
CONTENTS

	Page No.
Corporate Information	2
Directors' Report	3
Auditor's Report to the members	9
Condensed Interim Balance Sheet	10
Condensed Interim Profit and Loss Account	11
Condensed Interim Statement of Comprehensive Income	12
Condensed Interim Cash Flow Statement	13
Condensed Interim Statement of Changes in Equity	14
Notes to the Condensed Interim Financial Information	15



CORPORATE INFORMATION

Board of Directors

Mr. Shafiuddin Ghani Khan (Chairman)
Syed Mazher Iqbal (CEO / MD)
Mr. Aly Khan
Mr. Jamal Nasim
Mr. Mohammad Aftab Alam
Mr. Rafique Dawood
Mirza Ali Hassan Askari
Shaikh Javed Elahi

Audit Committee

Mr. Rafique Dawood (Chairman)
Mr. Shafiuddin Ghani Khan
Mr. Aly Khan
Mr. Jamal Nasim
Mr. Mohammad Aftab Alam

HR & Remuneration Committee

Mr. Shafiuddin Ghani Khan (Chairman)
Syed Mazher Iqbal (CEO / MD)
Mr. Aly Khan
Mr. Mohammad Aftab Alam

Company Secretary

Mr. Waqar Naeem

Bankers

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

Statutory Auditors

Grant Thornton Anjum Rahman
Chartered Accountants

Cost Auditors

Ale Imran & 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
Telephone: +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: pclkhi@pioneercement.com

Multan Office
10-Officers Colony, Bosan Road,
Opp. Jinnah High School, Multan
Tel: +92 (61) 6510404
Fax: +92 (61) 6510405

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

Sargodha Office
Office No. 6, 2nd Floor,
Rehman Trade Centre,
University Road, Sargodha
Telephone: +92 (483) 725050
Fax: +92 (483) 722331

Share Registrar

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

DIRECTORS' REPORT

The directors of your Company have pleasure to present the financial results for the first six months ended December 31, 2016.

The Cement Sector:

During the first six months of Financial Year 2016-17, Pakistan cement sector registered a volumetric growth of 8.85% over the corresponding period last year. A total of 16.89 million tons were dispatched locally whereas 2.95 million tons were exports, compared to 15.21 million tons local and 3.02 million tons exports in the same period last year (SPLY).

Increased spending by Government on infrastructure, public sector development programs, industrial expansions and micro housing activities have driven the demand in local market and the trend is expected to continue in future.

Business Performance:

During the period under review, your Company produced 800,500 tons clinker an increase of 39.32% over 574,592 tons produced in SPLY, resulting in capacity utilization of 80.25% (December 31, 2015: 57.60%). The production increased in-line with the increased demand of cement and clinker.

A total of 641,655 tons of cement was produced during current period which is 1.03% higher than 635,135 tons produced in the corresponding period last year.

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

Particulars	Jul - Dec 2016	Jul - Dec 2015	Variance	
	----- Tons -----		%	
Production				
Clinker	800,500	574,592	225,908	39.32
Cement	641,655	635,135	6,520	1.03
Sales				
Domestic				
Cement	623,623	605,572	18,051	2.98
Clinker	202,457	-	202,457	-
	826,080	605,572	220,508	36.41
Exports				
Cement	6,759	27,141	(20,382)	(75.10)
Total Sales	832,839	632,713	200,126	31.63

The total sales volume of 832,839 tons achieved during the period under review is an increase of 31.63% over 632,713 tons sold during the corresponding period last year.

The domestic cement and clinker dispatches increased by 220,508 tons registering a growth of 36.41% while export sales volume dropped to 6,759 tons, a decline of 20,382 tons.

Financial Performance

The comparative summary of key financial results for the six months ended December 31, 2016 is given below:

Particulars	Jul-Dec 2016	Jul-Dec 2015	Variance	
	-----Rs. in million-----			%
Net sales	5,191,766	4,378,273	813,493	18.58
Cost of sales	3,077,884	2,643,668	434,216	16.42
Gross profit	2,113,882	1,734,605	379,277	21.87
Net operating expenses	103,434	68,415	35,019	51.19
Operating profit	2,010,448	1,666,190	344,258	20.66
Finance cost	2,599	12,747	(10,148)	(79.61)
Profit before taxation	2,007,849	1,653,443	354,406	21.43
Earnings per share (Rupees)	6.61	4.35	2.26	51.95

Your Company earned net sales revenue of Rs. 5,191.77 million, an increase of Rs.813.49 million (18.58%) over corresponding period. The increase in sales revenue is mainly attributable to dispatch of 202,457 tons clinker (December 31, 2015: Nil) to local cement manufacturers and incremental sale of 18,051 tons cement in local market. Export volumes decreased by 20,382 tons over corresponding period.

In line with the increased sales revenue, cost of sales also increased by 16.42% over SPLY. However per ton cost of production was reduced by 11.54% over SPLY.

The operating profit of Rs. 2,010.45 million is a 20.66% growth over Rs. 1,666.19 million of corresponding period's resulting in operating margin of 38.72% compared to 38.06% achieved in SPLY.

