

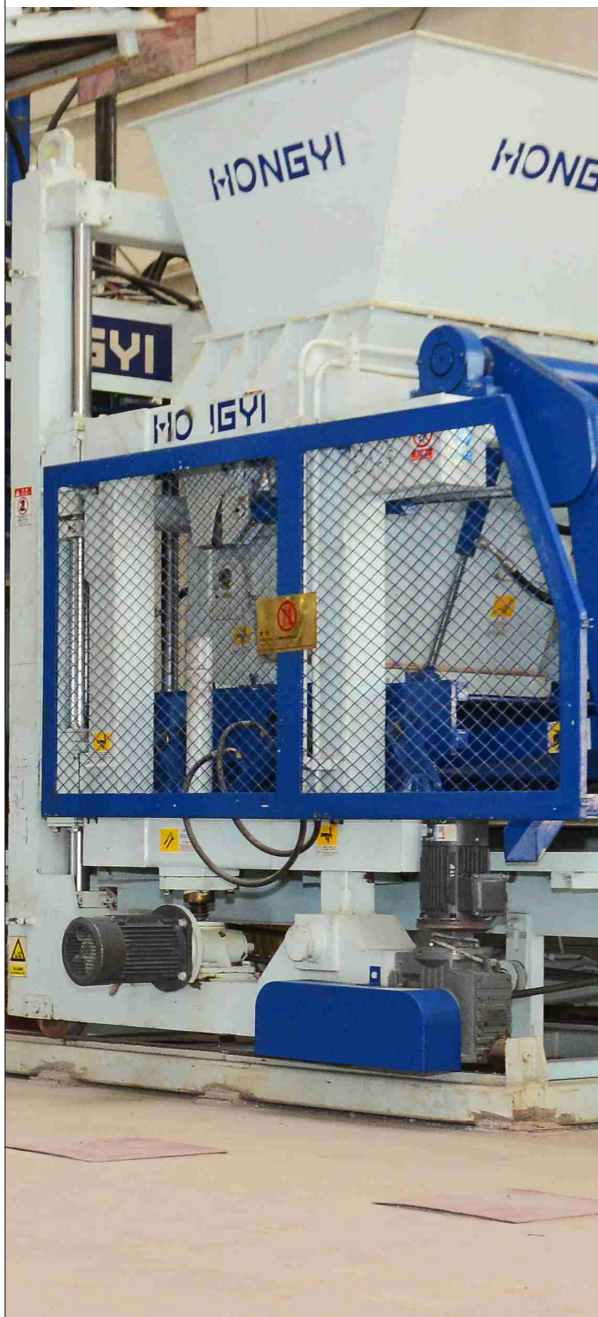
Shaping the
Future



PIONEER CEMENT

HALF YEARLY REPORT
DECEMBER 31, 2023

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COMPANY INFORMATION

Board of Directors

- Mr. Aly Khan (Chairman)
- Mr. M. Habibullah Khan (CEO)
- Ms. Aleeya Khan
- Mr. Shafiuddin Ghani Khan
- Mr. Mohammed Aftab Alam
- Mirza Ali Hasan Askari
- Mr. Manzoor Ahmed
- Mr. Doraib A Kisat

Audit Committee

- Mr. Manzoor Ahmed (Chairman)
- Mr. Aly Khan
- Ms. Aleeya Khan
- Mr. Shafiuddin Ghani Khan
- Mr. Mohammed Aftab Alam

HR & Remuneration Committee

- Mr. Shafiuddin Ghani Khan (Chairman)
- Mr. M. Habibullah Khan (CEO)
- Mr. Aly Khan
- Ms. Aleeya Khan
- Mr. Mohammed Aftab Alam

Chief Financial Officer

- Mr. Waqar Naeem

Chief Internal Auditor

- Mr. Jan Muhammad

Company Secretary

- Mr. Talha Saif

Bankers

- Allied Bank Limited
- Askari Bank Limited
- Bank Al Habib Limited
- BankIslami 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

KPMG Taseer Hadi & Co.
Chartered Accountants

Legal Advisor

Hassan & Hassan

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

Registered Office

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Tel: +92 (42) 37503570-72
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Email: pioneer@pioneerement.com

Factory

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

Regional Offices

Karachi Office

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Tel: +92 (21) 38899693
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

DIRECTORS' REPORT TO THE SHAREHOLDERS

In the name of Allah, the most Gracious, the most Merciful.

The Directors of your Company are pleased to present the condensed interim financial statements for the period ended December 31, 2023.

Cement Industry

During the period under review, the cement industry made volumetric dispatches of 23.88 million tons compared to 21.76 million tons dispatched during the same period last year (SPLY), recording an overall increase of 9.73%. Dispatches for the period comprised of 20.23 million tons of local sales (SPLY: 20.03 million tons) and 3.65 million tons of exports (SPLY: 1.73 million tons).

