆	ممبر	۱

☆ ۳۰ جون، ۲۰۱۸ کو دستبردار اور جناب عارف حمید ڈار بطور چیف ایگزیکٹو ناظر

اعتراف

بورڈ کمپنی کے ملازمین کی محنت اور لگن پر ان کا شکریہ ادا ہے۔ بورڈ تمام پیش کنندگان بشمول مالیاتی اداروں، صارفین، قرض دہندگان، سرکاری محکموں اور کمپنی کو مضبوط بنانے والے تمام دیگر کی امداد اور تعاون کو تسلیم کرتا ہے۔



عارف حمید ڈار

چیف ایگزیکٹو آفیسر

۲۷ ستمبر ۲۰۱۸

تقسیم شدہ منافع

بورڈ آف ڈائریکٹرز نے اپنے اجلاس منعقدہ ۲۷ ستمبر، ۲۰۱۸ میں حتمی نقد منافع کی ادائیگی کیلئے (۷۰-۴۰ فیصد) ۴-۰۷ روپے فی شیئر کی سفارش کی ہے۔

بورڈ آف ڈائریکٹرز

بورڈ آف ڈائریکٹرز سات نان ایگزیکٹو ڈائریکٹران پر مشتمل ہے جن میں تین انڈیپنڈنٹ ڈائریکٹران شامل ہیں۔ کوڈ آف کارپوریٹ گورننس 2017 کے تحت چئیرمین اور چیف ایگزیکٹو کی پوزیشن الگ الگ ہیں۔ سال کے دوران بورڈ آف ڈائریکٹرز کی چار میٹنگز ہوئیں:

نمبر شمار	نام	عہدہ	حاضری
۱۔	جناب علی خان (چئیرمین)	نان ایگزیکٹو	۴
۲۔	محترمہ عالیہ خان ☆	نان ایگزیکٹو	۲
۳۔	جناب شفیع الدین غنی خان	انڈیپنڈنٹ	۴
۴۔	جناب محمد آفتاب عالم	نان ایگزیکٹو	۴
۵۔	مرزا علی حسن عسکری	نان ایگزیکٹو	۴
۶۔	جناب جمال نسیم	انڈیپنڈنٹ	۳
۷۔	جناب رفیق داؤد ☆ ☆	انڈیپنڈنٹ	۳
۸۔	شیخ جاوید الہی ☆ ☆ ☆	ایگزیکٹو	۱
۹۔	سید مظہر اقبال ☆ ☆ ☆ ☆	چیف ایگزیکٹو آفیسر	۴

☆ دوران سال انتخاب

☆ ☆ دوران سال آڈٹ کمیٹی سے دستبردار

☆ ☆ ☆ دوران سال دستبردار

☆ ☆ ☆ ☆ ۳۰ جون، ۲۰۱۸ کو دستبردار اور جناب عارف حمید ڈار بطور چیف ایگزیکٹو نامزد

فروخت (سینٹ/کلنر)	2018	2017	اضافہ/(کی)
اندرون ملک	1,576,871	1,634,436	(57,565)
برآمدات	68,950	35,756	33,194
کل فروخت	1,645,821	1,670,192	(24,371)

پیداوار	2018	2017	اضافہ/(کی)
کلنر پیداواری صلاحیت	1,995,000	1,995,000	-
کلنر پیداوار	1,550,704	1,564,037	(13,333)
سینٹ پیداوار	1,543,325	1,405,092	138,233

پیداوار اور فروخت کا حجم

مقامی سطح پر سینٹ بنانے والی کمپنیوں کی طرف سے کلنر کی مانگ میں کمی کی وجہ سے اس سال کلنر کی ترسیل میں گزشتہ سال کے مقابلے میں کمی واقع ہوئی جبکہ گزشتہ سال کے مقابلے میں مقامی سطح پر سینٹ کی ترسیل میں نمایاں اضافہ ہوا۔ آپ کی کمپنی کی برآمدات میں پچھلے سال کے مقابلے نمایاں اضافے کے ساتھ ۹۶ فیصد زیادہ رہیں۔

آمدن اور پیداواری لاگت

کمپنی کی خالص آمدن ۱۰،۱۲۱ ملین روپے رہی۔ گزشتہ سال کی نسبت فروخت کی مجموعی لاگت میں ۹۶-۱۱۰ ملین روپے کا اضافہ ہوا جس کی وجوہات مندرجہ ذیل ہیں۔