During the period under review, net profit after tax increased to Rs. 1,501.54 million as an increase of 51.91% over Rs. 988.41 million earned in corresponding period last year. This translates into earnings per share of Rs. 6.61 compared to Rs.4.35 in corresponding period last year.

By the grace of Almighty Allah, the installation and commissioning of 12 MW Waste Heat Recovery Plant (WHRP) was completed in a record time in December 2016, producing low cost electricity utilizing exhaust hot gasses emitted during the cement production process. This will bring savings in power cost, translating into improved earnings for the Company.

Subsequent to the period under review, your Company has signed contract with Sinoma-Chengdu Design & Research Institute of Building Materials Industry Co., Ltd for the supply of machinery, equipment and technical services of a brown field new cement plant having production capacity of around 8,000 tons clinker per day supported by a 12 MW Waste Heat Recovery Power Plant. In addition, separate contract has also been executed for a 24 MW Coal Fired Power Plant (Captive), to be installed at the existing plant site to minimize the reliance on National Grid. This expansion will consolidate your Company's position in the domestic cement sector and will help contribute in development and progress of the country and prosperity of all stakeholders.

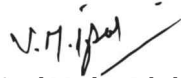
Appropriation:

The directors of your Company are pleased to declare an interim dividend of 21.50% of face value i.e. Rs. 2.15 per share.

Acknowledgement:

The Board appreciates and expresses its gratitude for the confidence, backing and support shown by all the stakeholders. The Board also appreciate commitment, dedication and hard work of every member of Pioneer family, which has enabled the Company to achieve exceptionally good operating results.

On behalf of the Board



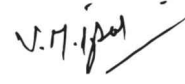
Syed Mazher Iqbal
Chief Executive Officer

February 22, 2017
Karachi

اعتراف

بورڈ آف ڈائریکٹرز کے ممبران تمام شراکت داران کے اعتماد اور تعاون کے تہہ دل سے مشکور ہونے کے ساتھ پائیر سیمنٹ کے تمام ملازمین کی کمپنی کے ساتھ وابستگی، لگن اور محنت کے بھی معترف ہیں جن کے تعاون اور کوششوں کی بنا پر کمپنی ترقی کی راہ پر گامزن ہے۔

منجانب بورڈ



سید مظہر اقبال

ایم ڈی اور سی ای او

22 فروری 2017

کراچی

مالیاتی کارکردگی

زیر نظر عرصہ میں آپ کی کمپنی کی خالص آمدنی 5,191.77 ملین روپے رہی جو کہ پچھلے سال کے اسی عرصہ سے 813.49 ملین روپے (18.58%) زیادہ ہے۔ یہ اضافہ مقامی سطح پر سیمنٹ پیدا کرنے والی دیگر کمپنیوں کو 202,457 ٹن کلنکر کی فروخت (جو کہ پچھلے سال اسی عرصہ میں صفر تھی) اور مقامی منڈی میں 18,051 ٹن سیمنٹ کی اضافی فروخت کا مرہون منت ہے۔ آمدنی میں اضافے کے ساتھ پچھلے سال کے مقابلے میں کل لاگت میں بھی 16.42% اضافہ ہوا جس کی بڑی وجہ مقدار فروخت میں اضافہ ہے۔ البتہ فی ٹن پیداواری لاگت گزشتہ سال تقابلی عرصہ کی نسبت 11.54% کم رہی۔

زیر نظر عرصہ میں بعد از ٹیکس مجموعی منافع 1,501.54 ملین روپے رہا جو کہ گزشتہ تقابلی عرصہ کے 988.42 ملین روپے سے 51.91% زیادہ ہے۔ اس طرح کمپنی کی فی حصص آمدن 6.61 روپے رہی (پچھلے سال تقابلی عرصہ میں فی حصص آمدن 4.35 روپے تھی)۔

اللہ کے فضل و کرم سے دسمبر 2016 میں کمپنی نے 12 میگا واٹ کا ویسٹ ہیٹ ریکوری پاور پلانٹ ریکارڈ مدت میں لگا کر چلایا جو کہ سیمنٹ پلانٹ سے نکلنے والی گرم گیس کو استعمال کر کے کم پیداواری لاگت سے بجلی بنائے گا۔ جس سے بجلی کی مجموعی لاگت میں کمی ہوگی اور کمپنی کے منافع میں مزید اضافہ ہوگا۔

زیر جائزہ مدت کے ختم ہونے کے بعد آپ کی کمپنی نے Sinoma - Chengdu Design & Reserch سے ایک معاہدہ کیا ہے جو کہ 8,000 ٹن کلنکر کی پیداواری صلاحیت کے حامل نئے پلانٹ کی مشینری اور تکنیکی خدمات فراہم کرے گی۔ مزید برآں 12 میگا واٹ کا ایک اور ویسٹ ہیٹ ریکوری پاور پلانٹ بھی اس کا حصہ ہوگا۔ اس کے علاوہ 24 میگا واٹ کی پیداواری صلاحیت کے حامل کوئلے سے چلنے والے پاور پلانٹ کا علیحدہ سے معاہدہ ہوا ہے جس کی تنصیب نئے پلانٹ کے ساتھ ہی ہوگی تاکہ واپڈا کی فراہم کردہ بجلی پر انحصار کم سے کم کیا جائے۔ یہ تمام توسیعی منصوبہ جات آپ کی کمپنی کو سیمنٹ کی صنعت میں مزید مستحکم کریں گے اور ملکی ترقی اور توسیع اور حصص داران کی خوشحالی میں معاون ثابت ہوں گے۔

