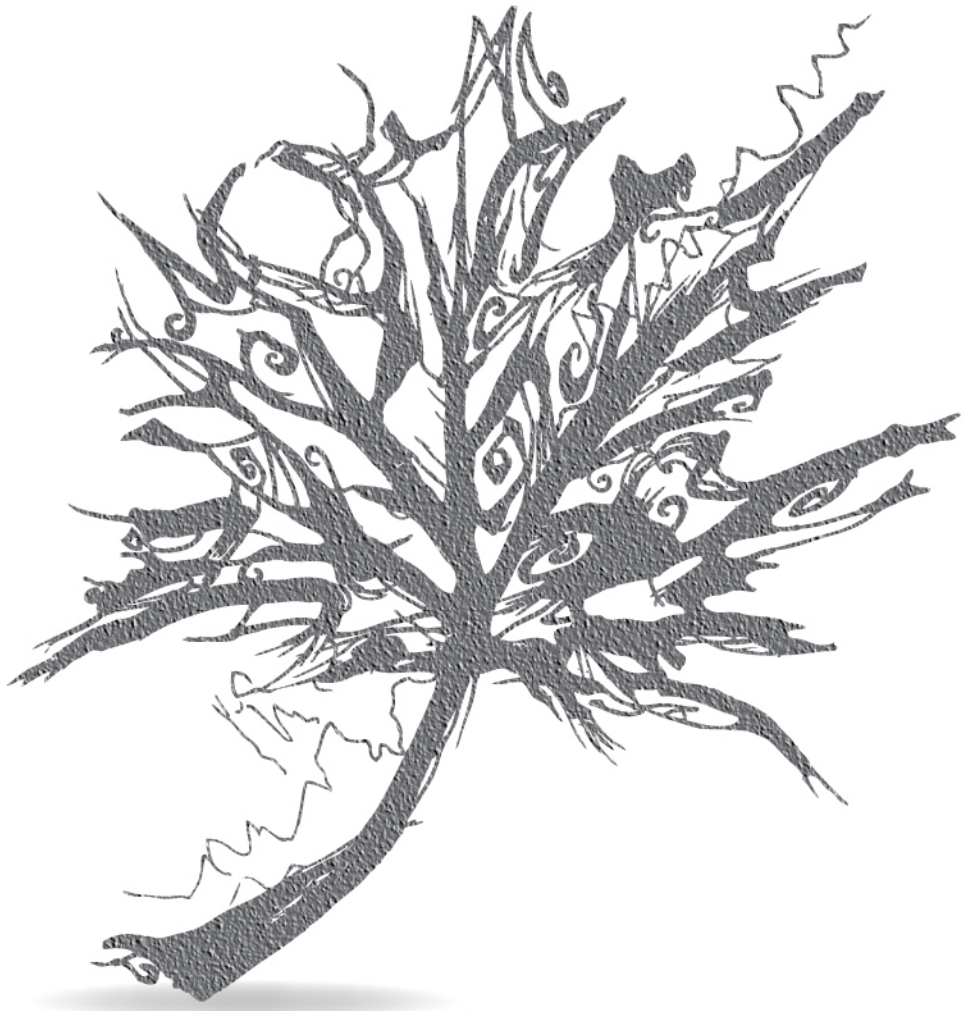


# TURNING A NEW LEAF



**MAPLE LEAF CEMENT**

A Kohinoor Maple Leaf Group Company

**1st Quarterly Report  
September 30, 2013**

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## COMPANY INFORMATION

### Board of Directors

Mr. Tariq Sayeed Saigol  
Mr. Sayeed Tariq Saigol  
Mr. Taufique Sayeed Saigol  
Mr. Waleed Tariq Saigol  
Mr. Danial Taufique Saigol  
Syed Mohsin Raza Naqvi  
Mr. Zamiruddin Azar  
Mr. Karim Hatim

Chairman  
Chief Executive

### Audit Committee

Mr. Zamiruddin Azar  
Mr. Karim Hatim  
Mr. Waleed Tariq Saigol  
Mr. Danial Taufique Saigol

