

# 3rd Quarterly Report

March 31, 2015

## HISTORIC EXCELLENCE



  
مپل لیف  
**MAPLE LEAF CEMENT**  
A Kohinoor Maple Leaf Group Company



## HISTORIC EXCELLENCE

Mughal architecture with its innate grace, balance, perfect proportions and splendour has created some of the world's timeless architectural gems. These are a tribute to human creativity, ingenuity and aesthetics.

This has been a source of inspiration through the ages and our team works tirelessly to incorporate indigenous with modern methods to help overcome the concerns of contemporary construction.

At Maple Leaf Cement, we take pride in being a pioneer in creating state of the art building materials.

Title painting showing the Mughol emperor Akbar, the ruler is depicted dressed in white in the upper section of the painting where Akbar directs the construction of the royal city of Falahpur ('City of Victory', later known as Fatehpur Sikri) in 1571. Artist/Maker: Tulsī (artist, composition, maker), Bandi (artist, colours and details, maker) and Madhav Khord (portraits, artist).

(Printed with permission of the Victoria and Albert Museum, London, UK)

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

### Human Resource & Remuneration Committee

Mr. Waleed Tariq Saigol	Chairman
Mr. Zamiruddin Azar	Member
Syed Mohsin Raza Naqvi	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  
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  
Saudi Pak Industrial & Agricultural Investment Co. Limited  
Silk Bank 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 Adviser

Mr. Shahid Ismail  
Advocate High Court

### Geographical Presence

#### 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) 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

The Directors are pleased to present un-audited financial statements of the Company for the third quarter ended March 31, 2015, in compliance with Section 245 of the Companies Ordinance, 1984.

The financial highlights are as follows:-

	3rd Qtr (Jan. to Mar.)		Nine Months (Jul. to Mar.)	
	2015	2014	2015	2014
	(..... Rupees in thousand .....)			
Net Sales Revenue	5,388,995	4,952,784	15,063,767	13,796,672
Gross Profit	1,924,870	1,596,051	5,412,396	4,591,951
Operating Profit	1,454,829	1,230,405	4,028,789	3,563,055
Finance Cost	239,100	277,114	879,782	1,129,609
Profit Before Taxation	1,215,729	953,291	3,149,007	2,433,446
Taxation	304,462	24,227	804,185	21,924
Profit After Taxation	911,267	929,064	2,344,822	2,411,522
Earning Per Share	1.72	1.76	4.44	4.57

During the nine months under review, net sales revenue improved by 9.18% as compared to the corresponding period showing growth of 8.60% on account of improvement in dispatches due to enhanced pace of economic activity. This development can be credited to acceleration in private sector construction activities evident from mega housing schemes and partial materialization of budgeted Public Sector Development Programme. Export quantities and prices on the other hand, did not depict a buoyant trend due to lackluster demand from abroad. Volumes to Afghanistan continue to shrink because of reduced investments and increased competition from Iranian cement.

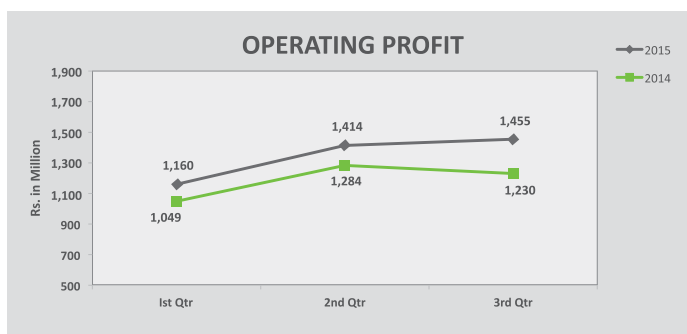
Capacity utilization and dispatches also improved as evident from data reproduced below:-

Particulars	July to March		Variance	
	2015	2014		% age
	(..... M.Tons .....)			
<b>Production:</b>				
Clinker Production	2,024,896	1,823,140	201,756	11.07%
Cement Production	2,193,499	2,021,311	172,188	8.52%
<b>Sales:</b>				
Domestic	1,703,987	1,575,272	128,715	8.17%
Exports	450,587	415,653	34,934	8.40%
	2,154,574	1,990,925	163,649	8.22%

