

## Contents

Page No.

Corporate Information	2
Directors' Report to the shareholders	3
Condensed Interim Balance Sheet	6
Condensed Interim Profit and Loss Account	7
Condensed Interim Statement of Comprehensive Income	8
Condensed Interim Cash Flow Statement	9
Condensed Interim Statement of Changes in Equity	10
Notes to the Condensed Interim Financial Information	11



## Corporate Information

### Board of Directors

Mr. Shafiuddin Ghani Khan  
(Chairman)  
Syed Mazher Iqbal  
(CEO / MD)  
Mr. Aly Khan  
Mr. Jamal Nasim  
Mr. Mohammad Aftab Alam  
Mr. Rafique Dawood  
Mirza Ali Hassan Askari  
Shaikh Javed Elahi

### Audit Committee

Mr. Rafique Dawood  
(Chairman)  
Mr. Aly Khan  
Mr. Shafiuddin Ghani Khan  
Mr. Jamal Nasim  
Mr. Mohammad Aftab Alam

### HR & Remuneration Committee

Mr. Shafiuddin Ghani Khan  
(Chairman)  
Mr. Mohammad Aftab Alam  
Syed Mazher Iqbal  
(CEO / MD)

### Company Secretary

Mr. Waqar Naeem

### Bankers

Allied Bank Limited  
Askari Bank Limited  
Bank Al Habib Limited  
Habib Bank Limited  
JS Bank Limited  
MCB Bank Limited  
Meezan Bank Limited  
National Bank of Pakistan  
The Bank of Punjab  
United Bank Limited

### Statutory Auditors

Grant Thornton Anjum Rahman  
Chartered Accountants

### Cost Auditors

Ale Imran & Co  
Chartered Accountants

### Legal Advisor

Hassan & Hassan

### Registered Office

135-Ferozepur Road, Lahore  
Tel: +92 (42) 37503570-72  
Fax: +92 (42) 37503573-4  
Email: pioneer@pioneercement.com

### Factory

Chenki, District Khushab  
Telephone: +92 (454) 898101-3  
Fax: +92 (454) 898104  
Email: factory@pioneercement.com

### Regional Offices

Karachi Office  
4th Floor, KDLB Building West Wharf, Karachi  
Tel: +92 (21) 32201232-3  
Fax: +92 (21) 32201234  
Email: pclkhi@pioneercement.com

Multan Office  
10-Officers Colony, Bosan Road,  
Opp. Jinnah High School, Multan  
Tel: +92 (61) 6510404  
Fax: +92 (61) 6510405

Faisalabad Office  
Office No. 3, 2nd Floor, Sitara Tower,  
Bilal Chowk, New Civil Lines, Faisalabad,  
Tel: +92 (41) 2630030, 2640406-7  
Fax: +92 (41) 2630923

Sargodha Office  
Office No. 6, 2nd Floor, Rehman Trade Centre,  
University Road, Sargodha  
Telephone: +92 (483) 725050  
Fax: +92 (483) 722331

### Share Registrar

Corplink (Pvt) Limited  
Wings Arcade, 1-K Commercial,  
Model Town, Lahore  
Telephone: +92 (42) 35839182, 35916714  
Fax: +92 (42) 35869037  
Email: corplink786@yahoo.com,  
shares@pioneercement.com

## Directors' Report to the Shareholders

In the name of Allah, the most Gracious, the most Merciful.

The directors of your Company are pleased to present the financial results of the 1st quarter (Q1) ended September 30, 2015.

### The Cement Sector

During this period, cement sector of Pakistan witnessed volumetric growth of 1.3% with total dispatches of 8.27 million tons compared to 8.16 million tons dispatched in the corresponding period last year. This comprises 6.77 million tons of local dispatches and 1.50 million tons of exports. Exports to Afghanistan declined due to penetration of Iranian products resulting in increased competition and lower margins offered.

### Company Performance

During the Q1 we produced 38.8% (83,400 tons) more clinker and 7% (19,005 tons) more cement than corresponding period last year as shown in the table below to maintain stock levels and respond to increased demand in the domestic market.

The capacity utilization stood at 59.9 %. It is 16.9% higher than Q1 of last year.

Particulars	Quarter 1			
	2016	2015	Variance	
	----- Tons -----		%	
Production				
Clinker	298,590	215,190	83,400	38.8
Cement	289,820	270,815	19,005	7.0
Sales				
Domestic	273,567	248,417	25,150	10.1
Exports	14,488	22,590	(8,102)	(35.9)
Total	288,055	271,007	17,048	6.3

Total sales volume during Q1 increased by 6.3% which stood at 288,055 tons as compared to 271,007 tons sold in the corresponding period of last year.

