



PIONEER CEMENT
LIMITED.

Condensed Interim Financial Statements
March 31, 2019

ENDURING
STRENGTH

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Corporate Information

Board of Directors

Mr. Aly Khan (Chairman)
Mr. Arif Hamid Dar (CEO)
Ms. Aleeya Khan
Mr. Shafiuddin Ghani Khan
Mr. Mohammad Aftab Alam
Mr. Jamal Nasim
Mirza Ali Hassan Askari
Mr. Rafique Dawood

Audit Committee

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

HR & Remuneration Committee

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

Chief Financial Officer

Mr. Waqar Naeem

Chief Internal Auditor

Mr. Jamal-ud-Din

Company Secretary

Mr. Abdul Wahab

Bankers

Allied Bank Limited
Askari Bank Limited
Bank Al Habib Limited
Bank of Khyber
Dubai Islamic Bank
Habib Bank Limited
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
The Bank of Punjab
United Bank Limited

Statutory Auditors

EY Ford Rhodes
Chartered Accountants

Legal Advisor

Hassan & Hassan

Registered Office

135-Ferozepur Road, Lahore
Tel: +92 (42) 37503570-72
Fax: +92 (42) 37503573-4
Email: pioneer@pioneer cement.com

Factory

Chenki, District Khushab
Telephone: +92 (454) 898101-3
Fax: +92 (454) 898104
Email: factory@pioneer cement.com

Regional Offices

Karachi Office

4th Floor, KDLB Building West Wharf,
Karachi
Tel: +92 (21) 32201232-3
Fax: +92 (21) 32201234
Email: pclkhi@pioneer cement.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
Telephone: +92 (483) 725050
Fax: +92 (483) 722331

Share Registrar

Corplink (Pvt) Limited
Wings Arcade, 1-K Commercial,
Model Town, Lahore
Telephone: +92 (42) 35839182, 35916714
Fax: +92 (42) 35869037
Email: corplink786@yahoo.com,
shares@pioneer cement.com

Directors' Report To the Shareholders

Directors of your Company present the directors' report along with the financial statements for nine month period ended March 31, 2019.

The Cement Sector

During the period under review, Pakistan cement sector made total cement dispatches of 34.58 million tons compared to 34.76 million tons dispatched during the period ended March 2018, same period last year (SPLY). Local quantities for the current period under review remained at 29.45 million tons (March 2018: 31.31 million tons); a drop of 5.96%. However, exports for the current period increased to 5.13 million tons registering a growth of 48.95% (1.69 million tons) over SPLY.

Business Performance

During the current period under review, your Company produced 936,420 tons clinker and 1,063,450 tons cement compared to 1,122,432 tons clinker and 1,141,260 tons cement produced during the corresponding period of last year.

A comparative summary of production and sales volumes is given below:

Particulars	July - March		(Tons)	
	2019	2018	Variance	%
Production				
Clinker	936,420	1,122,432	(186,012)	(16.57)
Cement	1,063,450	1,141,260	(77,810)	(6.82)
Sales				
Domestic				
Cement	1,008,025	1,107,378	(99,353)	(8.97)
Clinker	-	79,066	(79,066)	(100)
	1,008,025	1,186,444	(178,419)	(15.04)
Exports				
Cement	55,476	48,090	7,386	15.36
Clinker	1,078	-	1,078	-
	56,554	48,090	8,464	17.60
Total Sales	1,064,579	1,234,534	(169,955)	(13.77)

During the first nine months of financial year 2018-19, local dispatches have reduced by 178,419 tons (15.04%) over the corresponding period's sale of 1,186,444 tons. Dispatches of 79,066 tons clinker was made to other local cement producers during last year, however, during current period, clinker was not sold locally due to low demand. During the current period ended March 31, 2019, exports were 56,554 tons (March 2018: 48,090 tons) including 1,078 tons of clinker; registering a growth of 17.60%.

Financial Performance

The comparative summary of key financial results for the period ended March 31, 2019 is given below:

Particulars	July - March		(Rs. in million)	
	2019	2018	Variance	%
Net sales	7,488.63	7,504.53	(15.89)	(0.20)
Cost of sales	5,729.93	5,442.50	287.43	5.28
Gross profit	1,758.70	2,062.04	(303.34)	(14.71)
Operating profit	1,425.46	1,732.87	(307.41)	(17.74)
Finance cost	287.57	78.55	209.02	266.10
Profit before taxation	1,137.89	1,654.32	(516.43)	(31.22)
Earnings per share (Rupees)	3.63	5.06	(1.43)	(28.26)

The Company has earned net revenue of Rs. 7,488.63 million during the period under review compared to Rs. 7,504.53 million earned SPLY despite 15.04% drop in local sales quantities.

Cost of sales for the period under review has increased by Rs. 287.43 million (5.28%). This increase is directly attributable to the hike in fuel & power and paper prices in international market; coupled by devaluation of Pak Rupee against US Dollar. Fuel and power cost for the current period amounts to Rs. 3,680.04 million (March 2018: Rs. 3,573.23 million) which translates into Rs. 3,457 per ton of sale compared to Rs. 2,894 per ton SPLY. Similarly, packing material cost has also increased to Rs. 529 per ton of cement sale as against Rs. 385 per ton cement sold during the corresponding period of last year.

The above discussed factors have dropped the profitability of the Company. GP margin has dropped to 23.48% (March 2018: 27.48%). Operating profit reduced to Rs.1,425.46 million compared to Rs. 1,732.87 million and profit after tax amounted to Rs. 825.11 million (March 2018: Rs. 1,148.82 million).

The progress work on the under construction projects is at full swing. Most of the materials and equipment have already been received at the factory. Mechanical and electrical work is being carried out on parallel basis. The management is confident to achieve the commercial operations within the stipulated timelines.

