

Contents

Corporate Information	3
Directors' Report to the Members	4
Balance Sheet	5
Profit and Loss Account	6
Cash Flow Statement	7
Statement of Changes in Equity	8
Notes to the Financial Statements	9

Corporate Information

BOARD OF DIRECTORS

Chairman

Mr. Manzoor Hayat Noon

Managing Director & CEO

Mr. Javed Ali Khan

Non-Executive Directors

Mr. K. Iqbal Talib

Mr. Adnan Hayat Noon

Mr. Salman Hayat Noon

Mr. Wajahat A. Baqai (NBP)

Mr. Rafique Dawood (FDIB)

Independent Non-Executive Directors

Mr. Cevdet DAL

Mr. Etrat Hussain Rizvi

Mr. Saleem Shahzada

AUDIT COMMITTEE

Chairman

Mr. Rafique Dawood (FDIB)

Members

Mr. Adnan Hayat Noon

Mr. Salman Hayat Noon

Mr. Etrat Hussain Rizvi

Mr. Wajahat A. Baqai (NBP)

CHIEF FINANCIAL OFFICER

Mr. Muhammed Saleem

COMPANY SECRETARY

Syed Anwar Ali

INTERNAL AUDITOR

Mr. Muhammad 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

The Hong Kong & Shanghai Banking Corporation Ltd.

The Royal Bank of Scotland

Askari Commercial Bank Limited

Bank Al-Habib Limited

Habib Bank Limited

United Bank Limited

MCB Bank Limited

HEAD OFFICE

7th Floor, Lakson Square Building No.3,

Sarwar Shaheed Road,

Karachi, Pakistan

Telephone (021) 5685052-55

Fax (021) 5685051

Email: pioneer@pioneercement.com

REGISTERED OFFICE / MARKETING OFFICE

1st Floor, AlFalah Building,

Shahrah-e-Quaid-e-Azam,

Lahore, Pakistan

Telephone (042) 6284820 - 22

Fax (042) 6284823

Email: pcllahore@pioneercement.com

WEBSITE

www.pioneercement.com

Directors' Report

to the Members

On behalf of the Board of Directors of your Company, I would like to present the financial statements for the 1st quarter ended September 30, 2008.

During the quarter under review, your Company was able to produce 400,076 tons of clinker as compared to the same quarter of last year (2007: 382,642 tons), showing a modest increase of 5% over the same quarter of last year. Cement grinding was regulated in accordance with the demand of cement. During the quarter, 313,454 tons of cement was grounded as compared to the same quarter of last year (2007:398,590 tons). The factors affecting local demand such as prevailing economic meltdown, reduced Public Sector Development Programme(PSDP), disturbed law and order situation coupled with social unrest, hampered the construction activities. Exports however are still very promising. The Company exported 49,715 tons of cement and 91,658 tons of clinker out of the total exports of 141,373 tons. As compared to last year's figure of the same quarter (2007: 73,175), this reflects a sizeable growth of 93%. Exports contributed 17% towards overall dispatches and 14% towards capacity utilization.

During the quarter under review, the Company earned a gross profit of Rs.454.017 million as compared to the reported gross profit of the same quarter of last year, which was 47.573 million, an improvement of 843%. However, higher exporting expenses mainly due to substantial increase in transportation cost, reduced the reported gross profit to Rs. 212.187 million. Unfortunately, due to the uncontrolled depreciation of Pak Rupee against US\$ and Japanese Yen, the exchange loss in just three months totalled Rs.144.146 million. Additionally the hike in KIBOR rates also increased the financial charges to Rs.110.928 million which in fact should have been reduced because of prompt repayments of loan as compared to Rs.108.132 million in the same quarter of last year. After these charges on which the Company has no control, the profit remains at Rs.16.748 million as compared to loss of Rs.(122) million for the same quarter of last year.

Future Outlook on the cost side - The coal prices in international markets have dropped to US\$120 per ton from their peak level of US\$210 per ton, but the positive impact of this nose-dive in prices' will to a great extent be washed away by the continuous devaluation of Pak Rupee. However, the sustainable export volume can provide a natural hedge against this devaluation. On the other hand, the government announced an upward revision of power tariff by nearly 50% with different variable rates for peak and off-peak hours, which will also adversely affect the profit margins of the industry.

We are however grateful to our bankers, contractors, suppliers and distributors for their continued support, cooperation and trust in us.

