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## COMPANY INFORMATION

### BOARD OF DIRECTORS

Syed Ajaz Ahmed	Chairman
Moomal Shunaid	Chief Executive
Asma Cochinwala	Director
Aves Cochinwala	Director
Momina Duraid	Director
Salman Rasheed	Director
Tariq Usman Bhatti	Director

### COMPANY SECRETARY

K.A. Jamal

### CHIEF OPERATING OFFICER

S.N. Jaffri

### CHIEF FINANCIAL OFFICER

Zuhair Abbas

### AUDIT COMMITTEE

Aves Cochinwala	Chairman
Momina Duraid	Member
Salman Rasheed	Member
Tariq Usman Bhatti	Member
Syed Muhammad Talha	Secretary

### AUDITORS

M. Sikandar & Co. Chartered Accountants

### COST AUDITORS

Siddiqui & Co Cost & Management Accountants

### BANKERS

Al-Baraka Islamic Bank Limited  
Allied Bank Limited  
Arif Habib Bank Limited  
Bank Al-Falah Limited  
Bank Islami Pakistan Limited  
Barclays Bank PLC, Pakistan  
Habib Bank Limited  
KASB Bank Limited  
Meezan Bank Limited  
National Bank of Pakistan  
Silk Bank Limited  
Standard Chartered Bank Limited  
United Bank Limited

### REGISTERED OFFICE

Pardesi House, Survey No. 2/1,  
R.Y. 16, Old Queens Road, Karachi.  
Ph : 021-111-111-224  
Fax : 021-32470090  
Website : [www.alabbascement.com](http://www.alabbascement.com)  
E-mail : [info@alabbascement.com](mailto:info@alabbascement.com)

### FACTORY

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

## DIRECTORS' REPORT

The Board of Directors of Al-Abbas Cement Industries Limited presents herewith the Directors' Review Report together with the Company's un-audited financial information for the six months period ended December 31, 2009.

### FINANCIAL PERFORMANCE

During the six months period under review, your Company has earned gross profit of Rs. 97.924 million as against gross profit of Rs. 360.187 million in the same period of last year and net loss of Rs. 247.073 million as against net profit of Rs. 60.035 million in the corresponding period of last year due to a downward trend in prices. In this period your Company has a loss per share of Rs. 1.35 as compared to a last period per share earning of Rs. 0.33.

Following is the summary of comparative financial results.

	For the six months period ended	
	December 31, 2009	December 31, 2008
	(Rupees in thousand)	
Sales - net	1,025,386	1,478,850
Gross profit	97,924	360,187
(Loss)/Profit before taxation	(252,057)	30,901
Provision for taxation	4,984	29,134
(Loss)/Profit after taxation	(247,073)	60,035
(Loss)/Earnings per share - in Rupee	(1.35)	0.33

### OPERATING PERFORMANCE

During the period under review the comparative figures of Production and Sales are given as under:-

	For the six months period ended	
	December 31, 2009	December 31, 2008
	← In M. Tons →	
Clinker production	175,995	324,588
Cement production	216,480	207,046
Cement sales		
- Local	72,628	54,739
- Export	151,656	156,586
Clinker sales		
- Local	8,198	54,103
- Export	21,684	41,130

The Clinker production decreased by 148,593 M.T. while the production of Cement increased by 9,434 M.T. as compared to the same period of last year. Cement sales local witnessed increase of 17,889 M.T. but Cement export decreased by 4,930 M.T. In addition, the Company has exported 21,684 M.T. of clinker and sold 8,198 M.T. locally.



**FUTURE OUTLOOK**

The declining trend in local consumption has been arrested. During the period under review local dispatches have increased by 11% over prior year same period. Export have also maintained their increasing trend and registered a growth of 15.3% over prior year. Cumulatively industry dispatches (local and export) have increased by 12.5% over prior year's first half. This has allowed the industry a capacity utilization of 72.5% during first half of fiscal year 2009-10. Whereas volumes have improved but the under utilization of capacity has maintained a downward pressure on prices in the local market. Similarly low rates in the international market have not helped in improving the average revenue per ton. However, the increasing total volume and the resultant higher capacity utilization is an indication of an expected demand supply driven reduction in the prevailing price war in the domestic market, thus rationalizing the sale prices fetched from it and generally improving the bottom line of the cement manufacturers. This upward trend in cement consumption is expected to increase at a much higher pace as soon as the law and order situation improves.