منافع کی تقسیم

انتہائی مسرت کے ساتھ اطلاع دی جاتی ہے کہ کمپنی کے بورڈ آف ڈائریکٹرز نے 21.50% (یعنی دو روپے پندرہ پیسے فی عمومی حصص) کی شرح سے پہلے عبوری منافع کا اعلان کیا ہے۔

ڈائریکٹرز رپورٹ

آپ کی کمپنی کے ڈائریکٹران 31 دسمبر، 2016 کو ختم ہونے والے مالی سال 2016-17 کی پہلی ششماہی کے حسابات کا جائزہ پیش کرنے پر مسرت محسوس کرتے ہیں۔

سیمنٹ کی صنعت

مالی سال 2016-17 کی پہلی ششماہی کے دوران پاکستان میں سیمنٹ کی صنعت کے کاروباری حجم کی شرح نمو پچھلے سال کے اسی عرصہ کے مقابلے میں 8.85% رہی۔ مزید برآں گزشتہ سال کے اسی عرصہ کے 15.21 ملین ٹن اور 3.02 ملین ٹن کے مقابلے میں اس ششماہی کے دوران بالترتیب مقامی اور بین الاقوامی منڈیوں میں سیمنٹ کی ترسیل 16.89 ملین ٹن اور 2.95 ملین ٹن رہی۔

حکومت کی جانب سے معیشت کے بنیادی ڈھانچے عوامی سطح پر ترقی کے پروگرام و صنعتی توسیع میں جاری اخراجات میں اضافہ نیز رہائشی گھر بنانے کی سرگرمیوں میں وافر اضافہ کی وجہ سے مقامی منڈی میں سیمنٹ کی طلب میں اضافہ ہوا اور یہی رجحان مستقبل میں بھی جاری رہنے کا امکان ہے۔

کاروباری کارکردگی

موجودہ عرصہ کے دوران آپ کی کمپنی نے 800,500 ٹن کلنکر پیدا کیا جو کہ پچھلے سال کے تقابلی عرصہ کے 574,592 ٹن کے مقابلے میں 39.32% زیادہ ہے اس کے نتیجے میں زیرِ غور دورانیہ میں پیداواری گنجائش کا 80.25% ہدف حاصل کیا گیا جو کہ 31 دسمبر 2015 کو ختم ہونے والی ششماہی میں 57.60% تھا۔ پیداوار میں اضافہ سیمنٹ اور کلنکر کی منڈی میں بڑھتی طلب کو پورا کرنے کیلئے کیا گیا۔

زیرِ تذکرہ عرصہ کے دوران سیمنٹ کی کل پیداوار 641,655 ٹن رہی جو کہ پچھلے سال کے تقابلی عرصہ کے دوران بنائے گئے 635,135 ٹن سیمنٹ کے مقابلے میں 1.03% بہتر ہے۔

فروخت کا مجموعی حجم 832,839 ٹن رہا جو کہ گزشتہ سال کے اسی عرصہ کے 632,713 ٹن کے حجم کے مقابلے میں 31.63% زیادہ ہے۔ متذکرہ عرصہ کے دوران ملکی سطح پر سیمنٹ اور کلنکر کی ترسیل میں 220,508 ٹن تک اضافہ ہوا جو کہ پچھلے سال کی اسی ششماہی کے مقابلے میں 36.41% فی صد بہتر ہے۔ تاہم برآمدات 20,382 ٹن سے کم ہو کر 6,759 ٹن رہ گئیں۔

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of Pioneer Cement Limited (the Company) as at December 31, 2016 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity together with notes forming part thereof for the half year ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for quarter ended December 31, 2016 and 2015 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2016.

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 information 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 information as of and for the six-months period ended December 31, 2016 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants
Engagement Partner: Imran Afzal

