

# Condensed Interim Financial Information

For the First Quarter Ended  
September 30, 2011 (Un-Audited)



ARIF HABIB GROUP

**AL-ABBAS CEMENT INDUSTRIES LIMITED**



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## **COMPANY INFORMATION**

### **BOARD OF DIRECTORS**

Syed Ajaz Ahmed	Chairman
Muhammad Kashif Habib	Chief Executive Officer
Aves Cochinwala	Director
Fazlullah Sharif	Director
Muhammad Ejaz	Director
Nasim Beg	Director
Syed Salman Rasheed	Director

### **CHIEF FINANCIAL OFFICER & COMPANY SECRETARY**

Basit Habib

### **AUDIT COMMITTEE**

Nasim Beg	Chairman
Aves Cochinwala	Member
Muhammad Ejaz	Member
Syed Salman Rasheed	Member

### **AUDITORS**

KPMG Taseer Hadi & Co  
Chartered Accountants

### **COST AUDITORS**

Nasir Javaid Maqsood Imran Ashfaq  
Chartered Accountants

### **LEGAL ADVISOR**

Usmani & Iqbal  
Advocate & Solicitors

### **TAX ADVISOR**

Hyder Bhimji & Co  
Chartered Accountants

### **SHARE REGISTRAR**

Technology Trade (Private) Limited

### **BANKERS**

Al-Baraka Islamic Bank Limited  
Allied Bank Limited  
Bank Al-Falah Limited  
Bank Islami Pakistan Limited  
Habib Bank Limited  
National Bank of Pakistan  
Standard Chartered Bank Pakistan Limited  
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: [corporate@alabbascement.com](mailto:corporate@alabbascement.com)  
Ph: 021-3468226-8

### **FACTORY**

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



## DIRECTORS' REPORT

The Directors of the Company present herewith the financial results of the company for the first quarter ended September 30, 2011.

### OVERVIEW

A comparison of the key financial results and operational performance of the Company for the quarter ended September 30, 2011 with last period is as under.

### Financial Results:

Particulars	Quarter ended	
	September 30, 2011	September 30, 2010
	(Rupees in thousand)	
Sales -net	514,403	450,030
Gross Profit / (loss)	2,731	(22,053)
(Loss) before taxation	(143,242)	(228,346)
Taxation	(30,144)	16,396
(Loss)/Profit after taxation	(173,386)	(211,950)
Loss per share-Rupees	(0.47)	(0.58)

During the quarter ended September 30, 2011 capacity utilization of the Company stood at 42% as against 44% for the same period of last year. Further, sales volume slightly decreased to 101,946 M.T from 102,622 M.T for the same period of last year, however overall turnover increased due to increase in retention prices. The lower production resulted due to availability of carry over stock and the reduced demand for cement due to recent floods in the Sindh province.

### Operational performance:

During the period under review your Company has produced 95,410 M.T and 104,072 M.T of Clinker and Cement as compared to 98,835 M.T and 105,131 M.T of the same period of last year showing slight decrease of 3,425 M.T and 1,059 in the production of clinker and cement respectively. Further, your Company has captured local market and increased the ratio of local Vs export to 81%:19% during the current quarter ended from 24%:76% during the previous period of last year ended.

### FUTURE OUTLOOK

The current business environment is extremely challenging for the Cement industry in general and for the Company in particular. Higher input costs including constant increase in coal prices in international markets, significant increase in electricity tariff, packing materials, freight charges and others are major challenges have posed a direct threat to the margins of the Company. The threat has been further aggravated as most of the time Company is unable to pass on the impact of these higher costs to end users because of fragile market conditions. However, the Company through an effective sales mix is making every effort to maximize its sales revenue and mitigate this risk factor to a maximum extent. With local prices being relatively better, the Company, in future, will concentrate more on local market and would restrict its export volume wherever possible. Your management is striving to meet the challenges and address business risks through effective and workable strategies.