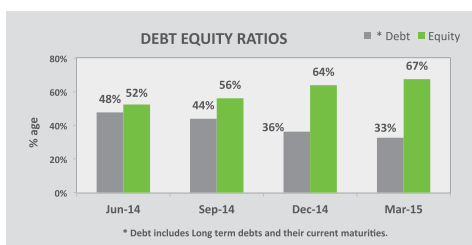
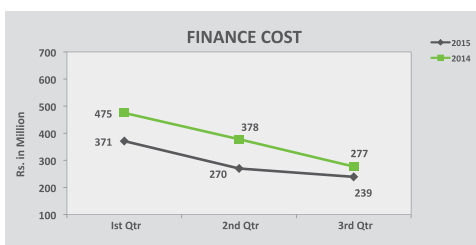
Total Sales volume of 2,154,574 tons achieved is an increase of 8.22% over 1,990,925 tons sold during the corresponding period of last year. The domestic sales volume increased to 1,703,987 tons registering an increase of 8.17% and exports sales volume increased to 450,587 tons, an increase of 8.40%.



Continued stability in coal prices during the period resulted in lower fuel cost. Power costs also reduced due to fall in electricity charges on the back of fuel price adjustments following declining oil prices. However, during the period under review, increase in packing material costs and pet coke rates have slightly depleted margins. The Company has started to provide in the accounts for Gas Infrastructure Development Cess after extension of Gas Infrastructure Development Cess (GIDC) Ordinance, 2014 as a prudent step despite the interim order of the Honorable Lahore High Court. During the 3rd quarter, the Company has fully operated 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 rail way network resulting in reasonable savings. Due to above factors, the Company achieved gross profit of Rs.5,412 million in the current period as compared to Rs.4,592 million in the corresponding period, indicating an increase of 18%.



Operating profits rose to Rs.4,029 million during the current period as compared to Rs.3,563 million in the corresponding period last year, showing an increase of 13%. 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. On year on year basis, the Company has reduced its debt burden by Rs.4,098 million i.e. 32% reduction. As a result, there is a notable decline of 22% in finance cost of the Company along with substantial improvement in the debt equity ratio.

The Company recorded pre-tax profit of Rs.3,149 million during the period against pre-tax profit of Rs.2,433 million in the corresponding period last year showing growth of 29%. However, due to imposition of Alternative Corporate Tax (ACT), a considerable tax provision has to be made for the period impacting post-tax profits at Rs.2,345 million, against Rs.2,412 million in the corresponding

period last year. The Company, however, has filed a writ petition before the Honourable Lahore High Court, Lahore which has been accepted for detailed hearing on the grounds that ACT cannot be made effective retrospectively and stay order has been issued by the Court regarding recovery of the amount.

### Future Outlook

Going forward, we expect local sales to further improve in the 4th quarter, which usually is the best period for sales for the cement industry due to seasonal factor. We expect to witness increased demand of cement for public sector projects like small dams, roads and bridges together with increased construction activities in the private sector due to expected better performance of the economy. Cement prices are expected to remain stable. 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.

As oil prices are expected to remain bearish, the Company will continue to enjoy savings resulting from the usage of its HFO based standby engines to generate lower cost power with less reliance on the national grid. Fuel price adjustment relief is also expected to be continued in the near term. These measures should result in reduction overall of power costs and should keep margins robust. However, Gas price hike could be a negative factor in the short term, due to recent proposed increase in the tariff.

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 Company is actively working on feasibility for setting up a 25MW coal based power plant which is expected to further reduce power cost.

The recent visit of the Chinese President to Pakistan is expected to prove to be a great opportunity for speeding up the country's economic development, as many investment agreements worth billions of dollars for investment in projects of infrastructural development have been signed which should increase demand for cement in the mid-term provided these agreements materialize.

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: April 23, 2015

# CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

AS AT MARCH 31, 2015

	Note	Un-audited March 31, 2015 (Rupees in thousand)	Audited June 30, 2014
<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 capital	4	5,277,340	5,277,340
Reserves		2,058,137	2,058,137
Accumulated profit		4,419,086	2,414,100
		11,754,563	9,749,577
<b>SURPLUS ON REVALUATION OF FIXED ASSETS - NET OF TAX</b>	5	4,703,615	4,891,515
<b>NON - CURRENT LIABILITIES</b>			
Long term loans from banking company - secured	6	307,604	478,615
Redeemable capital - secured		2,308,000	5,583,000
Syndicated term finance - secured		433,500	1,046,000
Liabilities against assets subject to finance lease - secured		660,435	735,090
Long term deposits		6,619	6,879
Deferred taxation		2,566,088	2,208,403
Retirement benefits		77,512	79,654
		6,359,758	10,137,641
<b>CURRENT LIABILITIES</b>			
Current portion of :			
- Long term loans from banking company - secured		155,238	178,388
- Redeemable capital - secured		1,425,000	600,000
- Syndicated term finance - secured		266,000	150,000
- Liabilities against assets subject to finance lease - secured		123,734	105,333
Trade and other payables		3,333,806	3,305,698
Accrued profit / Interest / mark-up		117,710	174,625
Provision for taxation - net		105,456	-
Short term borrowings	7	2,857,879	2,618,528
		8,384,823	7,132,572
<b>CONTINGENCIES AND COMMITMENTS</b>	8	-	-
		31,202,759	31,911,305

