

Condensed Interim Financial Information

For the Nine Months Period Ended
March 31, 2011 (Un-Audited)



AL-ABBAS CEMENT INDUSTRIES LTD.



Contents

Company Information	03
Directors' Report	04
Condensed Interim Balance Sheet	06
Condensed Interim Profit and Loss Account	07
Condensed Interim Statement of Comprehensive Income	08
Condensed Interim Cash Flow Statement	09
Condensed Interim Statement of Changes in Equity	10
Notes to the Condensed Interim Financial Information	11



COMPANY INFORMATION

BOARD OF DIRECTORS

Syed Ajaz Ahmed	Chairman
Kashif Habib	Chief Executive Officer
Aves Cochinwala	Director
Fazlullah Shariff	Director
Muhammad Khubaib	Director
Nasim Beg	Director
Salman Rasheed	Director

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Nadeem Ahmed Mazari

AUDIT COMMITTEE

Nasim Beg	Chairman
Aves Cochinwala	Member
Muhammad Khubaib	Member
Salman Rasheed	Member

AUDITORS

KPMG Taseer Hadi & Co. Chartered Accountants

COST AUDITORS

Siddiqui & Co Cost & Management Accountants

LEGAL ADVISOR

Usmani & Iqbal Advocate & Solicitors

BANKERS

Al-Baraka Islamic Bank Limited
Allied Bank Limited
Bank Al-Falah Limited
Bank Islami Pakistan Limited
Habib Bank Limited
National Bank of Pakistan
Standard Chartered Bank Limited
United Bank Limited
Summit Bank Limited

REGISTERED OFFICE

Pardesi House, Survey No. 2/1,
R.Y. 16, Old Queens Road, Karachi.

CORRESPONDANCE ADDRESS

1st Floor, Arif Habib Centre,
23 M.T. Khan Road, Karachi.
Website : www.alabbascement.com
E-mail : info@alabbascement.com
Ph : 021-32468226-8
Fax : 021-32400989

FACTORY

Nooriabad Industrial Area,
Kalo Kohar Distt. Dadu,
Sindh.



DIRECTORS' REPORT

The Directors herewith present the financial results of Al-Abbas Cement Industries Limited for nine months ended March 31, 2011.

OVERVIEW

A comparison of the key financial results and operational performance of the Company for the nine months ended March 31, 2011 with same period of the last year is given hereunder;

Financial Results:

Particulars	Nine months ended	
	March 31, 2011	March 31, 2010
	(Rupees in thousand)	
Sales - net	1,506,144	1,540,135
Gross (loss)/Profit	(22,136)	130,823
Loss before taxation	(577,244)	(440,995)
Loss after taxation	(628,357)	(387,725)
Loss per share - Rupees	(3.44)	(2.12)

During the period ended March 31, 2011, the Company has made a gross loss of Rs.22.136 million as compared to the gross profit of Rs.130.823 million of the corresponding period of the last year. Gross loss was due to higher input cost of coal and depressed retention prices in the reporting period. However, the Company has earned a gross profit of Rs.35.970 million for the quarter ended March 31, 2011.

Operational performance:

During the period under review, your Company has produced 329,829 M.T of Clinker and 349,621 M.T of Cement as compared to 290,187 M.T of clinker and 340,732 M.T of cement in last year showing an increase of 39,829 M.T and 8,909 M.T respectively.

Further, the Company has captured local market and made positive growth in volume of 62.67% as compared to last year. The management of your Company is engaged in working out plans for refurbishing the plant so as to achieve uninterrupted production at optimal capacity.

FUTURE OUTLOOK

The Board believes that the Company's future outlook has considerably improved as a result of the following factors:

Issue of Right Shares

The Company is in the process of increasing its capital and has received a commitment for ensuring subscription to a rights issue. In this context it has received approvals under section 84(2) and relaxation of Rule 5 (v) of the Companies (Issue of Capital) Rules, 1996 from S.E.C.P. and respective Stock Exchanges. The proceeds through right shares would be used to fill the working capital gap and improvement in current and debt equity ratio.

