



AL-ABBAS CEMENT INDUSTRIES LTD.

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AL-ABBAS CEMENT INDUSTRIES LTD.

CORPORATE INFORMATION

Board of Directors

Asim Ghani (Chairman)
Shunaid Qureshi (Chief Executive)
Mohammad Shafi Malik
Tariq Usman Bhatti
Duraaid Qureshi
Salman Rasheed
Aves Cochinwala

Audit Committee

Asim Ghani (Chairman)
Duraaid Qureshi
Tariq Usman Bhatti

Company Secretary

Muhammad Suleman Kanjiani

Chief Financial Officer

Mohammad Aqeel Tabani

Auditor

M. Sikandar & Co.,
Chartered Accountants

Bankers

National Bank of Pakistan
Bank Al-Falah Limited
Union Bank Limited
Allied Bank Limited
Habib Bank Limited
Saudi Pak Industrial and Agricultural Investment Co. (Pvt.) Ltd.
United Bank Limited
Prime Commercial Bank Limited
Crescent Commercial Bank Limited
Bank Islami Pakistan Limited

Registered Office

Pardesi House, Survey No. 2/1,
R.Y. 16, Old Queens Road, Karachi
Ph: 111-111-224
Fax: 021-2470090
Website: www.alabbascement.com
Email: info@alabbascement.com

Factory

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



AL-ABBAS CEMENT INDUSTRIES LTD.

DIRECTORS' REPORT

On behalf of the Board of Directors of Al- Abbas Cement Industries Limited, we are pleased to present herewith un-audited financial statements for the third quarter ended March 31, 2007.

OPERATING RESULTS

Production and sales figure for the third quarter ended March 31, 2007, are as follows:

	July-March 2007 (M. Tons)	July-March 2006 (M. Tons)
Clinker Production	10,331	222,289
Clinker Purchased	10,480	-
Cement Production	52,940	236,482
Cement Dispatches		
- Local	54,608	221,802
- Export	-	21,147

By the grace of Allah the work on Line # 1 has completed and pre commissioning trials are in progress, it is expected that after completion of this commencement of trial production and thereafter commercial production will start.

As far as repair work on part of equipment damaged due to the tragic accident occurred on November 22, 2006 (which was already reported earlier) is concerned, the work is in progress satisfactorily, majority of the letter of credit for import of equipment have been established, and contract to local fabricators have been awarded for local fabrication of plant and machinery.

As regard with the claim for the damages from the insurance company is concerned, partial payment has been received and remaining claim amount will be received in the due course of time.

We would further like to inform the members about the issue of right share, that all the formalities including dispatch of Right Letter has been completed.



AL-ABBAS CEMENT INDUSTRIES LTD.

	July-March 2007	July-March 2006
FINANCIAL RESULTS		
Sales – net	240,708	930,121
Gross (Loss) / Profit	(124,419)	34,747
(Loss) before taxation	(201,944)	(34,780)
Provision for taxation	26,819	(3,841)
(Loss) after taxation	(175,126)	(38,621)
(Loss) per share - Basic & Diluted (Rupees)	(1.376)	(0.397)

FUTURE OUTLOOK

Kiln of line # I has been fired and soon trial production will start and line # II will come into production by the end of December 2007. As far as Industry is concern we hoped that the rapid growth of country will have very significant impact on growth of the industry.

Mega projects of residential, commercial and infrastructure which have been undertaken or expected to be undertaken by the government and private entrepreneurs both local and foreign will have very significant impact on demand of the cement and growth of the industry.

After the meeting of Pakistani and Indian Prime Ministers, it was concluded that due to shortages in India the cement will be imported from Pakistan. The capacity utilization of Indian cement has reached to 108% in March 2007 and it is predicted that this shortages will remain upto 2009-2010. The major beneficiary for export of cement to India will become factories situated in south of Pakistan due to low freight and short voyage time to the Indian ports. After the BIS certifications, the substantial quantity of Pakistani cement will be exported to India. Furthermore, due to huge construction activities in Iraq and UAE, the quantity of Pakistani cement will also be substantially increased.

ACKNOWLEDGEMENT

The Directors are grateful to the Company's shareholders, financial institution and customers for their continued cooperation, support and patronage.

The Directors acknowledge the contribution of all the employees of the company for their significant contribution in areas of expertise, loyalty and hard work.

For and on behalf of the Board

Shunaid Qureshi
Chief Executive

Karachi: April 25, 2007



AL-ABBAS CEMENT INDUSTRIES LTD.

