

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 (NBP) (FLS)
Audit Committee	Mr. Salman Hayat Noon Mr. Adnan Hayat Noon Mr. Rafique Dawood Mr. Wajahat A. Baqai	Chairman
Management Committee	Mr. Javed Ali Khan Mr. Usman Masud Khan Mr. Badruddin Fakhri Mr. Javed Elahi Mr. Nur ul Ibad Mr. Javed Iqbal Mr. Jawaid Alam Mr. Khalid Mehmood Cl. (Rtd.) Abdul Khaliq	Chief Executive Executive Director Executive Director (F&A) Executive Director (Operations) General Manager Lahore General Manager Marketing General Manager (Supply Chain Management) General Manager (Production) General Manager (Administration)
Company Secretary	Syed Anwar Ali	
Internal Auditor	Mr. Muhammad Saleem	
Statutory Auditors	Ford Rhodes Sidat Hyder & Co.	
Cost Auditors	Siddiqui & Co.	
Legal Advisors	Hassan & Hassan Sayeed & Sayeed	
Bankers	Askari Commercial Bank Limited Bank AlHabib Limited Prime Commercial Bank Limited National Bank of Pakistan Habib Bank Limited United Bank Limited	
Head Office	7th Floor, Lakson Square Building No.3, Sarwar Shaheed Road, Karachi, Pakistan Telephone (021) 5685052-55 Fax (021) 5685051 Email: ho@pioneeracement.com	
Registered Office / Marketing Office	1st Floor, AlFalsh Bldg., Shahrah-e-Quaid-e-Azam, Lahore, Pakistan Telephone (042) 6301914-15 Fax (042) 6301912 Email: ro@pioneeracement.com	
Shares Department	66, Garden Block, New Garden Town, Lahore, Pakistan Telephone (042) 5831462-63 Email: shares@pioneeracement.com	
Factory	Chenki, District Khushab, Punjab Telephone (0454) 720832-3 Fax (0454) 720832 Email: factory@pioneeracement.com	
Website	www.pioneeracement.com	

DIRECTORS' REPORT

It gives me pleasure to present Directors' Report to the shareholders for the 3rd quarter ended on March 31, 2005.

By the grace of Almighty Allah, your Company was able to record the highest ever sales volume of 70,648 tons during March 2005, which is equivalent to 135% of rated capacity of our existing plant. This included 13,762 tons of cement exported to Afghanistan. You will be pleased to know that we have also started exporting cement to Iraq through Karachi Port. We hope to export around 25,000 tons during April 2005 to Afghanistan and Iraq.

Quarterly sales volume for the 3rd quarter was higher by 33% to 158,647 tons, as against 119,297 tons sold during the same quarter of last year. It is heartening that a phenomenal growth in demand of cement within the country and neighbouring countries have completely changed the complexion of cement industry of Pakistan.

Quarterly profit before tax has shown a rise of 327% to Rs.105.5 million, as against Rs.24.7 million earned during the same quarter of last year. Cumulative profit before tax for the period July, 2004 to March 2005 works out to Rs.268.5 million, as against Rs.58.0 million for the same period of last year. Due to provision of deferred tax, profit after tax for the three quarters amounted to Rs.227.3 million, as against Rs.165.6 million for the same period of last year. Earning per share as per relevant International Accounting Standards works out to Rs.1.76 for the cumulative three quarters, on enhanced paid-up capital.

Our expansion project is moving ahead at a very fast pace. We are grateful to all our contractors who are working hard for the expeditious completion of the Expansion Project.

We are grateful to our bankers, dealers and suppliers for their continued cooperation. We also acknowledge the dedication of our employees who are putting in their best to produce best possible results for the Company.

MANZOOR HAYAT NOON
Chairman

Karachi: April 18, 2005

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

These financial statements for the quarter ended March 31, 2005 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 18th April, 2005.

Manzoor Hayat Noon
Chairman

Wajahat A. Baqai
Director

PIONEER CEMENT LIMITED



BALANCE SHEET AS AT MARCH 31, 2005 (UN AUDITED)

