



PIONEER CEMENT LTD.

HALF YEARLY REPORT
DECEMBER 31, 2022

SHAPING
THE FUTURE



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COMPANY 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. Doraib A Kijat

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
- BankIslami Pakistan Limited
- 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

Registered Office

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

Factory

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

Regional Offices

Karachi Office

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

Multan Office

House No. 218, Naqshband Colony
Khanewal Road, Multan
Tel: +92 (61) 6510404
Fax: +92 (61) 6510405

Faisalabad Office

Office No. 3, 2nd Floor, Sitara Tower,
Bilal Chowk, New Civil Lines, Faisalabad
Tel: +92 (41) 2630030, 2640406-7
Fax: +92 (41) 2630923

Share Registrar

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

DIRECTORS' REPORT TO THE SHAREHOLDERS

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

Directors of your Company are pleased to present condensed interim financial statements for the half year ended December 31, 2022.

Cement Industry

During the period under review, cement industry made volumetric dispatches of 21.76 million tons compared to 27.46 million tons dispatched during the same period last year (SPLY) witnessing overall decline of 20.73%. It comprised of local dispatches of 20.03 million tons (SPLY: 24.07 million tons) and 1.73 million tons of exports (SPLY: 3.39 million tons).

Business Performance

1) Production and Sales Volume

(Tons)

	Period ended December 31		Variance
	2022	2021	%
Cement Production	1,433,416	1,747,927	(17.99)
Cement Sales	1,414,126	1,755,360	(19.44)

2) Financial Performance

(Rs. in thousand)

	Period ended December 31		Variance
	2022	2021	%
Net sales	18,646,204	14,811,448	25.89
Gross profit	4,721,152	3,239,877	45.72
Operating profit	4,338,409	2,981,559	45.51
Profit before taxation	2,578,581	1,788,161	44.20
Profit after taxation	1,761,267	1,143,229	54.06
Earnings per share (Rs.)	7.75	5.03	54.08

During the period under review, the Company dispatched 1,414,126 tons cement in local market compared to 1,755,360 tons dispatched in SPLY; a decline of 19.44%. Despite decline in sales volume, topline improved by 25.89% driven by cost-push increase in local sale price.

Cost of cement sold during the period increased to Rs. 9,847 per ton (SPLY: Rs. 6,592 per ton). Major variance has been observed in fuel and power cost which increased to Rs. 8,005 per ton in current period (SPLY: Rs.5,007 per ton), registering an increase of 59.88% attributable to rising coal prices and increased national grid tariff. Increase in raw material cost was triggered by rise in diesel prices. Driven by devaluation of Pak Rupee, packing material cost increased to Rs. 749 per ton of cement sold (SPLY: Rs. 624 per ton); up by 20.03%.

Pursuant to revaluation of fixed assets carried out during the year ended on June 30, 2022, total depreciation charge for the period under review amounted to Rs. 1,333.34 million (SPLY: Rs. 595.81 million).

Despite repayment of loans, finance cost for the period under review increased to Rs. 1,767.67 million compared to Rs. 1,172.78 million in SPLY driven by upward revisions in policy rate.

After deducting tax charge of Rs. 817.31 million (SPLY: Rs. 644.93 million), profit after tax amounted to Rs. 1,761.27 million (SPLY: Rs. 1,143.23 million) translating into earnings per share of Rs. 7.75 (SPLY: Rs. 5.03).

Future Outlook

Rising interest rates, dwindling SBP reserves, soaring inflation and cuts in Public Sector Development Program pose a challenge to the overall economic activities and cement industry is no exception. Currently, the Company is not directly exposed to major foreign currency transactions, yet import restrictions have severely affected the supply chain of all major industries. However, despite all these challenges, the management of the Company is considering multiple import substitution avenues and is on its toes to channel its efforts focusing on operational efficiencies to pass through these difficult times and add more value to the shareholders.