Balance Sheet

As at March 31, 2007 (Un-audited)

	Note	Un-audited March 31, 2007 (Rupees in thousand)	Audited June 30, 2006
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	3,469,348	3,197,844
Intangible asset		261	417
Long term deposits		21,379	22,487
		3,490,988	3,220,748
CURRENT ASSETS			
Stores, spare parts and loose tools		263,096	259,801
Stock-in-trade		107,262	136,937
Trade debts		2,611	24,745
Advances		21,249	29,966
Short term prepayments		2,157	3,875
Refund due from government		8,727	24,754
Other receivables		188,723	331
Cash and bank balances		27,084	118,057
		620,908	598,466
		4,111,896	3,819,215
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
150,000,000 ordinary shares of Rs. 10/- each		1,500,000	1,500,000
Issued, subscribed and paid-up capital	5	1,272,781	1,142,781
Reserves - revenue		80,000	80,000
Accumulated (loss)		(237,703)	(62,577)
		1,115,078	1,160,204
LIABILITIES			
NON CURRENT LIABILITIES			
Long term financing		1,798,126	1,886,629
Liabilities against assets subject to finance lease		1,678	3,102
Deferred liabilities	6	243,872	277,938
CURRENT LIABILITIES			
Trade and other payables		271,988	275,544
Interest and mark-up accrued		62,315	38,991
Short term borrowings		246,734	40,520
Current portion of long term loans		370,917	135,000
Current maturity of liabilities against assets subject to finance lease		1,188	1,287
		953,142	491,342
CONTINGENCIES AND COMMITMENTS	9	-	-
		4,111,896	3,819,215

The annexed notes form an integral part of these financial statements.


 Chairman


 Chief Executive



AL-ABBAS CEMENT INDUSTRIES LTD.

Profit and loss account

For the period ended March 31, 2007 (Un-audited)
(Amount in thousand except for earning per share)

	Third Quarter ended		Quarter ended		
	Note	March 31, 2007	March 31, 2006	March 31, 2007	March 31, 2006
.....(Rupees in thousand).....					
Sales - net		240,708	930,121	47,136	280,631
Cost of sales		(365,127)	(895,374)	(107,264)	(247,299)
Gross (Loss) / profit		(124,419)	34,747	(60,128)	33,332
Distribution costs		(1,549)	(5,008)	(440)	(2,921)
Administrative costs		(17,925)	(10,766)	(7,250)	(2,444)
		(19,474)	(15,774)	(7,690)	(5,365)
		(143,893)	18,973	(67,818)	27,967
Other operating income		4,980	1,767	4,644	(69)
(Loss)/ profit from operations		(138,913)	20,740	(63,174)	27,898
Finance costs		(63,032)	(55,520)	(22,860)	(17,686)
Net (loss) / profit before taxation		(201,945)	(34,780)	(86,034)	10,212
Taxation	7	26,819	(3,841)	(209)	(1,163)
Net (loss) / profit after taxation		(175,126)	(38,621)	(86,243)	9,049
Earning per share - Basic & Diluted		(1.376)	(0.397)	(0.678)	0.093

The appropriations are set out in the statement of changes in equity.

The annexed notes form an integral part of these financial statements.



Chairman



Chief Executive



AL-ABBAS CEMENT INDUSTRIES LTD.

Cash flow statement

For the Period ended March 31, 2007 (Un-audited)

	Note	March 31, 2007	March 31, 2006
(Rupees in thousand)			
CASH FLOW FROM OPERATING ACTIVITIES			
Cash (utilized towards) operations	10	(219,432)	(220,510)
Income tax paid		(1,742)	(3,910)
Income tax refund received		1,960	-
Finance costs paid		(39,708)	(46,930)
Gratuity Paid		(474)	-
		<u>(39,964)</u>	<u>(50,840)</u>
Net cash (outflow) from operating activities		(259,396)	(271,350)
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed Capital Expenditure		(323,788)	(1,076,067)
Proceeds of sale of assets		15,846	-
Addition to intangible assets		-	(400)
Decrease in long term deposit		1,108	-
Net cash (outflow) from investing activities		(306,834)	(1,076,467)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from Long term financing		147,414	714,778
Repayment of loan to related parties		(6,849)	(30,000)
Proceed from finance lease obligation		-	5,755
Repayment of finance lease obligation		(1,523)	(2,983)
Proceeds of right share subscription		130,000	761,198
Net cash from financing activities		<u>269,042</u>	<u>1,448,748</u>
Net (decrease) / increase in cash and cash equivalents		(297,188)	100,931
Cash and cash equivalents at the beginning of year		77,537	(81,396)
Cash and cash equivalents at the end of the period 11		<u>(219,651)</u>	<u>19,535</u>

The annexed notes form an integral part of these financial statements.