We also acknowledge the dedication of our employees for putting in their best efforts for achieving optimum results for the Company.

Lahore : October 30, 2008



Manzoor Hayat Noon
Chairman

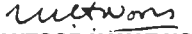
Balance Sheet

As at September 30, 2008 (Un-audited)

		September 30, 2008 (Rupees in '000')	June 30, 2008
	Note	(Unaudited)	(Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	9,471,418	9,570,865
Long-term loans - secured		6,081	6,415
Long-term deposits		107,978	108,001
		9,585,477	9,685,281
CURRENT ASSETS			
Stores, spares and loose tools		528,481	427,193
Stock-in-trade		143,238	68,691
Trade debts - unsecured, considered good		297,028	40,124
Loans and advances		59,450	63,048
Trade deposits and short-term prepayments		416	427
Other receivables		19,438	19,628
Current portion of long term deposits		18,290	18,290
Taxation-net		36,469	10,724
Cash and bank balances		32,048	139,183
		1,134,858	787,308
TOTAL ASSETS		10,720,335	10,472,589
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital		2,500,000	2,500,000
Issued, subscribed and paid-up capital		1,995,324	1,995,324
Reserves		344,765	310,136
		2,340,089	2,305,460
SURPLUS ON REVALUATION OF FIXED ASSETS - net of tax		2,363,609	2,239,856
NON-CURRENT LIABILITIES			
Long-term financing - secured		68,846	76,851
Liabilities against assets subject to finance lease		188,822	237,795
Long-term deposits		1,896	1,841
Long-term creditor - unsecured		15,114	15,114
Deferred liabilities		691,084	906,186
Long-term loans - secured		1,676,232	1,701,777
		2,641,994	2,939,564
CURRENT LIABILITIES			
Creditors against expansion project		19,210	29,594
Trade and other payables		1,183,729	863,265
Accrued interest / mark-up		135,815	110,932
Short-term finances		307,788	311,685
Short-term murabaha finance - secured		27,151	27,151
Short-term musharika finance - secured		40,000	40,000
Current portion of long term liabilities		1,640,200	1,597,817
Sales tax - net		20,750	7,265
		3,374,643	2,987,709
CONTINGENCIES AND COMMITMENTS	5	-	-
TOTAL EQUITY AND LIABILITIES		10,720,335	10,472,589

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


JAVED ALI KHAN
 Chief Executive


MANZOOR HAYAT NOON
 Chairman

Profit and Loss Account

for the period ended September 30, 2008 (Un-audited)

	Note	September 30, 2008	September 30, 2007
		(Rupees in '000')	
Gross turnover		2,179,602	1,419,693
Excise duty		239,237	273,404
Sales tax		216,251	154,787
Commission		11,381	12,358
		(466,869)	(440,549)
Net turnover		1,712,733	979,144
Cost of sales	6	(1,258,716)	(931,571)
Gross profit		454,017	47,573
Distribution costs	7	(218,485)	(74,147)
Administrative expenses		(23,857)	(21,158)
Other operating income		512	1,754
		212,187	(45,978)
Other operating expenses	8	(144,393)	(8)
		67,794	(45,986)
Finance cost		(110,928)	(108,132)
Loss before taxation		(43,134)	(154,118)
Taxation		59,882	32,278
Profit/(Loss) after taxation		16,748	(121,840)
		(Rupees)	(Rupees) Restated
Basic and diluted earnings/(loss) per share	10	0.08	(0.61)

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


JAVED ALI KHAN
 Chief Executive


MANZOOR HAYAT NOON
 Chairman

Cash Flow Statement

for the period ended September 30, 2008 (Un-audited)

	Note	September 30, 2008	September 30, 2007
(Rupees in '000')			
CASH FLOW FROM OPERATING ACTIVITIES	9	264,601	60,321
Income tax paid		(25,812)	(3,433)
Gratuity and compensated absences paid		(15,341)	(10,191)
Decrease in long term loans		334	(648)
Increase in long term deposits - net		77	3,848
Net cash inflow from operating activities		(40,742)	(10,424)
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure		(21,526)	(57,294)
Proceeds from sale of fixed assets		70	1,026
Net cash used in investing activities		(21,456)	(56,268)
CASH FLOW FROM FINANCING ACTIVITIES			
Murabaha finance		-	82,162
Long-term loans		(73,123)	(76,617)
Long-term finance		(4,657)	(16,435)
Liabilities against assets subject to finance lease		(58,763)	(41,716)
Short-term finance		(3,896)	-
Finance cost paid		(149,612)	(127,434)
Dividend paid		(55)	(250)
Net cash outflow from financing activities		(290,106)	(180,290)
Net decrease in cash and bank balances		(87,703)	(186,661)
Cash and cash balances at the beginning of the period		92,297	305,492
Cash and cash balances at the end of the period		4,594	118,831
Cash and cash equivalents comprise:			
Cash and bank balances		32,048	-
Book overdraft		(27,454)	-
		4,594	-