**ACKNOWLEDGEMENT**

We would like to thank all financial institutions having business relationship with us, our dealers and customers for their continued support, cooperation and trust they have reposed in us. We would also like to share our deepest appreciation for all of our staff for their dedication, loyalty and hard work.

For and on behalf of the Board

**Syed Ajaz Ahmed**  
Chairman  
Karachi: October 19, 2011

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

As at 30 SEPTEMBER, 2011

	Note	Un-audited 30 September, 2011 (Rupees in thousand)	Audited 30 June, 2010
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	4,249,258	4,268,503
Deferred tax assets		81,586	106,586
		<u>4,330,844</u>	<u>4,375,089</u>
<b>CURRENT ASSETS</b>			
Stores, spare and loose tools		445,750	444,791
Stock-in-trade		211,400	120,422
Trade debts		42,891	37,173
Advances and other receivables		94,738	99,915
Deposits and prepayment		29,358	27,158
Tax refund due from government		58,978	49,931
Cash and bank balances		2,230	14,926
		<u>885,345</u>	<u>794,316</u>
		<u>5,216,189</u>	<u>5,169,405</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>
Issued, subscribed and paid-up capital 365,689,968 (2011: 365,689,968)			
Ordinary shares of Rs. 10/- each		3,656,900	3,656,900
Discount at issuance of right shares		(914,225)	(914,225)
General reserve		80,000	80,000
Accumulated loss		<u>(2,024,082)</u>	<u>(1,850,696)</u>
		<u>798,593</u>	<u>971,979</u>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long-term financing		2,500,000	2,500,000
Sponsors loan		60,000	-
Deferred liabilities		256,103	254,352
		<u>2,816,103</u>	<u>2,754,352</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		534,888	539,723
Mark-up accrued		433,905	345,974
Short-term borrowings		632,700	557,377
		<u>1,601,493</u>	<u>1,443,074</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	5	<u>5,216,189</u>	<u>5,169,405</u>

The annexed notes from 1 to 10 form an integral part of these financial statements.

  
Chief Executive  
Chairman



**CONDENSED INTERIM  
PROFIT AND LOSS ACCOUNT - (UN-AUDITED)  
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER, 2011**

	First Quarter Ended	
	30 September, 2011	30 September, 2010
	(Rupees in thousand)	
<b>Sales - net</b>	<b>514,403</b>	450,030
Cost of sales	<u>(511,672)</u>	(472,083)
<b>Gross profit / (loss)</b>	<b>2,731</b>	(22,053)
Distribution cost	<u>(34,969)</u>	(94,545)
Administrative expenses	<u>(7,621)</u>	(4,515)
Other operating income	<u>45</u>	919
	<u>(42,545)</u>	(98,141)
Operating loss	<u>(39,814)</u>	(120,194)
Finance cost	<u>(103,428)</u>	(108,152)
<b>Loss before taxation</b>	<u>(143,242)</u>	(228,346)
Taxation		
Current	<u>(5,144)</u>	(3,621)
Deferred	<u>(25,000)</u>	20,017
	<u>(30,144)</u>	16,396
<b>Loss after taxation</b>	<u>(173,386)</u>	(211,950)
<b>Basic and diluted loss per share</b>	Rupees <u>(0.47)</u>	<u>(0.58)</u>

The annexed notes from 1 to 10 form an integral part of these financial statements.

  
Chief Executive

  
Chairman



**CONDENSED INTERIM STATEMENT OF  
COMPREHENSIVE INCOME (UN-AUDITED)**  
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER, 2011

	<u>First Quarter Ended</u>	
	<u>30 September, 2011</u>	<u>30 September, 2010</u>
	<u>(Rupees in thousand)</u>	
Loss for the year	(173,386)	(211,950)
<b>Other comprehensive income</b>		
Other comprehensive income for the year	-	-
<b>Total comprehensive loss for the year</b>	<u>(173,386)</u>	<u>(211,950)</u>

The annexed notes from 1 to 10 form an integral part of these financial statements.

