



HALF
YEARLY
REPORT
DECEMBER 31, 2021

ENDURING
STRENGTH

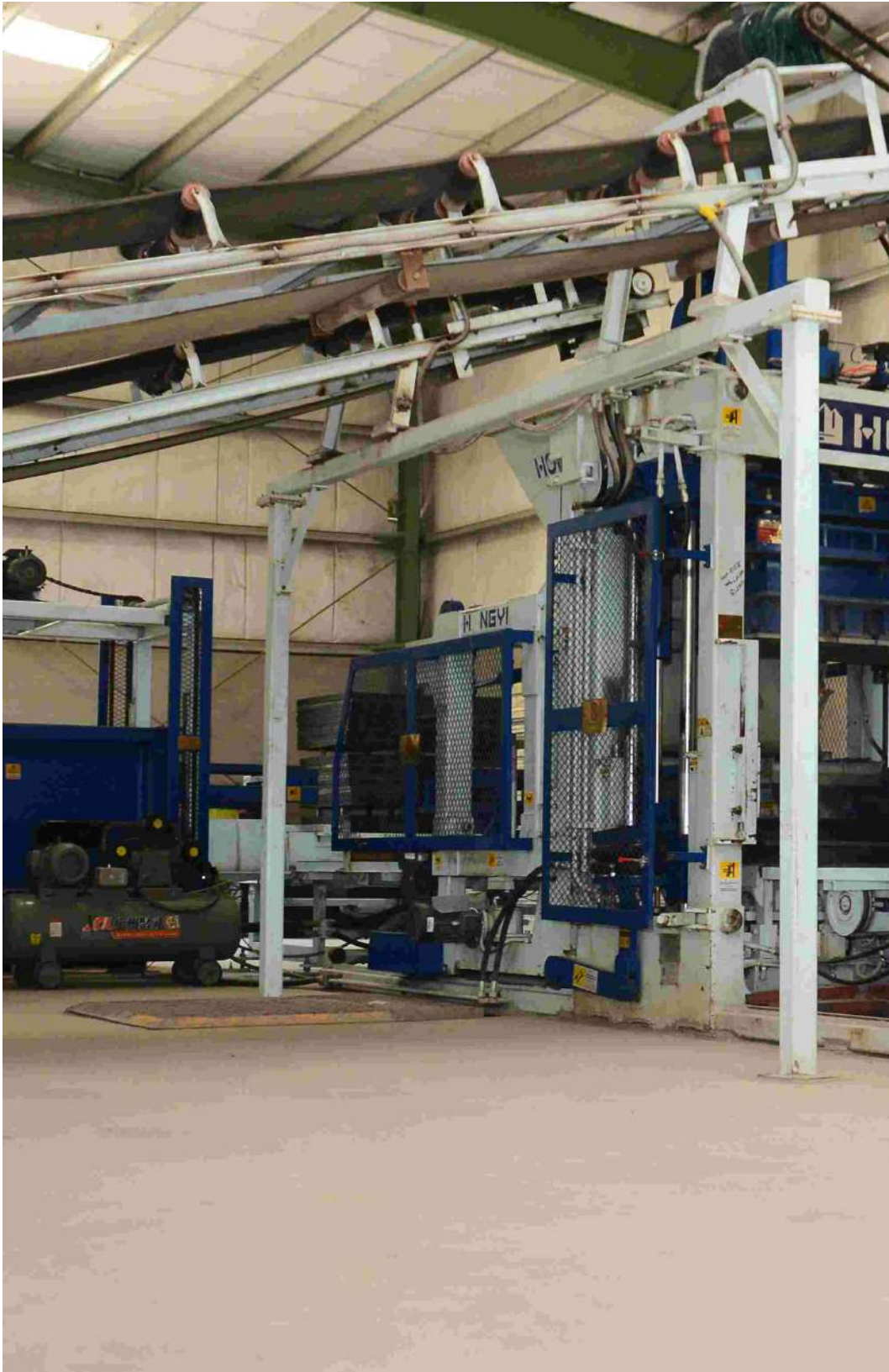




TABLE OF CONTENTS

- 2 Corporate Information
- 3 Directors' Report
- 6 ڈائریکٹرز رپورٹ
- 7 Independent Auditors' Review Report
- 9 Condensed Interim Statement of Financial Position
- 10 Condensed Interim Statement of Profit or Loss
- 11 Condensed Interim Statement of Comprehensive Income
- 12 Condensed Interim Statement of Cash Flows
- 13 Condensed Interim Statement of Changes in Equity
- 14 Notes to the Condensed Interim Financial Statements