Business Performance

1) Production and Sales Volume

	Period ended December 31		(Tons)
	2023	2022	Variance %
Cement production	1,243,198	1,433,416	(13.27)
Cement sales	1,270,356	1,414,126	(10.17)

2) Financial Performance

	Period ended December 31		(Rupees in thousands)
	2023	2022	Variance %
Net sales	18,824,843	18,646,204	0.96
Cost of sales	12,682,232	13,925,052	(8.93)
Gross profit	6,142,611	4,721,152	30.11
Operating profit	5,615,918	4,338,409	29.45
Profit before taxation	4,347,949	2,578,581	68.62
Profit after taxation	2,625,755	1,761,267	49.08
Earnings per share (Rs.)	11.56	7.75	49.16

The Company's topline has grown marginally owing to an increase in net sales per ton to Rs. 14,819 (SPLY: Rs. 13,186), despite a decline in sales volume by 10.17%.

The cost of cement sold during the period experienced a slight uptick to Rs. 9,983 per ton (SPLY: Rs. 9,847 per ton). The rise in raw material costs to Rs. 847 per ton (SPLY: Rs. 645 per ton) was due to an increase in royalty on mineral extraction by the province. In anticipation of an increase in craft paper prices, the Company has proactively improved its poly to paper mix, which has limited the rise in packing costs to Rs. 787 per ton of cement sold (SPLY: Rs. 749 per ton). Following the revaluation of property, plant and equipment, as well as a transition in depreciation methodology from UoP to the straight-line method, there has been a noticeable increase in total depreciation charges to Rs. 1,131 per ton (SPLY: Rs. 940 per ton).

During the period under review, Rs. 1,381 million early loan settlements along with timely repayment of financing liabilities have effectively mitigated the impact of elevated policy rates. Finance cost for the period has also been reduced by capitalized borrowing cost on financing facilities related to our head office building.

Taxation encompasses charges related to alternate corporate tax, deferred tax and provisions for super tax during the period. This has led to a net profit after tax of Rs. 2,625.76 million for the period (earning an EPS of Rs. 11.56) compared to Rs. 1,761.27 million (with an EPS of Rs. 7.75) earned in the corresponding period.

Dividends

The Board of Directors has announced an interim cash dividend @ 50% i.e. Rs.5 per share for the half year ended December 31, 2023.

Future Outlook

The industry will continue to face significant challenges, such as escalating raw material expenses, rising national grid tariffs, volatile foreign exchange rates, higher policy rates and limited government development expenditure. Thus, creating uncertainty both for the industry and the economy in short to medium term.

Nevertheless, the Company remains optimistic that following the recent elections and formation of a new government, the economic landscape will gradually improve, leading to better operating conditions.

Acknowledgement

The Board acknowledges the role played by all stakeholders including customers, financial institutions, government departments and employees in the continued growth of the Company.

For and on behalf of the Board



M Habibullah Khan
Chief Executive Officer
February 28, 2024
Lahore



Aly Khan
Chairman
February 28, 2024
Lahore

ڈائریکٹرز رپورٹ برائے حصص داران

آپ کی کمپنی کے ڈائریکٹرز 31 دسمبر، 2023 کو ختم ہونے والی ششماہی کے عبوری مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

سینٹ سیکٹر

زیر نظر مدت کے دوران سینٹ کی صنعت نے 23.88 ملین ٹن ترسیلات کیں جو گزشتہ سال کے اسی عرصہ کے دوران 21.76 ملین ٹن تھیں اس طرح مجموعی طور پر 9.73% کا اضافہ ریکارڈ کیا گیا۔ مقامی سطح پر 20.23 ملین ٹن ترسیلات کی گئیں جو کہ گزشتہ سال اسی عرصہ کے دوران 20.03 ملین ٹن تھیں اور برآمدات کا حجم 3.65 ملین ٹن رہا جو کہ گزشتہ سال 1.73 ملین ٹن تھا۔

کاروباری کارکردگی

کمپنی کی مجموعی فروخت گزشتہ سال -/Rs.13,186 فی ٹن تھی جو کہ اضافے کے بعد -/Rs.14,819 فی ٹن رہی۔ اسی طرح گزشتہ سال سینٹ کی قیمت فروخت Rs.9,847 روپے فی ٹن تھی جبکہ زیر تذکرہ عرصہ میں معمولی اضافہ کے ساتھ Rs.9,983 روپے فی ٹن رہی۔ خام مال گزشتہ سال Rs.645 روپے فی ٹن تھا جو کہ بڑھ کر Rs.847 روپے فی ٹن ہو گیا یہ اضافہ صوبائی محکمہ معدنیات کی رائلٹی میں اضافے کے سبب ہوا۔ کاغذ کی قیمتوں میں اضافے کی توقع میں کمپنی نے اپنے پولی ٹو پیپرکس کو فعال طور پر بہتر کیا ہے جس سے پیکنگ کی لاگت میں اضافہ Rs.787 روپے فی ٹن تک محدود ہو گیا ہے (گزشتہ سال Rs.749 روپے فی ٹن)۔ پراپرٹی، پلانٹ اور آلات کی دوبارہ تشخیص کے ساتھ ساتھ فرسودگی کے طریقہ کار میں UoP سے سیدھے لائن کے طریقہ کار میں تبدیلی کے بعد مجموعی فرسودگی چارجز میں Rs.1,131 روپے فی ٹن تک کا نمایاں اضافہ ہوا ہے (گزشتہ سال Rs.940 روپے فی ٹن)۔ زیر جائزہ مدت کے دوران Rs.1,381 ملین روپے مالیاتی واجبات کی بروقت ادائیگی کے ساتھ قرضوں کی وقت سے پہلے واپسی نے پالیسی کی بلند شرح کے اثرات کو موثر طریقے سے کم کیا ہے۔ اس مدت کے لئے مالیاتی لاگت کو بھی ہمارے ہیڈ آفس کی عمارت سے متعلقہ فنانسنگ سہولیات پر سرمایہ دارانہ ادھار کی لاگت سے کم کیا گیا ہے۔

