ANNUAL REPORT
2016-2017

PIONEER CEMENT
LIMITED.

ENDURING STRENGTH

www.pioneercement.com

PIONEER CEMENT
LIMITED.

Annual Report
2016-2017

ENDURING
STRENGTH

Contents

VISION & MISSION

Pioneer Cement Limited is committed to make sustained efforts towards optimum utilization of its resources through good corporate governance for serving the interests of all stakeholders.

STRATEGIC GOALS

- Customers' satisfaction
- Efficient deployment of resources
- Research and development
- Maximization of profits
- Environmental initiatives

BUSINESS ETHICS

- Transparency and justice
- Sound business policies and compliance of law
- Judicious use of Company's resources
- Avoidance of conflict of interest
- Integrity at all levels

Our

CORE VALUES

- Professional ethics
- Respect and courtesy
- Recognition of human asset
- Teamwork
- Innovations and improvement

QUALITY POLICY

We are committed to produce high quality cement as per International and Pakistan standards. The management ensures that products of Pioneer Cement always exceed product quality requirements to achieve customer satisfaction.

We are committed to abide by all applicable legal and regulatory requirements and shall strive for continual improvement including prevention of pollution by establishing and monitoring our quality and environmental objectives.

The Board of Directors and the management of Pioneer Cement are committed to communicate and maintain this policy at all levels of the Company and achieve continual improvement through teamwork.

Goals

FINANCIAL RESULTS 2017

Dividend Rs. 5.50 Per share (55%)

Net Sale Revenue
Rs. 10,630.99 million

Gross Profit
Rs. 4,428.31 million

Operating Profit
Rs. 4,104.20 million

EBITDA
Rs. 4,569.36 million

Profit After Taxation
Rs. 2,917.54 million

Earning Per Share
Rs. 12.84

Breakup Value Per Share
Rs. 53.92

Market Value Per Share
as at June 30, 2017
Rs. 130.0

QUARTER 01

Gross profit ratio	42.86%
Operating profit ratio	39.82%
Profit after tax ratio	28.04%
Earnings per share	Rs. 3.09
Market value per share as at September 30, 2016	Rs. 105.69

QUARTER 02

Gross profit ratio	38.72%
Operating profit ratio	37.70%
Profit after tax ratio	29.74%
Earnings per share	Rs. 3.52
Market value per share as at December 31, 2016	Rs. 142.09
Cash dividend per share	Rs. 2.15
Dividend payout ratio	61.08%

QUARTER 03

Gross profit ratio	41.80%
Operating profit ratio	40.01%
Profit after tax ratio	30.99%
Earnings per share	Rs. 3.95
Market value per share as at March 31, 2017	Rs. 143.0

QUARTER 04

Gross profit ratio	43.41%
Operating profit ratio	36.77%
Profit after tax ratio	20.39%
Earnings per share	Rs. 2.28
Market value per share as at June 30, 2017	Rs. 130.0
Cash dividend per share	Rs. 3.35
Dividend payout ratio	146.93%

MILESTONES

1986
Incorporation as a public limited company

1992
Start of commissioning of production line-I and listing of shares

1994
Commencement of production with capacity of 2,000 tons clinker per day

2001
Switchover from furnance oil to coal firing system

2004
Start of commissioning of production line-II

2005
Capacity optimization of production line-I to 2,350 tons clinker per day

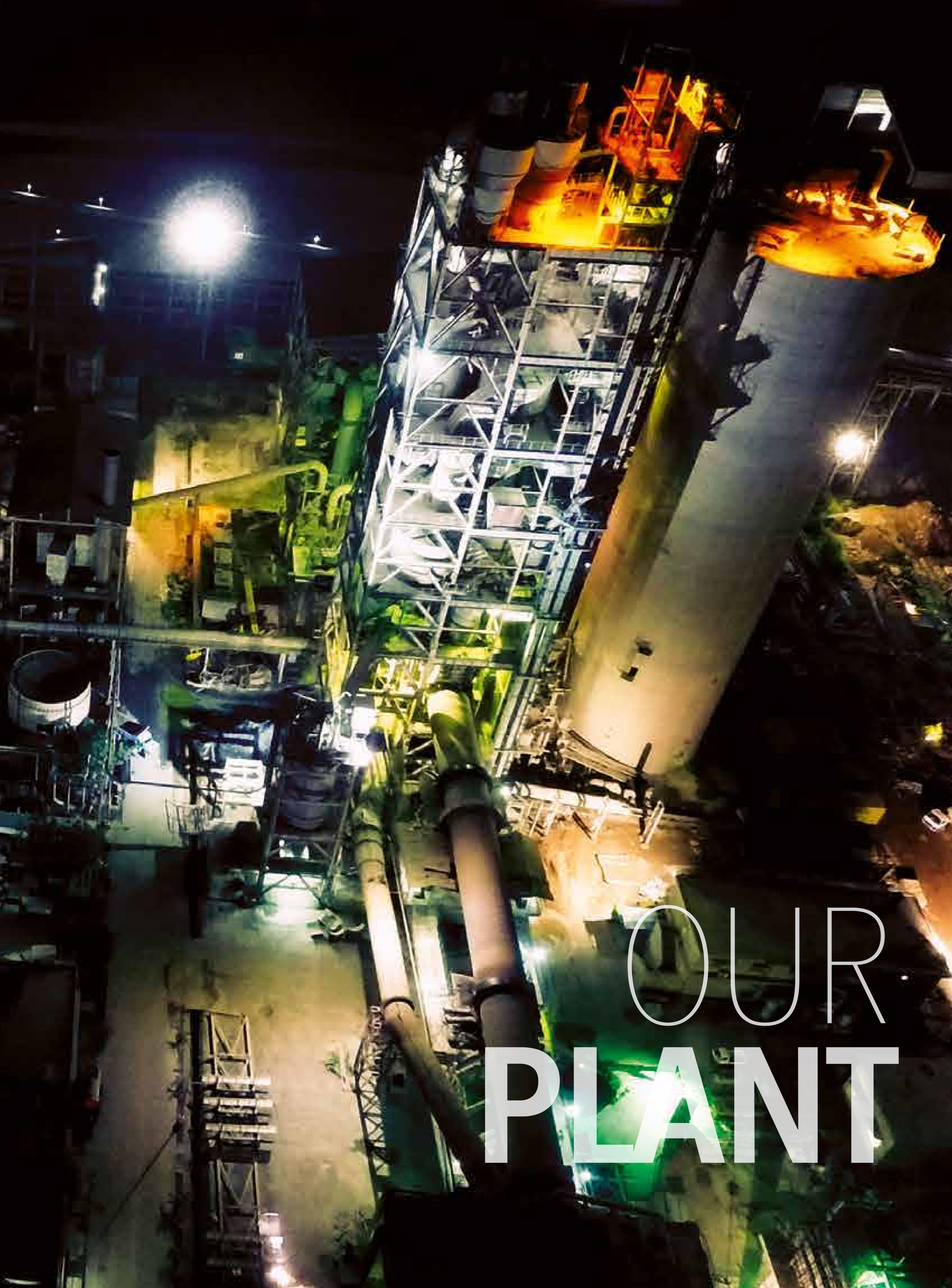
2006
Commencement of production line-II with capacity of 4,300 tons of clinker per day

2007
Awarded 'Brand of the Year'

2014
Received 'Professional Excellence Award' from ICAP

2016
Installed & Commissioned 12MW WHRPP

2017
Commencement of construction of 8,000 tpd cement plant and 12 MW WHRPP+24MW CFPP. Construction of new head office building in Lahore started.



OUR PLANT

ENVIRONMENTAL

ENSURING ENVIRONMENTAL FRIENDLY OPERATIONS, PRODUCTS AND SERVICES

The inherent processes of manufacturing cement are widely considered to be unfriendly to the environment. However, with the development of technology, our modern plants are equipped with extensive dust collection equipment heavily reducing our carbon footprint.

Organizational commitment toward environmental protection and prevention of pollution has played a pivotal role in our day-to-day operations. In 2014, we were awarded a “Green Office” Diploma by WWF Pakistan for complying with their benchmarks for reducing consumption of natural resources.

Pioneer Cement is ISO 9001:2008 certified for Quality Management and ISO 14001:2004 certified for Management System. We have successfully completed comprehensive audits by TUV Austria to achieve these qualifications.

TÜV AUSTRIA
ISO 9001:2008
NO: 01013475

TÜV AUSTRIA
ISO 14001:2004
NO: 20 104 141403975

WWF GREEN OFFICE

INITIATIVES

SOCIAL
RESPONSIBILITIES

Pioneer Cement remains committed to furthering its role as a responsible and ethical corporate citizen. We understand the impact our operations can have on the community and the environment at large and therefore have an active CSR strategy that focuses on furthering social good in areas of education, health and the environment.

EDUCATION

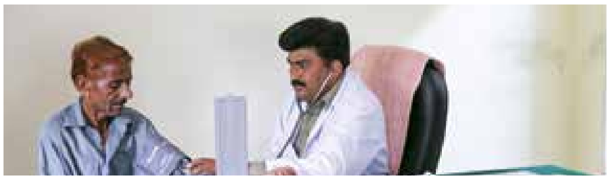
Pioneer Cement takes great pride in the establishment of two separate schools providing primary education to boys and girls in Chenki village where our plant is located. The schools are fully equipped to impart elementary education to children of all those that make up the village.

In line with this focus, Pioneer Cement also funded the construction of an additional building in the District Public School in Jauharabad as well as Sargodha. The extra wings will enable the inclusion of 500 students in both cities to receive education. Other initiatives include philanthropic support for SOS Schools and the Vocational Training Institute of Quaidabad. We are also working with Pakistan's premiere business school IBA to ensure the quality and relevance of its business curriculum. An example of our ongoing partnership with IBA was our donation of a new visiting faculty residence for IBA.

Our aim is to facilitate the gradual betterment of these communities through the creation of new capabilities and better economic prospects.

HEALTH

Healthcare remains a key interest for Pioneer Cement. We have initiated several long term programs geared towards provision of medical services starting with the establishment of Pioneer Medical Center at our plant. This facility provides free medical and emergency ambulance services to over 1000 employees plus their dependents and is open to the entire community.



As part of this endeavor we have set up a fully functional dispensary unit within factory premises that is managed by the Punjab Social Security Corporation to roll out an insurance program for employees and their families particularly in terms of out patient care.

A similar public dispensary has been established in Chenki Village. Other ongoing efforts include the financial support of the TB Center Foundation.

ENVIRONMENT PROTECTION

Pioneer cement promotes environmental sustainability, emission reduction and energy efficiency in our products as well as our operations. We stand up to date with our certification of ISO 14001:2004 and ISO 9001:2008 and are compliant with the Green Office criteria to reducing consumption of natural resources. In line with our mission to be green, we have introduced several environment friendly business practices including the installation of energy efficient coal firing burners that reduce our gaseous emissions as well as a Waste Heat Recovery Power Plant that generates electricity from these emissions.

LOCAL COMMUNITY DEVELOPMENT

In an effort to encourage closer ties within the communities where we operate, Pioneer Cement has roiled out several smaller development driven initiatives such as the construction and maintenance of the Chenki village mosque, the development of 15 km long road connection to Chenki and Jabbi Village and thereby helping to over thousands of commuters and the ongoing donation support of flood and disaster relief efforts.

ART & CULTURE

In keeping with our focus on community development, Pioneer Cement organized an impressive Art Residency Program, with the objective of promoting local art and culture using indigenous materials. This was a collaborative effort with Canvas Gallery spanning two weeks and was centered around 6 visual artists who lived on site for this duration and sought to create locally inspired art. A formal unveiling of their work, in the presence of business and community leaders, was held earlier this year at our premises. Aside from providing a platform to showcase local talent, this program has fostered a sense of aesthetics and an appreciation for Visual Arts within the local community. We intend to carry on this Residency Program yearly for the foreseeable future.

CORPORATE **INFORMATION**

01 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

02 Audit Committee

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

03 HR & Remuneration Committee

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

04 Company Secretary

Mr. Waqar Naeem

05 Bankers

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

06 Statutory Auditors

Grant Thornton Anjum Rahman
Chartered Accountants

07 Legal Advisor

Hassan & Hassan

08 Registered Office

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

09 Factory

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

10 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

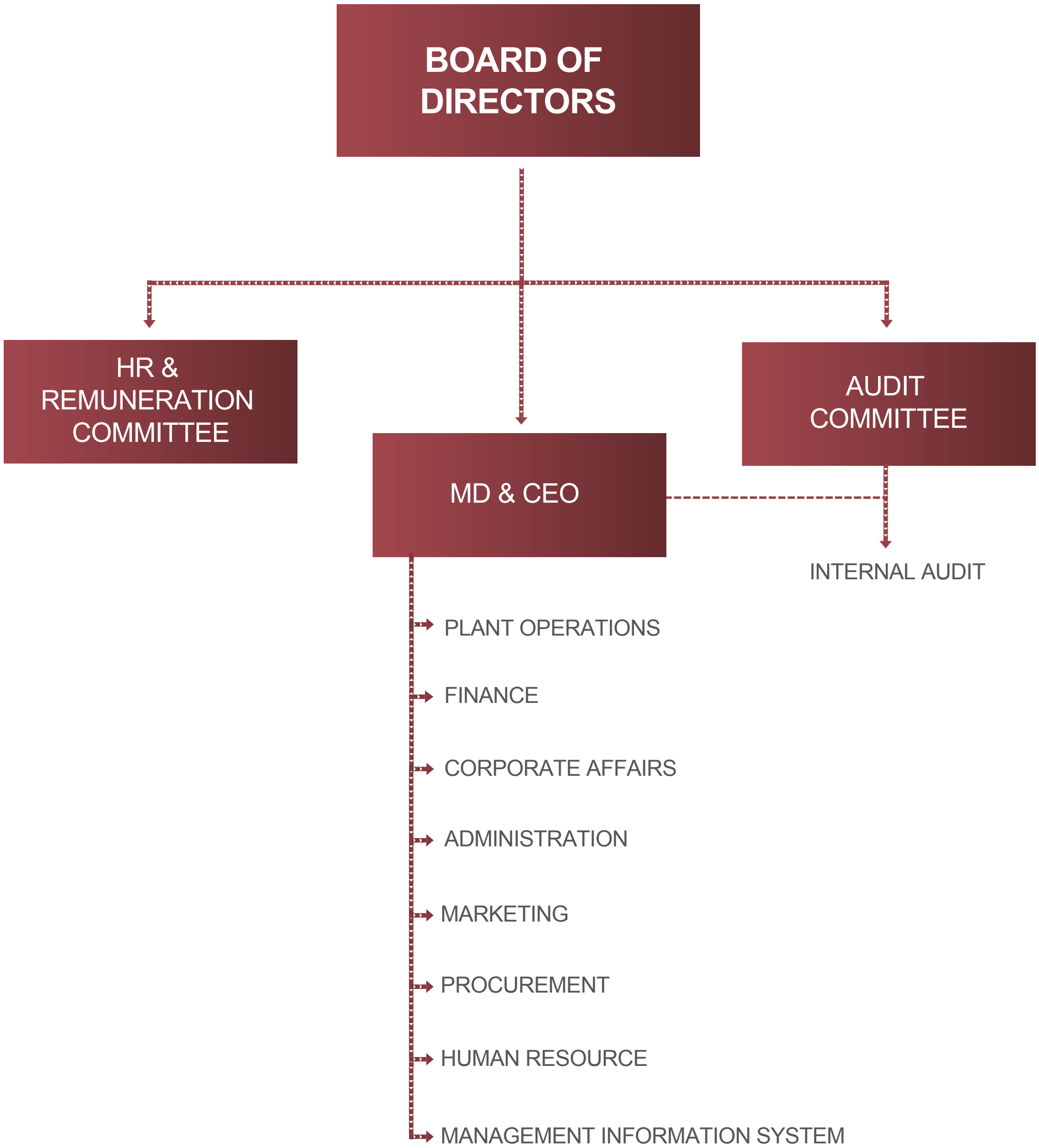
Faisalabad Office
Office No. 3, 2nd Floor, Sitara Tower,
Bilal Chowk, New Civil Lines, Faisalabad,
Tel: +92 (41) 2630030, 2640406-7
Fax: +92 (41) 2630923

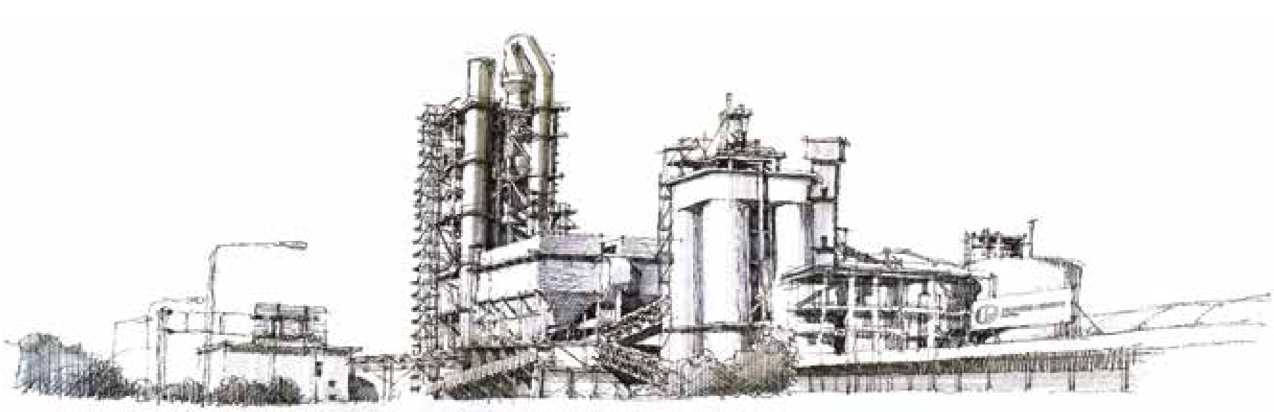
Sargodha Office
Office No. 6, 2nd Floor, Rehman Trade Centre,
University Road, Sargodha
Tel: +92 (483) 725050
Fax: +92 (483) 722331

11 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

ORGANIZATIONAL **STRUCTURE**





Shaikh Javed Elahi
Director

Syed Mazher Iqbal
CEO & MD

Mirza Ali Hassan Askari
Director

Mr. Aly Khan
Director

Mr. Shafiuddin Ghani Khan
Chairman

BOARD OF DIRECTORS

Mr. Rafique Dawood
Director

Mr. Jamal Nasim
Director

Mr. Mohammad Aftab Alam
Director

AUDIT **COMMITTEE**

Left to Right

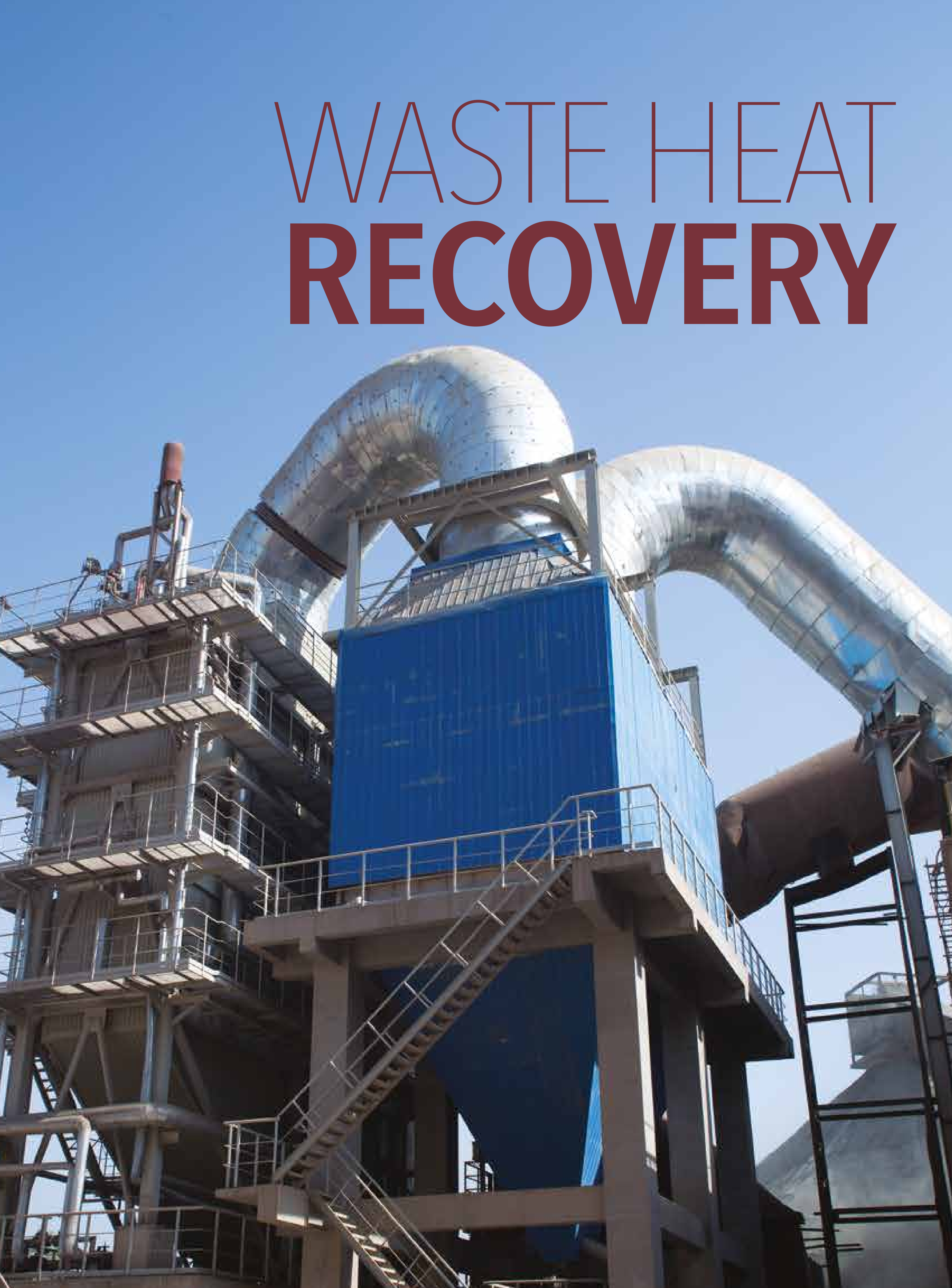
Mr. Shafiuddin Ghani Khan, Mr. Aly Khan, Mr. Rafique Dawood (Chairman), Mr. Jamal Nasim, Mr. Mohammad Aftab Alam

HR & REMUNERATION **COMMITTEE**

Left to Right

Mr. Shafiuddin Ghani Khan (Chairman), Mr. Aly Khan, Mr. Jamal Nasim, Mr. Mohammad Aftab Alam, Syed Mazher Iqbal (CEO & MD)

WASTE HEAT RECOVERY



DIRECTORS' REPORT
TO THE SHAREHOLDERS

IN THE NAME OF ALLAH, THE MOST GRACIOUS, THE MOST MERCIFUL

Directors of your Company feel immense pleasure in presenting the annual report for the year ended June 30, 2017.