CORPORATE INFORMATION

BOARD OF DIRECTORS

- Mr. Aly Khan (Chairman)
- Syed Mazher Iqbal (CEO)
- Ms. Aleeya Khan
- Mr. Shafiuddin Ghani Khan
- Mr. Mohammed Aftab Alam
- Mirza Ali Hasan Askari
- Mr. Jamal Nasim
- Mr. Rafique Dawood

AUDIT COMMITTEE

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

HR & REMUNERATION COMMITTEE

- Mr. Shafiuddin Ghani Khan (Chairman)
- Mr. Aly Khan
- Ms. Aleeya Khan
- Mr. Mohammed Aftab Alam
- Syed Mazher Iqbal (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 Islami Pakistan
- Dubai Islamic Bank
- First Credit and Investment Bank
- Habib Bank Limited
- JS Bank Limited
- Meezan Bank Limited
- MCB Bank Limited
- National Bank of Pakistan
- Samba Bank
- The Bank of Khyber
- 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@pioneerement.com

FACTORY

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Fax: +92 (454) 898104
Email: factory@pioneerement.com

REGIONAL OFFICES

Karachi Office
4th Floor, KDLB Building West Wharf,
Karachi
Tel: +92 (21) 32201232-3
Fax: +92 (21) 32201234
Email: pclkhi@pioneerement.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

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@pioneerement.com

DIRECTORS' REPORT TO THE SHAREHOLDERS

Directors of your Company are pleased to present financial statements for the half year ended December 31, 2021 (HY-2022).

The Cement Sector

During the period under review, cement industry made dispatches of 27.46 million tons compared to 28.64 million tons dispatched during the same period last year (SPLY). It comprised of 24.07 million tons of local dispatches (growth: 1.91% over SPLY) and 3.39 million tons of exports (decline: 32.47% over SPLY).

The Company

During HY-2022, the Company's local sale volumes surged to a new level of 1,755,360 tons (growth: 11.31% over SPLY). The Company produced 1,747,927 tons of cement compared to 1,583,321 tons produced during SPLY (growth: 10.40%).

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

	JUL - DEC		Growth / (decline)	
	2021	2020	%	
(Tons)				
Production				
Cement	1,747,927	1,583,321	164,606	10.40
Dispatches - Cement				
Domestic	1,755,360	1,576,995	178,365	11.31
Exports	-	10,593	(10,593)	(100.00)
Total Sales	1,755,360	1,587,588	167,772	10.57

The comparative summary of key financial results for HY-2022 is given below:

(Rs. in thousand)

Particulars	JUL - DEC		Variance	
	2021	2020	%	
Net sales	14,811,448	9,370,608	5,440,840	58.06
Cost of sales	11,571,571	8,231,424	3,340,147	40.58
Gross profit	3,239,877	1,139,184	2,100,693	184.40
Operating profit	2,960,944	1,184,086	1,776,858	150.06
Finance cost	1,172,783	838,684	334,099	39.84
Profit before taxation	1,788,161	345,402	1,442,759	417.70
Profit after taxation	1,143,229	606,511	536,718	88.49

During the period under review, your Company generated net revenue of Rs. 14,811.45 million, increase of 58.06% over SPLY. 11.31% increase in local dispatches coupled with improved retention prices led this enormous topline growth.

Cost of sales for the period under review increased by Rs. 3,340.15 million (40.58% increase over SPLY). This increase is attributable to higher input costs, mainly on account of hike in energy prices globally, and is also induced by 10.57 % volumetric growth. To mitigate the adverse impact of increased energy cost, management has taken various measures by partially substituting costlier imported coal with cost-effective Local and Afghan-origin coal and also through placing maximum reliance on captive power generation comprising of Waste Heat Recovery Power Plants and Coal Fired Power Plants.

Above-mentioned factors have resulted in overall improvement in gross margins for HY-2022 to clock in at Rs. 3,239.88 million (21.87% of net sales) compared to Rs. 1,139.18 million (12.16% of net sales) during SPLY. Finance cost for the period under review increased from Rs. 838.68 million during SPLY to Rs. 1,172.78 million; an increase of Rs. 334.10 million which mainly relates to higher utilization level of working capital facilities. Moreover, finance cost for the current period also includes charge for financing facilities obtained for installation of power plants, which during the comparative period was capitalized as borrowing cost. Profit before tax (PBT) for the period under review amounted to Rs. 1,788.16 million (PBT margin: 12.07%) compared to Rs. 345.40 million earned in SPLY (PBT margin: 3.69%) translating into EPS of Rs. 5.03, an increase of Rs. 2.36 per share over SPLY.