Board of Directors

The composition of Board of Directors of your Company is in compliance with the requirements of Code of Corporate Governance, 2017.

Sr. #	Name	Composition
1	Mr. Aly Khan (Chairman)	Non-Executive
2	Ms. Aleeya Khan	Non-Executive
3	Mr. Shafiuddin Ghani Khan	Independent
4	Mr. Mohammad Aftab Alam	Non-Executive
5	Mirza Ali Hassan Askari	Non-Executive
6	Mr. Jamal Nasim	Independent
7	Mr. Rafique Dawood	Independent
8	Mr. Arif Hamid Dar	Chief Executive Officer

Audit Committee

Sr. #	Name	Composition
1	Mr. Jamal Nasim	Chairman
2	Mr. Aly Khan	Member
3	Ms. Aleeya Khan	Member
4	Mr. Shafiuddin Ghani Khan	Member
5	Mr. Mohammad Aftab Alam	Member

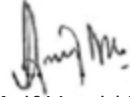
HR and Remuneration Committee

Sr. #	Name	Composition
1	Mr. Shafiuddin Ghani Khan	Chairman
2	Mr. Aly Khan	Member
3	Ms. Aleeya Khan	Member
4	Mr. Mohammad Aftab Alam	Member
5	Mr. Arif Hamid Dar	Member

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.

For and on behalf of the board



Arif Hamid Dar

Chief Executive Officer

April 26, 2019
Karachi

ایچ آر اینڈ ریمو نیویشن کمیٹی

- | | |
|----------------------------|---------|
| ۱۔ جناب شفیع الدین غنی خان | چیئرمین |
| ۲۔ جناب علی خان | ممبر |
| ۳۔ محترمہ عالیہ خان | ممبر |
| ۴۔ جناب محمد آفتاب عالم | ممبر |
| ۵۔ جناب عارف حمید ڈار | ممبر |

اظہار تشکر

بورڈ آف ڈائریکٹرز کمیٹی کے تمام ملازمین کی لگن سے کام کرنے پر شکر گزار ہے۔ بورڈ آف ڈائریکٹرز تمام شراکت داران حصص داران کسٹمر سپلائرز مالیاتی اداروں اور نگران اداروں کے اعتماد اور تعاون کا تہہ دل سے مشکور ہے۔

منجانب بورڈ



عارف حمید ڈار

چیف ایگزیکٹو آفیسر

26 اپریل 2019

کراچی

3,457 روپے ہو گئی جو کہ تقابلی عرصہ میں 2,894 روپے تھی۔ اسی طرح فی ٹن سینٹ کی پیننگ میٹر لک کی لاگت پچھلے سال کی 385 روپے کی نسبت بڑھ کر 539 روپے پر پہنچ گئی۔

اوپر بیان کردہ حالات کی وجہ سے کمپنی کے منافع میں کمی واقع ہوئی۔ مجموعی منافع کی شرح 23.48% تک کم ہوئی۔
(March 18: 27.48%) - پیداواری منافع پچھلے سال کے 1,732.87 ملین روپے کے مقابلے میں 1,425.46 ملین روپے تک محدود رہا اور بعد از ٹیکس مجموعی منافع 825.11 ملین روپے رہا جو کہ پچھلے سال کے تقابلی عرصہ میں 1,148.82 ملین روپے تھا۔

زیر تعمیر منصوبوں پر ترقیاتی کام تیزی سے جاری ہے۔ زیادہ تر سامان اور آلات فیکٹری کی حدود میں پہنچ چکے ہیں۔ ٹکنیکل اور بجلی کا کام بھی ساتھ ساتھ جاری ہے۔ انتظامیہ کمرشل آپریشن کے حصول کے لئے مطلوبہ اہداف کو مقررہ اوقات کے اندر حاصل کرنے کیلئے پرامید ہے۔

بورڈ آف ڈائریکٹرز

کوڈ آف کارپوریٹ گورننس 2017 کے تحت کمپنی کے ڈائریکٹرز مندرجہ ذیل ہیں:

- ۱۔ جناب علی خان (چیئرمین) ٹان ایگزیکٹو
- ۲۔ محترمہ عالیہ خان ٹان ایگزیکٹو
- ۳۔ جناب شفیع الدین غنی خان انڈیپنڈنٹ
- ۴۔ جناب محمد آفتاب عالم ٹان ایگزیکٹو
- ۵۔ مرزا علی حسن عسکری ٹان ایگزیکٹو
- ۶۔ جناب جمال نسیم انڈیپنڈنٹ
- ۷۔ جناب رفیق داؤد انڈیپنڈنٹ
- ۸۔ جناب عارف حمید ڈار (چیف ایگزیکٹو) ایگزیکٹو

آڈٹ کمیٹی

- ۱۔ جناب جمال نسیم چیئرمین
- ۲۔ جناب علی خان ممبر
- ۳۔ محترمہ عالیہ خان ممبر
- ۴۔ جناب شفیع الدین غنی خان ممبر
- ۵۔ جناب محمد آفتاب عالم ممبر

ڈائریکٹر رپورٹ برائے حصص داران

آپ کی کمپنی کے ڈائریکٹر ان 31 مارچ، 2019 کو ختم ہونے والی تیسری سہ ماہی کے حسابات کا جائزہ پیش کرتے ہیں۔