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

  
Chief Executive Officer

  
Director



	Note	Un-audited March 31, 2015 (Rupees in thousand)	Audited June 30, 2014
<b>ASSETS</b>			
<b>NON - CURRENT ASSETS</b>			
Fixed assets	9	23,990,884	24,705,782
Long term investments		1,625	1,625
Long term loans to employees - secured		6,893	4,440
Long term deposits		55,016	54,013
		24,054,418	24,765,860
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		3,860,400	3,772,803
Stock-in-trade		1,163,914	1,151,460
Trade debts	10	878,263	839,037
Loans and advances		769,122	907,509
Short term investments	11	6,840	6,780
Short term deposits and prepayments		89,778	73,680
Accrued profit		745	2,352
Refunds due from Government		16,797	16,797
Other receivables		151,636	97,969
Advance tax - net of provision		-	70,214
Cash and bank balances		210,846	206,844
		7,148,341	7,145,445
		31,202,759	31,911,305



Chief Executive Officer



Director

# CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

## FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015 (UN-AUDITED)

		Nine months period ended		Three months period ended	
Note		March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
(..... Rupees in thousand .....)					
Sales - net	12	15,063,767	13,796,672	5,388,995	4,952,784
Cost of goods sold		(9,651,371)	(9,204,721)	(3,464,125)	(3,356,733)
Gross profit		5,412,396	4,591,951	1,924,870	1,596,051
Distribution cost		(966,740)	(749,232)	(327,928)	(272,067)
Administrative expenses		(266,191)	(213,287)	(86,519)	(73,752)
Other charges		(188,796)	(137,617)	(68,056)	(45,530)
Other income		(1,421,727) 38,120	(1,100,136) 71,240	(482,503) 12,462	(391,349) 25,703
Profit from operations		4,028,789	3,563,055	1,454,829	1,230,405
Finance cost	13	(879,782)	(1,129,609)	(239,100)	(277,114)
Profit before taxation		3,149,007	2,433,446	1,215,729	953,291
Taxation		(804,185)	(21,924)	(304,462)	(24,227)
Profit after taxation		2,344,822	2,411,522	911,267	929,064
Earnings per share - basic and diluted	(Rupees)	4.44	4.57	1.72	1.76

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

  
Chief Executive Officer

  
Director

# CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015 (UN-AUDITED)

	Nine months period ended		Three months period ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	(..... Rupees in thousand .....)			
Profit after taxation	2,344,822	2,411,522	911,267	929,064
Other comprehensive income for the period	-	12,647	-	-
Total comprehensive income for the period	2,344,822	2,424,169	911,267	929,064

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.