The Economy

Pakistan economy continues to grow during the fiscal year under review. Major economic indicators were as follows:

- Growth rate of 5.28% achieved is highest in last 10 years, contributed by various sectors as under:

  During July-March 2017, Large Scale Manufacturing sector marked a significant growth of 5.06% compared to 4.60% achieved in same period last year (SPLY).

  Services sector surpassed the target of 5.70% with growth rate of 5.98%.

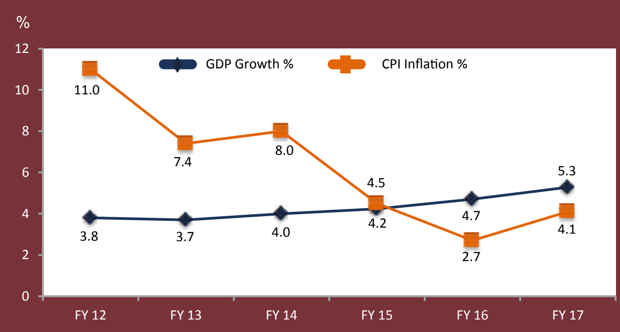
  Agriculture sector achieved a growth of 3.46% against the target of 3.50%.

- State Bank discount rate remained stable at 5.75% contributing to growth and investment.

- The current account deficit during July-April 2017 widened substantially to USD 7.25 billion, 2.38% of GDP, against USD 2.38 billion during SPLY. The gap triggered due to high import bills and declining exports.

- Foreign exchange reserves also dropped to USD 21.38 billion as on June 30 , 2017, compared to USD 23.10 billion a year earlier.

- GDP growth vs inflation trends of previous six years were as follows:



The Cement Industry

Cement sector continue to grow with total dispatches for the year under review crossing 40 million tons. The sector achieved growth rate of 3.71% compared to 9.80% in the corresponding year, with a capacity utilization of 86.90% (2015-16: 85.21%) highest in last ten years. Local cement demand touched 35.65 million tons compared to 33 million tons achieved last year, resulting in a growth of 8.03%. Exports, however, plunged to 4.66 million tons, registering a drop of 20.59% over last year.

Dispatches	2017	2016	Variance	
	-------- Million Tons --------			%
Local	35.65	33.00	2.65	8.03
Export	4.66	5.87	(1.21)	(20.59)
Total	40.31	38.87	1.44	3.71

Business Performance

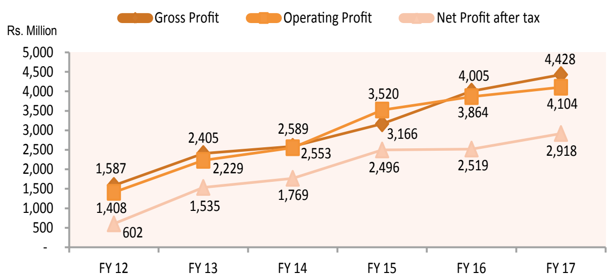
Alhamdolillah, your Company continues to improve its operational and financial performance indicators. The gross revenue for the year under review amounting Rs. 14,635.56 million is an increase of Rs. 2,719.72 million (22.82%) over last year. The main contributor to this growth was clinker sale of Rs. 1,645.48 million, mainly to local cement manufacturers. Various components of gross revenue were as follows:

	2017	2016	Variance	
	--------------- Rs.(000) --------------			%
Cement Sales				
Local	12,801,493	11,682,046	1,119,447	9.58
Exports	188,586	233,795	(45,209)	(19.34)
	12,990,079	11,915,841	1,074,238	9.01
Clinker Sale	1,645,477	-	1,645,477	-
Total	14,635,556	11,915,841	2,719,715	22.82

Net revenue of Rs. 10,630.99 million is an increase of 13.50% over Rs. 9,366.53 million earned last year.

Profit before tax of Rs. 4,069.51 million earned during the year under review is the highest in the history of your Company against Rs. 3,846.61 million earned last year.

Performance of Last Six Years



Production and Sales Volume

In accordance with improved demand in the domestic market, kiln operated at 78.40% capacity utilization translating into production of 1,564,037 tons of clinker compared to 1,184,659 tons produced last year (59.38% capacity utilization).

Sales volume increased to 1,670,192 tons comprising 1,392,173 tons of cement (2015-16: 1,356,163 tons) and 278,019 tons of clinker (2015-16: Nil). Cement sales comprises 1,356,915 tons (2015-16: 1,309,874 tons) of local dispatches and 35,258 tons (2015-16: 46,289 tons) exports. Clinker sale has been made to local cement manufacturers whereas small quantity of 498 tons was exported to India.

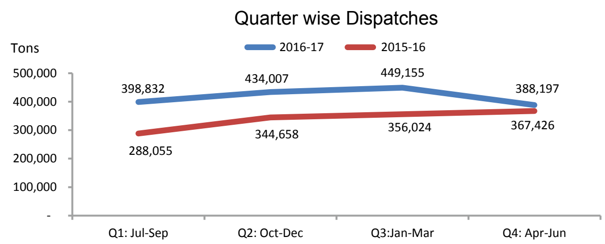
	2017	2016	Variance	
	-------------------- Tons --------------------			%
Production Capacity	**1,995,000**	**1,995,000**	–	–
Clinker	1,564,037	1,184,659	379,378	32.02
Cement	1,405,092	1,344,890	60,202	4.48
Dispatches				
Domestic				
Cement	1,356,915	1,309,874	47,041	3.59
Clinker	277,521	–	277,521	–
	1,634,436	**1,309,874**	**324,562**	**24.78**
Exports				
Cement	35,258	46,289	(11,031)	(23.83)
Clinker	498	–	498	–
	35,756	**46,289**	**(10,533)**	**(22.75)**
	1,670,192	**1,356,163**	**314,029**	**23.16**

DIRECTORS' REPORT

The following table demonstrates the overall dispatches made by your Company during each quarter of current year against corresponding quarters of last year:

Quarter	2017		2016		Variance	
	Tons	%	Tons	%	Tons	%
First	398,832	23.88	288,055	21.24	110,777	38.46
Second	434,007	25.99	344,658	25.41	89,349	25.92
Third	449,155	26.89	356,024	26.25	93,131	26.16
Fourth	388,197	23.24	367,426	27.09	20,771	5.65
Total	**1,670,192**	**100**	**1,356,163**	**100**	**314,029**	**23.16**

The dispatches made during the current year increased by 23.16% (314,029 tons) over last year. The quantitative sales grew gradually for the first three quarters of the current year similar to the pattern of last year. However, fourth quarter experienced a drop in sales due to the month of Ramadan and Eid holidays affecting demand of cement.



Revenues and Cost of Production

Gross revenue for the year under review amounting Rs. 14,635.56 million is a growth of 22.82% over Rs. 11,915.84 million earned last year.

	2017	2016	Variance	
	------------- Rupees in '000	-------------		%
Gross Sales	14,635,556	11,915,841	2,719,715	13.50
Net Sales	10,630,994	9,366,533	1,264,461	15.69
Cost of Sales	6,202,685	5,361,331	841,354	22.82

The cost of sale increased by Rs. 841.35 million over last year due to increased production to meet demand. Per ton cost of sale for the current year was reduced by 6% to Rs. 3,714/- from Rs. 3,953/- in last year.

Despite an increase in coal prices in the international market in the last quarter of the year under review, reduction in per ton cost was achieved due to low cost of energy generated from Waste Hear Recovery plant installed during the year and a reduction in packing material cost.

Operating and Financing Costs

Distribution cost for the year amounting Rs 94.06 million is an increase of 56.82% over last year mainly on export freight and handling charges which amounted to Rs. 32.18 million compared Rs. 4.30 million incurred last year. During the year, export volume to India exceeded 25,000 tons, compared to around 2,000 tons exported last year.

Other operating expenses include Workers' Welfare Fund (WWF) and Workers' Profit Participation Fund (WPPF). These expenses are directly linked to the profits earned for the year. WWF charge for the year amounted to Rs. 83.05 million whereas WPPF expense amounts to Rs. 218.56 million.

Administrative expenses of Rs. 84.58 million are a nominal increase of 3.72% (Rs. 3.04 million) over last year due to effective control on expenses.

Profitability

For the year under review, gross profit amounted to Rs. 4,428.31 million, an increase of Rs. 423.11 million (10.56%) over last year. The increase attributes to clinker sale made mainly to local cement manufactures. During the current year, GP margin has dropped to 41.65% which was 42.76% last year. The decline in GP margin is mainly triggered by clinker sale which was made at lower margin compared to cement sale. The operating profit increased from Rs. 3,864.08 million last year to Rs.4,104.20 million this year. Other income earned during the year was constrained to Rs. 156.51 million (2015-16: Rs. 285.92 million) due to declining returns on mutual funds investments.

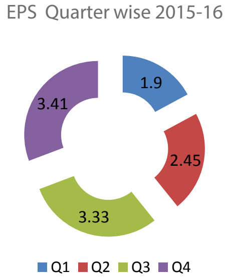
Effective tax rate for the year dropped to 28.31% (2015-16: 34.52%) due to capitalization of Waste Heat Recovery Power Plant securing a profit after tax of Rs. 2,917.55 million compared to Rs. 2,518.78 million earned last year translating into earnings per share of Rs. 12.84 against Rs. 11.09 of last year.

A summary of the profitability of PCL is shown below:

	2017	2016	Variance	
	-------- Rupees in '000	--------		%
Gross Profit	4,428,309	4,005,202	423,107	10.56
Operating Profit	4,104,199	3,864,079	240,120	6.21
Net Profit	2,917,545	2,518,778	398,767	15.83

Earnings Per Share

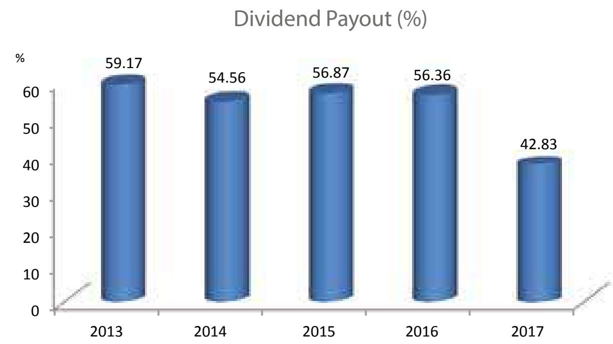
Quarter wise earnings for the current and the comparative year was as follows:



Dividends

The Board of Directors in its meeting held on September 27, 2017 has recommended a final cash dividend @ 33.5% i.e. Rs. 3.35 per share for the year. This will be in addition to the interim cash dividend of 21.5% (Rs. 2.15 per share) paid by the Company resulting in an aggregate cash dividend of 55% (Rs. 5.5 per share).

Your Company has announced 42.83% payout for the current year considering future fund commitments for the expansion projects. Payouts of your Company for the recent years remained as follows:



The Board

The Board comprises of six non-executive directors including the Chairman and two executive directors including the CEO. The position of the Chairman and the CEO are kept separate in line with the recommendation of the Code of Corporate Governance.

Board of Directors Meetings

During the year under review the Board of Directors held five meetings and the meetings attended by each director are summarized below:

Name of Directors		Number of Meetings Attended
Mr. Shafiuddin Ghani Khan	(Chairman of the Board)	4
Syed Mazher Iqbal	(Chief Executive Officer)	5
Mr. Aly Khan		5
Mr. Mohammad Aftab Alam		5
Mr. Jamal Nasim		4
Mr. Rafique Dawood		4
Mirza Ali Hassan Askari		5
Shaikh Javed Elahi		3

Board Committees

In line with the requirements of the Code of Corporate Governance, the Board of Directors has formed two committees; an Audit Committee and a Human Resource & Remuneration Committee.

DIRECTORS' REPORT

Audit Committee

The Audit Committee comprises of five non-executive directors including two independent directors as follows:

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

Human Resource & Remuneration Committee

The Committee is responsible for recommending the human resource management policies and evaluation and selection of appropriate employees to the Board.

The committee consists of the following three non-executive directors and one executive director:

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

Corporate and Financial Reporting Framework

The Board reviews the strategic direction of the Company on regular basis. The business plan and budgetary targets set by the Board are also reviewed regularly. The Board is committed to maintain a high standard of corporate governance and ensures comprehensive compliance of the Code of Corporate Governance mantained by the Securities and Exchange Commission of Pakistan.

The Board is pleased to confirm the following:

a. The financial statements prepared by the management of PCL present fairly its state of affairs, the result of its operations, its cash flows position and changes in its equity.

b. Proper books of accounts have been maintained.

c. Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgments.

d. International Accounting Standards as applicable in Pakistan have been followed in preparation of the financial statements and departure from the Standards, if any, has been adequately disclosed.

e. The existing system of internal controls and procedures is regularly reviewed. This is formulized by the Board's Audit Committee and is updated when required.

f. There are no significant doubts upon Company's ability to continue as a going concern.

g. There has been no material departure from the best practices of corporate governance.

h. The Statement of Ethics and Business Strategy is prepared and circulated amongst the directors and employees.

i. The Board has adopted a vision & mission statement and a statement of overall corporate strategy.

j. As required by the Code of Corporate Governance, statements regarding the following are annexed:

   i. Key operating and financial data for six years
   ii. Statement of Pattern of Shareholding
   iii. Statement of shares held by associated companies, undertakings and related persons
   iv. Statement of other information

CORPORATE SOCIAL RESPONSIBILITY

Health, Safety and Environment

The management is committed to provide its staff a safe, healthy and nurturing environment and accordingly has successfully achieved certification of ISO 9001:2008 and ISO 14001:2004. Further, your Company was also awarded Green Office Diploma after complying with the criteria of reducing consumption of natural resources.

Gaseous and Dust Emission

The Company is dedicated to maintain a pollution free atmosphere and accordingly electrostatic precipitator and dust collectors have been installed at the production facility of the Company. Further, efficient coal firing burners have been installed that help in reducing environment pollution from nitrogen oxide and carbon monoxide.

During the year, Waste Heat Recovery Power Plant (WHRPP) has successfully been installed which started power generation in December 2016. WHRPP has been generating electricity by utilizing hot gases emitted during the production process. It shall not only improve the ecological conditions of the surroundings but will also reduce the consumption of fossil fuel at national level.

Employee Safety

Employees of the Company have been equipped with the required tools and protection devices for protection from inherent noises. A separate Safety Department has been established to promote safety rules and practices and to ensure compliance therewith.

Such practices are reviewed and evaluated periodically and all necessary measures are taken to avoid any undesired event.

Community Investment and Welfare Scheme

The Company as a corporate citizen is constantly contributing towards the welfare of the society. The Company is playing an active role in various community development and maintenance programs including a mosque, medical dispensaries, ambulance service and primary schools at Chenki (the production facility) and financial support to Divisional Public School at Jauharabad. The Company continuously coordinates with the communities in the vicinity of the plant to meet their socio-economic needs. Residents of plant vicinity will fetch additional benefits from the expansion and enhancement plans of your Company. With the construction of carpeted road, other infrastructural developments, and employment opportunities general living standards of the adjacent communities will definitely improve.

Contribution to National Exchequer

The Company contributed an amount of Rs. 5,669.82 million (2015-16: Rs. 3,834.76 million) into the Government Treasury on account of income taxes, levies, sales tax and excise duty. At the reporting date, an amount of Rs. 203.38 million (2015-16: Rs. 308.1 million) is payable to government departments which will be paid in due course.

DIRECTORS’ REPORT

EMPLOYEE WELFARE

Provident Fund / Gratuity

The Company operates a funded Provident Fund Scheme for all permanent employees while all contractual employees below the age of 60 years are provided with an unfunded Gratuity Scheme. The audited fair value of the investments of the Provident Fund as on June 30, 2017 was Rs. 181.15 million (2016: Rs. 150.25 million).

Medical and Hospitalization

All eligible employees of the Company including their spouse and children are provided with medical and hospitalization facilities as per the Company policy in order to provide them peace of mind to concentrate on discharging their professional duties with zest and zeal.

Human Capital

The Company recognizes its human resource as one of the valuable assets. Employees with high performance are awarded to create a conducive environment and to motivate other employees for better performance. Multiple in-house seminars, training sessions and conferences were also arranged during the year to promote HR policies & objectives and to educate the employees in this regard.

Directors’ Training Program

Code of Corporate Governance requires all listed companies to make appropriate arrangements to conduct orientation and training courses for their directors. All of our directors have successfully attended the Directors’ Training Program organized by recognized institutions.

Evaluation of Board’s Own Performance

Board of Directors has developed criteria to evaluate and improve its own performance. The criteria is circulated among the directors focusing on financial policies, compliance with laws and regulations, approval of capital & revenue budgets and business plans. Feedbacks and recommendations are provided by the board members which are then

Auditors

M/s. Grant Thornton Anjum Rahman will retire at the conclusion of the 31st Annual General Meeting. They have, however, offered themselves for reappointment.

The Audit Committee of the Board has recommended change of auditors. M/s. EY Ford Rhodes have been proposed. The Company has received their consent.

Future Outlook

Pakistan is facing serious challenges of mounting debt, falling exports and low savings and investment levels. The increasing debt coupled with declining exports may have serious consequences on national economy. Immediate steps need to be taken to increase exports by providing conducive environment and overall competitiveness for manufacturing sector to enable it, increase the exports. Measures also need to be taken to increase savings by providing attractive schemes in the areas of provident fund, gratuity, pensions, old age benefit schemes etc particularly in rural areas where awareness is minimal.

Policy makers shall also find ways to expand the tax base and resultantly, providing some relief to overburdened existing tax payers.

On positive side, smooth progress on China-Pakistan Economic Corridor will ease infrastructure and energy constraints and will boost demand for industrial output, particularly cement sector.

DIRECTORS' REPORT

Your Company has signed contracts with Sinoma Chengdu Design & Research Institute of Building Materials Co; China for the Engineering, Procurement and Commissioning of a new Cement Plant having production capacity of over 8,000 tons per day supported by a 12 MW Waste Heat Recovery Power Plant at the existing plant site. In addition, a 24 MW Coal Fired Power Plant shall also be installed which shall minimize the energy reliance on National Grid. Civil works for the cement plant has already started.

The Company has made two separate arrangements to finance the expansion plans; one syndicate for cement plant & WHR whereas the other for Coal Power Plant. Letter of credits for cement plant and coal power plant have been established. For the first syndicate, achievement of financial close is in process whereas parallel progress is being made on the documentation for second syndicate. Your Company targets to achieve commercial operations with in a period of twenty four months.