Restructuring of loans

The Company has entered into the restructuring agreement of long term loan with commercial banks with effect from June 23, 2010. By this the Company has obtained deferment of principal amount repayment for 3.5 years and reduced rate of mark up by 1.5 years. This would help in cash flow management which is the requirement of the time as well as to keep Company run as going concern.



INDUSTRY OUTLOOK

The demand for Cement has started to pickup from the end of March 2011. This will benefit to the Company in form of enhanced sales volume. Further, the trend of increase in retention prices will improve the results of the Company going forward.

We take the opportunity to urge the government to take necessary measures to stimulate the demand for Cement in the country by utilizing the development funds and initiating major infrastructure and housing projects especially for rehabilitation of the affected of the recent floods. It is also urged to provide incentives to the cement sector by reducing its tax burden, which is one of the highest in any industry.

ACKNOWLEDGEMENT

The Board of Directors of the company would like to place on record appreciation for the regulators for its guidance and support and it would also like to acknowledge the continuing support of the financial institutions, its customers, dealers and suppliers. The Board also acknowledges the workers, staff and officers of the company for their dedication and hard work in improving the performance and hope that the same spirit will continue in future as well.

For and on behalf of the Board

Syed Ajaz Ahmed

Chairman

Karachi: April 26, 2011

**CONDENSED INTERIM
BALANCE SHEET (UN-AUDITED)**

As at 31 MARCH 2011

	Note	Un-audited 31 March 2011 (Rupees in thousand)	Audited 30 June 2010
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	4,292,371	4,352,502
Long term deposits		26,809	26,401
Deferred tax assets		219,273	255,325
		<u>4,538,453</u>	<u>4,634,228</u>
CURRENT ASSETS			
Stores, spares and loose tools		398,285	376,934
Stock-in-trade		107,033	116,666
Trade debts		49,147	63,923
Advances and other receivables		66,699	80,350
Prepayments		4,262	3,754
Tax refund due from government		69,873	23,196
Cash and bank balances		6,368	3,547
		<u>701,667</u>	<u>668,370</u>
		<u>5,240,120</u>	<u>5,302,598</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 400,000,000 (2010: 200,000,000) Ordinary shares of Rs. 10/- each		<u>4,000,000</u>	<u>2,000,000</u>
Issued, subscribed and paid-up capital 182,844,984 (2010: 182,844,984) Ordinary shares of Rs. 10/- each		1,828,450	1,828,450
Reserves		80,000	80,000
Accumulated loss		(1,539,986)	(911,629)
		<u>368,464</u>	<u>996,821</u>
Advance against issue of right shares	7	719,830	-
LIABILITIES			
NON-CURRENT LIABILITIES			
Long-term financing	8	2,500,000	2,250,000
Loans from associated undertakings	9	280,170	183,251
Deferred liabilities		255,923	252,571
		<u>3,036,093</u>	<u>2,685,822</u>
CURRENT LIABILITIES			
Trade and other payables		520,479	432,509
Mark-up accrued		267,141	199,356
Short-term borrowings		328,113	731,776
Current portion of long term financing	8	-	250,000
Current portion of liabilities against assets subject to finance lease		-	6,314
		<u>1,115,733</u>	<u>1,619,955</u>
		<u>5,240,120</u>	<u>5,302,598</u>
CONTINGENCIES AND COMMITMENTS 10			

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.


Chief Executive


Chairman

**CONDENSED INTERIM PROFIT AND LOSS
ACCOUNT (UN-AUDITED)**

FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2011

	Nine months ended 31 March		Quarter ended 31 March		
	Note	2011	2010	2011	2010
		----- (Rupees in thousand) -----			
Sales - net		1,506,144	1,540,135	728,482	514,749
Cost of sales		(1,528,280)	(1,409,312)	(692,512)	(481,850)
Gross (loss)/profit		(22,136)	130,823	35,970	32,899
Distribution cost		(223,858)	(286,973)	(69,273)	(121,418)
Administrative expenses		(27,633)	(18,803)	(9,871)	(5,465)
Other operating income		7,171	36,196	351	21,219
Operating loss		(266,456)	(138,757)	(42,823)	(72,765)
Finance cost		(310,788)	(302,238)	(103,595)	(116,173)
Loss before taxation		(577,244)	(440,995)	(146,418)	(188,938)
Taxation	11	(51,113)	53,270	(4,058)	48,286
Loss after taxation		(628,357)	(387,725)	(150,476)	(140,652)
Basic and diluted loss per share Rupees		(3.44)	(2.12)	(0.82)	(0.77)

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.