Chief Executive Officer



Director

# CONDENSED INTERIM CASH FLOW STATEMENT

## FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015 (UN-AUDITED)

	Note	March 31, 2015 (Rupees in thousand)	March 31, 2014
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash generated from operations before working capital changes	14	5,337,544	4,808,885
<b>(Increase) / decrease in current assets</b>			
Stores, spare parts and loose tools		(87,597)	(129,779)
Stock-in-trade		(12,454)	56,143
Trade debts		(40,646)	(28,957)
Loans and advances		138,387	(170,978)
Short term deposits and prepayments		(16,098)	(60,743)
Other receivables		(53,667)	61,110
		(72,075)	(273,204)
<b>Decrease in current liabilities</b>			
Trade and other payables		(499,621)	(71,444)
		(571,696)	(344,648)
<b>Net cash generated from operations</b>		4,765,848	4,464,237
Increase in long term loans to employees - secured		(2,453)	(1,557)
Retirement benefits paid		(11,771)	(13,857)
Taxes paid		(270,830)	(166,077)
<b>Net cash generated from operating activities</b>		4,480,794	4,282,746
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(608,134)	(526,358)
Proceeds from disposal of fixed assets		14,301	12,627
(Increase) / decrease in long term deposits and prepayments		(1,003)	2,691
Profit on bank deposits received		12,570	8,730
<b>Net cash used in investing activities</b>		(582,266)	(502,310)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Repayment of long term loans from banking companies - secured		(194,878)	(1,209,041)
Redemption of redeemable capital - secured		(2,450,000)	(632,869)
Repayment of syndicated term finances - secured		(496,500)	(145,500)
Decrease in long term deposits		(260)	(50)
Payment of liabilities against assets subject to finance lease - net		(81,360)	(126,279)
Acquisition / (Payment) of short term borrowings		83,184	(694,645)
Finance cost paid		(910,874)	(1,272,842)
Redemption of preference shares		-	(163,721)
Preference dividend paid		(5)	(19)
<b>Net cash used in financing activities</b>		(4,050,693)	(4,244,966)
<b>Net decrease in cash and cash equivalents</b>		(152,165)	(464,530)
<b>Cash and cash equivalents at the beginning of the period</b>		206,844	523,540
<b>Cash and cash equivalents at the end of the period</b>	15	54,679	59,010

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.



Chief Executive Officer



Director

# CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

## FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015 (UN-AUDITED)

	Share Capital	Capital Reserves			Revenue Reserves	Total Equity
		Share premium	Capital redemption reserve	Sub-Total	Accumulated (loss) / profit	
..... Rupees in thousand .....						
Balance as at 30 June 2013 - audited	5,277,340	1,529,874	528,263	2,058,137	(564,564)	6,770,913
Total comprehensive Income						
Profit for the nine months period ended 31 March 2014	-	-	-	-	2,411,522	2,411,522
Other comprehensive Income for the period	-	-	-	-	12,647	12,647
Transfer of incremental depreciation from surplus on revaluation of fixed assets - net of tax	-	-	-	-	184,882	184,882
Balance as at 31 March 2014 - un-audited	5,277,340	1,529,874	528,263	2,058,137	2,044,487	9,379,964
Total comprehensive Income						
Profit for the three months period ended 30 June 2014	-	-	-	-	418,652	418,652
Other comprehensive Income for the period	-	-	-	-	(24,478)	(24,478)
Transfer of incremental depreciation from surplus on revaluation of fixed assets - net of tax	-	-	-	-	(24,724)	(24,724)
Reversal of revaluation surplus on disposal of fixed assets - net of tax	-	-	-	-	163	163
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 nine months period ended 31 March 2015	-	-	-	-	2,344,822	2,344,822
1st interim dividend for 2014-15 @ 10%	-	-	-	-	(527,734)	(527,734)
Transfer of incremental depreciation from surplus on revaluation of fixed assets - net of tax	-	-	-	-	187,785	187,785
Reversal of revaluation surplus on disposal of fixed assets - net of tax	-	-	-	-	113	113
Balance as at 31 March 2015 - un-audited	5,277,340	1,529,874	528,263	2,058,137	4,419,086	11,754,563

The annexed notes from 1 to 19 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 NINE MONTHS PERIOD ENDED MARCH 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 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 (“the Holding Company”).

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

The condensed interim financial information is being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984 and is un-audited but subject to limited scope review by external auditors as required by Code of Corporate Governance. This has been prepared in accordance with the requirements of International Accounting Standard “IAS-34 (Interim Financial Reporting)”.

This condensed interim financial information of the Company for the nine months period ended 31 March 2015 has been prepared in accordance with the requirement 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 has been followed.

### 2.2 Judgments and estimates

This condensed interim financial information should be read in conjunction with annual audited financial statements for the year ended 30 June 2014. Comparative balance sheet is extracted from annual audited financial statements for the year ended 30 June 2014 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 31 March 2014.

## 3. SIGNIFICANT ACCOUNTING POLICIES

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 2014.

The Company has adopted all the applicable new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 01 July 2014, as mentioned in the financial statements for the year ended 30 June 2014.

There is no significant impact of such changes on this condensed interim financial information of the Company.



