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COMPANY INFORMATION

BOARD OF DIRECTORS

| | |
|--------------------|-----------------|
| Syed Ajaz Ahmed | Chairman |
| Moomal Shunaid | Chief Executive |
| Asma Aves | 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 |

AUDITORS

M. Sikandar & Co. Chartered Accountants

COST AUDITORS

Siddiqui & Co Cost & Management Accountants

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

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
E-mail : info@alabbascement.com

SHARE REGISTRAR/ TRANSFER AGENT

Technology Trade (Pvt) Ltd.,
Dagia House, 241-C Block-2,
P.E.C.H.S., Off: Shahrah-e-Quaideen,
Karachi.

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 nine months period ended March 31, 2010.

OVERVIEW

During the nine months period under review, your Company has earned gross profit of Rs. 130.823 million as against gross profit of Rs. 491.976 million in the corresponding period of last year and net loss of Rs. 387.725 million as against net profit of Rs. 4.816 million in the corresponding period of last year due to a downward trend in prices.

Following is the summary of comparative financial results.

| | For the nine months period ended | |
|---------------------------------------|----------------------------------|----------------|
| | March 31, 2010 | March 31, 2009 |
| | (Rupees in thousand) | |
| Sales - net | 1,540,135 | 2,183,536 |
| Gross profit | 130,823 | 491,976 |
| (Loss) before taxation | (440,995) | (24,652) |
| Taxation | 53,270 | 29,468 |
| (Loss)/Profit after taxation | <u>(387,725)</u> | <u>4,816</u> |
| (Loss)/Earnings per share - in Rupees | <u>(2.12)</u> | <u>0.03</u> |

OPERATING RESULTS

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

| | For the nine months period ended | |
|--------------------|----------------------------------|----------------|
| | March 31, 2010 | March 31, 2009 |
| | (in M. Tons) | |
| Clinker production | 290,187 | 470,763 |
| Cement production | 340,732 | 362,743 |
| Cement sales | | |
| - Local | 110,909 | 109,345 |
| - Export | 239,016 | 260,159 |
| Clinker sales | | |
| - Local | 11,137 | 54,103 |
| - Export | 21,684 | 41,130 |

The production of clinker and cement decreased by 180,576 M.T. and 22,011 M.T. respectively as compared to the corresponding period of last year. Cement sales local witnessed increase of 1,564 M.T. but Cement export decreased by 21,143 M.T. In addition the Company has exported 21,684 M.T. of clinker and sold 11,137 M.T. locally.



DUE DILIGENCE OF AL-ABBAS CEMENT INDUSTRIES LIMITED

The Sponsors of the Company have signed "Memorandum of Understanding" dated: March 30, 2010 with the Attock Cement Pakistan Limited expressing interest to sell 74% shares of the Company subject to completion of legal, financial and technical due diligence in this regard. The due diligence data was provided to consultant and the report will submit to the Attock Cement Pakistan Limited accordingly.

FUTURE OUTLOOK

The declining trend in local consumption has been arrested. During the period under review local dispatches have increased by 12.4% over prior year same period. Exports have also maintained their increasing trend and registered a growth of 8.7% over prior year. Cumulatively industry dispatches (local and export) have increased by 11.1% over prior year same period. This has allowed the industry a capacity utilization of 73% during this period. 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 Directors are pleased to place on record appreciation of the devoted and dedicated services of officers, staff and workers of the company.