Chief Executive

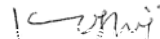

Chairman



**CONDENSED INTERIM STATEMENT OF
COMPREHENSIVE INCOME (UN-AUDITED)**
FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2011

	Nine months ended 31 March		Quarter ended 31 March	
	2011	2010	2011	2010
	----- (Rupees in thousand) -----			
Loss after taxation	(628,357)	(387,725)	(150,476)	(140,652)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	<u>(628,357)</u>	<u>(387,725)</u>	<u>(150,476)</u>	<u>(140,652)</u>

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.


Chief Executive

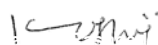

Chairman



**CONDENSED INTERIM
CASH FLOW STATEMENT (UN-AUDITED)**
FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2011

	Note	Nine months period ended	
		31 March 2011	31 March 2010
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in / generated from operations	12	(131,111)	247,710
Taxes paid		(26,471)	(40,100)
Financial charges paid		(243,003)	(284,399)
Gratuity - net		3,352	8,860
		<u>(266,122)</u>	<u>(315,639)</u>
Net cash used in operating activities		<u>(397,233)</u>	<u>(67,929)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(6,310)	(75,997)
Proceeds from disposal of fixed assets		-	440
Long term deposits		(408)	-
Net cash used in investing activities		<u>(6,718)</u>	<u>(75,557)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Loans from associated undertakings		96,919	-
Advance against issue of right shares		719,830	-
Repayment of lease liability		(6,314)	(4,223)
Net cash generated from / used in financing activities		<u>810,435</u>	<u>(4,223)</u>
Net increase / decrease in cash and cash equivalents		<u>406,484</u>	<u>(147,709)</u>
Cash and cash equivalents at beginning of the period		(728,229)	(477,313)
Cash and cash equivalents at end of the period	13	<u>(321,745)</u>	<u>(625,022)</u>

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.


Chief Executive


Chairman



**CONDENSED INTERIM
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2011**

	Issued, Subscribed	General Reserves	Accumulated losses	Total
	----- (Rupees in thousand) -----			
Balance as at 01 July 2009	1,828,450	80,000	(191,014)	1,717,436
Total comprehensive loss for the nine months period ended 31 March 2010	-	-	(387,725)	(387,725)
Balance as at 31 March 2010	1,828,450	80,000	(578,739)	1,329,711
Balance as at 01 July 2010	1,828,450	80,000	(911,629)	996,821
Total comprehensive loss for the nine months period ended 31 March 2011	-	-	(628,357)	(628,357)
Balance as at 31 March 2011	1,828,450	80,000	(1,539,986)	368,464

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.


Chief Executive


Chairman



**NOTES TO THE CONDENSED INTERIM
FINANCIAL INFORMATION (UN-AUDITED)**

FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2011

1. STATUS AND NATURE OF BUSINESS

- 1.1 Al-Abbas Cement Industries Limited was established as Private Limited Company on 1 December 1981 and was converted into Public Limited Company on 9 July 1987. The Company is listed on Karachi and Lahore Stock Exchanges. The Company is engaged in the business of manufacturing, marketing and sale of cement. The registered office of the Company is situated at Pardesi House, Survey no. 2/1, R.Y. 16, Old Queens Road, Karachi and its factory is situated at Deh Kalo Kohar, Nooriabad Industrial Estate, District Dadu (Sindh).
- 1.2 During the period, the Company has incurred loss after taxation of Rs. 628.357 million (31 March 2010: Rs. 387.725 million) and its accumulated losses stood at Rs. 1,539.99 million (30 June 2010: Rs.911.629 million) and as at that date, its current liabilities exceeds its current assets by Rs. 414.066 million (30 June 2010: Rs. 951.585 million). These factors cast significant doubt about the company's ability to continue as a going concern and the company may not be able to realize its assets and discharge the liabilities at the stated amounts.

