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COMPANY INFORMATION

BOARD OF DIRECTORS

Asim Ghani (Chairman)
Shunaid Qureshi (Chief Executive)
Aves Cochinwala
Duraid Qureshi
Salman Rasheed
Syed Ajaz Ahmed Zaidi
Tariq Usman Bhatti

AUDIT COMMITTEE

Asim Ghani (Chairman)
Duraid Qureshi
Tariq Usman Bhatti

COMPANY SECRETARY

Khursheed Anwer

CHIEF FINANCIAL OFFICER

Zuhair Abbas

AUDITORS

M. Sikandar & Co.
Chartered Accountants

BANKERS

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

REGISTERED OFFICE

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

FACTORY

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

DIRECTORS' REPORT

The Directors of Al-Abbas Cement Industries Limited present herewith the unaudited reviewed financial statements of the Company for the six months ended December 31, 2007.

OPERATING RESULTS

Production and sales figure for the half year ended December 31, 2007 are as follows:

	July- December 2007	July- December 2006
	(Metric Tons)	
Clinker Production	75,875	10,331
Clinker Purchased	-	10,480
Cement Production	42,856	45,745
Cement Dispatches		
Local	42,327	41,401
Export	12,455	-

By the grace of Almighty Allah, the line No. 2 has now started trial production during the period under review and added with continuing production of line No. 1, your Company achieved total production of 75,875 M.T as compared to the production of 10,331 M.T in similar period last year. Export sales have been increased by 12,455 M.T while local sales up by 926 M.T as compared to the similar period of last year.

FINANCIAL RESULTS

	July- December 2007	July- December 2006
	← (Rs. in thousand) →	
Sales - net	152,208	162,521
Gross Profit / (Loss)	9,616	(64,291)
(Loss) before taxation	(52,649)	(115,911)
Provision for taxation	35,836	27,028
(Loss) after taxation	(16,813)	(88,883)
(Loss) per share	(0.09)	(0.78)

FUTURE PROSPECT

The price war among the cement manufacturers has put lot of pressure to reduce sale price. The current crisis in cement sector due to over supply in the local market with new capacities coming in line would probably settle by the end of the current financial year as it is anticipated that the huge Government spending in the infrastructure development would certainly augment the construction activities in the country resulting in the increase in cement demand. However, the lot depends on the post election political situation of the country.

The demand of cement in local as well as in neighboring countries and in Africa is rising continuously. The high prices of freight due to increase in fuel price has given an added advantage to our country and your Company as well for exporting the cement to these countries due to its proximity . The Management of your Company has already obtained BIS - Certification and has been trying to capture export orders as one of the steps towards achieving maximum advantage under present scenario of high demand.



Pakistan economy is continuously showing upward growth and the construction activity is one of the main driving forces behind overall growth of the economy. It is anticipated that the cement industry would continue to grow faster than the rate at which economy is growing. The Government has already earmarked huge amount for infrastructural projects of mega sizes. The private investors both locals and foreigners have already undertaken and are showing growing interest for further investment in construction of huge residential and commercial projects. There is also growing demand for cement in nearby countries including India, GCC countries and African countries which has created additional export potentialities for our industry.

All these positive factors are likely to increase the demand of cement locally and abroad and will have very significant and pleasant impact on growth of the cement industry as a whole. Your Company would not lag behind and is determined to have its due share from the overall economic growth of the cement industry.

ACKNOWLEDGMENT

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

For and on behalf of the Board

Asim Ghani
Chairman

Karachi : Febraury 27, 2008



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

Introduction

We have reviewed the accompanying condensed interim balance sheet of AL-ABBAS CEMENT INDUSTRIES LIMITED as at December 31, 2007, and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity together with the condensed notes forming part thereof (here-in-after referred to as the "Interim financial statements") for the six month period ended December 31, 2007. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed profit and loss account for the quarters ended December 31, 2007 and 2006 have not been reviewed as we are required to review only the cumulative figures for the six months period ended December 31, 2007.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Conclusion

Based on our review nothing has come to our attention that causes us to believe that the annexed condensed interim financial statements are not presented fairly, in all materials respects, in accordance with approved accounting standards as applicable in Pakistan.