For and on behalf of the Board

MOOMAL SHUNAI
Chief Executive


Karachi: April 27, 2010

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

AS AT MARCH 31, 2010

| | Note | (Un-Audited) March 31, 2010 | (Audited) June 30, 2009 |
|---|------|-----------------------------------|-------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 5 | 4,377,193 | 4,354,980 |
| Deferred tax asset | | 278,200 | 213,399 |
| | | <u>4,655,393</u> | <u>4,568,379</u> |
| Current assets | | | |
| Stores, spares and loose tools | | 377,458 | 429,307 |
| Stock-in-trade | | 250,042 | 472,276 |
| Trade debts | | 25,799 | 33,137 |
| Advances | | 55,593 | 78,975 |
| Deposits and prepayments | | 26,972 | 27,366 |
| Tax refund due from government | | 62,480 | 302,050 |
| Cash and bank balances | | 22,545 | 12,421 |
| | | <u>820,889</u> | <u>1,355,532</u> |
| Total assets | | <u>5,476,282</u> | <u>5,923,911</u> |
| EQUITY AND LIABILITIES | | | |
| Share capital and reserves | | | |
| Authorized share capital 200,000,000 (2009: 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 (2009: 182,844,984) Ordinary Shares of Rs. 10/- each | | 1,828,450 | 1,828,450 |
| Reserves | | (498,739) | (111,014) |
| Shareholders' equity | | <u>1,329,711</u> | <u>1,717,436</u> |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Long-term loan | | 2,250,000 | 2,500,000 |
| Liabilities against assets subject to finance leases | | - | 6,350 |
| Deferred liabilities | | 254,473 | 245,613 |
| | | <u>2,504,473</u> | <u>2,751,963</u> |
| Current liabilities | | | |
| Trade and other payables | | 479,381 | 719,594 |
| Mark-up accrued | | 257,335 | 239,496 |
| Short term borrowings | | 647,567 | 489,724 |
| Current portion of non-current liabilities | | 257,815 | 5,698 |
| | | <u>1,642,098</u> | <u>1,454,512</u> |
| CONTINGENCIES AND COMMITMENT | 6 | | |
| Total equity and liabilities | | <u>5,476,282</u> | <u>5,923,911</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
STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**
FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2010

| | Nine months period ended | | Quarter Ended | |
|--|--------------------------|---------------------|-------------------------|------------------------|
| | March 31, 2010 | March 31, 2009 | March 31, 2010 | March 31, 2009 |
| | (Rupees in thousand) | | | |
| Sales - net | 1,540,135 | 2,183,536 | 514,749 | 704,686 |
| Cost of sales | <u>(1,409,312)</u> | <u>(1,691,560)</u> | <u>(481,850)</u> | <u>(572,897)</u> |
| Gross profit | 130,823 | 491,976 | 32,899 | 131,789 |
| Distribution cost | <u>(286,973)</u> | <u>(259,872)</u> | <u>(121,418)</u> | <u>(103,252)</u> |
| Administrative expenses | <u>(18,803)</u> | <u>(17,673)</u> | <u>(5,465)</u> | <u>(3,486)</u> |
| Other operating income | <u>36,196</u> | <u>22,062</u> | <u>21,219</u> | <u>9,121</u> |
| Operating (loss)/ profit | <u>(138,757)</u> | <u>236,493</u> | <u>(72,765)</u> | <u>34,172</u> |
| Finance costs | <u>(302,238)</u> | <u>(261,145)</u> | <u>(116,173)</u> | <u>(89,725)</u> |
| (Loss) before taxation | <u>(440,995)</u> | <u>(24,652)</u> | <u>(188,938)</u> | <u>(55,553)</u> |
| Taxation | <u>53,270</u> | <u>29,468</u> | <u>48,286</u> | <u>334</u> |
| (Loss)/profit after taxation | <u>(387,725)</u> | <u>4,816</u> | <u>(140,652)</u> | <u>(55,219)</u> |
| Other comprehensive income for the period | - | - | - | - |
| Total comprehensive income for the period | <u><u>(387,725)</u></u> | <u><u>4,816</u></u> | <u><u>(140,652)</u></u> | <u><u>(55,219)</u></u> |
| Basic and diluted (loss) / earnings per share | Rupees <u>(2.12)</u> | <u>0.03</u> | <u>(0.77)</u> | <u>(0.30)</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 NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2010

| | Note | Nine months period ended | |
|--|------|--------------------------|------------------|
| | | March 31 2010 | March 31 2009 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| (Rupees in thousand) | | | |
| Cash generated from operations | 7 | 247,710 | 21,404 |
| Taxes paid | | (40,100) | (45,606) |
| Financial charges paid | | (284,399) | (233,235) |
| Gratuity - net | | 8,860 | 2,610 |
| | | <u>(315,639)</u> | <u>(276,231)</u> |
| Net cash used in operating activities | | (67,929) | (254,827) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Fixed capital expenditure | | (75,997) | (9,558) |
| Proceed from sale of fixed assets | | 440 | 306 |
| Net cash used in investing activities | | (75,557) | (9,252) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Repayment of long term loan | | - | (165,000) |
| Deferred liabilities | | - | (1,523) |
| Repayment of lease liability | | (4,233) | (4,482) |
| Net cash used in financing activities | | <u>(4,233)</u> | <u>(171,005)</u> |
| Net decrease in cash and cash equivalents | | (147,719) | (435,084) |
| Cash and cash equivalents at beginning of the period | | (477,303) | (28,886) |
| Cash and cash equivalents at end of the period | 8 | <u>(625,022)</u> | <u>(463,970)</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
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**
FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2010

| Share Capital | Revenue reserves | | | Total |
|---------------|------------------|--------------------|------------------------|-------|
| | General reserves | Accumulated losses | Total revenue reserves | |

