



میپل لیف



# MAPLE LEAF CEMENT

Half Yearly Report  
December 31, 2015

CONCRETE  
STEPS  
TOWARD  
SUCCESS

## CONTENTS

Company Information.....	2
Directors' Review .....	3
Auditors' Report to the Members on Review of Interim Financial Information .....	7
Condensed Interim Balance Sheet .....	8
Condensed Interim Profit and Loss Account .....	10
Condensed Interim Statement of Comprehensive Income .....	11
Condensed Interim Cash Flow Statement .....	12
Condensed Interim Statement of Changes in Equity .....	13
Selected Explanatory Notes to the Condensed Interim Financial Information .....	14

## COMPANY INFORMATION

### Board of Directors

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

### Audit Committee

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

### Human Resource & Remuneration Committee

Mr. Waleed Tariq Saigol	Chairman
Mr. Zamiruddin Azar	Member
Mr. Danial Taufique Saigol	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  
Islamic Corporation for the Development of the Private Sector, Jeddah  
MCB Bank Limited  
Meezan Bank Limited  
National Bank of Pakistan  
NIB Bank Limited

Pak Brunei Investment Company Limited  
Pak-Libya Holding Company (Pvt.) Limited  
Silk Bank Limited  
Soneri Bank Limited  
Standard Chartered Bank (Pakistan) Limited  
Summit Bank Limited  
The Bank of Punjab  
Trust Investment Bank Limited  
U Microfinance Bank Limited  
United Bank Limited

### Auditors

KPMG Taseer Hadi & Co.  
Chartered Accountants

### Legal Adviser

Mr. Shahid Ismail  
Advocate High Court

### 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, First Floor,  
Lawrence Road, Lahore  
Phone: (042) 36283096-97  
Fax: (042) 36312550  
E-mail: shares@vcl.com.pk

### Company Website:

www.kmlg.com

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

## DIRECTORS' REVIEW

In compliance with Section 245 of the Companies Ordinance, 1984, the Directors of your Company have pleasure to present financial statements for the half year ended 31st December 2015, duly reviewed by the Auditors.

The financial highlights are as follows:-

	1st Half Year (July to December)		Variance	Percentage
	2015	2014		
	(..... Rupees in thousand .....)			
Net Sales Revenue	10,860,042	9,674,772	1,185,270	12.25%
Gross Profit	4,412,946	3,487,526	925,420	26.54%
Operating Profit	3,349,792	2,573,960	775,832	30.14%
Finance Cost	316,870	640,682	(323,812)	(50.54%)
Profit Before Taxation	3,032,922	1,933,278	1,099,644	56.88%
Taxation	691,167	499,723	191,444	38.31%
Profit After Taxation	2,341,755	1,433,555	908,200	63.35%
Earnings Per Share (Rupees)	4.44	2.72	1.72	63.35%

During the period, the Company recorded net sales of Rs.10,860 million against Rs.9,675 million in the corresponding period last year. During first half of the financial year, local dispatches increased from 1,090,399 metric tons to 1,263,008 metric tons compared to the corresponding period, depicting a healthy growth of 15.83% on the back of improved economic activity. This growth can be attributed to acceleration in private sector construction activities and partial materialization of the budgeted Public Sector Development Programme (PSDP). Export volumes and prices however, remained stagnant due to lackluster demand from overseas. Volumes to Afghanistan, one of Pakistan's biggest export markets declined because of reduced investments and increased competition from Iranian cement.

Capacity utilization and dispatches also improved, as evident from data shown below:-

Particulars	1st Half Year (July to December)		Variance	Percentage
	2015	2014		
	(----- M. Tons -----)			
<b>Production:</b>				
Clinker Production	1,454,275	1,321,198	133,077	10.07%
Cement Production	1,539,925	1,444,430	95,495	6.61%
<b>Sales:</b>				
Domestic	1,263,008	1,090,399	172,609	15.83%
Exports	290,747	295,284	(4,537)	(1.54%)
	1,553,755	1,385,683	168,072	12.13%

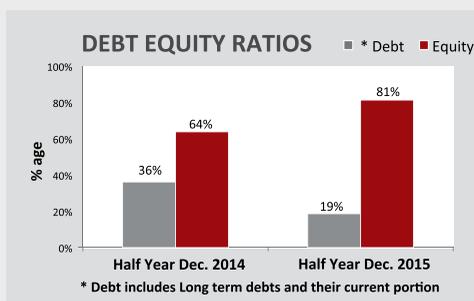
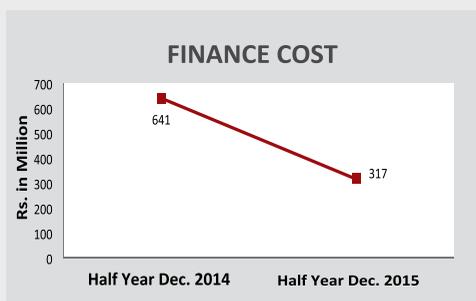
Total Sales volume of 1,553,755 tons achieved depicts an increase of 12.13% over 1,385,683 tons sold during the corresponding period last year. The domestic sales volume increased to 1,263,008 tons registering an increase of 15.83% and exports sales volume to 290,747 tons, a decrease of 1.54%.