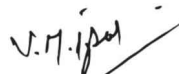
Lahore
Dated: February 22, 2017

CONDENSED INTERIM BALANCE SHEET

AS AT DECEMBER 31, 2016

Rupees in thousand		December 31, 2016 Un-audited	June 30, 2016 Audited
Note			
ASSETS			
Non-current			
Fixed Assets			
Property, plant and equipment	4	10,727,814	10,384,030
Investment property		68,910	68,910
Intangible assets		6,140	7,799
		10,802,864	10,460,739
Long term deposits		39,499	39,449
		10,842,363	10,500,188
Current			
Stores, spare parts and loose tools	5	1,066,899	922,941
Stock in trade	6	322,993	181,319
Trade debts - unsecured		166,384	108,481
Loans and advances		67,611	35,254
Trade deposits and short term prepayments		8,197	1,991
Other receivables		745	549
Sales tax receivable		1,535	-
Short term investments	7	3,501,089	2,356,497
Cash and bank balances	8	474,571	660,479
		5,610,024	4,267,511
TOTAL ASSETS		16,452,387	14,767,699
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
Reserves		6,255,091	5,549,208
		8,526,580	7,820,697
Surplus on revaluation of fixed assets - net of tax		2,793,316	2,849,469
Non-current			
Long term financing - secured	9	900,000	-
Deferred liabilities	10	2,380,701	2,341,138
Long term deposits		4,177	4,177
		3,284,878	2,345,315
Current			
Trade and other payables	11	1,309,906	939,277
Accrued interest / markup	12	7,348	442
Short term borrowings - secured	13	492,833	644,597
Provision for taxation - net		37,526	71,316
Sales tax payable - net		-	96,586
		1,847,613	1,752,218
Total liabilities		5,132,491	4,097,533
TOTAL EQUITY AND LIABILITIES		16,452,387	14,767,699
CONTINGENCIES AND COMMITMENTS	14		

The annexed notes from 1 to 22 form an integral part of this condensed interim financial information.


Syed Mazher Iqbal
Chief Executive Officer

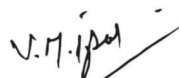

Aly Khan
Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

FOR THE HALF YEAR ENDED DECEMBER 31, 2016 (UN-AUDITED)

Rupees in thousand	Note	Half year ended December 31,		Quarter ended December 31,	
		2016	2015	2016	2015
Sales - gross					
Cement		5,970,467	5,572,116	3,127,957	3,040,615
Clinker		1,206,328	-	589,726	-
		7,176,795	5,572,116	3,717,683	3,040,615
Less:					
Sales tax		1,128,589	874,454	585,006	479,375
Federal excise duty		826,080	280,496	428,922	164,288
Commission		18,528	26,212	10,529	12,634
Discount and rebate		11,832	12,681	5,605	8,838
		1,985,029	1,193,843	1,030,062	665,135
Sales - Net		5,191,766	4,378,273	2,687,621	2,375,480
Cost of sales	15	3,077,884	2,643,668	1,646,949	1,365,604
Gross profit		2,113,882	1,734,605	1,040,672	1,009,876
Distribution cost		29,098	28,152	14,482	13,592
Administrative expenses		37,178	36,203	16,102	17,550
Other income	16	(105,558)	(118,574)	(70,964)	(48,428)
Other expenses		142,716	122,634	67,817	71,217
		103,434	68,415	27,437	53,931
Operating profit		2,010,448	1,666,190	1,013,235	955,945
Finance cost		2,599	12,747	1,464	4,903
Profit before taxation		2,007,849	1,653,443	1,011,771	951,042
Taxation		506,310	665,031	212,509	394,548
Profit after taxation		1,501,539	988,412	799,262	556,494
Earning per share					
- basic and diluted (Rupees)		6.61	4.35	3.52	2.45

The annexed notes from 1 to 22 form an integral part of this condensed interim financial information.


 Syed Mazher Iqbal
 Chief Executive Officer


 Aly Khan
 Director


CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED DECEMBER 31, 2016 (UN-AUDITED)

Rupees in thousand	Half year ended December 31,		Quarter ended December 31,	
	2016	2015	2016	2015
Profit after taxation	1,501,539	988,412	799,262	556,494
Other comprehensive income:				
Items that may be reclassified to profit and loss account	-	-	-	-
Items that will not be reclassified to profit and loss account subsequently	-	-	-	-
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	1,501,539	988,412	799,262	556,494

The surplus arising on revaluation of fixed assets is presented under a separate head below equity in accordance with the requirements of Companies Ordinance, 1984.

The annexed notes from 1 to 22 form an integral part of this condensed interim financial information.


Syed Mazher Iqbal
Chief Executive Officer

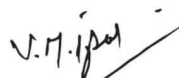

Aly Khan
Director

CONDENSED INTERIM CASH FLOW STATEMENT

FOR THE HALF YEAR ENDED DECEMBER 31, 2016 (UN-AUDITED)

Rupees in thousand		For the half year ended December 31,	
	Note	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	18	2,102,959	2,345,879
Income tax paid		(506,311)	(278,011)
Workers Profit Participation Fund paid		(25,585)	(38,048)
Workers Welfare Fund paid		(75,680)	-
Gratuity and compensated absences paid		(5,636)	(3,045)
Increase in long term deposits - net		(50)	(45)
		(613,262)	(319,149)
Net cash from operating activities		1,489,697	2,026,730
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures incurred		(556,661)	(349,533)
Proceeds from disposal of fixed assets		-	2,380
Increase in short term investments		(1,054,902)	(1,328,363)
Net cash used in investing activities		(1,611,563)	(1,675,516)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from / (repayment of) long term			
musharaka finance		900,000	(249,587)
Decrease in short term borrowings - net		(151,764)	(570,002)
Dividend paid		(809,681)	(896,325)
Finance cost paid		(2,597)	(17,488)
Net cash used in financing activities		(64,042)	(1,733,402)
Net decrease in cash and cash equivalents		(185,908)	(1,382,188)
Cash and cash equivalents at the beginning of the period		660,479	2,091,913
Cash and cash equivalents at the end of the period		474,571	709,725

The annexed notes from 1 to 22 form an integral part of this condensed interim financial information.