The domestic sales volume increased to 273,567 tons. It is 10.1% higher than the corresponding period. However, the export sales volume further dropped to 14,488 tons, a decline of 35.9%. As mentioned earlier, the declining demand and escalating competition in Afghanistan are responsible for this decrease.



## Financial Performance

The comparative summary of key financial results is given below:

	Quarter 1		Variance	
	2016	2015		
	-----Rs. in million-----			%
Net sales	2,002.79	1,867.97	134.82	7.2
Cost of sales	1,278.06	1,311.50	(33.44)	(2.6)
Gross profit	724.73	556.47	168.26	30.2
Net operating expenses	14.48	15.21	(0.73)	(4.8)
Operating profit	710.25	541.26	168.99	31.2
Net finance cost & FX (gain)/ loss	7.85	(10.96)	18.81	(171.6)
Profit before taxation	702.40	552.22	150.18	27.2
Profit after tax	431.92	369.05	62.87	17.0

Your Company achieved net sales revenue of Rs. 2,002.79 million. It is 7.2% higher than the net sales revenue of Rs. 1,867.97 million achieved during the same period last year. This growth is attributable to 10.1% increase in the domestic sales volume. However, export sales revenue fell back further.

The cost of sales decreased 2.6% due to declining fuel prices in the international market and efficient production plans.

These factors have helped the gross profit go up 30.2%. Similarly the operating profit of Rs. 710.25 million is 31.2% better than the corresponding period last year and the profit after tax has gone up 17% to Rs. 431.92 million compared with Rs. 369.05 million same period last year.

As a result the earnings per share (EPS) is up 17% from Rs. 1.62 to Rs. 1.90.

### Acknowledgement

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

On behalf of the Board

Syed Mazher Iqbal  
Chief Executive Officer

October 21, 2015  
Lahore



## INTERIM FINANCIAL INFORMATION

For the period ended September 30, 2015




## Condensed Interim Balance Sheet

as at September 30, 2015

		September 30, 2015 Un-audited	June 30, 2015 Audited
	Note	Rupees in '000'	
ASSETS			
Non current assets			
Property, plant and equipment	4	7,450,272	7,330,673
Investment property		67,410	67,410
Intangible assets		2,528	2,805
		7,520,210	7,400,888
Long term deposits		39,323	39,323
		7,559,533	7,440,211
Current assets			
Stores, spares and loose tools	5	925,041	1,093,169
Stock-in-trade	6	435,857	331,586
Trade debts - unsecured, considered good		61,442	61,125
Loans and advances		14,736	17,771
Trade deposits and short term prepayments		10,252	2,390
Other receivables		71,080	70,011
Short term investments	7	2,391,677	1,006,176
Cash and bank balances	8	747,410	2,091,913
		4,657,495	4,674,141
TOTAL ASSETS		12,217,028	12,114,352
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital		3,500,000	3,500,000
Issued, subscribed and paid-up capital			
		2,271,489	2,271,489
Reserves		3,986,925	4,448,828
		6,258,414	6,720,317
Surplus on revaluation of fixed assets - net of deferred tax		1,597,986	1,612,760
Non current liabilities			
Long term financing - secured		281,028	337,369
Deferred liabilities	9	1,839,435	1,759,859
Long term deposits		3,920	3,930
		2,124,383	2,101,158
Current liabilities			
Trade and other payables	10	1,819,997	843,291
Accrued interest / markup		6,525	8,778
Short term borrowings - secured	11	-	621,174
Current portion of long term liabilities		43,972	37,218
Provision for taxation - net		261,327	77,690
Sales tax payable - net		104,424	91,966
		2,236,245	1,680,117
Contingencies and Commitments	12	-	-
TOTAL EQUITY AND LIABILITIES		12,217,028	12,114,352

The annexed notes from 1 to 18 form an integral part of this financial information.