- زیر جائزہ سال کے دوران بین الاقوامی منڈی میں کونسلے کی قیمتوں میں اضافہ ہوا۔
- بجلی کے نرخوں میں ایف اے ڈی کی مد میں ملنے والا فائدہ بتدریج ختم ہو گیا جس کے نتیجے میں اس سال کے دوران پیداواری لاگت بڑھ گئی۔ امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی کے باعث ایندھن اور بجلی کی لاگت میں اضافہ ہوا۔
- پیکنگ کی لاگت میں بھی ۸-۸۲ ملین روپے کا اضافہ ہوا جو بین الاقوامی منڈی میں قیمتوں میں اضافے اور روپے کی قدر میں کمی کی وجہ سے ہوا۔
- پچھلے سال کی نسبت اس سال کے دوران ایندھن اور بجلی کی کل لاگت میں ۳-۹۸۹ ملین روپے کا اضافہ ہوا۔
- مالیاتی سال کے آغاز میں روپے کی قیمت ۹۰-۱۰۴ روپے فی ڈالر تھی جو کہ ۵۰-۱۲۱ روپے فی ڈالر پر ختم ہوئی۔

انتظامی اور مالی لاگت

برآمدات پر اٹھنے والے اخراجات کی بدولت پچھلے سال کے مقابلے میں اس سال تقسیم کی لاگت میں ۸-۷ ملین روپے کا اضافہ ہوا۔ ۵۴-۹۷ ملین روپے کے انتظامی اخراجات میں ۳-۱۵ فیصد (۹-۱۲ ملین روپے) اضافے کی وجہ ملازمین اور تنخواہوں میں اضافہ ہے۔ اس سال مالیاتی لاگت ۹-۹۲ ملین روپے تک رہی (۲۰۱۷: ۷-۳۳ ملین روپے) یہ اضافہ قرضے کے بڑھنے کی وجہ سے ہوا۔

منافع جاتی کارکردگی

زیر جائزہ سال کے دوران مجموعی منافع ۷-۲،۸۱۰ ملین روپے رہا جو کہ پچھلے سال کے ۳۱-۲،۴۲۸ ملین روپے مجموعی منافع کے مقابلے میں ۲۴-۶۱ ملین روپے (۳۳-۳۶ فیصد) کم ہے۔ موجودہ سال کے دوران جی۔ پی کی شرح ۷-۲۷ فیصد تک کم ہوئی جو کہ گزشتہ سال ۶۵-۴۱ فیصد تھی۔ جس کے نتیجے میں آپریٹنگ منافع بھی ۶-۲۳۰ ملین روپے تک کم ہوا۔ کمپنی ہر سال میوچل فنڈز میں اپنی سرمایہ کاری کا جائزہ لیتی ہے جس سے کمپنی کو ایکویٹی مارکیٹ میں مندی کے باعث پچھلے سال کے ۴۸-۱۳۰ ملین روپے کے فائدے کی نسبت ۵۲-۱۰۱ ملین روپے کی کمی برداشت کرنا پڑی۔

ڈائریکٹران رپورٹ برائے حصص داران

اللہ کے نام سے شروع جو بڑا مہربان اور رحم والا ہے

آپ کی کمپنی کے ڈائریکٹران انتہائی مسرت کے ساتھ ۳۰ جون، ۲۰۱۸ کو ختم ہونے والے مالی سال کی سالانہ رپورٹ پیش کر رہے ہیں۔

معیشت

ہماری معیشت میں اضافہ کافی حوصلہ افزا حد تک جاری ہے مختلف شعبوں میں مختلف شرح سے ترقی ہوئی ہے۔ مجموعی داخلی پیداوار نے گزشتہ دو سالوں میں ہر سال ۵ فیصد ترقی کی ہے جو کہ اس سال ۵۔۷۹ فیصد تک پہنچ گئی ہے (مالی سال ۲۰۱۷: ۲۸۔۵ فیصد)۔ موجودہ سال کیلئے دنیا کی ترقی گزشتہ سال کے ۳۔۸ فیصد کے مقابلے میں ۳۔۹ فیصد متوقع ہے۔ ہماری ترقی میں ۵۔۷۹ فیصد اضافہ گزشتہ ۱۳ سالوں میں سب سے زیادہ ہے۔ جولائی سے فروری ۲۰۱۸ کے دوران بڑے پیمانے کی صنعت کے شعبے میں ۶۔۲۳ فیصد اضافہ ہوا جو کہ گزشتہ سال اسی عرصہ کے دوران ۴۔۴۰ فیصد تھا۔ پالیسی کی شرح جنوری ۲۰۱۸ تک ۵۔۷۹ فیصد رہی جس میں سال کے آخر تک ۶۔۵ فیصد تک اضافہ ہوا۔