 Chairman


 Chief Executive



AL-ABBAS CEMENT INDUSTRIES LTD.

Statement of changes in equity

For the Period ended March 31, 2007 (Un-audited)

	SHARE CAPITAL	REVENUE RESERVE -GENERAL	UNAPPROPRIATED PROFIT/ (ACCUMULATED LOSS)	TOTAL
.....(Rupees in thousand).....				
Balance as at July 01, 2005	380,927	80,000	(80,176)	380,751
Issue of right shares	761,854	-	-	761,854
(Loss) for the period	-	-	(38,621)	(38,621)
Balance as at March 31, 2006	<u>1,142,781</u>	<u>80,000</u>	<u>(118,797)</u>	<u>1,103,984</u>
Profit for the period from				
April 01, 2006 to June 30, 2006	<u>-</u>	<u>-</u>	<u>56,220</u>	<u>56,220</u>
Balance as at June 30, 2006	1,142,781	80,000	(62,577)	1,160,204
Right shares subscription received	130,000	-	-	130,000
(Loss) for the period	-	-	(175,126)	(175,126)
Balance as at March 31, 2007	<u><u>1,272,781</u></u>	<u><u>80,000</u></u>	<u><u>(237,703)</u></u>	<u><u>1,115,078</u></u>

The annexed notes form an integral part of these financial statements.


Chairman


Chief Executive



AL-ABBAS CEMENT INDUSTRIES LTD.

Notes to the financial statements

For the Period ended March 31, 2007 (Un-audited)

1 STATUS AND NATURE OF BUSINESS

Al-Abbas Cement Industries Limited was established as Private Limited Company on 1st December, 1981 and was converted into Public Limited Company on 9th July 1987 and is listed on Karachi and Lahore Stock Exchanges. The Company's principal activity is manufacturing and marketing 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 industry is situated at Deh Kalo Kohar, Nooriabad Industrial Estate, District Dadu (Sindh).

2 BASIS OF PREPARATION

These accounts have been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" and are submitted to the shareholders as required by Section 245 of the Companies Ordinance, 1984 and the listing regulations of the Karachi Stock Exchange (Guarantee) Limited and Lahore Stock Exchange (Guarantee) Limited.

3 ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these financial statements are the same as those applied in the preparation of the financial statements for the year ended June 30, 2006.

4 PROPERTY, PLANT AND EQUIPMENT

The following operating assets have been added / disposed off during the period ended:

	March 31, 2007		June 30, 2006	
	Additions	Disposals	Additions	Disposals
.....(Rupees in thousand).....				
Plant and machinery			6,017	-
Vehicles	1,812	(10,568)	3,660	-
Office Equipment	359		2,053	-
Furniture and Fixture	521		5,399	-
Factory and laboratory equipment	706		11,474	-
Vehicles lease	-	(999)	5,755	-
	<u>3,398</u>	<u>(11,567)</u>	<u>34,358</u>	<u>-</u>

	March 31, 2007	June 30, 2006
(Rupees in thousand)		
Intangible fixed assets	-	625
Capital work-in-progress	320,390	1,718,849
	<u>320,390</u>	<u>1,719,474</u>



AL-ABBAS CEMENT INDUSTRIES LTD.

The Company has carried out extensive plan for the optimization, modernization and expansion of the existing plant and machinery. The objective of plan was to extend the existing capacity of clinker production from 1,500 MT per day to 3,250 MT per day, whereas, the production of cement will increase from 1,700 MT per day to 4,000 MT per day. In the month of November 2006, first phase i.e. line # 02, having extended capacity of 2,500 MT per day of cement production started commissioning. Unfortunately simultaneously an accident occurred in Electro Precipitate System and De-dusting System of Kiln, which resulted apart from financial loss delay of project by 9 to 10 months. The Company had obtained insurance coverage for the same. Consequently machinery replacement loss which may approximate to be Rs. 230 million is subject to finalization. Insurance company is processing the claim of the Company. Pending the determination of the same, the management has excluded the value of cost from the assets and shown the same as receivable from insurance company.

5 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

The Board of Directors of the Company in their meeting held on January 17, 2007 has approved to issue sixty (60) right shares against every 100 shares at par.