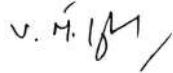
Future Outlook

We expect cement demand to remain stable in future considering the construction and business activities. However, higher energy prices in international markets may continue to pose a challenge for operational profitability. Substitution to the cheap alternative energy sources and production efficiencies shall remain pivotal to remain industry competitive.

Acknowledgement:

The Board acknowledges the assistance and cooperation of all stakeholders including financial institutions, customers, creditors, government departments, employees and all others who strengthened the Company.

For and on behalf of the board



Syed Mazher Iqbal
Chief Executive Officer

February 16, 2022
Lahore



Aly Khan
Chairman

February 16, 2022
Lahore

رپورٹنگ معیارات کی دفعات کے مطابق پراجیکٹ لاگت کا حصہ بنایا گیا تھا۔

زیر نظر عرصہ کے دوران قبل از ٹیکس منافع 1,788.16 ملین روپے ہوا جو کہ گزشتہ سال اسی عرصہ میں 345.40 ملین روپے تھا اس کے نتیجے میں فی حصص آمدنی Rs.5.03 حاصل ہوئی جو کہ گزشتہ عرصہ کے مقابلے میں 2.36 روپے زیادہ ہے۔

اعتراف

بورڈ کے ارکان تمام شراکت داران بشمول اداروں، صارفین، قرض دہندگان، حکومتی اداروں، ملازمین اور تمام دیگر لوگوں کے اعتماد اور تعاون کے تہہ دل سے مشکور ہیں جن کی بدولت کمپنی مضبوط ہوئی۔

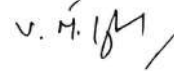


علی خان

چئیرمین

16 فروری 2022

لاہور



سید مظہر اقبال

چیف ایگزیکٹو آفیسر

16 فروری 2022

لاہور

ڈائریکٹرز کی رپورٹ برائے حصص داران

آپ کی کمپنی کے ڈائریکٹرز 31 دسمبر، 2021 کو ختم ہونے والی ششماہی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

سینٹ سیلٹر

زیر جائزہ مدت کے دوران سینٹ کی صنعت نے 27.46 ملین ٹن ترسیلات کیں جو گزشتہ سال کے اسی عرصہ کے دوران 28.64 ملین ٹن تھیں۔ مقامی سطح پر 24.07 ملین ٹن ترسیلات کی گئیں جبکہ برآمدات %32.47 کی کے ساتھ 3.39 ملین ٹن رہیں۔

کمپنی

زیر تذکرہ عرصہ کے دوران آپ کی کمپنی نے ریکارڈ ترسیلات کیں اور مقامی منڈی میں 1,755,360 ٹن سینٹ فروخت کیا گیا جو کہ گزشتہ سال اسی مدت کے مقابلے میں %11.31 زیادہ ہے۔ موجودہ عرصہ کے دوران کمپنی نے 1,747,927 ٹن سینٹ پیدا کیا جبکہ گزشتہ سال اسی مدت میں 1,583,321 ٹن سینٹ پیدا کیا گیا تھا۔

زیر نظر عرصہ کے دوران کمپنی کو 14,811.45 ملین روپے خالص آمدنی ہوئی جو کہ پچھلے سال کے مقابلے میں %58.06 زیادہ ہے۔ یہ مقامی فروخت میں %11.31 اضافے اور بہتر قیمت فروخت کی وجہ سے ممکن ہوا۔

موجودہ عرصہ کے دوران فروخت کی لاگت 11,571.57 ملین روپے رہی جو کہ تقابلی عرصہ کے مقابلے میں %40.58 زیادہ ہے۔ بنیادی طور پر یہ اضافہ دنیا میں بڑھتی ہوئی توانائی کی قیمتوں اور سینٹ کی ترسیلات میں %10.57 مجموعی اضافہ کی وجہ سے ہے۔ توانائی کی بڑھتی ہوئی قیمتوں کے اثر کو زائل کرنے کے لئے کمپنی نے کئی اقدامات کئے ہیں جیسا کہ منگے درآمدی کوئلے کی بجائے مقامی اور افغانی کوئلے کی خریداری اور بجلی کے حصول کے لئے WHR پلانٹ اور کوئلہ سے بجلی پیدا کرنے والا پلانٹ پر انحصار شامل ہے۔