**ACKNOWLEDGEMENT**

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

For and on behalf of the Board

**SYED AJAZ AHMED**  
Chairman

**Karachi:** February 26, 2010



**INDEPENDENT AUDITORS' REPORT ON  
REVIEW OF CONDENSED INTERIM FINANCIAL  
INFORMATION TO THE MEMBERS**

**Introduction**

We have reviewed the accompanying condensed interim balance sheet of Al-Abbas Cement Industries Limited ("the Company") as at December 31, 2009 and the related condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "Interim financial information") for the six months period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

**Scope of Review**

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

**Other Matters**

The figures for the quarter ended 31 December 2009 and 31 December 2008 in the condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion thereon.

Place: Karachi  
Dated: February 26, 2010

*M. Sikandar & Co.*  
**M. SIKINDAR & CO**  
CHARTERED ACCOUNTANTS  
Engagement Partner: Noor Muhammad

**CONDENSED INTERIM STATEMENT OF  
FINANCIAL POSITION (UN-AUDITED)**

AS AT DECEMBER 31, 2009

	Note	(Un-Audited) December 31, 2009	(Audited) June 30, 2009
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	4,396,468	4,354,980
Deferred tax asset		<u>225,802</u>	<u>213,399</u>
		<b>4,622,270</b>	<b>4,568,379</b>
<b>Current assets</b>			
Stores, spares and loose tools		<u>428,052</u>	<u>429,307</u>
Stock-in-trade		<u>272,171</u>	<u>472,276</u>
Trade debts		<u>53,560</u>	<u>42,008</u>
Advances		<u>55,187</u>	<u>70,104</u>
Deposits and prepayments		<u>35,154</u>	<u>27,366</u>
Tax refund due from government		<u>181,150</u>	<u>302,050</u>
Cash and bank balances		<u>4,693</u>	<u>12,421</u>
		<b>1,029,967</b>	<b>1,355,532</b>
<b>TOTAL ASSETS</b>		<b><u>5,652,237</u></b>	<b><u>5,923,911</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized share capital 200,000,000 (2008; 200,000,000) Ordinary shares of Rs. 10/- each		<u>2,000,000</u>	<u>2,000,000</u>
Issued, subscribed and paid-up capital 182,844,984 (2008; 182,844,984) Ordinary Shares of Rs. 10/- each		<u>1,828,450</u>	<u>1,828,450</u>
Reserves		<u>(358,087)</u>	<u>(111,014)</u>
<b>Shareholders' equity</b>		<b><u>1,470,363</u></b>	<b><u>1,717,436</u></b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long-term loan		<u>2,250,000</u>	<u>2,500,000</u>
Liabilities against assets subject to finance lease		<u>3,123</u>	<u>6,350</u>
Deferred liabilities		<u>250,951</u>	<u>245,613</u>
		<b>2,504,074</b>	<b>2,751,963</b>
<b>Current liabilities</b>			
Trade and other payables		<u>545,393</u>	<u>719,594</u>
Mark-up accrued		<u>196,574</u>	<u>239,496</u>
Short term borrowings		<u>679,696</u>	<u>489,724</u>
Current portion of non-current liabilities		<u>256,137</u>	<u>5,698</u>
		<b>1,677,800</b>	<b>1,454,512</b>
<b>CONTINGENCIES AND COMMITMENT</b>	6		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>5,652,237</u></b>	<b><u>5,923,911</u></b>

The annexed notes from 1 to 11 form an integral part of this condensed interim financial information.