#### 4. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

		Un-audited March 31, 2015 (Rupees in thousand)	Audited June 30, 2014
<b>Ordinary shares:</b>			
<b>Number of shares</b>			
290,359,856	(30 June 2014: 290,359,856) ordinary shares of Rs. 10 each fully paid in cash	2,903,599	2,903,599
35,834,100	(30 June 2014: 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 2014: 46,069,400) ordinary shares of Rs. 10 each issued as fully paid bonus shares	460,694	460,694
153,846,153	(30 June 2014: 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 2014: 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>

4.1 The Holding Company holds 306,410,425 (30 June 2014: 306,410,425) ordinary shares, which represents 58.06% (30 June 2014: 58.06%) of total ordinary issued, subscribed and paid up capital of the Company.

4.2 Zimpex (Private) Limited, an associated undertaking, holds 1,706 (30 June 2014: 1,706) ordinary shares of the Company.

	Un-audited March 31, 2015 (Rupees in thousand)	Audited June 30, 2014
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#### 5. SURPLUS ON REVALUATION OF FIXED ASSETS - NET OF TAX

##### Gross Surplus

As at beginning of period / year

6,608,146

6,956,695

##### Less:

Effect of disposal of fixed assets

(156)

(225)

Transferred to accumulated profit in respect of incremental depreciation charged during the period / year

(259,534)

(348,324)

**As at end of the period / year**

6,348,456

6,608,146

##### Deferred tax liability on revaluation surplus

As at beginning of the period / year

1,716,631

1,904,860

##### Less:

Effect of disposal of fixed assets

(43)

(62)

Incremental depreciation charged on related assets

(71,747)

(188,167)

**As at end of the period / year**

1,644,841

1,716,631

4,703,615

4,891,515

	Note	Un-audited March 31, 2015 (Rupees in thousand)	Audited June 30, 2014
<b>6. LONG TERM LOANS FROM BANKING COMPANIES - SECURED</b>			
Habib Bank Limited - term loan facility		295,244	385,279
HSBC Bank Middle East Limited - medium term loan	6.1	-	76,190
Islamic Corporation for the Development of Private Sector ("ICD") - deferred mark-up loan		12,360	17,146
		<u>307,604</u>	<u>478,615</u>

- 6.1** During the current period a long term loan from HSBC Bank Middle East Limited, as disclosed in Note 8.4 of preceding annual financial statements of the Company, amounting Rs. 104.76 million (30 June 2014: Rs. 114.25 million) is converted from long term loan to Redeemable Capital in consequence of acquisition of HSBC Bank Middle East Limited by Meezan Bank Limited. The converted facility carries profit at rate of 1 Year KIBOR + 0.93% p.a. Repayments will be made as per HSBC's (now Meezan Bank Limited) approved repayment schedule.

	Un-audited March 31, 2015 (Rupees in thousand)	Audited June 30, 2014
<b>7. SHORT TERM BORROWINGS</b>		
Banking and financial institutions:		
- Cash finance and others	2,248,155	2,058,228
- Running finance	305,988	462,155
Temporary bank overdrafts - unsecured	303,736	98,145
	<u>2,857,879</u>	<u>2,618,528</u>

## **8. CONTINGENCIES AND COMMITMENTS**

### **8.1 Contingencies**

The Federal Government has issued GIDC Ordinance, 2014 ("GIDC Ordinance") through which Gas Infrastructure Development Cess ("GIDC") was levied @ Rs.200 per MMBTU. The Company has filed a writ petition in Honorable Lahore High Court, Lahore ("Court") challenging the applicability of said ordinance via W.P.No. 26789/14 dated 09 October 2014 and resultantly the Court has restrained the SNGPL to raise demand for GIDC on the basis of GIDC Ordinance. Accordingly, provision of Rs. 175.68 million has not been made in this condensed interim financial information on the basis of legal opinion of the counsel where it is confident that ultimate outcome of this case will be in favor of the Company.

Other than the above mentioned matter, there has been no material change in contingencies from the preceding published annual financial statement of the Company for the year ended 30 June 2014.

- 8.2 Guarantees given by banks on behalf of the Company are of Rs. 409.707 million (30 June 2014: Rs. 399.71 million in favour of Sui Northern Gas Pipelines Limited and Government Institutions.

