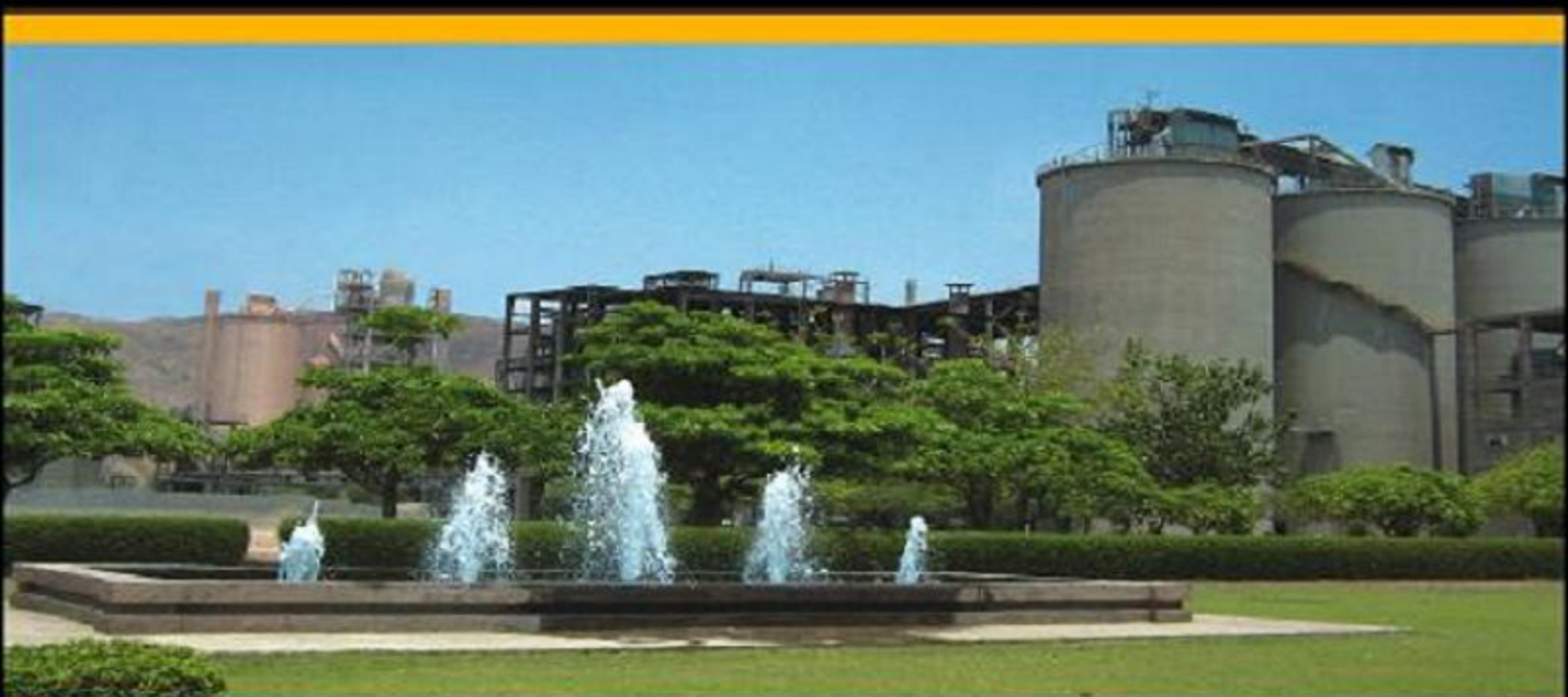




**PIONEER
CEMENT LTD.**

ENDURING STRENGTH



For the period ended September 30, 2011

2011
Quarterly Accounts

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Corporate Information

Board of Directors

Mr. Asif H. Bukhari
Mr. Aly Khan
Mr. Cevdet Dal
Mr. Etrat Hussain Rizvi
Mr. Omer Adil Jaffar
Mr. Saleem Shahzada
Mr. William Gordon Rodgers
Mr. Javed Haider (NBP)
Mr. Rafique Dawood (FDIB)
Syed Mazher Iqbal (MD & CEO)

Audit Committee

Chairman

Mr. Rafique Dawood (FDIB)

Members

Mr. Saleem Shahzada
Mr. William Gordon Rodgers
Mr. Javed Haider (NBP)

Chief Financial Officer

Mr. Amjad Waqar

Company Secretary

Syed Anwar Ali

Chief Internal Auditor

Mr. Jamal-ud-Din

Senior Management

Shaikh Javed Elahi
Executive Director Operation

Mr. Rizwan Butt
GM Marketing & Sales

Mr. M. Saleem Waheed
GM M.I.S

Statutory Auditors

Ernst & Young Ford Rhodes Sidat Hyder
(Chartered Accountants)

Cost Auditors

Siddiqui & Co.

