



PIONEER  
CEMENT LTD.



# **PIONEER CEMENT LIMITED**

**FINANCIAL STATEMENTS FOR THE QUARTER ENDED  
SEPTEMBER 30, 2007**

## **CORPORATE INFORMATION**

### **BOARD OF DIRECTORS**

#### **Chairman**

Mr. Manzoor Hayat Noon

#### **Managing Director & CEO**

Mr. Javed Ali Khan

#### **Non Executive Director**

Mr. K. Iqbal Talib

Mr. Adnan Hayat Noon

Mr. Salman Hayat Noon

Mr. Wajahat A. Baqai (NBP)

Mr. Rafique Dawood (FDIB)

#### **Independent Non Executive Director**

Mr. Cevdet DAL

Mr. Etrat Hussain Rizvi

Mr. Saleem Shahzada

### **AUDIT COMMITTEE**

#### **Chairman**

Mr. Rafique Dawood (FDIB)

#### **Members**

Mr. Salman Hayat Noon

Mr. Adnan Hayat Noon

Mr. Etrat Hussain Rizvi

Mr. Wajahat A. Baqai (NBP)

### **CHIEF FINANCIAL OFFICER**

Mr. Muhammad Saleem

### **COMPANY SECRETARY**

Syed Anwar Ali

**INTERNAL AUDITOR**

Mr. Muahammad Zafar Qidwai

**STATUTORY AUDITORS**

Ford Rhodes Sidat Hyder & Co.

**COST AUDITORS**

Siddiqui & Co.

**LEGAL ADVISORS**

Hassan & Hassan

Sayeed & Sayeed

**BANKS**

The Bank of Punjab

National Bank of Pakistan

Bank Islami Pakistan Limited

Hong Kong Shanghai Banking Corporation

Prime Commercial Bank Limited

Askari Commercial Bank Limited

Bank Al-Habib Limited

Habib Bank Limited

United Bank Limited

MCB Bank Limited

**HEAD OFFICE**

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Sarwar Shaheed Road,

Karachi, Pakistan

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Email: [pioneer@pioneercement.com](mailto:pioneer@pioneercement.com)

**REGISTERED OFFICE / MARKETING OFFICE**

1st Floor, Al-Falah Building,

Shahrah-e-Quaid-e-Azam,

Lahore, Pakistan

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**WEBSITE**

[www.pioneercement.com](http://www.pioneercement.com)

## **DIRECTORS' REPORT TO THE MEMBERS**

On behalf of the Board of Directors of your Company, I would like to present before you the financial statements of your company for the 1<sup>st</sup> quarter ended September 30, 2007.

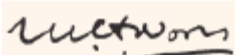
During the quarter under review your Company was able to produce 70.91% higher quantity of cement i.e. 398,590 tons compared to corresponding quarter last year (2006: 233,225 tons) and also sold 86.97% higher quantity of cement i.e. 427,496 tons compared to corresponding quarter last year (2006: 228,643 tons). Despite substantial growth in sales volume, the net sales revenue in terms of value increased only by 45.92 % due to the drastic decline in net retention. As stated earlier in last financial statements that the prices of the cement remained under pressure and about 35 % decline was recorded in average prices of cement in the domestic market. Unfortunately, the same trend has prevailed in the quarter under review. On the other hand cost of production went up especially due to rising trend in the prices of imported coal and packing material. These rising costs coupled with increased financial charges adversely affected the financial results for the period. The Company sustained a loss of Rs. 121.840 million as compared to the profit of Rs.13.294 million earned for the corresponding quarter last year.

The future outlook, however, looks promising as the plant operations are improving further while the demand of cement has been rising both in the domestic market as well as in neighbouring countries like India, Iran, Afghanistan, Gulf States like Qatar and Iraq and African States. Your Company has successfully harnessed the possibility of export clinker to overseas market. During the period under review the Company exported 44,000 tons of cement and 29,000 tons of clinker. At present the Company has confirmed letter of credits for 98,000 tons of clinker and another 100,000 tons of clinker under finalization.

During quarter under review the Company was awarded permission by the Bureau of Indian Standard (BIS) for export to India. Special bags for export to India are being manufactured by the suppliers and the exports particularly by road are likely to commence shortly. Export of cement via road is expected to fetch a very good price to the Company because of the location of the plant which is nearest to the Wagah Boarder.

We are grateful to our bankers, contractors, suppliers and distributor for their continued cooperation.

We also acknowledge the dedication of our employees for putting in their best to achieve optimum results.