**Moomal Shunaid**  
Chief Executive

**Aves Cochinwala**  
Director

**CONDENSED INTERIM STATEMENT OF  
COMPREHENSIVE INCOME (UN-AUDITED)**

FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2009

	Six months period ended		Quarter ended	
	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
	----- (Rupees in thousand) -----			
<b>Sales - net</b>	<b>1,025,386</b>	<b>1,478,850</b>	<b>424,567</b>	<b>649,245</b>
Cost of sales	<u>(927,462)</u>	<u>(1,118,663)</u>	<u>(408,393)</u>	<u>(483,818)</u>
<b>Gross profit</b>	<b>97,924</b>	<b>360,187</b>	<b>16,174</b>	<b>165,427</b>
Distribution cost	<u>(165,555)</u>	<u>(156,620)</u>	<u>(83,789)</u>	<u>(63,280)</u>
Administrative expenses	<u>(13,338)</u>	<u>(14,187)</u>	<u>(2,334)</u>	<u>(4,537)</u>
Other operating income	<u>14,977</u>	<u>12,941</u>	<u>13,422</u>	<u>543</u>
Operating (loss)/ profit	<u>(65,992)</u>	<u>202,321</u>	<u>(56,527)</u>	<u>98,153</u>
Finance costs	<u>(186,065)</u>	<u>(171,420)</u>	<u>(109,504)</u>	<u>(79,280)</u>
<b>(Loss) / profit before taxation</b>	<b>(252,057)</b>	<b>30,901</b>	<b>(166,031)</b>	<b>18,873</b>
Taxation	<u>4,984</u>	<u>29,134</u>	<u>9,314</u>	<u>35,645</u>
<b>(Loss)/ profit after taxation</b>	<b>(247,073)</b>	<b>60,035</b>	<b>(156,717)</b>	<b>54,518</b>
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<u><u>(247,073)</u></u>	<u><u>60,035</u></u>	<u><u>(156,717)</u></u>	<u><u>54,518</u></u>
<b>Basic and diluted (loss) / earnings per share</b>	Rupees <u><u>(1.35)</u></u>	<u><u>0.33</u></u>	<u><u>(0.9)</u></u>	<u><u>0.30</u></u>

The annexed notes from 1 to 11 form an integral part of this condensed interim financial information.

**Moomal Shunaid**  
Chief Executive


**Aves Cochinwala**  
Director



**CONDENSED INTERIM  
CASH FLOW STATEMENT (UN-AUDITED)**  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2009

		Six months period ended	
	Note	December 31, 2009	December 31, 2008
		(Rupees in thousand)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from / (used in) operations	7	122,918	(150,133)
Taxes paid		(23,362)	(31,977)
Financial charges paid		(228,987)	(27,087)
Gratuity - net		5,338	748
		(247,011)	(58,316)
Net cash used in operating activities		(124,093)	(208,449)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(70,819)	(4,215)
Net cash used in investing activities		(70,819)	(4,215)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Re-payment of long term loan		-	(165,000)
Deferred liabilities		-	(1,523)
Re-payment of lease liability		(2,788)	(3,021)
Net cash used in financing activities		(2,788)	(169,544)
Net decrease in cash and cash equivalents		(197,700)	(382,208)
Cash and cash equivalents at beginning of the period		(477,303)	(28,886)
Cash and cash equivalents at end of the period	8	(675,003)	(411,094)

The annexed notes from 1 to 11 form an integral part of this condensed interim financial information.

  
**Moomal Shunaid**  
Chief Executive

  
**Aves Cochinwala**  
Director



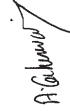
**CONDENSED INTERIM  
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2009

	Issued, Subscribed and Paid-up capital	General reserves	Revenue reserve		Total
			Accumulated loss	Sub-total	
	(Rupees in thousand)				
<b>Balance as at July 01, 2008</b>	1,828,450	80,000	(312,827)	(232,827)	1,595,623
<b>Total comprehensive income for the period</b>					
Profit for the six months period ended December 31, 2008					
<b>Balance as at December 31, 2008</b>	-	-	60,035	60,035	60,035
<b>Total comprehensive income for the period</b>					
Profit for the year ended June 30, 2009					
<b>Balance as at June 30, 2009</b>	1,828,450	80,000	(252,792)	(172,792)	1,655,658
<b>Total comprehensive income for the period</b>					
Loss for the six months period ended December 31, 2009					
<b>Balance as at December 31, 2009</b>	1,828,450	80,000	(438,087)	(358,087)	1,470,363

The annexed notes from 1 to 11 form an integral part of this condensed interim financial information.