Continued fall in coal prices amid weaker global demand during the period resulted in lower fuel cost. Power costs also reduced due to lowering of electricity charges on the back of continued fuel price adjustments following declining oil prices. However, during the period under review, increase in gas tariff, PKR depreciation and packing material costs have slightly depleted margins. During the period, the Company continued to operate its Furnace Oil based engines due to improved viability owing to low oil prices. This resulted in lowering the weighted average cost of power. The Company is also continuously benefitting from lower inland transportation costs through haulage via the railway network resulting in reasonable savings. Due to these factors, the Company achieved gross profit of Rs.4,413 million in the current period as compared to Rs.3,488 million in the corresponding period, delineating an increase of 26.54%.



This uptick in earnings performance is majorly attributable to increase in operating profit to Rs.3,350 million during the current period, as compared to Rs.2,574 million in the corresponding period last year, showing an increase of 30.14%.

Finance costs continue to reduce as the Company deleverages and debt equity ratios also improved as shown below:-



The Company is paying off Sukuk / Syndicate and other debt obligations at an accelerated pace and is dedicated to keep current on all debt commitments backed by better cash flows and efficient cash management. Improved profit levels and healthy cash flows have enabled the Company to go for aggressive deleveraging. During the period, the Company has further reduced its debt burden by Rs.1,737 million. As a result, there is a notable decline of 50.54% in finance cost of the Company along with substantial improvement in the debt equity ratio. The Company recorded pre-tax profit of Rs.3,033 million during the period against pre-tax profit of Rs.1,933 million in the corresponding period last year showing growth of 56.88%.

Above earnings performance impacted post-tax profits at Rs.2,342 million for the current period against Rs.1,434 million in the corresponding period last year showing robust growth in the bottom line by 63.35%.

During the period Company has formed its wholly owned subsidiary company, Maple Leaf Power Limited, which has signed an agreement with plant supplier, M/s Sinoma Energy Conservation Limited, China, for setting up a 40MW imported coal-fired power plant at its plant site i.e. Iskandarabad, District: Mianwali. The project is expected to start commercial production in May 2017 which is based on highly efficient steam turbine generators, fuel supply and cooling systems.

#### Dividend

Keeping in view the profitability, the Board of Directors has recommended the first interim cash dividend at Rs.1.50 per share of Rs.10/- each (15%) for the year ending on 30 June 2016.

#### Future Outlook

Going forward, we expect increased domestic demand for cement on account of rise in PSDP allocations together with robust construction activities in the private sector due to upbeat macroeconomic picture including lower inflation and growing remittances by Pakistanis abroad. Despite increased demand, cement prices are expected to remain stable. The cement industry is also keenly eyeing developments on China Pakistan Economic Corridor (CPEC) and this opportunity is expected to prove to be a great prospect for speeding up the country's economic development. It is expected that several agreements worth billions of dollars for investment in infrastructure projects should be signed which would increase demand for cement in the mid-term.

The Afghanistan market is contracting on account of availability of inexpensive Iranian cement which is a worrying factor. Owing to this development, the Company is determined to explore new export markets to improve capacity utilization. However, the profitability of the cement sector should continue to progress as local dispatches increase.

As oil prices are expected to remain bearish, the Company will continue to make savings resulting from the usage of its Heavy Furnace Oil based standby engines to generate lower cost power with less reliance on the national grid. Fuel price adjustment relief is also expected to continue in the near term. These measures should result in reducing overall power costs and keep margins robust. Moreover, during the current financial year it is expected that downward trend in coal prices will continue and keep the cost of goods sold under control.

Other 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.

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: January 20, 2016



**KPMG Taseer Hadi & Co.**  
Chartered Accountants  
2nd Floor,  
Servis House  
2-Main Gulberg Jail Road,  
Lahore Pakistan

Telephone + 92 (42) 3579 0901-6  
Fax + 92 (42) 3579 0907  
Internet www.kpmg.com.pk

## AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

### Introduction

We have reviewed the accompanying condensed interim balance sheet of **Maple Leaf Cement Factory Limited** ("the Company") as at 31 December 2015 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six months period then ended (here-in-after referred as the "interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. 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 accompanying condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

### Other Matters

The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended 31 December 2015, have not been reviewed and we do not express a conclusion on them.

