



**AL-ABBAS CEMENT INDUSTRIES LIMITED****7 TRANSACTION WITH RELATED PARTIES**

	September 30, 2007	September 30, 2006
Sale of cement	-	638
Purchase of clinker	-	8,221

The above transactions are at arm's length basis on commercial terms and conditions.

8 CASH GENERATED FROM OPERATION

	September 30, 2007	September 30, 2006
Profit / (Loss) before taxation	(20,675)	7,099
Adjustment for:		
Depreciation	14,290	14,854
Amortisation of intangible assets	52	52
Financial cost	56,728	15,568
	<u>71,070</u>	<u>30,474</u>
Operating profit before working capital changes	50,395	37,573

Changes in working capital:**Increase / (decrease) in current assets**

Stores, spares parts and loose tools	(8,873)	(801)
Stock-in-trade	(22,532)	(11,074)
Trade debts	(645)	(943)
Advances	(8,994)	205
Short term prepayments	(1,528)	1,744
Refund due from government - other than income tax	(13,668)	-
Other receivables	79,695	(19,062)
	<u>23,455</u>	<u>(29,931)</u>

Decrease in current liabilities

Trade and other payables	(76,162)	(29,167)
Cash generated used in operations	<u>(2,312)</u>	<u>(21,525)</u>

9 CASH AND CASH EQUIVALENTS

Cash and bank balances	8,743	20,760
Short term borrowings	(193,833)	(108,042)
	<u>(185,090)</u>	<u>(87,282)</u>

10 General

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

11 DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorized for issue by the Board of Directors on October 29, 2007.

Asim Ghani
Chairman

Shunaid Qureshi
Chief Executive

**Notes to the financial statements - Unaudited
For the period ended September 30, 2007****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 undertaking is situated at Deh Kalo Kohar, Nooriabad Industrial Estate, District Dadu (Sindh).

2. BASIS OF PREPARATION

These financial statements 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

3.1□ 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, 2007.

3.2□ In accordance with the IAS-16, every company should select the method for charging depreciation that most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. That method is applied consistently from period to period unless there is a change in the expected pattern of consumption of those future economic benefits. Such IAS further requires that such pattern of flow of economic benefits should be periodically reviewed and reassessed. In the light of the same, the management of the company has decided to change the method of applying depreciation to units of production method from the diminishing balance method for plant and machinery. The units of production method resulted in a depreciation charge based on the expected use or output. Had such change in estimate not been made, the depreciation charge for the period would have been higher by Rs. 10.436 million and the fixed assets would have been reduced by a similar amount.

4 PROPERTY, PLANT AND EQUIPMENT

The following operating assets have been added during the period.

	September 30, 2007	June 30, 2007
	Additions	Additions
	(Rupees in Thousand)	
FIXED ASSETS		
Office equipment	143	137
Furniture and fixture	304	242
Factory and laboratory equipment	29	430
	476	809
CAPITAL WORK-IN-PROGRESS		
Civil work	197	166,123
Plant and machinery	141,463	308,592
Borrowing cost	51,819	243,758
	193,479	718,473
	193,955	719,282

5 SHARE CAPITAL

September 30, 2007	June 30, 2007
(Number of shares)	

The Company issue 60% right share during the period. The shares reconciliation are as follows:

Opening balance	114,278,115	114,278,115
Right shares issued during the period	68,566,869	-
Closing balance	182,844,984	114,278,115

6 CONTINGENCIES AND COMMITMENTS**Contingencies**

There were no changes in contingencies as reported in June 30, 2007 financial statements.

Commitments

Commitment against open letter of credit amounting to Rs. 141.604 (2006: Rs. 759 million).



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CORPORATE INFORMATION

Board of Directors

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

Audit Committee

Asim Ghani (Chairman)
Duraid Qureshi
Tariq Usman Bhatti

Company Secretary

Khursheed Anwer

Chief Financial Officer

Zuhair Abbas

Auditor

M. Sikandar & Co.,
Chartered Accountants

Bankers

National Bank of Pakistan
Bank Al-Falah Limited
Standard Chartered 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.