Chairman  
Member  
Member  
Member

### Human Resource & Remuneration Committee

Mr. Waleed Tariq Saigol  
Mr. Zamiruddin Azar  
Mr. Danial Taufique Saigol

Chairman  
Member  
Member

### Chief Financial Officer

Syed Mohsin Raza Naqvi

### Company Secretary

Mr. Muhammad Ashraf

### Chief Internal Auditor

Mr. Bilal Hussain

### Bankers of the Company

Allied Bank Limited  
Askari Bank Limited  
Bank Alfalah Limited  
Bank Al-Habib Limited  
BankIslami Pakistan Limited  
Burj Bank Limited  
Bank of Khyber Limited  
Dubai Islamic Bank Limited  
Faysal Bank Limited  
First Dawood Islamic Bank Limited  
First Women Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
HSBC Bank Middle East Limited  
Islamic Corporation for the Development of the Private Sector, Jeddah  
KASB Bank Limited  
MCB Bank Limited  
Meezan Bank Limited

National Bank of Pakistan  
NIB Bank Limited  
Pak Brunei Investment Company Limited  
Pak-Libya Holding Company (Pvt.) Limited  
Pak Oman Investment Company Limited  
Saudi Pak Industrial & Agricultural Investment Co. Limited  
Soneri Bank Limited  
Standard Chartered Bank (Pakistan) Limited  
Summit Bank Limited  
The Bank of Punjab  
Trust Investment Bank Limited  
United Bank Limited

### **Auditors**

KPMG Taseer Hadi & Co.

Chartered Accountants

### **Legal Advisors**

Raja Mohammed Akram & Co.  
Advocates and Legal Consultants,  
Lahore.

### **Registered Office**

42-Lawrence Road, Lahore.  
Phone: (042) 36278904-5  
Fax: (042) 36368721  
E-mail: mohsin.naqvi@kmlg.com

### **Factory**

Iskanderabad Distt. Mianwali.  
Phone: (0459) 392237-8

### **Call Centre (24 / 7)**

0800-41111

### **Share Registrar**

Vision Consulting Ltd  
Head Office: 3-C, LDA Flats,  
Lawrence Road, Lahore  
Phone: (042) 36375531 & 36375339  
Fax: (042) 36374839  
E-mail: shares@vcl.com.pk

**Website:** [www.kmlg.com](http://www.kmlg.com)

**Note:** MLCFL's Financial Statements are also available at the above website.



## DIRECTORS' REVIEW

The Directors are pleased to present un-audited financial statements of the Company for the first quarter ended on 30 September 2013, in compliance with Section 245 of the Companies Ordinance, 1984.

The Company recorded net sales of Rs.4,192 million against Rs.3,808 million in the corresponding period, showing growth of 10%. Sales revenue increased owing to improved prices in the domestic market on account of partial absorption of cost increases on the input side. Local sales volume did not improve due to slack demand during Ramadhan and prolonged monsoon rains. Export volumes and prices remained unattractive due to poor demand from overseas. In the current quarter, power tariff increases and Rupee depreciation depleted margins. However, to off set these factors, the Company is efficiently utilizing the Waste Heat Recovery Plant along with use of alternative fuels. The Company also benefited from lower cost coal consumption resulting in reduced energy costs per ton. Keeping in view the above factors, rise in gross profit to Rs. 1,355 million in current quarter, compared to Rs.1,128 million in the corresponding period is encouraging. Operating profits rose to Rs.1,049 million during the current quarter as compared to Rs.892 million in the corresponding period last year. There is a notable decline of 8% in financial charges due to reduction in interest rates, deleveraging and improved cash management. The Company recorded post tax profit of Rs.556 million during the period July-September 2013 against post tax profit of Rs.384 million in the corresponding period last year.

### Future Outlook

Going forward, we expect volume growth in the second quarter as local dispatches and improved sales rates should lead to better earnings. The Company is determined to explore new export markets to improve capacity utilization. The Afghanistan market is contracting on account of availability of inexpensive Iranian cement which is a worrying factor. Exports to India have also declined. Cost reduction efforts continue to be the main focus in all operational areas and the Company has adopted various strategies to reduce cost including use of alternative fuels and optimized operations of the plant. Coal prices seem to be rebounding after touching low levels and there is a possibility these might rise further. It is anticipated that interest rates will likely increase in the coming quarters which will impact financial costs. However, due to planned reduction in the Company's stock of debt, overall finance cost of the Company is expected to reduce. It is hoped that the new government will adopt infrastructure development as a priority and local dispatches of cement could be favourably impacted over the medium-term. Rupee devaluation continues to be a worry and it is hoped that adherence to the covenants of the IMF Programme will lead to stabilization in the macro economic picture which may arrest further depreciation of the Rupee.