**MANZOOR HAYAT NOON**  
**CHAIRMAN**

October 30<sup>th</sup> 2007

Lahore

**PIONEER CEMENT LIMITED**  
**BALANCE SHEET**  
**AS AT SEPTEMBER 30, 2007**  
**(UNAUDITED)**



	Note	September 30, 2007	June 30, 2007
Rupees in '000'			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	7,517,046	7,510,640
Long term loans		7,897	7,248
Long term deposits		126,303	126,317
		<u>7,651,246</u>	<u>7,644,205</u>
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		408,051	416,586
Stock-in-trade		136,320	150,294
Assets held for disposal		32,847	32,847
Trade debts - unsecured, considered good		143,221	29,717
Loans and advances		37,549	24,629
Deposits and prepayments		5,994	1,041
Other receivables		456	229
Current portion of long term deposits		1,950	1,950
Sales tax - net		-	3,507
Cash and bank balances		118,831	305,492
		<u>885,219</u>	<u>966,292</u>
<b>TOTAL ASSETS</b>		<b><u>8,536,465</u></b>	<b><u>8,610,497</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized capital		<u>2,500,000</u>	<u>2,500,000</u>
Issued, subscribed and paid-up capital		1,698,148	1,698,148
Reserves		284,420	398,076
		<u>1,982,568</u>	<u>2,096,224</u>
<b>SURPLUS ON REVALUATION OF FIXED ASSETS</b>		566,018	574,203
<b>NON-CURRENT LIABILITIES</b>			
Long term financing		54,458	72,603
Liabilities against assets subject to finance lease		427,876	486,577
Long term musharika		50,000	50,000
Long term deposits		1,387	5,247
Long term creditor		21,497	21,497
Deferred liabilities		947,263	1,010,587
Long term loans		2,229,492	2,293,709
		<u>3,731,973</u>	<u>3,940,220</u>
<b>CURRENT LIABILITIES</b>			
Creditors against expansion project		268,954	283,428
Trade and other payables		528,997	392,894
Interest / mark up accrued		101,663	72,176
Murabaha finance - secured	5	181,234	99,720
Current portion of long term liabilities		1,163,339	1,150,772
Sales tax payable		9,188	-
Taxation - net		2,531	860
		<u>2,255,906</u>	<u>1,999,850</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	6	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>8,536,465</u></b>	<b><u>8,610,497</u></b>

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

**JAVED ALI KHAN**  
**CHIEF EXECUTIVE**

**MANZOOR HAYAT NOON**  
**CHAIRMAN**



**PIONEER CEMENT LIMITED  
CASH FLOW STATEMENT  
FOR THE PERIOD ENDED SEPTEMBER 30, 2007  
(UNAUDITED)**



	Note	September 30, 2007 (Rupees in '000')	September 30, 2006
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	8	60,321	107,349
Finance cost paid		(127,434)	(135,067)
Income tax paid		(3,433)	(3,241)
Gratuity and compensated absences paid		(10,191)	(6,636)
Decrease in long term loans		(648)	453
Increase in long term deposits - net		3,848	(144)
<b>Net cash inflow from operating activities</b>		(137,858)	(144,635)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(57,294)	(140,704)
Proceeds from sale of fixed assets		1,026	-
<b>Net cash used in investing activities</b>		(56,268)	(140,704)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Disbursement against murabaha finance		82,162	99,720
Repayment of long term loans		(76,617)	(50,927)
Repayment of long term finance		(16,435)	(10,185)
Lease Finance obtained-net of repayments		(41,716)	121,395
Dividend paid		(250)	-
		(52,856)	160,003
<b>Net cash inflow from / (used in) financing activities</b>		(109,124)	19,299
<b>Net increase in cash and bank balances</b>		(186,661)	(17,987)
<b>Cash and bank balances at the beginning of the period</b>		305,492	71,905
<b>Cash and bank balances at the end of the period</b>		<b>118,831</b>	<b>53,918</b>

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

**JAVED ALI KHAN  
CHIEF EXECUTIVE**

**MANZOOR HAYAT NOON  
CHAIRMAN**

**PIONEER CEMENT LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2007**  
**(UNAUDITED)**



	Issued, subscribed and paid-up capital	Capital reserve	Revenue reserve	Total reserves	Total equity
		Share premium	Accumulated (loss)/profit		
<b>Balance as at July 31, 2006</b>	1,624,839	73,309	623,915	697,224	2,322,063
Proposed issue of bonus shares	-	(73,309)	73,309	-	-
Proposed dividend	-	-	(162,484)	(162,484)	(162,484)
Profit/(Loss) for the period ended Sept 30,2006 after	-	-	13,294	13,294	13,294
Surplus on revaluation of fixed assets realized through incremental depreciation charges on related assets for the period-net of tax	-	-	6,962	6,962	6,962
<b>Balance as at September 30, 2006</b>	<b>1,624,839</b>	<b>-</b>	<b>554,996</b>	<b>554,996</b>	<b>2,179,835</b>
<b>Balance as at July 31, 2007</b>	1,698,148	-	398,076	398,076	2,096,224
Profit/(Loss) for the period ended Sept 30,2007	-	-	(121,840)	(121,840)	(121,840)
Surplus on revaluation of fixed assets realized through incremental depreciation charges on related assets for the period-net of tax	-	-	8,184	8,184	8,184
<b>Balance as at September 30, 2007</b>	<b>1,698,148</b>	<b>-</b>	<b>284,420</b>	<b>284,420</b>	<b>1,982,568</b>

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

**JAVED ALI KHAN**  
CHIEF EXECUTIVE

**MANZOOR HAYAT NOON**  
CHAIRMAN



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2007  
(UNAUDITED)**

**1 STATUS AND NATURE OF BUSINESS**

The company was incorporated in Pakistan as a public company limited by shares on February 09, 1986. Its shares are quoted on all stock exchanges in Pakistan. The registered office of the company is situated at 1st Floor, Al - Falah Building, Shahrah-e-Quaid-e-Azam, Lahore. The principle 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, 2007.