ٹیکسیشن میں متبادل کارپوریٹ ٹیکس، موخر ٹیکس اور اس مدت کے دوران سپر ٹیکس کی دفعات سے متعلق چارجز شامل ہیں۔ اس طرح ٹیکس منہا کرنے کے بعد خالص منافع 2,625.76 ملین روپے رہا جو کہ گزشتہ سال اسی عرصہ میں 1,761.27 ملین روپے تھا۔ اس کے

نتیجے میں فی حصص آمدنی Rs.11.56 حاصل ہوئی جو کہ گزشتہ سال اسی عرصہ میں 7.75 روپے تھی۔

ڈیویڈنڈ

کمپنی کے بورڈ آف ڈائریکٹرز نے اپنے اجلاس منعقدہ ۲۸ فروری ۲۰۲۳ میں ۳۱ دسمبر ۲۰۲۳ کو ختم ہونے والی شش ماہی کیلئے ۵۰% (یعنی پانچ روپے فی عمومی حصص) کی شرح سے عبوری منافع کا اعلان کیا ہے۔

مستقبل کا نقطہ نظر

صنعت کو خام مال کے بڑھتے ہوئے اخراجات، قومی گریڈ ٹیرف میں اضافہ، غیر مستحکم زرمبادلہ کی شرح، بڑھتی ہوئی پالیسی کی شرح اور محدود سرکاری ترقیاتی اخراجات جیسے اہم چیلنجوں کا سامنا کرنا پڑے گا۔ اس طرح صنعت اور معیشت دونوں کے لئے مختصر سے درمیانی مدت میں غیر یقینی صورتحال پیدا ہو رہی ہے۔

اس کے باوجود بھی کمپنی پر امید ہے کہ حالیہ انتخابات اور آنے والی حکومت کی تشکیل کے بعد معاشی منظر نامے میں بتدریج بہتری آئے گی جس سے آپریٹنگ حالات بہتر ہوں گے۔

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

28 فروری 2024

لاہور



ایم حبیب اللہ خان
چیف ایگزیکٹو آفیسر

28 فروری 2024

لاہور

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Pioneer Cement Limited

Report on the review of Condensed Interim Financial Statements

INTRODUCTION

We have reviewed the accompanying condensed interim statement of financial position of Pioneer Cement Limited ("the Company") as at 31 December 2023 and the related condensed interim statement of profit or loss and 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 condensed 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 condensed 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 condensed interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

OTHER MATTER

The figures for the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended 31 December 2023 and 31 December 2022, have not been reviewed by us and we do not express a conclusion on them.

The engagement partner on the review resulting in this independent auditor's report is Bilal Ali.

Lahore
Date: 29 February 2024
UDIN: RR202310114TBy62U8oe


KPMG Taseer Hadi & Co.
Chartered Accountants
(Bilal Ali)

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

Rupees in thousands		December 31, 2023	June 30, 2023
	Note	Un-audited	Audited
ASSETS			
Non Current Assets			
Property, plant and equipment	6	77,794,113	77,802,602
Investment property		94,926	94,926
Long-term advances and deposits		84,660	344,264
		77,973,699	78,241,792
Current Assets			
Stores, spares and loose tools		3,429,291	4,435,649
Stock-in-trade	7	1,604,430	1,631,574
Trade receivables		2,153,298	1,825,648
Loans and advances		243,242	199,627
Short-term prepayments		14,692	6,027
Other receivables		658,459	9,952
Short-term investments	8	82,820	461,502
Cash and bank balances		271,575	343,596
		8,457,807	8,913,575
TOTAL ASSETS		86,431,506	87,155,367
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital		3,500,000	3,500,000
Issued, subscribed and paid up share capital		2,271,489	2,271,489
Capital reserves			
Share premium		197,517	197,517
Surplus on revaluation of property, plant and equipment - net of tax		24,063,703	23,599,990
		24,261,220	23,797,507
Revenue reserve - unappropriated profit		17,726,261	14,452,447
		44,258,970	40,521,443
LIABILITIES			
Non Current Liabilities			
Long-term financing	9	5,758,762	8,033,010
Long-term deposits		40,859	41,384
Deferred liabilities		20,915,300	19,681,537
		26,714,921	27,755,931
Current Liabilities			
Trade and other payables	10	5,504,105	7,019,560
Retention money payable		87,659	843,944
Provision for taxation - net		904,926	411,796
Contract liabilities		124,231	129,269
Sales tax payable - net		373,036	10,094
Accrued mark-up / profit on financing	11	900,648	952,532
Short-term borrowings	12	2,955,784	3,961,845
Current portion of long-term financing	9	4,546,733	5,488,369
Unclaimed dividend		60,493	60,584
		15,457,615	18,877,993
		42,172,536	46,633,924
Contingencies And Commitments	13	-	-
TOTAL EQUITY AND LIABILITIES		86,431,506	87,155,367