## Acknowledgment

The Board takes this opportunity to express its deep sense of gratitude and thanks to the shareholders, employees, customers, bankers and other stakeholders for the confidence and faith they have always reposed in us.

For and on behalf of the Board



(Sayeed Tariq Saigol)  
Chief Executive

Lahore: October 28, 2013



# CONDENSED INTERIM BALANCE SHEET

AS AT SEPTEMBER 30, 2013

	Note	Un-audited September 30, 2013 (Rupees in thousand)	Audited June 30, 2013
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital		7,000,000	7,000,000
Issued, subscribed and paid up capital		5,277,340	5,277,340
Reserves		2,058,137	2,058,137
Accumulated Profit / (Loss)		54,920	(564,564)
		7,390,397	6,770,913
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF TAX</b>	5	4,988,589	5,051,836
<b>NON-CURRENT LIABILITIES</b>			
Long term loans from banking company - secured		572,591	1,590,544
Redeemable capital - secured		6,183,000	6,383,000
Syndicated term finances - secured		1,158,875	1,196,625
Liabilities against assets subject to finance lease		839,736	840,847
Long term deposits		6,979	7,029
Deferred taxation	6	1,880,308	1,904,860
Retirement benefits		57,317	58,885
		10,698,806	11,981,790
<b>CURRENT LIABILITIES</b>			
Trade and other payables		2,607,724	3,026,311
Accrued profit / Interest / markup		239,180	361,834
Short term borrowings	7	3,368,670	3,277,666
Current portion of :			
- Long term loans from banking company - secured		1,555,400	740,318
- Redeemable capital - secured		800,000	832,869
- Syndicated term finances - secured		150,000	182,500
- Liabilities against assets subject to finance lease		170,310	147,053
		8,891,284	8,568,551
<b>CONTINGENCIES AND COMMITMENTS</b>	8	-	-
		31,969,076	32,373,090

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.

  
Chief Executive Officer

  
Director

	Note	Un-audited September 30, 2013 (Rupees in thousand)	Audited June 30, 2013
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant & equipment	9	25,383,607	25,630,205
Long term Investments		1,625	1,625
Long term loans to employees - secured		3,542	3,608
Long term deposits and prepayments		55,452	54,746
		<u>25,444,226</u>	<u>25,690,184</u>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		3,581,048	3,751,386
Stock-in-trade		930,664	938,899
Trade debts	10	658,188	757,944
Loans and advances		322,398	161,704
Short term investments		5,700	7,350
Short term deposits and prepayments		120,777	74,808
Accrued profit		365	346
Refunds due from Government		16,797	16,797
Other receivables		96,486	166,583
Income tax - net		301,007	283,549
Cash and bank balances		491,420	523,540
		<u>6,524,850</u>	<u>6,682,906</u>
		<u><u>31,969,076</u></u>	<u><u>32,373,090</u></u>

  
Chief Executive Officer

  
Director





# CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED SEPTEMBER 30, 2013

	Note	Un-audited September 30, 2013 (Rupees in thousand)	Un-audited September 30, 2012
Sales - net	11	4,191,948	3,807,806
Cost of sales		(2,837,418)	(2,680,235)
<b>Gross profit</b>		<b>1,354,530</b>	<b>1,127,571</b>
Distribution cost		(231,737)	(186,174)
Administrative expenses		(66,763)	(53,164)
Other operating expenses		(24,170)	(720)
		(322,670)	(240,058)
Other operating income		16,718	4,888
<b>Profit from operations</b>		<b>1,048,578</b>	<b>892,401</b>
Finance cost	12	(474,740)	(513,995)
<b>Profit before taxation</b>		<b>573,838</b>	<b>378,406</b>
Taxation	13	(17,599)	6,003
<b>Profit after taxation</b>		<b>556,239</b>	<b>384,409</b>
<b>.....Rupees.....</b>			
<b>Basic earnings per share</b>		<b>1.05</b>	<b>0.70</b>
<b>Diluted earnings per share</b>		<b>1.05</b>	<b>0.65</b>

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.

