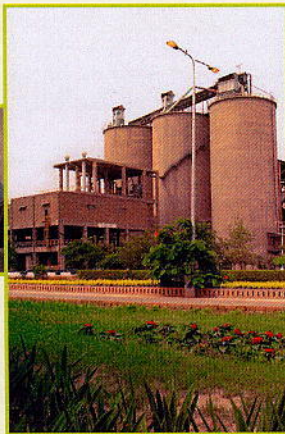


Half Yearly Accounts (Un-audited) for the period ended December 31, 2004



Member



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. Javed 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@pioneercement.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@pioneercement.com	
Shares Department	66, Garden Block, New Garden Town, Lahore, Pakistan Telephone (042) 5831462-63 Email: shares@pioneercement.com	
Factory	Chenki, District Khushab, Punjab Telephone (0454) 720832-3 Fax (0454) 720832 Email: factory@pioneercement.com	
Website	www.pioneercement.com	

DIRECTORS' REPORT

I am pleased to present Directors' report to the shareholders for the half year ended December 31, 2004.

It is gratifying to report that profit before tax has shown a rise of 389% to Rs.162.9 million during the first half of current financial year, as against profit of Rs.33.3 million earned during the same period of last year. The improvement in profitability mainly reflects higher volume of production and sales leading to capacity utilization of 101%. Due to adjustments of deferred taxation, profit after tax amounts to Rs.160.9 million against Rs.142.6 million of the same period of last year. Earning per share (EPS) calculated as per relevant International Accounting Standards works out to Rs.1.32, as compared with adjusted EPS of Rs.1.25 of the same period of last year. EPS has not shown significant improvement, because 50% right shares were issued to finance the Expansion Project which is still in progress. Had the same been calculated on paid-up capital before the right issue, the EPS would have worked out to Rs.1.69/share.

You will be pleased to know that the expansion scheme is in full swing. The management is confident that it will Insha-Allah meet the target of commencement of commercial operations of new production line in October 2005.

The prospects of cement sector have further improved during the current financial year. Sales have registered a growth of over 20% in the domestic market, as compared to nearly 15% growth achieved during preceding two years. The demand is likely to further escalate in the backdrop of lining of entire Canal Network which has recently been announced. Repairs and maintenance of damages caused by the heavy snowfall and rains will also boost the demand of cement in the near future.

Exports made by the Company during 1st half of current financial year was of the order of 57,776 tons cement, whereas no export was made during the same period of last year. Capacity utilization improved by 18.3% due to export of cement to Afghanistan and Dubai.

We are grateful to all our lenders for having approved re-profiling of loans. We are also grateful to all our contractors who are working hard for expeditious completion of the Expansion Project. We are thankful to our dealers and suppliers for their continued cooperation. Last but not the least, we acknowledge the dedication of our employees who are putting in their best to improve the operating results of the company.

MANZOOR HAYAT NOON

Chairman

Lahore: February 21, 2005

REVIEW REPORT TO THE MEMBERS

We have reviewed the annexed balance sheet of **Pioneer Cement Limited** as at **December 31, 2004** and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "financial statements") for the half-year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the International Standard on Auditing applicable to review engagements. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatements. A review is limited primarily to enquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the annexed financial statements are not presented fairly, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

KARACHI:
February 21, 2005

FORD RHODES SIDAT HYDER & CO.
CHARTERED ACCOUNTANTS

In case of any discrepancy on a company's website, the auditors shall only be responsible in respect of the information contained in the hard copies of the audited financial statements available at the company's registered office.

PIONEER CEMENT LIMITED



BALANCE SHEET AS AT DECEMBER 31, 2004 (UN AUDITED)

	Note	Dec 31, 2004 (Rupees in '000) (Unaudited)	June 30, 2004 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	4,099,580	3,657,284
Long term loans		5,480	5,956
Long term deposits		35,442	23,655
Deferred tax asset		194,644	192,742
		<u>4,335,146</u>	<u>3,879,637</u>
CURRENT ASSETS			
Stores, spares and loose tools		293,941	254,880
Stock-in-trade		115,978	50,809
Trade debts		28,234	24,712
Loans and advances		8,069	5,936
Deposits, prepayments and other receivables		41,137	8,212
Markup accrued		514	-
Taxation - net		11,637	13,265
Cash and bank balances		263,779	37,199
		<u>763,289</u>	<u>395,013</u>
TOTAL ASSETS		<u><u>5,098,435</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		(248,169)	(409,128)
Shareholders' equity		<u>1,183,388</u>	<u>545,243</u>
NON-CURRENT LIABILITIES			
Redeemable capital	6	178,663	185,923
Long term loans	7	2,062,947	1,911,662
Liabilities against assets subject to finance lease	4.1	99,630	9,536
Long term deposits		1,755	2,320
Deferred liabilities		1,243,687	1,236,845
		<u>3,586,682</u>	<u>3,346,286</u>
CURRENT LIABILITIES			
Trade and other payables		189,826	86,770
Interest / markup accrued		49,525	101,104
Short term borrowing	8	50,000	-
Current maturities of redeemable capital and long term loans		34,379	189,058
Current portion of liabilities against assets subject to finance lease		4,635	6,189
		<u>328,365</u>	<u>383,121</u>
CONTINGENCIES AND COMMITMENTS	9	-	-
TOTAL EQUITY AND LIABILITIES		<u><u>5,098,435</u></u>	<u><u>4,274,650</u></u>