سیمنٹ سیکٹر

زیر نظر عرصہ کے دوران پاکستان میں سیمنٹ کی صنعت نے کل 34.58 ملین ٹن ترسیلات کیں جبکہ گزشتہ سال اسی عرصہ میں 34.76 ملین ٹن ترسیلات کی گئیں۔ موجودہ مدت کے دوران مقامی ترسیلات 5.96% کمی کے ساتھ 29.45 ملین ٹن رہیں جو کہ گزشتہ سال اسی عرصہ میں 31.31 ملین ٹن تھیں۔ تاہم برآمدات 5.13 ملین ٹن رہیں جو کہ تقابلی عرصہ کی نسبت 48.95% کا اضافہ ظاہر کرتا ہے۔

کاروباری کارکردگی

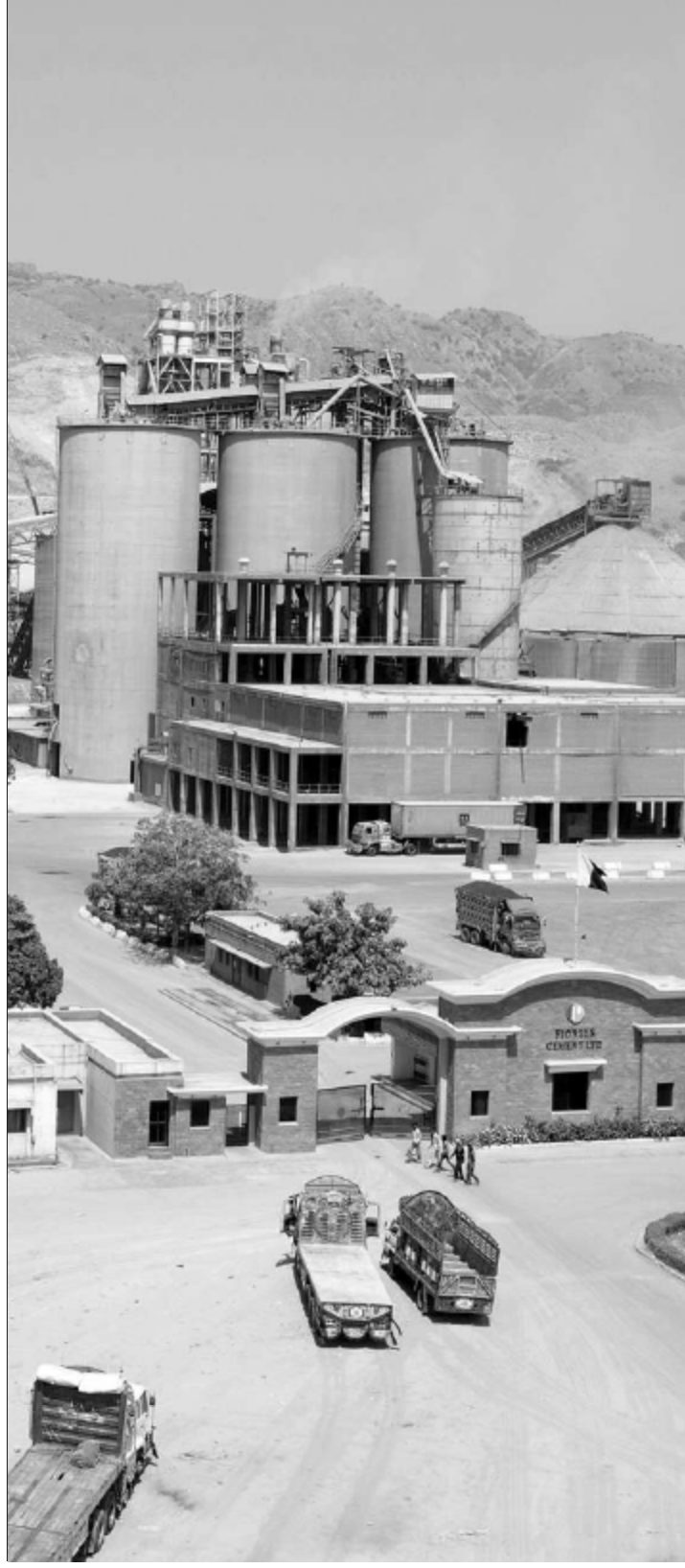
آپ کی کمپنی نے زیر نظر عرصہ کے دوران 936,420 ٹن کلنٹر اور 1,063,450 ٹن سیمنٹ پیدا کیا جبکہ گزشتہ سال اسی عرصہ کے دوران 1,122,432 ٹن کلنٹر اور 1,141,260 ٹن سیمنٹ پیدا کیا گیا تھا۔

مالی سال 2018-19 کے پہلے نو ماہ کے دوران مقامی ترسیلات میں گزشتہ سال اسی عرصہ کے دوران ہونے والی 1,186,444 ٹن کی فروخت کے مقابلے میں 178,419 (15.04%) ٹن کی کمی واقع ہوئی۔ پچھلے سال کے اعداد میں مقامی منڈی میں 79,066 ٹن کلنٹر کی ترسیلات بھی شامل تھیں۔ تاہم موجودہ عرصہ میں مقامی سطح پر مانگ میں کمی کی وجہ سے کلنٹر کی فروخت نہیں کی گئی۔ زیر نظر عرصہ کے دوران بشمول 1,078 کلنٹر برآمدات 17.60% کی شرح سے بڑھ کر 56,554 ٹن ہو گئیں جو کہ گزشتہ سال اسی عرصہ میں 48,090 ٹن تھیں۔

مالیاتی کارکردگی

زیر نظر عرصہ میں کمپنی نے مقامی ترسیلات میں 15.04% کمی کے باوجود خالص آمدنی 7,488.63 ملین روپے حاصل کی جو کہ پچھلے سال کے تقابلی عرصہ میں 7,504.53 ملین روپے تھی۔