  
Chief Executive Officer

  
Director

# CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED SEPTEMBER 30, 2013

	Un-audited September 30, 2013 (Rupees in thousand)	Un-audited September 30, 2012
Profit after taxation	556,239	384,409
Other comprehensive income for the period - net of tax	-	-
Total comprehensive income for the period	556,239	384,409

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.



Chief Executive Officer



Director



# CONDENSED INTERIM CASH FLOW STATEMENT

## FOR THE PERIOD ENDED SEPTEMBER 30, 2013

	Un-audited September 30, 2013 (Rupees in thousand)	Un-audited September 30, 2012
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit for the period - before taxation	573,838	378,406
Adjustments for:		
Depreciation	418,818	408,723
Amortization	-	1,995
Provision for doubtful debts	-	2,550
Gain on disposal of property, plant and equipment	(1,350)	-
Loss on re-measurement of short term investment as fair value	1,650	2,397
Retirement benefits	3,405	5,247
Finance cost	474,740	513,995
Cash generated from operations before working capital changes	1,471,101	1,313,314
Effect on cash flow due to working capital change		
<b>(Increase) / decrease in current assets</b>		
Stores, spare parts and loose tools	170,338	(214,300)
Stock-in-trade	8,235	(6,039)
Trade debts	99,756	81,200
Loans and advances	(160,694)	(139,919)
Short term deposits and prepayments	(45,969)	3,546
Accrued profit	(19)	916
Other receivables	70,097	17,123
	141,744	(257,473)
<b>Decrease in current liabilities</b>		
Trade and other payable	(329,206)	(2,902)
	(187,462)	(260,375)
<b>Cash generated from operations</b>	1,283,639	1,052,939
Decrease in long term loans to employees - secured	66	387
Retirements benefits paid	(4,975)	(3,588)
Taxes paid	(59,609)	(42,314)
<b>Net cash generated from operating activities</b>	1,219,120	1,007,424
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Expenditures for property, plant and equipment	(172,585)	(53,306)
Proceeds from sale of property, plant and equipment	1,715	-
Increase in long term deposits and prepayments	(706)	(48)
<b>Net cash used in investing activities</b>	(171,576)	(53,354)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of long term loans from banking companies-secured	(204,942)	(176,981)
Repayment of redeemable capital - secured	(232,869)	(253,106)
Repayment of syndicated term finances- secured	(70,250)	(5,000)
Increase / (decrease) Long term deposits	(50)	200
Payment of liabilities against assets subject to finance lease	(41,674)	(13,888)
Receipt / (repayment) of short term borrowings	91,004	(13,081)
Finance cost paid	(531,502)	(545,782)
Redemption of preference shares	(89,380)	-
Unclaimed dividend paid	(1)	-
<b>Net cash used in financing activities</b>	(1,079,664)	(1,007,638)
<b>Net decrease in cash and cash equivalents</b>	(32,120)	(53,568)
<b>Cash and cash equivalents - at beginning of the year</b>	523,540	463,226
<b>Cash and cash equivalents - at end of the period</b>	491,420	409,658

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.

  
Chief Executive Officer

  
Director

# CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED SEPTEMBER 30, 2013

Share Capital	Capital Reserves			Revenue Reserves			Total Equity
	Share premium	Capital redemption reserve	Sub- Total	General reserve	Accumulated Profit / (loss)	Sub- Total	

..... Rupees in thousand .....

**Balance as at 30 June 2012** 5,805,603 1,529,874 368,541 1,898,415 1,400,000 (5,275,157) (3,875,157) 3,828,861

**Total comprehensive Income**

Profit for the period ended  
30 September 2012 - - - - - 384,409 384,409 384,409

Surplus on revaluation of property,  
plant and equipment realized through incremental  
depreciation - (net of tax)

- - - - - 63,351 63,351 63,351

**Transaction with owners of the Company  
recognized directly in equity**

**Distribution to owners**

Dividend on preference shares for the  
period ended 30 September 2012 - - - - - (12,982) (12,982) (12,982)

**Balance as at 30 September 2012** 5,805,603 1,529,874 368,541 1,898,415 1,400,000 (4,840,379) (3,440,379) 4,263,639

**Balance as at 30 June 2013** 5,277,340 1,529,874 528,263 2,058,137 - (564,564) (564,564) 6,770,913

**Total comprehensive Income**

Profit for the period ended  
30 September 2013 - - - - - 556,239 556,239 556,239

Surplus on revaluation of property,  
plant and equipment realized through  
incremental depreciation - (net of tax)

- - - - - 63,245 63,245 63,245

**Balance as at 30 September 2013** 5,277,340 1,529,874 528,263 2,058,137 - 54,920 54,920 7,390,397

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.

