Interim Financial Information

For the quarter ended September 30, 2013

(Unaudited)

Enduring Strength

PIONEER
CEMENT LTD.

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Corporate Information

Board of Directors
Mr. Shafiuddin Ghani Khan (Chairman)
Mr. Mohammad Aftab Alam
Syed Anwer Ali
Mr. Faisal Imran Hussain Malik
Shaikh Javed Elahi
Mr. Cevdet Dal
Mr. Asad Ullah Saleem (NBP)
Mr. Rafique Dawood (FDIBL)
Syed Mazher Iqbal (MD & CEO)

Audit Committee
Mr. Rafique Dawood (FDIBL) - Chairman
Mr. Mohammad Aftab Alam
Mr. Shafiuddin Ghani Khan
Mr. Asad Ullah Saleem (NBP)

Human Resource Committee
Mr. Shafiuddin Ghani Khan (Chairman)
Mr. Mohammad Aftab Alam
Syed Mazher Iqbal (MD & CEO)

Company Secretary
Mr. Waqar Naeem

Statutory Auditor
Ernst & Young Ford Rhodes Sidat Hyder
(Chartered Accountants)

Cost Auditor
Javed Iqbal & Company

Legal Advisor
Hassan & Hassan

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Factory
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Sales Offices

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Rehman Trade Center,
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Share Registrar
Corplink Private Limited
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Website : www.pioneercement.com

Directors' Report to the Shareholders

for the Quarter ended September 30, 2013

The directors of your Company are pleased to present the first quarter performance for the period ended September 30, 2013.

The Cement Sector:

Pakistan economy continues to face challenges like inflation, rising fuel prices, devaluation of Pak Rupee and paucity of power with increasing tariff. Despite all these factors, the cement industry of Pakistan improved volumetric growth by 1.12% achieving total sales volume of 7.80 million tons compared to corresponding period sales volume of 7.71 million tons. Domestic sales have increased by 0.118 million tons attaining a positive growth of 2.17% while exports declined by 0.032 million tons equating 1.40% compared to corresponding period.

Business Performance:

During the period under review, your Company produced 286,518 tons clinker which is 42.7% higher than 200,778 tons produced in corresponding period. This translates into capacity utilization of 57.4% compared to 40.2% achieved during corresponding period. The cement production of 264,960 tons was lower by 14,960 tons as against 279,920 tons produced in corresponding period. The decline of 5% was due to forced power load management from national grid.

The volumetric sales during the period stood at 258,976 tons which is 6.0% lower than 275,498 tons sold in corresponding period. The domestic dispatches were 223,336 tons whereas exports were 35,640 tons compared to 223,704 tons and 51,794 tons including 579 tons of clinker respectively in corresponding period.

Financial Performance:

The summary of key financial results for the period ended September 30, 2013 is as follows:

	Jul - Sep 2013	Jul - Sep 2012	Variance	
	Rupees in million			%
Net Sales	1,707.54	1,618.76	88.78	5.5%
Cost of Sales	1,192.17	1,210.38	(18.21)	(1.5%)
Gross Profit	515.37	408.38	106.99	26.2%
Net Operating Expenses	5.41	48.19	(42.78)	(88.7%)
Operating Profit	509.96	360.19	149.77	41.6%
Finance cost and exchange losses	161.34	95.37	65.97	69.2%
Pretax Profit	348.62	264.82	83.8	31.6%
Earnings per Share (Rupees)	1.28	1.07	0.21	19.6%

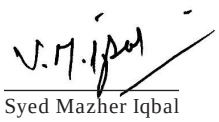
The Company achieved net sales revenue of Rs. 1,707.54 million, an increase of 5.5% against net sales of Rs. 1,618.76 million in corresponding period. During the period under review the Company was able to maintain its volumetric local sales on same level of comparative period, however, export volumes declined due to fierce price competition in Indian market.

Your Company successfully maintained improvement in Goss Profit margin when compared to same period last year due to effective control on cost of production. Company achieved a Gross Profit margin of 30.1% compared to 25.2% in corresponding period.

Profit on short term investments and bank deposits were raised to Rs. 37.8 million from Rs. 2.2 million earned in corresponding period due to improved liquidity position of the Company. Administrative expenses remained under control whereas in the absence of exports to India distribution cost reduced by Rs. 5.4 million. Financial charges for the period under review reduced to Rs. 41.5 million vs. Rs 53.5 million in corresponding period due to reduction in liabilities of the Company. However, devaluation of Pak Rupee increased the exchange losses to Rs. 119.8 million vs. Rs. 41.9 million in corresponding period.