Bankers

Askari Bank Limited
Bank Al Habib Limited
Bank Islami Pakistan Limited
Habib Bank Limited
Faysal bank Limited
JS Bank Limited
Meezan Bank Limited
MCB Bank Limited
National Bank of Pakistan
The Bank of Punjab
United Bank Limited

Head Office

7th Floor, Lakson Square,
Building No. 3,
Sarwar Shaheed Road,
Karachi, Pakistan.
Telephone: (021) 35685052-55
Fax: (021) 35685051
Email: pioneer@pioneercement.com

Web Site: www.pioneercement.com

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Opp. Jinnah High School,
Multan.

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Fax: (061) 6510405

Office No 3, 2nd Floor,
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New Civil Lines
Faisalabad.
Telephone: (041) 2630030, 2640406-7
Fax: (041) 2630923

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Peshawar Cantt.
Telephone: (091) 5262707
Fax: (091) 5262524

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Fax: (042) 36284823
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66, Garden Block,
New Garden Town,
Lahore, Pakistan.
Telephone: (042) 35831462-3
Email: shares@pioneercement.com

Factory

Chenki, District Khushab,
Punjab, Pakistan.
Telephone: (0454) 720832-3
Fax: (0454) 720832
Email: factory@pioneercement.com

Directors' Report

The directors of your Company are pleased to present the report for the first quarter ended September 30, 2011.

The Cement Sector:

The financial year ended June 30, 2011 was some respite after the turbulent 2010 in which most of the cement manufacturers, particularly those located in North, incurred heavy losses. The sector is still in search of a price level which can mitigate constantly increasing input costs, particularly fuel, energy and transportation which happen to be the major input cost. The stability of market price is the key to success and survival of the cement industry.

Business Performance:

Production and Sales:

The Company produced 247,162 tons clinker during the quarter ended September 30, 2011 compared to 264,888 tons produced in the corresponding period last year, a decrease of 7%. The cement production also decreased 5% to stand at 276,029 tons, compared to 290,887 tons in the corresponding period. The decrease in production owed to the depressed demand.

The total volumetric sales during the quarter under review stood at 274,727 tons which is 2% less than 279,524 tons sold in the corresponding period last year. The sales comprised 224,147 tons of domestic dispatches and 50,580 tons of exports, compared to 237,699 tons and 41,825 tons of domestic and export sales respectively in the same period last year. The 6% decrease in domestic sales was balanced by the 21% increase in exports.

Financial Results:

The summary of financial result is summarized as under:

	Jul-Sep 2011	Jul-Sep 2010	Variance
	Rs. in million		%
Net sales	1,348.01	1,028.60	31%
Cost of goods sold	1,106.33	932.60	19%
Gross profit	241.68	96.00	152%
Operating expenses / income	24.54	31.10	-21%
Operating profit	217.14	64.90	235%
Finance cost and exchange loss	178.40	159.13	12%
Pretax profit / (loss)	38.74	(94.23)	-

The net sales revenue of Rs.1,348 million shows an increase of 31% over Rs.1,029 million earned in similar period last year, when the sector was in a price war situation, not able to recover the input costs, suffering huge losses. The increase in sales revenue is attributed to price increase, as well as concerted marketing efforts to sell in close vicinity to Plant resulting in better net selling prices due to lower transportation cost.

The current quarter cost of goods sold amounting Rs.1,106 million shows an increase of 19%, compared to similar period last year. The major increase is in fuel and power cost, which increased by 21% compared to same period last year. Other factors of price increase are packing material and repair & maintenance.

