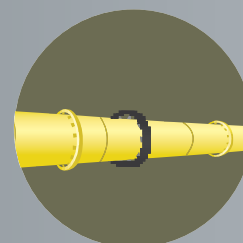
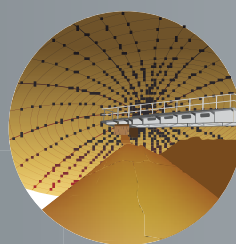




ARIF HABIB GROUP

# Al Abbas Cement Industries Limited

Annual Report 2012





# Contents

<b>02</b>	Corporate Information
<b>04</b>	Vision and Mission Statement
<b>06</b>	Notice of Annual General Meeting
<b>08</b>	Directors' Report
<b>12</b>	Pattern of Shareholding
<b>13</b>	Categories of Shareholders
<b>14</b>	Details of Shareholders Categories
<b>16</b>	Key Financial Data
<b>17</b>	Review report to the Member on Statement of Compliance with the Best Practices of Code of Corporate Governance
<b>18</b>	Statement of Compliance with the Code of Corporate Governance
<b>20</b>	Auditors' Report to the Members
<b>22</b>	Balance Sheet
<b>23</b>	Profit and Loss Account
<b>24</b>	Statement of Comprehensive Income
<b>25</b>	Cash Flow Statement
<b>26</b>	Statement of Changes in Equity
<b>27</b>	Notes to the Financial Statements
	Proxy Form

# Corporate Information

## Board of Directors

Syed Ajaz Ahmed  
Muhammad Kashif Habib  
Nasim Beg  
Muhammad Ejaz  
Aves Cochinwala  
Syed Salman Rasheed

Chairman  
CEO  
Director  
Director  
Director  
Director

## Audit Committee

Aves Cochinwala  
Nasim Beg  
Muhammad Ejaz  
Syed Salman Rasheed

Chairman  
Member  
Member  
Member

## HR Committee

Syed Ajaz Ahmed  
Muhammad Kashif Habib  
Nasim Beg

Chairman  
Member  
Member

## Chief Financial Officer & Company Secretary

Basit Habib

## External Auditors

KPMG Taseer Hadi & Co.  
Chartered Accountants

## Cost Auditors

Naveed Zafar Ashfaq Jaffery & Co.  
Chartered Accountants

## Legal Advisor

Usmani & Iqbal  
Advocate & Solicitors

**Tax Advisor**

Hyder Bhimji & Co.  
Chartered Accountants

**Share Registrar**

Technology Trade (Private) Limited

**Principal Bankers**

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

**Registered Office**

1st Floor, Arif Habib Centre, 23  
M.T. Khan Road Karachi.

**Website**

[www.alabbascement.com](http://www.alabbascement.com)

**Email Address**

[corporate@alabbascement.com](mailto:corporate@alabbascement.com)

**Contact Number**

021-32468231-32

**Factory**

Nooriabad Industrial Area,  
Kalo Kohar Distt. Jamshoro Sindh

# Vision

**AL ABBAS CEMENT INDUSTRIES LIMITED**  
aims to be recognized nationally and internationally  
as a successful cement producer with a strong  
satisfied customer-base.

# Mission

To become a profitable organization and exceed the expectations of our customers and stockholders by producing and marketing competitive and high quality products through concentration on quality, business values and fair play.

To promote best use and development of human talent in a safe environment, as an equal opportunity employer and use advance technology for efficient and cost effective operation.

# Notice of Annual General Meeting

Notice is hereby given that 21st Annual General Meeting of Al-Abbas Cement Industries Limited (“the Company”) will be held at the Beach Luxury Hotel, Molvi Tamizuddin Khan Road, Karachi on Saturday, September 29, 2012 at 12:30 p.m. to transact the following business:

1. To confirm the minutes of 20th Annual General Meeting of the shareholders held on October 24, 2011.
2. To receive, consider and adopt annual audited financial statements together with the Directors' and the Auditors' Reports thereon for the year ended June 30, 2012.
3. To appoint Auditors for the year 2012-2013 and to fix their remuneration. The Board of Directors have recommended for reappointment of M/s. KPMG Taseer Hadi & Co., Chartered Accountants as external auditors.
4. To transact any other business with the permission of the Chair.



By order of the Board

Basit Habib

Company Secretary

Karachi; September 08, 2012

## Notes:

1. Share transfer books of the Company will remain closed from September 21, 2012 to September 29, 2012 (both days inclusive). Transfers received in order at the office of Company's Share Registrar, M/s Technology Trade (Pvt) Limited, DagiaHouse, 241-C, Block -2, P.E.C.H.S, Off Shahrah-e-Quaideen, Karachi up to the close of business on Thursday, September 20, 2012 will be considered in time for the determination of entitlement of shareholders to attend and vote at the meeting.
2. A member entitled to attend and vote at the meeting may appoint another member as his / her proxy who shall have such rights as respects attending, speaking and voting at the meeting as are available to a member.
3. Procedure including the guidelines as laid down in Circular No. I- Reference No. 3(5-A) Misc/ARO/LES/96 dated 26th January 2000 issued by Securities & Exchange Commission of Pakistan:
  - (i) Members, proxies or nominees shall authenticate their identity by showing their original national identity card or original passport and bring their folio numbers at the time of attending the meeting.
  - (ii) In the case of corporate entity, Board of Directors' resolution/power of attorney and attested copy of the CNIC or passport of the nominee shall also be produced (unless provided earlier) at the time of meeting.
  - (iii) In order to be effective, the proxy forms must be received at the office of our registrar not later than 48 hours before the meeting, duly signed and stamped and witnessed by two persons with their names, address, NIC numbers and signatures.
  - (iv) In the case of individuals, attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
  - (v) In the case of proxy by a corporate entity, Board of Directors resolution/power of attorney and attested copy of the CNIC or passport of the proxy shall be submitted alongwith proxy form.
4. Members are requested to promptly notify any change in address by writing to the office of the registrar.

# Directors' Report

The Directors of the Company present herewith the annual report of your Company together with the audited financial statements for the year ended June 30, 2012.

## Overview

The Pakistan Cement Industry witnessed a modest growth of 3.45% at the close of the financial year ended June 30, 2012 achieving total sales volumes of 32.52 million tons as compared to last year sales volume of 31.43 million tons. The domestic demand registered an increase of 8.84% and achieved volume of 23.95 million tons against the last year volume of 22.00 million tons. The improvement can be mainly attributed to re-building activities of flood affected areas. Export volumes declined by

9.12% and achieved a volume of 8.57 million tons as compared to prior year volume of 9.43 million tons.

Despite the slow growth in the domestic consumption, your Company has increased its market share to 2.00% in the domestic market as compared to 1.33% in the last year. The local sales volume of the company has registered an increase of 65% achieving a volume of 482,419 MT as compared to 291,703 MT in the last year.

## Business Performance

### Production & Sales Volume Performance

The production and sales volume statistics (in tons) for the year of your Company together with the comparative figures is as under.

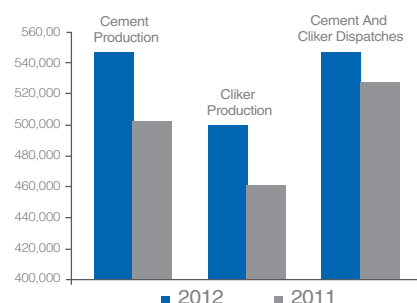
Particulars	2012	2011	2010
Cement production	546,647	502,576	467,442
Clinker production	498,997	460,894	407,746
Cement and clinker dispatches	551,933	527,596	561,221

During the year under review, the production of cement and clinker increased by 44,071 MT and 38,103 MT respectively. On the other hand, rising demands in the industry were met by increased dispatches. A graphical analysis is as under.

## Financial Performance

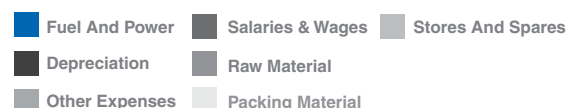
A comparison of the key financial results of your Company for the year ended June 30, 2012 is as under.

PARTICULARS	2012	2011
	Rs. In '000	
Sales revenue	2,930,152	2,220,360
Gross profit / (loss)	296,942	(57,944)
Operating profit / (loss)	694,602	(347,951)
Profit / (loss) before tax	292,672	(755,625)
Net profit / (loss) after tax	53,431	(926,670)
Earnings / (loss) per share (Rupees)	0.42	(4.27)



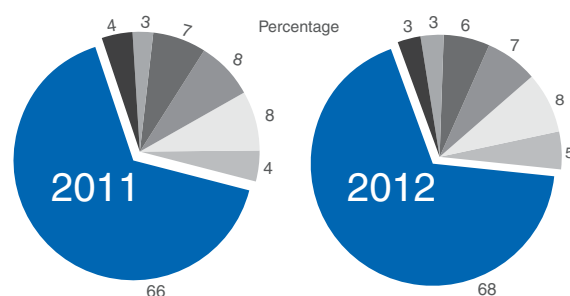
## SALES REVENUE ANALYSIS

An increase of 32% in net sales revenue has been achieved by the Company as compared to the previous year. Not just cement and clinker local dispatches were higher in the year under review, average retention per ton also increased by 21%. The Company has mainly focused on local sales, whereas exports reduced to 14% as against 46% in 2011. Overall rising demands in private housing & commercial projects and benefits given by the government in the form of decrease in FED from Rs.700 per ton to Rs.500 per ton in budget 2011-12 has further boomed growth in the construction sector.



## ANALYSIS OF COSTS

Your Company has efficiently controlled its cost of sales, resulting in an increase of gross profit margin to 10.13% from gross loss margin of 2.61%. More than 65% of the cost relates to 'fuel and power' which includes electricity, coal and other related expenses. Although the rates and consumption of these expenses increased significantly during the year, the Company managed to maintain 'per ton' cost at the same level by improving the operational efficiency and production levels. Comparison of distribution of cost is as under.



## LONG TERM FINANCE

During the year, your Company was able to restructure its long term financing obtained from consortium of commercial banks. Under the revised terms of the agreement, the Company paid a total of Rs. 750 million against the outstanding principal out of which, Rs. 500 million was obtained from the Parent, Arif Habib Corporation Limited. This restructuring resulted in saving of future interest outflows by more than Rs. 1 billion. The liability has been discounted to its present value using the market rate of interest and will be amortized using the effective interest rate method. Finance costs will be accrued accordingly. Substantial modification to the terms and conditions of the loan has resulted in derecognition of the old financial liability and a new liability was recorded. This arrangement resulted making a positive impact to the profit and loss account of the Company by Rs. 434 million. Current maturity of such loan has also been presented as a liability reduction in the year 2012-13 in compliance with the applicable international accounting reporting framework.

## CASH FLOW STRATEGY

The Company effectively manages its cash flows by monitoring them on regular basis. Working capital requirements are planned and met through internal cash generations and short term borrowings. An amount of Rs. 339 million (2011: Rs. (211,758)) was generated from / (used in) operations during the year, which was mainly used for repayments of long term financing installments and fixed capital expenditures.

## AUDIT COMMITTEE

The Board of Directors has established an Audit Committee which comprises of four members all of whom are non-executive directors. Composition of the Audit Committee will be made in line with the requirements of CCG at the time of next election of directors in accordance with the 'Implementation deadlines of Code of Corporate Governance 2012.'

The audit committee reviews the quarterly, half yearly and annual financial statements before submission to the Board and their publications. The audit committee also reviews the internal auditor's findings and held separate meetings with internal and external auditors as required by the Code of corporate governance.

## BOARD OF DIRECTORS

During the year under review five board meetings were held and attendance of each director is as under:

Name of director	Meetings attended
Mr. Kashif A. Habib	5
Syed Ajaz Ahmed	4
Mr. Fazlullah Sharif **	3
Mr. Muhammad Khubaib **	-
Mr. Aves Cochinwala	2
Mr. Nasim Beg	5
Syed Salman Rasheed	4
Mr. Muhammad Ejaz *	2

## CODE OF CORPORATE GOVERNANCE.

The Directors' of your Company review the Company's strategic direction and business plans on regular basis. The Audit Committee is empowered for effective compliance of Code of Corporate Governance. We are taking all necessary steps to ensure Good Corporate Governance in your Company as required by the Code. As part of the compliance, we confirm the following:

- The financial statements prepared by the management of the Company, present fairly the Company's state of affairs, the result of operations, cash flows and changes in equity.
- Proper books of accounts have been maintained by the Company.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- The International Financial Reporting Standard as applicable in Pakistan has been followed in the preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no doubts upon the Company's ability to continue as a going concern. Further the Company is paying all debts in time and no default is made on the part of Company to repay its debts to the banks.
- There has been no material departure from the best practices of corporate governance as detailed in the listin regulations.
- All outstanding statutory payments are of nominal and routine nature.
- The Company operates funded gratuity scheme for its employ ess as disclosed in relevant note to the financial statements. Further, fund is in the process of investing the surplus contributions made to the fund.

\* Mr. Muhammad Ejaz joined the Company on October 19, 2011.

\*\* Mr. Fazalullah Sharif and Mr. Muhammad Khubaib resigned on June 30, 2012 and September 30, 2011 respectively.