Lahore  
Date: 20 January 2016

KPMG Taseer Hadi & Co.  
Chartered Accountants  
(M. Rehan Chughtai)

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.

# CONDENSED INTERIM BALANCE SHEET

AS AT DECEMBER 31, 2015

	Note	Un-audited December 31, 2015 (Rupees in thousand)	Audited June 30, 2015
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital		7,000,000	7,000,000
Issued, subscribed and paid-up share capital	5	5,277,340	5,277,340
Capital reserves		2,058,137	2,058,137
Accumulated profits		7,517,614	5,576,181
		14,853,091	12,911,658
<b>SURPLUS ON REVALUATION OF FIXED ASSETS - NET OF TAX</b>	6	4,620,497	4,751,082
<b>NON - CURRENT LIABILITIES</b>			
Long term loans from banking companies - secured	7	7,278	38,114
Redeemable capital - secured	8	-	1,933,011
Syndicated term finance - secured	9	-	-
Liabilities against assets subject to finance lease - secured	10	563,540	628,230
Long term deposits		6,599	6,619
Deferred taxation		2,951,344	2,698,454
Retirement benefits		107,493	109,688
		3,636,254	5,414,116
<b>CURRENT LIABILITIES</b>			
Current portion of:			
- Long term loans from banking companies - secured	7	7,278	117,143
- Redeemable capital - secured	8	2,683,000	1,500,000
- Syndicated term finance - secured	9	-	433,500
- Liabilities against assets subject to finance lease - secured	10	150,212	128,819
Trade and other payables		3,348,375	3,163,873
Accrued profit / interest / mark-up		58,535	108,132
Provision for taxation - net		226,999	137,252
Short term borrowings		2,186,610	2,555,742
		8,661,009	8,144,461
<b>CONTINGENCIES AND COMMITMENTS</b>	11	-	-
		31,770,851	31,221,317

The annexed notes from 1 to 24 form an integral part of this condensed interim financial information.

  
Chief Executive Officer

  
Director

	Note	Un-audited December 31, 2015 (Rupees in thousand)	Audited June 30, 2015
<b>ASSETS</b>			
<b>NON - CURRENT ASSETS</b>			
Property, plant and equipment	12	23,082,809	23,720,541
Long term loans to employees - secured		6,991	6,513
Long term deposits		55,313	55,058
		<u>23,145,113</u>	<u>23,782,112</u>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		5,011,110	4,195,714
Stock-in-trade		1,193,910	1,206,573
Trade debts		558,632	570,571
Loans and advances		1,181,487	974,082
Short term investment	13	10,935	10,530
Short term deposits and prepayments		112,170	88,969
Accrued profit		1,060	963
Refunds due from Government		16,797	16,797
Other receivables	14	117,684	130,606
Cash and bank balances		421,953	244,400
		<u>8,625,738</u>	<u>7,439,205</u>
		<u><u>31,770,851</u></u>	<u><u>31,221,317</u></u>



Chief Executive Officer



Director

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015 (UN-AUDITED)

	Note	Half year ended December 31, 2015	Half year ended December 31, 2014	Quarter ended December 31, 2015	Quarter ended December 31, 2014
(..... Rupees in thousand .....)					
Sales - net	15	10,860,042	9,674,772	5,894,196	5,221,466
Cost of goods sold	16	(6,447,096)	(6,187,246)	(3,306,706)	(3,312,651)
<b>Gross profit</b>		4,412,946	3,487,526	2,587,490	1,908,815
Distribution cost		(647,288)	(638,812)	(344,257)	(338,704)
Administrative expenses		(239,345)	(179,672)	(126,830)	(89,470)
Other charges		(185,220)	(120,740)	(108,634)	(75,849)
Other income		(1,071,853) 8,699	(939,224) 25,658	(579,721) 3,654	(504,023) 9,213
<b>Profit from operations</b>		3,349,792	2,573,960	2,011,423	1,414,005
Finance cost	17	(316,870)	(640,682)	(130,940)	(270,004)
<b>Profit before taxation</b>		3,032,922	1,933,278	1,880,483	1,144,001
Taxation	18	(691,167)	(499,723)	(385,454)	(255,765)
<b>Profit after taxation</b>		2,341,755	1,433,555	1,495,029	888,236
<b>Earnings per share - basic and diluted</b>	(Rupees)	4.44	2.72	2.84	1.68

The annexed notes from 1 to 24 form an integral part of this condensed interim financial information.