زیر نظر عرصہ کے دوران فروخت کی لاگت میں 287.43 ملین روپے (5.28%) کا اضافہ ہوا۔ ایندھن، بجلی اور کاندھ کی مین الا تواری منڈی میں بڑھتی ہوئی قیمتیں بشمول روپے کی ڈالر کے مقابلے میں گرتی ہوئی قدر اس اضافہ کی بڑی وجوہات رہیں۔ ایندھن اور بجلی کی کل لاگت 3,680.04 ملین روپے رہی (March 2018 Rs. 3,357.23 M) جس کے نتیجے میں فی ٹن لاگت




CONDENSED INTERIM FINANCIAL STATEMENTS

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2019

Rupees in thousand	Note	March 31, 2019 Un-audited	June 30, 2018 Audited
ASSETS			
Non Current Assets			
Property, plant and equipment	5	33,613,289	22,920,019
Investment property		78,690	78,690
Intangible asset		7	1,690
Long term deposits		52,198	40,086
		33,744,184	23,040,485
Current Assets			
Stores, spare parts and loose tools	6	3,442,131	1,697,712
Stock-in-trade	7	426,637	470,397
Trade debts - unsecured		510,192	433,814
Loans and advances		171,789	127,239
Trade deposits and short term prepayments		8,882	4,188
Advance income tax		1,074,875	1,136,794
Sale tax receivable - net		1,280,744	700,529
Other receivable		151	45
Short term investments	8	833,749	1,006,904
Cash and bank balances	9	654,134	493,261
		8,403,284	6,070,883
Total Assets		42,147,468	29,111,368
Equity and Liabilities			
Share capital and reserves			
Authorized share capital	10	3,500,000	3,500,000
Issued, subscribed and paid up capital		2,271,489	2,271,489
Reserves			
Capital			
Share premium		197,517	197,517
Surplus on revaluation of property, plant and equipment - net of tax		3,014,874	3,111,554
Revenue			
Accumulated profits		8,045,695	8,048,399
		11,258,086	11,357,470
		13,529,575	13,628,959
LIABILITIES			
Non Current Liabilities			
Long term financing - secured	11	16,243,695	7,890,631
Long term deposits		4,282	4,262
Deferred liabilities	12	2,213,441	2,265,998
Retention money		1,788,204	870,890
		20,249,622	11,031,781
Current Liabilities			
Trade and other payables	13	2,702,885	1,305,079
Contract liabilities		132,464	75,118
Accrued interest / profit on financing	14	534,756	183,641
Short term borrowings - secured	15	4,498,625	2,439,751
Current portion of long term financing - secured	11	412,500	375,000
Unclaimed dividend		87,041	72,039
		8,368,271	4,450,628
Total Liabilities		28,617,893	15,482,409
CONTINGENCIES AND COMMITMENTS	16	-	-
Total Equity and Liabilities		42,147,468	29,111,368

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.


Chief Financial Officer


Chief Executive Officer


Chairman

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

FOR THE NINE MONTHS ENDED MARCH 31, 2019 (UN-AUDITED)

Rupees in thousand		Nine months ended		Quarter ended	
Note		March 31,		March 31,	
		2019	2018	2019	2018
Sales - gross					
		10,439,407	10,054,688	3,386,712	3,543,800
Cement - local					
Cement - export		336,932	261,827	102,476	110,303
Clinker - local		-	480,127	-	127,036
Clinker - export		5,439	-	4,196	-
		10,781,778	10,796,642	3,493,384	3,781,139
Less:					
Sales tax		(1,693,835)	(1,733,780)	(548,772)	(611,206)
Federal excise duty		(1,512,037)	(1,483,054)	(484,356)	(525,784)
Commission		(26,567)	(25,654)	(9,603)	(9,092)
Discount and rebate		(60,708)	(49,624)	(18,707)	(25,578)
		(3,293,147)	(3,292,112)	(1,061,438)	(1,171,660)
Sales - net		7,488,631	7,504,530	2,431,946	2,609,479
Cost of sales	17	(5,729,931)	(5,442,495)	(1,851,490)	(2,024,585)
Gross profit		1,758,700	2,062,035	580,456	584,894
Distribution cost		(132,978)	(114,305)	(46,383)	(45,084)
Administrative expenses		(83,605)	(68,284)	(26,899)	(24,521)
Other expenses		(160,732)	(161,651)	(13,686)	77,273
Other income		44,072	15,073	25,734	5,774
		(333,243)	(329,167)	(61,234)	13,442
Operating profit		1,425,457	1,732,868	519,222	598,336
Finance cost		(287,568)	(78,551)	(118,194)	(28,714)
Profit before taxation		1,137,889	1,654,317	401,028	569,622
Taxation		(312,775)	(505,500)	(102,875)	(157,999)
Profit after taxation		825,114	1,148,817	298,153	411,623
Earnings per share					
- basic and diluted (Rs.)		3.63	5.06	1.31	1.81

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.


Chief Financial Officer


Chief Executive Officer


Chairman

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE NINE MONTHS ENDED MARCH 31, 2019 (UN-AUDITED)

Rupees in thousand	Nine months ended		Quarter ended	
	March 31,		March 31,	
	2019	2018	2019	2018
Profit after taxation	825,114	1,148,817	298,153	411,623
Other comprehensive income				
Items that may be reclassified to statement of profit or loss	-	-	-	-
Items that will not be reclassified to statement of profit or loss subsequently	-	-	-	-
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	825,114	1,148,817	298,153	411,623

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.