  
Chief Executive Officer

  
Director



# SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE PERIOD ENDED SEPTEMBER 30, 2013

## 1. GENERAL INFORMATION

**1.1** Maple Leaf Cement Factory Limited ("the Company") was incorporated in Pakistan on 13 April 1960 under the Companies Act, 1913 (now the Companies Ordinance, 1984) as a public company limited by shares. The Company is currently listed on all three stock exchanges of Pakistan. The registered office of the Company is situated at 42-Lawrence Road, Lahore, Pakistan. The cement factory is located at Iskanderabad District Mianwali in the province of Punjab. The principal activity of the Company is production and sale of cement. The Company is a subsidiary of Kohinoor Textile Mills Limited.

**1.2** This condensed interim financial information is presented in Pak Rupees, which is the Company's functional and presentation currency.

## 2. STATEMENT OF COMPLIANCE AND SIGNIFICANT ACCOUNTING POLICIES

### STATEMENT OF COMPLIANCE

This condensed interim financial information of the Company for the three months period ended 30 September 2013 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

## 3. BASIS OF PREPARATION

This condensed interim financial information should be read in conjunction with annual audited financial statements for the year ended 30 June 2013. Comparative balance sheet is extracted from annual audited financial statements for the year ended 30 June 2013 whereas comparative profit and loss account, comparative statement of changes in equity and comparative cash flow statement are stated from un-audited interim financial information for the period ended on 30 September 2012.

## 4. SIGNIFICANT ACCOUNTING POLICES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended 30 June 2013.

## 5. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	Un-audited September 30, 2013 (Rupees in thousand)	Audited June 30, 2013
<b>Gross Surplus</b>		
Balance at beginning of period / year	6,956,696	7,307,876
<b>Less:</b>		
Transferred to unappropriated profit in respect of incremental depreciation charged during the period / year	(87,797)	(351,180)
	6,868,899	6,956,696
<b>Less: deferred tax liability on:</b>		
Opening balance of revaluation	1,904,860	2,009,067
Incremental depreciation charged on related assets	(24,550)	(104,207)
	1,880,310	1,904,860
	4,988,589	5,051,836

**Un-audited**  
**September 30,**  
**2013**  
**(Rupees in thousand)**

**Audited**  
**June 30,**  
**2013**

## 6. DEFERRED TAXATION

This comprises the following:

### Deferred tax liability on Taxable temporary differences arising in respect of:

- Accelerated tax depreciation allowance
- Surplus on revaluation of property, plant and equipment

3,381,367	3,679,247
1,880,308	1,904,860
5,261,675	5,584,107

### Deferred tax asset on Deductible temporary differences arising in respect of:

- Unused tax losses
- Lease finances
- Employees' compensated absences
- Provision for doubtful debts
- Minimum tax recoverable against normal tax charge in future years

2,948,451	3,258,025
84,279	80,171
16,029	17,473
-	2,467
332,608	321,111
3,381,367	3,679,247
1,880,308	1,904,860

## 7. SHORT TERM BORROWINGS

### From banking companies

- Cash and running finances - secured
- Temporary bank overdraft - unsecured

3,287,755	3,117,777
80,915	159,889
3,368,670	3,277,666

## 8. CONTINGENCIES AND COMMITMENTS

### 8.1 Contingencies

There has been no significant change in the status of contingencies as reported in the preceding published annual financial statement of the company for the year ended 30 June 2013.