Acknowledgement

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

For and on behalf of the board



Syed Mazher Iqbal
Chief Executive Officer



Aly Khan
Chairman

February 23, 2023
Lahore

817.31 ملین روپے ٹیکس منہا کرنے کے بعد (گزشتہ سال اسی عرصہ میں 644.93 ملین روپے)، خالص منافع 1,761.27 ملین روپے رہا جو کہ گزشتہ سال اسی عرصہ میں 1,143.23 ملین روپے تھا۔ اس کے نتیجے میں فی حصص آمدنی Rs.7.75 حاصل ہوئی جو کہ گزشتہ سال اسی عرصہ میں 5.03 روپے تھی۔

مستقبل کا نقطہ نظر

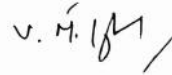
بڑھتی ہوئی شرح سود، سٹیٹ بینک کے کم ہوتے ذخائر، مہنگائی میں اضافہ اور عوامی سطح کے ترقیاتی منصوبوں میں کمی نے مجموعی طور پر معاشی سرگرمیوں کے لئے ایک بڑا بحران پیدا کر دیا ہے اور سیمنٹ کی صنعت بھی اس سے مبرا نہیں ہے۔ اگرچہ کمپنی براہ راست کھلی طور پر غیر ملکی کرنسی پر منحصر نہیں ہے، لیکن درآمدی پابندیوں نے بڑی صنعتوں کے فراہمی مال کے سلسلے کو متاثر کیا ہے۔ تاہم ان سب بحرانوں کے باوجود کمپنی کی انتظامیہ درآمد کے بہترین متبادل ذرائع کی تلاش میں ہے اور اپنی کوششوں کو آگے بڑھانے کیلئے اپنی عملی افادیت کو بروئے کار لانے کے لئے ہمہ وقت تیار ہے تاکہ یہ مشکل وقت گزر جائے اور حصص داران کے لئے مزید قدر کا اضافہ کریں۔

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
چیرمین



سید مظہر اقبال
چیف ایگزیکٹو آفیسر
23 فروری 2023

لاہور

ڈائریکٹرز کی رپورٹ برائے حصص داران

آپ کی کمپنی کے ڈائریکٹرز 31 دسمبر، 2022 کو ختم ہونے والی ششماہی کے عبوری مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

سیمنٹ سیکٹر

زیر نظر مدت کے دوران سیمنٹ کی صنعت نے 21.76 ملین ٹن ترسیلات کیوں جو گزشتہ سال کے اسی عرصہ کے دوران 27.46 ملین ٹن تھیں۔ مقامی سطح پر 20.03 ملین ٹن ترسیلات کی گئیں جو کہ گزشتہ سال اسی عرصہ کے دوران 24.07 ملین ٹن تھیں۔ برآمدات کا حجم 1.73 ملین ٹن رہا جو کہ گزشتہ سال 3.39 ملین ٹن تھا۔

کاروباری کارکردگی

زیر تذکرہ عرصہ کے دوران کمپنی نے مقامی منڈی میں 1,414,126 ٹن سیمنٹ فروخت کیا جو کہ گزشتہ سال اسی مدت کے دوران 1,755,360 ٹن تھا۔ فروخت کے حجم میں کمی کے باوجود مقامی منڈی میں سیمنٹ کی قیمت میں اضافے کی وجہ سے خالص فروخت شدہ آمدن میں 25.89% بہتری ہوئی۔

زیر نظر عرصہ میں فروخت شدہ سیمنٹ کی لاگت 9,847 روپے فی ٹن رہی جو کہ گزشتہ سال 6,592 روپے فی ٹن تھی۔ اہم فرق ایندھن اور بجلی کی قیمتوں میں اضافہ تھا جو کہ موجودہ عرصہ کے دوران 8,005 روپے فی ٹن تک بڑھ گیا جو کہ گزشتہ سال اسی عرصہ میں 5,007 روپے فی ٹن تھا۔ 59.88% کا یہ اضافہ کولے اور بجلی کی قیمت میں گرانی کی بابت ہوا۔ ڈیزل کی قیمت میں اضافے کی وجہ سے خام مال کی لاگت میں اضافہ ہوا۔ پاکستانی روپے کی قدر میں کمی کے باعث پیکنگ میٹیریل کی قیمت 749 روپے فی ٹن تک بڑھ گئی جو کہ گزشتہ سال اسی عرصہ میں 624 روپے فی ٹن تھی۔

مقررہ اثاثوں کی مالیت کا تعین نو جو کہ مالیاتی سال 30 جون 2022 کے اختتام پر کیا گیا، کے مطابق زیر جائزہ عرصہ کے لئے کل فرسودگی 1,333.34 ملین روپے رہی جو کہ گزشتہ سال اسی عرصہ میں 595.81 ملین روپے تھی۔

قرضوں کی ادائیگی کے باوجود زیر جائزہ عرصہ کے لئے مالی لاگت 1,767.67 ملین روپے ہے جو کہ گزشتہ سال اسی عرصہ میں 1,172.78 ملین روپے تھی۔ مالی لاگت میں اضافہ کی بنیادی وجہ مرکزی بینک کی جانب سے شرح سود میں اضافہ ہے۔

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 ("the Company") as at December 31, 2022 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 December 31, 2022 and December 31, 2021, have not been reviewed by us and we do not express a conclusion on them.