Chief Financial Officer


Chief Executive Officer


Chairman

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED MARCH 31, 2019 (UN-AUDITED)

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, 2017 (audited)	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	-	-	-	1,148,817	1,148,817	1,148,817
Other comprehensive income for the period	-	-	-	-	-	-
	-	-	-	1,148,817	1,148,817	1,148,817
Surplus on revaluation of property, plant and equipment realized through incremental depreciation- net of tax	-	-	(87,021)	87,021	-	-
Balance as at March 31, 2018 (Un-audited)	2,271,489	197,517	2,641,399	7,524,996	10,363,912	12,635,401
Balance as at July 1, 2018 (audited)	2,271,489	197,517	3,111,554	8,048,399	11,357,470	13,628,959
Final dividend for the year ended June 30, 2018 @ Rs. 4.07 per share	-	-	-	(924,496)	(924,496)	(924,496)
Profit after taxation	-	-	-	825,114	825,114	825,114
Other comprehensive income for the period	-	-	-	-	-	-
	-	-	-	825,114	825,114	825,114
Surplus on revaluation of property, plant and equipment realized through incremental depreciation- net of tax	-	-	(96,678)	96,678	-	-
Balance as at March 31, 2019 (Un-audited)	2,271,489	197,517	3,014,876	8,045,695	11,258,088	13,529,577

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.


Chief Financial Officer


Chief Executive Officer


Chairman

CONDENSED INTERIM STATEMENT OF CASH FLOWS

FOR THE NINE MONTHS ENDED MARCH 31, 2019 (UN-AUDITED)

Rupees in thousand		Nine months ended March 31,	
	Note	2019	2018
Cash flows from operating activities			
Cash generated from operations	18	1,924,334	2,600,229
Income tax paid		(322,538)	(765,061)
Workers' profit participation fund paid		(10,684)	(18,554)
Workers' welfare fund paid		(42,466)	(71,998)
Gratuity and compensated absence paid		(9,873)	(9,999)
Increase in long term deposits - net		(12,093)	(403)
Net cash generated from operating activities	A	1,526,680	1,734,214
Cash flows from investing activities			
Capital expenditure incurred		(10,204,671)	(6,517,760)
Proceeds from disposal of property, plant and equipment		1,819	2,386
Redemption of short term investments		102,426	1,059,551
Net cash used in investing activities	B	(10,100,426)	(5,455,823)
Cash flows from financing activities			
Proceeds from long term financing obtained		8,634,313	4,630,792
Increase in short term borrowings - net		2,058,874	478,546
Repayment of long term musharaka finance		(243,750)	(56,250)
Dividend paid		(909,494)	(741,763)
Finance cost paid		(805,324)	(116,958)
Net cash generated from financing activities	C	8,734,619	4,194,367
Net increase in cash and cash equivalents	A+B+C	160,873	472,758
Cash and cash equivalents			
- at the beginning of the period		493,261	309,019
Cash and cash equivalents - at the end of the period		654,134	781,777

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.


Chief Financial Officer


Chief Executive Officer


Chairman

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE NINE MONTHS ENDED MARCH 31, 2019 (UN-AUDITED)

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 Ferozpur Road, Lahore. The Company production facility is situated at Chenki, District Khushab in Punjab Province.
- 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 clinker 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 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.

2 BASIS OF PRESENTATION AND MEASUREMENT

- 2.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:
- International Accounting Standard (IAS) 34, Interim Financial Reporting, 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 the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.
- 2.2 The condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Company for the year ended June 30, 2018.
- 2.3 These condensed interim financial statements are unaudited and being submitted to the shareholders as required under Section 237 of the Companies Act, 2017 and the Listing Regulations of Pakistan Stock Exchange Limited.
- 2.4 The condensed interim financial statements have been prepared under the historical cost convention. These financial statements are prepared in Pak Rupees, which is the functional currency of the Company. Figures have been rounded off to the nearest thousand rupee unless otherwise stated.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended June 30, 2018, except as follows:

3.1 New/Revised standards, interpretations and amendments

The Company has adopted the following amendments and interpretation of IFRSs which became effective for the current period:

IAS 40	Transfers to Investment Property (Amendments)
IFRS 2	Share based Payments — Classification and Measurement (Amendments)
IFRIC 22	Foreign Currency Transactions and Advance Consideration
IFRS 15	Revenue from Contracts with Customers

The adoption of the above amendments, improvements to accounting standards and interpretations did not have any material effect on the condensed interim financial statements apart from change in policy and resultant adjustment, using modified retrospective approach, relating to revenue recognition (note 3.2). Such change does not financially impact these condensed interim financial statements. There are also certain changes in terminology in line with requirements of the new standard.

In addition to the above standards and interpretations, improvements to various accounting standards have also been issued by the IASB and are generally effective for current period. The Company expects that such improvements to the standards do not have any material impact on the Company's condensed interim financial statements for the period.

- 3.2** Revenue from sale of goods is recognized at point when performance obligations are satisfied coinciding with transfer of control of the asset to the customer, usually at the time of issuance of dispatch note (i.e. on dispatch of goods to the customers). Under its previous accounting policy, the Company also recognized revenue upon dispatch of goods to customer and recognized any contract cost in the statement of profit or loss, as and when incurred. Similarly, the contract assets and liabilities were also recognized and measured, in accordance with the policy explained above. These contract asset and liabilities are now presented as separate line items.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of transaction price needs to be allocated such as discounts and Commission. In considering the transaction price for the sale of cement, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration and consideration payable to customer (if any).

3.2.1 Contract balances

(i) Trade debts

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 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.

(ii) Contract assets

Contract assets are recognized by the Company on right to consideration in exchange for goods or services transferred to customers when the right to bill has not been

established. Contract assets are reviewed by the Company for impairment. The Company recognizes impairment loss in statement of profit or loss to the extent that carrying amount of an asset exceeds:

- i) The remaining amount of consideration that the Company expects to receive in exchange for goods or services to which the asset relates; less
- ii) The costs that relate directly to providing those goods or services and that have not been recognized as expenses.