Syed Mazher Iqbal
Chief Executive Officer



Aly Khan
Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED DECEMBER 31, 2016 (UN-AUDITED)

Rupees in thousand	Issued, subscribed and paid-up capital	Reserves			Total equity
		Capital	Revenue	Sub total	
		Share premium	Accumulated profit		
Balance as at July 01, 2015 (audited)	2,271,489	197,517	4,251,311	4,448,828	6,720,317
Final dividend for the year ended June 30, 2015	-	-	(908,595)	(908,595)	(908,595)
Transaction with owners	-	-	(908,595)	(908,595)	(908,595)
Profit after taxation for the period	-	-	988,412	988,412	988,412
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period - net of tax	-	-	79,817	79,817	79,817
Surplus on revaluation of fixed assets realized - net of tax	-	-	28,949	28,949	28,949
Balance as at December 31, 2015 (un-audited)	2,271,489	197,517	4,360,077	4,557,594	6,829,083
Balance as at July 01, 2016 (audited)	2,271,489	197,517	5,351,691	5,549,208	7,820,697
Final dividend for the year ended June 30, 2016	-	-	(851,809)	(851,809)	(851,809)
Transaction with owners	-	-	(851,809)	(851,809)	(851,809)
Profit after taxation for the period	-	-	1,501,539	1,501,539	1,501,539
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period - net of tax	-	-	649,730	649,730	649,730
Surplus on revaluation of fixed assets realized - net of tax	-	-	56,153	56,153	56,153
Balance as at December 31, 2016 (un-audited)	2,271,489	197,517	6,057,574	6,255,091	8,526,580

The annexed notes from 1 to 22 form an integral part of this condensed interim financial information.


Syed Mazher Iqbal
Chief Executive Officer


Aly Khan
Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE HALF YEAR ENDED DECEMBER 31, 2016 (UN-AUDITED)

1 LEGAL STATUS AND NATURE OF BUSINESS

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

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

2 STATEMENT OF COMPLIANCE

This condensed interim financial information is un-audited and is being submitted to the members in accordance with section 245 of the Companies Ordinance, 1984. It has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. The figures for the half year ended December 31, 2016 have, however, been subjected to limited scope review by the auditors as required by the Code of Corporate Governance. This condensed interim financial information does not include all the information required for annual financial statements and therefore, should be read in conjunction with the annual financial statements for the year ended June 30, 2016.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the preceding annual published financial statements of the Company for the year ended June 30, 2016.

The new standards, amendments to the approved accounting standards and interpretations that are mandatory for accounting period beginning on or after July 1, 2016, were either considered not to be relevant to the Company's operations or did not have significant effect on the accounting policies of the Company.

Rupees in thousand		December 31, 2016	June 30, 2016
	Note	Un-audited	Audited
4 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	10,142,263	8,852,173
Capital work-in-progress	4.2	585,551	1,531,857
		10,727,814	10,384,030

Rupees in thousand		December 31, 2016	June 30, 2016
	Note	Un-audited	Audited
4.1 Operating fixed assets			
Opening written down value		8,852,173	7,269,621
Additions / transfers for the period/year-net 4.1.1		1,509,872	86,509
Revaluation surplus for the period/year-net		-	1,876,489
		10,362,045	9,232,619
Disposals during the period / year		-	(418)
Depreciation for the period / year		(219,782)	(380,028)
Written down value - closing		10,142,263	8,852,173
4.1.1 Additions / transfer during the period / year - net			
Factory buildings on freehold land		234,550	48,834
Waste heat recovery power plant		1,195,939	-
Plant and machinery line II		55,464	25,548
Furniture, fixture and equipment		1,508	2,673
Computers and accessories		654	2,313
Vehicles		21,757	7,141
		1,509,872	86,509
4.2 Capital work in progress			
Opening balance		1,531,857	61,052
Additions during the period / year			
Waste heat recovery power plant & coal fired boiler		341,690	1,307,518
Other plant and machinery items		98,204	514
Factory buildings under construction		18,995	84,975
Office premises under construction		25,294	126,632
		484,183	1,519,639
Transferred to operating fixed assets 4.2.1		(1,430,489)	(48,834)
		585,551	1,531,857
4.2.1 Transferred to operating fixed assets			
Factory buildings		234,550	48,834
Waste heat recovery power plant		1,195,939	-
		1,430,489	48,834
5 STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		399,791	292,523
Spare parts		482,485	431,961
Loose tools		9,364	6,737
		891,640	731,221
In transit			
Coal		146,592	-
Spare parts		72,600	235,653
		219,192	235,653
Provision for slow moving stores and spare parts		(43,933)	(43,933)
		1,066,899	922,941