However, during the six months period ended 31 March 2011, the management has executed a rescheduling agreement with consortium of five banks, that have extended deferred repayment of long term finances to the Company amounting to Rs. 2,500 million. The salient features of rescheduling are mentioned in note 8 to the condensed interim financial information. Further, the Company in its 19th Annual General Meeting approved 100% right issue of shares i.e. 182,844,984 shares of Rs. 10 each at a discount of Rs. 5 per share. The sponsors and associated undertakings have already extended advance/loans of Rs. 900 million to the Company as subscription for the issue of right shares as mentioned in relevant notes to the condensed interim financial information. The Securities and Exchange Commission of Pakistan vide their letter dated 23 February 2011 has accorded its approval to the right issue of shares. The proceeds of the right shares at discounted value would be around Rs. 914.225 million, which will be utilized filling the gap of working capital of the Company and improving the current and debt equity ratio. Considering aforementioned facts, this condensed interim financial information has been prepared on going concern basis.

2. BASIS OF PREPARATION

This condensed interim financial information of the Company for the nine months period ended 31 March 2011 has been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. The disclosures in the condensed interim financial information do not include all of the information required for full annual financial statements, and should therefore be read in conjunction with the financial statements of the Company as at and for the year ended 30 June 2010.

This condensed interim financial information is unaudited and is being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984 and the listing regulation of Karachi and Lahore Stock Exchanges.

This condensed interim financial information comprise of the balance sheet as at 31 March 2011 and profit and loss account, statement of comprehensive income, statement of changes in equity and the cash flow statement for the nine months period ended 31 March 2011.

3. ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements of the Company for the year ended 30 June 2010.

**4. ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

In preparing this condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended 30 June 2010.

5. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements as at and for the year ended 30 June 2010.

6. PROPERTY, PLANT AND EQUIPMENT

6.1 The additions in property, plant and equipment during the period are as under:

	Un-audited 31 March 2011	Audited 30 June 2010
	(Rupees in thousand)	
Additions		
Plant and machinery	1,479	39,307
Factory and laboratory equipment	119	1,866
Quarry equipments	-	1,997
Office equipment	463	2,197
Furniture and fixture	538	947
Vehicles	<u>3,711</u>	<u>2,620</u>
	6,310	48,934
Transfers		
Factory Building - From CWIP	-	12,649
Plant and machinery - From CWIP	-	829,409
Vehicles - From lease	-	3,576
	<u>-</u>	<u>845,634</u>
Total additions	<u>6,310</u>	<u>894,568</u>
Disposals		
Vehicles	<u>-</u>	<u>2,541</u>

7. ADVANCE AGAINST ISSUE OF RIGHT SHARES

This represents amount received from sponsors against the proposed issue of right shares.



8 LONG TERM FINANCING

During the period the management has entered into the restructuring agreement of long term finances. The restructuring terms are as under:

Effective date of Restructuring 23 June 2010
Tenor 8.5 years
Final Maturity 23 December 2018
Repayments 10 Half - yearly installments. The first principal repayment will fall due on 23 June 2014.

Mark-up Pricing: For first 3.5 years (23 June 2010 - 22 December 2013): 6 month KIBOR + 0%.
 After 3.5 years (23 December 2013 onwards) : 6 month KIBOR + 1.75%

Mark-up payment:	Mark-up period	Payable in
	June 2010 - December 2011	December 2011
	December 2011 - December 2012	December 2012
	December 2012 - December 2013	December 2013

From December 2013 onwards, mark-up will be payable on six monthly basis for the remaining tenor of the facility.

9 LOANS FROM ASSOCIATED UNDERTAKINGS

These carry interest at the rate of 15.50% per annum and may be converted into equity in case of undersubscription of right shares .

10 CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

There is no change in the status of contingencies as disclosed in the annual financial statements for the year ended 30 June 2010.