**3 ACCOUNTING POLICIES**

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, 2007.

**4 PROPERTY , PLANT AND EQUIPMENT**

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

<b>Operating Fixed Assets</b>	Additions	Deletions / Transfer
	(Rupees in '000)	
Plant & Machinery	109,867	-
Furniture, Fixture & Equipments	582	750
Computer Accessories	639	190
Vehicles	5,553	-
	<u>116,641</u>	<u>940</u>
<b>Capital work in progress</b>		
Civil works	<u>4,759</u>	<u>1,900</u>

**5 MURABAHA FINANCE - secured**

The increase in murabaha finance represent the new facility obtained from First Dawood Investment Bank Limited, and repayable in 12 monthly installment commencing from Sep, 2007. The rate of profit is 6 months KIBOR plus 4.5 % per annum and secured against pledge of stock of coal.

**6 CONTINGENCIES AND COMMITMENTS**

- 6.1** There has been no significant change in the contingencies as given in the financial statements for the year ended June 30, 2007.
- 6.2** Commitments in respect of outstanding letters of credit inclusive of capital commitments amount to Rs. 173.748 million (June 30, 2007: 52.002 million).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2007  
(UNAUDITED)**

**7 COST OF SALES**

	September 30, 2007	September 30, 2006
<b>Raw material consumed</b>	81,596	43,678
Packing material consumed	87,738	41,212
Fuel and power	528,666	334,057
Stores and spares consumed	21,658	26,859
Salaries, wages and benefits	46,480	49,767
Travelling and conveyance	3,301	4,642
Insurance	2,650	1,471
Repairs and maintenance	13,789	12,577
Communication	723	439
Fee and subscription	443	298
Depreciation	107,697	80,748
Other manufacturing expenses	1,784	2,201
	814,929	554,271
<b>Work in process</b>		
Opening	110,600	44,196
Closing	(75,286)	(45,965)
	35,314	(1,769)
<b>Cost of goods manufactured</b>	931,839	596,180
<b>Finished goods</b>		
Opening	9,236	16,495
Closing	(9,504)	(27,997)
	(268)	(11,502)
	931,571	584,678

**8 CASH GENERATED FROM OPERATIONS**

Profit before taxation	(154,118)	17571
Adjustment for non-cash charges and other items:		
Depreciation	112,462	84,949
Provision for gratuity and compensated absences	3,365	4,414
Finance cost	108,132	72,947
Loss / (profit) on disposal of fixed assets	(250)	-
Workers' Profit Participation Fund	-	925
Exchange loss	-	(3,900)
	223,709	159,335
<b>Cash flow before working capital changes</b>	69,591	176,906
<b>Working Capital changes:</b>		
(Increase)/decrease in current assets:		
- Stores, spares and loose tools	8,534	(32,633)
- Stock-in-trade	13,973	(18,362)
- Trade debts	(113,504)	(5,177)
- Loans and advances	(12,920)	(3,484)
- Deposits and prepayments	(4,953)	(1,450)
- Other receivables	(227)	188
	(109,097)	(60,918)
(Decrease)/increase in current liabilities:		
- Creditors against expansion project	(44,700)	(12,480)
- Trade and other payables	138846	26,560
- Sales tax payable	5,681	(22,719)
	99,827	(8,639)
<b>Cash generated from operations</b>	60,321	107,349

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2007  
(UNAUDITED)**

	Quarter ended	
	September 30, 2007	September 30, 2006
<b>9 BASIC EARNINGS PER SHARE -BASIC AND DILUTED</b>		
Profit after taxation (Rupees in '000)	(121,840)	13,294
Weighted average number of ordinary shares in issue (in '000)	<u>169,815</u>	<u>169,815</u>
Basic earnings per share -Basic and diluted	<u>(0.72)</u>	<u>0.08</u>

**10 TRANSACTION WITH RELATED PARTIES**

**Associated Companies:**

**- Common Directorship**

Repayment of Lease Financing	10,498	10,992
Finance Cost Paid	4,944	8,489
Retirement Benefits (Provident Fund)	1,331	1,415

The company has refunded the amount to other related parties during the period against payment made by them on behalf of the company.

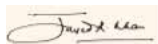
The above transaction are at arm's length using admissible valuation methods.

**11 DATE OF AUTHORIZATION FOR ISSUE**

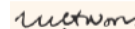
These financial statements have been authorized for issue on October 30, 2007 by the Board of the Company.

**12 GENERAL**

Rupees have been rounded off to nearest thousands.



**JAVED ALI KHAN**  
CHIEF EXECUTIVE



**MANZOOR HAYAT NOON**  
CHAIRMAN