Rupees in thousand	December 31, 2016 Un-audited	June 30, 2016 Audited
6 STOCK IN TRADE		
Raw material	37,764	24,200
Packing material	57,848	45,945
Work in process	169,987	92,788
Finished goods	57,394	18,386
	322,993	181,319

7 SHORT TERM INVESTMENTS - Held for Trading

ABL Government Securities Fund - Units 70,374,534 (June 2016: 116,216,941)	719,636	1,167,097
UBL Government Securities Fund - Units 8,329,120 (June 2016: 8,329,120)	897,133	878,557
Meezan Islamic Income Fund - Units 8,274,008 (June 2016: 4,437,445)	435,213	227,552
Meezan Sovereign Fund - Units 6,460,259 (June 2016: 1,639,588)	339,939	83,291
NAFA Money Market Fund Units 37,247,043 (June 2016: Nil)	377,201	-
NAFA Government Securities Liquid Fund Units 36,181,196 (June 2016: Nil)	376,957	-
NAFA Assets Allocation Fund Units 7,237,759 (June 2016: Nil)	134,068	-
NAFA Islamic Energy Fund Units 7,913,764 (June 2016: Nil)	111,059	-
NAFA Islamic Stock Fund Units 7,367,669 (June 2016: Nil)	109,883	-
	3,501,089	2,356,497

8 CASH AND BANK BALANCES

Include sales collection in process amounting to Rs. 389.527 million (June 30, 2016: Rs. 278.286 million).

Rupees in thousand	December 31, 2016 Un-audited	June 30, 2016 Audited
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9 LONG TERM FINANCING - Secured

Diminishing Musharaka	900,000	-
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During the period, the Company has obtained Diminishing Musharaka / facility from Meezan Bank Limited to finance the installation of Waste Heat Recovery Power Plant at a pricing of 3 months Kibor plus 1.1% per annum for a tenure of 5 years including grace period of one year. The facility is secured by creation of charge exclusively over Waste Heat Recovery Power Plant amounting to Rs. 1,000 million.

Rupees in thousand		December 31, 2016	June 30, 2016
	Note	Un-audited	Audited
10 DEFERRED LIABILITIES			
Deferred tax liability		2,282,671	2,248,880
Gratuity- vested contractual employees		98,030	92,258
		2,380,701	2,341,138
11 TRADE AND OTHER PAYABLES			
Creditors		182,958	140,477
Accrued expenses		584,397	445,705
Advances from customers		74,974	88,769
Deposits		16,081	17,159
Retention money		18,320	10,131
Excise duty on cement		162,448	61,707
Royalty and excise duty		13,217	7,562
Withholding tax		11,575	5,731
Employees' compensated absences		18,166	17,817
Workers' Profit Participation Fund		107,520	25,583
Workers' Welfare Fund		37,868	78,502
Unclaimed dividend		82,147	40,019
Others		235	115
		1,309,906	939,277
12 ACCRUED INTEREST / MARKUP			
Long term financing		6,905	-
Short term borrowing		443	442
		7,348	442
13 SHORT TERM BORROWINGS - secured			
Allied Bank Limited	13.1	271,844	-
Meezan Bank Limited	13.2	220,989	644,597
		492,833	644,597

13.1 The Company has obtained a short term cash finance and money market loan facility from Allied Bank Limited amounting to Rs. 1,000 million (June 2016: Rs. 1,000 million). Cash finance facility carries markup at the rate of 3 months Kibor+0.25% per annum which shall be payable to the bank on quarterly basis. Markup in respect of money market loan would be advisable at the time of transactions. The facility is secured by lien on Company's investment in Government Securities Fund of ABL Assets Management Company with 10% margin.

13.2 Running Musharaka/Murabaha/LC sight facility and other sub limits upto Rs. 550 million in aggregate (June 2016: Rs. 550 million) has been obtained from Meezan Bank Limited. The facility carries profit rate of 0.25 percent plus 3 months KIBOR on the basis of Meezan Bank's average Musharaka investment determined at the time of disbursement and is payable on quarterly basis. The facility is secured against first charge over current assets of the Company with margin of 15 percent. This renewable facility will expire on February 28, 2017.

13.3 The Company has obtained letter of credit sight facility/finance against imported merchandise (FIM) and other sub limits from JS Bank Limited upto Rs. 500 million (June 2016: Rs. 500 million) in aggregate. The facility is secured against 5% cash margin and import documents consigned to the order of JS Bank except FIM which is secured against pledge of coal with 5% margin. The applicable mark up rate on FIM is 3 months Kibor plus 0.5% per annum. In addition to these facilities the Company has also obtained letter of guarantee (LG) facility amounting to Rs. 50 million which is secured against 100% margin. This renewable facility will expire on January 31, 2017. The Company has requested the bank for enhancement and renewal of such facility which is currently 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 June 30, 2016, except for the following:

14.1.1 During the current period, Additional Commissioner Inland Revenue (Adl.CIR) finalized proceedings u/s 122(9) of Income Tax Ordinance, 2001 (the Ordinance) for the Tax Year 2015 considering the assessment Order u/s 120 to be erroneous & prejudicial to the interest of revenue u/s 122(5A) of the Ordinance and made certain additions which resulted into taxable income of Rs. 4,131.494 million and demand of Rs. 514.445 million was raised against the Company. The Company has filed an Appeal against the Order and the case was heard on January 24, 2017. Further, the Company has been granted stay against recovery proceedings which is valid for 30 days. Management expects favorable outcome of hearing and accordingly, no provision has been made in the condensed interim financial information.