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

JAVED ALI KHAN
Chief Executive

WAJAHAT A. BAQAI
Director

PIONEER CEMENT LIMITED



PROFIT AND LOSS ACCOUNT FOR THE HALF YEAR ENDED DECEMBER 31, 2004 (UN AUDITED)

	Note	Half year ended		Quarter ended	
		Dec 31, 2004	Dec 31, 2003	Dec 31, 2004	Dec 31, 2003
		(Rupees in '000)			
Gross turnover		1,220,989	894,539	587,115	435,512
Less: Excise duty		195,302	166,725	92,526	80,787
Sales tax		145,575	117,176	69,617	56,817
Commission		9,775	10,739	4,733	5,144
		<u>350,652</u>	<u>294,640</u>	<u>166,876</u>	<u>142,748</u>
Net turnover		870,337	599,899	420,239	292,764
Cost of sales	10	594,674	406,138	281,466	194,538
		<u>275,663</u>	<u>193,761</u>	<u>138,773</u>	<u>98,226</u>
Gross profit					
Distribution costs		16,718	13,090	8,979	7,227
Administrative expenses		26,342	26,987	12,877	14,198
Other operating income		(4,551)	(1,587)	(2,796)	(767)
		<u>38,509</u>	<u>38,490</u>	<u>19,060</u>	<u>20,658</u>
Operating profit		237,154	155,271	119,713	77,568
Finance costs		65,646	120,242	35,476	64,892
Other charges		8,575	1,751	4,271	633
		<u>74,221</u>	<u>121,993</u>	<u>39,747</u>	<u>65,525</u>
Profit before taxation		162,933	33,278	79,966	12,043
Taxation					
- Current		3,876	3,065	1,858	1,501
- Deferred		(1,902)	(112,419)	28,288	(112,419)
		<u>1,974</u>	<u>(109,354)</u>	<u>30,146</u>	<u>(110,918)</u>
Profit after taxation		<u>160,959</u>	<u>142,632</u>	<u>49,820</u>	<u>122,961</u>
		(Rupees)			
Basic earnings per share (prior period restated)		<u>1.32</u>	<u>1.25</u>	<u>0.41</u>	<u>1.08</u>
Diluted earnings per share (prior period restated)		<u>1.18</u>	<u>1.10</u>	<u>0.39</u>	<u>0.94</u>

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

JAVED ALI KHAN
Chief Executive

WAJAHAT A. BAQAI
Director

PIONEER CEMENT LIMITED



STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED DECEMBER 31, 2004 (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 half year ended December 31, 2003		142,632	142,632
Balance as at December 31, 2003	954,371	(690,761)	263,610
Balance as at July 01, 2004	954,371	(409,128)	545,243
Issuance of right shares	477,186	-	477,186
Profit for the half year ended December 31, 2004	-	160,959	160,959
Balance as at December 31, 2004	1,431,557	(248,169)	1,183,388