### 8.2 Commitments

#### 8.2.1 Guarantees issued by various commercial banks, in respect of financial and operational obligations of the company to various institutions and corporate bodies

442,992      437,200

#### 8.2.2 Commitments against capital expenditures

981      21,594

#### 8.2.3 Commitments against irrevocable letter of credit -others spare parts

195,878      188,497

639,851      647,291



	Note	Un-audited September 30, 2013 (Rupees in thousand)	Audited June 30, 2013
<b>9. PROPERTY, PLANT &amp; EQUIPMENT</b>			
Operating fixed assets	9.1	25,297,490	25,542,553
Capital work in progress - at cost	9.2	86,117	87,652
		<u>25,383,607</u>	<u>25,630,205</u>
<b>9.1 Operating fixed assets</b>			
Balance at beginning of the period / year		25,542,553	26,713,389
<b>Add:</b>			
Additions during the period / year	9.1.1	174,120	470,060
		<u>25,716,673</u>	<u>27,183,449</u>
<b>Less:</b>			
Book value of operating assets disposed-off during the period / year		365	2,145
Depreciation charge during the period / year		418,818	1,638,751
		<u>25,297,490</u>	<u>25,542,553</u>
<b>9.1.1 Additions during the period / year:</b>			
- Buildings on freehold land		5,292	19,713
- Plant & machinery		128,079	402,518
- Furniture, fixtures and equipment		40,678	15,432
- Roads, bridges and railway sidings		-	495
- Quarry equipment		-	31,902
- Vehicles		71	-
		<u>174,120</u>	<u>470,060</u>
<b>9.2 Capital work in progress</b>			
<b>Tangible Assets</b>			
Plant & machinery		51,350	52,909
Unallocated capital expenditures		1,001	1,001
Advances to suppliers against:			
- Purchase of land		2,000	2,000
- Furniture and fixtures		-	19,136
- Plant & machinery		29,680	11,601
- Vehicle		2,086	1,005
		<u>86,117</u>	<u>87,652</u>
		<u>86,117</u>	<u>87,652</u>

**Un-audited  
September 30,  
2013  
(Rupees in thousand)**

**Audited  
June 30,  
2013**

## 10. TRADE DEBTS

Considered good		
Export - secured	70,444	53,762
Local - unsecured	595,731	712,496
	666,175	766,258
Less : Provision for doubtful debts	7,987	7,987
Less : Trade debts written off	-	327
	658,188	757,944

**Three month ended (Un-audited)  
September 30, September 30,  
2013 2012  
(Rupees in thousand)**

## 11. SALES - NET

<b>Local Sales:</b>		
Gross:	4,191,074	3,654,500
<b>Less:</b>		
Excise Duty	178,592	178,542
Sales Tax	701,830	488,864
Commission	27,936	29,187
	908,358	696,593
Net Local Sales	3,282,716	2,957,907
<b>Export Sales:</b>	909,232	849,899
	4,191,948	3,807,806

## 12. FINANCE COST

Profit / Interest / Mark-up on long term loans, finances, redeemable capital and short term finances	340,377	484,248
Exchange loss	123,526	10,712
Realized loss on derivative cross currency interest rate swap agreement	1,152	1,766
Bank charges	9,685	17,269
	474,740	513,995





		Three month ended (Un-audited)	
	Note	September 30, 2013	September 30, 2012
		(Rupees in thousand)	
13. TAXATION			
Current	13.1	42,151	19,163
Deferred		(24,552)	(25,166)
		<u>17,599</u>	<u>(6,003)</u>

**13.1** Provision for current period tax represents minimum tax on turnover due under section 113 of the Income Tax Ordinance, 2001.

#### 14. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of the holding company, associated companies, directors, key management personnel and employee benefits funds. The Company in the normal course of business carries-out transactions with various related parties. Amounts due to holding company is shown under trade and other payables . Other significant transactions with related parties are as follows:

		Three month ended (Un-audited)	
		September 30, 2013	September 30, 2012
		(Rupees in thousand)	
Relationship with the company	Nature of transaction		
Holding Company			
	- Sale of goods and services	155	127
Key Management Personnel			
	- Remuneration and other benefits	29,573	24,175

#### 15. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information has been approved by the Board of Directors of the Company and authorized for issue on 28 October 2013.

#### 16. GENERAL

Figures have been rounded off to the nearest thousand Rupees except stated otherwise.

  
Chief Executive Officer

  
Director



**MAPLE LEAF CEMENT**

**42**

Lawrence  
Road, Lahore