

Quarterly Accounts (Un-audited)

for the period ended September 30, 2004



PIONEER
CEMENT LTD.

CORPORATE INFORMATION

Board of Directors	Mr. Manzoor Hayat Noon Mr. Javed Ali Khan Mr. K. Iqbal Talib Mr. Adnan Hayat Noon Mr. Salman Hayat Noon Mr. Wajahat A. Baqai Mr. Erling Frandsen Mr. Rafique Dawood	Chairman Chief Executive
Management Committee	Mr. Javed Ali Khan Mr. Usman Masud Khan Mr. Badruddin Fakhri Mr. Javed Elahi Mr. Nur ul Ibad Mr. Javed Iqbal	Chief Executive Executive Director Director Finance & Admin. Director Works General Manager Lahore General Manager Marketing
Company Secretary	Syed Anwar Ali	
Internal Auditor	Mr. Muhammad Saleem	
Statutory Auditors	Ford, Rhodes, Sidat Hyder & Co.	
Cost Auditors	Siddiqui & Co.	
Bankers	Askari Commercial Bank Limited Bank Al-Habib Limited National Bank of Pakistan Habib Bank Ltd. United Bank Limited.	
Head Office	7 th Floor, Lakson Square Building No.3, Sarwar Shaheed Road, Karachi, Pakistan	
Telephone	(021) 5685052-55	
Fax	(021) 5685051	
Email	ho@pioneerement.com	
Registered Office	1 st Floor, AlFalah Bldg., Shahrah-e-Quaid-e-Azam, Lahore, Pakistan	
Telephone	(042) 6301914-15	
Fax	(042) 6301912	
Email	ro@pioneerement.com	
Shares Department	66, Garden Block, New Garden Town, Lahore, Pakistan	
Telephone	(042) 5831462-63	
Email	shares@pioneerement.com	
Factory	Chenki, District Khushab, Punjab	
Telephone	(0454) 720832-3	
Fax	(0454) 720832	
Email	factory@pioneerement.com	

DIRECTORS' REPORT

It gives us immense pleasure to present the Directors' Report and the unaudited financial statements of Pioneer Cement Limited for the 1st quarter of the current financial year.

You will be pleased to know that your Company was able to register 20% increase in domestic sales, besides penetrating into the export market by exporting 28,440 tons cement to Afghanistan and Dubai.

The net profit after tax for the 1st quarter amounts to Rs.110 million as against Rs.20 million earned during the same quarter of last year. The increase of Rs. 90 million in profit represents higher volume of production and sales, stable prices of cement and cost reductions. Earning per share has increased to Rs.1.15 from Rs.0.22 of same quarter of last year.

By the grace of Almighty Allah your Company was able to achieve a turn around by earning Rs.424 million last year. The impact of profits of last year and the current quarter is that the debt equity ratio which had declined to 96:4 by June 2003 has improved to 78:22 and is likely to further improve to 65:35 by the end of current fiscal year.

The expansion project of the Company is going according to the schedule. Civil and Mechanical Contractors and our Project team are working round the clock to be able to commence trial runs of the new production line in the first quarter of next fiscal year. Commercial production will Insha Allah start from October 2005.

We are extremely grateful to the shareholders for subscribing to the Right Shares which reflects their confidence in the Company and the management. We are also grateful to M/s. Dal Teknik and other contractors & suppliers who are helping us in expeditious completion of the project. We are also grateful to our lenders, dealers and suppliers for their cooperation. We also acknowledge the dedication of our employees whom we consider to be the most valuable asset of the Company.