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.


Chief Financial Officer


Chief Executive Officer


Chairman

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2023

Rupees in thousands		Half Year Ended December 31,		Quarter Ended December 31,	
	Note	2023	2022	2023	2022
Revenue from contracts with customers - gross		26,097,474	25,081,761	14,008,660	13,913,726
Sales tax		(4,510,996)	(4,129,802)	(2,435,299)	(2,289,276)
Federal excise duty		(2,540,712)	(2,121,188)	(1,339,563)	(1,170,865)
Commission		(189,361)	(151,626)	(105,400)	(104,373)
Discount and rebate		(31,562)	(32,941)	(15,783)	(24,551)
		(7,272,631)	(6,435,557)	(3,896,045)	(3,589,065)
Revenue from contracts with customers - net		18,824,843	18,646,204	10,112,615	10,324,661
Cost of sales	14	(12,682,232)	(13,925,052)	(6,620,394)	(7,513,269)
Gross profit		6,142,611	4,721,152	3,492,221	2,811,392
Distribution cost		(110,387)	(61,597)	(48,900)	(32,559)
Administrative expenses		(161,942)	(79,794)	(82,463)	(42,700)
Other expenses		(254,364)	(241,352)	(175,365)	(176,521)
		(526,693)	(382,743)	(306,728)	(251,780)
Operating profit		5,615,918	4,338,409	3,185,493	2,559,612
Other income		117,101	16,923	110,115	6,098
Realized gain / (unrealized loss) on assets held at fair value - net		190,663	(9,089)	143,311	(8,250)
Finance costs		(1,575,733)	(1,767,662)	(625,548)	(853,152)
		(1,267,969)	(1,759,828)	(372,122)	(855,304)
Profit before taxation		4,347,949	2,578,581	2,813,371	1,704,308
Taxation		(1,722,194)	(817,314)	(1,120,639)	(528,864)
Profit after taxation		2,625,755	1,761,267	1,692,732	1,175,444
Earnings per share - basic and diluted (Rs.)		11.56	7.75	7.45	5.17

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.


Chief Financial Officer


Chief Executive Officer


Chairman

**CONDENSED INTERIM STATEMENT OF
COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2023**

Rupees in thousands		Half Year Ended December 31,		Quarter Ended December 31,	
	Note	2023	2022	2023	2022
Profit after taxation		2,625,755	1,761,267	1,692,732	1,175,444
Items that may be reclassified to statement of profit or loss subsequently		-	-	-	-
Items that will not be reclassified to statement of profit or loss subsequently:					
Surplus on revaluation of Property, Plant & Equipment - adjustment	6.1.2	1,822,578	-	1,822,578	-
Related deferred tax		(710,806)	-	(710,806)	-
		1,111,772	-	1,111,772	-
Total comprehensive income for the period		3,737,527	1,761,267	2,804,504	1,175,444

The annexed notes from 1 to 20 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 SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2023

Rupees in thousands	Issued, subscribed and paid-up capital	Reserves				Total equity
		Capital		Revenue	Sub total	
		Share premium	Surplus on revaluation of property, plant and equipment	Accumulated profits		
Balance as at June 30, 2022 (audited)	2,271,489	197,517	16,178,271	11,124,064	27,499,852	29,771,341
Profit after taxation for the period	-	-	-	1,761,267	1,761,267	1,761,267
Other comprehensive income for the period	-	-	-	-	-	-
	-	-	-	1,761,267	1,761,267	1,761,267
Revaluation surplus realized through incrementa depreciation - net of tax	-	-	(248,561)	248,561	-	-
Balance as at December 31, 2022 (un-audited)	2,271,489	197,517	15,929,710	13,133,892	29,261,119	31,532,608
Balance as at June 30, 2023 (audited)	2,271,489	197,517	23,599,990	14,452,447	38,249,954	40,521,443
Profit after taxation for the period	-	-	-	2,625,755	2,625,755	2,625,755
Other comprehensive income for the period	-	-	1,111,772	-	1,111,772	1,111,772
	-	-	1,111,772	2,625,755	3,737,527	3,737,527
Revaluation surplus realized through incremental depreciation - net of tax	-	-	(648,059)	648,059	-	-
Balance as at December 31, 2023 (unaudited)	2,271,489	197,517	24,063,703	17,726,261	41,987,481	44,258,970

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.