Leave of absences were granted to directors who could not attend the meetings due to their pre occupations. All casual vacancies occurring on the Board were duly filled by the directors and all required formalities were duly complied with.

## TRAINING PROGRAMS ATTENDED BY DIRECTORS

During the year, Mr. Muhammad Kashif Habib attended four Corporate Governance Leadership Skills Program 'The Board' organized by Pakistan Institute of Corporate Governance (PICG).

## REMUNERATION OF CHIEF EXECUTIVE OFFICER OF THE COMPANY

Extract of variation in the remuneration of the Chief Executive Officer (CEO) of the Company is attached.

## EMPHASIS OF MATTER PARAGRAPH INCLUDED IN THE AUDITORS' REPORT

"We draw attention to note 1.2 to the financial statements which describes that the accumulated losses of the company as at 30 June 2012 stand at Rs. 1,697.265 million and as that date, its current liabilities exceed its current assets by Rs. 1,304.210 million. These factors indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern and therefore it may not be able to realise its assets and discharge its liabilities in the normal course of business. However, the financial statements have been prepared on going concern basis, based on the financial and operational measures taken by the management as more fully explained in note 1.2 of the financial statements. Our opinion is not qualified in respect of this matter."

## Note 1.2 to the financial statements is reproduced as under:

The accumulated losses of the Company as at 30 June 2012 stand at Rs. 1,697.265 million (2011: Rs. 1,850.696 million) and as that date, its current liabilities exceed its current assets by Rs. 1,304.210 million (2011: Rs. 786.542 million). These factors may cast significant doubt about the Company's ability to continue as going concern and the Company may not be able to realize its assets and discharge the liabilities at the stated amounts.

During the year, the Company entered into a revised restructuring agreement in respect of its long term financing of Rs. 2,500 million obtained from a consortium of commercial banks. The said restructuring has resulted in reduction of interest expense over the tenure of the financing, from approximately Rs. 2,494 million to approximately Rs. 1,493 million resulting in a approximate saving of Rs. 1,001 million. During the year, the Company has also obtained a short term financing of Rs. 500 million from its Parent Company. Further the operational and administrative measures taken by the Company has resulted in a gross profit of Rs. 296.942 million (2011: gross loss of Rs. 57.944 million) and positive cash flows from operations of Rs. 339.071 million as against negative cash flows of Rs. 211.758 million.

Based on the above mentioned financial measures and the concerted operational measures being taken by the Company, the management is confident of the profitable operations in the foreseeable future and therefore, has prepared the financial statements on going concern basis.

## FUTURE OUTLOOK

The Government in the recent budget has allocated substantial funds for public sector development projects and its full utilization will be a key factor for increase of cement demand in domestic market for the coming financial year. Due to the upcoming elections, better utilization of development funds is expected which will support growth in consumption of cement. Improvement in the agricultural sector due to better support prices and better crop is expected to make a positive impact on the consumption of cement also.

Export sales volume which has been declining for the last three consecutive years may stabilize in 2012-13 due to increase in consumption of cement in Afghanistan and an expected increase in export volumes to India with the removal of non-tariff barriers.

The Company's growth is mainly associated with certain risk factors such as increasing inflation fuel prices and law and order situation. In order to maximize potential and improve performance, management is leaned towards improving operational excellence and will continue to concentrate on process improvements and material management strategies.

Going forward your Company is pushing hard to capitalize the business opportunities available with the export and local market.

## Corporate Social Responsibility

The Al-Abbas Cement Industries Limited has the culture and history of undertaking social and philanthropic activities which reflects the commitment of its Directors and sponsors towards the social uplift of the down trodden.

The company regularly pays to welfare trust engaged in spending Islamic education. During the year, the company has disbursed Rs. 0.348 million as donation to different trusts, charity institutions and welfare organizations.

During the year, the Company contributed Rs. 754 million towards national exchequer under various modes.

## AUDITORS

The auditors, M/s. KPMG Taseer Hadi and Company, Chartered Accountants, retire and being eligible, offer themselves for re-appointment. The Board of Directors endorses recommendation of the Audit Committee for their re-appointment as auditors of the Company for the financial year June 2013 in the Annual General Meeting.

## ACKNOWLEDGEMENT

The Company strongly believes that its success is driven by the commitment and declaration of its employees. We acknowledge the contribution of each and every member of the Company in the area of expertise. We would also like to express our thanks to the customers for their trust in our products and look forward to their continued patronage. We also thank our shareholders, banks and financial institutions for their support, guidance and confidence reposed in our enterprise and stand committed to do our best to ensure full reward of their investment in the years ahead.

For and on behalf of the Board

  
Muhammad Kashif Habib – CEO

## ABSTRACT OF INCREASE IN REMUNERATION OF THE CHIEF EXECUTIVE OFFICER OF THE COMPANY

September 08, 2012

To: All Members of the Company

**Subject:** Increase in remuneration of the Chief Executive Officer (CEO) of the Company

Dear Member

This is to inform you that in terms of Section 218 of the Companies Ordinance, 1984, the Board of Directors of the Company have, in their meeting held on September 03, 2012, increased the monthly remuneration of Mr. Kashif Habib – Chief Executive Officer (CEO) of your Company from Rs. 350,000 to Rs. 500,000 effective from September 2012. Other perquisites will be as per the Company's HR policy. There were no other changes in the terms & conditions of the appointment of CEO.

No other director of the Company has any interest in such variation.

Yours truly,



Basit Habib  
Company Secretary

# Al-Abbas Cement Industries Limited

## Pattern of Shareholding

As at 30 June 2012

Number of Shareholders	Shareholdings		Total number of shares held
	From	To	
495	1	100	15,840
486	101	500	142,248
398	501	1000	356,583
703	1001	5000	2,086,113
229	5001	10000	1,910,674
65	10001	15000	824,370
59	15001	20000	1,062,385
28	20001	25000	664,052
28	25001	30000	784,095
25	30001	40000	871,197
23	40001	50000	1,099,664
17	50001	65000	999,853
13	65001	85000	944,292
16	85001	100000	1,562,233
10	100001	160000	1,330,577
8	160001	400000	2,237,704
4	400001	550000	1,904,935
8	550001	1000000	6,561,847
4	1000001	2500000	7,401,577
3	2500001	5000000	11,000,166
1	5000001	10500000	10,000,500
3	10500001	20000000	50,037,383
1	20000001	25600000	25,600,000
1	25600001	236291680	236,291,680
<b>2628</b>			<b>365,689,968</b>

# Al-Abbas Cement Industries Limited

## Categories of Shareholders

As at 30 June 2012

Shareholders' Category	No. of shareholders	Number of Shares Held	Percentage %
Directors, Chief Executive Officer and their spouses and minor children	7	28,123,145	7.69%
Associated Companies, Undertakings and Related Parties	3	281,229,063	76.90%
NIT and ICP	3	803,576	0.22%
Public Sector Companies and Corporations	1	110	0.00%
Banks, Development Financial Institutions and Non Banking Financial Institutions	40	3,779,377	1.03%
Insurance Companies	2	692,169	0.19%
Modarabas and Mutual Funds	4	157	0.00%
General Public			
Local	2556	47,997,692	13.13%
Foreign	2	68,868	0.02%
Others	10	2,995,811	0.82%
	<b>2,628</b>	<b>365,689,968</b>	<b>100%</b>

# Al-Abbas Cement Industries Limited

## Details of Shareholders Categories

As at 30 June 2012

	Number of Shares	Percentage %
<b>Directors, Chief Executive Officer and their spouses and minor children</b>		
Syed Ajaz Ahmed	500	0.00%
Mr. Muhammad Kashif Habib	10,000,500	2.73%
Mr. Nasim Beg	2,000	0.00%
Mr. Aves Cochnwala	1,600	0.00%
Syed Salman Rasheed	10,700,000	2.93%
Mr. Saad Salman	2,418,545	0.66%
Miss Rehana Salman	5,000,000	1.37%
	<b>28,123,145</b>	<b>7.69%</b>
<b>Associated Companies, Undertakings and Related Parties</b>		
Arif Habib Corporation Limited *	236,291,680	64.62%
Thatta Cement Company Limited *	25,600,000	7.00%
Arif Habib Limited *	19,337,383	5.29%
	<b>281,229,063</b>	<b>76.90%</b>
<b>NIT and ICP</b>		
National Bank Of Pakistan-Trustee Department NI(U)T Fund	802,969	0.22%
M/S. Investment Corpo.Of Pakistan (ICP)	100	0.00%
M/S. Investment Corpo.Of Pakistan (ICP)	507	0.00%
	<b>803,576</b>	<b>0.22%</b>
<b>Public Sector Companies and Corporations</b>		
Lahore Stock Exchange (Guarantee) Ltd	110	0.00%
	<b>110</b>	<b>0.00%</b>

\* Shareholders holding five percent or more

# Al-Abbas Cement Industries Limited

## Details of Shareholders Categories

As at 30 June 2012

<b>Banks, Development Financial Institutions and Non Banking Financial Institutions</b>	<b>Number of Shares held</b>	<b>Percentage %</b>
J.P.Morgan Clearing Corp. Clearing A/C	1,850,000	0.51%
The Bank Of Punjab, Treasury Division.	160,000	0.04%
Habib Bank Ag Zurich, Deira Dubai	124,500	0.03%
Intermarket Securities Limited	99,021	0.03%
Capital Vision Securities (Pvt) Ltd.	79,500	0.02%
National Bank Of Pakistan	75,027	0.02%
CMA Securities (Pvt) Limited	25,000	0.01%
Darson Securities (Pvt) Limited	24,498	0.01%
National Investment Trust Limited	20,296	0.01%
Islamic Investment Bank Limited	20,203	0.01%
Trustee Karachi Parsi Anjuman Trust Fund	20,000	0.01%
HH Misbah Securities (Private) Limited	17,000	0.00%
Imperial Investment (Pvt) Ltd.	5,800	0.00%
Trustees Al-Abbas Sugar Mills Ltd Emp.Gf	5,000	0.00%
Prudential Capital Management Ltd	5,000	0.00%
M/S. Islamic Investment Bank Ltd.	2,020	0.00%
Time Securities (Pvt.) Ltd.	1,671	0.00%
M/S. Naeem Security (Pvt) Ltd.	1,512	0.00%
Pearl Capital Management (Private) Limited	1,500	0.00%
Escorts Investment Bank Limited	81,000	0.02%
Akhai Securities (Private) Limited	1,000	0.00%
Prudential Securities Limited	630	0.00%
National Bank Of Pakistan	611	0.00%
Excel Securities (Private) Limited	500	0.00%
General Investment & Securities (Pvt) Ltd	500	0.00%
Fair Edge Securities (Private) Limited	500	0.00%
NH Securities (Pvt) Limited.	300	0.00%
H M Investments (Pvt) Limited	222	0.00%
M/S. Royal Bank Of Scotland	115	0.00%
M/S. Crescent Investment Bank	110	0.00%
M/S. Trust Securities	50	0.00%
M/S. Hm Investment (Pvt) Ltd.	10	0.00%
First National Equities Limited	1	0.00%
Azee Securities (Private) Limited	1	0.00%
Ace Securities (Pvt.) Limited	3,000	0.00%
Jamshaid And Hasan Securities (Pvt) Limited	10,000	0.00%
Djm Securities (Private) Limited	245,698	0.07%
M. Ahmed Khanani Securities (Pvt.) Ltd.	876,230	0.24%
Zhv Securities (Pvt) Limited	1,351	0.00%
128 Securities (Pvt) Ltd.	20,000	0.01%
	<b>3,779,377</b>	<b>1.03%</b>
<b>Insurance Companies</b>		
East West Insurance Co.Ltd	16,000	0.00%
State Life Insurance Corp. Of Pakistan	676,169	0.18%
	<b>692,169</b>	<b>0.19%</b>
<b>Modarabas and Mutual Funds</b>		
M/S. First Interfun Modaraba	122	0.00%
M/S. Industrial Capital Modarba	2	0.00%
M/S. Industrial Capital Modarba	12	0.00%
M/S. Asian Stock Fund Ltd	21	0.00%
	<b>157</b>	<b>0.00%</b>