  
Chief Executive Officer

  
Director

# CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015 (UN-AUDITED)

	Half year ended December 31, 2015	Half year ended December 31, 2014	Quarter ended December 31, 2015	Quarter ended December 31, 2014
	(..... Rupees in thousand .....)			
Profit after taxation	2,341,755	1,433,555	1,495,029	888,236
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	2,341,755	1,433,555	1,495,029	888,236

The annexed notes from 1 to 24 form an integral part of this condensed interim financial information.

  
Chief Executive Officer

  
Director

# CONDENSED INTERIM CASH FLOW STATEMENT

## FOR THE HALF YEAR ENDED DECEMBER 31, 2015 (UN-AUDITED)

	Note	December 31, 2015 (Rupees in thousand)	December 31, 2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations before working capital changes	19	4,296,511	3,446,151
<b>(Increase) / decrease in current assets</b>			
Stores, spares parts and loose tools		(815,396)	14,146
Stock-in-trade		6,127	(234,606)
Trade debts		1,062	173,133
Loans and advances		(207,405)	(26,486)
Short term deposits and prepayments		(23,201)	(29,362)
Other receivables		12,922	(91,430)
		(1,025,891)	(194,605)
<b>Increase / (decrease) in current liabilities</b>			
Trade and other payables		167,389	(228,239)
		(858,502)	(422,844)
<b>Net cash generated from operations</b>		3,438,009	3,023,307
Increase in long term loans to employees - secured		(478)	(2,955)
Retirement benefits paid		(9,153)	(7,590)
Taxes paid		(351,704)	(90,444)
<b>Net cash generated from operating activities</b>		3,076,674	2,922,318
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(327,991)	(274,963)
Proceeds from disposal of property, plant and equipment		36,288	1,527
Increase in long term deposits		(255)	(1,003)
Profit on bank deposits received		6,585	8,965
<b>Net cash used in investing activities</b>		(285,373)	(265,474)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long term loans from banking companies - secured		(141,244)	(119,010)
Repayment of redeemable capital - secured		(750,011)	(1,850,000)
Repayment of syndicated term finances - secured		(433,500)	(440,500)
Decrease in long term deposits		(20)	(260)
Payment of liabilities against assets subject to finance lease - net		(66,468)	(54,294)
(Decrease) / increase in short term borrowings		(293,744)	433,296
Finance cost paid		(342,752)	(629,479)
Dividend paid		(510,621)	(1)
<b>Net cash used in financing activities</b>		(2,538,360)	(2,660,248)
<b>Net increase / (decrease) in cash and cash equivalents</b>		252,941	(3,404)
<b>Cash and cash equivalents at beginning of the period</b>		169,012	(255,311)
<b>Cash and cash equivalents at end of the period</b>	20	421,953	(258,715)

The annexed notes from 1 to 24 form an integral part of this condensed interim financial information.



Chief Executive Officer



Director

# CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED DECEMBER 31, 2015 (UN-AUDITED)

Share Capital	Capital Reserves			Revenue Reserves	Total Equity
	Share premium	Capital redemption reserve	Sub-total	Accumulated profits	

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

Balance as at 30 June 2014 - audited 5,277,340 1,529,874 528,263 2,058,137 2,414,100 9,749,577

### Total comprehensive income

Profit for the six months period ended 31 December 2014	-	-	-	-	1,433,555	1,433,555
Other comprehensive income for the period	-	-	-	-	-	-

Transfer of incremental depreciation from surplus on revaluation of fixed assets - net of tax - - - - 161,483 161,483

Balance as at 31 December 2014 - un-audited 5,277,340 1,529,874 528,263 2,058,137 4,009,138 11,344,615

Balance as at 30 June 2015 - audited 5,277,340 1,529,874 528,263 2,058,137 5,576,181 12,911,658

### Total comprehensive income

Profit for the six months period ended 31 December 2015	-	-	-	-	2,341,755	2,341,755
Other comprehensive income for the period	-	-	-	-	-	-

Transfer of incremental depreciation from surplus on revaluation of fixed assets - net of tax - - - - 125,747 125,747

Reversal of revaluation surplus on disposal of fixed assets - net of tax - - - - 1,665 1,665

### Transaction with owners of the Company

Final cash dividend @ Re. 1 per share for the year ended 30 June 2015 - - - - (527,734) (527,734)

Balance as at 31 December 2015 - un-audited 5,277,340 1,529,874 528,263 2,058,137 7,517,614 14,853,091

The annexed notes from 1 to 24 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 HALF YEAR ENDED DECEMBER 31, 2015 (UN-AUDITED)

## 1. REPORTING ENTITY

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 listed on Pakistan Stock Exchange Limited. 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 (“the Holding Company”).