Chief Financial Officer


Chief Executive Officer


Chairman

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2023

Rupees in thousands	Note	December 31, 2023	2022
Cash Flows From Operating Activities			
Cash generated from operations	15	7,068,481	4,664,120
Income tax paid - net		(730,095)	(280,969)
Employees' compensated absences paid		(22,249)	(1,895)
Gratuity paid		(5,356)	(7,121)
Decrease / (Increase) in long-term deposits		259,079	(3,322)
Net cash generated from operating activities	A	6,569,860	4,370,813
Cash Flows From Investing Activities			
Capital expenditure incurred		(1,177,992)	(401,024)
Short term investments made		(81,933)	-
Proceeds from redemption of Short term investments		651,278	-
Proceeds from disposal of property, plant and equipment		130,918	29
Net cash used in investing activities	B	(477,729)	(400,995)
Cash Flows From Financing Activities			
Proceeds from long-term financing		1,000,000	-
Repayment of long-term financing		(4,215,885)	(2,297,690)
Decrease in short-term borrowings		(1,006,061)	(98,600)
Finance cost paid		(1,942,115)	(1,611,302)
Dividend paid		(91)	(55)
Net cash used in financing activities	C	(6,164,152)	(4,007,647)
Net decrease in cash and cash equivalents	A+B+C	(72,021)	(37,829)
Cash and cash equivalents - at the beginning of the period		343,596	588,896
Cash and cash equivalents - at the end of the period		271,575	551,067

The annexed notes from 1 to 20 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 SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2023

1 LEGAL STATUS AND NATURE OF BUSINESS

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 Company's registered office is located at 64 - B/ 1, Gulberg 3, Lahore, effective from January 1, 2024, (previously 135, Ferozepur Road, Lahore). The Company's production facility is situated at Chenki, District Khushab in Punjab Province.

2 BASIS OF PRESENTATION AND MEASUREMENT

2.1 These condensed interim financial statements comprise the condensed interim statement of financial position of the Company, as at December 31, 2023 and the related condensed interim statement of profit and loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows together with the notes forming part thereof.

2.2 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.

2.3 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, 2023.

2.4 Comparative statement of financial position numbers are extracted from the annual audited financial statements of the Company for the year ended June 30, 2023, whereas comparatives of condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flow and condensed interim statement of changes in equity are stated from unaudited condensed interim financial statements of the Company for period ended December 31, 2022.

2.5 These condensed interim financial statements are unaudited and being submitted to the shareholders as required under Section 237 of the Companies Act, 2017.

2.6 These condensed interim financial statements have been prepared under the 'historical cost convention' except for freehold land, factory building, cement production plants, waste heat recovery plants, coal power plants, investment property, short term investments and certain other financial instruments which are carried at revalued amounts / fair value and retirement benefit obligations which are measured at present value. 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 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 June 30, 2023.

4 STATEMENT OF CONSISTENCY IN ACCOUNTING POLICIES

- 4.1 The Company adopted Disclosure of Accounting policies (Amendments to IAS 1 and IFRS Practice Statement 2) from July 01, 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments required the disclosure of 'material', rather than significant, accounting policies. The amendment also provides guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements

Management reviewed the accounting policies and is of the view that Material accounting policies (2022: Significant accounting policies) are in line with the requirement and does not need any material changes.

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are same as those applied in the preparation of the annual audited financial statements for the year ended June 30 , 2023.

- 4.1.1 The following amendments and interpretations of approved accounting standards will be effective for accounting periods as detailed below:

Amendments and interpretations of approved accounting standards

- Amendments to IAS 1 - Classification of liabilities as current or non-current	01 January 2024
- Amendments to IFRS 17 - Insurance Contracts	01 January 2023
- Amendments to IAS 1 - Non-current liabilities with covenants	01 January 2024
- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies	01 January 2023
- Amendments to IAS 8 - Definition of Accounting Estimates	01 January 2023
- Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	01 January 2023
- Amendment to IFRS 16 - Lease Liability in a Sale and Leaseback	01 January 2024

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 thousands		December 31, 2023	June 30, 2023
	Note	Un-audited	Audited
6	PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets	6.1	72,196,341	73,326,002
Capital work in progress	6.2	5,538,133	4,416,961
Capital spares		59,639	59,639
		77,794,113	77,802,602

6.1 Operating fixed assets

Opening book value		73,326,002	60,225,352
Revaluation surplus		-	15,603,456
Additions during the period / year	6.1.1	371,318	155,610
Disposals during the period / year		(60,317)	-
Depreciation for the period / year		(1,440,662)	(2,658,416)
Closing book value	6.1.2	72,196,341	73,326,002

6.1.1 Additions during the period / year

Plant and machinery		48,491	149,960
Furniture and fixtures		7,061	260
Office equipment		81	87
Computers and accessories		5,911	1,272
Vehicles		309,774	4,031
		371,318	155,610

6.1.2 Pursuant to reconciliations with contractors/suppliers, the company has made an adjustment to the amount payable and assets capitalized in prior years. As the assets are measured under the revaluation model and the latest revaluation was carried out on June 30, 2023, the net book value remains unaffected. To reflect this change, a corresponding adjustment of Rs. 1.82 billion has been made to the revaluation surplus during the period.