متذکرہ بالا حالات کی وجہ سے زیر نظر عرصہ کے دوران مجموعی منافع 3,239.88 ملین روپے رہا جو کہ تقابلی عرصہ کے 1,139.18 ملین روپے کے مقابلے میں %184.40 زیادہ ہے۔ زیر نظر عرصہ کے دوران مالیاتی لاگت تقابلی عرصے کے مقابلے میں %39.84 کی شرح سے بڑھ کر 1,172.78 ملین روپے ہو گئی۔ موجودہ عرصہ کے مالی اخراجات میں پاور پلانٹ کی تعمیر کی مالی معاونت کے لئے حاصل کردہ قرضوں پر مالی لاگت بھی شامل ہے۔ جبکہ گزشتہ سال اسی عرصہ میں ان اخراجات کو قابل اطلاق مالیاتی

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF PIONEER CEMENT LIMITED

Report on review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Pioneer Cement Limited as at 31 December 2021 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matters

The figures of the condensed interim statement of profit or loss, condensed interim statement of comprehensive income and related notes for the quarter ended 31 December 2021 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended 31 December 2021.

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



EY Ford Rhodes
Chartered Accountants
Lahore: 21 February 2022
UDIN: RR202110177PIFEuoqvt



**Condensed
Interim Financial
Statements**

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2021

Rupees in thousand	Note	December 31 2021 Un-audited	June 30 2021 Audited
ASSETS			
NON-CURRENT			
Property, plant and equipment	6	42,747,761	42,945,194
Investment property		88,450	88,450
Long-term deposits		69,714	64,714
		42,905,925	43,098,358
CURRENT			
Stores, spare parts and loose tools	7	4,226,057	3,080,234
Stock-in-trade	8	929,118	658,882
Trade debts - unsecured		1,388,478	1,333,978
Loans and advances		511,039	720,854
Trade deposits and short-term prepayments		4,607	7,048
Advance income tax - net		1,125,773	1,265,134
Other receivable		10,402	236
Short-term investments	9	939,513	978,738
Cash and bank balances		534,724	337,437
		9,669,711	8,382,541
		52,575,636	51,480,899
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital		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		2,579,485	2,618,157
Revenue			
Accumulated profits		11,194,028	10,012,127
		13,971,030	12,827,801
		16,242,519	15,099,290
LIABILITIES			
NON-CURRENT			
Long-term financing - secured	10	14,651,215	16,794,355
Long-term deposits		44,883	44,334
Deferred grant		2,372	5,868
Deferred liabilities		2,172,601	1,751,696
Retention money		810,628	802,746
		17,681,699	19,398,999
CURRENT			
Trade and other payables	11	4,996,795	5,422,385
Loan from related party		350,000	350,000
Contract liabilities		127,352	119,792
Sales tax payable - net		138,991	457,180
Accrued interest / profit on financing	12	610,310	575,086
Short-term borrowings - secured	13	7,216,804	5,257,251
Current portion of long-term financing - secured	10	5,150,325	4,739,973
Unclaimed dividend		60,841	60,943
		18,651,418	16,982,610
TOTAL LIABILITIES		36,333,117	36,381,609
CONTINGENCIES AND COMMITMENTS	14	-	-
TOTAL EQUITY AND LIABILITIES		52,575,636	51,480,899

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.


Chief Financial Officer
PIONEER CEMENT LIMITED


Chief Executive Officer


Chairman

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

FOR THE HALF YEAR ENDED DECEMBER 31, 2021 (UN-AUDITED)

Rupees in thousand		Half year ended		Quarter ended	
	Note	December 31, 2021	2020	December 31, 2021	2020
Revenue from contracts with customers - gross					
Cement - Local		21,001,757	14,221,071	12,133,652	8,149,187
Cement - Export		-	51,692	-	15,914
		21,001,757	14,272,763	12,133,652	8,165,101
Less:					
Sales Tax		(3,424,558)	(2,410,566)	(1,976,727)	(1,385,071)
Federal Excise duty		(2,633,040)	(2,365,493)	(1,465,484)	(1,327,538)
Commission		(112,176)	(108,370)	(65,224)	(63,643)
Discount and rebate		(20,535)	(17,726)	(12,192)	(10,535)
		(6,190,309)	(4,902,155)	(3,519,627)	(2,786,787)
Revenue from contracts with customers - net		14,811,448	9,370,608	8,614,025	5,378,314
Cost of sales	15	(11,571,571)	(8,231,424)	(6,836,665)	(4,545,826)
Gross profit		3,239,877	1,139,184	1,777,360	832,488
Distribution cost		(57,276)	(67,911)	(29,322)	(32,834)
Administrative expenses		(68,415)	(59,892)	(32,430)	(30,838)
Other expenses		(171,836)	(25,599)	(82,771)	(25,599)
Other income		18,594	198,304	8,709	77,477
		(278,933)	44,902	(135,814)	(11,794)
Operating profit		2,960,944	1,184,086	1,641,546	820,694
Finance cost		(1,172,783)	(838,684)	(592,549)	(409,265)
Profit before taxation		1,788,161	345,402	1,048,997	411,429
Taxation		(644,932)	261,109	(386,253)	234,660
Profit after taxation		1,143,229	606,511	662,744	646,089
Earnings per share - basic and diluted (Rupees)		5.03	2.67	2.92	2.84