## 2. BASIS OF PREPARATION

### 2.1 Basis of accounting

2.1.1 This condensed interim financial information comprises the condensed interim balance sheet of the Company, as at 31 December 2015 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof.

2.1.2 This condensed interim financial information of the Company for the six months period ended 31 December 2015 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 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.

2.1.3 This condensed interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements for the year ended 30 June 2015.

2.1.4 Comparative balance sheet numbers are extracted from the annual audited financial statements of the Company for the year ended 30 June 2015, whereas comparative profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity are stated from unaudited condensed interim financial information of the Company for the six months period ended 31 December 2014.

2.1.5 This condensed interim financial information is unaudited and being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984 and the Listing Regulations of Karachi Stock Exchange Limited.

## 3. JUDGMENTS AND ESTIMATES

The preparation of the condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the condensed interim financial information, the significant judgments made by the management in applying accounting policies and the key sources of estimation uncertainty are the same as those applied in the preparation of annual financial statements for the year ended 30 June 2015.

#### 4. STATEMENT OF CONSISTENCY IN ACCOUNTING POLICIES

- 4.1 Except for note 4.2, the accounting policies and the methods of computation adopted in the preparation of this condensed interim unconsolidated financial information are same as those applied in the preparation of the unconsolidated financial statements for the year ended 30 June 2015. The Company has adopted IFRS 13 'Fair Value Measurement' during the period which became effective for financial periods beginning on or after 1 January 2015. The effect of IFRS 13 'Fair Value Measurement' is disclosed in notes 4.2 and 20.1 to this condensed interim unconsolidated financial information.
- 4.2 IFRS 13 Fair value measurement establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required and permitted by other IFRSs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between the market participants on the measurement date. It replaces and expands the disclosure requirements about fair value measurement in other IFRSs, including IFRS 7 Financial Instruments : Disclosures. As a result the Company has added additional disclosures in this regard in note 20.1 to the condensed interim unconsolidated financial information. In accordance with the transitional provisions of IFRS 13, the Company has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impacts on the measurements of the Company's financial assets and liabilities.
- 4.3 The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are same as those applied in the preparation of the financial statements for the year ended 30 June 2015.
- 4.4 There were certain other new standards and amendments to the approved accounting standards which became effective during the period but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed.

In addition to the above, following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2016:

Standard or interpretation	Effective date (accounting periods beginning on or after)
IAS 19 - Employee Benefits	01 January 2016
IAS 38 - Intangible Assets	01 January 2016
IAS 16 - Property, Plant and Equipment	01 January 2016
IAS 41 - Agriculture	01 January 2016
IFRS 10 - Consolidated Financial Statements	01 January 2016
IAS 28 - Investments in Associates and Joint Ventures	01 January 2016
IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations	01 January 2016
IFRS 7 - Financial Instruments - Disclosures	01 January 2016
IAS 27 - Separate Financial Statements	01 January 2016
IAS 34 - Interim Financial Reporting	01 January 2016

#### 5. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

Number of shares	Un-audited December 31, 2015 (Rupees in thousand)	Audited June 30, 2015
290,359,856 (30 June 2015: 290,359,856) ordinary shares of Rs. 10 each fully paid in cash	2,903,599	2,903,599
35,834,100 (30 June 2015: 35,834,100) ordinary shares of Rs. 10 each issued as fully paid for consideration other than cash	358,341	358,341
46,069,400 (30 June 2015: 46,069,400) ordinary shares of Rs. 10 each issued as fully paid bonus shares	460,694	460,694
153,846,153 (30 June 2015: 153,846,153) ordinary shares of Rs. 10 each issued as fully paid right shares at discount	1,538,462	1,538,462
1,624,417 (30 June 2015: 1,624,417) ordinary shares of Rs. 10 each issued as conversion of preference shares into ordinary shares	16,244	16,244
<u>527,733,926</u>	<u>5,277,340</u>	<u>5,277,340</u>

- 5.1 The Holding Company holds 291,410,425 (30 June 2015: 291,410,425) ordinary shares, which represents 55.22% (30 June 2015: 55.22%) of total ordinary issued, subscribed and paid-up capital of the Company.
- 5.2 Zimpex (Private) Limited, an associated undertaking, holds 1,706 (30 June 2015: 1,706) ordinary shares of the Company.