The condensed interim financial statements of the Company for the period ended December 31, 2021 and financial statements for the year ended June 30, 2022 were reviewed and audited by another auditor who expressed an unmodified conclusion and unmodified opinion on those financial statements on February 21, 2022 and 30 September 30, 2022 respectively.

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



KPMG Taseer Hadi & Co.
Chartered Accountants
Lahore: February 23, 2023
UDIN: RR202210114a2A9MfBkd



**Condensed
Interim Financial
Statements**

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2022

Rupees in thousand	Note	December 31, 2022 Un-audited	June 30, 2022 Audited
ASSETS			
Non Current Assets			
Property, plant and equipment	6	62,310,903	63,243,216
Investment property		90,396	90,396
Long-term deposits		82,662	79,340
		62,483,961	63,412,952
Current Assets			
Stores, spares and loose tools	7	3,401,164	4,504,964
Stock-in-trade	8	1,819,923	533,590
Trade receivables		2,070,760	1,708,217
Loans and advances		555,363	281,934
Short-term prepayments		26,677	898
Income tax receivable - net		218,257	484,150
Other receivables		119	225
Short-term investments	9	463,107	472,196
Cash and bank balances		551,067	588,896
		9,106,437	8,575,070
TOTAL ASSETS		71,590,398	71,988,022
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		15,929,710	16,178,271
		16,127,227	16,375,788
Revenue reserve - unappropriated profit		13,133,892	11,124,064
		31,532,608	29,771,341
LIABILITIES			
Non Current Liabilities			
Long-term financing	10	10,652,727	13,775,111
Long-term deposits		44,884	44,884
Deferred liabilities		10,798,723	10,511,694
Retention money		822,053	812,169
		22,318,387	25,143,858
Current Liabilities			
Trade and other payables	11	7,103,329	7,129,689
Contract liabilities		118,727	160,306
Sales tax payable - net		253,204	401,869
Accrued mark-up / profit on financing	12	936,593	780,233
Short-term borrowings	13	4,186,543	4,285,143
Current portion of long-term financing	10	5,080,399	4,254,920
Unclaimed dividend		60,608	60,663
		17,739,403	17,072,823
		40,057,790	42,216,681
Contingencies And Commitments	14	-	-
TOTAL EQUITY AND LIABILITIES		71,590,398	71,988,022

The annexed notes from 1 to 20 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 QUARTER AND HALF YEAR ENDED DECEMBER 31, 2022 (UN-AUDITED)

Rupees in thousand		Half year ended		Quarter ended	
	Note	December 31, 2022	2021	December 31, 2022	2021
Revenue from contracts with customers - gross		25,081,761	21,001,757	13,913,726	12,133,652
Sales tax		(4,129,802)	(3,424,558)	(2,289,276)	(1,976,727)
Federal excise duty		(2,121,188)	(2,633,040)	(1,170,865)	(1,465,484)
Commission		(151,626)	(112,176)	(104,373)	(65,224)
Discount and rebate		(32,941)	(20,535)	(24,551)	(12,192)
		(6,435,557)	(6,190,309)	(3,589,065)	(3,519,627)
Revenue from contracts with customers - net		18,646,204	14,811,448	10,324,661	8,614,025
Cost of sales	15	(13,925,052)	(11,571,571)	(7,513,269)	(6,836,665)
Gross profit		4,721,152	3,239,877	2,811,392	1,777,360
Distribution cost		(61,597)	(52,414)	(32,559)	(29,322)
Administrative expenses		(79,794)	(68,415)	(42,700)	(32,430)
Other expenses		(241,352)	(137,489)	(176,521)	(77,805)
		(382,743)	(258,318)	(251,780)	(139,557)
Operating profit		4,338,409	2,981,559	2,559,612	1,637,803
Other income		16,923	18,594	6,098	8,709
Remeasurement loss on assets held at fair value - net		(9,089)	(39,209)	(8,250)	(4,966)
Finance costs		(1,767,662)	(1,172,783)	(853,152)	(592,549)
		(1,759,828)	(1,193,398)	(855,304)	(588,806)
Profit before taxation		2,578,581	1,788,161	1,704,308	1,048,997
Taxation		(817,314)	(644,932)	(528,864)	(386,253)
Profit after taxation		1,761,267	1,143,229	1,175,444	662,744
Earnings per share - basic and diluted (Rs.)		7.75	5.03	5.17	2.92