By the grace of Almighty, your Company is in final stages of upgradation of the grinding capacity of existing cement mills. With the enhanced grinding capacity supported by low cost power generated by newly installed WHR, your Company shall be able to stretch out to other geographical locations.

Acknowledgement

On behalf of the Board of Directors, I express deep appreciation to all valued Stakeholders including Shareholders, Customers, Financial Institutions and Regulators for their cooperation and support and all the Company's employees for their zeal and commitment enabling your Company to achieve exceptionally good results.

On behalf of the Board

Syed Mazher Iqbal
Chief Executive Officer
September 27, 2017

Financial Highlights

20

17

FINANCIAL HIGHLIGHTS
SIX YEARS AT A GLANCE

	2017	2016	2015	2014	2013	2012
	Tons '000'					
Production and Sales						
Clinker Production	1,564	1,185	1,014	1,189	1,086	1,179
Cement Production	1,405	1,345	1,210	1,194	1,232	1,178
Cement / Clinker Dispatches						
Domestic Market	1,634	1,310	1,143	1,048	1,033	989
International Market	36	46	68	141	201	200
	1,670	1,356	1,211	1,190	1,234	1,189
Capacity Utilization (based on installed capacity)	78%	59%	51%	60%	54%	59%
	Rs. in Million					
Financial position						
Assets Employed						
Property plant and equipment	12,237.40	10,384.03	7,330.67	7,509.38	7,860.70	8,131.18
Other long term assets	114.85	116.16	109.54	105.66	39.69	38.29
Current assets	5,407.92	4,267.51	4,674.14	4,262.03	3,701.77	1,941.05
Total Assets	17,760.17	14,767.70	12,114.35	11,877.07	11,602.16	10,110.52
Financed by						
Shareholders equity	9,519.11	7,820.70	6,720.32	5,134.77	4,442.68	3,136.46
Surplus on revaluation of fixed assets-net of tax	2,728.42	2,849.47	1,612.76	1,667.55	1,726.53	1,781.54
Long term liabilities	3,791.52	2,345.31	2,138.38	3,543.53	3,719.64	3,602.80
Other current liabilities	1,721.11	1,752.22	1,642.89	1,531.21	1,713.31	1,589.72
Total Funds Invested	17,760.17	14,767.70	12,114.35	11,877.07	11,602.16	10,110.52
Turnover and profit						
Net turnover	10,630.99	9,366.53	8,425.77	8,024.78	7,568.43	6,487.13
Gross profit	4,428.31	4,005.20	3,165.50	2,588.97	2,405.39	1,586.96
Operating profit	4,104.20	3,864.08	3,520.30	2,553.20	2,228.94	1,408.39
Profit before taxation	4,069.51	3,846.61	3,501.46	2,430.02	2,248.40	924.34
Profit after taxation	2,917.55	2,518.78	2,496.14	1,768.86	1,535.14	601.52
EBITDA	4,569.36	4,245.85	3,869.60	2,949.98	2,606.20	1,775.29
Earnings per share (Rs.)	12.84	11.09	10.99	7.79	6.76	2.65
Breakup value per share (Rs.)	53.92	46.97	36.69	29.95	27.16	21.65
Cash flow summary						
Net cash generated from operating activities	1,751.13	3,149.41	2,556.73	2,267.29	2,801.56	1,189.93
Net cash (used in) / generating from investing activities	(2,429.46)	(2,729.26)	457.13	(810.13)	(854.20)	(30.98)
Net cash inflow / (outflow) from financing activities	326.87	(1,851.59)	(1,812.35)	(2,031.54)	(751.47)	(1,040.21)
(Decrease) / increase in cash and cash equivalents	(351.46)	(1,431.43)	1,201.51	(574.39)	1,195.88	118.74
Cash and cash equivalents at beginning of the year	660.48	2,091.91	890.40	1,464.79	268.91	150.17
Cash and cash equivalents at end of the year	309.02	660.48	2,091.91	890.40	1,464.79	268.91

FINANCIAL PERFORMANCE
SIX YEARS AT A GLANCE

	2017	2016	2015	2014	2013	2012
			%			
Profitability ratios						
Gross profit to sales	41.65	42.76	37.57	32.26	31.78	24.46
Operating profit to sales	38.61	41.25	41.78	31.82	29.45	21.71
Net profit before tax to sales	38.28	41.07	41.56	30.28	29.71	14.25
Net profit after tax to sales	27.44	26.89	29.63	22.04	20.28	9.27
EBITDA to sales	42.98	45.33	45.93	36.76	34.44	27.37
Return on equity (after tax)	128.44	110.89	109.89	77.87	67.58	26.48
Return on capital employed	25.59	32.96	33.74	28.70	27.27	25.07
Liquidity ratios (Times)						
Current ratio	3.14:1	2.44:1	2.78:1	1.43:1	1.08:1	0.43:1
Acid test ratio	2.13:1	1.81:1	1.93:1	0.86:1	0.7:1	0.1:1
EBITDA to current Liabilities	2.65:1	2.42:1	2.30:1	0.99:1	0.76:1	0.4:1
Cash to current liabilities	0.18:1	0.38:1	1.24:1	0.3:1	0.43:1	0.06:1
Cash flow from operating activities to sales	0.16:1	0.34:1	0.30:1	0.28:1	0.37:1	0.18:1
Activity / turnover ratios (Times)						
Inventory turnover	4.37	4.24	3.36	3.61	3.71	4.24
No. of days to inventory	83.58	86.08	108.66	101.13	98.33	86.04
Debtors turn over	87.82	109.94	173.40	180.57	235.26	323.69
No. of days in receivables	4.16	3.32	2.10	2.02	1.55	1.13
Creditors turnover	7.32	6.02	5.81	5.84	6.03	6.51
No. of days in payables	49.84	60.63	62.81	62.52	60.48	56.08
Operating cycle	37.90	28.77	47.95	40.63	39.40	31.09
Total assets turnover (%)	59.86	63.43	69.55	67.57	65.23	64.16
Fixed assets turnover (%)	86.34	105.75	113.85	105.93	96.28	79.78
Investment valuation ratios (Rs.)						
Earnings per share	12.84	11.09	10.99	7.79	6.76	2.65
Price / earning ratio (times)	10.12	9.68	7.76	5.99	4.34	3.47
Market value per share as on June 30	130.00	107.40	85.29	46.66	29.37	9.20
Cash dividend per share	5.50	6.25	6.25	4.25	4.00	-
Dividend payout ratio (%)	42.83	56.36	56.87	54.56	59.17	-
Capital structure ratios (Times)						
Financial leverage ratio (%)	21.35	57.24	17.34	17.62	17.27	6.91
Debt / equity ratio	24:76	18:82	20:80	34:66	38:62	42:58
Interest coverage ratio	118.30	221.17	62.50	16.45	13.09	4.29

ANALYSIS OF BALANCE SHEET

	2017	2016	2015	2014	2013	2012
	Rs. in Million					
Share capital and reserves	9,519.11	7,820.70	6,720.32	5,134.77	4,442.68	3,136.46
Surplus on revaluation of fixed assets	2,728.42	2,849.47	1,612.76	1,667.55	1,726.53	1,781.54
Long term liabilities	3,791.52	2,345.31	2,138.38	3,543.54	3,719.64	3,602.80
Current liabilities	1,721.11	1,752.22	1,642.89	1,531.21	1,713.31	1,589.72
Total equity and liabilities	17,760.17	14,767.70	12,114.35	11,877.07	11,602.16	10,110.52
Non current assets	12,352.25	10,500.19	7,440.21	7,615.05	7,900.39	8,169.48
Current assets	5,407.92	4,267.51	4,674.14	4,262.02	3,701.77	1,941.05
Total assets	17,760.17	14,767.70	12,114.35	11,877.07	11,602.16	10,110.52
Vertical analysis	%					
Share capital and reserves	53.60	52.96	55.47	43.23	38.29	31.02
Surplus on revaluation of fixed assets	15.36	19.30	13.31	14.04	14.88	17.62
Long term liabilities	21.35	15.88	17.65	29.84	32.06	35.63
Current liabilities	9.69	11.87	13.56	12.89	14.77	15.73
Total equity and liabilities	100.00	100.00	100.00	100.00	100.00	100.00
Non current assets	69.55	71.10	61.42	64.12	68.09	80.80
Current assets	30.45	28.90	38.58	35.88	31.91	19.20
Total assets	100.00	100.00	100.00	100.00	100.00	100.00
Horizontal analysis (i)						
Cumulative						
Share capital and reserves	203.50	217.06	172.45	108.17	80.11	27.16
Surplus on revaluation of fixed assets	53.15	38.41	(21.66)	(19.00)	(16.14)	(13.47)
Long term liabilities	5.24	(32.52)	(38.47)	1.95	7.02	3.66
Current liabilities	8.27	(5.10)	(11.02)	(17.07)	(7.21)	(13.90)
Total equity and liabilities	75.66	49.97	23.02	20.61	17.82	2.67
Non current assets	51.20	21.21	(14.12)	(12.10)	(8.80)	(5.70)
Current assets	178.61	260.37	294.73	259.91	212.60	63.91
Total assets	75.66	49.97	23.02	20.61	17.82	2.67
Horizontal analysis (ii)						
Year vs Year						
Share capital and reserves	21.72	16.37	30.88	15.58	41.65	27.16
Surplus on revaluation of fixed assets	(4.25)	76.68	(3.28)	(3.42)	(3.09)	(13.47)
Long term liabilities	61.66	9.67	(39.65)	(4.73)	3.24	3.66
Current liabilities	(1.77)	6.65	7.29	(10.63)	7.77	(13.90)
Total equity and liabilities	20.26	21.90	2.00	2.37	14.75	2.67
Non current assets	17.64	41.13	(2.30)	(3.61)	(3.29)	(5.70)
Current assets	26.72	(8.70)	9.67	15.13	90.71	63.91
Total assets	20.26	21.90	2.00	2.37	14.75	2.67

ANALYSIS OF PROFIT AND LOSS ACCOUNT

	2017	2016	2015	2014	2013	2012
	Rs. in Million					
Net turnover	10,630.99	9,366.53	8,425.77	8,024.78	7,568.43	6,487.13
Cost of sales	(6,202.69)	(5,361.33)	(5,260.27)	(5,435.81)	(5,163.05)	(4,900.17)
Gross profit	4,428.31	4,005.20	3,165.50	2,588.97	2,405.39	1,586.96
Distribution cost	(94.06)	(59.98)	(56.97)	(53.14)	(89.96)	(78.80)
Administrative cost	(84.58)	(81.54)	(71.02)	(63.87)	(62.28)	(61.91)
Other income / (charges)	(145.47)	0.40	482.79	81.25	(24.21)	(37.86)
Operating profit	4,104.20	3,864.08	3,520.30	2,553.20	2,228.94	1,408.39
Finance cost	(34.69)	(17.47)	(56.32)	(155.18)	(170.28)	(328.02)
Exchange gain / (loss)	-	-	37.48	31.99	189.74	(156.03)
Profit before taxation	4,069.51	3,846.61	3,501.46	2,430.02	2,248.40	924.34
Taxation	(1,151.96)	(1,327.83)	(1,005.32)	(661.16)	(713.26)	(322.82)
Profit after taxation	2,917.55	2,518.78	2,496.14	1,768.86	1,535.14	601.52
Vertical analysis	%					
Net turnover	100.00	100.00	100.00	100.00	100.00	100.00
Cost of sales	(58.35)	(57.24)	(62.4)	(67.74)	(68.22)	(75.54)
Gross profit	41.65	42.76	37.57	32.26	31.78	24.46
Distribution cost	(0.88)	(0.64)	(0.7)	(0.66)	(1.19)	(1.21)
Administrative cost	(0.80)	(0.87)	(5.7)	(0.80)	(0.82)	(0.95)
Other income / (charges)	(1.37)	0.00	(0.8)	1.01	(0.32)	(0.58)
Operating profit	38.61	41.25	41.78	31.82	29.45	21.71
Finance cost	(0.33)	(0.19)	(0.4)	(1.93)	(2.25)	(5.06)
Exchange gain / (loss)	-	-	(0.7)	0.40	2.51	(2.41)
Profit before taxation	38.28	41.07	41.56	30.28	29.71	14.25
Taxation	(10.84)	(14.18)	(11.9)	(8.24)	(9.42)	(4.98)
Profit after taxation	27.44	26.89	29.63	22.04	20.28	9.27
Horizontal analysis						
Cumulative						
Net turnover	63.88	77.64	59.79	52.19	43.53	23.03
Cost of sales	26.58	18.32	16.09	19.97	13.95	8.14
Gross profit	179.04	439.98	326.78	249.05	224.30	113.96
Distribution cost	19.37	(60.15)	(62.17)	(64.71)	(40.26)	(47.67)
Administrative cost	36.63	55.77	35.74	22.08	19.03	18.32
Other income / (charges)	284.19	(90.06)	11,776.70	1,898.77	(695.57)	(1,031.44)
Operating profit	191.41	611.76	548.43	370.30	310.57	159.42
Finance cost	(89.42)	(95.11)	(84.26)	(56.64)	(52.42)	(8.35)
Exchange gain / (loss)	(100.00)	(100.00)	(133.12)	(128.27)	(267.69)	37.89
Profit before taxation	340.26	5,255.60	4,775.05	3,283.30	3,030.43	1,186.95
Taxation	256.84	(2,819.45)	(2,158.99)	(1,454.11)	(1,560.81)	(761.17)
Profit after taxation	385.03	1,987.69	1,968.91	1,366.11	1,172.39	398.56
Year vs Year						
Net turnover	13.50	11.16	5.00	6.03	16.67	23.03
Cost of sales	15.69	1.92	(3.23)	5.28	5.36	8.14
Gross profit	10.56	26.53	22.27	7.63	51.57	113.96
Distribution cost	56.77	5.32	7.20	(40.93)	14.16	(47.67)
Administrative cost	3.78	14.75	11.20	2.56	0.60	18.32
Other income / (charges)	(36,106.19)	(99.92)	494.20	(435.61)	(36.06)	(1,031.44)
Operating profit	6.21	9.77	37.88	14.55	58.26	159.42
Finance cost	98.25	(68.93)	(63.70)	(8.87)	(48.09)	(8.35)
Exchange gain / (loss)	(100.00)	(100.00)	17.16	(83.14)	(221.61)	37.89
Profit before taxation	5.79	9.86	44.09	8.08	143.24	1,186.95
Taxation	(13.24)	32.08	52.05	(7.30)	120.94	(761.17)
Profit after taxation	15.83	0.91	41.12	15.22	155.21	398.56

PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2017

Number of Shareholders	Shareholding From	Shareholding To	Total
1785	1	100	57,564
1787	101	500	443,629
1242	501	1,000	910,412
1265	1,001	5,000	2,791,528
218	5,001	10,000	1,634,371
86	10,001	15,000	1,080,781
50	15,001	20,000	899,516
33	20,001	25,000	776,941
20	25,001	30,000	560,169
11	30,001	35,000	365,249
15	35,001	40,000	560,425
8	40,001	45,000	346,639
20	45,001	50,000	985,764
3	50,001	55,000	162,900
11	55,001	60,000	648,762
5	60,001	65,000	312,029
10	65,001	70,000	687,851
8	70,001	75,000	578,934
6	75,001	80,000	465,324
2	80,001	85,000	166,993
4	85,001	90,000	349,888
2	90,001	95,000	184,258
18	95,001	100,000	1,789,100
4	100,001	105,000	409,205
2	105,001	110,000	213,984
3	110,001	115,000	339,351
2	115,001	120,000	233,252
2	120,001	125,000	249,250
3	125,001	130,000	380,071
2	130,001	135,000	269,000
1	135,001	140,000	140,000
2	140,001	145,000	283,500
3	145,001	150,000	450,000
3	150,001	155,000	456,500
3	155,001	160,000	474,250
1	170,001	175,000	175,000
1	180,001	185,000	181,125
1	185,001	190,000	188,000
1	190,001	195,000	193,900
5	195,001	200,000	996,469
1	200,001	205,000	205,000
1	205,001	210,000	208,471
2	210,001	215,000	426,182
1	220,001	225,000	225,000
2	225,001	230,000	451,900
2	230,001	235,000	467,000
1	235,001	240,000	240,000
3	240,001	245,000	728,300
1	245,001	250,000	249,200
1	260,001	265,000	260,921
2	265,001	270,000	533,900
1	280,001	285,000	275,000
1	270,001	275,000	284,500
1	285,001	290,000	286,755
2	315,001	320,000	637,300
2	320,001	325,000	642,853

	-------- Shareholding --------		
Number of Shareholders	From	To	Total
1	325,001	330,000	326,529
1	350,001	355,000	355,000
2	375,001	380,000	756,900
2	395,001	400,000	800,000
1	420,001	425,000	422,800
1	425,001	430,000	429,444
1	430,001	435,000	430,500
1	445,001	450,000	449,800
1	450,001	455,000	452,500
1	480,001	485,000	485,000
2	520,001	525,000	1,047,500
1	540,001	545,000	545,000
1	560,001	565,000	564,600
1	570,001	575,000	574,000
1	575,001	580,000	580,000
1	595,001	600,000	598,400
1	610,001	615,000	613,100
2	615,001	620,000	1,239,300
1	620,001	625,000	623,600
1	635,001	640,000	636,000
1	695,001	700,000	696,800
1	725,001	730,000	729,442
1	865,001	870,000	870,000
1	945,001	950,000	945,100
1	965,001	970,000	965,900
1	980,001	985,000	983,000
1	985,001	990,000	988,900
1	1,005,001	1,010,000	1,010,000
1	1,015,001	1,020,000	1,015,300
1	1,105,001	1,110,000	1,109,100
1	1,155,001	1,160,000	1,158,500
1	1,175,001	1,180,000	1,176,000
1	1,415,001	1,420,000	1,417,800
1	1,450,001	1,455,000	1,451,344
1	1,480,001	1,485,000	1,482,500
1	1,495,001	1,500,000	1,500,000
1	1,505,001	1,510,000	1,509,000
1	1,570,001	1,575,000	1,570,100
1	1,595,001	1,600,000	1,597,200
1	1,605,001	1,610,000	1,606,456
1	1,675,001	1,680,000	1,676,312
1	1,680,001	1,685,000	1,682,500
1	1,720,001	1,725,000	1,722,000
2	1,745,001	1,750,000	3,500,000
2	1,755,001	1,760,000	3,516,800
1	2,350,001	2,355,000	2,352,100
2	2,995,001	3,000,000	6,000,000
1	3,320,001	3,325,000	3,323,000
1	3,340,001	3,345,000	3,343,000
1	3,995,001	4,000,000	4,000,000
1	6,085,001	6,090,000	6,085,800
1	7,955,001	7,960,000	7,959,707
1	10,895,001	10,900,000	10,897,800
1	106,860,001	106,865,000	106,863,193
6,733			**227,148,793**

CATEGORY OF SHAREHOLDERS AND SHARES HELD

AS AT JUNE 30, 2017

	Shares Held	%
Directors, Chief Executive Officer, their spouses and minor children	64,319	0.0283
Associated Companies, undertakings and related parties	-	-
NIT and ICP	36,000	0.0158
Banks, DFIs and NBFIs	5,195,270	2.2872
Insurance Companies	9,584,983	4.2197
Modarabas and Mutual Funds	38,587,926	16.9880
Shareholders holding 10% or more	106,863,193	47.0455
General Public		
a. Local	26,353,582	11.6019
b. Foreign	55,790	0.0246
Others		
1- Leasing Companies	79,640	0.0351
2- Investment Companies	17,816	0.0078
3- Joint Stock Companies	16,895,173	7.4379
4- Pension Funds	2,663,213	1.1725
5- Foreign Companies	125,581,006	55.2858
6- Others	2,034,075	0.8955