  
Syed Mazher Iqbal  
Chief Executive Officer

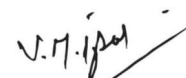
  
Mohammad Aftab Alam  
Director

## Condensed Interim Profit and Loss Account

For the quarter ended September 30, 2015 (un-audited)

		September 30, 2015	September 30, 2014
		Un-audited	Un-audited
	Note	Rupees in '000'	
Gross turnover		2,531,501	2,346,863
Excise duty		116,208	101,106
Sales tax		395,079	360,936
Rebate and Commission		17,421	16,854
		528,708	478,896
Net turnover		2,002,793	1,867,967
Cost of sales	13	1,278,064	1,311,501
Gross profit		724,729	556,466
Distribution cost		14,560	13,088
Administrative expenses		18,653	17,692
Other operating income		(70,146)	(56,496)
Other operating expenses		51,417	40,927
		14,484	15,211
Operating profit		710,245	541,255
Finance cost		7,844	17,672
Exchange gain		-	(28,635)
		7,844	(10,963)
Profit before taxation		702,401	552,218
Taxation - net		270,483	183,170
Profit after taxation		431,918	369,048
Earnings per share - basic and diluted (Rs.)	14	1.90	1.62

The annexed notes from 1 to 18 form an integral part of this financial information.

  
Syed Mazher Iqbal  
Chief Executive Officer

  
Mohammad Aftab Alam  
Director





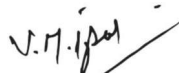
## Condensed Interim Statement of Comprehensive Income

For the quarter ended September 30, 2015 (un-audited)

	September 30, 2015	September 30, 2014
	Un-audited	
	Rupees in '000'	
Profit for the period	431,918	369,048
Other comprehensive income		
Items that may be reclassified to profit and loss account	-	-
Items that will not be reclassified to profit and loss account subsequently	-	-
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u>431,918</u>	<u>369,048</u>

The surplus arising on revaluation of fixed assets is presented separately below equity in accordance with requirements of Companies Ordinance 1984.

The annexed notes from 1 to 18 form an integral part of this financial information.

  
Syed Mazher Iqbal  
Chief Executive Officer

  
Mohammad Aftab Alam  
Director

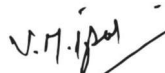


## Condensed Interim Cash Flow Statement

For the quarter ended September 30, 2015 (un-audited)

		September 30, 2015	September 30, 2014
		Un-audited	
	Note	Rupees in '000'	
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	15	923,566	750,707
Income tax paid		(11,363)	(94,252)
Paid to Workers' profit participation fund		(38,048)	(130,505)
Gratuity and compensated absences paid		(1,184)	(2,363)
		(50,595)	(227,120)
Net cash inflows from operating activities		872,971	523,587
Cash Flows from Investing Activities			
Capital expenditures		(209,792)	(3,414)
Proceeds from sale of fixed assets		1,560	1,090
Increase in long term deposits - net		(10)	(40)
Short term investments		(1,328,364)	-
Net cash used in investing activities		(1,536,606)	(2,364)
Cash Flows from Financing Activities			
Long term Musharaka finance paid		(49,587)	(150,000)
Short term borrowings - net		(621,174)	-
Finance cost paid		(10,098)	(18,267)
Dividend paid		(9)	(100,884)
Net cash used in financing activities		(680,868)	(269,151)
Net (decrease) / increase cash and cash equivalents		(1,344,503)	252,072
Cash and cash equivalents at the beginning of the period		2,091,913	890,404
Cash and cash equivalents at the end of the period		747,410	1,142,476

The annexed notes from 1 to 18 form an integral part of this financial information.

  
Syed Mazher Iqbal  
Chief Executive Officer

  
Mohammad Aftab Alam  
Director

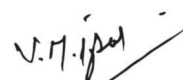


## Condensed Interim Statement of Changes in Equity

For the quarter ended September 30, 2015 (un-audited)

	Issued, subscribed and paid-up capital	Capital reserves  Share premium	Revenue reserves  Accumulated profit / (loss)	Total reserves	Total equity
	----- Rupees in '000' -----				
Balance as at July 01, 2014	2,271,489	197,517	2,665,768	2,863,285	5,134,774
Profit for the year	-	-	2,496,135	2,496,135	2,496,135
Interim dividend for the year ended June 30, 2014	-	-	(454,298)	(454,298)	(454,298)
Interim dividend for the year ended June 30, 2015	-	-	(511,085)	(511,085)	(511,085)
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	1,530,752	1,530,752	1,530,752
Surplus on revaluation of fixed assets realized - net of tax	-	-	54,791	54,791	54,791
Balance as at June 30, 2015	2,271,489	197,517	4,251,311	4,448,828	6,720,317
Profit for the period	-	-	431,918	431,918	431,918
Final dividend for the year 2014-15	-	-	(908,595)	(908,595)	(908,595)
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	(476,677)	(476,677)	(476,677)
Surplus on revaluation of fixed assets realized - net of tax	-	-	14,774	14,774	14,774
Balance as at September 30, 2015	<u>2,271,489</u>	<u>197,517</u>	<u>3,789,408</u>	<u>3,986,925</u>	<u>6,258,414</u>

The annexed notes from 1 to 18 form an integral part of this financial information.