  
Chief Executive

  
Chairman



**CONDENSED INTERIM  
CASH FLOW STATEMENT (UN-AUDITED)**  
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER, 2011

	Note	First Quarter Ended	
		30 September, 2011 (Rupees in thousand)	30 September, 2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash used in operations	6	(123,656)	(92,615)
Taxes paid		(9,148)	(11,780)
Financial charges paid		(15,497)	(196,145)
Gratuity - net		1,751	1,360
		<u>(22,894)</u>	<u>(206,565)</u>
Net cash used in operating activities		(146,550)	(299,180)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment		(1,469)	(1,668)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Sponsors loan - net		60,000	356,170
Repayment of lease liability		-	(3,401)
Net cash used in financing activities		60,000	352,769
Net (decrease) / increase in cash and cash equivalents		<u>(88,019)</u>	<u>51,921</u>
Cash and cash equivalents at beginning of the period		(542,451)	(728,229)
Cash and cash equivalents at end of the period	7	<u>(630,470)</u>	<u>(676,308)</u>

The annexed notes from 1 to 10 form an integral part of these financial statements.

  
Chief Executive

  
Chairman



**CONDENSED INTERIM  
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**

FOR THE FIRST QUARTER ENDED 30 SEPTEMBER, 2011

	Capital reserve		Revenue Reserve			Total	
	Share Capital	Discount on issuance of right shares	Sub-total	General	Accumulated loss		Sub-total
Balance as at 01 July 2010	1,828,450	-	1,828,450	80,000	(911,629)	(831,629)	996,821
<b>Total comprehensive loss for the year</b>							
Loss for the quarter ended 30 September 2010	-	-	-	-	(211,950)	(211,950)	(211,950)
Balance as at September 30, 2010	1,828,450	-	1,828,450	80,000	(1,123,579)	(1,043,579)	784,871
Balance as at 01 July 2011	3,656,900	(914,225)	2,742,675	80,000	(1,850,696)	(1,770,696)	971,979
<b>Total comprehensive loss for the year</b>							
Loss for the quarter ended 30 September 2011	-	-	-	-	(173,386)	(173,386)	(173,386)
<b>Balance as at September 30, 2011</b>	<b>3,656,900</b>	<b>(914,225)</b>	<b>2,742,675</b>	<b>80,000</b>	<b>(2,024,082)</b>	<b>(1,944,082)</b>	<b>798,593</b>

(Rupees in thousand)

The annexed notes from 1 to 10 form an integral part of these financial statements.

  
Chief Executive

  
Chairman

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

FOR THE FIRST QUARTER ENDED 30 SEPTEMBER, 2011

**1 STATUS AND NATURE OF BUSINESS**

Al-Abbas Cement Industries Limited was established as Private Limited Company on 1 December 1981 and was converted into 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).

**2 BASIS OF PREPARATION**

This condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting and is being submitted to the shareholders as required by Section 245 of the Companies Ordinance, 1984. This condensed interim financial information does not include all of the information required for complete set of annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended 30 June 2011. This condensed interim financial information is un-audited.

**3 ACCOUNTING POLICIES AND ESTIMATES**

The accounting policies and estimates applied by the Company for the preparation of this condensed interim financial information are the same as those applied by the Company in the preparation of the Company's annual financial statements for the year ended June 30, 2011.

**4 PROPERTY, PLANT AND EQUIPMENT**

Following additions have made to the property, plant and equipment during the quarter ended September 30, 2011.

	Quarter Ended	
	30 September, 2011	30 September, 2010
	(Rupees in thousand)	
<b>Owned</b>		
Plant and machinery	-	1,479
Factory and lab equipments	1,120	31
Quarry equipments	42	-
Office equipments	129	79
Computer equipments	173	-
Furniture and fixtures	5	80
	<u>1,469</u>	<u>1,669</u>

**5 CONTINGENCIES AND COMMITMENT****Contingencies**

There is no change in the status of contingencies as disclosed in the annual financial statements for the year ended June 30, 2011.