ملک کو ادائیگیوں کے توازن میں کچھ مشکلات درپیش ہیں جس کے نتیجے میں غیر ملکی کرنسی کے ذخائر دباؤ میں رہے۔ مالیاتی سال ۲۰۱۸ میں جولائی سے مارچ کے دوران برآمدات میں ۱۷۔۱ ارب ڈالر تک کا اضافہ ہوا جو کہ گزشتہ سال اسی عرصہ کے مقابلے میں ۱۲ ارب ڈالر زیادہ ہے۔ گزشتہ سال کے مقابلے میں درآمدات میں ۱۵۔۶۶ فیصد اضافے کے ساتھ ۳۸۔۲۴ ارب ڈالر تک جا پہنچیں جس کے نتیجے میں نیٹ بینک کے غیر ملکی ذخائر میں ۵۔۴ ارب ڈالر کی کمی واقع ہوئی۔

سیمنٹ کی صنعت

بڑھتی ہوئی اقتصادی سرگرمیاں اور آبادی میں اضافے نے پاکستان کو سیمنٹ کی صنعت کیلئے ابھرتی ہوئی مارکیٹ بنا دیا ہے۔ سیمنٹ کی بڑھتی ہوئی مانگ کے نتیجے میں ۳۰ جون ۲۰۱۸ کو ختم ہونے والے سال کیلئے ۹۔۲۵ ملین ٹن کی مجموعی ترسیل ہوئی جو کہ پچھلے سال کی نسبت ۸۔۱۳ فیصد کی ترقی ظاہر کرتی ہے۔ اس میں اندرون ملک ترسیل ۱۔۴۱ ملین ٹن اور برآمدات ۸۔۴ ملین ٹن شامل ہیں۔ سیمنٹ کی صنعت نے گزشتہ سال کے ۹۔۸۶ فیصد کے مقابلے میں ۸۔۹۲ فیصد پیداواری صلاحیت کا استعمال کیا۔

فروخت	2018	2017	اضافہ
	----- ملین ٹن میں -----		
اندرون ملک	41.1	35.6	5.5
برآمدات	4.8	4.7	0.1
کل فروخت	45.9	40.3	5.6

کاروباری کارکردگی

آپ کی کمپنی نے ۱۴۵۸۶ ملین روپے کی مجموعی آمدنی حاصل کی اس طرح پچھلے سال کے مقابلے میں ۵۰ ملین روپے کی کمی واقع ہوئی۔ سیمنٹ کی فروخت سے کل آمدنی میں ۹۶۸ ملین روپے کا اضافہ ہوا جس کو کلنر کی فروخت میں کمی نے متاثر کیا۔

چیمبر مین رپورٹ

میں پائیر سیمنٹ لیمیٹڈ کی سالانہ رپورٹ مع مالیاتی حسابات سال ۲۰۱۸، جون، آپ کے سامنے پیش کرتے ہوئے خوشی محسوس کر رہا ہوں۔

مالیاتی سال ۲۰۱۸ نشیب و فراز کا سال رہا تاہم پاکستان کی معیشت میں سی پیک منصوبوں زرعی پیداوار میں بہتری اور بڑھتی ہوئی اندرونی کھپت کی وجہ سے مجموعی داخلی پیداوار میں ۵-۸ فیصد کی ترقی ہوئی۔ جبکہ دیگر اقتصادی عدم توازن بڑے پیمانے پر اثر انداز ہوا۔ گردش قرضوں میں اضافے اور کرنسی کی قدر میں کمی پاکستان کے خارجی حالات میں کشیدگی کی بڑی وجہ ہیں۔

بڑھتی ہوئی بنیادی ڈھانچے کی تعمیر اور دیگر تعمیراتی شعبے میں ریکارڈ ترقی کے باعث سیمنٹ کی مانگ میں اضافہ ہوا۔ گوادر پورٹ پر کام، قراقرم ہائی وے فیڑٹو (حویلیاں سے تھاکوٹ ۱۲۰ کلومیٹر) اور کراچی سے لاہور موٹروے (سکھر سے ملتان ۳۹۲ کلومیٹر) پر تیزی سے کام جاری ہے۔ مزید براں ہماری نئی حکومت ملکی سطح پر ۵۰ لاکھ نئے گھروں کی تعمیر اور دیامیر بھاشا ڈیم کی تعمیر کا ارادہ کر چکی ہے۔ یہ تمام عناصر ملکی سطح پر سیمنٹ کی مانگ میں بلند ترین اضافے کی طرف اشارہ کرتے ہیں۔ ان رجحانات کے مطابق آپ کی کمپنی کا مالیاتی سال ۲۰۱۸ میں فروخت کا حجم پچھلے سال کے مقابلے میں ۱۰-۱۵ فیصد بڑھا ہے لیکن قیمتوں میں دباؤ اور خام مال کی قیمتوں میں نمایاں اضافہ منافع پر اثر انداز ہوا۔