  
Syed Mazher Iqbal  
Chief Executive Officer

  
Mohammad Aftab Alam  
Director

## Notes to the Condensed Interim Financial Information

For the quarter ended September 30, 2015 (un-audited)

### 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 principal activity of the Company is manufacturing and sale of cement. The registered office of the Company is situated at 135, Ferozepur Road, Lahore. The Company's production facility is situated at Chenki, District Khushab in Punjab Province.
- 1.2 The Company commenced its operations with an installed clinker production capacity of 2,000 tons per day. During 2005, the capacity was optimized to 2,350 tons clinker per day. In financial year 2006, another production line of 4,300 tons clinker per day capacity was completed which started commercial operations from April 2006.

### 2. Statement of Compliance

This condensed interim financial information is un-audited and is being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984 and has been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" as applicable in Pakistan. This financial information should be read in conjunction with the published annual financial statements of the Company for the year ended June 30, 2015.

### 3. Accounting Policies

The accounting policies adopted in the preparation of this condensed interim financial information is consistent with those followed in the preparation of the Company's annual financial statements for the year ended June 30, 2015.

		September 30, 2015 Un-audited	June 30, 2015 Audited
	Note	Rupees in '000'	
4 Property, Plant and Equipment			
Operating fixed assets	4.1	7,181,840	7,269,621
Capital work in progress	4.2	268,432	61,052
		<u>7,450,272</u>	<u>7,330,673</u>
4.1 Operating fixed assets			
Opening book value		7,269,621	7,505,850
Additions for the period / year	4.1.1	2,412	234,076
		<u>7,272,033</u>	<u>7,739,926</u>
Deletion during the period / year - NBV		-	(121,746)
Transferred to stores		(424)	-
Depreciation charged during the period / year		(89,769)	(346,453)
Amortization during the period / year		-	(2,106)
		<u>(90,193)</u>	<u>(470,305)</u>
		<u>7,181,840</u>	<u>7,269,621</u>



	September 30, 2015 Un-audited Rupees in '000'	June 30, 2015 Audited
4.1.1 Additions for the period/year		
Plant and machinery	897	207,156
Furniture and fixtures	-	1,364
Office and other equipment	1,305	1,356
Computers and accessories	210	4,244
Vehicles	-	19,956
	<u>2,412</u>	<u>234,076</u>
4.2 Capital Work in Progress		
Opening balance	61,052	3,533
Additions		
Civil Work	4,000	-
Plant and machinery	3,938	157,034
Advance to foreign supplier (WHRPP)	199,442	-
Advance for purchase of land	-	45,210
	<u>268,432</u>	<u>205,777</u>
Transferred to operating fixed assets	-	(144,725)
	<u>268,432</u>	<u>61,052</u>
5 Stores, Spare parts and Loose Tools		
Stores	510,343	671,844
Spare parts	421,069	445,585
Loose tools	6,799	6,745
	<u>938,211</u>	<u>1,124,174</u>
Spare parts in transit	30,763	12,928
	<u>968,974</u>	<u>1,137,102</u>
Provision for slow moving stores, spare parts and loose tools	(43,933)	(43,933)
	<u>925,041</u>	<u>1,093,169</u>
6. Stock-in-Trade		
Raw material	12,256	25,341
Packing material	39,355	39,480
Work in process	312,017	202,999
Finished goods	72,229	63,766
	<u>435,857</u>	<u>331,586</u>