The Company managed to improve the gross profit ratio by 9% compared to corresponding period. The current quarter gross profit ratio stands at 18%. The Company's efforts for rationalizing operating expenses resulted in 21% decrease in operating expenses, helping achieve operating profit of Rs.217 million compared to Rs.65 million in corresponding period last year.

The Company generated a pretax profit of Rs.39 million in the period under review compared to loss of Rs.94 million in the same period last year. The profit for the review period was impacted by Rs.84 million on account of devaluation of Pak Rupee.

Future Prospects:

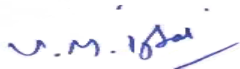
The future outlook of the sector remains apprehensive due to less than anticipated domestic demand after the devastating floods. In addition, export of cement is also on the decline since last two years.

The domestic demand is expected to increase once the construction of new dams starts. The recently announced reduction in discount rate by SBP is also expected to bring stimulus to the economy, which shall spur the development and construction activities. It shall also provide much needed breather on the finance cost to the cement industry which require significant financing due to high capital and operating cost.

The Company is focused on reduction in production cost by optimum utilization of plant, rationalization of operating cost through cost saving measure and improvement in net selling prices by increasing sales in close vicinity with lower transportation cost. All these measures along with reduction in finance costs after financial restructuring and reduction in discount rate will help improve the profitability of the Company.

Acknowledgement:

The board is thankful to all the stakeholders including shareholders, bankers, suppliers, distributors and regulators for their continued support, trust and cooperation.



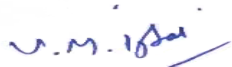
Syed Mazher Iqbal
Chief Executive Officer

October 25, 2011
Karachi

Pioneer Cement Limited
Condensed Interim Balance Sheet
As at September 30, 2011

		September 30, 2011 (Un-audited)	June 30, 2011 (Audited)
	Note	----- Rupees in'000' -----	
Assets			
Non - Current Assets			
Property, plant and equipment	4	8,536,409	8,612,974
Intangible assets		934	989
		<u>8,537,343</u>	<u>8,613,963</u>
Long term loans - secured, considered good		187	201
Long term deposits - considered good		49,005	49,005
		<u>8,586,535</u>	<u>8,663,169</u>
Current Assets			
Stores, spares and loose tools	5	745,341	672,489
Stock - in - trade		176,973	160,926
Trade debts - unsecured, considered good		31,573	21,475
Loans, advances, trade deposits and short term prepayments - considered good		89,948	65,043
Other receivables		28,197	29,437
Current portion of long term deposits		10,000	10,000
Taxation - net		77,453	74,649
Cash and bank balances		86,417	150,172
		<u>1,245,902</u>	<u>1,184,191</u>
		<u>9,832,437</u>	<u>9,847,360</u>
Total Assets			
Equity and Liabilities			
Share Capital and Reserves			
Authorized capital		<u>3,500,000</u>	<u>3,500,000</u>
Issued, subscribed and paid-up capital		2,271,489	2,271,489
Reserves		222,425	195,136
		<u>2,493,914</u>	<u>2,466,625</u>
Surplus on revaluation of fixed assets		2,045,427	2,058,777
Non - Current Liabilities			
Long term loans - secured		294,766	368,919
Long term financing - secured		26,736	35,648
Liabilities against assets subject to finance lease	6	75,234	87,505
Deferred liabilities		426,212	423,903
Long term deposits		1,779	1,763
		<u>824,727</u>	<u>917,738</u>
Current Liabilities			
Trade and other payables		554,905	689,561
Interest / markup accrued		485,829	440,492
Short term murabaha - secured	7	195,673	124,954
Short term borrowings - secured	8	555,035	560,561
Current portion of long term liabilities		2,669,324	2,557,861
Sales tax - net		7,603	30,791
		<u>4,468,369</u>	<u>4,404,220</u>
Contingencies and commitments	9		
		<u>9,832,437</u>	<u>9,847,360</u>
Total Equity and Liabilities			

The accounting policies and explanatory notes form an integral part of these financial statements.