# Financial Highlights

## Six Years at a Glance

For the year ended 30 June 2012

<b>INVESTMENT MEASURE</b>		<b>2012</b>	2011	2010	2009	2008	2007
<b>Ordinary Share Capital</b>	Rs. In '000'	<b>3,656,900</b>	3,656,900	1,828,450	1,828,450	1,828,450	1,142,781
Reserves	Rs. In '000'	<b>(1,617,265)</b>	(1,770,696)	(831,629)	80,000	(232,827)	(124,564)
Ordinary Shareholder's Equity	Rs. In '000'	<b>1,125,410</b>	971,979	996,821	1,908,450	1,595,623	1,018,217
Dividend on Ordinary Shares	Rs. In '000'	-	-	-	-	-	-
Dividend per Ordinary Share	Rs	-	-	-	-	-	-
Profit / (loss) before taxation	Rs. In '000'	<b>292,672</b>	(755,625)	(746,498)	(41,973)	(128,930)	(168,768)
Profit / (loss) after taxation	Rs. In '000'	<b>153,431</b>	(926,670)	(720,615)	121,813	(108,263)	(141,987)
Earnings / (loss) per share	Rs.	<b>0.42</b>	(4.27)	(3.94)	0.67	(0.59)	(1.24)
<b>MEASURE OF FINANCIAL STATUS</b>							
Current Ratio	x : 1	<b>0.42</b>	0.45	0.34	0.93	1.34	0.83
Gearing ratio	x : 1	<b>0.73</b>	0.76	0.76	0.50	0.51	0.53
Acid Test Ratio	x : 1	<b>0.09</b>	0.15	0.11	0.29	0.55	0.23
Number of Days Stock	In days	<b>24</b>	19	50	57	68	153
<b>MEASURE OF PERFORMANCE</b>							
Profit / (loss) after taxation as %							
of Capital employed	%	<b>5.22</b>	(20.28)	(17.7)	2.76	(2.8)	(4.2)
Sales	Rs. In '000'	<b>2,930,152</b>	2,220,360	2,198,443	2,982,686	1,162,403	206,412
Cost of sales as % of Sales	%	<b>89.87</b>	102.61	96.90	76.52	90.09	162.60
Profit / (loss) before taxation as % of Sales	%	<b>9.99</b>	(34.03)	(33.96)	(1.41)	(11.09)	(81.76)
Profit / (loss) after taxation as % of Sales	%	<b>5.24</b>	(41.74)	(32.78)	4.08	(9.31)	(68.79)
Asset Turnover	In times	<b>1.77</b>	2.27	2.36	0.50	0.22	0.05



**KPMG Taseer Hadi & Co.**  
Chartered Accountants  
Sheikh Sultan Trust Building No. 2  
Beaumont Road  
Karachi, 75530 Pakistan

Telephone: + 92 (21) 3568 5847  
Fax: + 92 (21) 3568 5095  
Internet: www.kpmg.com.pk

## Review report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance ("Statement of Compliance") prepared by the Board of Directors of **Al-Abbas Cement Industries Limited** ("the Company") to comply with the Listing Regulations of the respective Stock Exchanges, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, sub-regulation (x) of Listing Regulation No. 35 notified by The Karachi Stock Exchange (Guarantee) Limited requires the Company to place before the Board of Directors for their consideration and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevailed in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended 30 June 2012.

Date: 03 SEP 2012

Karachi

**KPMG Taseer Hadi & Co.**  
Chartered Accountants

# STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

AI Abbas Cement Industries Limited

30 June 2012

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35 of listing regulations of Karachi and Lahore Stock exchanges for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes:

Category	Names
Executive director	Mr. Muhammad Kashif Habib
Non executive directors	Syed Ajaz Ahmed Mr. Nasim Beg Mr. Aves Cochinwala Mr. Muhammad Ejaz Syed Salman Rasheed

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies). Compliance with the requirements of CCG to have at least one independent director will be made in line at the time of next election of directors in accordance with the 'Implementation deadlines of Code of Corporate Governance 2012'.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs, or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. A casual vacancy occurring on the Board on September 30, 2011 was filled up by the directors on October 19, 2011. Another casual vacancy occurring on the Board on June 30, 2012 will be filled within 90 days of its occurrence in accordance with the requirements of CCG 2012.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board/shareholders.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The directors have been provided with copies of the listing regulations of the Karachi Stock Exchange (Guarantee) Limited, Company's Memorandum and Articles of Association and the Code of Corporate Governance and they are well conversant with their duties and responsibilities. Moreover, one director on the Board has completed the director's training program in the current year and the Company will arrange training programs for remaining directors in accordance with Code of Corporate Governance.
10. There has been no new appointment of CFO, Company Secretary and Head of Internal Audit after the Code of Corporate Governance (CCG) 2012 became effective. However, their remuneration and terms and conditions of employment were duly approved by the Board.

11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises 4 members, of whom all are non-executive directors. Composition of the Audit Committee will be made in line with the requirements of CCG at the time of next election of directors in accordance with the 'Implementation deadlines of Code of Corporate Governance 2012.'
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed an HR and Remuneration Committee. It comprises 3 members, of whom 2 are non-executive directors and the chairman of the committee is a non executive director.
18. The Board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
23. We confirm that all other material principles enshrined in the CCG including the requirement related to related party transactions have been complied with except for the requirements pertaining to change in composition of Board of Directors or some of its committees which will be made in line with the requirements of CCG at the time of next election of directors in accordance with the "Implementation deadlines of Code of Corporate Governance 2012"

  
Muhammad Kashif Habib – CEO



KPMG Taseer Hadi & Co.  
Chartered Accountants  
Sheikh Sultan Trust Building No. 2  
Beaumont Road  
Karachi, 75530 Pakistan

Telephone + 92 (21) 3568 5847  
Fax + 92 (21) 3568 5095  
Internet www.kpmg.com.pk

## Auditors' Report to the Members

We have audited the annexed balance sheet of **AI-Abbas Cement Industries Limited** ("the Company") as at 30 June 2012 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
  - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
  - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
  - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2012 and of the profit, its cash flows and changes in equity for the year then ended; and

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.



KPMG Taseer Hadi & Co.

d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

We draw attention to note 1.2 to the financial statements which describes that the accumulated losses of the Company as at 30 June 2012 stand at Rs. 1,697.265 million and as that date, its current liabilities exceed its current assets by Rs. 1,304.210 million. These factors indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern and therefore it may not be able to realise its assets and discharge its liabilities in the normal course of business. However, the financial statements have been prepared on going concern basis, based on the financial and operational measures taken by the management as more fully explained in note 1.2 of the financial statements. Our opinion is not qualified in respect of this matter.

Date: 03 SEP 2012

Karachi

---

**KPMG Taseer Hadi & Co.**  
**Chartered Accountants**  
**Mazhar Saleem**

# BALANCE SHEET

AS AT 30 JUNE 2012

	Note	2012	2011	2010
(Rupees in '000)				
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Fixed assets	4	4,226,616	4,268,503	4,352,502
Deferred tax asset	5	-	106,586	255,325
Long term deposits		19,635	19,635	19,629
		<u>4,246,251</u>	<u>4,394,724</u>	<u>4,627,456</u>
<b>CURRENT ASSETS</b>				
Stores, spares and loose tools	6	516,210	326,642	258,785
Stock-in-trade	7	219,062	120,422	116,666
Trade debts	8	44,010	37,173	63,923
Advances and other receivables	9	121,060	99,915	80,350
Trade deposits		4,969	7,523	10,526
Tax refunds due from government	10	27,921	49,931	23,196
Cash and bank balances	11	3,594	14,926	3,547
		<u>936,826</u>	<u>656,532</u>	<u>556,993</u>
		<u>5,183,077</u>	<u>5,051,256</u>	<u>5,184,449</u>
<b>EQUITY AND LIABILITIES</b>				
<b>SHARE CAPITAL AND RESERVES</b>				
Authorized share capital 400,000,000 (2011: 400,000,000) Ordinary shares of Rs. 10/- each		<u>4,000,000</u>	<u>4,000,000</u>	<u>2,000,000</u>
Issued, subscribed and paid-up capital 365,689,968 (2011: 365,689,968) Ordinary shares of Rs. 10/- each	12	3,656,900	3,656,900	1,828,450
Discount on issuance of right shares		(914,225)	(914,225)	-
General reserve		80,000	80,000	80,000
Accumulated loss		(1,697,265)	(1,850,696)	(911,629)
		<u>1,125,410</u>	<u>971,979</u>	<u>996,821</u>
<b>LIABILITIES</b>				
<b>NON-CURRENT LIABILITIES</b>				
Long-term financing	13	1,674,780	2,500,000	2,250,000
Sponsors loan		-	-	183,251
Deferred liabilities	14	141,851	136,203	134,422
		<u>1,816,631</u>	<u>2,636,203</u>	<u>2,567,673</u>
<b>CURRENT LIABILITIES</b>				
Trade and other payables	15	839,656	539,723	432,509
Mark-up accrued	16	46,002	345,974	199,356
Short-term borrowings	17	1,104,276	557,377	731,776
Current portion of liabilities against asset subject to finance lease		-	-	6,314
Current portion of long term financing		251,102	-	250,000
		<u>2,241,036</u>	<u>1,443,074</u>	<u>1,619,955</u>
<b>CONTINGENCIES AND COMMITMENTS</b>				
	18	<u>5,183,077</u>	<u>5,051,256</u>	<u>5,184,449</u>

The annexed notes from 1 to 34 form an integral part of these financial statements.

  
CHAIRMAN

  
DIRECTOR & CEO

  
CHIEF FINANCIAL OFFICER

# PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 (Rupees in '000)	2011
<b>Sales - net</b>	19	<b>2,930,152</b>	2,220,360
Cost of sales	20	<u>(2,633,210)</u>	<u>(2,278,304)</u>
<b>Gross profit / (loss)</b>		<b>296,942</b>	(57,944)
Distribution cost	21	<u>(103,400)</u>	(280,854)
Administrative expenses	22	<u>(33,516)</u>	(29,693)
Other operating income	23	<u>534,576</u>	20,540
		<b>397,660</b>	(290,007)
<b>Operating profit / (loss)</b>		<u>694,602</u>	(347,951)
Finance cost	24	<u>(401,930)</u>	(407,674)
<b>Profit / (loss) before taxation</b>		<u>292,672</u>	(755,625)
Taxation	25	<u>(139,241)</u>	(171,045)
<b>Profit / (loss) after taxation</b>		<u>153,431</u>	(926,670)
		<b>(Rupees)</b>	
<b>Earnings / (loss) per share - Basic and diluted</b>	26	<u>0.42</u>	<u>(4.27)</u>

The annexed notes from 1 to 34 form an integral part of these financial statements.

  
CHAIRMAN

  
DIRECTOR & CEO

  
CHIEF FINANCIAL OFFICER

# STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2012

	2012 (Rupees in '000)	2011
Profit / (loss) for the year	153,431	(926,670)
<b>Other comprehensive income</b>		
Other comprehensive income for the year	-	-
<b>Total comprehensive income / (loss) for the year</b>	<u>153,431</u>	<u>(926,670)</u>

The annexed notes from 1 to 34 form an integral part of these financial statements.

  
CHAIRMAN

  
DIRECTOR & CEO

  
CHIEF FINANCIAL OFFICER

# CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 (Rupees in '000)	2011
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash generated from / (used in) operations	29	339,071	(211,758)
Gratuity - paid		(4,921)	(5,933)
Income tax paid		(8,961)	(37,160)
Finance cost paid		(204,902)	(261,055)
		<b>(218,784)</b>	<b>(304,148)</b>
Net cash generated from / (used in) operating activities		<b>120,287</b>	<b>(515,906)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment		(58,255)	(11,246)
Acquisition of intangible assets		(586)	-
Proceeds from sale of fixed asset		2,040	670
Net cash used in investing activities		<b>(56,801)</b>	<b>(10,576)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
(Repayment) / acquisition of long term finance		(621,717)	718,574
Loan from related party		500,000	-
Repayment of finance lease obligation		-	(6,314)
Net cash (used in) / generated from financing activities		<b>(121,717)</b>	<b>712,260</b>
Net (decrease) / increase in cash and cash equivalents		<b>(58,231)</b>	<b>185,778</b>
Cash and cash equivalents at the beginning of the year		<b>(542,451)</b>	<b>(728,229)</b>
Cash and cash equivalents at the end of the year	30	<b>(600,682)</b>	<b>(542,451)</b>

The annexed notes from 1 to 34 form an integral part of these financial statements.

  
CHAIRMAN

  
DIRECTOR & CEO

  
CHIEF FINANCIAL OFFICER

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2012

	Share Capital	Capital reserve Discount on issuance of right shares	Sub-total	General	Revenue Reserve Accumulated loss	Sub-total	Total
----- (Rupees in '000) -----							
Balance as at 1 July 2010	1,828,450	-	1,828,450	80,000	(911,629)	(831,629)	996,821
<b>Transaction with owner recorded directly in equity</b>							
Issuance of right shares	1,828,450	(914,225)	914,225	-	-	-	914,225
Expenses incurred on issuance of right shares	-	-	-	-	(12,397)	(12,397)	(12,397)
<b>Total comprehensive loss for the year</b>							
Loss for the year ended 30 June 2011	-	-	-	-	(926,670)	(926,670)	(926,670)
Balance as at 30 June 2011	<u>3,656,900</u>	<u>(914,225)</u>	<u>2,742,675</u>	<u>80,000</u>	<u>(1,850,696)</u>	<u>(1,770,696)</u>	<u>971,979</u>
<b>Total comprehensive income for the year</b>							
Profit for the year ended 30 June 2012	-	-	-	-	153,431	153,431	153,431
<b>Balance as at 30 June 2012</b>	<u><u>3,656,900</u></u>	<u><u>(914,225)</u></u>	<u><u>2,742,675</u></u>	<u><u>80,000</u></u>	<u><u>(1,697,265)</u></u>	<u><u>(1,617,265)</u></u>	<u><u>1,125,410</u></u>

The annexed notes from 1 to 34 form an integral part of these financial statements.