OTHER INFORMATION

AS AT JUNE 30, 2017

		Shares Held	Percentage
Associated Companies, Undertakings and Related Parties		-	-
Mutual Funds (Name Wise Detail)			
1	EFULAL-MANAGED GROWTH FUND (CDC)	1,757,500	0.7737
2	EFULAL-TAKAFUL GROWTH FUND (CDC)	50,000	0.0220
3	CDC - TRUSTEE ABL STOCK FUND (CDC)	1,176,000	0.5177
4	CDC - TRUSTEE AKD INDEX TRACKER FUND (CDC)	26,100	0.0115
5	CDC -TRUSTEE AL AMEEN ISLAMIC DEDICATED EQUITY FUND (CDC)	1,451,344	0.6389
6	CDC - TRUSTEE AL MEEZAN MUTUAL FUND (CDC)	1,759,300	0.7745
7	CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND (CDC)	430,500	0.1895
8	CDC - TRUSTEE AL-AMEEN SHARIAH STICK FUND (CDC)	1,606,456	0.7072
9	CDC - TRUSTEE ALFALAH GHP ALPHA FUND (CDC)	134,000	0.0590
10	CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND (CDC)	965,900	0.4252
11	CDC - TRUSTEE ALFALAH GHP STOCK FUND (CDC)	233,500	0.1028
12	CDC - TRUSTEE ALFALAH GHP VALUE FUND (CDC)	158,100	0.0696
13	CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND (CDC)	18,500	0.0081
14	CDC - TRUSTEE APF-EQUITY SUB FUND (CDC)	43,500	0.0192
15	CDC - TRUSTEE APIF-EQUITY SUB FUND (CDC)	99,000	0.0436
16	CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND (CDC)	522,500	0.2300
17	CDC - TRUSTEE ATLAS STOCK MARKET FUND (CDC)	545,000	0.2399
18	CDC - TRUSTEE FAYSAL ASSET ALLOCATION FUND (CDC)	60,900	0.0268
19	CDC - TRUSTEE FASAL BALANCED GROWTH FUND (CDC)	59,000	0.0260
20	CDC - TRUSTEE FAYSAL ISLAMIC ASSET ALLOCATION FUND (CDC)	70,000	0.0308
21	CDC -TRUSTEE FIRST CAPITAL MUTUAL FUND (CDC)	27,000	0.0119
22	CDC - TRUSTEE FIRST HABIB STOCK FUND (CDC)	7,000	0.0031
23	CDC - TRUSTEE HBL - STOCK FUND (CDC)	1,417,800	0.6242
24	CDC - TRUSTEE HBL IPF EQUITY SUB FUND (CDC)	56,300	0.0248
25	CDC - TRUSTEE HBL ISLAMIC ASSET ALLOCATION FUND (CDC)	226,400	0.0997
26	CDC - TRUSTEE HBL MULTI - ASSET FUND (CDC)	152,000	0.0669
27	CDC - TRUSTEE HBL PF EQUITY SUB FUND (CDC)	63,400	0.0279
28	CDC - TRUSTEE JS ISLAMIC FUND (CDC)	205,000	0.0902
29	CDC -TRUSTEE JS LARGE CAP. FUND (CDC)	85,000	0.0374
30	CDC - TRUSTEE KSE MEEZAN INDEX FUND (CDC)	260,921	0.1149
31	CDC - TRUSTEE LAKSON EQUITY FUND (CDC)	729,442	0.3211
32	CDC - TRUSTEE LAKSON ISLAMIC TACTICAL FUND (CDC)	18,582	0.0082
33	CDC - TRUSTEE LAKSON TACTICAL FUND (CDC)	114,450	0.0504
34	CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND (CDC)	320,500	0.1411
35	CDC - TRUSTEE MEEZAN BALANCED FUND (CDC)	1,158,500	0.5100
36	CDC - TRUSTEE MEEZAN ISLAMIC FUND (CDC)	10,897,800	4.7976
37	CDC - TRUSTEE NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND (CDC)	696,800	0.3068
38	CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND (CDC)	1,597,200	0.7032
39	CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - II (CDC)	15,200	0.0067
40	CDC - TRUSTEE NAFA ISLAMIC STOCK FUND (CDC)	988,900	0.4354
41	CDC - TRUSTEE NAFA MULTI ASSET FUND (CDC)	140,500	0.0619
42	CDC - TRUSTEE NAFA STOCK FUND (CDC)	1,015,300	0.4470
43	CDC -TRUSTEE NATIOPNAL INVESTMENT (UNIT) TRUST (CDC)	429,444	0.1891
44	CDC - TRUSTEE PICIC GROWTH FUND (CDC)	2,352,100	1.0355
45	CDC - TRUSTEE PICIC INVESTMENT FUND (CDC)	1,509,000	0.6643
46	CDC - TRUSTEE PICIC ISLAMIC STOCK FUND (CDC)	240,400	0.1058
47	CDC - TRUSTEE PICIC STOCK FUND (CDC)	126,000	0.0555
48	CDC - TRUSTEE PIML ASSET ALLOCATION FUND (CDC)	15,000	0.0066
49	CDC - TRUSTEE PIML ISLAMIC EQUITY FUND (CDC)	55,000	0.0242
50	CDC - TRUSTEE PIML VALUE EQUITY FUND (CDC)	50,000	0.0220
51	CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND (CDC)	59,400	0.0262
52	CDC - TRUSTEE UBL STOCK ADVANTAGE FUND (CDC)	243,900	0.1074
53	CDC - TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND (CDC)	376,900	0.1659
54	CDC - TRUSTEE FIRST HABIB ISLAMIC BALANCED FUND (CDC)	18,000	0.0079
55	CDC - TRUSTEE HBL ISLAMIC STOCK FUND (CDC)	317,300	0.1397
56	CDC - TRUSTEE NAFA ASSET ALLOCATION FUND (CDC)	265,400	0.1168
57	MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND (CDC)	619,800	0.2729
58	MCBFSL - TRUSTEE JS VALUE FUND (CDC)	188,000	0.0828
59	MCBFSL - TRUSTEE ABL ISLAMIC DEDICATED STOCK FUND (CDC)	355,000	0.1563

OTHER INFORMATION

AS AT JUNE 30, 2017

		Shares Held	Percentage
Directors and their Spouse and Minor Children (Name Wise Detail):			
1	MR. SHAFIUDDIN GHANI KHAN (CDC)	100	0.0000
2	SYED MAZHER IQBAL	-	0.0000
3	MR. ALY KHAN	1	0.0000
4	MR. MOHAMMAD AFTAB ALAM (CDC)	100	0.0000
5	MR. JAMAL NASEEM (CDC)	9,500	0.0042
6	MR. RAFIQUE DAWOOD (CDC)	19,340	0.0085
7	MIRZA ALI HASSAN ASKARI (CDC)	100	0.0000
8	SHAIKH JAVED ELAHI	35,178	0.0155
Executives:		250	0.0001
Public Sector Companies & Corporations:		-	-
Banks, DFIs, NBFIs, Insurance Companies, Takaful, Modarabas and Pension Funds		17,529,293	7.7171
Shareholders holding five percent or more voting interest in the listed company			
	VISION HOLDING MIDLE EAST LIMITED (CDC)	106,863,193	47.0455

Trades in PCL shares by directors, executives including their spouses and minor childern	Sale	Purchase
MR. JAMAL NASEEM (CDC)	50,000	9,500

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 31st Annual General Meeting of Pioneer Cement Limited will be held at 135 Ferozepur Road, Lahore on Thursday, October 26, 2017 at 11:00 a.m. to transact the following business:-

Ordinary Business

1. To confirm the minutes of the last Annual General Meeting held on October 28, 2016.

2. To receive, consider and adopt the audited accounts for the year ended June 30, 2017 and the reports of the directors and auditors thereon.

3. To appoint auditors for the year ending June 30, 2018 and to fix their remuneration. The retiring auditors M/s. Grant Thornton Anjum Rahman have offered themselves for reappointment. Audit Committee of the Board has recommended appointment of M/s. EY Ford Rhodes for the next term, who have given their consent.

4. To approve the final dividend of Rs.3.35 (33.50%) per share as recommended by the Board of Directors in addition to the interim dividend of Rs.2.15 (21.50%) per share already announced and paid during the year, making a total dividend of Rs.5.50 (55%) per share for the year ended June 30, 2017.

5. To elect seven directors in accordance with the provisions of section 159 of the Companies Act, 2017.

   The Board of Directors has fixed the number of elected directors as seven for the purpose of elections at this meeting. The tenure of the elected directors will be three years from the date of election.

   The names of the retiring directors are:

   1. Mr. Shafiuddin Ghani Khan
   2. Mr. Aly Khan
   3. Mr. Mohammad Aftab Alam
   4. Mr. Ali Hassan Askari
   5. Shaikh Javed Elahi
   6. Mr. Jamal Nasim
   7. Mr. Rafique Dawood

Special Business

Ordinary Resolution

6. To get consent & approval of the Shareholders of Pioneer Cement Limited as per SRO No.470(1)2016 dated May 31, 2016 issued by the Securities and Exchange Commission of Pakistan (SECP), for transmission of annual reports including annual audited accounts, notice of annual general meetings and other information contained therein of the Company commencing from the year ending June 30, 2018 onwards through CD/DVD/USB instead of transmitting the same in hard copies.

   RESOLVED that consent and approval of the Shareholders of Pioneer Cement Limited be and is hereby accorded for transmission of annual reports including annual audited accounts, notice of annual general meeting and other information contained therein of the Company commencing from the year ending June 30, 2018 onwards through CD or DVD or USB instead of transmitting the same in hard copies.

   FURTHER RESOLVED that the Chief Executive Officer or Company Secretary be and is hereby authorized to do all acts, deeds and things, take or cause to be taken all necessary actions to comply with all legal formalities and requirements and file necessary documents as may be incidental for the purpose of implementing this resolution.

7. To transact any other business as may be placed before the meeting with the permission of the Chairman.

By Order of the Board

WAQAR NAEEM
Company Secretary

Lahore
September 27, 2017

NOTES

1. The share transfer books of the Company shall remain closed from October 19, 2017 to October 26, 2017 (both days inclusive) for entitlement of final dividend and for the purpose of holding AGM. Transfer received at the Company's Registrar office M/s. Corplink (Pvt.) Limited, Wings Arcade, 1-K Commercial, Model Town, Lahore at the close of business on October 18, 2017 will be treated in time for the purpose of above entitlement to the transferees.

2. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend, speak and vote on his/her behalf. Proxies in order to be effective must be received by the Company at the registered office not less than 48 hours before the meeting.

   (a) The shareholders through CDC are requested to bring original Computerized National Identity Card (CNIC)/Passport for the purpose of identification to attend the meeting.

   (b) In case of corporate entity, the Board's Resolution or Power of Attorney with specimen signature of the nominee shall be produced at the time of the meeting.

3. Shareholders having physical share certificates are requested to immediately notify the change in address, if any.

Election of Directors

4. Any person who seeks to contest this election shall file with the Company at the Registered Office, not later than fourteen days before the date of the meeting, a notice of his/ her intention to offer himself/ herself for election as a director together with consent to act as director in Form 28 duly completed, declaration in respect of being compliant with the requirements of Code of Corporate Governance 2012 and detailed profile along with office address for placement on the Company's website.

Dividend

5. Under the provisions of Section 242 of the Companies Act, 2017 and Circular No.18/2017, it is mandatory for a listed company to pay cash dividend to its shareholders ONLY through electronic mode directly into bank account designated by the entitled shareholders. In order to receive dividends directly into their bank account, shareholders are requested to fill in Electronic Credit Mandate Form available on Company's website and send it duly signed along with a copy of CNIC to:

   a) The Registrar of the Company M/s. Corplink (Pvt) Limited, Wings Arcade, 1-K Commercial, Model Town, Lahore in case of physical shareholders.

   b) The Broker/Participant/CDC account services in case of shares are held in CDC.

   Pursuant to the directive of the Securities and Exchange Commission of Pakistan (SECP), Dividend Warrants shall mandatorily bear the CNIC number of shareholders. All shareholders who have not yet earliest to Company's Registrars M/s.Corplink (Pvt) Limited to mention the same on the dividend warrants. Shareholders who hold shares in Central Depository System are requested to send the valid copies of CNIC and NTN Certificates to their CDC Participants/CDC Investor Account Services.

   In case of non availability of a valid copy of the CNIC in the records of the Company, the Company will be constrained to withhold the dividend warrants which will be released by the Share Registrars only upon compliance with the SECP directives.

   According to clarification of FBR, withholding tax will be deducted separately on 'Filer' and 'Non-Filer' status of Principal shareholder as well as joint holder(s) based on their shareholding proportions.

   Kindly arrange to provide us shareholding proportions of yourself as principal shareholder and your joint holder(s), if any ,in respect of ordinary shares held, enabling us to compute withholding tax on each shareholder accordingly.

   Additionally, pursuant to the provisions of the Finance Act 2017 effective July 1, 2017, the rates of deduction of income tax from dividend payments under section 150 of the Income Tax Ordinance 2001 have been revised as follows:

(a)	Rate of tax deduction for filer of income tax returns	15%
(b)	Rate of tax deduction for non-filer of income tax returns	20%

   Where the required documents are not submitted, the Company will be constrained to treat the non-com plying shareholders as a non-filer thereby attracting a higher rate of withholding tax.

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REVIEW REPORT TO THE MEMBERS

On Statement of Compliance with the Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors (the Board) of Pioneer Cement Limited (the Company) for the year ended June 30, 2017 to comply with the requirements of Rule 5.19 of the Rule Book of Pakistan Stock Exchange where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not and to highlight any non - compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of financial statements we are required to obtain an understanding of the As a part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendations of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendations of the Audit Committee. We have not carried out any procedure to determine whether the related party transactions were under taken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2017.

CHARTERED ACCOUNTANTS
Engagement Partner : Imran Afzal
Lahore
Dated : September 27, 2017

STATEMENT OF COMPLIANCE
WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE
YEAR ENDED JUNE 30, 2017

This statement is being presented to comply with the Code of Corporate Governance (Code) contained in Listing Regulations of Pakistan Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes six non-executive directors.

   Independent Non-Executive Directors
   Mr. Rafique Dawood
   Mr. Jamal Nasim

   Non Executive Directors
   Mr. Shafiuddin Ghani Khan
   Mr. Aly Khan
   Mr. Mohammad Aftab Alam
   Mirza Ali Hassan Askari

   Executive Directors
   Syed Mazher Iqbal
   Shaikh Javed Elahi

The independent directors meet the criteria of independence under clause i(b) of the Code.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.

3. All the resident directors of the Company are registered taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred on the board during the period.

5. The Company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

6. The Board has developed a vision/ mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive and non executive directors have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once, every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The directors are conversant with their duties and responsibilities. However, orientation courses are being arranged as per requirement of the Code.

10. There was no change in the position of Company Secretary, Chief Financial Officer and Head of Internal Audit, during the year.

11. The Directors’ Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the Code.

15. The board has formed an Audit Committee. It comprises two independent and three non-executive directors. Chairman of Audit Committee is an independent director.

16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.

17. The Board has formed an HR and Remuneration Committee. It comprises four members and three of them are non-executive directors.

18. The Board has set up an effective internal audit function, and who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and they are involved in the internal audit function on full time basis.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP) and that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants guidelines on code of ethics as adopted by the ICAP.

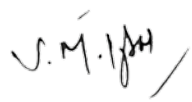
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The ‘closed period’, prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of the Company’s shares, was determined and intimated to directors, employees and stock exchanges.

22. Material / price sensitive information has been disseminated among all market participants at once through stock exchanges.

23. We confirm that all other material principles enshrined in the Code have been complied with.

On behalf of the Board of Directors



Syed Mazher Iqbal
Chief Executive Officer

September 27, 2017
Lahore

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Pioneer Cement Limited ("the Company") as at June 30, 2017 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a. in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

b. in our opinion:
   i. the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

   ii. the expenditure incurred during the year was for the purpose of the Company's business; and

   iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c. in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2017 and of the profit, total comprehensive income, its cash flows and changes in equity for the year then ended; and

d. in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in the Central Zakat Fund established section 7 of that Ordinance under

CHARTERED ACCOUNTANTS
Engagement Partner: Imran Afzal
Lahore
Dated: Spetember 27, 2017

FINANCIAL STATEMENTS

for the year ended June 30, 2017

BALANCE SHEET
AS AT JUNE 30, 2017

Rupees in thousand	Note	2017	2016
ASSETS			
Non current			
Fixed			
Property, plant and equipment	5	12,237,399	10,384,030
Investment property	6	70,836	68,910
Intangible assets	7	4,480	7,799
		12,312,715	10,460,739
Long term deposits	8	39,531	39,449
		12,352,246	10,500,188
Current			
Stores, spare parts and loose tools	9	1,500,779	922,941
Stock in trade	10	235,743	181,319
Trade debts - unsecured	11	224,828	108,481
Loans and advances	12	62,512	35,254
Trade deposits and short term prepayments	13	1,937	1,991
Other receivables	14	–	549
Advance sales tax		90,176	–
Short term investments	15	2,623,180	2,356,497
Advance income tax		359,748	–
Cash and bank balances	16	309,019	660,479
		5,407,922	4,267,511
TOTAL ASSETS		17,760,168	14,767,699
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital	17	3,500,000	3,500,000
Issued, subscribed and paid-up share capital	18	2,271,489	2,271,489
Capital reserves		197,517	197,517
Revenue reserves		7,050,106	5,351,691
		9,519,112	7,820,697
Surplus on revaluation of fixed assets - net of tax	19	2,728,420	2,849,469
LIABILITIES			
Non current			
Long term financing - secured	20	1,387,500	–
Long term deposits		4,202	4,177
Deferred liabilities	21	2,399,820	2,341,138
		3,791,522	2,345,315
Current			
Trade and other payables	22	754,658	939,277
Accrued mark up / profit on financing	23	47,101	442
Short term borrowings - secured	24	806,855	644,597
Provision for taxation - net		–	71,316
Sales tax payable - net		–	96,586
Current portion of long term financing - secured	20	112,500	–
		1,721,114	1,752,218
Total Liabilities		5,512,636	4,097,533
TOTAL EQUITY AND LIABILITIES		17,760,168	14,767,699

CONTINGENCIES AND COMMITMENTS 25

The annexed notes from 1 to 45 form an integral part of these financial statements.

Chief Executive Officer | Chief Financial Officer | Director

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2017

Rupees in thousand	Note	2017	2016
Sales - net	26	10,630,994	9,366,533
Cost of sales	27	6,202,685	5,361,331
Gross profit		4,428,309	4,005,202
Distribution cost	28	94,064	59,982
Administrative expenses	29	84,581	81,545
Other income	30	(156,511)	(285,922)
Other expenses	31	301,976	285,518
		(324,110)	(141,123)
Operating profit		4,104,199	3,864,079
Finance cost	32	34,694	17,471
Profit before taxation		4,069,505	3,846,608
Taxation	33	1,151,960	1,327,830
Profit after taxation		2,917,545	2,518,778
Earnings per share - basic and diluted (Rupees)	34	12.84	11.09

The annexed notes from 1 to 45 form an integral part of these financial statements.

Chief Executive Officer   Chief Financial Officer   Director

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2017

Rupees in thousand	2017	2016
Profit after taxation	2,917,545	2,518,778
Other comprehensive income:		
Items that may be subsequently reclassified to profit and loss	–	–
Items that will not be subsequently reclassified to profit and loss	–	–
Other comprehensive income for the year	–	–
Total comprehensive income for the year	2,917,545	2,518,778

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 45 form an integral part of these financial statements.

Chief Executive Officer Chief Financial Officer Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2017

Rupees in thousand	Note	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	40	3,605,071	4,797,061
Income tax paid		(1,539,249)	(1,360,900)
Paid to Workers' Profit Participation Fund		(225,584)	(219,048)
Workers' Welfare Fund paid		(75,681)	(56,293)
Gratuity and compensated absences paid		(13,425)	(11,412)
		(1,853,939)	(1,647,653)
Net cash from operating activities		1,751,132	3,149,408
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(2,294,859)	(1,557,314)
Purchase of intangible assets		–	(6,740)
Proceeds from disposal of property, plant and equipment		1,666	4,815
(Increase) / decrease in long term deposits - net		(57)	126
Increase in short term investments - net		(136,207)	(1,170,143)
Net cash used in investing activities		(2,429,457)	(2,729,256)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term musharaka finance obtained / (repaid)		1,500,000	(374,587)
Increase in short term borrowings-secured-net		162,258	23,423
Finance cost paid		(8,381)	(25,808)
Dividend paid		(1,327,012)	(1,474,614)
Net cash from / (used in) financing activities		326,865	(1,851,586)
Net decrease in cash and cash equivalents		(351,460)	(1,431,434)
Cash and cash equivalents at the beginning of the year		660,479	2,091,913
Cash and cash equivalents at the end of the year	16	309,019	660,479

The annexed notes from 1 to 45 form an integral part of these financial statements.