(iii) Contract liabilities

A contract liability is the obligation to transfer goods to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue as the Company discharges performance obligations under the contract.

4 TAXATION, WORKERS' WELFARE AND WORKERS' PROFIT PARTICIPATION FUND

Provisions in respect of Workers' Welfare Fund, Workers' Profit Participation Fund and Taxation are estimated based on management judgment and prevailing laws, these are subject to final adjustments in the annual audited financial statements.

Rupees in thousand		March 31, 2019 Un-audited	June 30, 2018 Audited
	Note		
5 PROPERTY, PLANT AND EQUIPMENT			
Operating property, plant and equipment	5.1	11,111,978	11,350,064
Capital work in progress	5.2	22,501,311	11,569,955
		33,613,289	22,920,019
5.1 Operating property, plant and equipment			
Opening book value		11,350,064	10,411,469
Additions during the period / year	5.1.1	142,191	1,045,497
Revaluation surplus for the period / year		-	404,534
		11,492,255	11,861,500
Disposals during the period / year	5.1.2	(1,723)	(206)
Depreciation for the period / year		(378,554)	(511,230)
Closing book value		11,111,978	11,350,064
5.1.1 Additions during the period / year			
Factory buildings on free hold land		-	128,160
Power generation plant		8,973	-
Plant and machinery		80,804	889,762
Office equipment		5,809	3,694
Furniture & fixture		1,526	2,858
Computers and accessories		4,269	1,280
Vehicles		40,810	19,743
		142,191	1,045,497

Rupees in thousand	Note	March 31, 2019 Un-audited	June 30, 2018 Audited
5.1.2 Disposals during the period / year			
Computers and accessories		87	-
Vehicles		1,636	206
		1,723	206

5.2 Capital work in progress

Opening balance		11,569,955	1,825,930
Additions during the period / year		10,931,356	10,670,213
Transferred to operating property, plant and equipment during the period / year		-	(926,188)
Closing capital work in progress	5.2.1	22,501,311	11,569,955

5.2.1 Represented by

Production Line III, WHR and Coal Power Plant including civil work	5.2.2	21,784,551	11,058,251
Other plant and machinery items		120,519	9,248
Factory buildings under construction		33,454	31,890
Office premises under construction and other civil works		562,787	470,566
Closing balance		22,501,311	11,569,955

5.2.2 The borrowing cost capitalized during the period amounts to Rs. 868.870 million (2018: Rs. 242.978 million). The applicable financing rates for the under construction projects ranges from KIBOR plus 10 bps to KIBOR plus 110 bps.

Rupees in thousand	March 31, 2019 Un-audited	June 30, 2018 Audited
6 STORES, SPARE PARTS AND LOOSE TOOLS		
Stores	648,360	583,593
Spare parts	815,004	702,521
Loose tools	13,869	11,838
	1,477,233	1,297,952
Spare parts in transit	859,338	298,210
Imported coal in transit	1,149,493	145,483
	2,008,831	443,693
Provision for slow moving stores and spare parts	(43,933)	(43,933)
	3,442,131	1,697,712

7 STOCK-IN-TRADE

Raw materials	46,827	45,909
Packing materials	58,853	55,729
Work in process	241,325	301,897
Finished goods	79,632	66,862
	426,637	470,397

Rupees in thousand	March 31, 2019 Un-audited	June 30, 2018 Audited
8 SHORT TERM INVESTMENTS		
Held for trading:		
-Investment with Shariah compliant funds		
Meezan Islamic Fund		
Units 3,830,338 (June 30, 2018: 3,830,338)	217,414	242,594
NAFA Islamic Stock Fund		
Units 22,977,008 (June 30, 2018: 22,977,008)	242,506	261,876
KSE Meezan Index Fund		
Units 913,849 (June 30, 2018: 913,849)	56,786	64,558
Meezan Balance Fund		
Units 10,873,817 (June 30, 2018: 10,873,817)	159,504	167,852
Meezan Assets Allocation Fund		
Units 3,427,064 (June 30, 2018: 3,427,064)	138,575	152,615
Meezan Islamic Income Fund		
Units 10,466 (June 30, 2018: 10,100)	567	541
	815,352	890,036
-Investment with conventional funds		
ABL Government Securities Fund		
Units 1,552,460 (June 30, 2018: 11,102,494)	16,448	116,856
NAFA Government Securities Liquid Fund		
Units 1,229 (June 30, 2018: 1,144)	13	12
NAFA Money Market Fund		
Units 196,416 (June 30, 2018: Nil)	1,936	-
	18,397	116,868
	833,749	1,006,904

9 CASH AND BANK BALANCES

- 9.1** These include sales collection in process (cheques in hand) amounting to Rs 190.386 million (June 30, 2018: Rs 180.801 million).
- 9.2** Cash and bank balances also includes Rs 253 million deposited in an escrow account in respect of the Company's proposed acquisition of Galadari Cement (Gulf) Limited as explained in Note 1.4 above.

Rupees in thousand	March 31, 2019 Un-audited	June 30, 2018 Audited
10 AUTHORIZED SHARE CAPITAL		
300,000,000 Ordinary share of Rs. 10/- each	3,000,000	3,000,000
50,000,000 Preference share of Rs. 10/- each	500,000	500,000
	3,500,000	3,500,000

Rupees in thousand		March 31, 2019 Un-audited	June 30, 2018 Audited
	Note		
11 LONG TERM FINANCING - secured			
Islamic Bank			
Meezan Bank Limited (Diminishing Musharaka)	11.1	618,750	787,500
Meezan Bank Limited (Diminishing Musharaka)	11.1	525,000	600,000
Meezan Bank Limited (Diminishing Musharaka)	11.2	2,045,283	-
		3,189,033	1,387,500
Current maturity		(412,500)	(375,000)
		2,776,533	1,012,500
National Bank of Pakistan Syndicate			
Conventional Component		11,670,822	5,961,047
Islamic Component		1,796,340	917,084
	11.3	13,467,162	6,878,131
		16,243,695	7,890,631

11.1 There is no change in the terms of the facilities disclosed in note 20 to the financial statements for the year ended June 30, 2018.