Place: Karachi
Dated: February 27, 2008


M.SIKANDAR & CO.
CHARTERED ACCOUNTANTS

**CONDENSED INTERIM
BALANCE SHEET (UN-AUDITED)**

AS AT DECEMBER 31, 2007

ASSETS	Note	December 31 2007 (Rupees in thousand)	June 30 2007
NON-CURRENT ASSETS			
Property, plant and equipment	4	<u>4,072,182</u>	3,866,835
Intangible asset		157	209
Deferred tax assets		<u>37,546</u>	-
		<u>4,109,885</u>	3,867,044
CURRENT ASSETS			
Stores, spare parts and loose tools		<u>227,252</u>	244,957
Stock-in-trade		<u>235,619</u>	144,846
Trade debts - unsecured (considered good)		<u>4,441</u>	948
Advances		<u>76,286</u>	10,829
Short term deposits and prepayments		<u>28,105</u>	24,925
Tax refund due from government		<u>41,537</u>	16,859
Other receivables		<u>51,403</u>	130,192
Cash and bank balances		<u>2,210</u>	2,366
		<u>666,853</u>	575,922
		<u>4,776,738</u>	4,442,966
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 200,000,000 of Rs. 10/- each		<u>2,000,000</u>	2,000,000
Issued, subscribed and paid-up capital	5	<u>1,828,450</u>	1,142,781
Reserves - revenue		<u>80,000</u>	80,000
Accumulated loss		<u>(221,377)</u>	(204,564)
		<u>1,687,073</u>	1,018,217
Right share subscription		-	362,878
LIABILITIES			
NON CURRENT LIABILITIES			
Long term financing		<u>1,746,858</u>	1,729,348
Liabilities against assets subject to finance lease		<u>715</u>	1,266
Long term deposits		<u>70,860</u>	35,048
Deferred liabilities		<u>244,075</u>	244,992
		<u>2,062,508</u>	2,010,654
CURRENT LIABILITIES			
Trade and other payables		<u>264,830</u>	401,419
Mark-up accrued		<u>74,476</u>	37,818
Short term borrowings		<u>190,152</u>	217,314
Current portion of long term loans		<u>495,657</u>	393,444
Current maturity of liabilities against assets subject to finance lease		<u>1,281</u>	1,222
Taxation		<u>761</u>	-
		<u>1,027,157</u>	1,051,217
CONTINGENCIES AND COMMITMENTS	6	-	-
		<u>4,776,738</u>	4,442,966

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


Asim Ghani
Chairman
Shunaid Qureshi
Chief Executive

**CONDENSED INTERIM
PROFIT AND LOSS ACCOUNT (UN-AUDITED)**

FOR THE HALF YEAR ENDED DECEMBER 31, 2007

(Amount in thousand except for earning per share)

	Half year ended		Quarter Ended	
	December 31 2007	December 31 2006	December 31 2007	December 31 2006
	----- (Rupees in thousand) -----			
Sales - net	152,208	162,521	73,749	54,663
Cost of sales	(142,592)	(226,812)	(59,330)	(133,417)
Gross (Loss) / profit	9,616	(64,291)	14,419	(78,754)
Distribution cost	(6,966)	(1,109)	(3,235)	(536)
Administrative expenses	(13,118)	(10,675)	(5,851)	(5,302)
	(20,084)	(11,784)	(9,086)	(5,838)
	(10,468)	(76,075)	5,333	(84,592)
Other operating income	105	336	70	-
(Loss)/ profit from operation	(10,363)	(75,739)	5,403	(84,592)
Finance cost	(42,286)	(40,172)	(37,377)	(24,604)
(Loss)/ profit before taxation	(52,649)	(115,911)	(31,974)	(109,196)
Taxation	35,836	27,028	37,177	28,197
(Loss)/ profit after taxation	(16,813)	(88,883)	5,203	(80,999)
Earning per share - Basic and diluted (in rupees)	(0.09)	(0.78)	0.03	(0.70)

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



Asim Ghani
Chairman



Shunaid Qureshi
Chief Executive




**CONDENSED INTERIM
CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2007**

	Note	December 31 2007	December 31 2006
(Rupees in thousand)			
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated used in operations	8	(130,478)	(260,783)
Gratuity - net		(286)	(760)
Income tax paid		(924)	(18,858)
Finance costs paid		(87,922)	(381)
		<u>(89,132)</u>	<u>(19,999)</u>
Net cash used in operating activities		(219,610)	(280,782)
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(230,060)	(193,894)
Long term deposit		-	1,779
Net cash used in investing activities		(230,060)	(192,115)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from long term finance		265,396	176,997
Repayment of long term finance		(109,860)	(6,653)
Repayment of loan from related parties		(1,158)	-
Repayment of finance lease obligation		(493)	(524)
Proceeds of right share subscription		322,791	-
Net cash from financing activities		<u>476,676</u>	<u>169,820</u>
Net increase / (decrease) in cash and cash equivalents		27,006	(303,077)
Cash and cash equivalents at the beginning of period		(214,948)	77,537
Cash and cash equivalents at the end of the period	9	<u>(187,942)</u>	<u>(225,540)</u>