	Note	March 31, 2005 (Rupees in '000) (Unaudited)	June 30, 2004 (Rupees in '000) (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	4,502,505	3,657,284
Long term loans		7,267	5,956
Long term deposits		39,318	23,655
Deferred tax asset		157,449	192,742
		<u>4,706,539</u>	<u>3,879,637</u>
CURRENT ASSETS			
Stores, spares and loose tools		277,436	254,880
Stock-in-trade		136,247	50,809
Trade debts		19,851	24,712
Loans and advances		14,468	5,936
Deposits, prepayments and other receivables		70,062	8,212
Taxation - net		12,015	13,265
Cash and bank balances		8,525	37,199
		<u>538,604</u>	<u>395,013</u>
TOTAL ASSETS		<u><u>5,245,143</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	5	1,431,557	954,371
Accumulated loss		(181,811)	(409,128)
Shareholders' equity		<u>1,249,746</u>	<u>545,243</u>
NON-CURRENT LIABILITIES			
Redeemable capital	6	178,663	185,923
Long term loans	7	2,031,348	1,911,662
Liabilities against assets subject to finance lease	4.1	190,171	9,536
Long term deposits		1,805	2,320
Deferred liabilities		1,245,685	1,236,845
		<u>3,647,672</u>	<u>3,346,286</u>
CURRENT LIABILITIES			
Trade and other payables		249,671	86,770
Interest / markup accrued		59,367	101,104
Current maturities of redeemable capital and long term loans		32,848	189,058
Current portion of liabilities against assets subject to finance lease		5,839	6,189
		<u>347,725</u>	<u>383,121</u>
CONTINGENCIES AND COMMITMENTS	8	-	-
TOTAL EQUITY AND LIABILITIES		<u><u>5,245,143</u></u>	<u><u>4,274,650</u></u>

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

Manzoor Hayat Noon
Chairman

Wajahat A. Baqai
Director

PIONEER CEMENT LIMITED



PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED MARCH 31, 2005 (UN AUDITED)

	Note	Three quarter ended March 31, 2005	March 31, 2004	Quarter ended March 31, 2005	Quarter ended March 31, 2004
(Rupees in '000)					
Gross turnover		1,850,007	1,380,945	629,018	486,406
Less: Excise duty		295,183	256,198	99,881	89,473
Sales tax		221,527	180,649	75,952	63,473
Commission		14,228	16,348	4,453	5,609
Net turnover		530,938	453,195	180,286	158,555
Net turnover		1,319,069	927,750	448,732	327,851
Cost of sales	9	890,726	635,221	296,052	229,083
Gross profit		428,343	292,529	152,680	98,768
Distribution costs		24,829	19,900	8,111	6,810
Administrative expenses		39,118	42,210	12,776	15,223
Other operating income		(6,807)	(5,121)	(2,256)	(3,534)
Operating profit		57,140	56,989	18,631	18,499
Operating profit		371,203	235,540	134,049	80,269
Finance costs		88,553	174,526	22,907	54,284
Other charges		14,132	3,051	5,557	1,300
Profit before taxation		102,685	177,577	28,464	55,584
Profit before taxation		268,518	57,963	105,585	24,685
Taxation					
- Current		5,908	4,732	2,032	1,667
- Deferred		35,293	(112,419)	37,195	-
		41,201	(107,687)	39,227	1,667
Profit after taxation		227,317	165,650	66,358	23,018
(Rupees)					
Basic earnings per share (prior period restated)		1.76	1.45	0.51	0.20
Diluted earnings per share (prior period restated)		1.57	1.28	0.46	0.19

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

Manzoor Hayat Noon
Chairman

Wajahat A. Baqai
Director

PIONEER CEMENT LIMITED



STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED MARCH 31, 2005 (UN AUDITED)

	Share capital	Accumulated loss	Total
	<------(Rupees in '000)----->		
Balance as at July 01, 2003	954,371	(833,393)	120,978
Profit for the period ended March 31, 2004		165,650	165,650
Balance as at March 31, 2004	954,371	(667,743)	286,628
Balance as at July 01, 2004	954,371	(409,128)	545,243
Issuance of right shares	477,186	-	477,186
Profit for the period ended March 31, 2005	-	227,317	227,317
Balance as at March 31, 2005	1,431,557	(181,811)	1,249,746