(Rupees in thousand)

| | | | | | |
|--|------------------|---------------|------------------|------------------|------------------|
| Balance as at | | | | | |
| July 01, 2008 | 1,828,450 | 80,000 | (312,827) | (232,827) | 1,595,623 |
| Total comprehensive income for the period | | | | | |
| Profit for the period | - | - | 4,816 | 4,816 | 4,816 |
| Balance as at | | | | | |
| March 31, 2009 | <u>1,828,450</u> | <u>80,000</u> | <u>(308,011)</u> | <u>(228,011)</u> | <u>1,600,439</u> |
| Balance as at | | | | | |
| July 01, 2009 | 1,828,450 | 80,000 | (191,014) | (111,014) | 1,717,436 |
| Total comprehensive income for the period | | | | | |
| Loss for the period | - | - | (387,725) | (387,725) | (387,725) |
| Balance as at | | | | | |
| March 31, 2010 | <u>1,828,450</u> | <u>80,000</u> | <u>(578,739)</u> | <u>(498,739)</u> | <u>1,329,711</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

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

FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2010

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 and 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).

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 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 (i.e. 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 restatement or reclassification of comparative information.

4 ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of this condensed interim financial information in conformity with approved accounting standards as applicable in Pakistan for interim financial reporting 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 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 capitalized/(deleted) during the nine months period ended March 31,2010:

| | Nine months period ended | |
|-------------------------------------|--------------------------|-------------------|
| | March 31, 2010 | March 31, 2009 |
| (Rupees in thousand) | | |
| Owned | | |
| Factory building on lease hold land | 12,649 | - |
| Plant and machinery | 869,499 | 60 |
| Office equipment | 2,054 | 1,014 |
| Furniture and fixture | 775 | 165 |
| Quarry equipment | 1,997 | - |
| Factory and laboratory equipment | 1,665 | 796 |
| Vehicle | 2,620 | - |
| | (2,541) | (367) |
| | 888,718 | 1,668 |
| Capital Work-In-Progress | | |
| Plant and machinery | - | 7,523 |
| Borrowing cost | - | 69,712 |
| | - | 77,235 |
| | 888,718 | 78,903 |

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.6.920 million (2009: Rs. 32.069 million).

| | Nine months period ended | |
|--|--------------------------|-------------------|
| | March 31, 2010 | March 31, 2009 |
| (Rupees in thousand) | | |
| 7 CASH GENERATED FROM OPERATIONS | | |
| Loss before taxation | (440,995) | (24,652) |
| Adjustment for: | | |
| Depreciation | 52,882 | 81,697 |
| Finance costs | 302,238 | 261,145 |
| Loss/(Gain) on disposal of fixed assets | 462 | (156) |
| | 355,582 | 342,686 |
| Operating (loss)/profit before working capital changes | (85,413) | 318,034 |
| Decrease / (Increase) in current assets | | |
| Stores, spares and loose tools | 51,849 | (73,980) |
| Stock-in-trade | 222,234 | (321,606) |
| Trade debts | 7,338 | 229,023 |
| Advances | 51,951 | (15,032) |
| Deposits and prepayments | 394 | (2,762) |
| Tax refund due from government | 239,570 | (88,056) |
| | 573,336 | (272,413) |
| Decrease in trade and other payables | (240,213) | (24,217) |
| Cash generated from operations | 247,710 | 21,404 |

Nine months period ended
March 31, March 31,
2010 2009
(Rupees in thousand)

8 CASH AND CASH EQUIVALENTS

| | | |
|------------------------|------------------|------------------|
| Cash and bank balances | 22,545 | 9,970 |
| Short term borrowings | <u>(647,567)</u> | <u>(473,940)</u> |
| | <u>(625,022)</u> | <u>(463,970)</u> |

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 of 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:

Nine months period ended
March 31, March 31,
2010 2009
(Rupees in thousand)

| | | |
|-------------------------------|--------|---------|
| Sale of cement | 405 | 3,468 |
| Purchase of cement | 36,051 | 15,260 |
| Sale of clinker | 23,528 | 294,654 |
| Purchase of fixed assets | 1,712 | - |
| Sale of fixed assets | 169 | - |
| Purchase of stores and spares | 11,987 | 8,119 |
| Sale of stores and spares | 407 | 1,416 |
| Common sharing expenses | 1,800 | 1,500 |

10 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information has been authorized for issue on April 27, 2010 by the Board of Directors.

11 General

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


Moomal Shunaid
 Chief Executive


Aves Cochinwala
 Director