11.2 During the period, the Company obtained Syndicate Musharaka facility of Rs. 2,600 million to finance procurement and construction of 24 MW Coal Power Plant. The facility carries profit at the rate of KIBOR plus 1.1% per annum payable quarterly whereas the principal is repayable in seven years including a grace period of two years. The facility is secured by way of exclusive charge over all present and future plant, machinery and equipment of the project and pari passu charge over all present and future immovable fixed assets (land and buildings) of the Company with 25% margin.

11.3 The Company has obtained syndicated facility amounting to Rs. 15,000 million to finance new 8000 tons per day clinker plant supported by a 12MW Waste Heat Recovery Power 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. The facility is secured by way of first 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	March 31, 2019 Un-audited	June 30, 2018 Audited
12 DEFERRED LIABILITIES		
Deferred tax liability	2,078,377	2,150,059
Gratuity contractual employees	135,064	115,939
	2,213,441	2,265,998

Rupees in thousand		March 31, 2019	June 30, 2018
	Note	Un-audited	Audited
13 TRADE AND OTHER PAYABLES			
Creditors		2,188,180	867,562
Accrued expenses		262,374	265,975
Deposits		17,370	14,780
Excise duty on cement		32,145	16,328
Royalty and excise duty		10,044	10,898
Withholding tax payable		25,261	23,593
Employees' compensated absences		42,777	37,597
Workers' profit participation fund		61,111	10,684
Workers' welfare fund		37,040	56,283
Others		26,583	1,379
		2,702,885	1,305,079
14 ACCURED INTEREST / PROFIT ON FINANCING			
Islamic Banks			
Long term financing		46,245	65,149
Short term borrowing		14,665	9,168
		60,910	74,317
Conventional Banks			
Long term financing		384,890	94,985
Short term borrowing		88,956	14,339
		473,846	109,324
		534,756	183,641
15 SHORT TERM BORROWINGS - secured			
Islamic Banks			
Meezan Bank Limited -running mushraka	15.1	649,326	662,521
Meezan Bank Limited -musawamah	15.2	366,465	-
		1,015,791	662,521
Conventional Banks			
Allied Bank Limited -cash finance	15.3	15,626	111,013
Allied Bank Limited -running finance	15.3	480,500	593,306
National Bank of Pakistan	15.4	996,078	576,396
MCB Bank Limited	15.3	500,316	496,515
JS Bank Limited	15.5	137,645	-
United Bank Limited	15.6	326,038	-
Bank AL Habib Limited	15.7	342,661	-
Habib Bank Limited	15.8	683,970	-
		3,482,834	1,777,230
		4,498,625	2,439,751

- 15.1** Represents Running Musharakah / Murabaha upto Rs. 550 million in aggregate (June 2018: Rs. 550 million) obtained from Meezan Bank Limited. The facility carries profit rate of 0.25 % plus 3 months KIBOR on the 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 profits 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 25%.

The Company has also obtained LC Sight / Usance facility up to Rs. 550 million for the import of coal, plant and machinery, stores, 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 expired on December 31, 2018 and renewal is in process.

- 15.2** During the period, the Company has obtained Import Musawamah facility of Rs. 400 million to purchase coal and to retire import documents under PAD. This facility carries profit at KIBOR plus 0.5% per annum. The facility is secured against lien over investments of the Company with Al-Meezan Investments with 35% margin. The facility expires on June 30, 2019.
- 15.3** There is no change in the terms of the facilities disclosed in the financial statements for the year ended June 30, 2018.
- 15.4** This represents Running finance facility obtained by the Company amounting to Rs. 1,000 million (June 30, 2018: 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 0.25% (June 30, 2018: 0.1%) 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 will expire on June 30, 2019.
- 15.5** This represents payment against documents liability of the Company to retire LC documents.
- 15.6** This represents non interest cash finance facility disbursed during the period on the terms as disclosed in the financial statement for the year ended June 30, 2018.
- 15.7** During the period, the Company has obtained LC sight / FATR facility of Rs.500 million with sub limited of RF amounting to Rs.250 million. RF/FATR facility carries markup at the rate KIBOR plus 0.25% per annum. This facility is secured against pari passu charge over current assets of the Company with 25% margin. LC facility is secured against lien over import documents. This extendable facility is valid upto 28 August 2021.
- 15.8** During the period, the Company has obtained LC sight / FATR / RF facility of Rs.700 million. RF / FATR facility carried markup at the rate of KIBOR plus 0.1% per annum. The facility is secured against pari passu charge over current assets of the Company with 25% margin. LC facility is secured against lien over import documents. This extendable facility expires on February 28, 2019.

16 CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

There has been no significant change in the contingencies as disclosed in the annual financial statements for the year ended June 30, 2018.

16.2 Commitments

Commitments in respect of outstanding letters of credit inclusive of capital commitments as at close of period ended March 31, 2019 amounts to Rs. 5,538 billion (June 30, 2018: Rs. 13,104 billion). It also includes commitments against letter of credits established for import of new cement plant and coal fire power plant.