	Un-audited December 31, 2015 (Rupees in thousand)	Audited June 30, 2015
<b>6. SURPLUS ON REVALUATION OF FIXED ASSETS - NET OF TAX</b>		
<b>Gross Surplus</b>		
At beginning of the period / year	6,345,722	6,608,146
<b>Add:</b>		
Surplus on revaluation of fixed assets during the period / year	-	95,013
<b>Less:</b>		
Effect of disposal of fixed assets	(2,328)	(9,668)
Transferred to unappropriated profit in respect of incremental depreciation charged during the period / year	(175,822)	(347,769)
<b>At end of the period / year</b>	<b>6,167,572</b>	<b>6,345,722</b>
<b>Deferred tax liability on revaluation surplus</b>		
At beginning of the period / year	1,594,640	1,716,631
<b>Add:</b>		
Tax on surplus during the period / year	-	24,682
<b>Less:</b>		
Effect of disposal of fixed assets	(663)	(2,867)
Incremental depreciation charged on related assets	(50,074)	(103,124)
Effect of change in tax rate	3,172	(40,682)
<b>At end of the period / year</b>	<b>1,547,075</b>	<b>1,594,640</b>
	<b>4,620,497</b>	<b>4,751,082</b>
<b>7. LONG TERM LOANS FROM BANKING COMPANIES - SECURED</b>		
Balance at beginning of the period / year	155,257	657,003
Less: Repayments during the period / year	(141,244)	(397,744)
Less: Transfer to redeemable capital - Sukuk	-	(104,725)
Exchange loss during the period / year	543	723
	<b>14,556</b>	<b>155,257</b>
Less: Current maturity presented under current liabilities	(7,278)	(117,143)
<b>At end of the period / year</b>	<b>7,278</b>	<b>38,114</b>

	Un-audited December 31, 2015 (Rupees in thousand)	Audited June 30, 2015
<b>8. REDEEMABLE CAPITAL - SECURED</b>		
<b>Islamic Sukuk Certificates under Musharika agreement</b>		
Balance at beginning of the period / year	3,433,011	6,183,000
Add: Transferred from HSBC Bank Middle East Limited-medium term loan	-	104,725
Less: Sukuk certificates repaid during the period / year	(750,011)	(2,854,714)
	<u>2,683,000</u>	<u>3,433,011</u>
Less: Current maturity presented under current liabilities	(2,683,000)	(1,500,000)
<b>At end of the period / year</b>	<u>-</u>	<u>1,933,011</u>
<b>9. SYNDICATED TERM FINANCE - SECURED</b>		
Balance at beginning of the period / year	433,500	1,196,000
Less: Payment made during the period / year	(433,500)	(762,500)
	<u>-</u>	<u>433,500</u>
Less: Current maturity presented under current liabilities	-	(433,500)
<b>At end of the period / year</b>	<u>-</u>	<u>-</u>

#### 10. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

During the period, the Company repaid Rs. 66.468 million (30 June 2015: Rs. 108.574 million). Amounts due in next twelve months amounting to Rs. 150.212 million (30 June 2015: Rs. 128.819 million) are included in current portion presented under current liabilities.

#### 11. CONTINGENCIES AND COMMITMENTS

##### 11.1 Contingencies

There is no significant change in the status of contingencies as reported in the preceding published annual financial statements of the Company for the year ended 30 June 2015 except for the following:

Through ONO No.18/2009 dated 24 December 2009, the tax department finalized the adjudication proceeding in respect of audit conducted by the department auditors and raised a demand of principal sales tax and FED aggregating to Rs. 336.74 million along with applicable default surcharges and penalties. The Company preferred appeal against such ONO under the applicable provisions of Sales Tax Act, 1990 and Federal Excise Act, 2005 before the Commissioner of Inland Revenue (appeals), which was disposed of by CIR (A) through order dated October 29, 2015. The Order-In-Original has further been assailed before ATIR.

The Company had also filed a writ petition with the Honorable Lahore High Court against the above referred Order-In-Original demand, and stay has been granted by the Honorable Court in favour of the Company. The management is confident of a favourable outcome based on the opinion of the legal counsel.

- 11.2 Guarantees given by banks on behalf of the Company are of Rs. 440.62 million (30 June 2015: Rs. 412.75 million) in favour of Sui Northern Gas Pipelines Limited and Government Institutions.