The annexed notes form an integral part of these financial statements

Manzoor Hayat Noon
Chairman

Wajahat A. Baqai
Director

**CASH FLOW STATEMENT
FOR THE PERIOD ENDED MARCH 31, 2005
(UN AUDITED)**

	March 31, 2005	March 31, 2004
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before taxation	268,518	57,963
Adjustments for:		
Depreciation	158,082	117,576
Provision for gratuity and vacation benefits	6,435	7,822
Finance costs	88,553	174,526
Loss on disposal of fixed assets	459	(2,097)
Allocation to Worker's Profit Participation Fund	14,132	3,051
Amortisation of deferred income	-	(2,556)
	<u>267,661</u>	<u>298,322</u>
Operating profit before working capital changes	536,179	356,285
(Increase)/decrease in current assets		
Stores, spares and loose tools	(22,556)	(48,808)
Stock-in-trade	(85,438)	(31,135)
Trade debts	4,861	1,498
Loans and advances	(20,369)	-
Deposits, prepayments and other receivables	(61,850)	(6,009)
	<u>(185,352)</u>	<u>(84,454)</u>
Increase in current liabilities		
Trade and other payables	149,964	(16,062)
	<u>(35,388)</u>	<u>(100,516)</u>
Cash generated from operations	<u>500,791</u>	<u>255,769</u>
Payments in respect of :		
Financial charges	(130,408)	(34,254)
Taxes	(4,658)	(11,523)
Worker's Profit Participation Fund	-	(5,100)
Gratuity and vacation benefits	(3,018)	(2,218)
Dividend	(14)	(446)
	<u>(138,098)</u>	<u>(53,541)</u>
Decrease / (increase) in long term loans	(1,311)	(371)
(Increase) / decrease in long term deposits - net	(13,302)	543
Net cash inflow from operating activities	<u>348,080</u>	<u>202,400</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	(966,453)	(104,248)
Proceeds from sale of fixed assets	3,317	2,937
Net cash used in investing activities	<u>(963,136)</u>	<u>(101,311)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from right issue	477,186	-
Redeemable capital and long term loans	(68,213)	(87,361)
Liabilities against assets subject to finance lease	177,409	7,683
Net cash inflow from / (used in) financing activities	<u>586,382</u>	<u>(79,678)</u>
Net increase in cash and bank balances	<u>(28,674)</u>	<u>21,411</u>
Cash and bank balances at the beginning of the year	37,199	18,808
Cash and bank balances at the end of the period	<u><u>8,525</u></u>	<u><u>40,219</u></u>

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

Manzoor Hayat Noon
Chairman

Wajahat A. Baqai
Director

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE PERIOD ENDED MARCH 31, 2005
 (UN AUDITED)**
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 Building, Shahrah-e-Quaid -e-Azam, Lahore. The principal activity of the Company is manufacturing and sale of cement.

2. BASIS OF PREPARATION

These unaudited financial statements are being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984 (the Ordinance) and have been prepared in accordance with the requirements of the International Accounting Standard 34 " Interim Financial Reporting" as applicable in Pakistan. These financial statements should be read in conjunction with the published financial statements of the Company for the year ended June 30, 2004.

3. ACCOUNTING POLICIES

3.1 The accounting policies and methods of computation followed for the preparation of these financial statements are the same as those applied in preparing the financial statements for the year ended June 30, 2004 except for the change mentioned in note 3.2.

3.2 Change in accounting policy

During the period, the Securities and Exchange Commission of Pakistan (SECP) substituted the Fourth Schedule to the Ordinance, which is effective from the financial year ending on or after July 05, 2004. This has resulted in the change in accounting policy pertaining to recognition of dividends declared and transfers between reserves made subsequent to the year/period end. As per the new policy dividends declared and transfers between reserves made subsequent to the balance sheet date are considered as non-adjusting events and are not recognized in the financial statements in the period in which it is declared. Previously, such dividend declarations and appropriations were being treated as adjusting events in the financial statements. However, this change has not resulted in any impact on the financial statements as there were no dividend declarations and other appropriations in the reported corresponding periods.

4. PROPERTY, PLANT AND EQUIPMENT

The following major additions and deletions were made in property, plant and equipment during the period:

	Additions	Deletions
	(Rupees in '000)	
Operating fixed assets		
Plant and machinery	24,533	-
Coal firing system	2,602	-
Vehicles	8,358	6,062
	<u>35,493</u>	<u>6,062</u>
Capital work in progress		
Civil works	192,834	-
Plant and machinery	292,107	-
Advance to suppliers	447,476	-
Unallocated capital expenditure	37,152	-
	<u>969,569</u>	<u>-</u>

4.1 Represents cost incurred in connection with the Company's plan for expansion of plant's capacity to 6350 tons per day as more fully explained in note 1.2 to the financial statements for the year ended June 30, 2004. Advance to suppliers include advances made in connection with assets to be acquired on finance lease amounting to Rs.186.256 million (June 30, 2004: Nil).

5. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

143,155,650 (June 2004: 95,437,100) ordinary shares of Rs.10/- each fully paid up in cash 1,431,557 954,371

During the period, the Company has issued 47.718 million shares as right shares vide a board resolution dated July 06, 2004, at the rate of Rs. 10 per share to the existing share holders of the Company in the proportion of 1 share for every 2 shares held by them at the date of book closure. These new shares are listed on all the stock exchanges of Pakistan where the existing shares are listed and they carry same characteristics as existing shares of the Company. The effect of these shares have been taken in the calculation of basic and diluted earning per share of current and prior period.