  
CHAIRMAN

  
DIRECTOR & CEO

  
CHIEF FINANCIAL OFFICER

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

## 1. STATUS AND NATURE OF BUSINESS

- 1.1 Al-Abbas Cement Industries Limited (the Company) was established as a private limited company on 1 December 1981 and was converted into a Public Limited Company on 9 July 1987 and is listed on Karachi and Lahore Stock Exchanges. The Company's principal activity is manufacturing, selling and marketing of cement. The registered office of the Company is situated at Arif Habib Centre, 23 M.T. Khan Road, Karachi and its undertaking is situated at Deh Kalo Kohar, Nooriabad Industrial Estate, District Dadu (Sindh).
- 1.2 The accumulated losses of the Company as at 30 June 2012 stand at Rs. 1,697.265 million (2011: Rs. 1,850.696 million) and as that date, its current liabilities exceed its current assets by Rs. 1,304.210 million (2011: Rs. 786.542 million). These factors may cast significant doubt about the company's ability to continue as going concern and the Company may not be able to realize its assets and discharge the liabilities at the stated amounts.

During the year, the Company entered into a revised restructuring agreement in respect of its long term financing of Rs. 2,500 million obtained from a consortium of commercial banks. The said restructuring has resulted in reduction of interest expense over the tenure of the financing, from approximately Rs. 2,494 million to approximately Rs. 1,493 million resulting in a approximate saving of Rs. 1,001 million. During the year, the Company has also obtained a short term financing of Rs. 500 million from its parent Company. Further the operational and administrative measures taken by the Company has resulted in a gross profit of Rs. 296.942 million (2011: gross loss of Rs. 57.944 million) and positive cash flows from operations of Rs. 339.071 million as against negative cash flows of Rs. 211.758 million.

Based on the above mentioned financial measures and the concerted operational measures being taken by the Company, the management is confident of the profitable operations in the foreseeable future and therefore, has prepared the financial statements on going concern basis.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

### 2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention.

### 2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistani rupee which is the Company's functional and presentation currency. All financial information presented in Pakistani Rupee has been rounded to nearest thousand.

### 2.4 Use of Estimates and Judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of approved accounting standard as, applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material judgment in the next year are as follows:

**a) Fixed assets**

The Company's management determines the estimated useful lives and related depreciation charge for its plant and equipment. The Company also reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipments with a corresponding affect on the depreciation charge and impairment.

**b) Trade debts**

The Company reviews its doubtful debts at each reporting dates to assess whether provision should be recorded in the profit and loss account. In particular, judgment by management is required in the estimates of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on certain assumptions whereas actual results may differ, resulting in future changes to the provisions.

**c) Stock in trade and stores and spares**

The Company reviews the net realizable value of stock in trade and stores and spares to assess any diminution in the respective carrying values. Any change in the estimates in future years might affect the carrying amounts of stock in trade, stores and spares and corresponding effect in profit and loss account of those future years. Net realizable value is determined with respect to estimated selling price less estimated expenditures to make the sales.

**d) Income taxes**

In making the estimates for income taxes currently payable by the Company, the management considers the current income tax law and the decisions of appellate authorities on certain issues in the past. In making the provision for deferred taxes, estimates of the Company's future taxable profits are taken into account.

**e) Staff retirement benefits**

Certain actuarial assumptions have been adopted as disclosed in these financial statements for actuarial valuation of present value of defined benefit obligations. Change in these assumptions in future years may affect the liability under the scheme in those years.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

## 2.5 Standards, amendments or interpretations which became effective during the year

During the year certain amendments to Standards and new interpretations became effective however they did not have any material effect on the financial statements of the Company.

### **New / revised accounting standards, amendments to published accounting standards, and interpretations that are not yet effective.**

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2012:

The following standards, interpretations and amendments of approved accounting standards are effective for accounting periods beginning from the dates specified below:

- Amendments to IAS 12 – deferred tax on investment property (effective for annual periods beginning on or after 1 January 2012). The 2010 amendment provides an exception to the measurement principle in respect of investment property measured using the fair value model in accordance with IAS 40 Investment Property. The measurement of deferred tax assets and liabilities, in this limited circumstance, is based on a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale. The presumption can be rebutted only if the investment property is depreciable and held within a business model whose objective is to consume substantially all of the asset's economic benefits over the life of the asset. The amendment has no impact on financial statements of the Company.
- IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after 1 January 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognised immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognised in profit or loss is calculated based on the rate used to discount the defined benefit obligation. The Company's policy for recognition of actuarial gains and losses is already in compliance with the amendment.
- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) - (effective for annual periods beginning on or after 1 July 2012). The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard. The amendments have no impact on financial statements of the Company.
- IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 27 (2011) supersedes IAS 27 (2008). Three new standards IFRS 10 - Consolidated Financial Statements, IFRS 11- Joint Arrangements and IFRS 12- Disclosure of Interest in Other Entities dealing with IAS 27 would be applicable effective 1 January 2013. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendments have no impact on financial statements of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

- IAS 28 Investments in Associates and Joint Ventures (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the amendments to apply IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture. The amendments have no impact on financial statements of the Company.
- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of ‘currently has a legally enforceable right of set-off’; and that some gross settlement systems may be considered equivalent to net settlement.
- Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (effective for annual periods beginning on or after 1 January 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement.
- Annual Improvements 2009–2011 (effective for annual periods beginning on or after 1 January 2013). The new cycle of improvements contains amendments to the following five standards, with consequential amendments to other standards and interpretations.
- IAS 1 Presentation of Financial Statements is amended to clarify that only one comparative period – which is the preceding period – is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with IFRS. Furthermore, it clarifies that the ‘third statement of financial position’, when required, is only required if the effect of restatement is material to statement of financial position.
- IAS 16 Property, Plant and Equipment is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of ‘property, plant and equipment’ in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS 2 Inventories.
- IAS 32 Financial Instruments: Presentation - is amended to clarify that IAS 12 Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction. The amendment removes a perceived inconsistency between IAS 32 and IAS 12.
- IAS 34 Interim Financial Reporting is amended to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating Segments. IAS 34 now requires the disclosure of a measure of total assets and liabilities for a particular reportable segment. In addition, such disclosure is only required when the amount is regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

- IFRIC 20 - Stripping cost in the production phase of a surface mining (effective for annual periods beginning on or after 1 January 2013). The interpretation requires production stripping cost in a surface mine to be capitalized if certain criteria are met. The amendments have no impact on financial statements of the Company.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented.

### 3.1 Fixed assets

#### a) Operating property, plant and equipment - Owned

These are stated at cost less accumulated depreciation and impairment losses, if any, except for lease hold land, which is stated at cost.

Cost of lease hold land is not amortized since the lease is renewable at nominal price at the option of the lessee.

Depreciation on plant and machinery is charged using units of production method. The unit of production method resulted in depreciation charge based on the actual use or output.

Depreciation other than plant and machinery is charged, on a systematic basis over the useful life of the assets, on reducing balance method, which reflects the patterns in which the asset's economic benefits are consumed by the company, at the rates specified in note 4. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the month prior to disposal.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognized.

Normal repair and maintenance are charged to profit and loss as and when incurred. Gains and losses on disposal of assets, if any, are included in profit and loss currently.

The assets' residual values and useful lives are continually reviewed by the Company and adjusted if impact on depreciation is significant. The Company's estimate of residual values of property, plant and equipment as at 30 June 2012 has not required any adjustment as its impact is considered insignificant.

#### b) Assets subject to finance lease

The Company accounts for property, plant and equipment obtained under finance leases by recording the asset and the related liability. These amounts are determined on the basis of discounted value of minimum lease payments at inception of lease or fair value whichever is lower. Financial charges are allocated to the accounting period in a manner so as to provide a constant periodic rate of charge on the outstanding liability. Depreciation on plant and machinery is charged on the unit of production method basis. Depreciation on assets other than plant and machinery is charged, on a systematic basis over the useful life of the assets, on reducing balance method, which reflects the patterns in which the asset's economic benefits are consumed by the Company, at the rates specified in note 4. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the month prior to disposal.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

## c) Intangible assets

These are stated at cost less accumulated amortization and impairment losses, if any. Amortization is charged using the straight line method over assets estimated useful life at the rates specified in note 4.4 after taking into account residual value, if any. The residual values, useful lives and amortization methods are reviewed and adjusted, if appropriate, at each balance sheet date.

Amortization on additions is charged from the month the assets are put to use while no amortisation is charged in the month in which the assets are disposed off.

Gain and losses on disposal of such assets, if any, are included in the profit and loss account.

## d) Capital work-in-progress (CWIP)

Capital work in progress is stated at cost including, where relevant, related financing costs less impairment losses, if any. These costs are transferred to fixed assets as and when assets are available for use.

## e) Ijarah lease

Leased assets which are obtained under Ijarah agreement are not recognized in the Company's balance sheet and are treated as operating lease based on Islamic Financial Accounting Standard (IFAS) 2 issued by the Institute of Chartered Accountants of Pakistan and notified by Securities and Exchange Commission of Pakistan vide S.R.O. 43(1) / 2007 dated 22 May 2007. Ujrah payments under the agreement are charged to profit and loss account over the lease term.

## 3.2 Impairment

### Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

### Non-Financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax asset, are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognized, as an expense in the profit and loss account, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

## 3.3 Stores, spare parts and loose tools

These are valued at cost determined on moving average basis, less provision for obsolescence. Stores and spares in transit are valued at invoice value plus other charges incurred thereon as on balance sheet date.

## 3.4 Stock in trade

Stock of raw and packing materials, work in process and finished goods are valued at the lower of cost and net realizable value. Cost in relation to work in process and finished goods includes prime cost and appropriate proportion of production overheads incurred in bringing the inventory to their present location and condition. Stocks of raw and packing material are valued at moving average cost.

Stocks in transit are valued at cost comprising invoice value plus other charges directly attributable to the acquisition of related purchase incurred upto the balance sheet date.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

## 3.5 Trade debts

Trade debts and other receivables are stated initially at fair value and subsequently measured at amortized cost using the effective interest rate method if applicable, less provision for impairment, if any. A provision for impairment is established where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Trade debts and receivables are written off when considered irrecoverable.

## 3.6 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of cash and bank balances net of short term borrowings.

## 3.7 Taxation

Income tax on profit or loss for the year comprises current and deferred tax.

### a) Current

The company falls under the presumptive tax regime under Section 115 (4) and 169 of the Income Tax Ordinance, 2001, to the extent of direct export sales. Provision for tax on other income and local sales is based on taxable income at the rates applicable for the current tax year, after considering the rebates and tax credits available, if any. The tax charge as calculated above is compared with turnover tax under Section 113 of the Income Tax Ordinance, 2001 and whichever is higher, is provided in these financial statements.

### b) Deferred

Deferred taxation is recognized, using the balance sheet liability method, providing for all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax recognized is based on the expected manner of the realization or settlement of the carrying amount of assets and liabilities, using rates of taxation enacted or substantially enacted at the balance sheet date.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

Deferred tax assets are recognized for all deductible temporary differences and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilized. Deferred tax assets, are reduced to the extent that they are no longer probable that the related tax benefit will be realized.

## **3.8 Staff retirement benefits**

### **a) Defined benefit plan**

The company operates an approved funded gratuity scheme (defined benefit plan) for all its employees who have completed the qualifying period under the scheme. Contribution are made to the fund in accordance with actuarial recommendations. The most recent valuation in this regard was carried out on 30 June 2012 by using the Projected Credit Unit Method for valuation of the scheme. The actuarial gains/losses are recognized as income or expense in the year in which they arises.

### **b) Compensated absences**

The company accounts for liability in respect of un-availed compensated absences for all its permanent employees, in the period of absence. Provision for liabilities towards compensated absences is made on the basis of last drawn gross salary.

## **3.9 Trade and other payables**

These are recognized and carried at cost which is fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

## **3.10 Provisions**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the best estimate.

## **3.11 Foreign currency transactions**

Transaction in foreign currencies are translated into Pakistani rupees using the exchange rates prevailing on the date of each transaction. Monetary assets and liabilities in foreign currencies are reported in rupees using the exchange rates approximating those prevailing on the balance sheet date. All exchange differences are taken into profit and loss account.

## **3.12 Financial instruments**

### **a) Initial recognition**

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. At the time of initial recognition all financial assets and financial liabilities are measured at cost, which is the fair value of the consideration given or received for it.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

## b) Derecognition of financial liability

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. If an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of the existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit and loss account.

### 3.13 Offsetting of financial assets and financial liabilities

Financial asset and financial liability is set off and the net amount is reported in the balance sheet if the company has a legal right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Corresponding income on assets and charge on liability is also offset.

### 3.14 Derivative financial instruments

Derivatives that do not qualify for hedge accounting are recognized in the balance sheet at estimated fair value with corresponding effect to profit and loss. Derivative financial instruments are carried as assets when fair value is positives and liabilities when fair value is negative.

### 3.15 Borrowing and finance costs

Borrowing costs are recognized as an expense in the period in which these are incurred, except that those which are directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of the cost of that asset.