14.1.2 The Company was selected for Tax Audit u/s 177 and 214C of the Ordinance by Federal Board of Revenue (FBR) for audit of the Income Tax affairs for the Tax Year 2014. The said selection has been challenged by the Company in Honorable Lahore High Court. Earlier, the Honorable Lahore High Court issued directions to the department to continue audit proceedings without issuing notices u/s 122(9) of the Ordinance. Later on, on January 09, 2017 the Honourable Lahore High Court announced its judgement wherein certain directions have been made to FBR like Separation of Audit and Prosecution Authorities, Timeframe for completion of Audit, enactment of Rules for Conduct of Audit and Procedure for Representation before FBR in respect of audit grievance etc. At present, FBR is silent on these directions.

14.1.3 Proceedings u/s 122(5A) of the Ordinance were initiated by the Adl.CIR wherein certain additions of Rs. 285.497 million alongwith a tax demand of Rs. 12.797 million was raised against the Company for Tax Year 2010. The Company filed an appeal before CIR-A Lahore who deleted additions of Rs. 285.497 million and accordingly, total impugned demand was cancelled. The Company, however, preferred to file a second appeal before the Learned Appellate Tribunal Inland Revenue (ATIR), Lahore on the legal issue that for the charge of Minimum Tax u/s 113, exclusion was made as to the FTR receipts rather than taxes particularly for this Tax Year 2010. At the same time, the Commissioner Inland Revenue (CIR) also filed an appeal before Honorable ATIR. Case is still pending for adjudication till date. Management expects favorable outcome and accordingly, no provision has been made in the condensed interim financial information.

14.1.4 During the period, the Supreme Court through its order dated November 10, 2016 has struck down amendments regarding Workers Welfare Fund Ordinance, 1971 through Finance Act 2006 and 2008 as being unconstitutional. Accordingly, the Company has not made any related adjustment/disclosure in the condensed interim financial information.

14.2 Commitments

14.2.1 Commitments in respect of outstanding letters of credit as at balance sheet date amounts to Rs. 625.178 million (June 30, 2016: Rs. 79.074 million).

14.2.2 Cheque amounting to Rs. 113.724 million has been issued to Commissioner Inland Revenue against Company's petition pertaining chargeability of Alternative Corporate Tax for tax year 2014.

14.2.3 Contracts for capital expenditure as at balance sheet date amounts to Rs. 172.891 million (June 2016: Rs. 315.138 million).

Rupees in thousand	Half year ended		Quarter ended	
	December 31,		December 31,	
	2016	2015	2016	2015
		----- Unaudited -----		
15 COST OF SALES				
Raw material consumed	282,886	196,162	139,124	99,032
Packing material consumed	246,543	272,852	128,820	148,436
Fuel and power	2,084,838	1,693,701	1,079,174	765,648
Stores and spares consumed	112,137	78,964	53,026	29,543
Salaries, wages and benefits	195,927	164,176	96,609	85,856
Travelling and conveyance	10,266	7,318	5,442	3,682
Insurance	3,950	3,759	2,006	1,925
Repairs and maintenance	21,751	27,262	5,788	7,211
Depreciation	216,093	178,139	118,246	90,084
Other manufacturing expenses	19,700	13,464	10,580	8,835
Total manufacturing cost	3,194,091	2,635,797	1,638,815	1,240,252
Work in process				
Opening balance	92,788	202,999	202,905	312,017
Closing balance	(169,987)	(188,871)	(169,987)	(188,871)
	(77,199)	14,128	32,918	123,146
Cost of goods manufactured	3,116,892	2,649,925	1,671,733	1,363,398
Finished goods				
Opening balance	18,386	63,766	32,610	72,229
Closing balance	(57,394)	(70,023)	(57,394)	(70,023)
	(39,008)	(6,257)	(24,784)	2,206
	3,077,884	2,643,668	1,646,949	1,365,604

16 OTHER INCOME

Income from financial assets				
Profit on bank deposits	12,692	17,988	6,271	8,259
Gain on held for trading investments (including realized & unrealized)	89,690	93,146	63,041	36,008
	102,382	111,134	69,312	44,267
Income from non financial assets				
Scrap sales	139	871	139	871
Gain on disposal of fixed assets	-	2,380	-	820
Rental income	3,037	3,518	1,513	2,141
Others	-	671	-	329
	3,176	7,440	1,652	4,161
	105,558	118,574	70,964	48,428

17 FAIR VALUE OF FINANCIAL INSTRUMENTS

17.1 Fair value is the amount that would be received on sale of an asset or paid on transfer of a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and fair value estimates. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or 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).