Rupees in thousand	Un-audited			
	Nine Months Ended		Quarter Ended	
	March 31, 2019	2018	March 31, 2019	2018
17 COST OF SALES				
Raw material consumed	425,679	445,448	131,303	148,547
Packing material consumed	562,448	445,017	188,039	169,809
Fuel and power	3,680,044	3,573,226	1,161,822	1,183,579
Stores and spares consumed	173,237	206,314	47,353	72,427
Salaries, wages and benefits	398,203	349,424	130,259	118,895
Travelling and conveyance	22,612	14,155	6,745	7,110
Insurance	7,249	6,443	2,425	2,038
Repairs and maintenance	60,145	55,846	17,945	19,195
Depreciation	309,579	309,178	98,302	98,764
Other manufacturing expenses	42,933	29,535	15,203	10,915
Total manufacturing cost	5,682,129	5,434,586	1,799,396	1,831,279
Work in process				
Opening balance	301,897	109,176	271,266	280,090
Closing balance	(241,325)	(146,855)	(241,325)	(146,855)
	60,572	(37,679)	29,941	133,235
Cost of goods manufactured	5,742,701	5,396,907	1,829,337	1,964,514
Finished goods				
Opening balance	66,862	61,723	101,785	76,206
Closing balance	(79,632)	(16,135)	(79,632)	(16,135)
	(12,770)	45,588	22,153	60,071
	5,729,931	5,442,495	1,851,490	2,024,585

Rupees in thousand	Nine Months Ended	
	March 31, 2019	March 31, 2018
18 CASH GENERATED FROM OPERATIONS		
Profit before taxation	1,137,889	1,654,317
Adjustment for Non Cash & Other Items:		
Depreciation	378,554	371,557
Amortization of intangibles	1,683	2,229
Provision for gratuity and compensated absences	34,177	23,348
Finance cost	287,568	176,177
Gain on disposal of property, plant and equipment	(97)	(2,180)
Workers' profit participation fund	61,111	88,846
Workers' welfare fund	23,222	33,762
Liabilities written back	(8,620)	-
Dividend on Investment	(5,370)	(2,033)
Loss/(gain) on redemption of short term investment	3,631	(29,462)
Unrealized loss on investment	72,468	70,538
Cashflow before working capital changes	1,986,216	2,387,099
Movement in working capital		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(1,744,419)	(97,828)
Stock-in-trade	43,760	(15,488)
Trade debts	(76,378)	(242,493)
Loans, advances, deposits and short term prepayments	(49,244)	(42,584)
Sales tax receivable - net	(580,215)	(396,071)
Other receivables	(106)	-
Increase in current liabilities:		
Trade and other payables	1,370,060	1,007,594
Contract liabilities	57,346	-
Retention money payable	917,314	-
Cash generated from operations	1,924,334	2,600,229

19 FAIR VALUE OF FINANCIAL INSTRUMENTS

19.1 Fair value is the amount that would be received on sale of an asset or paid on the transfer of a liability in an orderly transaction between market participants at the measurement date. Consequently, difference 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 or requirement to curtail materially the scale of its operations or to undertake transaction on adverse terms.

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 liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Rupees in thousand	Carrying amount			
	Cash and cash equivalents	Fair value through profit or loss	Loans and receivables	Total
March 31, 2019 (Un-audited)				
Financial assets measured at fair value				
Short term investments	-	833,749	-	833,749
Financial assets not measured at fair value				
Non-current assets				
Long term deposits	-	-	52,198	52,198
Current assets				
Trade debts - unsecured	-	-	510,192	510,192
Loans and advances	-	-	3,315	3,315
Trade deposits & short term prepayments	-	-	59	59
Other receivables	-	-	151	151
Cash and bank balances	654,134	-	-	654,134
	654,134	-	565,915	1,220,049
June 30, 2018 (audited)				
Financial assets measured at fair value				
Short term investments	-	1,006,904	-	1,006,904
Financial assets not measured at fair value				
Non-current assets				
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 & short term prepayments	-	-	9	9
Other receivables	-	-	45	45
Cash and bank balances	493,261	-	-	493,261
	493,261	1,006,904	481,116	1,981,281

Rupees in thousand	March 31, 2019 Un-audited	June 30, 2018 Audited
19.2 The Company doesn't hold any financial liability at fair value.		
Financial liabilities at amortized cost		
Long term financing - secured	16,656,195	8,265,631
Trade and other payables	2,604,734	1,238,112
Accrued interest / profit on financing	534,756	183,641
Short term borrowings - secured	4,498,625	2,439,751
	24,294,310	12,127,135

As March 31, 2019, the Company had following financial instruments with respect to their level.

Rupees in thousand	Level 1	Level 2	Level 3
March 31, 2019			
Financial assets at fair value through profit or loss			
Short term investment	833,749	-	-
June 30, 2018			
Financial assets at fair value through profit or loss			
Short term investment	1,006,904	-	-

20 TRANSACTIONS WITH RELATED PARTIES

20.1 Related parties include major shareholders of the Company, entities having directors in common with the Company, associated companies, staff retirement funds, Workers' Profit Participation Fund (WPPF), directors and key management personnel. Significant transactions along with their balances are as under:

Rupees in thousand		Nine Months Ended	
Relationship with the company	Nature of transaction	March 31, 2019	March 31, 2018
Staff retirement contribution plan	Contribution to staff provident fund	12,478	10,118
Key management personnel including CEO	Remuneration	121,131	99,778
WPPF	Payment to WPPF	10,684	18,554

Rupees in thousand	March 31, 2019 (Un-Audited)	June 30, 2018 (Audited)
Payable balances		
WPPF payable	61,111	10,684

21 DATE OF AUTHORIZATION

These condensed interim financial statements were authorized for issue by the Board of Directors of the Company on April 26, 2019.


Chief Financial Officer


Chief Executive Officer


Chairman

Notes

Notes



PIONEER CEMENT
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