Rupees in thousands		December 31, 2023	June 30, 2023
		Un-audited	Audited
6.2	Capital work in progress		
Opening balance		4,416,961	2,958,225
Additions during the period / year		1,121,172	1,458,736
Closing balance		5,538,133	4,416,961

7 STOCK-IN-TRADE

Raw materials		115,689	73,514
Packing materials		122,351	248,751
Work in process		1,021,266	722,507
Finished goods		345,124	586,802
		1,604,430	1,631,574

Rupees in thousands		December 31, 2023	June 30, 2023
	Note	Un-audited	Audited
8	SHORT-TERM INVESTMENTS		
Meezan Islamic Fund		-	219,522
Units Nil (June 30, 2023: 4,004,681)			
NBP Islamic Stock Fund		-	241,176
Units Nil (June 30, 2023: 23,222,138)			
Meezan Islamic Income Fund		887	804
Units 15,601 (June 30, 2023: 13,879)		887	461,502
Investments with Term Deposit Receipts			
Term deposit with Bank Al Habib		81,933	-
		82,820	461,502
9	LONG-TERM FINANCING		
Islamic long-term financing arrangements			
Meezan Bank Limited - III	9.1	-	291,667
Meezan Bank Limited - IV		475,000	950,000
Meezan Bank Limited - Syndicate		1,555,714	1,814,997
National Bank of Pakistan - Syndicate I		720,036	959,266
		2,750,750	4,015,930
Conventional long-term financing arrangements			
National Bank of Pakistan - Syndicate I		4,679,745	6,240,449
National Bank of Pakistan - Syndicate II	9.1	-	440,000
National Bank of Pakistan - Bilateral facility	9.1	-	825,000
National Bank of Pakistan - Term loan	9.2	1,000,000	-
Allied Bank Limited - facility I		1,000,000	1,000,000
Allied Bank Limited - facility II		875,000	1,000,000
		7,554,745	9,505,449
Total long-term financing	9.3	10,305,495	13,521,379
Less: current portion		(4,546,733)	(5,488,369)
Non-current portion		5,758,762	8,033,010
9.1	During the period, the Company has early settled remaining outstanding amounts against Meezan Bank Limited III, Syndicate finance facility II and Bilateral finance facility of National Bank of Pakistan.		
9.2	On July 17, 2023, the Company has obtained a long term loan facility of Rs. 1,000 million. This facility carries markup at 3 months KIBOR plus 0.75% per annum payable quarterly whereas the principal is repayable in eight years including grace period of two years. The facility is secured against joint pari passu mortgage charge over the project with 25% margin.		
9.3	Except disclosed above, there is no change in the terms of the facilities as mentioned in note 19 to annual audited financial statements for the year ended June 30, 2023.		

Rupees in thousands		December 31, 2023	June 30, 2023
	Note	Un-audited	Audited
10	TRADE AND OTHER PAYABLES		
Creditors		3,600,179	5,442,808
Payable to statutory authorities	10.1	884,311	658,050
Accrued expenses		484,604	609,035
Worker related funds		448,624	218,117
Employees' compensated absences		79,009	83,028
Deposits		6,446	8,430
Others		932	92
		5,504,105	7,019,560
10.1	Payable to statutory authorities		
Excise duty on cement		481,553	445,248
Royalty and excise duty		173,620	18,130
Taxes deducted at source		229,138	194,672
		884,311	658,050
11	ACCURED MARKUP / PROFIT ON FINANCING		
Accrued profit on financing from islamic banks			
Long-term financing		192,644	212,611
Short-term borrowing		-	57,305
		192,644	269,916
Accrued mark-up on financing from conventional banks			
Long-term financing		562,256	554,606
Short-term borrowing		145,748	128,010
		708,004	682,616
		900,648	952,532
12	SHORT-TERM BORROWINGS		
Islamic Banks			
Meezan Bank Limited - Running Musharaka		-	999,617
Conventional Banks			
Allied Bank Limited		402,426	467,811
National Bank of Pakistan		990,355	999,355
MCB Bank Limited		478,056	429,756
Bank Al Habib Limited		122,525	175,069
Habib Bank Limited		673,883	690,273
United Bank Limited		88,539	199,964
Bank of Punjab	12.1	200,000	-
		2,955,784	2,962,228
	12.2	2,955,784	3,961,845
12.1	During the period, the Company has obtained a running finance facility of Rs. 200 million from Bank of Punjab. This facility carries markup at 3 months KIBOR plus 0.50% per annum payable quarterly. The facility is secured against joint pari passu mortgage charge over the current assets with 25% margin.		
12.2	There is no change in the terms of the facilities as disclosed in note 25 to annual audited financial statements for the year ended June 30, 2023.		