	Un-audited December 31, 2015	Audited June 30, 2015
Note	(Rupees in thousand)	
<b>11.3 Commitments</b>		
In respect of:		
- equity investment in Maple Leaf Power Limited	10,000	-
- capital expenditure	67,728	11,373
- irrevocable letters of credit for spare parts	933,839	811,809
	1,011,567	823,182
<b>12. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating fixed assets	22,976,116	23,604,525
Capital work in progress - at cost	106,693	116,016
	23,082,809	23,720,541
<b>12.1 Operating fixed assets</b>		
Balance at beginning of the period / year	23,604,525	24,661,336
Add: Surplus on revaluation during the period / year	-	95,013
Add: Additions during the period / year <span style="float: right;">12.1.1</span>	337,314	715,114
	23,941,839	25,471,463
Less: Book value of operating fixed assets disposed-off during the period / year	54,235	94,384
Depreciation charge during the period / year	911,488	1,772,554
	22,976,116	23,604,525

	Un-audited December 31, 2015 (Rupees in thousand)	Audited June 30, 2015
<b>12.1.1 Additions during the period / year:</b>		
Buildings on freehold land	85,992	126,368
Roads, bridges and railway sidings	1,344	1,454
Plant and machinery	190,110	466,063
Furniture, fixtures and equipment	25,191	61,982
Vehicles	34,677	59,247
	337,314	715,114

### 13. SHORT TERM INVESTMENT

This includes investment at fair value through profit or loss in Next Capital Limited of 1,500,000 (30 June 2015: 1,500,000) ordinary shares of Rs. 10 each, carried at market value of Rs. 7.29 per share (30 June 2015: Rs. 7.02 per share).

	Un-audited December 31, 2015 (Rupees in thousand)	Audited June 30, 2015
<b>14. OTHER RECEIVABLES</b>		
Due from the Holding Company - unsecured	18,874	26,730
Others	98,810	103,876
	117,684	130,606

	Half year ended (Un-audited) December 31, 2015 (Rupees in thousand)	December 31, 2014
<b>15. SALES - NET</b>		

Gross local sales	11,710,250	10,146,812
Less:		
Federal Excise Duty	(567,866)	(436,636)
Sales Tax	(1,919,846)	(1,670,934)
Commission	(74,352)	(68,393)
	(2,562,064)	(2,175,963)
Net local sales	9,148,186	7,970,849
Export sales	1,711,856	1,703,923
	10,860,042	9,674,772

	Half year ended (Un-audited)	
	December 31, 2015	December 31, 2014
	(Rupees in thousand)	
<b>16. COST OF GOODS SOLD</b>		
Raw materials consumed	402,266	362,333
Packing materials consumed	703,478	641,458
Fuel	2,070,910	2,220,422
Power	1,356,172	1,337,601
Stores, spare parts and loose tools consumed	352,285	394,394
Salaries, wages and other benefits	316,458	262,753
Rent, rates and taxes	9,784	10,216
Insurance	26,736	28,161
Repairs and maintenance	178,199	187,537
Depreciation	896,695	860,236
Vehicles running and maintenance	39,999	45,141
Provision for cement stocks written off	6,536	-
Other expenses	64,623	76,047
	<u>6,424,141</u>	<u>6,426,299</u>
<b>Work in process:</b>		
As at beginning of the period	697,357	697,455
As at end of the period	(702,164)	(654,669)
	(4,807)	42,786
	<u>6,419,334</u>	<u>6,469,085</u>
<b>Cost of goods manufactured</b>		
<b>Finished goods:</b>		
As at beginning of the period	328,425	284,566
As at end of the period	(300,663)	(566,405)
	27,762	(281,839)
	<u>6,447,096</u>	<u>6,187,246</u>
<b>Cost of goods sold</b>		
<b>17. FINANCE COST</b>		
Profit / interest / mark-up on long term loans, finances redeemable capital and short term finances	240,760	590,174
Exchange loss - net	31,524	36,126
Bank and other charges	44,586	14,382
	<u>316,870</u>	<u>640,682</u>

18. The Finance Act, 2015 introduced a new tax under Section 5A of the Income Tax Ordinance, 2001 on every public company other than a scheduled bank or modaraba, that derives profits for tax year and does not distribute cash dividend within six months of the end of said tax year or distribute dividends to such an extent that its reserves, after such distribution, are in excess of 100% of its paid up capital. However, this tax on undistributed reserves is not applicable to a public company which distributes profit equal to either 40 percent of its after tax profits or 50% of its paid up capital, whichever is less, within six months of the end of the tax year.

The Board of Directors of the Company intends to distribute sufficient cash dividend for the year ended 30 June 2016 (refer to note 23) to comply with the above stated requirements. Accordingly, no provision for tax on undistributed reserves has been recognized in this condensed interim financial information for the period ended 31 December 2015.