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


Asim Ghani
Chairman


Shunaid Qureshi
Chief Executive

**CONDENSED INTERIM
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2007**

	Share capital	Revenue reserve General reserve	Accumulated Loss	Total
----- (Rupees in thousand) -----				
Balance as at July 01, 2006	1,142,781	80,000	(62,577)	1,160,204
Loss for the half year ended - December 31, 2006	-	-	(88,883)	(88,883)
Balance as at December 31, 2006	<u>1,142,781</u>	<u>80,000</u>	<u>(151,460)</u>	<u>1,071,321</u>
Balance as at July 01, 2007	1,142,781	80,000	(204,564)	1,018,217
Issue of Right Shares	685,669	-	-	685,669
Loss for the half year ended - December 31, 2007	-	-	(16,813)	(16,813)
Balance as at December 31, 2007	<u>1,828,450</u>	<u>80,000</u>	<u>(221,377)</u>	<u>1,687,073</u>

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



Asim Ghani
Chairman



Shunaid Qureshi
Chief Executive

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

FOR THE HALF YEAR ENDED DECEMBER 31, 2007

1 STATUS AND NATURE OF BUSINESS

Al-Abbas Cement Industries Limited was established as Private Limited Company on 1st December 1981 and was converted into Public Limited Company on 9th July 1987 and is listed on Karachi and Lahore Stock Exchanges. The Company's principal activity is manufacturing and marketing of cement. The registered office of the company is situated at Pardesi House, Survey no. 2/1, R.Y. 16, Old Queens Road, Karachi and its undertaking is situated at Deh Kalo Kohar, Nooriabad Industrial Estate, District Dadu (Sindh).

2 BASIS OF PREPARATION

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

3 ACCOUNTING POLICIES

- 3.1 The accounting policies adopted for the preparation of these financial statements are the same as those applied in the preparation of the financial statements for the year ended June 30, 2007.
- 3.2 In accordance with the IAS-16, every company should select the method for charging depreciation that most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. That method is applied consistently from period to period unless there is a change in the expected pattern of consumption of those future economic benefits. Such IAS further requires that such pattern of flow of economic benefits should be periodically reviewed and reassessed. In the light of the same, the management of the company has decided to change the method of applying depreciation to units of production method from the diminishing balance method for plant and machinery. The units of production method resulted in a depreciation charge based on the expected use or output. Had such change in estimate not been made, the depreciation charge for the period would have been higher by Rs. 16.433 million and the fixed assets would have been reduced by a similar amount.

4 PROPERTY, PLANT AND EQUIPMENT

The following operating assets have been added during the period.

	December 31 2007	June 30 2007
	Additions (Rupees in thousand)	
FIXED ASSETS		
Office equipment	493	137
Furniture and fixture	175	242
Factory and laboratory equipment	29	430
	697	809
CAPITAL WORK-IN-PROGRESS		
Civil work	197	166,123
Plant and machinery	146,856	308,592
Borrowing cost	82,294	243,758
	229,347	718,473
	230,044	719,282

5 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

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

	December 31 2007	December 31 2006
	(Number of shares)	
Opening balance	114,278,115	114,278,115
Right shares issued during the period	68,566,869	-
Closing balance	<u>182,844,984</u>	<u>114,278,115</u>

6 CONTINGENCIES AND COMMITMENTS
Contingencies

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

Commitments

Commitments against open letters of credit amounting to Rs. 133.204 (2006: Rs. 759 million).

7 TRANSACTION WITH RELATED PARTIES

	December 31 2007	December 31 2006
	(Rupees in thousand)	
Sales of cement	531	638
Sales of clinker	31,826	-
Purchase of clinker	-	8,221

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

8 CASH GENERATED FROM OPERATIONS

	December 31 2007	December 31 2006
	(Rupees in thousand)	
(Loss)/ profit before taxation	(52,649)	(115,911)
Adjustment for:		
Depreciation	24,713	29,779
Amortisation of intangible assets	52	104
Financial cost	124,580	41,389
	<u>149,345</u>	<u>71,272</u>
Operating profit before working capital changes	96,696	(44,639)
Changes in working capital:		
(Increase)/ decrease in current assets		
Stores, spares parts and loose tools	17,705	(5,359)
Stock-in-trade	(90,773)	359
Trade debts	(3,493)	23,748
Advances	(66,916)	10,093
Short term prepayments	(3,180)	(2,197)
Refund due from government - other than income tax	(23,244)	(217,452)
Other receivables	78,789	-
	<u>(91,112)</u>	<u>(190,808)</u>
Decrease in current liabilities		
Trade and other payables	(136,062)	(25,336)
Cash generated used in operations	<u>(130,478)</u>	<u>(260,783)</u>



	December 31 2007	December 31 2006
	(Number of shares)	
9 CASH AND CASH EQUIVALENTS		
Cash and bank balances	2,210	3,381
Short term borrowings	(190,152)	(228,921)
	<u>(187,942)</u>	<u>(225,540)</u>

10 General

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

11 DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorized for issue by the Board of Directors on February 27, 2008.

Asim Ghani
Chairman

Shunaid Qureshi
Chief Executive