The annexed notes from 1 to 19 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 HALF YEAR ENDED DECEMBER 31, 2021 (UN-AUDITED)

Rupees in thousand	Half year ended		Quarter ended	
	December 31, 2021	2020	December 31, 2021	2020
Profit after taxation	1,143,229	606,511	662,744	646,089
Other comprehensive income				
Items that may be reclassified to profit or loss in subsequent periods (net of tax):	-	-	-	-
Items that will not be reclassified to profit or loss in subsequent periods (net of tax):	-	-	-	-
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	1,143,229	606,511	662,744	646,089

The annexed notes from 1 to 19 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 HALF YEAR ENDED DECEMBER 31, 2021 (UN-AUDITED)

Rupees in thousand		Half Year Ended	
	Note	2021	2020
Cash flows from operating activities			
Cash generated from operations	16	1,610,261	3,294,313
Income tax paid		(96,197)	(308,163)
Gratuity and compensated absences paid		(10,536)	(7,689)
(Increase) / decrease in long-term deposits - net		(4,451)	7,988
Net cash generated from operating activities		1,499,077	2,986,449
Cash flows from investing activities			
Capital expenditures incurred		(398,374)	(1,488,448)
Proceeds from disposal of property, plant and equipment		3,094	2,339
Increase in retention money payable		7,882	8,357
Net cash used in investing activities		(387,398)	(1,477,752)
Cash flows from financing activities			
Long-term financing obtained		-	2,054,230
Long-term financing repaid		(1,736,284)	-
Short-term financing obtained		24,969,942	23,864,255
Short-term financing repaid		(23,010,389)	(25,985,153)
Finance cost paid		(1,137,559)	(1,262,488)
Dividend paid		(102)	(3,772)
Net cash used in financing activities		(914,392)	(1,332,928)
Net increase in cash and cash equivalents		197,287	175,769
Cash and cash equivalents at the beginning of the period		337,437	366,214
Cash and cash equivalents at the end of the period		534,724	541,983

The annexed notes from 1 to 19 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 HALF YEAR ENDED DECEMBER 31, 2021 (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 30 June 2020 (audited)	2,271,489	197,517	2,711,132	7,948,088	10,856,737	13,128,226
Profit after taxation for the period	-	-	-	606,511	606,511	606,511
Other comprehensive income for the period	-	-	-	-	-	-
	-	-	-	606,511	606,511	606,511
Surplus on revaluation of property, plant and equipment realized through incremental depreciation - net of tax	-	-	(46,583)	46,583	-	-
Balance as at 31 December 2020 - unaudited	2,271,489	197,517	2,664,549	8,601,182	11,463,248	13,734,737
Balance as at 30 June 2021 - audited	2,271,489	197,517	2,618,157	10,012,127	12,827,801	15,099,290
Profit after taxation for the period	-	-	-	1,143,229	1,143,229	1,143,229
Other comprehensive income for the period	-	-	-	-	-	-
	-	-	-	1,143,229	1,143,229	1,143,229
Surplus on revaluation of property, plant and equipment realized through incremental depreciation - net of tax	-	-	(38,672)	38,672	-	-
Balance as at 31 December 2021 - unaudited	2,271,489	197,517	2,579,485	11,194,028	13,971,030	16,242,519

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.


Chief Financial Officer


Chief Executive Officer


Chairman

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2021 (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 09 February 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'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 cement production capacity of 2,200 tons per day. During the year 2005, the capacity was optimized to 2,585 tons cement per day. In financial year 2006, another production line of 4,730 tons cement per day capacity was completed which started commercial operations from April 2006. During the financial year 2020, the Company completed the installation of another integrated cement plant with an installed cement production capacity of 10,000 tons per day which started commercial production in June 2020. During the year 2021, the Company completed the installation of 12 MW Waste Heat Recovery Power Plant and 24 MW Coal Power Plant.

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 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 30 June 2021.
- 2.3** These condensed interim financial statements are unaudited but subject to limited scope review by the auditors 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 condensed interim financial statements are prepared in Pak Rupees, which is the functional currency of the Company. Figures have been rounded off to the nearest thousand rupees unless otherwise stated.

3 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of

accounting policies and the reported amounts. Actual results may differ from these judgements, estimates and assumptions.