13 Contingencies And Commitments

13.1 Contingencies

There has been no significant change in the contingencies as disclosed in note 27.1 to the annual financial statements for the year ended June 30, 2023.

13.2 Commitments

Commitments in respect of outstanding letters of credit amount to Rs. 115.25 million (June 30, 2023: Rs.85.31 million). In addition, commitment in respect of contracts registered with banks amount to Rs. 4.46 million (June 30, 2023: Rs.0.59 million).

Commitments in respect of issued letters of guarantee favoring Collector of Customs, Karachi amount to Rs.78.86 million (June 30, 2023: Rs.63.98 million).

Rupees in thousands	Half Year Ended December 31,		Quarter Ended December 31,	
	2023	2022	2023	2022
14 COST OF SALES				
Raw material consumed	1,076,286	912,765	585,228	525,698
Packing material consumed	999,408	1,059,851	514,315	598,647
Fuel and power	8,523,056	11,320,539	4,486,459	6,211,966
Stores and spare parts consumed	167,052	188,703	86,719	104,222
Salaries, wages and benefits	484,435	412,308	239,787	202,314
Insurance	30,777	21,648	16,046	10,857
Repairs and maintenance	85,763	69,832	47,237	40,613
Depreciation	1,218,240	1,092,701	609,804	789,742
Other manufacturing expenses	154,296	138,360	79,064	60,483
Total manufacturing cost	12,739,313	15,216,707	6,664,659	8,544,542
Work in process				
Opening balance	722,507	152,126	829,642	322,061
Closing balance	(1,021,266)	(1,203,631)	(1,021,266)	(1,203,631)
	(298,759)	(1,051,505)	(191,624)	(881,570)
Cost of goods manufactured	12,440,554	14,165,202	6,473,035	7,662,972
Finished goods				
Opening balance	586,802	182,990	492,483	273,437
Closing balance	(345,124)	(423,140)	(345,124)	(423,140)
	241,678	(240,150)	147,359	(149,703)
	12,682,232	13,925,052	6,620,394	7,513,269

Rupees in thousands	December 31, 2023	2022 Un-audited
15 CASH GENERATED FROM OPERATIONS		
Profit before taxation	4,347,949	2,578,581
Adjustment for		
Depreciation	1,440,662	1,333,337
Provision for gratuity and compensated absences	47,573	35,606
Finance cost	1,575,733	1,767,662
Provision for expected credit losses	15,936	50,000
Gain on disposal of property, plant and equipment	(70,601)	(29)
Remeasurement (gain)/ loss on assets held at fair value - net	(190,663)	9,089
Cash flow before working capital changes	7,166,589	5,774,246
Working capital changes (Increase) / decrease in current assets		
Stores, spares and loose tools	1,006,358	1,103,800
Stock in trade	27,144	(1,286,333)
Trade receivables	(343,586)	(412,543)
Loans and advances	(43,615)	(273,429)
Trade deposits and short term prepayments	(8,665)	(25,779)
Other receivables	(648,507)	106
	(10,871)	(894,178)
Increase/ (decrease) in current liabilities		
Trade and other payables	311,144	(35,588)
Contract liabilities	(5,038)	(41,579)
Sales tax payable	362,942	(148,665)
Retention money	(756,285)	9,884
	(87,237)	(215,948)
Cash generated from operations	7,068,481	4,664,120

16 FINANCIAL INSTRUMENTS-FAIR VALUES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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 a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Company is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- Unobservable inputs for the asset or liability (level 3).

The following table shows the carrying amounts and fair values of financial instruments and non-financial instruments including their levels in the fair value hierarchy:

	Carrying Amount		Fair Value					
	Fair value through other comprehensive income	Fair value through profit and loss	Financial Assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
	----- Rupees in thousand -----							
		82,820	-	-	82,820	-	82,820	-
	<i>Financial assets at amortised cost</i>							
	-	-	84,660	-	84,660	-	-	-
	-	-	2,153,298	-	2,153,298	-	-	-
	-	-	3,534	-	3,534	-	-	-
	-	-	658,459	-	658,459	-	-	-
	-	-	271,575	-	271,575	-	-	-
	-	-	3,171,526	-	3,171,526	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	10,305,495	10,305,495	-	-	-
	-	-	-	40,859	40,859	-	-	-
	-	-	-	60,493	60,493	-	-	-
	-	-	-	87,659	87,659	-	-	-
	-	-	-	4,092,161	4,092,161	-	-	-
	-	-	-	900,648	900,648	-	-	-
	-	-	-	2,955,784	2,955,784	-	-	-
	-	-	-	18,443,099	18,443,099	-	-	-

16.1

On-Balance sheet financial instruments

December 31, 2023 (Un-Audited)