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
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2022 (UN-AUDITED)

Rupees in thousand	Half year ended		Quarter ended	
	December 31, 2022	2021	December 31, 2022	2021
Profit after taxation	1,761,267	1,143,229	1,175,444	662,744
Other comprehensive income for the period				
Items that may be reclassified to statement of profit or loss	-	-	-	-
Items that will not be reclassified to statement of profit or loss subsequently	-	-	-	-
Total comprehensive income for the period	1,761,267	1,143,229	1,175,444	662,744

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 QUARTER AND HALF YEAR ENDED DECEMBER 31, 2022 (UN-AUDITED)

Rupees in thousand	Reserves					Sub total	Total equity
	Issued, subscribed and paid-up capital	Share premium	Capital	Revenue	Accumulated profits		
			Surplus on revaluation of property, plant and equipment				
Balance as at June 30, 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	
Revaluation surplus realized through incremental depreciation - net of tax	-	-	(38,672)	38,672	-	-	
Balance as at December 31, 2021 - unaudited	2,271,489	197,517	2,579,485	11,194,028	13,971,030	16,242,519	
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 incremental depreciation - net of tax	-	-	(248,561)	248,561	-	-	
Balance as at December 31, 2022 - unaudited	2,271,489	197,517	15,929,710	13,133,892	29,261,119	31,532,608	

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
FOR THE HALF YEAR ENDED DECEMBER 31, 2022 (UN-AUDITED)

Rupees in thousand		Half year ended	
	Note	December 31,	
		2022	2021
Cash flows from operating activities			
Cash generated from operations	16	4,665,970	1,618,143
Income tax paid - net		(280,969)	(96,197)
Workers' profit participation fund paid		(1,850)	-
Employees' compensated absences paid		(1,895)	(462)
Gratuity paid		(7,121)	(10,074)
Increase in long-term deposits		(3,322)	(4,451)
Net cash generated from operating activities	A	4,370,813	1,506,959
Cash flows from investing activities			
Capital expenditure incurred		(401,024)	(398,374)
Proceeds from disposal of property, plant and equipment		29	3,094
Net cash used in investing activities	B	(400,995)	(395,280)
Cash flows from financing activities			
Repayment of long-term financing		(2,297,690)	(1,736,284)
(Decrease) / increase in short-term borrowings		(98,600)	1,959,553
Finance cost paid		(1,611,302)	(1,137,559)
Dividend paid		(55)	(102)
Net cash used in financing activities	C	(4,007,647)	(914,392)
Net increase in cash and cash equivalents	A+B+C	(37,829)	197,287
Cash and cash equivalents - at the beginning of the period		588,896	337,437
Cash and cash equivalents - at the end of the period		551,067	534,724

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 QUARTER AND HALF YEAR ENDED DECEMBER 31, 2022 (UN-AUDITED)

1 LEGAL STATUS AND NATURE OF BUSINESS

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.

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, 2022 and the related condensed interim statement of profit and loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity 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, 2022.

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, 2022, whereas comparatives of condensed interim statement of profit or loss, statement of comprehensive income, statement of cash flow and statement of changes in equity are stated from unaudited condensed interim financial statements of the Company for the six month period ended 31 December 2021.

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, 2022.

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 June 30, 2022.

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	Note	December 31, 2022 Un-audited	June 30, 2022 Audited
6 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	6.1	58,976,060	60,225,352
Capital work in progress	6.2	3,275,204	2,958,225
Capital spares		59,639	59,639
		62,310,903	63,243,216
6.1 Operating fixed assets			
Opening book value		60,225,352	40,660,329
Revaluation surplus for the period / year		-	20,365,657
Additions during the period / year	6.1.1	84,045	361,052
		60,309,397	61,387,038
Depreciation for the period / year		(1,333,337)	(1,161,686)
Closing book value		58,976,060	60,225,352
6.1.1 Additions during the period / year			
Factory buildings on freehold land		-	14,306
Plant and machinery		79,798	336,731
Furniture and fixtures		156	216
Office equipment		87	205
Computers and accessories		588	999
Vehicles		3,416	8,595
		84,045	361,052
6.2 Capital work in progress			
Opening balance		2,958,225	2,284,865
Additions during the period / year		316,979	673,360
Closing balance		3,275,204	2,958,225