Judgements and estimates made by the management in the preparation of these condensed interim financial statements are the same as those applied in the Company's annual audited financial statements for the year ended 30 June 2021.

4 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 30 June 2021, except as follows:

4.1 Standards, amendments or interpretations which became effective during the year

The Company has adopted the following amendments to standards and conceptual framework effective for annual period beginning on 01 January 2021. The adoption of these amendments and conceptual framework did not have an impact on these condensed interim financial statements. The Company has not early-adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

New Standards, Interpretations and Amendments

IFRS 3	Definition of a Business — (Amendments)
IAS 39, IFRS 9 and IFRS 7	Interest Rate Benchmark reform — (Amendments)
IAS 1 and IAS 8	Definition of Material — (Amendments)
IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 — (Amendments)
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2 — (Amendments)

The adoption of amendments applied for the first time in the year did not have any material impact on the financial statements of the Company.

5 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		December 31 2021	June 30 2021
	Note	Un-audited	Audited
6 PROPERTY, PLANT AND EQUIPMENT			
Operating property, plant and equipment	6.1	40,154,108	40,660,329
Capital work-in-progress	6.2	2,593,653	2,284,865
		42,747,761	42,945,194

Rupees in thousand		December 31 2021	June 30 2021
	Note	Un-audited	Audited
6.1 Operating property, plant and equipment			
Opening book value		40,660,329	34,650,824
Additions during the period / year	6.1.1	89,586	6,991,848
		40,749,915	41,642,672
Disposals during the period / year	6.1.2	-	(1,119)
Depreciation for the period / year		(595,807)	(981,224)
Closing book value		40,154,108	40,660,329
6.1.1 Additions during the period / year			
Freehold land		-	171,842
Factory building on freehold land		9,856	551,453
Plant and machinery		78,259	6,243,893
Office equipment		94	14,973
Furniture, fixture and equipment		216	1,914
Computers and accessories		481	542
Vehicles		680	7,231
		89,586	6,991,848
6.1.2 Disposals during the period / year			
Vehicles		-	1,119
Others		-	-
		-	1,119
6.2 Capital work-in-progress			
Opening balance		2,284,865	6,907,111
Additions during the period / year		308,788	2,262,274
Transferred to operating fixed assets		-	(6,884,520)
Closing balance	6.2.1	2,593,653	2,284,865
6.2.1 Represented by			
Infrastructure and support buildings under construction	6.2.2	1,626,876	1,439,272
Other plant and machinery items		96,048	96,048
Office premises under construction		830,417	705,772
Other civil works		40,312	43,773
Closing balance		2,593,653	2,284,865
6.2.2 The amount of borrowing cost capitalized during the period amounts to Rs. 50.96 million (June 30, 2021: Rs. 458.29 million). The applicable financing rates for the under construction projects was KIBOR plus 150 bps (30 June 2021: KIBOR plus 20 bps to KIBOR plus 175 bps).			

Rupees in thousand	December 31 2021 Un-audited	June 30 2021 Audited
7 STORES, SPARE PARTS AND LOOSE TOOLS		
Stores	1,486,828	687,866
Spare parts	2,212,227	2,053,315
Loose tools	16,445	53,561
	3,715,500	2,794,742
Stores in transit	554,490	329,425
	4,269,990	3,124,167
Provision for slow moving stores and spare parts	(43,933)	(43,933)
	4,226,057	3,080,234
8 STOCK-IN-TRADE		
Raw material	52,942	125,148
Packing material	68,726	76,982
Work-in-process	532,221	259,633
Finished goods	275,229	197,119
	929,118	658,882
9 SHORT-TERM INVESTMENTS		
Fair value through profit or loss:		
- Investment with Shariah compliant funds		
Meezan Islamic Fund		
Units 4,004,681 (June 30, 2021: 4,004,681)	246,315	253,801
NBP Islamic Stock Fund		
Units 23,222,138 (June 30, 2021: 23,222,138)	282,456	295,734
KSE Meezan Index Fund		
Units 913,849 (June 30, 2021: 913,849)	62,344	66,593
Meezan Balance Fund		
Units 11,443,064 (June 30, 2021: 11,443,064)	183,772	185,380
Meezan Assets Allocation Fund		
Units 3,520,814 (June 30, 2021: 3,520,814)	161,411	174,139
Meezan Islamic Income fund		
Units 12,944 (June 30, 2021: 12,944)	691	666
	936,989	976,313
- Investment with conventional funds		
ABL Government Securities Fund		
Units 3,742 (June 30, 2021: 3,742)	39	38
NBP Government Securities Liquid Fund		
Units 1,557 (June 30, 2021: 1,488)	16	15
NBP Money Market Fund		
Units 249,133 (June 30, 2021: 239,644)	2,469	2,372
	2,524	2,425
	939,513	978,738