6 DEFERRED LIABILITIES

The charge of the company was taken over by the present management and one of the condition of takeover from the previous sponsors was that the amount payable as stated in note No. 06 was required to be adjusted in respect of any difference in the value of assets and/or unrecorded liabilities. Due to dispute between old sponsors and new sponsors, the final amount of sponsors' loan remain un-determined and un-settled. The company has no direct involvement but its liability is subject to determination of un-recorded liability of the old sponsors, which has to be adjusted to finally determine the amount of old sponsors' loan. Pending the outcome of the decision, the amount standing to the credit of previous sponsor had been kept intact under the head "Deferred Liabilities" the present sponsors have committed to bear and pay the amount of interest if decided payable in this context. Thus though the quantum of amount payable cannot be determined with any accuracy yet there will be no adverse impact on the financial statement of the company in this behalf. The effect of the same will be incorporated once the matter is settled between the present and previous sponsors.

7 TAXATION

The provision for current taxation for the period represents minimum tax on turnover. Provision for taxation and Workers Profit Participation Fund are provided and final liability will be determined on the basis of annual results.

	March 31, 2007	June 30., 2006
	(Rupees in thousand)	
Current		
- for the year	1,023	2,678
- for prior years	592	-
	1,615	2,678
Deferred	(28,434)	-
	(26,819)	2,678



AL-ABBAS CEMENT INDUSTRIES LTD.

8 TARNSACTION WITH RELATED PARTIES

Transaction in relation to sales, purchases and services with related parties are made at arm's length price determined in accordance with the Comparable Uncontrolled Price Method except for the allocation of expenses such as electricity, gas, water, repair and maintenance relating to the head office, shared with associated companies, which are based on the advices received.

	March 31, 2007	June 30, 2006
	(Rupees in thousand)	
Sales to;		
Al-Abbas Sugar Mills Limited (Cement)	823	465
Thatta Cement Company Limited. (Equipment)	5,175	-
Javedan Cement Limited. (Grinding Media)	22,204	-
	<hr/> <hr/>	<hr/> <hr/>
Purchases from;		
Javedan Cement Limited. (Clinker)	15,016	-
Thatta Cement Company Limited. (Clinker)	29,325	-
Thatta Cement Company Limited. (Cement)	-	758
	<hr/> <hr/>	<hr/> <hr/>

9 CONTINGENCIES AND COMMITMENTS

Contingencies

Central Excise and Land Custom has passed an order for the recovery of excise duty, sales tax and penalty of Rs. 91.046 million (2005: 91.046 million). The company has however disputed the same both on grounds of lack of jurisdiction as well as on the merits, the matter is subjudice. The stay order was granted by the Honorable High Court of Sindh against the said order.

The Additional Collectorate of Sales Tax and Excise duty through an order has raised demand against the Company on account of excise duty, calculated on wastage of cement during the production, against which company filed appeal with Honourable Appellate Tribunal, which has been decided against the Company. Company has filed Reference before Honourable High Court agaisnt the order of the Honourable Appellate Tribunal and filed application before Dispute Resolution Committee, the liability involve in this case is Rs. 6.863 million. However no provision has been made in the accounts, as the legal advisor of the Company is of opinion that case will be decided in favour of Company.

Commitments

The balance expenditure to be incurred on upgradation, modernization and expansion of plant estimamted to Rs. 700 million, against which Letter of credit and contracts have been opened / extended amounting to Rs. 250 million.



AL-ABBAS CEMENT INDUSTRIES LTD.

10 CASH GENERATED FROM OPERATIONS

	March 31, 2007	June 30, 2006
	(Rupees in thousand)	
Net(loss)/profit before taxation	(201,945)	(34,780)
Adjustment for:		
Depreciation	44,187	45,946
Financial charges	63,032	55,520
Gain on disposal of property, plant and equipment	(4,628)	-
Amortization of intangible assets	156	133
Provision of gratuity	2,434	-
	105,181	101,599
Operating (Loss) / profit before working capital changes	(96,764)	66,819
Changes in working capital :		
(Increase) decrease in current assets		
Stores, spare parts and loose tools	(3,295)	(46,256)
Stock-in-trade	29,676	(65,887)
Trade debts	22,134	(15,094)
Advances	5,481	(9,613)
Trade deposits, short term prepayments and other receivables	(188,392)	(37,902)
Due from government	16,027	(18,700)
	(118,369)	(193,452)
Increase/ (decrease) in current liabilities		
Trade and other payables	(4,299)	(93,877)
Cash (used in) operations	(219,432)	(220,510)
11 CASH AND CASH EQUIVALENTS		
Cash and bank balances	27,084	35,952
Short term borrowings - secured	(246,734)	(16,417)
	(219,650)	19,535

12 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on April 25, 2007 by the Board of Directors of the company.

13 General

Figures have been rounded off to the nearest thousand rupees.


Chairman


Chief Executive