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


JAVED ALI KHAN
Chief Executive


MANZOOR HAYAT NOON
Chairman

Statement of Changes in Equity

for the period ended September 30, 2008 (Un-audited)

	Issued, subscribed and paid-up capital	Capital reserve share premium	Revenue reserve accumulated profit/(loss)	Total reserves	Total equity
(Rupees in '000')					
Balance as at June 30, 2007	1,698,148	-	398,076	398,076	2,096,224
Loss for the period	-	-	(121,840)	(121,840)	(121,840)
Surplus on revaluation of fixed asset realized through incremental depreciation charges on related assets for the period – net of tax	-	-	8,184	8,184	8,184
Balance as at September 30, 2007	1,698,148	-	284,420	284,420	1,982,568
Balance as at June 30, 2008	1,995,324	59,435	250,701	310,136	2,305,460
Profit for the period	-	-	16,748	16,748	16,748
Surplus on revaluation of fixed asset realized through incremental depreciation charges on related assets for the period – net of tax	-	-	17,881	17,881	17,881
Balance as at September 30, 2008	1,995,324	59,435	285,330	344,765	2,340,069

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, 2008 (Un-audited)

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** 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, Alfalah Building, Shahrah-e-Quaid-e-Azam, Lahore. The principal activity of the Company is manufacturing and sale of cement.
- 1.2** The Company commenced its operation with an installed capacity of 2,000 tons per day clinker. During 2005, the capacity was optimized to 2,350 tons per day. During the year ended June 30, 2006, another production line of 4,300 tons per day clinker capacity was completed which started commercial operations from April 2006.
- 1.3** 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 neighboring countries and curtailing financing cost by means of Sukook financing and convertible loan into equity.

2. BASIS OF PREPARATION

These unaudited financial statements are 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 (IAS) - 34 "Interim Financial Reporting" as applicable in Pakistan.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the 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, 2008.

		September 30, 2008	June 30, 2008
		(Rupees in '000)	
	Note	(Un-Audited)	(Audited)
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	9,388,573	9,508,720
Capital work-in-progress	4.2	82,845	62,145
		<u>9,471,418</u>	<u>9,570,865</u>
4.1 Operating fixed assets			
Opening book value		9,508,720	7,509,855
Additions during the period/year			
Land		-	** 29,325
Factory buildings		-	** 372,250
Plant and machinery		421	**2,033,759
Furniture and fixture		51	1,671
Office and other equipments		-	2,106
Computer and accessories		354	2,017
		826	2,441,128
Deletion during the period (at book value)		(58)	(2,409)
Depreciation charged during the period/year		(120,915)	(439,854)
		(120,973)	(442,263)
		<u>9,388,573</u>	<u>9,508,720</u>

** additions to operating fixed assets includes the effect of revaluation carried out during 2008.

Notes to the Financial Statements

for the period ended September 30, 2008 (Un-audited)

	September 30, 2008	June 30, 2008
	(Rupees in '000)	
Note	(Un-Audited)	(Audited)
4.2 Capital work in progress		
Opening balance	62,145	785
Additions during the period/year		
Factory building	850	11,314
Plant and machinery	19,850	117,085
	<u>20,700</u>	<u>128,399</u>
	82,845	129,184
Transferred to operating fixed assets	-	(67,039)
	<u>82,845</u>	<u>62,145</u>

5. CONTINGENCIES AND COMMITMENTS

5.1 There has been no significant change in the contingencies as given in the financial statements for the year ended June 30, 2008.

5.2 Commitments in respect of outstanding letters of credit amounting to Rs.38.446 million (June 30, 2008 Rs.52.240 million).