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

JAVED ALI KHAN
Chief Executive

WAJAHAT A. BAQAI
Director

PIONEER CEMENT LIMITED
**CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED DECEMBER 31, 2004
(UN AUDITED)**

	Dec 31, 2004	Dec 31, 2003
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before taxation	162,933	33,278
Adjustments for:		
Depreciation	106,079	77,877
Provision for gratuity and vacation benefits	5,038	5,091
Finance costs	65,646	120,242
Loss on disposal of fixed assets	610	14
Allocation to Worker's Profit Participation Fund	8,575	1,751
Amortisation of deferred income	-	(1,438)
	185,948	203,537
Operating profit before working capital changes	348,881	236,815
(Increase)/decrease in current assets		
Stores, spares and loose tools	(39,061)	(54,742)
Stock-in-trade	(65,169)	(46,803)
Trade debts	(3,522)	4,891
Loans and advances	(2,133)	(6,772)
Deposits, prepayments and other receivables	(32,925)	(2,350)
Markup accrued	(514)	-
	(143,324)	(105,776)
Increase in current liabilities		
Trade and other payables	95,319	25,311
	(48,005)	(80,465)
Cash generated from operations	300,876	156,350
Payments in respect of :		
Financial charges	(116,371)	(15,171)
Taxes	(2,248)	(7,476)
Worker's Profit Participation Fund	-	(100)
Gratuity and vacation benefits	(2,860)	(1,846)
Dividend	(2)	(438)
	(121,481)	(25,031)
Decrease / (increase) in long term loans	476	(446)
(Increase) / decrease in long term deposits - net	(12,352)	229
Net cash inflow from operating activities	167,519	131,102
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	(493,444)	(31,800)
Proceeds from sale of fixed assets	3,166	(4)
Net cash used in investing activities	(490,278)	(31,804)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from right issue	477,186	-
Redeemable capital and long term loans	(66,681)	(61,439)
Liabilities against assets subject to finance lease	88,834	-
Short term borrowing obtained	50,000	9,838
Net cash inflow from / (used in) financing activities	549,339	(51,601)
Net increase in cash and bank balances	226,580	47,697
Cash and bank balances at the beginning of the period	37,199	18,808
Cash and bank balances at the end of the period	263,779	66,505

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

JAVED ALI KHAN
Chief Executive

WAJAHAT A. BAQAI
Director

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF ENDED DECEMBER 31, 2004
(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 subjected to limited scope review by external auditors and 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	56,069	-
Coal firing system	2,602	-
Vehicles	7,278	5,932
	<u>65,949</u>	<u>5,932</u>
Capital work in progress		
Civil works	81,940	-
Plant and machinery	57,805	-
Advance to suppliers	322,364	-
Unallocated capital expenditure	22,639	-
4.1	<u>484,748</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. 92 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	<u>1,431,557</u>	<u>954,371</u>
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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 under review, 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 HALF ENDED DECEMBER 31, 2004
(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. SHORT TERM BORROWING - secured

Represents finance under markup arrangement obtained from a financial institution. It carries a markup rate of 10.25% per annum and is repayable by February 17, 2005. The facility is secured by second mortgage charge on fixed assets, stores and spares and personal guarantee of the director of the Company.

9. CONTINGENCIES AND COMMITMENTS

9.1 There has been no significant change in the contingencies as given in the financial statements for the year ended June 30, 2004.

9.2 Commitments in respect of outstanding letters of credit inclusive of capital commitments amount to Rs. 1,052 million (June 30, 2004: 206.015 million).

10. COST OF SALES

	Half year ended		Quarter ended	
	Dec 31, 2004	Dec 31, 2003	Dec 31, 2004	Dec 31, 2003
	(Rupees in '000)			
Raw material consumed	53,356	36,192	28,398	18,418
Packing material consumed	50,201	41,203	24,017	18,027
Fuel and power	377,265	219,298	207,107	107,623
Stores and spares consumed	21,121	13,908	9,780	5,272
Salaries, wages and benefits	35,050	39,478	14,431	20,619
Insurance	2,402	2,228	1,202	1,317
Repairs and maintenance	6,731	4,051	3,879	1,928
Depreciation	103,707	75,359	51,718	36,512
Other manufacturing expenses	9,495	9,178	4,944	5,299
	605,972	404,703	317,078	196,597
Work in process				
Opening	23,380	27,649	16,671	32,322
Closing	(91,427)	(50,961)	(91,427)	(50,961)
	(68,047)	(23,312)	(74,756)	(18,639)
Cost of goods manufactured	591,281	417,583	270,720	196,376
Finished goods				
Opening	20,983	15,759	28,336	25,366
Closing	(17,590)	(27,204)	(17,590)	(27,204)
	3,393	(11,445)	10,746	(1,838)
	<u>594,674</u>	<u>406,138</u>	<u>281,466</u>	<u>194,538</u>

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE HALF ENDED DECEMBER 31, 2004
 (UN AUDITED)**

11. TRANSACTIONS WITH RELATED PARTIES

	Dec 31, 2004	Dec 31, 2003
	(Rupees in '000)	
Arrangements under lease financing	<u>44,447</u>	<u>-</u>
Deposit account	<u>132,079</u>	<u>-</u>
Advance against plant and machinery	<u>34,312</u>	<u>-</u>
Contribution to staff provident fund	<u>1,871</u>	<u>1,906</u>

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

12. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on February 21, 2005 by the Board of Directors of the Company

13. GENERAL

13.1 The figures of the profit and loss account for the quarters ended December 31, 2004 and December 31, 2003 have not been subject to a limited scope review, as the scope of the review covered only the cumulative figures for the half year ended December 31, 2004.

13.2 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.

13.3 Rupees have been rounded off to nearest thousands.

JAVED ALI KHAN
 Chief Executive

WAJAHAT A. BAQAI
 Director