The Company earned a pretax profit of Rs. 348.6 million, compared to Rs. 264.8 million in corresponding period, thus improving the profitability by Rs. 83.8 million. The Earnings per share (EPS) of Rs. 1.28 is an increase of Rs. 0.21 over same period last year EPS of Rs. 1.07.

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



Syed Mazher Iqbal
Chief Executive Officer

October 30, 2013
Lahore

Condensed Interim Balance Sheet

As at September 30, 2013

	Note	September 30, 2013 Un-audited	June 30, 2013 Audited
		----- (Rs. in '000') ----	
ASSETS			
Non - Current Assets			
Property, plant and equipment	4	7,707,865	7,795,151
Investment property		65,000	65,000
Intangible assets		495	549
		7,773,360	7,860,700
Long term deposits		39,688	39,688
		7,813,048	7,900,388
Current Assets			
Stores, spare parts and loose tools	5	730,460	990,194
Stock in trade	6	497,245	314,928
Trade debts - unsecured		41,914	49,794
Loans and advances		24,201	21,213
Trade deposits and short term prepayments		7,151	5,341
Other receivables		7,906	9,311
Taxation - net		65,342	70,010
Short term investments - held for trading	7	789,320	776,186
Cash and bank balances	8	1,229,026	1,464,792
		3,392,565	3,701,769
TOTAL ASSETS		11,205,613	11,602,157
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		1,853,965	2,171,194
		4,125,454	4,442,683
Surplus on revaluation of fixed assets - net of deferred tax		1,710,592	1,726,527
Non - Current Liabilities			
Long term loans - secured	9	-	-
Long term financing - secured	10	674,587	786,718
Deferred liabilities		1,256,367	1,213,135
Long term deposits		3,450	3,460
		1,934,404	2,003,313
Current Liabilities			
Trade and other payables	11	1,455,128	894,932
Accrued interest / markup		296,911	254,887
Short term borrowings-secured	12	2,086	497,086
Current portion of long term liabilities	13	1,633,011	1,716,329
Sales tax - net		48,027	66,400
		3,435,163	3,429,634
CONTINGENCIES AND COMMITMENTS	14		
TOTAL EQUITY AND LIABILITIES		11,205,613	11,602,157

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

Syed Mazher Iqbal
Chief Executive Officer

Mohammad Aftab Alam
Director

Condensed Interim Profit and Loss Account

for the Quarter ended September 30, 2013 (Un-audited)

	Note	September 30, 2013	2012
		Un-audited	
		----- (Rs. in '000') ----	
Gross turnover		2,129,624	1,967,824
Excise duty		89,334	89,482
Sales tax		318,937	236,242
Rebate and commission		13,814	23,346
		422,085	349,070
Net turnover		1,707,539	1,618,754
Cost of sales	15	1,192,174	1,210,374
Gross profit		515,365	408,380
Distribution cost		12,673	18,027
Administrative expenses		13,601	14,395
Other operating income		(39,243)	(3,853)
Other operating expenses		18,380	19,626
		5,411	48,195
Operating profit		509,954	360,185
Finance cost		41,521	53,491
Exchange loss		119,818	41,877
		161,339	95,368
Profit before taxation		348,615	264,817
Taxation - net		57,119	22,502
Profit after taxation		291,496	242,315
		-------(Rupees)-------	
Basic and diluted earnings per share	16	1.28	1.07

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

Syed Mazher Iqbal
Chief Executive Officer

Mohammad Aftab Alam
Director

Condensed Interim Statement of Comprehensive Income

for the Quarter ended September 30, 2013 (Un-audited)

	September 30, 2013	2012
	Un-audited	
	----- (Rs. in '000') ----	
Profit for the period	291,496	242,315
Other comprehensive income	-	-
Total comprehensive income for the period	291,496	242,315

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

Syed Mazher Iqbal
Chief Executive Officer

Mohammad Aftab Alam
Director

Condensed Interim Cash Flow Statement

for the Quarter ended September 30, 2013 (Un-audited)

	Note	September 30, 2013	2012
		Un-audited	
		----- (Rs. in '000') ----	
Cash Flow from Operating Activities	17	590,481	311,490
Income tax paid		(12,454)	(15,214)
Gratuity and Compensated absences paid		(651)	(3,256)
		(13,105)	(18,470)
Net cash inflow from operating activities		577,376	293,020
Cash Flow from Investing Activities			
Capital expenditure		(3,442)	(26,866)
Proceeds from sale of fixed assets		10	15
Decrease in long term deposits - net		(10)	15
Net cash outflow from investing activities		(3,442)	(26,836)
Cash Flow from Financing Activities			
Repayment of murabaha finance		-	(43,853)
Repayment of long term loans		-	(66,422)
Repayment of long term financing - musharaka		(225,323)	-
Repayments against leasing liabilities		-	(7,857)
Short term borrowings - secured		(495,000)	(52,380)
Finance cost paid		(89,322)	(34,942)
Dividend paid		(55)	(2)
Net cash outflow from financing activities		(809,700)	(205,456)
Net decrease in cash and bank balances		(235,766)	60,728
Cash & bank balances at the beginning of the period		1,464,792	268,909
Cash & bank balances at the end of the period		1,229,026	329,637