Finance cost comprise interest expense on borrowings, if any, unwinding of the discount on provisions and bank charges. Mark up, interest and other charges on borrowings are charged to profit and loss in the period in which they are incurred.

### 3.16 Revenue recognition

- Revenue from sale of goods is measured at fair value of the consideration received or receivable. Domestic sales are recognized as revenue on dispatch of goods to customers. Export sales are recognized as revenue on the basis of goods shipped to customers.
- Profit on bank deposits is recorded on accrual basis.
- Gain / (loss) on sale of fixed assets is recorded when title is transferred in favour of transferee.
- Income from scrap is recorded on dispatch of scrap to the customers.
- Rebate on export is recognized after finalization of export documents.
- Miscellaneous income consists income from rental of equipment for excavation purpose and is recognized on accrual basis.

### 3.17 Transactions with related parties

Transactions in relation to sales, purchases and services with related parties are made at arm's length prices determined in accordance with the comparable uncontrolled price method except for the allocation of expenses such as sharing of common staff salaries, electricity, gas, water, repair and maintenance relating to the head office, shared with associated companies, which are based on the advices received.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

## 3.18 Dividends and appropriations

Dividends and reserve appropriations are recognized in the period in which these are declared / approved.

## 3.19 Earnings per share

The Company presents basic and diluted earnings per shares (EPS) data. Basic EPS is calculated by dividing the profit or loss attributable to share holders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to share holders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

## 4. FIXED ASSETS

		2012	2011
		(Rupees in '000)	
- Property, plant and equipment	4.1	4,226,302	4,268,503
- Intangible assets	4.4	314	-
		<u>4,226,616</u>	<u>4,268,503</u>

### 4.1 Property, Plant and Equipment

	2012				Rate	2012			Written down value as at 30 June 2012	
	As at 1 July 2011	Cost Additions / (disposals)	Transferred from CWIP	As at 30 June 2012		As at 1 July 2011	Accumulated depreciation (Disposal)	Charge for the year		As at 30 June 2012
	(Rupees in '000)					(Rupees in '000)				
Owned assets										
Land - lease hold	3,025	-	-	3,025	-	-	-	-	-	3,025
Factory building on leased hold land	778,828	-	-	778,828	5%	232,674	-	27,308	259,982	518,846
Non-factory building on leased hold land	20,938	-	-	20,938	10%	7,901	-	1,303	9,204	11,734
Plant and machinery	4,562,938	45,950	-	4,608,888	Units of production	897,511	-	63,608	961,119	3,647,769
Factory and laboratory equipment	16,531	7,641	-	24,172	10%	6,838	-	1,323	8,161	16,011
Quarry equipments	11,444	-	-	11,444	15%	9,293	-	323	9,616	1,828
Office equipments	4,848	175 (45)	-	4,978	10%	2,700	-	214	2,882	2,096
Computer and peripherals	7,157	744	-	7,901	33%	3,969	-	1,157	5,126	2,775
Furniture and fixture	18,025	1,127	-	19,152	10%	6,517	-	1,192	7,709	11,443
Vehicles	26,182	2,618 (1922)	-	26,878	20%	14,010	-	2,490	16,103	10,775
	<u>5,449,916</u>	<u>58,255</u> <u>(1,967)</u>	<u>-</u>	<u>5,506,204</u>		<u>1,181,413</u>	<u>-</u>	<u>98,918</u>	<u>1,279,902</u>	<u>4,226,302</u>
							<u>(429)</u>			

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

	Cost				Rate	2011 Accumulated depreciation			Written down value as at 30 June 2011
	As at 1 July 2010	Additions / (disposals)	Transferred from CWIP	As at 30 June 2011		As at 1 July 2010	(Disposal)	Charge for the year	
	(Rupees in '000)					(Rupees in '000)			
<b>Owned assets</b>									
Land - lease hold	3,025	-	-	3,025	-	-	-	-	3,025
Factory building on leased hold land	778,828	-	-	778,828	5%	203,929	-	28,745	546,154
Non-factory building on leased hold land	20,938	-	-	20,938	10%	6,452	-	1,449	13,037
Plant and machinery	4,544,161	2,777	16,000	4,562,938	Units of production	838,531	657	58,323	3,665,427
Factory and laboratory equipment	16,337	194	-	16,531	10%	5,776	-	1,062	9,693
Quarry equipments	11,444	-	-	11,444	15%	8,913	-	380	2,151
Office equipments	4,689	159	-	4,848	10%	2,474	-	226	2,148
Computer and peripherals	6,588	569	-	7,157	33%	2,548	-	1,421	3,188
Furniture and fixture	17,258	767	-	18,025	10%	5,289	-	1,228	11,508
Vehicles	18,130	6,780 (893)	2,165	26,182	20%	11,436	1,056 (695)	2,213	12,172
<b>Leased assets</b>									
Plant and machinery	16,000	-	(16,000)	-	Units of production	657	(657)	-	-
Vehicles	2,165	-	(2,165)	-	20%	1,056	(1,056)	-	-
	5,439,563	11,246 (893)	-	5,449,916		1,087,061	(695)	95,047	4,268,503

#### 4.2 Depreciation charge for the year has been allocated as follows:

		2012	2011
		(Rupees in '000)	
Cost of sales	20	91,238	87,448
Distribution cost	21	1,920	1,900
Administrative expenses	22	5,760	5,699
		<u>98,918</u>	<u>95,047</u>

#### 4.3 The details of fixed assets disposed off during the year are as follows:

Particulars of asset	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain	Mode of disposal	Particulars of buyers
	(Rupees in '000)						
<b>2012</b>							
Vehicle	1,499	(253)	1,246	1,500	254	Insurance claim	EFU Insurance
Vehicle	382	(144)	238	485	247	Negotiation	Mr. M Muzammil
Items having book value of Rs. 50,000 or less							
Others	86	(32)	54	55	1	Negotiation	
	<u>1,967</u>	<u>(429)</u>	<u>1,538</u>	<u>2,040</u>	<u>502</u>		
<b>2011</b>							
Vehicles	893	(695)	198	670	472	Negotiation	Thatta Cement Industries Limited

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

## 4.4 Intangible assets

The Company's intangible assets comprise computer softwares. The carrying amount is as follows:

	2012	2011
	(Rupees in '000)	
Cost	586	-
Accumulated amortization	<u>(272)</u>	<u>-</u>
	<u>314</u>	<u>-</u>
Carrying amount at the beginning of the year	-	-
Additions during the year	586	-
Amortization during the year	<u>(272)</u>	<u>-</u>
Carrying amount at the end of the year	<u>314</u>	<u>-</u>
Rate of amortization	<u>50%</u>	<u>50%</u>

## 5. DEFERRED TAX ASSET

Deferred tax asset comprises of temporary differences as follows:

### Deductible temporary differences

Deferred liability - provision for gratuity	5,898	3,934
Provision for stores and spares	3,076	2,623
Carry forward tax losses	697,188	617,638
Provision for leave encashment	<u>2,566</u>	<u>-</u>
	<u>708,728</u>	<u>624,195</u>

### Taxable temporary differences

Accelerated depreciation for tax purposes	(595,051)	(467,608)
Long term financing	13.2	<u>(98,395)</u>
	<u>15,282</u>	<u>156,587</u>

5.1 Deferred tax asset amounting to Rs 15.282 million (2011: Rs. 50 million) has not been recognised in these financial statements as a matter of prudence.

## 6. STORES, SPARES AND LOOSE TOOLS

Stores		157,443	157,201
Coal	6.1	225,096	77,683
Spare parts		142,496	101,553
Loose tools		<u>4,694</u>	<u>3,724</u>
	33	<u>529,729</u>	<u>340,161</u>
Provision for slow moving / obsolete stock	6.2	<u>(13,519)</u>	<u>(13,519)</u>
		<u>516,210</u>	<u>326,642</u>

6.1 This includes coal in-transit amounting to Rs. 107.28 million (2011: Rs. Nil).

6.2 Movement of provision of the slow moving / obsolete stores and spares

Opening balance	13,519	-
Charge for the year	-	13,519
Closing balance	<u>13,519</u>	<u>13,519</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

		2012	2011
		(Rupees in '000)	
<b>7.</b>	<b>STOCK-IN-TRADE</b>		
	Raw material	37,157	28,312
	Packing material	49,310	41,068
	Work-in-process	117,901	22,912
	Finished goods	14,694	28,130
		<u>219,062</u>	<u>120,422</u>
<b>8.</b>	<b>TRADE DEBTS - Considered good</b>		
	Secured against letter of credit	-	6,297
	Unsecured	8.1	30,876
		<u>44,010</u>	<u>37,173</u>
<b>8.1</b>	This includes receivable from Aisha Steel Mills Limited and Javedan Corporation Limited (related parties) amounting to Rs. 2.455 million.		
<b>9.</b>	<b>ADVANCES AND OTHER RECEIVABLES</b>		
	<b>- Unsecured (considered good)</b>		
	To employees	9.1	2,046
	To contractors and suppliers		63,971
	Against letter of credit		10,972
	Income tax		15,080
	Rebate receivable		4,104
	Others	9.2	3,742
			<u>99,915</u>
<b>9.1</b>	This includes advances to executives amounting to Rs. 0.01 million.		
<b>9.2</b>	This includes receivable from Thatta Cement Company Limited (a related party) amounting to Rs. 3.742 million.		
<b>10.</b>	<b>TAX REFUND DUE FROM GOVERNMENT</b>		
	Income tax refundable		40,079
	Sales tax refundable		2,989
	Excise duty receivable	10.1	6,863
			<u>49,931</u>
<b>10.1</b>	The Company received an order from Additional Collector, Hyderabad vide order no. 22 of 2000 alleging that Central Excise Duty of Rs. 6.863 million was not paid on certain sales for the years 1995-1996 and 1996-1997. The said amount was paid by the Company, however, a corresponding receivable was recorded. The Company filed an appeal in Honourable Sindh High Court which was rejected vide order dated 29 May 2007. The Company then filed a petition in Honourable Supreme Court of Pakistan which was disposed off vide order dated 18 July 2011 with the permission to approach the Court of Civil jurisdiction. Accordingly, a civil suite was filed by the Company challenging the order of Deputy Collector of Customs, Central Excise & Sales Tax, Hyderabad. The management in consultation with its lawyer is confident that the outcome of the case would be in favour of the Company and that the amount deposited above would be recovered.		

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

- 10.2** From 1993-94 to 1998-99, excise duty was levied and recovered from the Company being wrongly worked out on retail price based on the misinterpretation of sub section 2 of section 4 of the Central Excise Act, 1944 by Central Board of Revenue. Such erroneous basis of working of excise duty has been held, being without lawful authority, by the Honourable Supreme Court of Pakistan as per its judgment dated February 15, 2007 in the civil appeal Nos. 1388 & 1389 of 2002, civil appeal Nos. 410 to 418 of 2005, civil appeal No. 266 of 2006, civil appeal No. 267 of 2006 and civil appeal No. 395 of 2006. The Company filed an application to the Collector of Federal Excise and Sales Tax to refund the excess excise duty amounting to Rs. 182.604 million. The refund was however, rejected by Collector of Appeals vide his order in appeal number 01 of 2009 dated 19 March 2009 and Additional Collector, Customs, Sales tax and Federal excise vide its order in original number 02 of 2009 dated 24 January 2009. The Company filed an appeal before The Learned Appellate Tribunal Inland Revenue regarding Central Excise Duty (CED) which, vide its order dated May 23 2012, set aside the above orders and allowed the appeal. The Company is in the process of claiming tax refund in this respect.

## 11. CASH AND BANK BALANCES

		2012 (Rupees in '000)	2011
Cash in hand		499	349
Cash with banks:			
- In current accounts		2,760	7,864
- In savings accounts	11.1	335	6,713
		<u>3,594</u>	<u>14,926</u>

- 11.1** These carry interest / mark-up at a rate ranging from 9% - 12% (2011: 5% - 10%) per annum.