Rupees in thousand		December 31	June 30
		2021	2021
	Note	Un-audited	Audited
10 LONG-TERM FINANCING - SECURED			
Meezan Bank Limited (MBL)			
MBL Facility - I	10.1	450,000	450,000
MBL Facility - II	10.1	281,250	375,000
Payment during the period / year		(187,500)	(93,750)
		93,750	281,250
MBL Facility - III	10.1	1,389,000	1,389,000
MBL Facility - IV (Syndicate)	10.1	2,592,831	2,592,831
		4,525,581	4,713,081
Current Portion - MBL I		(450,000)	(225,000)
Current Portion - MBL II		(93,750)	(281,250)
Current Portion - MBL III		(115,750)	-
Current Portion - MBL IV (Syndicate)		(518,566)	(259,283)
		(1,178,066)	(765,533)
		3,347,515	3,947,548
NATIONAL BANK OF PAKISTAN			
Syndicate I			
Conventional Component (Syndicate I)	10.1	11,699,740	12,999,740
Islamic Component (Syndicate I)	10.1	1,799,960	1,999,960
Payment during the period / year		(1,500,000)	(1,500,000)
		11,999,700	13,499,700
Less: Current portion of long-term financing		(3,000,000)	(2,999,940)
		8,999,700	10,499,760
Syndicate II			
Conventional Component		2,081,000	2,081,000
Less: Current portion		(693,667)	(693,667)
		1,387,333	1,387,333
Bilateral Facility			
Less: Current portion		(183,333)	(183,333)
		916,667	916,667
JS BANK LIMITED			
Opening balance	10.1	140,547	123,502
Additions during the period / year		-	63,374
Payments during the period / year		(48,750)	(48,750)
Finance cost		3,462	12,988
Deferred grant - net		-	(10,567)
		95,259	140,547
Less: Current portion		(95,259)	(97,500)
		-	43,047
		19,801,540	21,534,328
Accrued Markup		489,972	495,753
		20,291,512	22,030,081
Less: Total current maturity shown under current liabilities		(5,150,325)	(4,739,973)
Less: Accrued markup shown under current liabilities		(489,972)	(495,753)
		14,651,215	16,794,355

10.1 There is no change in the terms of the facility as disclosed in note 21 to the financial statements for the year ended 30 June 2021.

Rupees in thousand		December 31 2021 Un-audited	June 30 2021 Audited
	Note		
11 TRADE AND OTHER PAYABLES			
Creditors		3,265,096	3,192,161
Accrued expenses		413,518	610,588
Deposits		3,921	3,767
Employees' compensated absences		57,898	56,540
Workers' profit participation fund		126,191	30,152
Workers' welfare fund		78,353	41,858
Others		263	2,021
		3,945,240	3,937,087
Payable to Government on account of:			
Excise duty on cement		704,513	1,273,317
Royalty and excise duty		101,586	58,974
Withholding tax payable		245,456	153,007
		1,051,555	1,485,298
		4,996,795	5,422,385
12 ACCRUED INTEREST / PROFIT ON FINANCING			
ISLAMIC BANKS			
Long-term financing		127,700	120,109
Short-term borrowings		27,098	2,169
		154,798	122,278
CONVENTIONAL BANKS			
Long-term financing		362,272	375,644
Short-term borrowings		93,240	77,164
		455,512	452,808
		610,310	575,086
13 SHORT-TERM BORROWINGS - SECURED			
ISLAMIC BANKS			
Meezan Bank Limited - Running Musharaka	13.1	1,007,744	990,002
Meezan Bank Limited - Murabaha / Letter of Credit	13.1	533,366	450,225
		1,541,110	1,440,227
CONVENTIONAL BANKS			
Allied Bank Limited	13.1	479,833	508,667
National Bank of Pakistan	13.1	995,578	996,078
MCB Bank Limited	13.1	501,691	394,140
Bank Al Habib Limited	13.1	421,838	422,362
Habib Bank Limited	13.1	1,220,698	732,850
JS Bank Limited	13.1	543,666	409,972
United Bank Limited	13.1	273,361	352,955
Bank Islami Pakistan Limited	13.2	1,239,029	-
		5,675,694	3,817,024
		7,216,804	5,257,251

13.1 There is no change in the terms of the facility as disclosed in note 29 to the financial statements for the year ended 30 June 2021.