**Half year ended (Un-audited)**  
**December 31, December 31,**  
**2015 2014**  
**(Rupees in thousand)**

**19. CASH GENERATED FROM OPERATIONS BEFORE WORKING CAPITAL CHANGES**

Profit before taxation	3,032,922	1,933,278
<i>Adjustments for:</i>		
Depreciation	911,488	873,950
Provision for doubtful debts	10,877	1,420
Provision for stock in trade write off	6,536	-
Loss on disposal of property, plant and equipment - net	17,947	2
Gain on re-measurement short term investments at fair value	(405)	(1,845)
Provision for staff retirement benefits	6,958	6,236
Finance cost	316,870	640,682
Profit on bank deposits	(6,682)	(7,572)
	<u>4,296,511</u>	<u>3,446,151</u>

**20. CASH AND CASH EQUIVALENTS**

Short term running finance	-	(523,256)
Cash and bank balances	421,953	264,541
	<u>421,953</u>	<u>(258,715)</u>

## 20.1 Fair value measurement of financial instruments

	Carrying Amount (Un-audited)				Fair Value (Un-audited)		
	Fair Value through Income Statement	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
Note	----- Rupees in thousand -----						
<b>On - Balance sheet financial instruments</b>							
<b>31 December 2015</b>							
<b>Financial assets measured at fair value</b>							
Short term investment	10,935	-	-	10,935	10,935	-	-
	<u>10,935</u>	<u>-</u>	<u>-</u>	<u>10,935</u>	<u>10,935</u>	<u>-</u>	<u>-</u>
<b>Financial assets not measured at fair value</b>							
Cash and bank balances	-	421,953	-	421,953	-	-	-
Advances, deposits and other receivables	-	122,975	-	122,975	-	-	-
Security deposit	-	55,313	-	55,313	-	-	-
Trade debts - unsecured considered good	-	558,632	-	558,632	-	-	-
20.1.1	<u>-</u>	<u>1,158,873</u>	<u>-</u>	<u>1,158,873</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities not measured at fair value</b>							
Long term finances	-	-	14,556	14,556	-	14,556	-
Liabilities against assets subject to finance lease	-	-	713,752	713,752	-	713,752	-
Redeemable capital - secured	-	-	2,683,000	2,683,000	-	2,683,000	-
Trade and other payables	20.1.1	-	1,668,233	1,668,233	-	-	-
Short term borrowings	-	-	2,186,610	2,186,610	-	2,186,610	-
Long term deposits	20.1.1	-	6,599	6,599	-	-	-
Accrued mark - up	20.1.1	-	58,535	58,535	-	-	-
	<u>-</u>	<u>-</u>	<u>7,331,285</u>	<u>7,331,285</u>	<u>-</u>	<u>5,597,918</u>	<u>-</u>

20.1.1 The Company has not disclosed the fair values of these financial assets and liabilities as these are for short term or reprice over short term. Therefore, their carrying amounts are reasonable approximation of fair value.

## 21. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties comprise of the Holding Company, associated companies, entities under common directorship, directors, key management personnel and employee benefits funds. Significant transactions and balances with related parties are as follows:

		Half year ended (Un-audited)	
		December 31, 2015 (Rupees in thousand)	December 31, 2014
<b>21.1</b>	<b>Relationship with the company</b>	<b>Nature of transactions</b>	
	Holding Company (Kohinoor Textile Mills Limited)	8,792 291,410	16,791 -
	Other related parties	1,895	-
	Post employment benefit plans	44,235 6,442	30,251 4,135
	Key management personnel	121,498	92,166
		<b>Un-audited December 31, 2015 (Rupees in thousand)</b>	<b>Audited June 30, 2015</b>
<b>21.2</b>	<b>Balances with related parties</b>		
	Holding Company (Kohinoor Textile Mills Limited)	18,874	26,730
	Employees Gratuity Fund Trust	62,109	68,550
	Employees Provident Fund Trust	3	5,804

## 22. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, there were no material re-arrangements.

## 23. SUBSEQUENT EVENT AND DATE OF AUTHORIZATION FOR ISSUE

The Board of Directors of the Company has approved interim dividend of Rs. 1.50 per share in their meeting held on 20 January 2016. This condensed interim financial information has been approved by the Board of Directors of the Company and authorized for issue on 20 January 2016.

## 24. GENERAL

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

  
Chief Executive Officer

  
Director



میپل لیف



**MAPLE LEAF CEMENT**

A Kohinoor Maple Leaf Group Company

42-Lawrence Road, Lahore, Pakistan