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

Syed Mazher Iqbal
Chief Executive Officer

Mohammad Aftab Alam
Director

Condensed Interim Statement of Changes in Equity

for the Quarter ended September 30, 2013 (Un-audited)

	Issued, subscribed and paid - up capital	Capital reserve	Revenue reserve		
		Share premium	Accumulated profit	Total reserves	Total equity
	---------- (Rupees in '000') ----------				
Balance as at July 01, 2012	2,271,489	197,517	667,458	864,975	3,136,464
Profit for the year	-	-	1,535,142	1,535,142	1,535,142
Interim dividend for the year 2012-13	-	-	(283,937)	(283,937)	(283,937)
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	1,251,205	1,251,205	1,251,205
Surplus on revaluation of fixed assets realized - net of tax	-	-	55,014	55,014	55,014
Balance as at June 30, 2013	2,271,489	197,517	1,973,677	2,171,194	4,442,683
Profit for the period	-	-	291,496	291,496	291,496
Final dividend for the year 2012-13	-	-	(624,660)	(624,660)	(624,660)
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	(333,164)	(333,164)	(333,164)
Surplus on revaluation of fixed assets realized - net of tax	-	-	15,935	15,935	15,935
Balance as at September 30, 2013	2,271,489	197,517	1,656,448	1,853,965	4,125,454

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

Syed Mazher Iqbal
Chief Executive Officer

Mohammad Aftab Alam
Director

Notes to the Condensed Interim Financial Statements

for the Quarter ended September 30, 2013 (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 manufacture 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 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 Statement of Compliance

These condensed interim financial statements are un-audited 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 annual financial statements of the Company for the year ended June 30, 2013.

3 Accounting Policies

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended June 30, 2013.

	Note	September 30, 2013 Un-audited	June 30, 2013 Audited
		----- (Rs. in '000') ----	
4 Property, Plant and Equipment			
Operating fixed assets	4.1	7,707,253	7,794,539
Capital work in progress	4.2	612	612
		7,707,865	7,795,151
4.1 Operating fixed assets			
Opening book value		7,794,539	8,121,214
Additions / revaluation surplus / (deficit) for the period / year - net	4.1.1	3,442	113,015
Deletion during the period / year (at book value)		(10)	(62,643)
Depreciation charged during the period / year		(89,816)	(373,436)
Amortized during the period / year		(902)	(3,611)
		(90,728)	(439,690)
		7,707,253	7,794,539

		September 30, 2013 Un-audited	June 30, 2013 Audited
		----- (Rs. in '000') ----	
4.1.1	Additions / revaluation surplus / (deficit) for the period / year - net		
	Office / factory buildings	-	1,055
	Plant and machinery	1,181	83,998
	Furniture and fixtures	-	417
	Office and other equipment	2,213	20,423
	Computers and accessories	48	567
	Vehicles	-	6,555
		3,442	113,015
4.2	Capital Work in Progress		
	Opening balance	612	9,200
	Additions		
	Plant and machinery	-	16,101
		612	25,301
	Less: Transferred to operating fixed assets	-	(24,689)
		612	612
5	Stores, Spare Parts and Loose Tools		
	Stores	337,085	594,435
	Spare parts	420,537	431,275
	Loose tools	7,229	7,421
		764,851	1,033,131
	In transit - Spare parts	13,402	4,856
		778,253	1,037,987
	Less: Provision for slow moving stores, spare parts and loose tools	(47,793)	(47,793)
		730,460	990,194
6	Stock in Trade		
	Raw material	44,230	48,905
	Packing material	61,909	52,872
	Work in process	311,357	163,395
	Finished goods	79,749	49,756
		497,245	314,928