13.2 During the period, the Company has obtained One Time Transaction (OTT) LC sight facility amounting to Rs. 1,300 million with sublimit of Istisna / Murabaha / Tijara Finance. The LC facility is secured through lien over title documents whereas other funded sublimit are secured through ranking charge over current assets with 25% margin. The applicable profit rate for funded facilities is KIBOR + 100 bps. The conversion of this OTT facility into regular facility is in process.

14 CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

There has been no significant change in the contingencies as disclosed in the annual financial statements for the year ended 30 June 2021.

14.2 Commitments

Commitments in respect of outstanding letters of credit amount to Rs. 622.56 million (30 June 2021: Rs.1,355.57 million). In addition, commitment in respect of contracts registered with banks amount to Rs. 83.84 million (30 June 2021: Rs.34.03 million).

Commitments in respect of issued letters of guarantees favouring Collector of Customs, Karachi amount to Rs.78.86 million (30 June 2021: Rs.78.86 million)

Rupees in thousand	Half year ended		Quarter ended	
	December 31,		December 31,	
	2021	2020	2021	2020
15 COST OF SALES				
Raw material consumed	846,989	742,209	506,534	421,011
Packing material consumed	1,094,851	896,465	615,379	502,696
Fuel and power	8,788,623	5,469,352	5,388,286	2,998,445
Stores and spares consumed	195,583	67,675	154,530	40,334
Salaries, wages and benefits	396,684	324,119	195,523	162,370
Insurance	16,201	21,111	6,700	6,028
Repairs and maintenance	58,449	48,845	29,860	25,667
Depreciation	447,028	438,287	169,870	233,024
Other manufacturing expenses	77,861	106,947	(18,780)	67,137
Total manufacturing cost	11,922,269	8,115,010	7,047,902	4,456,712
Opening balance	259,633	239,397	466,394	262,546
Closing balance	(532,221)	(149,439)	(532,221)	(149,439)
	(272,588)	89,958	(65,827)	113,107
Cost of goods manufactured	11,649,681	8,204,968	6,982,075	4,569,819
Finished goods				
Opening balance	197,119	79,544	129,819	29,095
Closing balance	(275,229)	(53,088)	(275,229)	(53,088)
	(78,110)	26,456	(145,410)	(23,993)
	11,571,571	8,231,424	6,836,665	4,545,826

Rupees in thousand	Half Year Ended December 31	
	2021	2020
16 CASH GENERATED FROM OPERATIONS		
Profit before taxation	1,788,161	345,402
Adjustment for non-cash and other items:		
Depreciation	595,807	443,014
Provision for gratuity and compensated absences	23,424	17,161
Finance cost	1,172,783	838,684
Provision for expected credit losses	4,862	-
Gain on disposal of property, plant and equipment	(3,094)	(559)
Workers' profit participation fund	96,039	18,550
Workers' welfare fund	36,495	7,049
Unrealized gain / (loss) on investment	39,209	(178,353)
Cash flow before working capital changes	3,753,686	1,490,948
Working capital changes		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(1,145,823)	262,080
Stock-in-trade	(270,236)	127,035
Trade debts	(59,362)	(90,203)
Loans, advances, deposits and short-term prepayments	212,256	164,966
Other receivables	(10,166)	2
(Decrease) / increase in current liabilities:		
Trade and other payables	(559,465)	135,813
Contract liabilities	7,560	96,537
Sales tax payable - net	(318,189)	1,107,135
Cash generated from operations	1,610,261	3,294,313

17 TRANSACTIONS WITH RELATED PARTIES

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

Rupees in thousand		Half Year Ended December 31,	
Relationship with Company	Nature of Transaction	2021	2020
Transaction:			
Common directorship	Repayment of loan from related party	-	300,000
Key management personnel excluding CEO	Remuneration	78,250	95,080
CEO	Remuneration	14,800	15,510
Staff retirement contribution plan	Contribution to staff provident fund	9,547	10,331
Rupees in thousand		December 31 2021 Un-audited	June 30 2021 Audited
Balances:			
Loan from related party		350,000	350,000

18 FAIR VALUE OF FINANCIAL INSTRUMENTS

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).

As at 31 December 2021, the Company had following financial instruments with respect to their level of fair value modelling:

Rupees in thousand	December 31, 2021		
	Un-audited		
	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss			
Short term investments	939,513	-	-

Rupees in thousand	June 30, 2021		
	Audited		
	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss			
Short term investments	978,738	-	-

19 DATE OF AUTHORIZATION

These condensed interim financial statements were authorized for issue on February 16, 2022 by the Board of Directors of the Company.


Chief Financial Officer


Chief Executive Officer


Chairman

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