10.2 Commitments

	Un-audited 31 March 2011 (Rupees in thousand)	Audited June 30, 2010
Letter of credit for Plant and machinery - overhauling and repair	<u>7,782</u>	<u>4,894</u>
	(Un-audited)	
	Nine months period ended	
	31 March 2011	31 March 2010
	(Rupees in thousand)	

11 TAXATION

For the period	15,061	11,531
Deferred	36,052	(64,801)
	<u>51,113</u>	<u>(53,270)</u>

**12 CASH (USED IN) / GENERATED FROM OPERATIONS**

	(Un-audited)	
	Nine months period ended	
	31 March 2011	31 March 2010
	(Rupees in thousand)	
Loss before taxation	(577,244)	(440,995)
Adjustment for:		
Depreciation	66,440	52,882
Finance costs	310,788	302,238
Loss on disposal of fixed assets	-	462
	<u>377,228</u>	<u>355,582</u>
Operating loss before working capital changes	(200,016)	(85,413)
Decrease / (Increase) in current assets		
Stores, spares and loose tools	(21,351)	51,849
Stock-in-trade	9,633	222,234
Trade debts	14,776	7,338
Advances	25,062	51,951
Deposits and prepayments	(508)	394
Tax refund due from government	(46,677)	239,570
	<u>(19,065)</u>	<u>573,336</u>
Increase / (Decrease) in trade and other payables	87,970	(240,213)
Cash (used in) / generated from operations	<u>(131,111)</u>	<u>247,710</u>
	Un-audited	Audited
	31 March	June 30,
	2011	2010
	(Rupees in thousand)	

13 CASH AND CASH EQUIVALENTS

Cash and bank balances	6,368	3,547
Short term borrowings	(328,113)	(731,776)
	<u>(321,745)</u>	<u>(728,229)</u>

14 TRANSACTIONS WITH RELATED PARTIES

All transactions involving related parties arising in the normal course of business are conducted at commercial terms and conditions. Related parties of the Company comprise associated undertakings, directors and key management personnel. Transactions with related parties during the period, other than remuneration and benefits to key management personnel under the terms of their employment are as follows:

	(Un-audited)	
	Nine months period ended	
	31 March 2011	31 March 2010
	(Rupees in thousand)	
Sales of goods	20,358	44,245
Purchase of goods	39,302	48,172
Loans received from associated undertakings	278,000	-
Repayment of loans to associated undertakings	30,251	-
Advance received against issue of right shares	569,000	-
Markup on sponsors loan from associated	15,581	-
Common expenses	165	1,800



15. CORRESPONDING FIGURES

Corresponding figures have been reclassified / rearranged as follows, for better presentation.

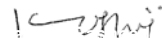
Balance Sheet	From	To	(Rupees in '000)
Long term deposits	Short term deposits and prepayments	Long term deposits	<u>26,401</u>

16. DATE OF AUTHORIZATION FOR ISSUE

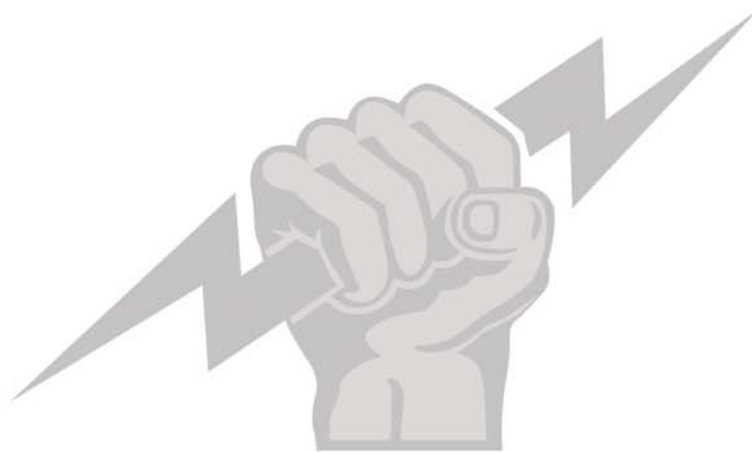
This condensed interim financial information has been authorized for issue on April 26, 2011 by the Board of Directors.

17. GENERAL

Figures have been rounded off to the nearest of thousand rupees.


Chief Executive


Chairman



If undelivered please return to:

AL-ABBAS CEMENT INDUSTRIES LTD.

2nd Floor, Arif Habib Centre,
23 M.T. Khan Road.
Ph : 021-32468227-8