For and On behalf of the Board of Directors

Manzoor Hayat Noon
Chairman

PIONEER CEMENT LIMITED



BALANCE SHEET AS AT SEPTEMBER 30, 2004

	Note	Sept 30, 2004 (Rupees in '000) (Unaudited)	June 30, 2004 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Tangible fixed assets			
Operating fixed assets	3	3,527,381	3,572,688
Capital work-in-progress	4	174,940	84,596
		<u>3,702,321</u>	<u>3,657,284</u>
Long term loans		5,956	5,956
Long term deposits		32,940	23,655
Deferred tax asset - net	5	222,932	192,742
CURRENT ASSETS			
Stores, spares and loose tools		289,173	254,880
Stock-in-trade		58,583	50,809
Trade debts		21,420	24,712
Loans, advances, deposits, prepayments and other receivables		54,991	27,413
Cash and bank balances		23,592	37,199
		<u>447,759</u>	<u>395,013</u>
TOTAL ASSETS		<u><u>4,411,908</u></u>	<u><u>4,274,650</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital		<u>2,500,000</u>	<u>2,500,000</u>
Issued, subscribed and paid-up capital		954,371	954,371
Accumulated loss		(299,182)	(409,128)
Shareholders' equity		<u>655,189</u>	<u>545,243</u>
NON-CURRENT LIABILITIES			
Redeemable capital		185,923	185,923
Long term loans		1,913,596	1,911,662
Deferred liabilities		1,242,698	1,236,845
Liabilities against assets subject to finance lease		59,536	9,536
Long term deposits		2,279	2,320
CURRENT LIABILITIES			
Current maturities of redeemable capital and long term loans		133,751	189,058
Current portion of liabilities against assets subject to finance lease		4,768	6,189
Creditors, accrued and other liabilities		212,265	185,969
Unclaimed dividend		1,903	1,905
		<u>352,687</u>	<u>383,121</u>
CONTINGENCIES AND COMMITMENTS	6	-	-
TOTAL EQUITY AND LIABILITIES		<u><u>4,411,908</u></u>	<u><u>4,274,650</u></u>

The annexed notes form an integral part of these financial statements.

MANZOOR HAYAT NOON
CHAIRMAN

RAFIQUE DAWOOD
DIRECTOR

PIONEER CEMENT LIMITED



PROFIT AND LOSS ACCOUNT FOR THE QUARTER ENDED SEPTEMBER 30, 2004

	Note	Sept 30, 2004	Sept 30, 2003
		(Rupees in '000) (Unaudited)	
Gross sales		633,874	459,027
Export Subsidy		1,652	-
		<u>635,526</u>	<u>459,027</u>
Less: Excise duty		102,776	85,938
Sales tax		75,958	60,359
Commission		5,042	5,595
Export Expenses		1,122	-
		<u>184,898</u>	<u>151,892</u>
Net sales		<u>450,628</u>	<u>307,135</u>
Cost of sales	7	313,208	211,600
		<u>137,420</u>	<u>95,535</u>
Gross profit			
Selling, administrative and general expenses		21,251	18,644
Financial charges		29,371	55,350
Other income / charges - net		5,024	306
		<u>55,646</u>	<u>74,300</u>
Profit before taxation		<u>81,774</u>	<u>21,235</u>
Taxation			
- Current		(2,018)	(1,564)
- Deferred		30,190	-
		<u>28,172</u>	<u>(1,564)</u>
Profit after taxation		<u>109,946</u>	<u>19,671</u>
Accumulated loss brought forward		(409,128)	(833,393)
Accumulated loss carried forward		<u>(299,182)</u>	<u>(813,722)</u>
			(Rupees)
Basic earnings per share		<u>1.15</u>	<u>0.22</u>
Diluted earnings per share		<u>0.98</u>	<u>0.18</u>

The annexed notes form an integral part of these financial statements.