## 12. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

	2012 (Number of Shares)	2011		2012 (Rupees in '000)	2011
			Fully paid ordinary shares of		
			Rs. 10 each issued:		
	353,510,380	353,510,380	For cash	3,535,104	3,535,104
	840,000	840,000	For consideration other than cash	8,400	8,400
	11,339,588	11,339,588	Bonus shares	113,396	113,396
	<u>365,689,968</u>	<u>365,689,968</u>		<u>3,656,900</u>	<u>3,656,900</u>
<b>12.1</b>	<b>365,689,968</b>	182,844,984	Ordinary shares of Rs. 10 each	<b>3,656,900</b>	1,828,450
		182,844,984	at the beginning of the year		
	-		Right shares issued	-	1,828,450
			during the year		
	<u>365,689,968</u>	<u>365,689,968</u>		<u>3,656,900</u>	<u>3,656,900</u>

- 12.2** Shares held by the associated companies as at the balance sheet date were 322,596,280 (2011: 249,152,222).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

		2012	2011
		(Rupees in '000)	
<b>13.</b>	<b>LONG TERM FINANCING</b>		
	<b>Secured from banking companies:</b>		
	Musharakah	-	500,000
	Term finance	<b>1,925,882</b>	<b>2,000,000</b>
		<b>1,925,882</b>	<b>2,500,000</b>
		13.1 & 13.2	
	Current maturity shown under current liability	<b>(251,102)</b>	-
		<b>1,674,780</b>	<b>2,500,000</b>

**13.1** On 23 December 2011, the management entered into a revised restructuring agreement with its lenders in respect of long term finances. The terms of the revised agreement are as under:

Particulars	New terms	Old terms								
Tenor	6.5 years	8.5 years								
Maturity date	23 June 2018	23 December 2018								
Principal repayments	09 Half - yearly installments. First two principal repayments amounting to Rs. 625 million due on 23 December 2011 and Rs. 125 million due on 23 June 2012 were paid accordingly. Remaining installments, amounting to Rs. 250 million each will fall due commencing from 23 December 2012 till 23 December 2015.	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%.	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 accrued from 23 June 2010 till the date of final settlement of principal will be paid in half yearly installments of Rs. 250 million each commencing from 23 June 2016	<table border="0"> <thead> <tr> <th style="text-align: left;">Mark-up period</th> <th style="text-align: left;">Payment due in</th> </tr> </thead> <tbody> <tr> <td>June 2010 - December 2011</td> <td>December 2011</td> </tr> <tr> <td>December 2011 - December 2012</td> <td>December 2012</td> </tr> <tr> <td>December 2012 - December 2013</td> <td>December 2013</td> </tr> </tbody> </table> <p>From December 2013 onwards, mark-up will be payable on six monthly basis for the remaining tenor of the facility.</p>	Mark-up period	Payment due in	June 2010 - December 2011	December 2011	December 2011 - December 2012	December 2012	December 2012 - December 2013	December 2013
Mark-up period	Payment due in									
June 2010 - December 2011	December 2011									
December 2011 - December 2012	December 2012									
December 2012 - December 2013	December 2013									
Others	Musharakah finance to be converted into Term Finance	-								
Security	Mortgage over property worth PKR 3.33 billion and hypothecation charge over assets worth PKR 3.33 billion.	Mortgage over property worth PKR 2.667 billion and hypothecation charge over assets worth PKR 2.667 billion.								

**13.2** The revised restructuring as mentioned above has resulted in substantial modification of the financing terms, accordingly the previous liability has been extinguished and new liability has been recognized at fair value. The difference between the carrying amount of the liability extinguished and the fair value of the new liability has been recognized in profit and loss account.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

		2012	2011
		(Rupees in '000)	
<b>14.</b>	<b>DEFERRED LIABILITIES</b>		
	Provision for employees gratuity	14.1	25,924
	Loan from a related party	14.2	20,276
		<u>115,927</u>	<u>115,927</u>
		<u>141,851</u>	<u>136,203</u>
<b>14.1</b>	The amounts recognized in these financial statements, based on the actuarial valuation carried out by Nauman Associates is as follows:		
<b>a)</b>	<b>Principle actuarial assumptions</b>	<b>2012</b>	<b>2011</b>
	Discount rate	13%	14%
	Expected rate of eligible salary increase in future years	12%	13%
	Average expected remaining working life time of employees	10 Years	11 Years
		(Rupees in '000)	
<b>b)</b>	<b>Reconciliation of balance due to defined benefit plan</b>		
	Present value of defined benefit obligation	26,007	20,835
	Fair value of plan assets	(83)	(559)
		<u>25,924</u>	<u>20,276</u>
<b>c)</b>	<b>Movement of the liability recognized in the balance sheet</b>		
	Liability recognized in the balance sheet as at 1 July	20,276	18,495
	Charge for the year	10,569	7,450
	Liability transferred from other Group Company	-	264
	Contribution during the year	(4,921)	(5,933)
	Liability recognized in the balance sheet as at 30 June	<u>25,924</u>	<u>20,276</u>
<b>d)</b>	<b>Change in present value of defined benefits obligations</b>		
	Present value of defined benefits obligation as at 1 July	20,835	18,627
	Current service cost for the year	7,738	6,650
	Interest cost for the year	2,917	2,235
	Benefits paid during the year	(5,234)	(5,784)
	Liability transferred from other Group Company	-	264
	Actuarial gain on present value of defined benefit obligation	(249)	(1,157)
	Present value of defined benefits obligation as at 30 June	<u>26,007</u>	<u>20,835</u>
<b>e)</b>	<b>Changes in fair value of plan assets</b>		
	Fair value of plan assets as at 1 July	559	600
	Expected return on plan assets	78	72
	Contribution during the year	4,921	5,933
	Benefits paid / discharged during the year	(5,234)	(6,252)
	Actuarial (loss) / gain on plan assets	(241)	206
	Fair value of plan assets as at 30 June	<u>83</u>	<u>559</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

		2012	2011			
		(Rupees in '000)				
<b>f)</b>	<b>Expenses recognized in the profit and loss account</b>					
	Current service cost	7,738	6,650			
	Interest cost	2,917	2,235			
	Net actuarial gain recognized during the year	(8)	(1,363)			
	Return on plan assets	(78)	(72)			
		<u>10,569</u>	<u>7,450</u>			
<b>g)</b>	<b>Change in actuarial gains / (losses)</b>					
	Net gain arising during the year	8	1,363			
	Charged to the profit and loss account	(8)	(1,363)			
		<u>-</u>	<u>-</u>			
<b>h)</b>	Expected charge for the year ending 30 June 2013 is Rs. 11.996 million.					
<b>i)</b>	<b>Present value of defined benefits obligations</b>					
		2011-12	2010-11	2009-10	2008-09	2007-08
		----- (Rupees in '000) -----				
	Present value of defined obligations	<u>26,007</u>	<u>20,835</u>	<u>18,627</u>	<u>11,358</u>	<u>6,326</u>
<b>j)</b>	<b>Experience adjustments</b>					
	Experience adjustment arising on plan liabilities	<u>(8)</u>	<u>(1,363)</u>	<u>2,871</u>	<u>2,209</u>	<u>(1,956)</u>
<b>k)</b>	The charge for the year has been allocated as follows:					
					2012	2011
					(Rupees in '000)	
	Cost of sales	20			8,258	5,810
	Distribution cost	21			962	894
	Administrative expenses	22			1,349	746
					<u>10,569</u>	<u>7,450</u>
<b>14.2</b>	<b>Loan from a related party</b>					
	Stores and spares		33		234,076	234,076
					<u>(118,149)</u>	<u>(118,149)</u>
					<u>115,927</u>	<u>115,927</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

The previous management of the Company took over the management by purchasing controlling shareholding during the year 2005. One of the condition of takeover of the management from the previous sponsors was that the amount payable in respect of this loan was required to be adjusted in respect of any differences in the value of assets and/or unrecorded liabilities. However, due to dispute between the old sponsors and the previous management, the final amount of the sponsor's loan remained undetermined and unsettled.

Pending the outcome of the decision, the amount standing to the credit of the previous sponsors has been kept intact under the head 'Deferred Liabilities'. The previous management has committed to bear and pay the amount of interest if decided payable in this context in their personal capacity. The matter is under arbitration as per the Share Purchase Agreement between the previous management and the old sponsors. Cross examination and arguments of both parties have been completed. However, notice of award is still awaited. The management based on the lawyer's advice is confident of a favourable outcome of the case.

## 15. TRADE AND OTHER PAYABLES

		2012	2011
		(Rupees in '000)	
Trade creditors	15.1	178,655	230,752
Bills payable		365,559	132,953
Accrued liabilities		69,367	54,615
Royalty payable		8,607	10,408
Excise duty payable		9,155	7,268
Advances from customers		146,144	64,951
Sales tax and federal excise duty payable		46,826	18,541
Unclaimed dividends		126	128
Withholding tax payable		1,605	307
Leave encashment payable		11,278	11,653
Others		2,334	8,147
		<u>839,656</u>	<u>539,723</u>

15.1 This includes an amount payable to Thatta Cement Company Limited (a related party) amounting to Rs. 0.01 million.

## 16. MARK-UP ACCRUED

On long term financing	13.1 & 13.2	5,649	333,097
On short term borrowings	16.1	40,353	12,877
		<u>46,002</u>	<u>345,974</u>

16.1 This includes amount due to Arif Habib Corporation Limited (a related party) amounting to Rs. 25.230 million.

## 17. SHORT TERM BORROWINGS

### From banking companies:

Running finances	17.1 & 17.3	493,609	484,877
Murahbaha	17.2 & 17.3	110,667	72,500
		604,276	557,377

### From related party:

Short term finance	17.4	500,000	-
		<u>1,104,276</u>	<u>557,377</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

- 17.1** The Company has arranged short-term running finance facilities from various banks amounting to Rs. 500 million (2011: Rs.500 million), which represents the aggregate of sale prices of all mark-up agreements between the Company and the banks. These carry mark up at the rate ranging between 3 months KIBOR plus 1.50% to 3 months KIBOR plus 2.5% (2011: 3 months KIBOR plus 1.50% to 3 months KIBOR plus 2.25%) per annum calculated on daily product basis, that is payable quarterly.
- 17.2** The Company has arranged Murahbaha facility amounting to Rs. 130 million (2011: Rs. 130 million) from a bank. This carries mark up at the rate of 6 month KIBOR plus 3% (2011: 6 months KIBOR plus 3%) per annum.
- 17.3** Both the above arrangements were obtained to meet the working capital requirement of the Company. These facilities have various maturity dates upto June 2013 and are secured by first pari passu charge against current / fixed assets of the Company.
- 17.4** During the year, the Company obtained short term finance from Arif Habib Corporation Limited amounting to Rs. 500 million (2011: Rs. NIL) carrying mark up at the rate of 3 months KIBOR + 2.5% per annum and is payable on demand.
- 17.5** The aggregate amount of aforementioned facilities which have not been availed as at the balance sheet date amounts to Rs. 25.72 million (2011: Rs. 72.62 million).

## **18. CONTINGENCIES AND COMMITMENTS**

### **18.1 Contingencies**

- 18.1.1** The Company received an order from Central Excise and Land Custom on 28 October 1992 alleging that the Sales tax and CED amounting to Rs. 15.210 and Rs. 30.312 million respectively, were not paid on certain sales. An order was received demanding the recovery of the above amounts along with penalty amounting in aggregate to Rs. 91.046 million. The company has however disputed the same on grounds of lack of jurisdiction as well as on the merits, the matter is subjudice. The stay order was granted by the Honourable High Court of Sindh against the said order and the case is currently pending with the Appellate Tribunal Inland Revenue, Karachi. The management is confident that the outcome of the case would be in favour of the Company and hence no provision is made in these financial statements.
- 18.1.2** The Competition Commission of Pakistan (the CCP) took Suo Moto action under Competition Commission Ordinance, 2007 and issued a Show Cause Notice on 28 October 2008 for increase in prices of cement across the country. Similar notices were also issued to All Pakistan Cement manufacturers Association (APCMA) and its member cement manufacturers. The Company filed a writ petition before the Honourable Lahore High Court (LHC), the LHC vide its order dated 24 August 2009 allowed the CCP to issue its final order. The CCP accordingly passed an order on 27 August 2009 and imposed a penalty of Rs. 87 million on the company. The Lahore High Court vide its order dated 31 August 2009 restrained the CCP from enforcing its order against the Company for the time being.

During the financial year ended 30 June 2009, the company has filed an appeal before the Honourable Supreme Court of Pakistan and Lahore High Court against the Order of the CCP dated 27 August 2009. The petition filed by the company and other cement manufacturers before the Lahore High Court are also pending

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

- for adjudication meanwhile order passed by the Lahore High Court on 31 August 2009 is still operative.
- 18.1.3** A customer has filed claim of Rs. 1.197 million before the Court of District & Session Judge Karachi (East), for recovery of financial loss due to sub-standard supply of cement bags. The Honourable Judge has decided the order in favour of the customer. Thereafter, the Company filed a revision application against the order before the Sindh High Court. The management based on the advice of the lawyer is confident that the outcome of the case would be in favour of the Company and hence no provision is made in these financial statements.