Chief Executive Officer

Chief Financial Officer

Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2017

Rupees in thousand	Issued, subscribed and paid-up capital	Reserves			Total equity
		Capital	Revenue		
		Share premium	Accumulated profit	Sub total	
Balance as at July 01, 2015	2,271,489	197,517	4,251,311	4,448,828	6,720,317
Transactions with owners recognized in equity					
Final dividend for the year ended June 30, 2015	–	–	(908,595)	(908,595)	(908,595)
Interim dividend for the year ended June 30, 2016	–	–	(567,872)	(567,872)	(567,872)
Transactions with owners	–	–	(1,476,467)	(1,476,467)	(1,476,467)
Profit after taxation for the year	–	–	2,518,778	2,518,778	2,518,778
Other comprehensive income for the year	–	–	–	–	–
Total comprehensive income for the year	–	–	2,518,778	2,518,778	2,518,778
Surplus on revaluation of fixed assets realized-net	–	–	58,069	58,069	58,069
Balance as at June 30, 2016	2,271,489	197,517	5,351,691	5,549,208	7,820,697
Transactions with owners recognized in equity					
Final dividend for the year ended June 30, 2016	–	–	(851,809)	(851,809)	(851,809)
Interim dividend for the year ended June 30, 2017	–	–	(488,370)	(488,370)	(488,370)
Transactions with owners	–	–	(1,340,179)	(1,340,179)	(1,340,179)
Profit after taxation for the year	–	–	2,917,545	2,917,545	2,917,545
Other comprehensive income for the year	–	–	–	–	–
Total comprehensive income for the year	–	–	2,917,545	2,917,545	2,917,545
Surplus on revaluation of fixed assets realized-net	–	–	121,049	121,049	121,049
Balance as at June 30, 2017	2,271,489	197,517	7,050,106	7,247,623	9,519,112

The annexed notes from 1 to 45 form an integral part of these financial statements.

Chief Executive Officer

Chief Financial Officer

Director

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 capacity was completed which started commercial operations from April 2006.

1.3 During the year, the Company has decided to install a new brown field cement production line having production capacity of approximately 8,000 tons per day supported by a Waste Heat Recovery Power Plant. In addition, the Company will also install a 24 MW Coal Fired Power Plant at the existing plant site.

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standard Board (IASB) as are notified under the Companies Ordinance, 1984, provisions of and directives issued by Securities and Exchange Commission of Pakistan under the Companies Ordinance, 1984 and Islamic Financial Accounting Standards (IFASs) issued by Institute of Chartered Accountants of Pakistan. In case requirements differ, the provisions of or directives under the Companies Ordinance, 1984 shall prevail.

3 BASIS OF PREPARATION

3.1 The financial statements have been prepared under the 'historical cost convention' except for freehold land, factory building, plant & machinery, coal firing system, investment property, short term investments and certain other financial instruments which are carried at revalued amounts / fair value as referred to in notes 4.4,4.5 & 4.10. These financial statements are presented in Pakistani Rupee which is the functional currency of the Company.

3.2 Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgments in the process of applying the Company's accounting policies. Estimates, judgments and assumptions are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods effective. In the process of applying the Company's accounting policies, management has made the following judgments, estimates and assumptions which are significant to the financial statements:

a) recognition of current and deferred tax (note 4.17);
b) determining the residual values, useful lives and revalued amounts of property, plant and equipment (note 4.4);
c) employees' benefits (note 4.14);
d) impairment of inventories / adjustment of inventories to their net realizable value (note 4.8);
e) provision for doubtful debts / other receivables (note 4.9);
f) impairment of assets (note 4.23);
g) investment property (note 4.5); and
h) contingencies (note 25.1).

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The Company has adopted following amendments to published standards which became effective during the current year.

Standard or Interpretation			Effective Date
IAS 1	–	Presentation of Financial Statements - Disclosure Initiative (Amendment)	01-Jan-16
IAS 16	–	Property, Plant and Equipment and IAS 38 Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization (Amendment)	01-Jan-16
IFRS 10	–	Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates – Investment Entities: Applying the Consolidation Exception (Amendment)	01-Jan-16
IAS 27	–	Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)	01-Jan-16
IAS 16	–	Property, Plant and Equipment and IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)	01-Jan-16
Annual Improvements to IFRSs 2012 - 2014 Cycle			01-Jan-16

The adoption of above amendments to IAS and IFRS did not have any significant effect on these financial statements except few additional disclosures.

4.2 Standards that are not yet effective

The following amendments with respect to the approved accounting standards as applicable in Pakistan and new interpretations would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation			Effective Date
IFRS 2	–	Share-based Payments – Classification and Measurement of Share-based Payment Transactions (Amendments)	01-Jan-18
IFRS 10	–	Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IAS 7	–	Financial Instruments: Disclosures - Disclosure Initiative - (Amendment)	01-Jan-17
IAS 12	–	Income Taxes – Recognition of Deferred Tax Assets for Unrealized Losses (Amendments)	01-Jan-17
IFRIC 22	–	Foreign Currency Transactions and Advance Consideration	01-Jan-18
IFRIC 23	–	Uncertainty Over Income Tax	01-Jan-19
IFRS 12	–	Annual Improvements to IFRS 2014-2016	01-Jan-17
IFRS 1 and IAS 28	–	Annual Improvements to IFRSs 2014-2016	01-Jan-18
IAS 40	–	Transfers of Investment Property (Amendments to IAS 40)	01-Jan-18

Recently Companies Ordinance, 1984 has been repealed through inclusion of Companies Act 2017. New disclosure requirements relating to this Act would be applicable from July 01, 2017.

The Company is in process of assessing impact of these amendments to the published standards, interpretations and Companies Act 2017 on the financial statements of the Company.

4.3 Standards, amendments and interpretations that are not yet notified by the Securities and Exchange Commission of Pakistan (SECP)

In addition to the above, following standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan ;

Standard			Effective Date
IFRS 9	–	Financial Instruments (2014) and consequent amendments to IFRS 4 Insurance Contracts	January 1, 2018
IFRS 14	–	Regulatory Deferral Accounts	January 1, 2016
IFRS 15	–	Revenue from Contracts with Customers	January 1, 2018
IFRS 16	–	Leases	January 1, 2019
IFRS 17	–	Insurance Contracts	January 1, 2021

4.4 Property, plant and equipment

4.4.1 Operating property, plant and equipment

Owned

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for factory building, plant & machinery and coal firing system which are stated at revalued amount less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any, and freehold land is stated at revalued amount. Valuations are performed by independent valuer with sufficient frequency to ensure that fair value of a revalued asset does not differ materially from its carrying amount.

Depreciation is calculated at the rates specified in note 5.1 to these financial statements on straight line method except for plant and machinery and coal firing system on which depreciation is charged on the basis of units of production method. Depreciation on additions is charged from the month in which the asset is available for use and on disposal up to the preceding month of disposal. Assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

Subsequent costs are included in the assets carrying amount or recognized as a separate assets as appropriate only when it is probable that future economic benefits associated with them will flow to the Company and the cost of the items can be measured reliably.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalized. Gain or loss on disposal of an asset represented by the difference of the sale proceeds and the carrying amount of the asset is recognized in the profit and loss account.

Assets subject to finance lease

These are stated initially at lower of present value of minimum lease payments under the lease agreements and the fair value of the assets acquired on lease. The outstanding obligations under the lease less finance charges allocated to future periods are shown as liability. Financial charges are calculated at the interest rate implicit in the lease and are charged to the profit and loss account. Depreciation is charged to profit and loss account applying the same basis as for owned assets.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalized.

4.4.2 Capital work in progress

These are stated at cost less impairment loss, if any. It consists of expenditures incurred and advances paid to acquire fixed assets in course of their construction and installation. These are transferred to property, plant and equipment as and when they are available for use.

4.5 Investment property

Property not held for own use or leased out under operating lease is classified as investment property. Investment properties are initially measured at cost, including transaction cost. Subsequent to initial recognition, investment properties are stated at fair value considering the effects of market conditions at reporting date. Gains or losses arising from change in fair value of properties are included in profit or loss in the year which they arise. Fair values are determined based on an annual valuation performed by an independent valuer.

4.6 Intangible assets

Intangible assets are stated at cost less accumulated amortization and identified impairment loss, if any. These are amortized using the straight line method reflecting the pattern in which economic benefits of the asset are consumed by the Company at the rates disclosed in note 7.

Amortization is charged from the month in which an asset is available for use while no amortization is charged for the month in which the asset is disposed off.

The assets` useful lives are continually reviewed by the Company and adjusted if impact of amortization is significant.

4.7 Stores, spare parts and loose tools

These are valued at lower of weighted average cost and net realizable value. Cost comprises of invoice value and other direct costs. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

Provision for obsolete and slow moving store is determined based on the management's best estimate regarding the future usability.

Net realizable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make a sale.

4.8 Stock in trade

These are stated at the lower of cost and net realizable value. The methods used for the calculation of cost are as follows:

i) Raw and packing material – at weighted average cost comprising of purchase price, transportation and other overheads.

ii) Work in process and finished goods – at weighted average cost comprising quarrying cost, transportation, government levies, direct cost of raw material, labour and other manufacturing overheads.

Net realizable value signifies estimated selling price in ordinary course of business less estimated cost of completion and estimated cost necessary to make the sale.

4.9 Trade debts and other receivables

Trade debts and other receivables are stated at original invoice amount less provision for doubtful debts, if any. Provision for doubtful debts / other receivables is recognized in profit and loss account, based on the management's assessment of counter party's credit worthiness. Trade debts and other receivables are written off when considered irrecoverable.

4.10 Short term investments

Financial assets are classified as held for trading and included in the category of financial assets at fair value through profit and loss account and are acquired for the purpose of selling and purchasing in near term. These investments are initially recognized at fair value of the consideration given. Subsequent to initial recognition, these are recognized at fair value unless fair value cannot be reliably measured. Any surplus and deficit on revaluation of investment is recognized in profit and loss account. All purchases and sales of investment are recognized on trade date, which is the date that the Company commits to purchase or sell the investments.

4.11 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, cash at banks in current and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

4.12 Surplus on revaluation of fixed assets

The surplus arising on revaluation of fixed assets except investment property credited to the "Surplus on Revaluation of Fixed Assets account" shown below equity in the balance sheet in accordance with the requirements of section 235 of the Companies Ordinance, 1984. The said section was amended through the Companies (Amendment) Ordinance, 2002 and accordingly the Company has adopted the following accounting treatment of depreciation on revalued assets, keeping in view the Securities and Exchange Commission of Pakistan's (SECP) SRO 45(1)/2003 dated January 13, 2003:

– depreciation on assets which are revalued is determined with reference to the value assigned to such assets on revaluation and depreciation charge for the year is taken to the profit and loss account; and

– an amount equal to incremental depreciation for the year net of deferred taxation is transferred from "Surplus on Revaluation of Fixed Assets account" to accumulated profits / losses through Statement of Changes in Equity to record realization of surplus to the extent of the incremental depreciation charge for the year.

4.13 Long term and short term borrowings

These are recorded at the proceeds received and stated at net of repayments. Financial charges are accounted for on accrual basis and are disclosed as accrued interest / mark-up to the extent of unpaid amounts.

4.14 Employees' benefits

Defined contribution plan

The Company operates an approved contributory provident fund for all its permanent employees and equal monthly contributions are made both by the Company and the employees at the rate of 10 percent of basic salary.

Defined benefit plan – contractual workers'

The Company operates unfunded gratuity scheme for its contractual workers. The provision has been made to cover the maximum liability at the balance sheet date.

Compensated absences

All permanent and contractual workers' are entitled for compensated absences plan. Accrual for compensated absences is made to the extent of the value of accrued absences of the employees at the balance sheet date using their current salary levels.

4.15 Trade and other payables

Liabilities for trade and other payables are carried at cost which is fair value of the consideration to be paid in future for goods and services, whether billed or not.

4.16 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

4.17 Taxation

Current

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credits, tax losses, rebates and exemptions available, if any, or minimum taxation at the specified applicable rate for the turnover or Alternative Corporate Tax, whichever is higher and tax paid on final tax regime and super tax. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

Deferred

Deferred income tax is provided using the balance sheet liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liability is recognized for all taxable temporary differences and deferred tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses and unused tax credits, if any, to the extent it is probable that future taxable profits will be available against which these can be utilized. The Company recognizes deferred tax liability on surplus on revaluation of fixed assets which is adjusted against the related surplus.

Deferred income tax assets and liabilities are measured at the tax rate that is expected to apply to the periods when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. In this regard, the effects on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted in proportion to the respective revenues.

4.18 Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

– When receivables and payables are stated with the amount including the sales tax; and

– When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in that case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable;

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

4.19 Foreign currency translations

Transactions in foreign currencies are translated into Pakistani Rupee at the rates of exchange approximating those ruling on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated into Pakistani Rupee at the rates of exchange ruling at the balance sheet date. Any resulting gain or loss arising from changes in exchange rates is taken to profit and loss account.

4.20 Financial instruments

All financial assets and liabilities are recognized at the time when the Company becomes party to the contractual provisions of the instrument. Financial assets are derecognized when the Company looses control of the contractual rights that comprise the financial asset. Financial liabilities are derecognized from the balance sheet when the obligation is extinguished, discharged, cancelled or expired.

Any gain / (loss) on the recognition and derecognition of the financial assets and liabilities is included in the profit and loss account for the year to which it arises.

These are measured at fair value adjusted by transaction cost. Subsequent measurement of financial assets are described below:

a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest rate method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. These are included in current assets, except for maturities for greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables with less than twelve months maturities are classified as current assets. The Company's trade debts, trade deposits, loans and advances, interest accrued and other receivables fall into this category of financial instruments. Loans and receivables are subject to review for impairment at each reporting date to identify whether there is objective evidence that the financial asset is impaired.

b) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

c) Available for sale financial assets

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the categories of loans and receivables, financial assets at fair value through profit or loss and financial assets held to maturity. These are included in non-current assets unless management intends to dispose off the investments within twelve months from the end of reporting period.

d) Held to maturity

Financial assets with fixed or determinable payments and fixed maturity, where management has the intention and ability to hold till maturity are classified as held to maturity and are stated at amortized cost.

4.20.1 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the assets and settle the liability simultaneously. Corresponding income on the assets and charge on the liabilities is also off set.

4.21 Revenue recognition

– Revenue from sale is recognized when the significant risks and rewards of ownership of the goods have passed to the customers, which coincide with the dispatch of goods to customers.

– Return on bank deposits is recognized on time proportion basis using effective interest method.

– Scrap sales are recognized on physical delivery to customer.

– Rental income arising from investment property is accounted for on accrual basis over the lease period and is included in revenue due to its operating nature.

– Dividend income is recognized when the Company's right to receive establishes.

– Other revenues are accounted for on accrual basis.

4.22 Borrowing costs

Borrowing and other related costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets to the extent the carrying amount of the assets does not exceed its recoverable value, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

4.23 Impairment of non financial assets

At each balance sheet date, the carrying amount of assets is reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense in the profit and loss account. Recoverable amount is estimated as higher of fair value less cost to sell and value in use.

4.24 Impairment of financial assets

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss is removed from equity and recognized in the profit and loss account. Impairment losses recognized in the profit and loss account on equity instruments are not reversed through the profit and loss account.

4.25 Dividend and appropriation to reserves

Dividend and other appropriation to reserves are recognized in the financial statements in the year in which these are approved.

4.26 Earnings per share

The Company presents earnings per share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

4.27 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions. The management has determined that the Company has a single reportable segment as the Board of Directors views the Company's operations as one reportable segment.

Rupees in thousand	Note	2017	2016
5 PROPERTY, PLANT AND EQUIPMENT			
Operating property, plant and equipment	5.1 & 5.1.1	10,411,469	8,852,173
Capital work in progress	5.2	1,825,930	1,531,857
		12,237,399	10,384,030

5.1 Operating property, plant and equipment

Rupees in thousand

June 30, 2017	Note	Cost / Revaluation: As at July 01, 2016	Additions / transfers	Revaluation surplus	Disposals/ transfers	As at June 30, 2017	Rate %	Depreciation: As at July 01, 2016	Disposals / transfers	Revaluation surplus	For the year	As at June 30, 2017	Written Down Value: As at June 30, 2017
Owned													
Freehold land	5.1.1	75,920	–	–	–	75,920	–	–	–	–	–	–	75,920
Factory building on freehold land	5.1.1	2,355,963	269,573*	–	–	2,625,536	5	1,366,412	–	–	91,896	1,458,308	1,167,228
Leasehold improvements		10,833	–	–	–	10,833	33.3	10,833	–	–	–	10,833	–
Roads and quarry development		56,008	–	–	-	56,008	20	56,008	–	–	–	56,008	–
Plant and machinery line I	5.1.1	5,588,439	4,229	–	–	5,592,668	Units of production method	3,845,528	–	–	94,568	3,940,096	1,652,572
Plant and machinery line II	5.1.1	7,346,819	76,927	–	–	7,423,746	Units of production method	1,515,809	–	–	214,160	1,729,969	5,693,777
Coal firing system	5.1.1	381,679	–	–	–	381,679	Units of production method	233,801	–	–	8,018	241,819	139,860
Power generation plant		–	1,618,286*	–	–	1,618,286	4	–	–	–	29,312	29,312	1,588,974
Furniture and fixture		27,718	5,365	–	–	33,083	10	23,281	–	–	1,114	24,395	8,688
Office equipment		45,956	3,039	–	–	48,995	10	23,983	–	–	3,619	27,602	21,393
Computers and accessories		26,573	1,170	–	–	27,743	33	22,034	–	–	2,644	24,678	3,065
Vehicles		74,351	42,543	–	(2,571)	114,323	20	40,397	(2,571)	–	16,505	54,331	59,992
Total - 2016-17		15,990,259	2,021,132	–	(2,571)	18,008,820		7,138,086	(2,571)	–	461,836	7,597,351	10,411,469

* Transferred from capital work in progress.

Rupees in thousand

June 30, 2016	Note	Cost / Revaluation					Rate	Depreciation					Written Down Value
		As at July 01, 2015	Additions / transfers	Revaluation surplus	Disposals / transfers	As at June 30, 2016	%	As at July 01, 2015	Disposals / transfers	Revaluation surplus	For the year	As at June 30, 2016	As at June 30, 2016
Owned													
Freehold land	5.1.1	68,328	–	7,592	–	75,920	–	–	–	–	–	–	75,920
Factory building on freehold land	5.1.1	1,734,156	48,834*	572,973	–	2,355,963	5	1,068,541	–	244,477	53,394	1,366,412	989,551
Leasehold improvements		10,833	–	–	–	10,833	33.3	10,833	–	–	–	10,833	–
Roads and quarry development		56,008	–	–	–	56,008	20	56,008	–	–	–	56,008	–
Plant and machinery line I	5.1.1	4,225,864	17,028	1,345,971	(424)**	5,588,439	Units of production method	2,773,568	–	926,274	145,686	3,845,528	1,742,911
Plant and machinery line II	5.1.1	5,971,160	8,520	1,367,139	–	7,346,819	Units of production method	1,080,234	(11)	282,055	153,531	1,515,809	5,831,010
Coal firing system	5.1.1	289,743	–	91,936	–	381,679	Units of production method	169,470	–	56,316	8,015	233,801	147,878
Furniture and fixture		26,633	1,143	–	(58)	27,718	10	22,164	(53)	–	1,170	23,281	4,437
Office equipment		44,426	1,530	–	–	45,956	10	20,254	–	–	3,729	23,983	21,973
Computers and accessories		24,260	2,313	–	–	26,573	33	19,756	–	–	2,278	22,034	4,539
Vehicles		72,839	7,141	–	(5,629)	74,351	20	33,801	(5,629)	–	12,225	40,397	33,954
Total - 2015-16		12,524,250	86,509	3,385,611	(6,111)	15,990,259		5,254,629	(5,693)	1,509,122	380,028	7,138,086	8,852,173

* Transferred from capital work in progress.

** These assets have been replaced and resultantly transferred to stores & spares at net realizable value.

5.1.1 Plant & Machinery and Coal firing system of the Company were first revalued in the financial year ended June 30, 2005 by M/s Sipra resulting in surplus of Rs. 968.173 million over its written down value of Rs. 3,032.848 million. The second revaluation, which also included freehold land and factory buildings in addition to the plant and machinery and coal firing system, was carried out in the financial year ended June 30, 2008, by Hamid Mukhtar & Company, representatives in Pakistan for GAB Robins Group, International Loss Adjusters on the basis of market values. This valuation created a surplus of Rs. 2,240.714 million over its written down value of Rs. 7,156.572 million. During the year ended June 30, 2012, third revaluation of freehold land, factory building and plant & machinery has been carried out by M/s Surval (PBA approved valuer). This resulted in a reduction in revaluation surplus amounting to Rs. 162.539 million over the written down value of Rs. 8,243.393 million. Fourth revaluation of freehold land, factory building, plant & machinery and coal firing system has been conducted during the year ended June 30, 2016 by Hamid Mukhtar & Company creating revaluation surplus of Rs. 1,876 million over net book value of these assets amounting to Rs. 6,862 million.

5.1.2 Had there been no revaluation, written down values of such assets would have been as follows:

Rupees in thousand	2017		2016
	Cost	Net book value	Net book value
Freehold land	31,411	31,411	31,411
Factory building	1,586,799	588,690	359,076
Plant and machinery - line I	4,228,062	1,453,572	1,533,058
Plant and machinery - line II	3,588,950	2,691,592	2,714,608
Coal firing system	357,802	167,318	176,911
	9,793,024	4,932,583	4,815,064

5.1.3 Depreciation for the year has been allocated as follows:

Rupees in thousand	Note	2017	2016
Cost of sales	27	427,061	373,624
Cost of sales (fuel and power)	27	25,823	–
Cost of sales (raw material consumed)	27	14	–
Distribution cost	28	2,591	2,444
Administrative expenses	29	6,348	3,960
		461,837	380,028

5.1.4 The cost of operating fixed assets includes fully depreciated assets amounting to Rs.805.325 million (2016: Rs. 788.552 million).