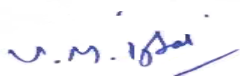

Syed Mazher Iqbal
 Chief Executive Officer


Etrat Hussain Rizvi
 Director

Pioneer Cement Limited
Condensed Interim Profit and Loss Account
for the Quarter ended September 30, 2011 (Un-audited)

		September 30,	
		2011	2010
Note		----- Rupees in '000' -----	
Gross turnover		1,680,525	1,394,001
Excise duty		112,074	175,479
Sales tax		208,071	180,006
Commission		12,374	9,920
		332,519	365,405
Net turnover		1,348,006	1,028,596
Cost of sales	10	1,106,326	932,597
Gross profit		241,680	95,999
Distribution costs		10,526	29,252
Administrative expenses		13,162	11,855
Other operating income		(1,190)	(10,013)
Other operating expenses		2,043	4
		24,541	31,098
Operating profit		217,139	64,901
Finance cost		94,167	85,717
Exchange loss		84,230	73,411
		178,397	159,128
Profit / (loss) before taxation		38,742	(94,227)
Taxation - net		24,803	(7,942)
Profit / (loss) after taxation		13,939	(86,285)
		(Rupees)	(Rupees)
Earnings / (loss) per share - Basic and diluted	11	0.06	(0.39)

The accounting policies and explanatory notes form an integral part of these financial statements.

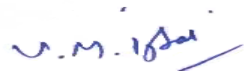

Syed Mazher Iqbal
 Chief Executive Officer


Etrat Hussain Rizvi
 Director

Pioneer Cement Limited
Condensed Interim Statement of Comprehensive Income
for the Quarter ended September 30, 2011 (Un-audited)

	September 30,	
Note	2011	2010
	----- Rupees in '000' -----	
Profit / (Loss) for the period	13,939	(86,285)
Other comprehensive income - net of tax	-	-
Total comprehensive income / (loss) for the period	13,939	(86,285)

The accounting policies and explanatory notes form an integral part of these financial statements.



Syed Mazher Iqbal
Chief Executive Officer



Etrat Hussain Rizvi
Director

Pioneer Cement Limited
Condensed Interim Cash Flow Statement
for the Quarter ended September 30, 2011 (Un-audited)

September 30,
2011 2010

Note ----- Rupees in '000' -----

Cash Flow from Operating Activities

Cash flows generated from operation	12	17,776	329,180
Income tax paid		(16,273)	(20,987)
Compensated absences paid		(1,005)	(3,379)
Dividend paid		-	(2)
		(17,278)	(24,368)
Decrease in long term loans		14	72
Decrease in long term deposits - net		16	10
Net cash generated from operating activities		528	304,894

Cash Flow from Investing Activities

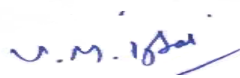
Capital expenditure		(3,455)	(21,575)
Proceeds from sale of fixed assets		19	550
Net cash used in investing activities		(3,436)	(21,025)

Cash Flows from Financing Activities

Proceeds / (repayment) of murabaha finance		70,719	(187,391)
Repayment of long term loans		(53,319)	(1,500)
Repayments against leasing liabilities		(11,909)	(12,597)
Decrease in short term borrowings		(5,526)	(22,918)
Finance cost paid		(60,812)	(33,584)
Net cash used in financing activities		(60,847)	(257,990)

Net (decrease) / increase in cash and cash equivalents		(63,755)	25,879
Cash and cash equivalents at the beginning of the year		150,172	55,872
Cash and cash equivalents at the end of the year		86,417	81,751

The accounting policies and explanatory notes form an integral part of these financial statements.

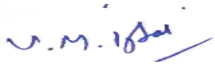

Syed Mazher Iqbal
Chief Executive Officer


Etrat Hussain Rizvi
Director

Pioneer Cement Limited
Condensed Interim Statement of Changes in Equity
for the Quarter ended September 30, 2011

	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 July 01, 2010 (Audited)	2,227,552	175,549	(184,883)	(9,334)	2,218,218
Issuance of shares against outstanding liability	43,937	21,968	-	21,968	65,905
Profit for the year after taxation	-	-	120,650	120,650	120,650
Other comprehensive income	-	-	-	-	-
Total comprehensive loss -net of tax	-	-	120,650	120,650	120,650
Surplus on revaluation of fixed assets realized through incremental depreciation charges on related assets for the period-net of tax	-	-	61,852	61,852	61,852
Balance as at June 30, 2011 (Audited)	2,271,489	197,517	(2,381)	195,136	2,466,625
Profit for the year after taxation for quarter ended	-	-	13,939	13,939	13,939
Other comprehensive income	-	-	-	-	-
Total comprehensive loss -net of tax	-	-	13,939	13,939	13,939
Surplus on revaluation of fixed assets realized through incremental depreciation charges on related assets for the period-net of tax	-	-	13,350	13,350	13,350
Balance as at September 30, 2011 (Un-audited)	2,271,489	197,517	24,908	222,425	2,493,914

The accounting policies and explanatory notes form an integral part of these financial statements.