	September 30, 2008	September 30, 2007
	(Rupees in '000')	
6. Cost of sales		
Raw material consumed	73,405	81,596
Packing material consumed	91,464	87,738
Fuel and power	925,133	528,666
Stores and spares consumed	42,253	21,658
Salaries, wages and benefits	47,719	46,480
Travelling and conveyance	4,923	3,301
Insurance	2,435	2,650
Repairs and maintenance	12,268	13,789
Communication	580	723
Fee and subscription	469	443
Depreciation	116,130	107,697
Other manufacturing expenses	1,451	1,784
	<u>1,318,230</u>	<u>896,525</u>
Work in process		
Opening balance	13,068	110,600
Closing balance	(34,419)	(75,286)
	<u>(21,351)</u>	<u>35,314</u>
Cost of goods manufactured	<u>1,296,879</u>	<u>931,839</u>
Finished goods		
Opening balance	11,936	9,236
Closing balance	(50,099)	(9,504)
	<u>(38,163)</u>	<u>(268)</u>
	<u>1,258,716</u>	<u>931,571</u>

Notes to the Financial Statements
for the period ended September 30, 2008 (Un-audited)

	September 30, 2008	September 30, 2007
	(Rupees in '000')	
7. DISTRIBUTION COST		
Salaries, Wages and benefits	6,763	7,900
Travelling and conveyance	189	448
Vehicle running expenses	1,059	819
Communication expenses	540	566
Printing and stationery	386	275
Rent, rates and taxes	469	463
Utilities	370	401
Repair and maintenance	535	313
Legal and professional charges	598	477
Insurance	201	226
Fee and subscription	546	284
Advertisement and sales promotion	-	513
Freight and handling charges export sales	205,574	60,489
Entertainment	210	160
Depreciation	886	813
Others	159	-
	218,485	74,147
8. OTHER OPERATING EXPENSES		
Exchange loss	144,146	-
Donations	112	2
Others	135	6
	144,393	8
<p>Effective from October 2007, the exchange differences arising on translation of foreign currency borrowings have been charged to profit and loss account in accordance with International Accounting Standards (IAS) - 21 "The Effect of Changes in Foreign Exchange Rates". Previously these exchange differences were capitalized/adjusted as part of cost of the related assets as allowed under Circular No.1 of January 19, 2005 issued by the Securities and Exchange Commission of Pakistan.</p>		
9. CASH GENERATED FROM OPERATIONS		
Loss before taxation	(43,134)	(154,118)
Adjustment for non-cash charges and other items:		
Depreciation	120,915	112,462
Provision for gratuity and compensated absences	5,266	3,365
Finance cost	110,928	108,132
Loss on disposal of fixed assets	(11)	(250)
Exchange loss	144,146	-
	381,244	223,709
Cash flow before working capital changes	338,110	69,591
Working Capital changes:		
(Increase)/decrease in current assets:		
Stores, spares and loose tools	(101,288)	8,534
Stock-in-trade	(74,548)	13,973
Trade debts	(256,905)	(113,504)
Loans and advances	3,598	(12,920)
Deposits and prepayments	11	(4,953)
Other receivables	190	(227)
	(428,942)	(109,097)

Notes to the Financial Statements

for the period ended September 30, 2008 (Un-audited)

	September 30, 2008	September 30, 2007
	(Rupees in '000')	
(Decrease)/increase in current liabilities:		
Creditors against expansion project	(7,367)	(44,700)
Trade and other payables	349,314	138,846
Sales tax payable	13,486	5,681
	355,433	99,827
Cash generated from operations	264,601	60,321

	For the period ended	
	September 30, 2008	September 30, 2007
10. BASIC EARNINGS PER SHARE -BASIC AND DILUTED		
Profit/(Loss) after taxation (Rupees in '000)	16,748	(121,840)
		restated
Weighted average number of ordinary shares in issue (in '000')	199,532	199,532
Basic earnings per share -Basic and diluted	0.08	(0.61)
11. TRANSACTIONS WITH RELATED PARTIES		
Entities having directors in common with the Company		
Repayment against lease financing	11,964	10,498
Finance cost paid	13,429	4,944
12. Staff retirement contribution plan		
Contribution to staff provident fund	1,661	1,331
Contribution to staff gratuity fund	5,282	3,365

13. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorized for issue on October 30, 2008 by the board of directors of the Company.

GENERAL

The figures of the corresponding period have been re-arranged wherever necessary. However, there were no material classifications to report.

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


JAVED ALI KHAN
 Chief Executive


MANZOOR HAYAT NOON
 Chairman