**Commitment**

Commitments in respect of open letter of credit amounts to Rs. 165.017 million (2010: Rs. 86.197 million).

**AL-ABBAS CEMENT INDUSTRIES LIMITED**

	<u>Quarter Ended</u>	
	<u>30 September,</u> 2011	<u>30 September,</u> 2010
(Rupees in thousand)		
<b>6 CASH USED IN OPERATIONS</b>		
<b>Loss before taxation</b>	<b>(143,242)</b>	(228,346)
Adjustment for:		
Depreciation	<u>20,715</u>	21,044
Finance cost	<u>103,428</u>	108,152
	<u>124,143</u>	129,196
Operating loss before working capital changes	<b>(19,099)</b>	(99,150)
<b>(Increase) /Decrease in current assets</b>		
Stores, spares and loose tools	<u>(959)</u>	(41,017)
Stock-in-trade	<u>(90,978)</u>	1,829
Trade debts	<u>(5,718)</u>	51,241
Advances	<u>9,180</u>	15,508
Deposits and prepayments	<u>(2,200)</u>	3,269
Tax refund due from government	<u>(9,047)</u>	(23,386)
	<u>(99,722)</u>	7,444
Decrease in trade and other payables	<b>(4,835)</b>	(909)
<b>Cash used in operations</b>	<b><u>(123,656)</u></b>	<b><u>(92,615)</u></b>
<b>7 CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	<b>2,230</b>	2,760
Short term borrowings	<u>(632,700)</u>	(679,068)
	<b><u>(630,470)</u></b>	<b><u>(676,308)</u></b>

**8 TRANSACTIONS WITH RELATED PARTIES**

All transactions involving related parties arising in the normal course of business are conducted at commercial terms and conditions. Related parties of the Company comprise associated undertakings, directors and key management personnel. Transactions with related parties during the period, other than remuneration and benefits to key management personnel under the terms of their employment are as follows:

	<u>Quarter Ended</u>	
	<u>30 September,</u> 2011	<u>30 September,</u> 2010
(Rupees in thousand)		
<b>Transaction with other related parties</b>		
Sales of cement	<b>8,295</b>	51,955
Purchase of stores and spares	<b>591</b>	54,939
Common expenses	<b>-</b>	73
Loan received - net	<b>60,000</b>	356,170

**9 DATE OF AUTHORIZATION FOR ISSUE**

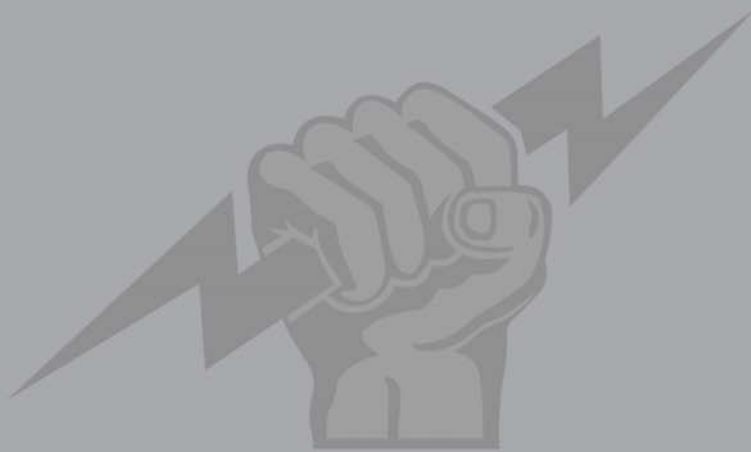
This condensed interim financial information has been authorized for issue on October 19, 2011 by the Board of Directors.

**10 General**

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

  
Chief Executive

  
Chairman



ARIF HABIB GROUP

*If undelivered please return to:*

**AL-ABBAS CEMENT INDUSTRIES LIMITED**

1st Floor, Arif Habib Centre,

23 M.T. Khan Road,

Ph : 021-32468227-8

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