**Statement of changes in equity - Unaudited
For the period ended September 30, 2007**

	SHARE CAPITAL	REVENUE RESERVE		TOTAL
		GENERAL	ACCUMULATED LOSS	
		(Rupees in thousand)		
Balance as at July 01, 2006	1,142,781	80,000	(62,577)	1,160,204
Profit for the quarter July - September 2006	-	-	5,930	5,930
Balance as at September 30, 2006	<u>1,142,781</u>	<u>80,000</u>	<u>(56,647)</u>	<u>1,166,134</u>
Balance as at July 01, 2007	1,142,781	80,000	(204,564)	1,018,217
Issue of Right shares	685,669	-	-	685,669
Loss for the quarter July - September 2007	-	-	(22,016)	(22,016)
Balance as at September 30, 2007	<u>1,828,450</u>	<u>80,000</u>	<u>(226,580)</u>	<u>1,681,870</u>



Asim Ghani
Chairman



Shunaid Qureshi
Chief Executive

**AL-ABBAS CEMENT INDUSTRIES LIMITED****Cash flow statement - Unaudited**
For the period ended September 30, 2007

	Note	1st Quarter	
		September 30, 2007	September 30, 2006
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated used in operations	8	(2,312)	(21,525)
Gratuity - net		(367)	-
Income tax paid		(753)	(691)
Finance costs paid		(48,397)	(14,488)
		<u>(49,517)</u>	<u>(15,179)</u>
Net cash used in operating activities		(51,829)	(36,704)
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(193,955)	(300,060)
Long term deposit		(11)	33
Net cash used in investing activities		(193,966)	(300,027)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from long term finance		-	218,062
Repayment of long term finance		(46,249)	(39,583)
Repayment of loan from related parties		(695)	(6,255)
Repayment of finance lease obligation		(194)	(312)
Proceeds of right share subscription		322,791	-
Net cash from financing activities		275,653	171,912
Net increase / (decrease) in cash and cash equivalents		<u>29,858</u>	<u>(164,819)</u>
Cash and cash equivalents at the beginning of period		(214,948)	77,537
Cash and cash equivalents at the end of the period	9	<u>(185,090)</u>	<u>(87,282)</u>

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

Asim Ghani
Chairman

Shunaid Qureshi
Chief Executive

**DIRECTORS' REPORT**

The Board of Directors of Al-Abbas Cement Industries Limited presents here the first quarter Directors' Review Report together with the Company's unaudited financial statements for the period ended September 30, 2007.

PRODUCTION AND SALES

During the period under review the comparative figures of Production and Sales for the quarter ended September 30, 2007 are given as under:

	For the Quarter ended	
	September 30, 2007	September 30, 2006
	(In M. Tons)	
Clinker production	27,097	10,331
Cement production	28,508	30,941
Cement sales		
- Local	13,446	31,719
- Export	9,476	-
Granulated slag sales	2,465	-

By the grace of Allah, Line No. 1 has started production during the period under review. The Clinker production has increased by 16,766 M.T. as compare to the same period of last year. Your Company is trying to boost the sales of both in local market as well as in international market. However, in quarter under review, the dispatches decreased by 28%.

OPERATIONAL RESULTS

During the quarter under review, the Company has incurred gross loss of Rs. 4.803 million as against Rs. 14.243 million profits in the same period of the last year and net loss of Rs. 22.016 million as against net profit of Rs. 5.930 million in the corresponding period of last year. The main reason for incurring loss was decrease in dispatches and fall in retention price in this quarter as compared to the last quarter.

FUTURE OUTLOOK

Line No. 2 will start in the month of December, 2007 after completion of repair work INSHA'ALLAH.