		September 30, 2013 Un-audited	June 30, 2013 Audited
		----- (Rs. in '000') ----	
7	**Short Term Investments - held for trading**		
	Al-Meezan Sovereign Fund Units: 10,487,127.5726 (June 2013: 10,094,070.9881)	525,615	515,201
	UBL Government Securities Fund Units: 2,629,956.7287 (June 2013: 2,608,792.2392)	263,705	260,985
		789,320	776,186
8	**Cash and Bank Balances**		
	Includes cheques in hand amounting to Rs. 142.334 million (June 2013: Rs. 177.228 million).		
9	**Long Term Loans - secured**		
	Foreign currency loans:		
	Asian Development Bank - Japanese Yen	922,784	856,296
	Asian Finance and Investment Corporation - US Dollars	342,645	320,884
		1,265,429	1,177,180
	Less: Current portion	(1,265,429)	(1,177,180)
		-	-
10	**Long Term Financing - secured**		
	Meezan Bank Limited - Diminishing Musharaka	674,587	899,908
	Less: Current portion	-	(113,190)
		674,587	786,718
11	**Trade and Other Payables**		
	Includes dividend payable amounting Rs. 674.23 million (June 2013: Rs. 49.62 million).		
12	**Short Term Borrowings - secured**		
	National Bank of Pakistan - Cash Finance Account	2,086	497,086
13	**Current Portion of Long Term Liabilities**		
	Long term loans	1,265,429	1,177,180
	Long term financing	-	113,190
	Liabilities against assets subject to finance lease	5,480	5,480
	Deferred liabilities	362,102	420,479
		1,633,011	1,716,329

14 Contingencies and Commitments

14.1 There has been no significant change in the contingencies as given in the financial statements for the year ended June 30, 2013.

14.2 Commitments in respect of outstanding letters of credit inclusive of capital commitments amounting to Rs. 330.605 million (June 30, 2013 Rs. 23.844 million) and in respect of bank guarantee issued in favor of Meezan Bank Limited amounting to Rs. 900.0 million (June 2013: 900.0 million).

	September 30, 2013	2012
	Un-audited	
	----- (Rs. in '000') ----	
15 Cost of Sales		
Raw material consumed	91,199	68,173
Packing material consumed	99,589	97,781
Fuel and power	949,588	712,859
Stores and spares consumed	50,164	43,444
Salaries, wages and benefits	65,913	60,766
Travelling and conveyance	6,234	5,291
Insurance	1,842	1,830
Repairs and maintenance	13,600	21,872
Depreciation	88,447	64,268
Other manufacturing expenses	3,553	2,476
	1,278,930	1,010,587
	1,370,129	1,078,760
Work in process		
Opening balance	163,395	333,691
Closing balance	(311,357)	(178,017)
	(147,962)	155,674
Cost of goods manufactured	1,222,167	1,234,434
Finished goods		
Opening balance	49,756	48,348
Closing balance	(79,749)	(72,408)
	(29,993)	(24,060)
	1,192,174	1,210,374

	September 30, 2013	2012
	Un-audited	
16 Earning Per Share - basic and diluted		
Profit after taxation (Rupees in '000)	291,496	242,315
Weighted average number of ordinary shares in issue (in '000')	227,149	227,149
Earning per share - basic and diluted - (Rs)	1.28	1.07

	September 30, 2013	2012
	Un-audited	
	----- (Rs. in '000') ----	
17 Cash Generated from Operations		
Profit before taxation	348,615	264,817
Adjustment for non-cash charges and other items:		
Depreciation	89,816	67,062
Amortization	958	958
Provision for gratuity and compensated absences	3,683	3,268
Finance cost	41,521	53,491
Workers profit participation fund	18,356	14,222
Unrealized profit on bank deposits	(7,898)	-
Unrealized gain on investment	(13,134)	-
Exchange loss	119,696	41,877
	252,998	180,878
Cash flow before working capital changes	601,613	445,695
Working Capital changes:		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	259,734	(176,294)
Stock in trade	(182,317)	104,313
Trade debts	7,880	7,207
Loans and advances	(2,988)	23,116
Trade deposits and short term prepayments	(1,810)	(2,328)
Other receivables	9,303	2,504
	89,802	(41,482)
(Decrease) / increase in current liabilities		
Trade and other payables	(82,561)	(93,134)
Sales tax payable	(18,373)	411
	(100,934)	(92,723)
Cash generated from operations	590,481	311,490
18 Transactions with Related Parties		
Entities having directors in common with the Company		
Repayment of long term loans	-	30,086
Repayment against lease financing	-	2,000
Finance cost paid	12,430	12,938
Staff retirement contribution plan		
Contribution to staff provident fund	1,538	1,398

19 Date of Authorization for Issue

These financial statements were authorized for issue on October 30, 2013 by the Board of Directors of the Company.

20 Corresponding Figures

Corresponding figures have been reclassified, consequent upon changes in current year's presentation for more appropriate comparison and better presentation. However, there are no material reclassifications to report except exchange loss on interest / liquidated damages of foreign currency loans which have been reclassified from financial charges to exchange loss (profit and loss account).

21 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

Mohammad Aftab Alam
Director

Pioneer Cement Limited

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