Rupees in thousand	Note	December 31, 2022 Un-audited	June 30, 2022 Audited
7 STORES, SPARES AND LOOSE TOOLS			
Stores		1,121,597	2,162,362
Spare parts		2,301,146	2,349,356
Loose tools		17,144	17,219
		3,439,887	4,528,937
Stores in transit		9,271	24,021
		3,449,158	4,552,958
Provision for slow moving stores and spare parts		(47,994)	(47,994)
		3,401,164	4,504,964
8 STOCK-IN-TRADE			
Raw materials		79,236	78,657
Packing materials		113,916	119,817
Work in process		1,203,631	152,126
Finished goods		423,140	182,990
		1,819,923	533,590
9 SHORT-TERM INVESTMENTS			
Investments with Shariah compliant funds			
Meezan Islamic Fund			
Units 4,004,681 (June 30, 2022: 4,004,681)		220,917	225,189
NBP Islamic Stock Fund			
Units 23,222,138 (June 30, 2022: 23,222,138)		241,429	246,292
Meezan Islamic Income Fund			
Units 13,879 (June 30, 2022: 13,879)		761	715
		463,107	472,196
10 LONG-TERM FINANCING			
Islamic long-term financing arrangements			
Meezan Bank Limited - I		-	112,500
Meezan Bank Limited - III		350,000	350,000
Meezan Bank Limited - IV		950,000	950,000
Meezan Bank Limited - Syndicate		2,074,272	2,333,548
National Bank of Pakistan - Syndicate I		1,202,083	1,400,000
		4,576,355	5,146,048
Conventional long-term financing arrangements			
National Bank of Pakistan - Syndicate I		7,800,104	9,099,900
National Bank of Pakistan - Syndicate II		440,000	727,000
National Bank of Pakistan - Bilateral facility		916,667	1,008,333
JS Bank Limited		-	48,750
Allied Bank Limited - facility I		1,000,000	1,000,000
Allied Bank Limited - facility II		1,000,000	1,000,000
		11,156,771	12,883,983
Total long-term financing	10.1	15,733,126	18,030,031
Current portion		(5,080,399)	(4,254,920)
		10,652,727	13,775,111

10.1 There is no change in the terms of the facilities as disclosed in note 20 to annual audited financial statements for the year ended June 30, 2022.

Rupees in thousand		December 31, 2022	June 30, 2022
	Note	Un-audited	Audited
11 TRADE AND OTHER PAYABLES			
Creditors		5,381,963	5,026,161
Payable to statutory authorities	11.1	683,149	1,033,725
Accrued expenses		643,085	872,774
Deposits		8,381	8,884
Employees' compensated absences		72,356	63,129
Workers' profit participation fund		138,484	1,850
Workers' welfare fund		174,985	122,361
Others		926	805
		7,103,329	7,129,689
11.1 Payable to statutory authorities			
Excise duty on cement		410,209	799,028
Royalty and excise duty		42,789	47,380
Income tax deducted at source		230,151	187,317
		683,149	1,033,725
12 ACCRUED MARKUP / PROFIT ON FINANCING			
Accrued profit on financing from islamic banks			
Long-term financing		242,945	221,485
Short-term borrowing		38,954	35,662
		281,899	257,147
Accrued mark-up on financing from conventional banks			
Long-term financing		543,133	423,400
Short-term borrowing		111,561	99,686
		654,694	523,086
		936,593	780,233
13 SHORT-TERM BORROWINGS			
Islamic Banks			
Meezan Bank Limited - Running Musharaka		995,013	999,159
Bank overdrawn		-	23,225
		995,013	1,022,384
Conventional Banks			
Allied Bank Limited		475,588	490,243
National Bank of Pakistan		999,582	999,582
MCB Bank Limited		632,978	432,226
Bank Al Habib Limited		192,564	130,247
Habib Bank Limited		692,292	796,839
JS Bank Limited		-	971
United Bank Limited		198,526	368,366
Bank overdrawn		-	44,285
		3,191,530	3,262,759
	13.1	4,186,543	4,285,143

13.1 There is no change in the terms of the facilities as disclosed in annual audited financial statements for the year ended June 30, 2022.

