



AL-ABBAS CEMENT INDUSTRIES LIMITED



June 22, 2011

Ref: AACIL/KSE/010-1

Mr. Muhammad Ghufraan
Deputy General Manager,
The Karachi Stock Exchange (Guarantee) Limited
Karachi Stock Exchange Building
Stock Exchange Road
Karachi

Subject: Placement of Al-Abbas Cement Industries Limited on the Non-Compliance Segment of the Exchange on account of Default of the Listing Regulations

Dear Sir,

This is with reference to your letter number KES/Gen-3584 dated June 7th, 2011 received on June 9th, 2011 by Al-Abbas Cement Industries Limited ("AACIL" / "Company") and our earlier letter dated July 5th, 2010, in this matter. We would again like to draw your attention towards Section 249 of the Companies Ordinance, 1984, which states that "No dividend shall be paid by a company otherwise than out of profits of the company". AACIL lastly made profits for the year ended June 30, 2004 and made dividend payments out of the profit.

The objective of this letter is to give you an update on the Company's financial background, current health and Sponsor's commitment in order to consider our request of providing an extension of a further three year period.

Since the acquisition in 2005, the sponsors of the Company are putting in all their efforts in rehabilitation of the Company and have injected significant "interest free Sponsor Loans" and incurred other huge expenses in addition to bringing in management expertise to keep the plant moving. Significant changes have also taken place within management of the Company with many new senior management people coming in to establish the organization. This has resulted in increased production, sales and market share but still far from generating positive returns. Greater focus is being placed on local sales to improve share in local market. All these expertise and efforts still need some time to realize.



Head Office : Arif Habib Center 23, M.T.
E-mail: info@alabbasceml

Factory : Nooriabad Industrial Area,]

6-8 Fax No. (92-21) 32400989