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

17.2 The following table shows the carrying amounts and fair values of financial assets, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Rupees in thousand	Carrying amount				Fair Value				
	Cash and cash equivalents	Loans and receivables	Available for sale instruments	Fair value through profit or loss	Total	Level 1	Level 2	Level 3	Total
December 31, 2016									
(Un-audited)									
Financial assets measured at fair value									
Short term investments	-	-	-	3,501,089	3,501,089	-	3,501,089	-	3,501,089
Financial assets not measured at fair value									
Non-current assets									
Long term deposits	-	39,499	-	-	39,499	-	-	-	-
Current assets									
Trade debts - unsecured	-	166,384	-	-	166,384	-	-	-	-
Loans and advances	-	3,702	-	-	3,702	-	-	-	-
Trade deposits	-	9	-	-	9	-	-	-	-
Other receivables	-	745	-	-	745	-	-	-	-
Cash and bank balances	474,571	-	-	-	474,571	-	-	-	-
	474,571	210,339	-	-	684,910	-	-	-	-
June 30, 2016 (audited)									
Financial assets measured at fair value									
Short term investments	-	-	-	2,356,497	2,356,497	-	2,356,497	-	2,356,497
Financial assets not measured at fair value									
Non-current assets									
Long term deposits	-	39,449	-	-	39,449	-	-	-	-
Current assets									
Trade debts - unsecured	-	108,481	-	-	108,481	-	-	-	-
Loans and advances	-	2,330	-	-	2,330	-	-	-	-
Trade deposits	-	9	-	-	9	-	-	-	-
Other receivables	-	549	-	-	549	-	-	-	-
Cash and bank balances	660,479	-	-	-	660,479	-	-	-	-
	660,479	150,818	-	-	811,297	-	-	-	-

- 17.3 As at December 31, 2016 and June 30, 2016 the Company does not held liabilities that are measured at fair value or when value changes from carrying value as a resulting remeasurement. The following table shows the carrying amount of financial liabilities. It does not include fair value information for financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Rupees in thousand	December 31, 2016 Un-audited	June 30, 2016 Audited
Financial liabilities at amortized cost		
Long term financing - secured	900,000	-
Trade and other payables	1,309,906	939,277
Accrued interest / markup	7,348	442
Short term borrowings - secured	492,833	644,597
	2,710,087	1,584,316

Rupees in thousand	December 31, 2016 Un-audited	2015
18 CASH GENERATED FROM OPERATIONS		
Profit before taxation	2,007,849	1,653,443
Adjustment for:		
Depreciation	219,782	181,472
Amortization	1,660	642
Provision for gratuity and compensated absences	11,758	10,604
Finance cost	2,599	12,747
Workers Profit Participation Fund	107,521	88,799
Workers Welfare Fund	35,047	33,743
Gain on disposal of property, plant and equipment	-	(2,380)
Unrealized gain on investment	(89,690)	(93,146)
	288,677	232,481
Cash flows before working capital changes	2,296,526	1,885,924
Movement in working capital (Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(143,958)	289,303
Stock-in-trade	(141,674)	1,281
Trade debts	(57,903)	(17,438)
Loans, advances, deposits and short term prepayments	(38,563)	(15,285)
Other receivables	(196)	68,746
Increase / (decrease) in current liabilities:		
Trade and other payables	286,848	137,418
Sales tax	(98,121)	(4,070)
Cash generated from operations	2,102,959	2,345,879

19 TRANSACTIONS WITH RELATED PARTIES

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

Rupees in thousand		Half year ended December 31, 2016 Un-audited	
Relationship with the company	Nature of transaction		
Staff retirement contribution plan	Contribution to staff provident fund	4,853	4,073
Key management personnel	Remuneration	76,831	57,191
WPPF	Payment to WPPF	25,585	38,048

Rupees in thousand		December 31, 2016 Un-audited	June 30, 2016 Audited
Balances			
WPPF payable		107,520	25,583

20 DATE OF AUTHORIZATION

This condensed interim financial information was authorized for issue by the Board of Directors of the Company on February 22, 2017.

21 SUBSEQUENT EVENTS AFTER BALANCE SHEET DATE

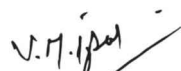
- 21.1 Subsequent to the period ended December 31, 2016, the Board of Directors has proposed a cash dividend in their meeting held on February 22, 2017 of Rs. 2.15 per share (Rs. 6.25 per share for the year ended June 30, 2016).
- 21.2 Subsequent to the period end, the Company has extended contract with a foreign supplier for procurement of equipment and technical services of new Cement Plant having production capacity of around 8,000 tons clinker per day, 12 MW Waste Heat Recovery Power Plant and 24 MW Coal Fired Power Plant (Captive).

22 GENERAL

- 22.1 Corresponding figures have been rearranged wherever necessary, for the purpose of comparison. However, there were no material reclassification or rearrangement to report.

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim balance sheet has been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim cash flow statement have been compared with the balances of comparable period of immediately preceding financial year.

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


Syed Mazher Iqbal
Chief Executive Officer


Aly Khan
Director

Notes _____