5.1.5 The following assets were disposed off during the year:

Rupees in thousand Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain	Disposal mode	Particulars of buyer
Aggregate amount of assets disposed off having book value less than Rs 50,000/- each	2,571	2,571	–	1,666	1,666	Negotiations & Company's Policy	Various
2017	2,571	2,571	–	1,666	1,666		
2016	5,687	5,682	5	4,815	4,810		

Rupees in thousand		2017	2016
5.2	**Capital work in progress**		
	Opening balance as at July 01	1,531,857	61,052
	Additions during the year	2,181,932	1,519,639
	Transferred to operating fixed assets	(1,887,859)	(48,834)
	Closing balance	1,825,930	1,531,857
	Represented by:		
	Plant and Machinery Line III	884,441	–
	Cement grinding capacity enhancement	560,765	–
	Waste Heat Recovery Power Plant	–	1,308,289
	Other plant and machinery items	13,008	7,155
	Factory buildings under construction	55,520	44,571
	Advance for purchase of vehicles	5,940	–
	Office premises under construction	306,256	171,842
	Closing balance	1,825,930	1,531,857

5.3 Borrowing cost capitalized during the year amounts to Rs. 20.346 million (2016: Rs. Nil).

6	INVESTMENT PROPERTY		
	Book value	5,425	5,425
	Surplus on revaluation	63,485	61,985
	Carrying amount as on 01 July	68,910	67,410
	Fair value remeasurement gain for the year	1,926	1,500
		70,836	68,910

6.1 The property was reclassified from owner-occupied property to investment property during financial year 2013 and comprises of an office building in Karachi leased out under operating lease agreement.

6.2 Investment property is stated at fair value, which has been determined based on valuations performed by M/s Surval, as at June 30, 2017.

6.3 Net profit arising from investment property amounts to Rs. 3.400 million (2016: Rs. 4.073 million). Breakup is given below:

Rupees in thousand	2017	2016
Rental income	5,976	5,627
Operating expenses	(2,576)	(1,554)
Net profit	3,400	4,073

7. INTANGIBLE ASSETS

Rupees in thousand	Cost			Rate of amortization	Accumulated Amortisation			Written down value as at June 30
	As at July 01	Additions	As at June 30		As at July 01	For the year	As at June 30	
Computer softwares	11,066	–	11,066	20 - 33.3	3,267	3,319	6,586	4,480
Total- 2016-17	11,066	–	11,066		3,267	3,319	6,586	4,480
Computer softwares	4,326	6,740	11,066	20 - 33.3	1,521	1,746	3,267	7,799
Total- 2015-16	4,326	6,740	11,066		1,521	1,746	3,267	7,799

7.1 The amortization charge for the year has been allocated as follows:

Rupees in thousand	Note	2017	2016
Cost of sales	27	1,660	873
Distribution cost	28	830	436
Administrative expenses	29	829	437
		3,319	1,746

8 LONG TERM DEPOSITS

Security deposits - considered good		
- Utilities	35,741	35,741
- Others	3,790	3,708
	39,531	39,449

8.1 These are non-interest bearing and cover terms of more than one year.

9 STORES, SPARE PARTS AND LOOSE TOOLS

Stores	915,445	292,523
Spare parts	505,662	431,961
Loose tools	9,915	6,737
	1,431,022	731,221
Spare parts in transit	113,690	235,653
	1,544,712	966,874
Provision for slow moving stores and spare parts	(43,933)	(43,933)
	1,500,779	922,941

9.1 Stores and spares include items which can be capitalized but are not distinguishable from other stores and spares.

Rupees in thousand		Note	2017	2016
10	STOCK IN TRADE			
	Raw material	27.1	29,595	24,200
	Packing material		35,249	45,945
	Work in process	27	109,176	92,788
	Finished goods	27	61,723	18,386
			235,743	181,319
11	TRADE DEBTS - unsecured			
	Considered good	11.1	224,828	108,481
	Considered doubtful	11.2	13,175	13,175
			238,003	121,656
	Provision for bad and doubtful debts	11.3	(13,175)	(13,175)
			224,828	108,481

11.1 As at June 30, 2017, the aging analysis of trade debts is as follows:

			Past due but not impaired					Past due and impaired
Rupees in thousand	Total	Neither past due nor impaired	Less than 30 days	30 - 90 days	90 - 180 days	180 - 365 days	1 to 2 years	More than 2 years
2017	238,003	–	220,193	2,215	859	436	1,125	13,175
2016	121,656	–	103,940	1,101	564	2,350	526	13,175

Rupees in thousand		2017	2016
11.2	**Age analysis of impaired trade debts**		
	Not past due	–	–
	Past due 0 - 365 days	–	–
	1 - 2 years	–	–
	More than 2 years	13,175	13,175
		13,175	13,175
11.3	**Provision for bad and doubtful debts**		
	Opening balance	13,175	13,175
	Provision for the year	–	–
	Closing balance	13,175	13,175
12	LOANS AND ADVANCES		
	Employees	5,297	2,330
	Bank's margin against letter of credit	3,921	5,041
	Suppliers	50,786	19,750
	Contractors	2,508	5,121
	Service providers	–	3,012
		62,512	35,254

12.1 These are non-interest bearing and are generally for a term of less than 12 months.

Rupees in thousand	Note	2017	2016
13 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Trade deposits		9	9
Short term prepayments		1,928	1,982
		1,937	1,991
14 OTHER RECEIVABLES			
Receivable from WAPDA	14.1	19,381	19,381
Others		2,973	3,522
		22,354	22,903
Provision for doubtful receivables	14.1	(22,354)	(22,354)
		–	549

14.1 This represents rebate claim under incentive package for industries from Water and Power Development Authority (WAPDA) in accordance with their letter no. 677-97 / GMCS / DG (C) / DD (R&CP) / 57000 dated September 19, 2001. The Company is actively pursuing for above recovery. However, provision of full amount has already been made in the financial statements.

Rupees in thousand	2017	2016
15 SHORT TERM INVESTMENTS		
Held for trading:		
- Investments with Shariah complaint funds		
Meezan Islamic Fund		
Units 3,772,627 (June 30, 2016: Nil)	288,266	–
Meezan Sovereign Fund		
Units Nil (June 30, 2016: 1,639,588)	–	83,291
NAFA Islamic Energy Fund		
Units 11,979,804 (June 30, 2016: Nil)	156,884	–
NAFA Islamic Stock Fund		
Units 22,920,506 (June 30, 2016: Nil)	300,362	–
KSE Meezan Index Fund		
Units 913,849, (June 30, 2016: Nil)	72,706	–
Meezan Balance Fund		
Units 10,873,817 (June 30, 2016: Nil)	184,311	–
Meezan Asset Allocation Fund		
Units 3,427,064 (June 30, 2016: Nil)	174,403	–
Meezan Islamic Income Fund		
Units 10,100 (June 30, 2016: 4,437,445)	519	227,552
	1,177,451	310,843
- Investments with conventional funds		
ABL Government Securities Fund		
Units 11,102,494 (June 30, 2016: 116,216,941)	111,225	1,167,097
UBL Government Securities Fund		
Units Nil (June 30, 2016: 8,329,120)	–	878,557
NAFA Asset Allocation Fund		
Units 17,893,765 (June 30, 2016: Nil)	305,030	–
NAFA Government Securities Liquid Fund		
Units 63,467,991 (June 30, 2016: Nil)	644,924	–
NAFA Money Market Fund		
Units 39,006,958(June 30, 2016: Nil)	384,550	–
	1,445,729	2,045,654
	2,623,180	2,356,497

15.1 The fair value of these investments has been determined using their respective redemption Net Assets Value at the reporting date.

Rupees in thousand	Note	2017	2016
16 CASH AND BANK BALANCES			
Cash in hand		1,693	3,708
Cheques in hand	16.1	192,243	278,286
		193,936	281,994
Balance with banks in:			
-Deposit accounts	16.2	97,568	324,601
-Current accounts		17,515	53,884
	16.3	115,083	378,485
		309,019	660,479

16.1 This represents sales collection in process.

16.2 These carry profits at rates ranging from 2.40 % to 5.80% (2016: 4.00% to 6.25%) per annum.

16.3 Out of this, an aggregate amount of Rs. 13 million (2016: Rs. 30 million) has been deposited with Shariah compliant islamic banks.

17 AUTHORIZED SHARE CAPITAL

2017	2016		2017	2016
No. of shares in '000			Rupees in thousand	
300,000	300,000	Ordinary shares of Rs. 10/- each	3,000,000	3,000,000
50,000	50,000	Preference shares of Rs. 10/- each	500,000	500,000
350,000	350,000		3,500,000	3,500,000

18. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

		Issued for cash		
184,464	184,464	Ordinary shares of Rs. 10/- each	1,844,642	1,844,642
		Issued for consideration other than cash:		
27,617	27,617	Ordinary shares of Rs. 10/- each	276,165	276,165
		Issued as fully paid bonus shares		
15,068	15,068	Ordinary shares of Rs. 10/- each	150,682	150,682
227,149	227,149		2,271,489	2,271,489

18.1 Vision Holding Middle East Limited (VHMEL), a company incorporated in British Virgin Island, held 106.863 million (2016: 106.863 million) ordinary shares of Rs. 10 each as on June 30, 2017 comprising 47% of paid up share capital.

Rupees in thousand	Note	2017	2016
19 SURPLUS ON REVALUATION OF FIXED ASSETS - net of tax			
Gross surplus			
Opening balance of surplus on revaluation of fixed assets		4,083,377	2,292,283
Surplus on revaluation carried out during the year		–	1,876,489
Transferred to un-appropriated profit in respect of incremental depreciation charged during the year		(175,433)	(85,395)
	19.1	3,907,944	4,083,377
Less: Deferred tax liability on:			
Opening balance of revaluation		1,233,908	679,523
Revaluation carried out during the year		–	581,711
Incremental depreciation charge on related assets		(54,384)	(27,326)
		1,179,524	1,233,908
Closing balance of surplus on revaluation of fixed assets		2,728,420	2,849,469

19.1 This includes surplus on revaluation of freehold land amounting to Rs. 44.509 million (2016: Rs. 44.509 million).

Rupees in thousand	Note	2017	2016
20 LONG TERM FINANCING - secured			
Meezan Bank Limited	20.1	900,000	–
Meezan Bank Limited	20.2	600,000	–
		1,500,000	–
Current portion		(112,500)	–
		1,387,500	–

20.1 During the year, the Company has obtained a Diminishing Musharaka / Ijarah facility of Rs. 900 million (2016: Rs. Nil) to finance the installation of Waste Heat Recovery Power Plant & Coal Fired Boiler at a price of 3 months KIBOR plus 1.1% per annum for a tenure of five years including grace period of one year with quarterly rental frequency. The facility is secured by creation of specific hypothecation charge over Waste Heat Recovery Power Plant and Coal Fired Boiler of the Company amounting to Rs. 1,000 million.

20.2 The Company has obtained a Diminishing Musharaka / Ijarah facility of Rs. 600 million (2016: Rs. Nil) for cement grinding capacity enhancement project at a price of 3 months KIBOR plus 1.1% . The facility is secured by creation of specific hypothecation charge over complete cement grinding enhancement project amounting to Rs. 650 million. The facility is re-payable in five years including a grace period of one year on quarterly / semi annually basis.

Rupees in thousand	Note	2017	2016
21 DEFERRED LIABILITIES			
Deferred tax liability	21.1	2,292,655	2,248,880
Gratuity - vested contractual employees	21.2	107,165	92,258
		2,399,820	2,341,138

Rupees in thousand		Note	2017	2016
21.1	**Deferred tax liability**			
	Credit balance arising due to:			
	- accelerated tax depreciation		1,232,647	1,103,046
	- surplus on revaluation of fixed assets	19	1,179,524	1,233,908
			2,412,171	2,336,954
	Debit balance arising due to:			
	- employees benefits and others		(119,516)	(88,074)
			2,292,655	2,248,880
21.2	**Defined benefits plan: Gratuity**			
	Opening balance		92,258	80,080
	Charge for the year		21,760	18,587
			114,018	98,667
	Payments made during the year		(6,853)	(6,409)
	Closing balance		107,165	92,258

The provision for gratuity payable has also been estimated on the basis of actuarial valuation carried out using Project Unit Credit Method based on below given actuarial assumptions. The present value of defined benefit obligation as per actuarial valuation method does not differ materially from carrying amount of the liability estimated using the policy stated in note 4.14. The principal assumptions used in this valuation are as under:

	2017	2016
Discount rate	7.75%	7.25%
Expected rate of salary increase	6.75%	6.25%
Mortality rates	SLIC 2001-2005	
	Setback 1 year	
Retirement age assumptions	60 years	60 years

Rupees in thousand		Note	2017	2016
22	TRADE AND OTHER PAYABLES			
	Creditors	22.1	181,842	140,477
	Accrued expenses		251,989	445,705
	Advances from customers		51,886	88,769
	Unclaimed dividend		53,185	40,019
	Deposits		15,628	17,159
	Retention money		34,045	10,131
	Excise duty on cement		19,190	61,707
	Royalty and excise duty		10,464	7,562
	Withholding tax		6,916	5,731
	Employees' compensated absences	22.2	22,764	17,817
	Workers' profit participation fund	22.3	18,554	25,583
	Workers' welfare fund	22.4	85,872	78,502
	Others		2,323	115
			754,658	939,277

22.1 These are non-interest bearing and generally have 30 to 90 days of payment terms.

Rupees in thousand		Note	2017	2016
22.2	**Employees' compensated absences**			
	Opening balance		17,817	18,762
	Charge for the year		11,519	4,055
			29,336	22,817
	Payments made during the year		(6,572)	(5,000)
	Closing balance		22,764	17,817
22.3	**Workers' profit participation fund**			
	Opening balance		25,583	38,048
	Charge for the year	31	218,555	206,583
			244,138	244,631
	Payments made during the year		(225,584)	(219,048)
	Closing balance		18,554	25,583

22.4 The Company has made provision amounting to Rs. 83.051 million (2016: Rs. 78.502 million) during the year.

23	ACCRUED MARK UP / PROFIT ON FINANCING			
	Long term financing		39,128	–
	Short term borrowing		7,973	442
			47,101	442
24	SHORT TERM BORROWINGS - secured			
	Allied Bank Limited - Cash finance account	24.1	280,935	–
	Meezan Bank Limited - Running Musharaka	24.2	525,920	644,597
			806,855	644,597

24.1 The Company has obtained short term Running finance / Money market line / LC facility / Finance against imported merchandise and FATR from Allied Bank Limited amounting to Rs. 1,000 million in aggregate (2016: Rs. 1,000 million). This facility carries markup at the rate 3 months KIBOR + 0.20% per annum payable to the Bank on quarterly basis, while markup in respect of money market loan transaction would be advisable at the time of transaction. The facility is secured by lien on Company's investment in Government Securities Fund and / or Cash Fund of ABL Asset Management Company with 5% margin. LC facility also carries lien on import documents / Bill of exchange / Trust receipts. This extendible facility expires on May 31, 2018.

24.2 Represents Running Musharaka / Murabaha up to Rs. 550 million in aggregate (2016: Rs. 550 million) obtained from Meezan Bank Limited. The facility carries profit rate of 0.25 % plus 3 months KIBOR on basis of Meezan Bank's average Musharaka investment determined at the time of disbursement and is payable on quarterly basis. This also carries 0.001% bank share of Musharaka profit if Musharaka profit exceeds beyond profit rate of 0.25 % plus 3 months KIBOR. The facility is secured against pari passu charge over current assets of the Company with margin of 15%. The Company has also obtained LC Sight / Usance facility up to Rs. 550 million for import of coal, plant and machinery, stores and spares and services. LC sight facility is secured by lien over import documents whereas Usance LC is secured against pari passu charge over current assets. These extendable facilities will expire on December 31, 2017.

24.3 The Company has obtained letter of credit sight facility from JS Bank Limited up to Rs. 700 million (June 2016: Rs. 500 million) to import coal. The letter of credit sight facility is secured against lien over import documents with 5% cash margin or as per State Bank of Pakistan requirement whichever is higher. This facility contains LC sublimit of Rs. 300 million to import stores, spares and tools, Rs. 200 million for obtaining foreign technical services and FIM of Rs. 650 million against import of coal. The Company has also obtained letter of guarantee facility amounting to Rs. 50 million (June 2016: Rs Nil) which shall be secured against 100% margin, if availed. This renewable facility will expire on January 31, 2018.

25 CONTINGENCIES AND COMMITMENTS

25.1 Contingencies

25.1.1 The issue pertaining to interpretation of sub-section (2) of section 4 of the Central Excise Act, 1944 (the "1944 Act") has been adjudicated by the Honourable Supreme Court of Pakistan vide judgment dated 15-02-2007 (the "Supreme Court Judgment") in appeal nos. 1388 and 1389 of 2002, 410 to 418 of 2005, 266, 267 & 395 of 2005 (the "Appeal"). By way of background it is pointed out that the controversy between the department and the assesses pertained to whether in view of the words of sub-section (2) of section 4 of the 1944 Act "duty shall be charged on the retail price fixed by the manufacturer, inclusive of all charges and taxes, other than sales tax..." retail prices would include the excise duty leviable on the goods. The Honourable Lahore High Court as well as the Honourable Peshawar High Court held that excise duty shall not be included as a component for determination of the value (retail price) for levying excise duty (the "Judgments"). The department being aggrieved of the judgments impugned the same before the Supreme Court of Pakistan vide the Appeals, in pursuance whereof leave was granted to determine in the aforesaid issue. The Honourable Supreme Court of Pakistan vide the Supreme Court Judgment upheld the Judgments and the Appeals filed by the department were dismissed. In the Supreme Court Judgment it has been categorically held that excise duty is not to be included as a component for determination of the value (retail price) for levying excise duty under sub-section (2) of section 4 of the 1944 Act.

In view of the above, during the year ended June 30, 2008, the Company had filed a refund claim amounting to a sum of Rs. 734.056 million before Collector, sales tax and federal excise duty, Government of Pakistan (the Department). During the year ended June 30, 2010, the aforesaid refund claim has been rejected by the Department, however, the Company filed an appeal before Commissioner (Appeals) Inland Revenue, Lahore which has been decided in favour of the Company. Later on, tax department filed an appeal to the Appellate Tribunal Inland Revenue where case has also been decided in favour of the Company. However, same will be accounted for at the time of it's realization.

25.1.2 Demands of sales tax including additional tax and penalty on lime stone and clay amounting to Rs. 4.518 million and Rs. 8.292 million were raised by the Sales Tax Department. The case for Rs. 4.518 million is pending in the Honourable Lahore High Court and case for Rs. 8.292 million is decided by the Collector of Sales Tax (Appeal) on February 03, 2007 partially reducing the value of sales tax amount from Rs. 8.292 million to Rs. 2.8 million. The Company had deposited Rs. 2.2 million and filed an appeal against the order of Collector Sales Tax (Appeal) in Sales Tax Tribunal, Lahore. The hearing of the case is yet to be fixed. The management anticipates a favourable outcome of this petition, hence, no provision has been made against the above demands in these financial statements.

25.1.3 The Commissioner Social Security raised a demand of Rs. 0.7 million for non-payment of social security during the year 1994. An appeal was filed against above mentioned decision and the case is pending in the Labor Court, Lahore. The management anticipates a favourable outcome of this petition, hence, no provision has been made in these financial statements.

25.1.4 The Company has challenged in the Honourable Lahore High Court, the applicability of the marking fee on the production of the cement at the rate of 0.15 percent as levied by The Pakistan Standards and Quality Control Act, 1996 on the grounds that this fee is charged without any nexus with services, in fact shows that it is being charged as a tax and thus is in violation of the rights guaranteed under Articles 4, 18, 25 and 77 of the Constitution of Pakistan, 1973. However, the Company on prudence grounds provided for the above fee in these financial statements. The management anticipates a favourable outcome of this petition.

25.1.5 On August 31, 2009, the Competition Commission of Pakistan (CCP) imposed a penalty on the Company via an order dated August 27, 2009 amounting to Rs. 364 million, which is 7.5 percent of the turnover as reported in the last published financial statements as of June 30, 2009. CCP has also imposed penalties on 19 other cement manufacturing companies against alleged cartelization by cement manufacturers under the platform of All Pakistan Cement Manufacturers Association (APCMA) to increase cement prices by artificially restricting production.