MANZOOR HAYAT NOON
CHAIRMAN

RAFIQUE DAWOOD
DIRECTOR

PIONEER CEMENT LIMITED



CASH FLOW STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2004

	Sept 30, 2004	Sept 30, 2003
	(Rupees in '000) (Unaudited)	
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before taxation	81,774	21,235
Adjustments for:		
Depreciation	53,292	40,066
Provision for gratuity and vacation benefits	2,600	2,552
Financial charges	29,372	55,350
Loss on disposal of fixed assets	96	-
Allocation to Workers Profit Participation Fund	4,304	1,118
Exchange loss	799	-
Amortisation of deferred income	-	(719)
	<u>90,463</u>	<u>98,367</u>
Operating profit before working capital changes	172,237	119,602
(Increase)/decrease in current assets		
Stores, spares and loose tools	(34,293)	(31,341)
Stock-in-trade	(7,774)	(16,095)
Trade debts	3,292	1,025
Loans, Advances, deposits, prepayments and other receivables	(28,310)	(4,921)
	<u>(67,085)</u>	<u>(51,332)</u>
Increase/(decrease) in current liabilities		
Creditors, accrued and other liabilities	69,784	(1,767)
	<u>2,699</u>	<u>(53,099)</u>
Cash generated from operating activities	<u>174,936</u>	<u>66,503</u>
Payments in respect of :		
Financial charges	(72,719)	(7,023)
Taxes paid	(1,288)	-
Gratuity and vacation benefits	(1,065)	-
Dividend paid	(2)	(424)
	<u>(75,074)</u>	<u>(7,447)</u>
Net cash generated from operating activities	<u>99,862</u>	<u>59,056</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	(98,690)	(6,271)
Proceeds from sale of fixed assets	268	-
Long term loans	-	(635)
Long term deposits	(9,285)	(5)
Net cash outflow from investing activities	<u>(107,707)</u>	<u>(6,911)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Long term loans	(54,300)	(50,613)
Liabilities against assets subject to finance lease	48,579	(1,547)
Long term deposits	(41)	113
Net cash outflow from financing activities	<u>(5,762)</u>	<u>(52,047)</u>
Net (decrease) / increase in cash and cash equivalents	<u>(13,607)</u>	<u>98</u>
Cash and cash equivalents at the beginning of the year	37,199	18,808
Cash and cash equivalents at the end of the year	<u>23,592</u>	<u>18,906</u>

The annexed notes form an integral part of these financial statements

MANZOOR HAYAT NOON
CHAIRMAN

RAFIQUE DAWOOD
DIRECTOR



PIONEER
CEMENT LTD.

PIONEER CEMENT LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED SEPTEMBER 30, 2004

	Share capital	Accumulated loss	Total
	<------(Rupees in '000)----->		
Balance as at June 30, 2003	954,371	(833,393)	120,978
Profit for the quarter ended September 30, 2003		19,671	19,671
Balance as at September 30, 2003	954,371	(813,722)	140,649
Profit for the period October 01, 2003 to June 30, 2004	-	404,594	404,594
Balance as at June 30, 2004	954,371	(409,128)	545,243
Profit for the quarter ended September 30, 2004	-	109,946	109,946
Balance as at September 30, 2004	954,371	(299,182)	655,189

The annexed notes form an integral part of these financial statements

MANZOOR HAYAT NOON
CHAIRMAN

RAFIQUE DAWOOD
DIRECTOR

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2004**
1. STATUS AND NATURE OF BUSINESS

The Company was incorporated in Pakistan on February 09, 1986, as a public limited company and is quoted on all stock exchanges in Pakistan. The registered office of the Company is situated at 1st Floor, AlFalah Buliding, Shahrah-e-Quaid -e-Azam, Lahore. The principal activity of the Company is manufacturing and sale of cement.

2. ACCOUNTING POLICIES

These financial statements have been prepared under the historical cost convention. The accounting policies adopted in preparation of these quarterly financial statements are the same as those applied in the preparation of the preceding audited financial statements of the Company except to the policy of exchange differences on translation of foreign currency loans utilized for acquisition of fixed assets, which were previously added to or deducted from the carrying amounts of the respective assets, upon change in the 4th Schedule to the Companies Ordinance, 1984, have been taken to the profit and loss account currently. Had the Company not changed its accounting policy, the profit for the quarter before tax and accumulated loss as at September 30, 2004 would have been higher and lower by 0.925 million each respectively.