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 June 30, 2022.

14.2 Commitments

Commitments in respect of outstanding letters of credit amount to Rs. 142.89 million (June 30, 2022: Rs.22.51 million). In addition, commitment in respect of contracts registered with banks amount to Rs. 17.15 million (June 30, 2022: Rs.42.65 million).

Commitments in respect of issued letters of guarantee favoring Collector of Customs, Karachi amount to Rs.78.86 million (June 30, 2022: Rs.78.86 million).

Rupees in thousand	Half year ended		Quarter ended	
	December 31, 2022	2021	December 31, 2022	2021
15 COST OF SALES				
Raw material consumed	912,765	846,989	525,698	506,534
Packing material consumed	1,059,851	1,094,851	598,647	615,379
Fuel and power	11,320,539	8,788,623	6,211,966	5,388,286
Stores and spares consumed	188,703	195,583	104,222	154,530
Salaries, wages and benefits	412,308	396,684	202,314	195,523
Insurance	21,648	16,201	10,857	6,700
Repairs and maintenance	69,832	58,449	40,613	29,860
Depreciation	1,092,701	447,028	789,742	169,870
Other manufacturing expenses	138,360	77,861	60,483	(18,780)
Total manufacturing cost	15,216,707	11,922,269	8,544,542	7,047,902
Work in process				
Opening balance	152,126	259,633	322,061	466,394
Closing balance	(1,203,631)	(532,221)	(1,203,631)	(532,221)
	(1,051,505)	(272,588)	(881,570)	(65,827)
Cost of goods manufactured	14,165,202	11,649,681	7,662,972	6,982,075
Finished goods				
Opening balance	182,990	197,119	273,437	129,819
Closing balance	(423,140)	(275,229)	(423,140)	(275,229)
	(240,150)	(78,110)	(149,703)	(145,410)
Cost of Sales	13,925,052	11,571,571	7,513,269	6,836,665

Rupees in thousand	Half year ended December 31,	
	2022	2021
16 CASH GENERATED FROM OPERATIONS		
Profit before taxation	2,578,581	1,788,161
Adjustment for		
Depreciation	1,333,337	595,807
Provision for gratuity and compensated absences	35,606	23,424
Finance cost	1,767,662	1,172,783
Provision for expected credit losses	50,000	4,862
Gain on disposal of property, plant and equipment	(29)	(3,094)
Provision for Workers' Profit Participation Fund	138,484	96,039
Provision for Workers' Welfare Fund	52,624	36,495
Remeasurement loss on assets held at fair value - net	9,089	39,209
Cash flow before working capital changes	5,965,354	3,753,686
Working capital changes (Increase) / decrease in current assets		
Stores, spares and loose tools	1,103,800	(1,145,823)
Stock in trade	(1,286,333)	(270,236)
Trade receivables	(412,543)	(59,362)
Loans and advances	(273,429)	212,256
Trade deposits and short term prepayments	(25,779)	-
Other receivables	106	(10,166)
	(894,178)	(1,273,331)
Increase/ (decrease) in current liabilities		
Trade and other payables	(224,846)	(559,465)
Contract liabilities	(41,579)	7,560
Sales tax payable	(148,665)	(318,189)
Retention money	9,884	7,882
	(405,206)	(862,212)
Cash generated from operations	4,665,970	1,618,143

17 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:

Rupees in thousand		Carrying Amount				Fair Value		
Note	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
On-Balance sheet financial instruments								
December 31, 2022 (Un-Audited)								
Financial assets measured at fair value								
Investments	-	463,107	-	-	463,107	463,107	-	-
Financial assets at amortised cost								
Long term deposits	-	-	82,662	-	82,662	-	-	-
Trade debts								
- unsecured, considered good	-	-	2,070,760	-	2,070,760	-	-	-
Loans to employees	-	-	3,923	-	3,923	-	-	-
Other receivables	-	-	119	-	119	-	-	-
Cash and bank balances	-	-	551,067	-	551,067	-	-	-
17.1	-	-	2,708,531	-	2,708,531	-	-	-
Financial liabilities measured at fair value								
	-	-	-	-	-	-	-	-
Financial liabilities measured at amortised cost								
Long term financing	-	-	15,733,126	15,733,126	-	-	-	-
Long term deposits	-	-	44,884	44,884	-	-	-	-
Unclaimed dividend	-	-	60,608	60,608	-	-	-	-
Retention money	-	-	822,053	822,053	-	-	-	-
Trade and other payables	-	-	7,103,329	7,103,329	-	-	-	-
Accrued mark-up/ profit on financing	-	-	936,593	936,593	-	-	-	-
Short term borrowings	-	-	4,186,543	4,186,543	-	-	-	-
17.1	-	-	28,887,136	28,887,136	-	-	-	-