اوپر بیان کردہ مستقبل کی پیداواری مانگ میں فعال شراکت دار بننے کے لئے کمپنی کیلئے ضروری ہے کہ اپنے آپ کو پیداوار کی مسابقتی کم قیمت، بہترین معیار، نئی مصنوعات اور جدید کمپنیوں کے معیار کے مطابق ڈھالے۔

اس طویل مدتی مقصد کو مد نظر رکھتے ہوئے آپ کی کمپنی نے لاگت میں کمی، پلانٹ کی اہلیت میں اضافہ، کاروباری ترقی، نئے منصوبے اور سب سے بڑھ کر فروخت میں اضافے کیلئے مخصوص کثیر جہتی حکمت عملی بنائی ہے۔ یہ تمام اہداف شعبہ جاتی سطح پر اور متعین اوقات کے عین مطابق تقویض کر دیئے گئے ہیں اور بحیثیت مجموعی کمپنی کی سطح پر ویژن ۲۰۲۵ کے نام سے واضح کر دیئے گئے ہیں۔

ویژن ۲۰۲۵ کی طرف پہلا قدم ہمارا زیر تعمیر مثالی سیمنٹ پلانٹ ہوگا جو کہ ۹۰۰ ٹن یومیہ سیمنٹ کی پیداوار کا حامل ہوگا۔ جس کے ساتھ ۲۴ میگا واٹ کا کوئلہ سے چلنے والا پاور پلانٹ اور ایک ۱۲ میگا واٹ ویسٹ ہیٹ ریکوری پلانٹ بھی ہوگا۔ اس توسیعی منصوبے پر کام تیزی سے جاری ہے۔ اس سے کمپنی کی استعداد کار ۲۰۱۹ کی تیسری سہ ماہی تک ۵-۱۲ ملین ٹن سالانہ ہو جائے گی۔ اس کے ساتھ ساتھ براؤن فیلڈ کے توسیعی منصوبے گلہ داری سیمنٹ (گلف) لیمیٹڈ بمقام حب بلوچستان جو کہ ۳۰۰۰ ٹن پیداواری صلاحیت کا حامل پلانٹ ہے پر بھی کام جاری رکھے ہوئے ہیں۔ اس منصوبے کی تکمیل سے ہم پاکستان کی جنوبی مارکیٹ تک رسائی اور سمندر کے راستے برآمد کے قابل ہو جائیں گے۔

اس تمام ترقی کے ساتھ ساتھ ہم اپنے حصص داران کے مسلسل تعاون کمپنی پر اعتماد کی قدر کرتے ہیں۔ یہ ہمارے لئے آگے بڑھنے اور کمپنی کے طویل مدتی منصوبوں کی تکمیل میں اہم سنگ میل ثابت ہوگا۔

پائیر سیمنٹ لیمیٹڈ کی طرف سے میں اس بات کا اعادہ کرتا ہوں کہ ہم کمپنی کے اہداف حاصل کرنے کیلئے انتھک کوشش کریں گے تاکہ حصص داران کو آنے والے سالوں میں بہترین نتائج دیئے جاسکیں۔



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FORM OF PROXY

Registered Folio No. /

CDC Account No. _____

I/We _____

Name

of _____

Address

being a member of PIONEER CEMENT LIMITED hereby appoint

Name

of _____

Address

or failing him _____

Name

of _____

Address

(also being a member of the Company) as my/ our proxy to attend, act and vote for me/ us and on my/ our behalf, at the 32nd Annual General Meeting of the Company to be held on Thursday, October 25, 2018 at 135 Ferozepur Road, Lahore and at any adjournment thereof.

As witness my hand this _____ day of October 2018.

WITNESSES

Signature of the Shareholder/ Appointer

1. Name _____

Address _____

CNIC # _____

2. Name _____

Address _____

CNIC # _____

NOTE: Proxies in order to be effective must reach the Company's Registered Office not less than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed. Proxies of the Members through CDC shall be accompanied with attested copies of their CNIC.

AFFIX
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Company Secretary
Pioneer Cement Limited
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Fax : +92 (42) 37503573-4
Email: pioneer@pioneercement.com



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