**Moomal Shunaid**  
Chief Executive



**Aves Cochinwala**  
Director

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

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2009

### 1 STATUS AND NATURE OF BUSINESS

Al-Abbas Cement Industries Limited was established as Private Limited Company on December 1, 1981 and was converted into Public Limited Company on July 9, 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 Area, District Dadu (Sindh).

### 2 BASIS OF PREPARATION

This condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting and is being submitted to the shareholders as required by Section-245 of the Companies Ordinance, 1984. This condensed interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended June 30, 2009. This condensed interim financial information is un-audited.

### 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, 2009, except adoption of revised IAS-1 as noted below:

IAS 1 (Revised), "Presentation of financial statements" (effective from January 1, 2009), was issued in September 2007. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and the statement of comprehensive income).

The Company has chosen to present all non-owner changes in equity in one performance statement - statement of comprehensive income (profit and loss account). The Company does not have any items of income and expenses representing other comprehensive income. Accordingly, the adoption of the specified standard does not have any significant impact on the presentation of the Company's financial statements and does not require the re-statement or re-classification of comparative information.

### 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 these condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and key sources of estimation uncertainty were the same as those that applied to the preceding published financial information of the company for the year ended June 30, 2009.

**5 PROPERTY, PLANT AND EQUIPMENT**

Following is the cost of property, plant and equipment that have been added during the six months period ended December 31, 2009:

	Six months period ended	
	December 31, 2009	December 31, 2008
(Rupees in thousand)		
<b>Owned</b>		
Factory building on freehold land	13,248	-
Plant and machinery	866,748	60
Office equipment	1,980	980
Furniture and fixture	1,495	82
Factory and laboratory equipment	2,610	796
	<b>886,081</b>	1,918
<b>Capital Work-In-Progress</b>		
Civil work	-	-
Plant and machinery	-	2,791
Borrowing cost	-	46,821
	-	49,612
	<b>886,081</b>	<b>51,530</b>

**6 CONTINGENCIES AND COMMITMENT**
**Contingencies**

There is no change in the status of contingencies as disclosed in the annual financial statements for the year ended June 30, 2009.

**Commitment**

Commitment in respect of open letter of credit amounts to Rs.192.694 million (June 30, 2009: Rs. 32.069 million).

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

	Six months period ended	
	December 31, 2009	December 31, 2008
(Rupees in thousand)		
(Loss)/ profit before taxation	(252,057)	30,901
<b>Adjustment for:</b>		
Depreciation	29,331	55,745
Finance costs	186,065	171,420
	215,396	227,165
Operating profit before working capital changes	(36,661)	258,066
<b>Decrease / (Increase) in current assets</b>		
Stores, spares and loose tools	1,255	(98,514)
Stock-in-trade	200,105	(317,552)
Trade debts	(11,552)	171,218
Advances	30,860	17,373
Deposits and prepayments	(7,788)	(10,282)
Tax refund due from government	120,900	(81,692)
	333,780	(319,449)
(Decrease) in trade and other payables	(174,201)	(88,750)
Cash generated from/(used in) operations	<b>122,918</b>	<b>(150,133)</b>
<b>8 CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	4,693	7,769
Short term borrowings	(679,696)	(418,863)
	<b>(675,003)</b>	<b>(411,094)</b>

**9 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:

	<b>Six months period ended</b>	
	<b>December 31,</b>	<b>December 31,</b>
	<b>2009</b>	<b>2008</b>
	<b>(Rupees in thousand)</b>	
Sale of cement	<b>229</b>	3,095
Sale of clinker	<b>23,977</b>	199,414
Purchase of cement	<b>33,940</b>	-
Purchase of stores and spares	<b>9,999</b>	4,148
Sale of stores and spares	<b>407</b>	110
Common expenses	<b>2,012</b>	-

**10 DATE OF AUTHORIZATION FOR ISSUE**

This condensed interim financial information has been authorized for issue on February 26, 2010 by the Board of Directors.

**11 General**

Figures have been rounded off to the nearest thousand rupees.



**Moomal Shunaid**  
Chief Executive



**Aves Cochinwala**  
Director