Financial assets measured at fair value

Investments

Financial assets at amortised cost

Long term deposits

Trade debts - unsecured, considered good

Loans to employees

Other receivables

Cash and bank balances

16.1

Financial liabilities measured at fair value

Financial liabilities measured at amortised cost

Long term financing

Long term deposits

Unclaimed dividend

Retention money

Trade and other payables

Accrued mark-up/ profit on financing

Short term borrowings

16.1

16.1

16.1

	Carrying Amount		Fair Value		
	Fair value through other comprehensive income	Fair value through profit and loss	Financial Assets	Other financial liabilities	Total
			at amortised cost		
	Rupees in thousand				
On-Balance sheet financial instruments					
<u>June 30, 2023</u>					
Financial assets measured at fair value					
Investments		461,502	-	-	461,502
Financial assets at amortised cost					
Long term deposits	-	-	344,264	-	344,264
Trade debts - unsecured, considered good	-	-	1,825,648	-	1,825,648
Loans to employees	-	-	3,860	-	3,860
Other receivables	-	-	9,952	-	9,952
Cash and bank balances	-	-	343,596	-	343,596
16.1	-	-	2,527,320	-	2,527,320
Financial liabilities measured at fair value					
Financial liabilities measured at amortised cost					
Long term financing	-	-	-	13,521,379	13,521,379
Long term deposits	-	-	-	41,384	41,384
Unclaimed dividend	-	-	-	60,584	60,584
Retention money	-	-	-	843,944	843,944
Trade and other payables	-	-	-	6,060,365	6,060,365
Accrued mark-up profit on financing	-	-	-	952,532	952,532
Short term borrowings	-	-	-	3,961,845	3,961,845
16.1	-	-	-	25,442,033	25,442,033

16.1 The Company has not disclosed the fair values of these financial assets and liabilities as these are for short term or are repiced over short term. Therefore, their carrying amounts are reasonable approximation of fair value.

17 RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES.

	For the six months ended December 31, 2023				
	Liabilities				Total
	Long term finances	Short term borrowings	Accrued mark- up / profit on financing	Unclaimed Dividend	
	----- Rupees in thousand -----				
Balance as at July 01, 2023	13,521,379	3,961,845	952,532	60,584	18,496,340
<u>Changes from financing activities</u>					
Proceeds from long-term financing	1,000,000	-	-	-	1,000,000
Repayment of long term finances - secured	(4,215,885)	-	-	-	(4,215,885)
Repayment of short term borrowings - net	-	(1,006,061)	-	-	(1,006,061)
Finance cost paid	-	-	(1,942,115)	-	(1,942,115)
Unclaimed dividend paid	-	-	-	(91)	(91)
Total changes from financing cash flows	(3,215,885)	(1,006,061)	(1,942,115)	(91)	6,164,154
<u>Other changes</u>					
Amortization of government grant	-	-	-	-	-
Finance cost	-	-	1,890,231	-	1,890,231
Total liability related other changes	-	-	1,890,231	-	1,890,231
Closing as at December 31, 2023	10,305,495	2,955,784	900,648	60,493	14,222,420

	For the six months ended December 31, 2022				
	Liabilities				Total
	Long term finances	Short term borrowings	Accrued mark-up / profit on financing	Unclaimed Dividend	
	----- Rupees in thousand -----				
Balance as at July 01, 2022	18,030,031	4,285,143	780,233	60,663	23,156,070
<u>Changes from financing activities</u>					
Repayment of long term finances - secured	(2,297,690)	-	-	-	(2,297,690)
Disbursement of short term borrowings - net	-	(98,600)	-	-	(98,600)
Finance cost paid	-	-	(1,611,302)	-	(1,611,302)
Total changes from financing cash flows	(2,297,690)	(98,600)	(1,611,302)	-	(4,007,592)
<u>Other changes</u>					
Amortization of government grant	785	-	-	-	785
Finance cost	-	-	1,767,662	-	1,767,662
Total liability related other changes	785	-	1,767,662	-	1,768,447
Closing as at December 31, 2022	15,733,126	4,186,543	936,593	60,663	20,916,925

18 TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprise of the associated companies and undertakings having directors in common, directors and key management personnel. Transactions with related parties are as follows:

Rupees in thousands		December 31,	
Relationship with Company	Nature of Transaction	2023	2022
		Un-audited	
Key management personnel including CEO	Remuneration	132,443	117,850
Imperial Developers and Builders (Private) Limited - Common Directorship	Project supervision/ consultancy fee & Building O&M charges	229,304	-
Staff retirement contribution plan	Contribution to staff provident fund	14,486	11,401

Rupees in thousands		December 31, 2023	June 30, 2023
	Note	Un-audited	Audited
Period end balances			
Advance to Imperial Developers and Builders (Private) Limited		-	259,759
Payable to Imperial Developers and Builders (Private) Limited		19,612	-

19 NON-ADJUSTING EVENT AFTER REPORTING DATE

The Board of Directors in their meeting held on February 28, 2024 has announced 50% (2022: 'Nil') interim cash dividend of Rs.5 (2022: Rs. 'Nil') per ordinary share.

20 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issuance by the Board of Directors of the Company on February 28, 2024.


Chief Financial Officer


Chief Executive Officer


Chairman



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