6. REDEEMABLE CAPITAL - secured, non participatory
Bankers Equity Limited (BEL) - under liquidation

During the period, the Honourable High Court of Sindh vide order dated December 14, 2004 has approved the rescheduling agreement between the Company and BEL as detailed in the financial statements for the year ended June 30, 2004.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2005
(UN AUDITED)**

7. LONG TERM LOANS - secured

There were no significant changes in long term loans as given in the financial statements for the year ended June 30, 2004 except as follows:

7.1 Asian Development Bank (ADB)

Under the terms of revised agreement reached with the management of ADB which is in the process of formal approval, the following are the revised terms and conditions:

Rate of Interest	1.3% p.a. above LIBOR
Repayment	November 15, 2006 to November 15, 2010
Number of installments	12 equal half yearly

The classification of liabilities in the balance sheet has been changed in accordance with the restructuring agreed with lender.

7.2 Bankers Equity Limited (BEL) - under liquidation

The Honourable High Court of Sindh vide order dated December 14, 2004 has approved the rescheduling agreement between the Company and BEL.

7.3 Industrial Development Bank of Pakistan (IDBP)

IDBP vide their letter dated January 31, 2005 has reduced the mark up rate with effect from July 01, 2004 from 10.5% to 8.62% per annum.

8. CONTINGENCIES AND COMMITMENTS

8.1 There has been no significant change in the contingencies as given in the financial statements for the year ended June 30, 2004 except the following:

The Company is importing new production line under relocation scheme provided by Government of Pakistan under which the Company has paid 5% custom duty and all other custom duty, sales tax and income tax has been waived off. A clarification on this waiver was sought by the Collector of Customs, Karachi (CoC) from Central Board of Revenue (CBR) on which CBR has provisionally allowed the Company to import the plant under the said scheme till final decision is made by CBR. One of the condition for this provisional permission from CBR is that the Company shall submit post dated cheques as security to CoC for the difference of normal duties and taxes and 5% presently paid by the Company. The Company is depositing post dated cheques for the said amount, encashability of them is dependent on final decision of CBR. The management expects a favourable outcome of the case, hence no liability is accrued in these financial statements.

8.2 Commitments in respect of outstanding letters of credit inclusive of capital commitments amount to 1,048 million (June 30, 2004: 206.015 million).

	Three quarter ended		Quarter ended	
	March 31, 2005	March 31, 2004	March 31, 2005	March 31, 2004

(Rupees in '000)

9. COST OF SALES

Raw material consumed	79,606	53,017	26,250	16,825
Packing material consumed	74,667	60,598	24,466	19,395
Fuel and power	551,772	320,219	174,507	100,921
Stores and spares consumed	31,101	27,177	9,980	13,269
Salaries, wages and benefits	53,614	58,970	18,564	19,492
Insurance	3,752	3,432	1,350	1,204
Repairs and maintenance	9,784	6,653	3,053	2,602
Depreciation	154,822	113,727	51,115	38,368
Other manufacturing expenses	14,554	14,947	5,059	5,769
	894,066	605,723	288,094	201,020
Work in process				
Opening	23,380	27,649	91,427	50,961
Closing	(105,661)	(44,030)	(105,661)	(44,030)
	(82,281)	(16,381)	(14,234)	6,931
Cost of goods manufactured	891,391	642,359	300,110	224,776
Finished goods				
Opening	20,983	15,759	17,590	27,204
Closing	(21,648)	(22,897)	(21,648)	(22,897)
	(665)	(7,138)	(4,058)	4,307
	890,726	635,221	296,052	229,083

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE PERIOD ENDED MARCH 31, 2005
 (UN AUDITED)**

10. TRANSACTIONS WITH RELATED PARTIES

	March 31, 2005	March 31, 2004
	(Rupees in '000)	
Arrangements under lease financing	<u>119,010</u>	<u>-</u>
Deposit against lease and other deposits	<u>21,185</u>	<u>-</u>
Plant and machinery	<u>89,878</u>	<u>-</u>
Advance against engineering fee	<u>26,722</u>	<u>26,722</u>
Contribution to staff provident fund	<u>3,490</u>	<u>3,174</u>

Transactions with related parties are carried out at an arm's length prices using admissible valuation methods.

11. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on April 18, 2005 by the Board of Directors of the Company

12. GENERAL

12.1 Due to certain changes made by the SECP in the Fourth Schedule to the Companies Ordinance, 1984 vide SRO 589(I)/2004 dated July 05, 2004, previous period's figures have been rearranged or reclassified wherever necessary for the purpose of comparison.

12.2 Rupees have been rounded off to nearest thousands.

Manzoor Hayat Noon
 Chairman

Wajahat A. Baqai
 Director