The penalized cement companies jointly filed a petition in the Honourable Lahore High Court challenging the imposition of penalties by the CCP and any adverse action against the cement companies has been stayed by the Honourable Lahore High Court. The management of the Company is expecting a favourable outcome. Hence, no provision has been made against the above demand in these financial statements.

25.1.6 The income tax assessments of the Company have been finalized up to and including tax year 2012. While finalizing income tax assessments up to tax year 2012, income tax authorities made certain add backs / disallowances with aggregate impact of Rs. 2,471.807 million (2016: Rs. 2,132.986 million) creating a demand of Rs. 137.046 million (2016: Rs. 46.474 million). As a result of appeals filed by the Company before different appellate authorities, most of such add backs have been deleted and demands have been reduced accordingly. However, the Company and Tax Department are currently in appeals before different higher appellate forums against unfavourable decisions. Provision relating to add-backs / disallowance of Rs. 1,818.308 million (2016: Rs. 1,479.487 million) along with demand of Rs. 127.147 million (2016: Rs. 26.575 million) has not been made by the Company in these financial statements as the management is confident of favourable outcomes of such appeals.

25.1.7 During the year, Additional Commissioner Inland Revenue (Adl.CIR) finalized proceedings u/s 122(9) of Income Tax Ordinance, 2001 (the Ordinance) for the Tax Year 2015 and has created a demand of Rs. 514.445 million. The CIR Appeal has granted partial relief to the Company. The Company and Tax Department are currently in appeals before different appellate forums against unfavourable decisions. Management expects favourable outcome of hearing and accordingly, no provision has been made in these financial statements. The Company has also filed appeal before the Lahore High Court wherein the Lahore High Court has granted stay against the recovery of the demand till the decision of the Appellate Tribunal.

25.1.8 The Deputy Commissioner Inland Revenue (DCIR) issued a show cause notice u/s 205(1B) of Income Tax Ordinance, 2001 (ITO, 2001) to the Company showing intention to impose default surcharge for short payment of advance income tax liability for tax year 2015. Writ petition was filed in Lahore High Court on May 30, 2016 against issuance of show cause notice. The Honourable Court disposed off writ petition with the direction that the officer issuing the notice shall proceed to finalize the assessment after taking into account the stance of the petitioner with regard to the Alternate Corporate Tax and applicable rate for the tax year in question within a period of one month of receipt of order. However, assessment has not been finalized yet. The management is confident that assessment would be made in favour of the Company and accordingly no provision has been made in these financial statements.

25.1.9 The Company has filed writ petition before the Lahore High Court on the issue of chargeability of Alternative Corporate Tax (ACT) for the Tax Year 2014. The learned Judge allowed filing of return without payment of ACT on submission of post dated cheque amounting to Rs. 113.724 million with the Commissioner Inland Revenue (to the extent of ACT). The case is still pending in the Honourable Lahore High Court. However, related provision has already been made during 2014 which has already been adjusted against tax liability for year June 30, 2015. In this regard, Company has issued cheque amounting to Rs. 113.724 million to Commissioner Inland Revenue as a collateral against Company's petition.

25.1.10 The Company was selected for Tax Audit u/s 177 and 214C of the Income Tax Ordinance, 2001 (the Ordinance) by Federal Board of Revenue (FBR) for audit of Income Tax affairs for the Tax Year 2014 . The said selections had been challenged by the Company in Honourable Lahore High Court. The Honourable High Court announced its judgment on January 09, 2017 wherein partial relief was allowed, however, the substantial part of relief was not allowed while also advising FBR to conclude proceedings before June 30, 2017. The Company has filed Intra Court Appeal (ICA) against such decision of Honourable High Court wherein Honourable High Court has granted partial relief, however, substantial part of the relief was not allowed while advising the FBR to conclude the Audit Proceedings till December 31, 2017.

The Company was selected for Sales Tax Audit u/s 72B of the Sales Tax Act, 1990 (the Act) by Federal Board of Revenue (FBR) for audit of the Sales Tax affairs for the Tax Year 2014 . The said selections had been challenged by the Company in Honourable Lahore High Court. The High Court in its interim order directed the FBR to continue the audit proceedings but not to issue notice u/s 11 of the Act. The Company has filed Intra Court Appeal (ICA) against decision of Honourable Lahore High Court (LHC) wherein the Court has advised the FBR to conclude the Audit Proceedings till December 31, 2017.

25.1.11 Commissioner Inland Revenue passed an order that during the tax period 2008-2009, one of the suppliers of the Company namely M/s Al-Noor General Order Supplier allegedly did not deposit the tax paid by it on the supplies and therefore, the Company was not entitled to claim input tax in its monthly sales tax returns and a demand of Rs. 9.064 million was created. During the year, Appellate Tribunal Inland Revenue Lahore decided the order against the Company. The Company has filed an appeal against the said order in Lahore High Court. The matter is still pending in Lahore High Court. The management is confident that the outcome of this appeal will be in favour of the Company.

25.1.12 During the year ended June 30, 2013, one of the shareholders filed a suit in the Honourable High Court of Sindh against parties involved in public announcement dated May 22, 2012 pursuant to Listed Companies (Substantial Acquisition of Voting Shares and Take-Overs) Ordinance, 2002 including Company and it's CEO, raising objections on legality of the transaction. The management considers that the shares transfer was valid and in accordance with the requirements of the applicable laws and regulations. The case is not fixed for hearing.

25.2 Commitments

25.2.1 Commitments in respect of outstanding letters of credit amount to Rs. 6,873.428 million (2016: Rs. 79.074 million). Included is a letter of credit facility for the procurement of new cement production plant amounting to USD 71.140 million. Out of this amount, USD 7.11 million (Rs. 746.965 million) has already been remitted as advance payment. This facility is secured against equitable mortgage charge over land & building of the Company and hypothecation on present and future fixed assets of the Company up to Rs. 6,667 million along with lien on investments in NAFA funds.

25.2.2 Contracts for capital expenditure amounts to Rs. 2,582.03 million (2016: Rs. 315.138 million).

Rupees in thousand		Note	2017	2016
26	SALES - net			
	Cement - Local		12,801,493	11,682,046
	Cement - Export		188,586	233,795
	Clinker		1,645,477	–
			14,635,556	11,915,841
	Less:			
	Sales Tax		2,302,145	1,885,160
	Federal Excise duty		1,634,436	588,701
	Commission		38,363	51,182
	Discount and rebate		29,618	24,265
			4,004,562	2,549,308
			10,630,994	9,366,533

27	COST OF SALES			
	Raw material consumed	27.1	570,652	419,456
	Packing material consumed		535,400	569,322
	Fuel and power		3,967,170	3,204,094
	Stores and spare parts consumed		224,851	178,949
	Salaries, wages and benefits	27.2	410,859	339,500
	Travelling and conveyance		21,420	21,848
	Insurance		8,048	7,654
	Repairs and maintenance		55,981	66,978
	Depreciation	5.1.3	427,061	373,624
	Amortization of intangible assets	7.1	1,660	873
	Other manufacturing expenses		39,308	23,442
	Total manufacturing cost		6,262,410	5,205,740
	Work in process			
	Opening balance		92,788	202,999
	Closing balance	10	(109,176)	(92,788)
			(16,388)	110,211
	Cost of goods manufactured		6,246,022	5,315,951
	Finished goods			
	Opening balance		18,386	63,766
	Closing balance	10	(61,723)	(18,386)
			(43,337)	45,380
			6,202,685	5,361,331

27.1	**Raw material consumed**			
	Opening balance		24,200	25,341
	Quarrying / transportation / purchases and other overheads		576,047	419,096
			600,247	444,437
	Closing balance	10	(29,595)	(24,200)
			570,652	420,237
	Duty drawback on exports		–	(781)
			570,652	419,456

Rupees in thousand		Note	2017	2016
27.2	Includes amount pertaining to employee benefits as follows:			
	Defined contribution plan		7,120	5,199
	Gratuity - vested contractual employees		21,760	18,587
	Compensated absences		8,075	2,734
			36,955	26,520
28	DISTRIBUTION COST			
	Salaries, wages and benefits	28.1	39,207	32,521
	Travelling and conveyance		735	568
	Vehicle running expenses		1,778	1,683
	Communication		1,606	1,701
	Printing and stationery		1,392	1,524
	Rent, rates and taxes		5,356	4,957
	Utilities		1,787	2,149
	Repairs and maintenance		1,328	1,255
	Legal and professional charges		588	1,478
	Insurance		292	301
	Fee and subscription		882	701
	Advertisements / sales promotion		1,849	2,257
	Freight and handling charges	28.2	32,179	4,297
	Entertainment		1,664	1,710
	Depreciation	5.1.3	2,591	2,444
	Amortization	7.1	830	436
			94,064	59,982
28.1	Includes amount pertaining to employee benefits as follows:			
	Defined contribution plan		1,351	1,204
	Compensated absences		1,249	–
			2,600	1,204

28.2 It represents freight and handling charges against export sales.

29	ADMINISTRATIVE EXPENSES			
	Salaries, wages and benefits	29.1	52,356	56,732
	Travelling and conveyance		1,440	1,399
	Vehicle running expenses		2,392	1,835
	Communication		1,381	1,467
	Printing and stationery		2,491	1,853
	Rent, rates and taxes		5,337	4,231
	Utilities		18	18
	Repairs and maintenance		2,522	1,996
	Legal and professional charges		1,393	976
	Insurance		708	380
	Auditors' remuneration	29.2	4,615	2,894
	Fee and subscription		2,298	3,049
	Depreciation	5.1.3	6,348	3,960
	Amortization	7.1	829	437
	Entertainment		281	207
	Others		172	111
			84,581	81,545

Rupees in thousand		Note	2017	2016
29.1	Includes amount pertaining to employee benefits as follows:			
	Defined contribution plan		1,652	1,973
	Compensated absences		2,195	1,780
			3,847	3,753

29.2	**Auditors' remuneration**			
	Annual audit fee		1,000	1,000
	Fee for half yearly review		400	400
	Special certifications and other advisory services		65	65
	Taxation services		2,810	1,134
	Out of pocket expenses		340	295
			4,615	2,894

30	OTHER INCOME			
	Income from financial assets			
	Interest on bank deposits		14,409	24,953
	Profit on bank deposits		385	12,350
	Income on mutual funds:			
	Dividend income from			
	-Shariah complaint investments		120,250	14,273
	-Conventional investments		113,134	59,627
	Remeasurement (loss) / gain on held for trading:			
	-Shariah complaint investments		(154,532)	1,229
	-Conventional investments		(64,992)	99,504
	Gain on disposal of short term:			
	-Shariah complaint investments		27,622	5,545
	-Conventional investments		88,994	–
			130,476	180,178
	Liabilities written back		1,334	52,642
			146,604	270,123
	Income from other than financial assets			
	Scrap sales		162	2,512
	Gain on disposal of fixed assets	5.1.5	1,666	4,810
	Fair value gain on investment property	6	1,926	1,500
	Rental income		6,123	6,679
	Others		30	298
			9,907	15,799
			156,511	285,922

31	OTHER EXPENSES			
	Workers' profit participation fund	22.3	218,555	206,583
	Workers' welfare fund	22.4	83,051	78,502
	Donations	31.1	370	433
			301,976	285,518

31.1 None of the directors were interested in donee institutions.

Rupees in thousand		Note	2017	2016
32	FINANCE COST			
	Profit on Musharaka finance		18,782	12,403
	Mark-up on:			
	Short-term borrowings		11,595	1,265
	Fee, charges and commission			
	Bank charges		4,317	3,803
			34,694	17,471
33	TAXATION			
	Current		1,108,186	1,340,440
	Deferred		43,774	(12,610)
			1,151,960	1,327,830

33.1 Numerical reconciliation between average effective tax rate and the applicable tax rate.

		2017	2016
	Accounting profit for the year before tax	4,069,505	3,846,608
	- Tax applicable rate of 31% (2016: Rate 32%)	1,261,557	1,215,382
	- Impact of deferred tax	43,774	(12,610)
	- Impact of ACT	–	–
	- Impact of super tax	115,626	115,967
	- Tax effect under lower rate of tax	(98,794)	11,646
	- Others	(170,203)	(2,555)
	Taxation	1,151,960	1,327,830
	Average effective tax rate	28%	35%
34	EARNINGS PER SHARE - basic and diluted		
	There is no dilution effect on the basic earning per share of the Company, which is based on:		
	Profit after taxation (Rupees in '000')	2,917,545	2,518,778
	Weighted average number of ordinary shares in issue ('000')	227,149	227,149
	Earnings per share - basic and diluted (Rupees)	12.84	11.09

35 TRANSACTIONS WITH RELATED PARTIES

The related parties include major shareholders of the Company, entities having directors in common with the Company, directors of the Company, other key management personnel, employees benefit plans and Workers' Profit Participation Fund. Transactions with related parties, other than transactions with such parties reflected elsewhere in these financial statements, are as under:

Rupees in thousand			Note	2017	2016
	Relation with the Company	Nature of Transaction			
	Key management personnel	Remuneration	37	171,560	121,219
	Workers' Profit Participation Fund	Payments to WPPF		225,584	219,048
	Staff retirement contribution plan	Contribution to staff provident fund		10,123	8,376
	Associate	Takaful premium paid		1,242	–
	Balances:				
	WPPF	Payable		(18,554)	(25,583)

Certain assets are being used by employees of the Company in accordance with their terms of employment.

36 FINANCIAL RISKS AND MANAGEMENT OBJECTIVES

36.1 Capital risk management

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business, sustain future development of the business and maximize shareholders value. The Company closely monitors the return on capital along with the level of distributions to ordinary shareholders. No changes were made in the objectives, policies or processes during the year ended June 30, 2017.

The Company manages its capital structure and makes adjustment to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares.

The Company monitors capital using a debt equity ratio, which is net debt divided by total capital plus net debt. Equity comprises of share capital, capital and revenue reserves.

The Company finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk. The management of the Company continuing with operational and infrastructure rehabilitation program with the objective of converting and maintaining the Company into profitable entity and has taken financial measures to support such rehabilitation program. In order to improve liquidity and profitability of the Company, the management is planning to take certain appropriate steps such as increase sales through export of cement to neighbouring countries, cost control and curtailing financing cost by means of debt management.

36.2 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity risk. Financial instruments affected by market risk include loans, borrowings, deposits and investments. The Company is exposed to interest rate risk, liquidity risk, credit risk and equity risk. The sensitivity analysis in the following sections relate to the position as at June 30, 2017 and 2016.

36.3 Liquidity risk

Liquidity risk reflects the Company's inability of raising funds to meet commitments. The Company's management closely monitors the Company's liquidity and cash flow position and foresees positive cash flows in the future as well.

The table below summarizes the maturity profile of the Company's financial liabilities at balance sheet date based on contractual undiscounted payment dates and present market interest rates:

Rupees in thousand	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
June 30, 2017						
Long term financing	–	–	112,500	1,387,500	–	1,500,000
Long term deposits	–	–	–	4,202	–	4,202
Deferred liabilities	–	–	–	107,165	–	107,165
Trade and other payables	36,570	676,770	41,318	–	–	754,658
Accrued mark up / profit on financing	47,101	–	–	–	–	47,101
Short term borrowings	–	–	806,855	–	–	806,855
	83,671	676,770	960,673	1,498,867	–	3,219,981
June 30, 2016						
Long term financing	–	–	–	–	–	–
Long term deposits	–	–	–	4,177	–	4,177
Deferred liabilities	–	–	–	92,258	–	92,258
Trade and other payables	75,000	820,877	43,400	–	–	939,277
Accrued mark up / profit on financing	442	–	–	–	–	442
Short term borrowings	–	–	644,597	–	–	644,597
	75,442	820,877	687,997	96,435	–	1,680,751

36.4 Interest rate risk

Yield / mark-up rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market yield / mark-up rates. Sensitivity to yield / mark-up rate risk arises from mismatches of financial assets and liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The Company's exposure to the risk of changes in market interest rates relates primarily to the long-term financing, short-term finances and bank balances in deposit accounts.

The effective yield / mark-up rate on the financial assets and liabilities are disclosed in their respective notes to the financial statements.

Mark-up rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on material assets and liabilities, with all other variables held constant, of the Company's deposits with banks and profit before tax. The analysis excludes the impact of movement in market variables on the carrying values of employees retirement obligation, provision and on non-financial assets and liabilities of the Company. Further, interest rate sensitivity does not have an asymmetric impact on the Company's result.

Rupees in thousand	Increase/ decrease in basis points	Effect on bank deposits	Effect on profit before tax
June 30, 2017			
Pak Rupee	+100	976	(22,001)
Pak Rupee	-100	(976)	22,001
June 30, 2016			
Pak Rupee	+100	3,246	(3,198)
Pak Rupee	-100	(3,246)	3,198

36.5 Credit risk and concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry. The Company is mainly exposed to credit risk on long term deposits, trade debts, advances, other receivables, short term investments and bank balances aggregating to Rs. 3,200.162 million (2016: Rs. 3,164.077 million). The Company seeks to minimize its credit risk exposure through having exposure only to customers considered credit worthy.

Rupees in thousand	Note	2017	2016
Long term deposits	8	39,531	39,449
Trade debts	11	224,828	108,481
Advances to employees	12	5,297	2,330
Other receivables	14	–	549
Short term investments	15	2,623,180	2,356,497
Cheques in hand	16	192,243	278,286
Bank balances	16	115,083	378,485
		3,200,162	3,164,077

Credit quality of financial assets

The credit risk on liquid funds is limited because the counter parties are banks and mutual funds of asset management companies with reasonably high credit ratings. The credit quality of cash at bank (in current and deposit accounts) and short term investments as per credit rating agencies are as follows:

Rupees in thousand	2017	2016
Bank balances		
Banks having A1+ rating	91,739	284,297
Banks having A-1 rating	23,344	94,188
	115,083	378,485
Short Term investments		
Funds having AAA rating	644,924	–
Funds having AA rating	384,550	83,291
Funds having A rating	111,225	2,045,654
Funds having A- rating	519	227,552
Unrated (equity based funds)	1,481,962	–
	2,623,180	2,356,497

36.6 Foreign exchange risk management

Foreign currency risk arises mainly where balances exists due to the transactions with foreign undertakings. The Company is not exposed to any significant foreign currency exchange risk at the reporting date.

36.7 Other price risk

Equity price risk is the risk arising from uncertainties about future values of investment securities. As at balance sheet date, the Company is exposed to sensitivity equity price risk as the Company holds investments in mutual funds (Note 15).

Rupees in thousand	Increase/ decrease in in value	2017	2016
Short term investments (equity based funds)	+10%	148,196	–
	-10%	(148,196)	–

36.8 Fair value

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

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

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

36.9.1 The following table shows the categories as well as carrying amounts and fair values of financial assets according to their respective category, 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 reasonable approximation of fair value.

Rupees in thousand	Carrying amount Cash and cash equivalents	Loans and receivables	Available for sale instruments	Fair through profit or loss	Total	Fair value Level 1	Level 2	Level 3	Total
June 30, 2017									
Financial assets measured at fair value									
Short term investments	–	–	–	2,623,180	2,623,180	–	2,623,180	–	2,623,180
Financial assets not measured at fair value									
Non-current assets									
Long term deposits	–	39,531	–	–	39,531	–	–	–	–
Current assets									
Trade debts-unsecured	–	224,828	–	–	224,828	–	–	–	–
Loans and advances	–	5,297	–	–	5,297	–	–	–	–
Trade deposits	–	9	–	–	9	–	–	–	–
Other receivables	–	–	–	–	–	–	–	–	–
Cash and bank balances	309,019	–	–	–	309,019	–	–	–	–
	309,019	269,665	–	2,623,180	3,201,864	–	2,623,180	–	2,623,180
June 30, 2016									
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	–	2,356,497	3,167,794	–	2,356,497	–	2,356,497

36.9.2 The Company doesn't hold any financial liability at fair value.

36.10 Financial liabilities by categories

Rupees in thousand	Note	2017	2016
Financial liabilities at amortized cost			
Long term financing - secured	20	1,500,000	–
Trade and other payables	22	754,658	939,277
Accrued mark up / profit on financing	23	47,101	442
Short term borrowings - secured	24	806,855	644,597
		3,108,614	1,584,316

37 REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE OFFICER AND EXECUTIVES

The aggregate amounts charged in the financial statements for the year are as follows:

Rupees in thousand	Chief Executive Officer		Executive Director		Executives	
	2017	2016	2017	2016	2017	2016
	1	1	1	1	47	33
Basic Salary	13,147	9,777	2,585	1,784	59,499	40,815
Contribution to Provident Fund Trust	1,315	978	–	–	4,069	3,196
Allowances & benefits :						
House Rent	5,916	4,400	1,163	803	26,775	18,366
Utilities	1,315	978	259	178	5,949	4,082
Others	7,932	6,356	1,802	1,229	39,834	28,277
	29,625	22,489	5,809	3,994	136,126	94,736

37.1 In addition, the chief executive officer, executive director and executives of the Company have been provided with free use of Company owned and maintained cars and other benefits in accordance with their entitlements as per rules of the Company.