	September 30, 2015 Un-audited	June 30, 2015 Audited
	Rupees in '000'	
7 Short Term Investment - held for trading		
ABL Government Securities Fund Units 109,184,485 (June 30, 2015: 100,292,611)	1,125,322	1,006,176
UBL Government Securities Fund Units 7,659,453 (June 30, 2015: Nil)	843,925	-
Meezan Islamic Income Fund Units 4,280,888 (June 30, 2015: Nil)	221,022	-
Meezan Sovereign Fund Units 3,946,864 (June 30, 2015: Nil)	201,408	-
	<u>2,391,677</u>	<u>1,006,176</u>
8. Cash and Bank Balances		
Includes sales collection in process amounting to Rs.127.368 million (June 30, 2015: Rs.196.358 million).		
9. Deferred Liabilities		
Deferred tax liability	1,754,801	1,679,779
Gratuity - Vested contractual employees	84,634	80,080
	<u>1,839,435</u>	<u>1,759,859</u>
10 Trade and Other Payables		
Includes dividend payable amounting to Rs.946.752 million (June 30, 2015: Rs.38.166 million).		
11 Short Term Borrowings - secured		
Allied Bank Limited- Cash finance facility	-	621,174
The Company has obtained a short term cash finance and money market loan facility from Allied Bank Limited amounting to Rs.500 million which later on has been enhanced to Rs.1,000 million.Cash finance facility carries markup at the rate 3 months Kibor +0.25% per annum which shall be payable to the Bank on quarterly basis. While markup in respect of money market loan would be advisable at the time of transactions. The facility is secured by lien on Company's Investment in Government Securities Fund of ABL Assets Management Company with 10% margin.		
12 Contingencies and Commitments		
12.1 There has been no significant change in the contingencies given in the financial statements for the year ended June 30, 2015.		
12.2 Commitments in respect of letter of credits amount to Rs.807.582 million (June 30, 2015 : Rs.15.926 million).		
12.3 Cheque amounting Rs.113.724 million has been issued to Commissioner Inland Revenue as collateral against Company's petition pertaining to chargeability of Alternative Corporate Tax for Tax year 2014.		
12.4 Commitments in respect of purchase of land amount to Rs.95.5 million (June 30, 2015 : Rs.95.5 million).		



	September 30,	
	2015	2014
	Un-audited	
	Rupees in '000'	
13. Cost of Sales		
Raw material consumed	97,130	82,579
Packing material consumed	124,416	115,402
Fuel and power	928,053	806,709
Stores and spares consumed	49,421	40,474
Salaries, wages and benefits	78,320	70,126
Travelling and conveyance	3,636	6,614
Insurance	1,834	2,012
Repairs and maintenance	20,051	12,110
Depreciation	88,055	85,803
Other manufacturing expenses	4,629	4,118
Total manufacturing cost	1,395,545	1,225,947
Work in process		
Opening balance	202,999	513,380
Closing balance	(312,017)	(424,195)
	(109,018)	89,185
Cost of goods manufactured	1,286,527	1,315,132
Finished goods		
Opening balance	63,766	73,277
Closing balance	(72,229)	(76,908)
	(8,463)	(3,631)
	1,278,064	1,311,501
14 Earnings per Share - basic and diluted		
Profit after taxation (Rupees in '000)	431,918	369,048
Weighted average number of ordinary shares in issue (in '000')	227,149	227,149
Earnings per share - basic and diluted (Rs.)	1.90	1.62

September 30,  
2015                      2014  
Un-audited  
Rupees in '000'

## 15 Cash Generated from Operations

Profit before taxation	702,401	552,218
Adjustment for non-cash and other items:		
Depreciation	89,769	87,290
Amortization	277	958
Provision for gratuity and compensated absences	5,321	4,715
Finance cost	7,844	17,672
Workers' profit participation fund	37,691	29,689
Workers' welfare fund	13,726	11,282
Gain on disposal of property, plant and equipment	(1,560)	(1,089)
Unrealized profit on bank deposits	-	(8,065)
Unrealized gain on investments	(57,137)	(33,090)
Exchange gain	-	(28,635)
	<u>95,931</u>	<u>80,727</u>
Cash flows before working capital changes	<u>798,332</u>	<u>632,945</u>
Working Capital changes:		
(Increase) / decrease in current assets		
Stores, spares and loose tools	168,128	(28,758)
Stock-in-trade	(104,271)	93,828
Trade debts	(317)	(8,051)
Loans and advances	3,035	4,479
Trade deposits and short term prepayments	(7,862)	(647)
Other receivables	(1,069)	3,813
	<u>57,644</u>	<u>64,664</u>
Increase in current liabilities		
Trade and other payables	55,132	13,130
Sales tax payable	12,458	39,968
	<u>67,590</u>	<u>53,098</u>
Cash generated from operations	<u>923,566</u>	<u>750,707</u>
16 Transactions with Related Parties		
Entities having directors in common with the Company - Finance cost paid	-	326
Payments to WPPF	<u>38,048</u>	<u>-</u>
Contribution to employees' provident fund	<u>2,019</u>	<u>1,566</u>





17. Date of Authorization for Issue

This interim financial information was authorized for issue on October 21, 2015 by the Board of Directors of the Company.

18. General

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

Syed Mazher Iqbal  
Chief Executive Officer

Mohammad Aftab Alam  
Director