Rupees in thousand	Carrying Amount					Fair Value			
	Note	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
On-Balance sheet financial instruments June 30, 2022 (Audited)									
Financial assets measured at fair value									
Investments	-	472,196	-	-	472,196	472,196	-	-	-
Financial assets at amortised cost									
Long term deposits	-	-	79,340	-	79,340	-	-	-	-
Trade debts									
- unsecured, considered good	-	-	1,708,217	-	1,708,217	-	-	-	-
Loans to employees	-	-	3,749	-	3,749	-	-	-	-
Other receivables	-	-	225	-	225	-	-	-	-
Cash and bank balances	-	-	588,896	-	588,896	-	-	-	-
	17.1	-	2,380,427	-	2,380,427	-	-	-	-
Financial liabilities measured at fair value									
	-	-	-	-	-	-	-	-	-
Financial liabilities measured at amortised cost									
Long term financing	-	-	18,030,031	18,030,031	-	-	-	-	-
Long term deposits	-	-	44,884	44,884	-	-	-	-	-
Unclaimed dividend	-	-	60,663	60,663	-	-	-	-	-
Retention money	-	-	812,169	812,169	-	-	-	-	-
Trade and other payables	-	-	7,129,689	7,129,689	-	-	-	-	-
Accrued mark-up/ profit on financing	-	-	780,233	780,233	-	-	-	-	-
Short term borrowings	-	-	4,285,143	4,285,143	-	-	-	-	-
	17.1	-	31,142,812	31,142,812	-	-	-	-	-

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

18 Reconciliation of movement of liabilities to cash flows arising from financing activities.

Rupees in thousand	For the half year ended December 31, 2022				
	Liabilities				Total
	Long term finances	Short term borrowings	Accrued mark-up / profit on financing	Unclaimed Dividend	
Balance as at July 01, 2022	18,030,031	4,285,143	780,233	60,663	23,156,070
Changes from financing activities					
Repayment of long term finances -secured	(2,297,690)	-	-	-	(2,297,690)
Repayment of short term borrowings - net	-	(98,600)	-	-	(98,600)
Finance cost paid	-	-	(1,611,302)	-	(1,611,302)
Dividend paid	-	-	-	(55)	(55)
Total changes from financing cash flows	(2,297,690)	(98,600)	(1,611,302)	(55)	(4,007,647)
Other changes					
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	60,608	20,916,870
Rupees in thousand	For the half year ended December 31, 2021				
	Liabilities				
	Long term finances	Short term borrowings	Accrued mark-up / profit on financing	Unclaimed Dividend	Total
Balance as at July 01, 2021	21,534,328	5,257,251	575,086	60,943	27,427,608
Changes from financing activities					
Repayment of long term finances -secured	(1,736,284)	-	-	-	(1,736,284)
Disbursement of short term borrowings - net	-	1,959,553	-	-	1,959,553
Finance cost paid	-	-	(1,137,559)	-	(1,137,559)
Dividend paid	-	-	-	(102)	(102)
Total changes from financing cash flows	(1,736,284)	1,959,553	(1,137,559)	(102)	(914,392)
Other changes					
Amortization of government grant	3,496	-	-	-	3,496
Finance cost	-	-	1,172,783	-	1,172,783
Total liability related other changes	3,496	-	1,172,783	-	1,176,279
Closing as at December 31, 2021	19,801,540	7,216,804	610,310	60,841	27,689,495

19 TRANSACTIONS WITH RELATED PARTIES

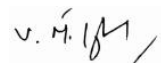
The related parties of the Company comprise of the associated companies and undertakings having directors in common, directors and key management personnel. Transactions with related parties are as follows:

Rupees in thousand		Half year ended December 31,	
		2022	2021
Relationship with the Company			
Key management personnel			
including CEO	Remuneration	117,850	93,050
Staff retirement contribution plan	Contribution to staff provident fund	11,401	9,547

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 23, 2023.


Chief Financial Officer


Chief Executive Officer


Chairman

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