## 18.2 Commitments

	2012	2011
	(Rupees in '000)	
Commitments against open letter of credit for:		
- Coal	-	303,844
- Stores and spares	<u>25,923</u>	<u>22,987</u>
	<b>25,923</b>	326,831
Other commitments		
- Ijarah rentals	<u>5,201</u>	-
	<u><b>31,124</b></u>	<u>326,831</u>

## 19. SALES - NET

Local	<b>3,218,637</b>	1,657,840
Export	<u>396,675</u>	<u>1,025,753</u>
	<b>3,615,312</b>	2,683,593
Less :		
Sales tax	<b>(443,950)</b>	(237,796)
Central excise duty	<b>(241,210)</b>	(204,192)
Special excise duty	-	(21,245)
	<u><b>(685,160)</b></u>	<u>(463,233)</u>
	<b>2,930,152</b>	2,220,360

## 20. COST OF SALES

Salaries, wages and other benefits including retirement benefits	20.1	<b>159,331</b>	153,214
Raw materials consumed	20.2	<b>202,959</b>	174,041
Packing material consumed	20.3	<b>220,284</b>	181,062
Stores, spares and loose tools		<b>128,121</b>	92,711
Fuel and power		<b>1,842,559</b>	1,480,901
Insurance		<b>8,046</b>	11,739
Repairs and maintenance		<b>39,708</b>	33,431
Depreciation	4.2	<b>91,238</b>	87,448
Provision for stores and spares		-	13,519
Other production overheads		<u>22,517</u>	<u>18,444</u>
		<u><b>2,714,763</b></u>	<u>2,246,510</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

		2012	2011
		(Rupees in '000)	
<b>Work in process</b>			
Opening		22,912	17,117
Closing	7	(117,901)	(22,912)
		<u>(94,989)</u>	<u>(5,795)</u>
Cost of goods manufactured		<u>2,619,774</u>	<u>2,240,715</u>
<b>Finished goods</b>			
Opening		28,130	22,889
Finished goods purchased for sale		-	42,830
Closing	7	(14,694)	(28,130)
		<u>13,436</u>	<u>37,589</u>
		<u>2,633,210</u>	<u>2,278,304</u>
<b>20.1</b>	It includes Rs. 8.258 million (2011: Rs. 5.810 million) against staff retirement benefits.		
<b>20.2</b>	<b>Raw materials consumed</b>		
Opening stock of raw material		28,312	52,354
Purchases		211,804	149,999
		<u>240,116</u>	<u>202,353</u>
Closing stock of raw material	7	(37,157)	(28,312)
		<u>202,959</u>	<u>174,041</u>
<b>20.3</b>	<b>Packing materials consumed</b>		
Opening stock of packing material		41,068	24,306
Purchases		228,526	197,824
		<u>269,594</u>	<u>222,130</u>
Closing stock of packing material	7	(49,310)	(41,068)
		<u>220,284</u>	<u>181,062</u>
<b>21.</b>	<b>DISTRIBUTION COST</b>		
Salaries, wages and other benefits including retirement benefits	21.1	10,205	10,642
Export expenses		78,748	261,456
Travelling and conveyance		161	507
Depreciation	4.2	1,920	1,900
Marking fee		2,585	2,220
Others		9,781	4,129
		<u>103,400</u>	<u>280,854</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

21.1 It includes Rs. 0.962 million (2011: Rs. 0.894 million) against staff retirement benefits.

2012            2011  
(Rupees in '000)

## 22. ADMINISTRATIVE EXPENSES

Salaries, wages and other benefits including retirement benefits	22.1	14,208	11,674
Travelling and conveyance		176	12
Printing and stationery		949	843
Repair and maintenance		2,037	1,051
Legal and professional charges		1,302	3,968
Auditor's remuneration	22.2	1,001	912
Rent, rates and taxes		1,322	955
Advertisement		384	751
Postage, telephone and telegram		1,888	740
Entertainment		618	481
Ujrah payments	22.3	319	-
Fees and subscription		2,326	2,276
Depreciation	4.2	5,760	5,699
Amortization		272	-
Charity and Donation	22.4	348	-
Miscellaneous		606	331
		<u>33,516</u>	<u>29,693</u>

22.1 It includes Rs. 1.349 million (2011: Rs. 0.74 million) against staff retirement benefits.

## 22.2 Auditor's remuneration

Statutory Auditors			
Audit fees		600	550
Half yearly review fee		251	225
Fee for the review of compliance with Code of Corporate Governance		50	50
Out of pocket expenses		100	87
		<u>1,001</u>	<u>912</u>

## 22.3 Ujrah payments

The Company has entered into Ijarah arrangements with Bank Islami Pakistan Limited for lease of 2 vehicles having monthly rentals for a total period of 4-5 years.

Total of future ujarah payments under the agreement are as follows:

Not later than one year	1,310	-
Later than one year but not later than five years	3,891	-
Later than five years	-	-
	<u>5,201</u>	<u>-</u>

22.4 No directors or their spouses have any interest in any donee's fund to which donation were made.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

		2012	2011
		(Rupees in '000)	
<b>23.</b>	<b>OTHER OPERATING INCOME</b>		
	Gain on disposal of fixed assets	502	472
	Rebate income	2,205	7,259
	Scrap sales	18,729	9,116
	Reversal of long outstanding liabilities	57,290	-
	Gain on derecognition of financial liability	449,401	-
	Others	6,449	3,693
		<u>534,576</u>	<u>20,540</u>
<b>24.</b>	<b>FINANCE COST</b>		
	Mark-up on:		
	- long term financings	297,835	325,311
	- short term borrowings	101,092	79,871
	- lease liabilities	-	612
	Bank charges and commission	3,003	1,880
		<u>401,930</u>	<u>407,674</u>
<b>25.</b>	<b>TAXATION</b>		
	Current		
	For the year	29,302	22,295
	Prior year	3,353	11
		<u>32,655</u>	<u>22,306</u>
	Deferred	106,586	148,739
		<u>139,241</u>	<u>171,045</u>
25.1	Income Tax assessments of the Company have been finalized up to and including the tax year 2011.		
<b>25.2</b>	<b>Reconciliation of tax charge for the year</b>		
	Profit / (loss) before taxation	<u>292,672</u>	<u>(755,625)</u>
	Tax at the applicable tax rate of 35% (2011: 35%)	102,435	(264,469)
	Reversal due to final tax regime / presumptive tax regime and minimum tax	(102,435)	264,469
	Tax effect under final tax regime / presumptive tax regime	3,967	10,258
	Tax effect of minimum tax	25,335	12,037
	Tax effect of amount relating to prior year	3,353	11
	Amount related to deferred tax	106,586	148,739
		<u>139,241</u>	<u>171,045</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	(Rupees in '000)	
<b>26. EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED</b>		
Profit / (loss) after taxation	<u>153,431</u>	<u>(926,670)</u>
	<b>(Number)</b>	
Weighted average number of ordinary shares	<u>365,689,968</u>	<u>216,910,000</u>
	<b>(Rupees)</b>	
Earnings / (loss) per share in rupees - basic and diluted	<u>0.42</u>	<u>(4.27)</u>

**26.1** No figure for diluted earnings per share has been presented as the Company has not issued any instrument which would have an impact on earnings per share when exercised.

## **27. OPERATING SEGMENTS**

**27.1** These financial statements have been prepared on the basis of single reportable segment.

**27.2** Revenue from sale of cement represents 100% (2011 : 100%) of the total revenue of the company.

**27.3** 86% (2011: 62%) sales of the Company relates to customers in Pakistan.

**27.4** All non-current assets of the Company at 30 June 2012 are located in Pakistan.

## **28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

### **Introduction and overview**

The Company has exposure to the following risks from financial instruments:

- credit risk
- liquidity risk
- market risk
- operational risk

This note presents information about the Company's exposure to each of the above risks, Company's objectives, policies and processes for measuring and managing risk, fair value of financial instruments and the Company's management of capital.

### **Risk management framework**

The Board of Directors of the Company has the overall responsibility for the establishment and oversight of the Company's risk management framework. To assist the Board in discharging its oversight responsibility, the management has been made responsible for identifying, monitoring and managing the Company's financial risk exposure.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

## 28.1 Credit risk

Credit risk is the risk that one party to the financial instruments will fail to discharge an obligation and cause the other party to incur a financial loss. The Company believes that it is not exposed to major concentration of credit risk. However, to reduce exposure to credit risk, if any, the management monitors the credit exposure towards the customers and makes provisions against those balances considered doubtful of recovery.

### Management of credit risk

The Company's policy is to enter into financial contracts in accordance with the guidelines set by the Board of Directors. The Company is not materially exposed to credit risk as its majority sales are on advance payment basis.

Credit risk is managed and controlled by the management of the company in the following manner:

- Credit rating and / or credit worthiness is taken into account along with the financial background so as to minimize the risk of default.
- Cash is held with reputable banks only.

The maximum exposure to credit risk at the reporting date is:

	2012 (Rupees in '000)	2011
Trade debts	44,010	37,173
Advances and other receivables	107,664	84,835
Deposits	24,604	27,158
Bank balances	3,095	14,577
	<u>179,373</u>	<u>163,743</u>

### Past due / impaired assets

None of the above financial assets are impaired or past due.

### Credit Ratings and Collaterals

Details of the credit ratings of bank balances as at 30 June 2012 are as follows:

	Rating	Rating	Rating	2012	2011
	Short term	Long term	Agency	(Rupees in '000)	(Rupees in '000)
Allied Bank Limited	A+	AA	PACRA	178	326
Al-Baraka Islamic Bank	A1	A	PACRA	18	-
Bank Islami Pakistan Limited	A1	A	PACRA	1,086	6,813
Habib Bank Limited	A1+	AA+	JCR-VIS	72	318
Meezan Bank limited	A1+	AA-	JCR-VIS	73	72
National Bank of Pakistan	A1+	AAA	JCR-VIS	124	4,691
Summit Bank Limited	A2	A-	JCR-VIS	1,444	2,288
United Bank Limited	A1+	AA+	JCR-VIS	100	69
				<u>3,095</u>	<u>14,577</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

## Concentration of credit risk

Concentration of credit risk arises when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would effect their ability to meet contractual obligations in similar manner. The company manages concentration of credit risk through diversification of activities among individuals, groups and industry segments.

At the reporting date, the Company's total credit risk was concentrated in the following industrial / economic sectors:

	2012		2011	
	Rupees in '000	%	Rupees in '000	%
Banks	<b>3,095</b>	<b>2%</b>	14,577	9%
Others	<b>176,278</b>	<b>98%</b>	149,166	91%
	<b><u>179,373</u></b>	<b><u>100%</u></b>	<u>163,743</u>	<u>100%</u>

## 28.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or may face difficulty in raising funds to meet commitments associated with financial liabilities as they fall due.

The company is exposed to liquidity risk in respect of non current interest bearing liabilities, short term borrowings, trade and other payable and mark up accrued.

### Management of liquidity risk

The Company's approach to managing liquidity risk by maintaining adequate capital base, borrowing facilities and continuously monitoring of forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note 17 to these financial statements are additional undrawn facilities that the Company has at its disposal to reduce liquidity risk.

### Maturity analysis for financial liabilities

The table below analysis the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to maturity date and represents the undiscounted cash flows. The amounts in the table are the gross nominal undiscounted cash flows (including interest payments):

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

	2012					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to five years	More than five years
	----- (Rupees in '000) -----					
<b>Non-derivative liabilities</b>						
Long term finance	1,925,882	(2,364,761)	(250,000)	(250,000)	(1,250,000)	(614,761)
Short term borrowings	1,104,276	(1,104,276)	(552,138)	(552,138)	-	-
Trade and other payables	839,656	(839,656)	(839,656)	-	-	-
Mark-up accrued	46,002	(46,002)	(46,002)	-	-	-
	<b>3,915,816</b>	<b>(4,354,695)</b>	<b>(1,687,796)</b>	<b>(802,138)</b>	<b>(1,250,000)</b>	<b>(614,761)</b>

	2011					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to five years	More than five years
	----- (Rupees in '000) -----					
<b>Non-derivative liabilities</b>						
Long term finance	2,500,000	(4,398,500)	(463,875)	(463,875)	(2,220,750)	(1,250,000)
Short term borrowings	557,377	(645,331)	(322,666)	(322,665)	-	-
Trade and other payables	539,723	(539,723)	(539,723)	-	-	-
Mark-up accrued	345,974	(345,974)	(345,974)	-	-	-
	<b>3,943,074</b>	<b>(5,929,528)</b>	<b>(1,672,238)</b>	<b>(786,540)</b>	<b>(2,220,750)</b>	<b>(1,250,000)</b>

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rates effective as at 30 June 2012. The rates of mark-up have been disclosed in note 13 and 17 to the financial statements.

## 28.3 Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's / issuer's credit standing) will effect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk

The company is exposed to currency risk and interest rate risk.

### a) Currency risk

Foreign currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies.

The Company is exposed to currency risk on export sales and import purchases in a currency other than Rupees.

Company's exposure to foreign currency risk is as follows:

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

	2012	
	Rupees in '000	US Dollars
Trade debts	-	-
Bills payable	(365,559)	(3,805,924)
Gross exposure	<u>(365,559)</u>	<u>(3,805,924)</u>
	2011	
	Rupees in '000	US Dollars
Trade debts	6,297	73,008
Bills payable	(132,953)	(1,554,549)
Gross exposure	<u>(126,656)</u>	<u>(1,481,541)</u>

Above net exposure is payable by the Company in Rupees at the rate on which these are settled by the Company. Currently, the Company does not obtain forward cover against the gross exposure.

	Average rates		Balance sheet date rate	
	2012 (Rupees)	2011	2012 (Rupees)	2011
US Dollars	91.05	85.85	96.05	86.04

## Sensitivity analysis

A ten percent strengthening or weakening of the Rupee against USD as at the year end would have increased or decreased the equity and profit and loss account by an amount shown in table below. This analysis assumes that all other variables, in particular the interest rates, remain constant. The analysis is performed on the same basis for 2011.