37.2 No remuneration is paid / payable to the directors of the Company except meeting fee which is paid to non-executive directors at the rate of Rs. 15,000 per meeting attended.

	2017	2016
38 NUMBER OF EMPLOYEES		
Number of employees at year end (including permanent and contractual)	938	808
Average number of employees during the year	874	794

39 PROVIDENT FUND TRUST

The Company has maintained an employee's provident fund trust and investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose. The salient audited information of the fund is as follows:

Rupees in thousand	2017	2016
Size of the fund	187,441	154,664
Cost of investments made	134,713	126,141
Fair value of investments	181,151	150,254
Percentage of investments made	97%	97%

Rupees in thousand	2017		2016	
	Audited	% in full	Audited	% in full
39.1 Breakup of investments				
Listed securities (Mutual Funds)	110,510	61%	87,687	58%
Certificate of investments	40,393	22%	37,977	25%
Term Finance Certificates	934	1%	2,634	2%
Shares	29,314	16%	21,956	15%
	181,151	100%	150,254	100%

Rupees in thousand	Note	2017	2016
40 CASH GENERATED FROM OPERATIONS			
Profit before taxation		4,069,505	3,846,608
Adjustments for non cash and other items:			
Depreciation	5.1.3	461,837	380,028
Amortization of intangible	7.1	3,319	1,746
Provision for compensated absences and gratuity		33,280	22,645
Finance cost	32	34,694	17,471
Gain on disposal of property, plant and equipment	5.1.5	(1,666)	(4,810)
Gain on remeasurement of investment property	6	(1,926)	(1,500)
Workers' profits participation fund	31	218,555	206,583
Workers' welfare fund	31	83,051	78,502
Dividend income	30	(233,384)	(73,900)
Gain on redemption of short term investments	30	(116,616)	(5,545)
Unrealized loss / (gain) on investments		219,524	(100,733)
Liabilities written back		(1,334)	(52,642)
		699,334	467,845
Cash flows before working capital changes		4,768,839	4,314,453
Movement in working capital			
(Increase) / decrease in current assets:			
Stores, spare parts and loose tools		(577,838)	170,228
Stock in trade		(54,424)	150,267
Trade debts		(116,347)	(47,356)
Loans and advances		(27,258)	(17,483)
Trade deposits and short term prepayments		54	399
Advance sales tax		(90,176)	–
Other receivables		549	69,462
		(865,440)	325,517
Increase / (Decrease) in current liabilities:			
Trade and other payables		(201,742)	152,471
Sales tax payable		(96,586)	4,620
		(298,328)	157,091
		(1,163,768)	482,608
Cash generated from operations		3,605,071	4,797,061

Metric tons		2017	2016
41	PRODUCTION CAPACITY		
	Rated capacity - clinker		
	- Line I	705,000	705,000
	- Line II	1,290,000	1,290,000
		1,995,000	1,995,000
	Actual production - clinker		
	- Line I	503,997	363,190
	- Line II	1,060,040	821,469
		1,564,037	1,184,659
	Sales		
	- Local - Cement	1,356,915	1,309,875
	- Local - Clinker	277,521	–
		1,634,436	1,309,875
	- Exports	35,756	46,289
		1,670,192	1,356,164

41.1 The difference between installed capacity and actual production is due to the annual demand and supply variations of the Company's product.

42 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issuance by the Board of Directors of the Company on September 27, 2017.

43 CORRESPONDING FIGURES

Certain immaterial prior year's figures have been reclassified, consequent upon certain changes in current year's presentation for more appropriate comparison and better presentation. However, no material reclassification has been made in these financial statements.

44 SUBSEQUENT EVENTS AFTER BALANCE SHEET DATE

Subsequent to the year ended June 30, 2017, the Board of Directors has proposed a final cash dividend in their meeting held on September 27, 2017 for the year ended June 30, 2017 of Rs. 3.35 (2016: Rs. 3.75) per share for the approval of the members at the annual general meeting in addition to interim dividend of Rs. 2.15 per share declared on February 22, 2017 aggregating to Rs. 5.50 (2016: Rs. 6.25) per share for the year ended June 30, 2017. There is no need of tax liability on accounting profit before tax as the requisite dividend would be distributed before / with in the prescribed time.

45 GENERAL

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

Chief Executive Officer | Chief Financial Officer | Director

مقابلے میں کم شرح منافع پر ہونے کی وجہ سے ہے۔ پیداواری منافع پچھلے سال کے ۳،۸۶۴۔۰۸ ملین روپے کے مقابلے میں ۴،۱۰۴۔۲۰ ملین روپے تک بڑھ گیا۔ دیگر آمدن جو کہ سال کے دوران حاصل ہوئی وہ ۱۵۶۔۵۱ ملین روپے رہی (۲۰۱۵۔۱۶ : ۲۸۵۔۹۲ ملین روپے) کیونکہ میوچل فنڈز میں سرمایہ کاری پر آمدن محدود رہی۔

ویسٹ ہیٹ ریکوری پاور پلانٹ میں سرمایہ کاری کی وجہ سے موثر ٹیکس کی شرح میں پچھلے سال کے ۳۴۔۵۲ فیصد کے مقابلے میں ۲۸۔۳۱ فیصد تک کمی ہوئی لہذا بعد از ادائیگی ٹیکس ۲،۹۱۷۔۵۵ ملین روپے کا منافع ہوا جو کہ پچھلے سال ۲،۵۱۸۔۷۸ ملین روپے تھا۔

اضافہ		2016	2017	
%		--------- روپے ملین میں ---------		
10.56	423,107	4,005,202	4,428,309	مجموعی منافع
6.21	240,120	3,864,079	4,104,199	پیداواری منافع
15.83	398,764	2,518,788	2,917,545	بعد از ٹیکس منافع

فی حصص آمدنی

بعد از ادائیگی ٹیکس حتمی منافع ۲،۹۱۷۔۵۵ ملین روپے رہا جس کے نتیجے میں فی حصص آمدن ۱۲۔۸۴ روپے رہی جو کہ گزشتہ سال ۱۱۔۰۹ روپے فی حصص تھی۔

تقسیم شدہ منافع

بورڈ آف ڈائریکٹرز نے اپنے اجلاس منعقدہ ۲۷ ستمبر، ۲۰۱۷ میں حتمی نقد منافع کی ادائیگی کیلئے (۳۳۔۵۰ فیصد) ۳ روپے ۳۵ پیسے فی شئیر کی سفارش کی ہے۔ یہ منافع پہلے سے ادا شدہ اس عبوری منافع (۲۱۔۵۰ فیصد) ۲ روپے ۱۵ پیسے فی حصص کے علاوہ ہے۔ اس طرح کل تقسیم شدہ منافع (۵۵ فیصد) ۵ روپے ۵۰ پیسے فی حصص بنتا ہے۔

آپ کی کمپنی نے اس سال کے لئے ۵۵ فیصد تقسیمی منافع کا اعلان مستقبل کے توسیعی منصوبوں کو مدنظر رکھتے ہوئے کیا ہے۔

اعتراف

کمپنی کے تمام ڈائریکٹران کی طرف سے میں تمام پیش کنندگان بشمول حصص داران، صارفین مالیاتی اداروں اور ریگولیٹرز کے اعتبار اور تعاون کا شکریہ ادا کرتا ہوں اور یہ کہ تمام ملازمین کے عزم، حوصلہ افزائی اور محنت سے ہی ہم اتنے اچھے نتائج حاصل کرنے میں کامیاب ہوئے۔ اور یہ امید رکھتے ہیں کہ مستقبل میں بھی اس وابستگی اور یقین سے ادارے کو ترقی کی مزید منزلوں تک لے جائیں گے۔

سید مظہر اقبال
چیف ایگزیکٹو آفیسر
۲۷ ستمبر ۲۰۱۷

فروخت (سیمنٹ/کلنکر)	2017	2016	اضافہ/(کمی)	
	--------- میٹرک ٹن	---------		%
اندرونِ ملک	1,634,436	1,309,874	324,562	24.78
برآمدات	35,756	46,289	(10,533)	(22.75)
کُل فروخت	1,670,192	1,356,163	314,029	23.16

پیداوار	2017	2016	اضافہ	
	--------- میٹرک ٹن	---------		%
کلنکر پیداواری صلاحیت	1,995,000	1,995,000	-	-
کلنکر پیداوار	1,564,037	1,184,659	379,378	32.02
سیمنٹ پیداوار	1,405,092	1,344,890	60,202	4.48

پیداوار اور فروخت کا حجم

مقامی منڈی میں بڑھتی ہوئی مانگ کے پیش نظر کلن نے اپنی پیداواری صلاحیت کے ۷۸.۴۰ فیصد تک حدف حاصل کیا اور ۱،۵۶۴،۰۳۷ ٹن کلنکر پیدا ہوا جو کہ پچھلے سال کے ۱،۱۸۴،۶۵۹ ٹن کے مقابلے میں پیداواری صلاحیت کا ۵۹.۳۸ فیصد ہے۔

فروخت کا حجم ۱،۶۷۰،۱۹۲ ٹن رہا جس میں ۱،۳۹۲،۱۷۳ ٹن سیمنٹ (۲۰۱۵-۱۶ : ۱،۳۵۶،۱۶۳ ٹن) اور ۲۷۸،۰۱۹ ٹن کلنکر شامل ہے (۲۰۱۵-۱۶ میں شامل نہیں تھا)۔ سیمنٹ کی مقامی منڈی میں فروخت ۱،۳۵۶،۹۱۵ ٹن ہوئی (۲۰۱۵-۱۶ : ۱،۳۰۹،۸۷۴ ٹن) جبکہ سیمنٹ کی برآمد ۳۵،۲۵۸ ٹن رہی (۲۰۱۵-۱۶ : ۴۶،۲۸۹ ٹن)۔ کلنکر کی فروخت مقامی منڈی میں ہوئی جبکہ تھوڑی سی مقدار ۴۹۸ ٹن انڈیا کو برآمد کیا گیا۔

گزشتہ تقابلی سال کے مقابلے میں موجودہ سال کے دوران کل ترسیلات میں ۲۳.۱۶ فیصد اضافہ ہوا۔ پچھلے سال کی طرح موجودہ سال کی پہلی تین سہ ماہیوں میں بھی مقدار فروخت میں اضافہ برقرار رہا۔ تاہم چوتھی سہ ماہی میں رمضان اور عید کی چھٹیوں کی وجہ سے فروخت میں کچھ کمی واقع ہوئی۔

آمدن اور پیداوار یلاگت

متذکرہ مالی سال میں مجموعی آمدنی ۱۴،۶۳۵.۵۶ ملین روپے رہی جو کہ تقابلی سال کے ۱۱،۹۱۵.۸۴ ملیں روپے کے مقابلے میں ۲۲.۸۲ فیصد زیادہ ہے۔

فروخت کی مجموعی لاگت میں ۸۴۱.۳۵ ملین روپے کا اضافہ ہوا جو کہ پیداوار میں اضافے اور فروخت کی وجہ سے ہے۔ تاہم اس سال فروخت کی فی ٹن لاگت میں ۶ فیصد کی نمایاں کمی کے ساتھ ۳،۷۱۴ روپے رہی جبکہ پچھلے سال یہ لاگت ۳،۹۵۳ روپے تھی۔

موجودہ سال کی آخری سہ ماہی میں بین الاقوامی منڈی میں کوئلہ کی قیمتوں میں اضافے کے باوجود فی ٹن لاگت میں کمی اس سال لگائے گئے ویسٹ ہیٹ ریکوری پاور پلانٹ سے پیدا کی گئی توانائی اور پیکنگ میٹریل کی قیمت میں کمی کے باعث ہوئی۔

انتظامی اور مالی لاگت

اس سال تقسیم کی لاگت ۹۴.۰۶ ملین روپے رہی جو کہ پچھلے سال کی نسبت سے ۵۶.۸۲ فیصد زیادہ ہے۔ کیونکہ برآمد کرنے میں کرایہ اور انتظامی اخراجات ۳۲.۱۸ ملین روپے رہے جو کہ پچھلے سال ۴.۳۰ ملین روپے تھے۔ جس کی وجہ اس سال کے دوران انڈیا کو ۲۵،۰۰۰ ٹن سے زائد سیمنٹ برآمد کیا گیا جبکہ گزشتہ سال تقریباً ۲،۰۰۰ ٹن برآمد کیا گیا تھا۔

دیگر اخراجات میں ورکرز ویلفئر فنڈ اور ورکرز پرافٹ پارٹیسیپیشن فنڈ کے اخراجات شامل ہیں۔ ان اخراجات کا براہ راست تعلق سال کے قبل از ٹیکس منافع سے ہے۔ ورکرز ویلفئر فنڈ کے اخراجات ۸۳.۰۵ ملین روپے رہے جبکہ ورکرز پرافٹ پارٹیسیپیشن فنڈ کی مد میں ۲۱۸.۵۶ ملین روپے رکھے گئے۔

۸۴.۵۸ ملین روپے کے انتظامی اخراجات میں ۳.۷۲ فیصد کا معمولی اضافہ ہوا جو کہ اخراجات پر اختصار کرنے سے ممکن ہوا۔

منافع جاتی کارکردگی

آپ کی کمپنی کو پچھلے سال کے مجموعی منافع کے مقابلے میں اس سال ۴،۴۲۸.۳۱ ملین روپے کا مجموعی منافع ہوا ہے جو کہ پچھلے سال کی نسبت ۴۲۳.۱۱ ملین روپے (۱۰.۵۶ فیصد) زیادہ ہے۔ یہ اضافہ اندرون ملک کلنکر کی فروخت میں اضافے کی وجہ سے ممکن ہوا۔ موجودہ سال کے دوران خالص منافع کی شرح ۴۱.۶۵ فیصد تک کم ہوئی جو کہ گزشتہ سال ۴۲.۷۶ فیصد تھی۔ متذکرہ شرح میں کمی کلنکر کی فروخت جو کہ سیمنٹ کی فروخت کے

ڈائریکٹران رپورٹ برائے حصص داران

اللہ کے نام سے شروع جو بڑا مہربان اور رحم والا ہے

آپ کی کمپنی کے ڈائریکٹران ۳۰ جون، ۲۰۱۷ کو ختم ہونے والے مالی سال کے حسابات پر مبنی رپورٹ انتہائی مسرت کے ساتھ پیش کرتے ہیں۔

معیشت

مالی سال ۱۷۔۲۰۱۶ کے دوران پاکستان نے مجموعی اقتصادی ترقی کا سفر جاری رکھا۔گزشتہ مالی سال کے دوران جو بڑے معاشی احداف حاصل کئے گئے ان کا مختصر جائزہ درج ذیل ہے۔

سال مذکورہ میں معیشت کی شرح نمو ۵۔۲۸ فی صد رہی جو کہ گزشتہ ۱۰ سال کی مدت میں سب سے زیادہ ہے جس کے حصول کیلئے درج ذیل شعبہ جات نے کلیدی کردار ادا کیا۔

- جولائی ۲۰۱۶ تا مارچ ۲۰۱۷ کے دوران بڑے پیمانے کے پیداواری شعبہ میں ۵۔۰۶ فی صد ترقی دیکھی گئی جو کہ گزشتہ سال کے تقابلی عرصہ میں ۴۔۶۰ فی صد تھی۔
- خدمات کے شعبہ میں ۵۔۷۰ فیصد کے مقررہ حدف کو ۵۔۹۸ فیصد کی شرح نمو سے عبور کیا گیا۔
- شعبہ زراعت نے بھی بہتر کارکردگی کا مظاہرہ کیا اور ۳۔۴۶ فیصد کی سطح تک ترقی کی جبکہ حدف ۳۔۵۰ فیصد تھا۔

سٹیٹ بینک آف پاکستان کے ڈسکاؤنٹ کی شرح ۵۔۷۵ فیصد برقرار رہی جس سے ترقی اور سرمایہ کاری کی حوصلہ افزائی جاری رہی۔

جولائی ۲۰۱۶ سے اپریل ۲۰۱۷ کے دوران تجارتی خسارہ ۷۔۲۵ ارب ڈالر تک بڑھ گیا جو کہ مجموعی ملکی پیداوار کا ۲۔۳۸ فیصد ہے۔گزشتہ تقابلی عرصہ میں یہ خسارہ ۲۔۳۸ ارب ڈالر تھا، یہ فرق درآمدات میں اضافے اور برآمدات میں کمی کی وجہ سے ہوا۔

۳۰ جون ۲۰۱۷ کے اختتام پر زرمبادلہ کے ذخائر ۲۱۔۳۸ ارب ڈالر کی سطح تک گر گئے جو کہ ایک سال قبل ۲۳۔۱۰ ارب ڈالر تھے۔

سیمنٹ کی صنعت

شعبہ سیمنٹ کی ترقی سال گزشتہ کی طرح مالی سال ۱۷۔۲۰۱۶ میں بھی جاری رہی اور مذکورہ سال میں ۴۰ ملین ٹن سے زیادہ کی ترسیلات کی گئیں۔پچھلے سال کے ۹۔۸۰ فیصد کے مقابلے میں اس سال کے دوران شرح نمو ۳۔۱۷ فیصد رہی جبکہ مجموعی پیداواری صلاحیت ۸۶۔۹۰ فیصد بروئے کار لائی گئی ہے (۱۶۔۲۰۱۵ : ۸۵۔۲۱ فیصد) جو کہ گزشتہ ۱۰ سالوں میں سب سے زیادہ ہے۔ملکی سطح پر سیمنٹ کی مانگ پچھلے سال کے ۳۳ ملین ٹن کے مقابلے میں ۳۵۔۶۵ ملین ٹن رہی جو کہ ۸۔۰۳ فیصد اضافہ بنتا ہے۔تاہم برآمدات ۲۰۔۵۹ فیصد کی کمی سے ۴۔۶۶ ملین ٹن تک رہیں۔

فروخت	2017	2016	اضافہ/(کمی)	
	---------ملین ٹن میں---------			%
اندرونِ ملک	35.65	33.00	2.65	8.03
برآمدات	4.66	5.87	(1.21)	(20.59)
کُل فروخت	40.31	38.87	1.44	3.71

کاروباری کارکردگی کا جائزہ

الحمدوللہ، آپ کی کمپنی پیداواری اور مالیاتی کارکردگی میں ترقی کا سفر کامیابی سے جاری رکھے ہوئے ہے۔اس سال کے دوران آپ کی کمپنی نے ۱۴،۶۳۵۔۵۶ ملین روپے کی نمایاں مجموعی آمدنی حاصل کی اور پچھلے سال کے مقابلے میں ۲،۷۱۹۔۲۷ ملین روپے کا نمایاں اضافہ حاصل کیا جو کہ گزشتہ تقابلی عرصہ کی نسبت ۲۲۔۸۲ فیصد زیادہ ہے۔اس ترقی میں مقامی سطح پر سیمنٹ پیدا کرنے والے اداروں کو کلنکر کی فروخت نے اہم کردار ادا کیا جو کہ ۱،۶۴۵۔۴۸ ملین روپے رہی۔

خالص آمدنی ۱۰،۶۳۰۔۹۹ ملین روپے حاصل ہوئی جو کہ پچھلے سال کے ۹،۳۶۶۔۵۳ ملین روپے کے مقابلے میں ۱۳۔۵۰ فیصد زیادہ ہے۔اس سال کمپنی نے اپنی تاریخ کا سب سے زیادہ قبل از ٹیکس منافع ۴،۰۶۹۔۵۱ ملین روپے کمایا جبکہ گزشتہ سال یہی منافع ۳،۸۴۶۔۶۱ ملین روپے تھا۔


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FORM OF PROXY

Registered Folio No. /
CDC Account No. ____________

I/We ____
Name

of ____
Address

being a member of PIONEER CEMENT LIMITED hereby appoint

____
Name

of ____
Address

or failing him ____
Name

of ____
Address

(also being a member of the Company) as my/ our proxy to attend, act and vote for me/ us and on my/ our behalf, at the 31st Annual General Meeting of the Company to be held on Thursday, October 26, 2017 at 135 Ferozepur Road, Lahore and at any adjournment thereof.

As witness my hand this ____________ day of October 2017.

____
Signature of the Shareholder/ Appointer

WITNESSES

1. Name ____________
   Address ____________
   CNIC # ____________

2. Name ____________
   Address ____________
   CNIC # ____________

NOTE: Proxies in order to be effective must reach the Company's Registered Office not less than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed. Proxies of the Members through CDC shall be accompanied with attested copies of their CNIC.

AFFIX
CORRECT
POSTAGE

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