Syed Mazher Iqbal
 Chief Executive Officer


Etrat Hussain Rizvi
 Director

Pioneer Cement Limited
Notes to the Condensed Interim Financial Statements
for the Quarter ended September 30, 2011

1 Legal status and nature of business

- 1.1** Pioneer Cement Limited (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, Shahrāh-e-Quaid-e-Azam, Lahore. The Company's production facility is situated at Chenki, District Khushab. 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.

2 Basis of preparation

These condensed interim financial statements are unaudited and are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984 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, 2011.

3 Accounting policies

The accounting policies adopted in the preparation of these condensed interim financial statement are consistent with those followed in the preparation of the Company's annual financial statements for the year ended June 30, 2011.

4 Property, plant and equipment

		September 30, 2011 (Un-audited)	June 30, 2011 (Audited)
----- Rupees in '000' -----			
Operating fixed assets	4.1	8,535,293	8,597,289
Capital work in progress	4.2	1,116	15,685
		8,536,409	8,612,974

4.1 Operating fixed assets

Opening book value		8,597,289	8,933,988
Additions			
Plant and machinery		17,004	40,598
Furniture and fixtures		-	32
Office and other equipments		-	581
Computers and accessories		110	1,018
Vehicles		911	2,091
		18,025	44,320
Deletion during the period (at book value)		(19)	(1,953)
Depreciation charged during the period		(80,002)	(379,066)
		(80,021)	(381,019)
		8,535,293	8,597,289

Pioneer Cement Limited
Notes to the Condensed Interim Financial Statements
for the Quarter ended September 30, 2011

		September 30, 2011 (Un-audited)	June 30, 2011 (Audited)
----- Rupees in '000' -----			
4.2 Capital work in progress			
Opening balance		15,685	3,917
Additions			
Plant and machinery		2,435	25,074
		18,120	28,991
Less: transferred to operating fixed assets		(17,004)	(13,306)
		1,116	15,685
5 Stores, spare parts and loose tools			
Stores		117,061	120,399
Spares parts		346,868	324,895
Loose tools		6,303	6,324
		470,232	451,618
In transit			
Spares		7,949	33,479
Coal		267,160	187,392
		275,109	220,871
		745,341	672,489
6 Liabilities against assets subject to finance lease			
Opening balance		142,780	255,508
Less: Payment made		(11,909)	(112,728)
		130,871	142,780
Less: Current portion of the liability		(55,637)	(55,275)
		75,234	87,505
7 Short term murabaha - secured			
<p>The Murabaha finance facility was taken from Meezan Bank Limited on April 30, 2010 for the amount of Rs.550 million to finance the import of coal. This facility is valid until maturity of all the sub-murabahas / financings disbursed upto December 31, 2011 under this limit. The profit (Markup) rate for this facility is 3 months KIBOR + 1.25%. Under the facility 15% cash margin held for the duration of LC will be used to retire the LC, while the bank will finance 85% of the LC amount at retirement.</p>			
8 Short term borrowings - secured			
National Bank of Pakistan - cash finance	8.1	391,984	374,464
United Bank Limited - running finance	8.2	163,051	186,097
		555,035	560,561

Pioneer Cement Limited
Notes to the Condensed Interim Financial Statements
for the Quarter ended September 30, 2011

- 8.1** Represents cash finance facility obtained from National Bank of Pakistan. The facility limit is Rs.500 million(2010: Rs.500 million) and it carries markup ranging between the rate of 3 months KIBOR plus 0.5 to 1.5 percent (2010: 0.5 to 1.5 percent) per annum. The facility is secured against first joint pari passu charge over current and fixed assets of the Company at the margin of 25 percent and personal guarantees of sponsoring directors. The facility expires on December 31, 2011.
- 8.2** Represents short term cash finance facility up to Rs.200 million obtained from United Bank Limited. The facility carries markup at the rate of 1 month KIBOR plus 0.75 percent which shall be determined on daily product basis payable to the bank at the end of each quarter. The facility is secured against a ranking charge over future stocks and book debts of the Company with a margin of 33.33%. The facility expires on December 31, 2011.