	2012 (Rupees in '000)	2011
Effect on profit or loss on 10% weakening of Rupee	<u>(36,556)</u>	<u>(12,747)</u>
Effect on profit or loss on 10% strengthening of Rupee	<u>36,556</u>	<u>12,747</u>

## b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate exposure arises from long term loan, bank balances, lease liability, short term running finance and long term loan. Other risk management procedures are same as those mentioned in the credit risk management.

At the balance sheet date the interest rate profile of the Company's interest-bearing financial instruments was as follows:

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

	Carrying amount	
	2012	2011
	(Rupees in '000)	
<b>Fixed rate instruments</b>		
Financial assets (bank balances)	<u>335</u>	<u>6,713</u>
<b>Variable rate instruments</b>		
Financial liabilities		
- short term running finance	<u>1,104,276</u>	557,377
- long term loan	<u>1,925,882</u>	2,500,000
	<u><b>3,030,158</b></u>	<u><b>3,057,377</b></u>

## Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect profit and loss account.

## Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have net increased or (net decreased) the profit or loss of the Company as at 30 June 2012 by Rs. 3.85 million (2011: Rs. 6.24 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

- c) A summary of the Company's interest rate gap position, categorised by the earlier of contractual re-pricing or maturity dates at the end of year is as follows:

	Mark-up / return (%)	30 June 2012			Total
		less than 6 month	6 months to 1 year	More than 1 year	
(Rupees in '000)					
<b>Assets</b>					
Bank balance	9 - 12	168	167	-	335
<b>Total assets</b>		<u>168</u>	<u>167</u>	<u>-</u>	<u>335</u>
<b>Liabilities</b>					
Short term running finance	11 - 16.81	552,138	552,138	-	1,104,276
Long term loan	11.99 - 13.78	125,551	125,551	1,674,780	1,925,882
<b>Total liabilities</b>		<u>677,689</u>	<u>677,689</u>	<u>1,674,780</u>	<u>3,030,158</u>
<b>On-balance sheet gap</b>		<u>(677,521)</u>	<u>(677,522)</u>	<u>(1,674,780)</u>	<u>(3,029,823)</u>
<b>Total interest risk sensitivity gap</b>		<u><b>(677,521)</b></u>	<u><b>(1,355,043)</b></u>	<u><b>(3,029,823)</b></u>	<u><b>(3,029,823)</b></u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

	Mark-up / return (%)	30 June 2011			Total
		less than 6 month	6 months to 1 year	More than 1 year	
----- (Rupees in '000) -----					
<b>Assets</b>					
Bank balance	5 - 10	3,357	3,356	-	6,713
Total assets		3,357	3,356	-	6,713
<b>Liabilities</b>					
Short term running finance	13.29 - 16.54	278,689	278,688	-	557,377
Long term loan	12.37 - 13.78	-	-	2,500,000	2,500,000
Total liabilities		278,689	278,688	2,500,000	3,057,377
On-balance sheet gap		(275,332)	(275,332)	(2,500,000)	(3,050,664)
Total interest risk sensitivity gap		(275,332)	(550,664)	(3,050,664)	(3,050,664)

## 28.4 Fair value of Financial Instruments

Carrying value of all the financial instruments reflected in the financial statements are not significantly different from their fair values.

## 28.5 Capital risk management

The Company's objective when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure the Company may adjust the amount of dividends paid to shareholders, issue new shares and take other measures commensurating to the circumstances.

Consistent with others in the industry, the company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectation of the shareholders. Debt is calculated as total borrowings ('long term loan' and 'short term borrowings' as shown in the balance sheet). Total capital comprises shareholders' equity as shown in the balance sheet under share capital and reserves:

	2012	2011
	(Rupees in '000)	
Total borrowings	3,030,158	3,057,377
Less: Cash and bank balances	(3,594)	(14,926)
Net debt	3,026,564	3,042,451
Total equity	1,125,410	971,979
Total Capital employed	4,151,974	4,014,430
Gearing ratio	72.89%	75.79%

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

		2012	2011
		(Rupees in '000)	
<b>29. CASH GENERATED FROM / (USED IN) OPERATIONS</b>			
Profit / (loss) before taxation		292,672	(755,625)
<b>Adjustment for:</b>			
Depreciation		98,918	95,047
Amortization		272	-
Gain on derecognition of financial liability		(449,401)	-
Finance cost		401,930	407,674
Gain on disposal of fixed assets		(502)	(472)
Provision for gratuity		10,569	7,450
		<u>61,786</u>	<u>509,699</u>
Operating profit / (loss) before working capital changes		<u>354,458</u>	<u>(245,926)</u>
<b>Increase in current assets</b>			
Stores, spares and loose tools		(189,568)	(67,857)
Stock-in-trade		(98,640)	(3,756)
Trade debts		(6,837)	26,750
Advances and other receivables		(22,829)	(43,268)
Trade deposits		2,554	2,997
Refund due from government - other than income tax		-	12,088
		<u>(315,320)</u>	<u>(73,046)</u>
Increase in trade and other payables		<u>299,933</u>	<u>107,214</u>
<b>Net cash generated / (used in) operations</b>		<u><u>339,071</u></u>	<u><u>(211,758)</u></u>
<b>30. CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	11	3,594	14,926
Short-term borrowings	17	(604,276)	(557,377)
		<u>(600,682)</u>	<u>(542,451)</u>
<b>31. CAPACITY (Clinker)</b>			
Installed capacity (M.Tons)		<u>900,000</u>	900,000
Actual production (M.Tons)		<u>498,997</u>	<u>460,894</u>
<b>31.1</b>	Production capacity utilization is 55% (2011: 51.2%) of total installed capacity.		
<b>31.2</b>	Actual production is less than the installed capacity due to planned shut down for maintenance and in line with the industry demand.		
<b>32. TRANSACTIONS WITH RELATED PARTIES</b>			
	The related parties comprise associated undertakings, other related group companies and persons, directors of the Company, staff retirement benefit fund and key management personnel. The Company carries out transactions with various related parties in the normal course of business. Amounts due to related parties are shown in under respective note to the financial statement. Remuneration of executive and key management personnel is disclosed in note 32.1.		

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

Details of other transactions / balances with related parties are as follows:

	2012	2011
	(Rupees in '000)	
<b><u>Transactions with related parties</u></b>		
<b>Fatima Fertilizer Company Limited</b>		
- Sale of goods	-	2,310
- Purchase of goods	-	171
<b>Aisha Steel Mills Limited</b>		
- Sale of goods	19,860	20,992
<b>Safe Mix Concrete (Private) Limited</b>		
- Sale of goods	10,888	11,948
<b>Thatta Cement Company Limited</b>		
- Purchase of goods	-	61,002
- Sale of goods	125,596	-
- Loan received	-	50,000
- Loan repaid	-	50,000
- Advance against right issue of shares	-	128,000
- Sale of fixed assets	-	669
<b>Javedan Corporation Limited</b>		
- Purchase of stores and spares	591	6,488
- Sale of goods	268	-
<b>Rotocast Engineering Company (Private) Limited</b>		
- Purchase of goods	-	19
<b>Arif Habib Corporation Limited</b>		
- Loan received	500,000	100,000
- Loan repaid	-	100,000
- Advance against right issue of shares	-	591,055
- Mark-up accrued during the period	25,230	-
<b>Arif Habib Investment Limited</b>		
- Loan repaid	-	10,251
<b><u>Balances with related parties</u></b>		
<b>Aisha Steel Mills Limited</b>		
- Trade receivable	2,347	3,856
<b>Arif Habib Corporation Limited</b>		
- Loan payable (including mark-up)	525,230	-
<b>Safe Mix Concrete (Pvt.) Limited</b>		
- Advances from customers	238	-
- Trade receivable	-	1,936

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

2012      2011  
(Rupees in '000)

## Javedan Corporation Limited

- Trade receivable	<u>108</u>	<u>-</u>
- Trade payable	<u>-</u>	<u>1,840</u>

## Thatta Cement Company Limited

- Trade receivable	<u>3,731</u>	<u>3,742</u>
--------------------	--------------	--------------

### 32.1 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2012			2011		
	Chief Executive	Director	Executives	Chief Executive	Director	Executives
	----- (Rupees in '000) -----					
Managerial remuneration	4,200	-	27,327	3,432	-	19,964
Retirement benefits	350	-	2,576	-	-	2,145
	<u>4,550</u>	<u>-</u>	<u>29,903</u>	<u>3,432</u>	<u>-</u>	<u>22,109</u>
	----- (Number) -----					
Number of key executives	<u>1</u>	<u>6</u>	<u>23</u>	<u>1</u>	<u>6</u>	<u>16</u>
Number of non-executive directors	<u>-</u>	<u>6</u>	<u>-</u>	<u>-</u>	<u>6</u>	<u>-</u>

The Chief Executive, Director and certain Executives are provided with the use of Company cars and the operating expenses are borne by the Company to the extent of their entitlement.

Executives are employees whose basic salaries exceeds Rs. 500,000 in a financial year.

### 33. RESTATEMENT OF PRIOR YEAR FINANCIAL STATEMENTS

Previous management of the Company took over the management in 2005. One of the condition of the takeover was that the amount payable in respect of sponsor's loan mentioned in note 14.2 was required to be adjusted in respect of any differences in the value of assets or liabilities. The Company's stores and spares included disputed assets amounting to Rs. 118 million which are not available with the Company. The matter is under arbitration as more fully explained in note 14.2.

During the year for the sake of better presentation management has decided to set off the aforementioned disputed amount with loan from a related party as mentioned in note 14.2.

Had the said adjustment not been made, stores, spares and loose tools and loan from related party as at 30 June 2010, 30 June 2011 and 30 June 2012 would have been higher by Rs. 118 million.

The following adjustments have been made in the comparatives of the financial statements for the year ended 30 June 2012:

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

	Amounts previously reported	Restatement	Restated amounts
	------(Rupees in '000)-----		
<b>As at 30 June 2010</b>			
Stores, spares and loose tools	376,934	(118,149)	258,785
Deferred liabilities	252,571	(118,149)	134,422
<b>As at 30 June 2011</b>			
Stores, spares and loose tools	444,791	(118,149)	326,642
Deferred liabilities	254,352	(118,149)	136,203
<b>33.1</b>	In addition to the above, following reclassification have been made in these financial statements for better comparison and presentation.		
	From	To	(Rupees in '000)
	Trade deposits	Long term deposits	<u>19,635</u>

## 34. AUTHORIZATION

These financial statements have been authorized for issue by the Board of Directors of the Company on 03 September 2012.

  
CHAIRMAN

  
DIRECTOR & CEO

  
CHIEF FINANCIAL OFFICER

# Form of Proxy

21st Annual General Meeting

The Company Secretary  
Al-Abbas Cement Industries Limited  
Arif Habib Centre  
23, M.T. Khan Road  
Karachi.

I/ we \_\_\_\_\_ of \_\_\_\_\_ being a member(s)  
of Al Abbas Cement Industries Limited holding \_\_\_\_\_ ordinary shares as per  
CDC A/c. No. \_\_\_\_\_ hereby appoint Mr./Mrs./Miss \_\_\_\_\_  
\_\_\_\_\_ of (full address) \_\_\_\_\_  
\_\_\_\_\_ or failing him/her  
Mr./Mrs./Miss \_\_\_\_\_ of (full address)  
\_\_\_\_\_

(being member of the company) as my/our Proxy to attend, act vote for me/us and on my/our behalf at  
the Twenty First Annual General Meeting of the Company to be held on September 29, 2012 and/or  
any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2012.

Witnesses:

1. Name : \_\_\_\_\_  
Address : \_\_\_\_\_  
CNIC No. : \_\_\_\_\_  
Signature : \_\_\_\_\_

2. Name : \_\_\_\_\_  
Address : \_\_\_\_\_  
CNIC No. : \_\_\_\_\_  
Signature : \_\_\_\_\_

Signature on Rs. 5/- Revenue Stamp
--

## NOTES:

1. A member entitled to attend and vote at the meeting may appoint another member as his / her proxy who shall have such rights as respects attending, speaking and voting at the meeting as are available to a member.
2. Proxy shall authenticate his/her identity by showing his/her original passport and bring folio number at the time of attending the meeting
3. In order to be effective, the proxy Form must be received at the office of our Registrar M/s. Technology Trade (Pvt) Ltd., Dagia House, 241-C, Block-2, P.E.C.H.S., off: Shahrah-e-Quaideen, Karachi, not later than 48 hours before the meeting duly signed and stamped and witnessed by two persons with their signature, name, address and CNIC number given on the form.
4. In the case of individuals attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy Form.
5. In the case of proxy by a corporate entity, Board of Directors resolution/power of attorney and attested copy of the CNIC or passport of the proxy shall be submitted alongwith proxy Form.



AFFIX  
CORRECT  
POSTAGE

**AL ABBAS CEMENT INDUSTRIES LIMITED**

**Registrar:**

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

Fold : Here

Fold : Here





## Al Abbas Cement Industries Limited

**Head Office**

1st Floor, Arif Habib Centre,  
23 M.T. Khan Road,  
Ph: 021-32468231-32  
[www.alabbascement.com](http://www.alabbascement.com)

**Factory**

Nooriabad Industrial Area  
Kalo Kohar District, Dadu, Sindh  
Ph: 0301-8248183-6