Note	Sept 30, 2004 (Rupees in '000) (Unaudited)	June 30, 2004 (Audited)
3. OPERATING FIXED ASSETS		
Opening book value	3,572,688	3,639,385
Add: Additions during the period / year	8,346	121,107
	<u>3,581,034</u>	<u>3,760,492</u>
Less: Disposals during the period / year (book value)	(361)	(3,450)
Depreciation for the period / year	(53,292)	(184,354)
	<u>(53,653)</u>	<u>(187,804)</u>
Closing book value	<u>3,527,381</u>	<u>3,572,688</u>
4. CAPITAL WORK-IN-PROGRESS		
Civil work	33,636	685
Advance for plant and machinery	52,235	-
Plant and machinery	1,711	1,401
Advance against engineering and designing fee	55,547	55,547
Professional consultancy	14,762	14,762
Unallocated capital expenditure	17,049	12,201
	<u>174,940</u>	<u>84,596</u>
5. DEFERRED TAX ASSET - NET		
Deductible / (taxable) temporary differences in respect of:		
- available tax losses	5.1 558,840	523,672
- accelerated tax depreciation	(361,201)	(356,183)
- retirement benefits	20,287	19,749
- other deductible differences	5,006	5,504
	<u>222,932</u>	<u>192,742</u>

5.1 Includes depreciation loss of the Company for the assessment year 1997-1998. Tax losses for subsequent assessment years were incorporated in the financial statements for the year ended June 30, 2004.

6. CONTINGENCIES AND COMMITMENTS

6.1 There has been no significant change in the contingencies as given in the latest available audited financial statements.

6.2 Commitments in relation to capital work in progress amount to Rs. 228 million (June 30, 2004: 80 million).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2004**

	Sept 30, 2004	Sept 30, 2003
	(Rupees in '000)	
	(Unaudited)	
7. COST OF SALES		
Raw material consumed	24,958	17,773
Packing material consumed	26,185	23,176
Fuel and power	170,158	111,675
Stores and spares consumed	11,340	8,637
Salaries, wages and benefits	20,619	18,860
Insurance	1,200	910
Repairs and maintenance	2,852	2,123
Depreciation	51,988	38,846
Amortization of deferred costs	-	-
Other manufacturing expenses	4,551	3,879
	288,893	208,106
Work in process		
Opening	23,380	27,649
Closing	(16,671)	(32,321)
	6,709	(4,672)
Cost of goods manufactured	320,560	221,207
Finished goods		
Opening	20,983	15,759
Closing	(28,335)	(25,366)
	(7,352)	(9,607)
	313,208	211,600

8. TRANSACTIONS WITH RELATED PARTY

The related parties comprise related group companies, associated companies, directors with significant influence over the Company, executives and staff provident fund. The Company in the normal course of business carries out transactions with various related parties. Transactions with related parties are at an arm's length basis on commercial terms and conditions. Significant transactions with related parties other than remuneration and benefits to the directors and key management personnel under the terms of employment are as follows:

	Sept 30, 2004	June 30, 2004
	(Rupees in '000)	
	(Unaudited)	(Audited)
Contribution to staff provident fund	1,048	3,490

9. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on October 27, 2004 by the Board of Directors of the Company.

10. GENERAL

- 10.1** These financial statements are unaudited and are being submitted to the share holders as required by Securities and Exchange Commission of Pakistan SRO No 764(1) / 2001, dated November 05, 2001.
- 10.2** These financial statements have been prepared in accordance with the International Accounting Standards (IAS-34) "Interim Financial Reporting" as applicable in Pakistan.
- 10.3** Figures have been rounded off to the nearest thousand rupees.
- 10.4** Figures of the previous year have been rearranged and regrouped, wherever deemed necessary, to facilitate comparison.

MANZOOR HAYAT NOON
CHAIRMAN

RAFIQUE DAWOOD
DIRECTOR

STATEMENT UNDER SECTION 241 (2) OF THE COMPANIES ORDINANCE, 1984

These financial statements for the quarter ended September 30, 2004 are signed by two directors with the approval of the board as the Chief executive was out of the country at the time of approval of these financial statements by the board of directors at their meeting held on October 27, 2004.

Manzoor Hayat Noor
Chairman

Rafique Dawood
Director