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, 2011.
- 9.2** Commitments in respect of outstanding letters of credit inclusive of capital commitments amounting to Rs.142.367 million (June 30, 2011 Rs.53.857 million) and in respect of bank guarantee issued in favor of Faisalabad Electric Supply Corporation amounting to Rs.26.702 million (June 2011: Rs.26.702 million).

September 30,
2011 2010
(Un-audited)

----- Rupees in '000' -----

10 Cost of sales

Raw material consumed	64,989	66,380
Packing material consumed	102,060	95,461
Fuel and power	748,331	618,825
Stores and spares consumed	45,482	33,968
Salaries, wages and benefits	50,926	47,207
Travelling and conveyance	6,047	6,331
Insurance	2,169	2,098
Repairs and maintenance	6,961	6,547
Communication	140	117
Depreciation	78,805	92,794
Other manufacturing expenses	2,528	2,016
	1,043,449	905,364
	1,108,438	971,744
Work in process		
Opening balance	76,138	86,901
Closing balance	(60,557)	(87,032)
	15,581	(131)
Cost of goods manufactured	1,124,019	971,613
Finished goods		
Opening balance	47,197	16,607
Closing balance	(64,890)	(55,623)
	(17,693)	(39,016)
	1,106,326	932,597

Pioneer Cement Limited
Notes to the Condensed Interim Financial Statements
for the Quarter ended September 30, 2011

	September 30, 2011	2010
	(Un-audited)	
11 Earnings / (loss) per share - basic and diluted		
Earning / (loss) for the period (Rupees in '000)	<u>13,939</u>	<u>(86,285)</u>
Weighted average number of ordinary shares in issue (in '000')	<u>227,149</u>	<u>222,755</u>
Earning / (loss) per share - Basic and diluted (Rupee)	<u><u>0.06</u></u>	<u><u>(0.39)</u></u>
	September 30, 2011	2010
	(Un-audited)	
	----- Rupees in '000' -----	
12 Cash generated from operations		
Profit / (loss) before taxation	38,742	(94,227)
Adjustment for non-cash charges and other items:		
Depreciation	80,002	96,865
Amortization	55	-
Provision for gratuity and compensated absences	1,593	3,251
Finance cost	94,167	85,717
Profit on disposal of fixed assets	-	(528)
Workers profit participation fund	2,039	-
Exchange loss	84,230	73,411
	<u>262,086</u>	<u>258,716</u>
Cash flow before working capital changes	<u>300,828</u>	<u>164,489</u>
Working capital changes:		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(72,852)	13,457
Stock-in-trade	(16,047)	(49,822)
Trade debts	(10,098)	9,752
Loans, advances, trade deposits and short term prepayments	(24,905)	8,675
Other receivables	1,240	1,409
	(122,662)	(16,529)
(Decrease) / increase in current liabilities		
Trade and other payables	(137,202)	192,198
Sales tax payable	(23,188)	(10,978)
	(160,390)	181,220
Cash generated from operations	<u>17,776</u>	<u>329,180</u>
13 Transactions with related parties		
Entities having directors in common with the Company		
Repayment against lease financing	<u>-</u>	<u>1,753</u>
Finance cost paid	<u>-</u>	<u>677</u>
Staff retirement contribution plan		
Contribution to staff provident fund	<u>1,287</u>	<u>963</u>

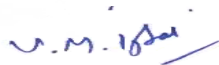
Pioneer Cement Limited
Notes to the Condensed Interim Financial Statements
for the Quarter ended September 30, 2011

14 Date of authorization for issue

These condensed interim financial statements were authorized for issue on October 25, 2011 by the board of directors of the Company.

15 General

- The figures of the corresponding period have been rearranged wherever necessary. However, there were no material classifications to report.
- Figures have been rounded off to the nearest thousand rupees unless otherwise stated.



Syed Mazher Iqbal
Chief Executive Officer



Etrat Hussain Rizvi
Director

BOOK POST

Printed Matter



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CEMENT LTD.**

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