Although the Cement Industry's overall situation in South Region of Pakistan is better, but due to heavy expansion in North Region, most of these units of North Region have already started dumping in South Market especially in Karachi, which has adversely affected the sale price and quantity dispatches.

Your Company has received Bureau of Indian Certificate. This will open the gateway of export to India at very attractive prices. Keeping in view, that the large quantity of cement is expected for export to India, every possible efforts are being made to boost up sales. We hope that the Company would be able to achieve better results in the remaining period of the financial year by retaining and capturing market share.

ACKNOWLEDGEMENT

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

Karachi: October 29, 2007

For & on behalf of the Board
SHUNAIQ QUIRESHI
Chief Executive

**AL-ABBAS CEMENT INDUSTRIES LIMITED****Balance Sheet - Unaudited**
As at september 30, 2007

	Note	September 30, 2007	June 30, 2007
(Rupees in Thousand)			
ASSETS			
NON-CURRENT ASSETS □			
Property, plant and equipment □	4	4,046,500	3,866,835
Intangible asset □		157	209
Long term deposits		21,911	21,900
		4,068,568	3,888,944
CURRENT ASSETS □			
Stores, spare parts and loose tools □		253,830	244,957
Stock-in-trade □		167,378	144,846
Trade debts - unsecured (considered good) □		1,593	948
Advances □		20,184	10,829
Short term prepayments □		4,553	3,025
Tax refund due from government □		29,578	16,859
Other receivables □		50,497	130,192
Cash and bank balances		8,743	2,366
		536,356	554,022
		4,604,924	4,442,966
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 200,000,000 (2007 : 150,000,000) ordinary shares of Rs. 10/- each		2,000,000	1,500,000
Issued, subscribed and paid-up capital	5	1,828,450	1,142,781
Reserves - revenue		80,000	80,000
Accumulated loss		(226,580)	(204,564)
		1,681,870	1,018,217
Right share subscription		-	362,878
LIABILITIES			
NON CURRENT LIABILITIES □			
Long term financing □		1,674,803	1,729,348
Liabilities against assets subject to finance lease □		939	1,266
Deferred liabilities		244,297	244,992
		1,920,039	1,975,606
CURRENT LIABILITIES			
Trade and other payables		359,938	436,467
Mark-up accrued Short term borrowings		46,149	37,818
Current portion of long term loans		193,833	217,314
Current maturity of liabilities against assets subject to finance lease		401,740	393,444
		1,355	1,222
		1,003,015	1,086,265
CONTINGENCIES AND COMMITMENTS 6			
		-	-
		4,604,924	4,442,966

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

Asim Ghani
ChairmanShunaid Qureshi
Chief Executive

**AL-ABBAS CEMENT INDUSTRIES LIMITED****Profit and loss account - Unaudited
For the period ended September 30, 2007**

	1st Quarter	
	September 30, 2007	September 30, 2006
	(Rupees in Thousand)	
Sales - net	78,459	114,899
Cost of sales	<u>(83,262)</u>	<u>(100,656)</u>
Gross (Loss) / profit	(4,803)	14,243
Distribution cost	<u>(3,731)</u>	<u>(353)</u>
Administrative expenses	<u>(7,267)</u>	<u>(5,373)</u>
	<u>(10,998)</u>	<u>(5,726)</u>
	(15,801)	8,517
Other operating income	<u>35</u>	<u>336</u>
(Loss)/ profit from operation	(15,766)	8,853
Finance cost	<u>(4,909)</u>	<u>(1,754)</u>
(Loss)/ profit before taxation	(20,675)	7,099
Taxation	<u>(1,341)</u>	<u>(1,169)</u>
(Loss)/ profit after taxation	(22,016)	5,930
Earning per share Basic and diluted (in rupees)	<u>(0.12)</u>	<u>0.05</u>

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

Asim Ghani
Chairman

Shunaid Qureshi
Chief Executive