	Note	Un-audited March 31, 2015 (Rupees in thousand)	Audited June 30, 2014
<b>8.3 Commitments</b>			
<b>8.3.1 In respect of:</b>			
- capital expenditures		12,728	2,559
- irrevocable letters of credit for spare parts		616,002	208,761
		628,730	211,320
<b>9. FIXED ASSETS</b>			
Operating fixed assets	9.1	23,879,816	24,661,336
Capital work in progress - at cost	9.2	111,068	44,446
		23,990,884	24,705,782
<b>9.1 Operating fixed assets</b>			
Balance at beginning of the period / year		24,661,336	25,542,553
Add: Additions during the period / year	9.1.1	541,512	811,962
		25,202,848	26,354,515
Less: Book value of operating assets disposed-off during the period / year		(5,710)	(2,932)
Depreciation charge during the period / year		(1,317,322)	(1,690,247)
		23,879,816	24,661,336
<b>9.1.1 Additions during the period / year:</b>			
Freehold land		-	3,100
Buildings on freehold land		84,330	69,839
Plant & machinery		373,796	663,338
Furniture, fixtures and equipment		45,982	59,666
Roads, bridges and railway sidings		-	1,000
Quarry equipment		-	1,879
Vehicles		37,404	13,140
		541,512	811,962

## 9.2 Capital work in progress - at cost

Plant & machinery  
Unallocated capital expenditures

Advances to suppliers against:

- Purchase of land
- Plant & machinery
- Vehicles

Un-audited  
March 31,  
2015  
(Rupees in thousand)

Audited  
June 30,  
2014

87,200	33,856
1,001	1,001
2,000	2,000
14,786	2,310
6,081	5,279
111,068	44,446

## 10. TRADE DEBTS

### Considered good

Export - secured  
Local - unsecured

79,195	76,993
799,068	762,044
878,263	839,037

### Considered doubtful

Local - unsecured

10,000	13,046
888,263	852,083
(7,786)	(8,580)
(2,214)	(4,466)
878,263	839,037

## 10.1 Movement in provision for doubtful trade debts

As at the beginning of the period / year  
Provision recognized during the period / year  
Less: Trade debts written off

8,580	7,987
1,420	5,059
(2,214)	(4,466)
7,786	8,580

	March 31, 2015 (Rupees in thousand)	June 30, 2014
<b>11. SHORT TERM INVESTMENTS</b>		
<b>At fair value through profit or loss - quoted</b>		
<b>Next Capital Limited</b>		
1,500,000 (30 June 2014: 1,500,000) ordinary shares of Rs. 10 each market value Rs. 4.56 per share (30 June 2014: Rs. 4.52 per share)		
<b>Cost</b>		
As at beginning of the year	15,000	15,000
<b>Unrealized fair value loss</b>		
As at beginning of the period / year	8,220	7,650
Fair value (gain) / loss for the period / year	(60)	570
As at end of the period / year	8,160	8,220
<b>Fair value as at 31 March</b>	<b>6,840</b>	<b>6,780</b>

	Nine months ended (Un-audited)	
	March 31, 2015 (Rupees in thousand)	March 31, 2014
<b>12. SALES - NET</b>		
Gross local sales	15,842,013	14,439,728
Less:		
Federal excise duty	(679,330)	(604,263)
Sales tax	(2,607,089)	(2,400,689)
Commission	(106,632)	(94,131)
	(3,393,051)	(3,099,083)
Net local sales	12,448,962	11,340,645
Export sales	2,614,805	2,456,027
	15,063,767	13,796,672
<b>13. FINANCE COST</b>		
Profit / interest / mark-up on long term loans, finances, redeemable capital and short term finances	805,923	1,033,508
Exchange loss	47,630	60,660
Realized loss on derivative cross currency interest rate swap agreement	-	2,819
Bank charges	26,229	32,622
	879,782	1,129,609

		Nine months ended (Un-audited)	
		March 31, 2015	March 31, 2014
		(Rupees in thousand)	
<b>14. CASH GENERATED FROM OPERATIONS BEFORE WORKING CAPITAL CHANGES</b>			
Profit before taxation		3,149,007	2,433,446
Adjustments for:			
Depreciation		1,317,322	1,258,410
Provision for doubtful debts		1,420	1,016
Gain on disposal of fixed assets - net		(8,590)	(10,282)
Gain on re-measurement of short term investments at fair value		(60)	(255)
Retirement benefits		9,627	5,990
Finance cost		879,782	1,129,609
Profit on bank deposits		(10,964)	(9,049)
		5,337,544	4,808,885
<b>15. CASH AND CASH EQUIVALENTS</b>			
Short term running finance	7	(156,167)	(255,133)
Cash and bank balances		210,846	314,143
		54,679	59,010

**16. 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. The significant transactions with related parties are as follows:

		Nine months ended (Un-audited)	
		March 31, 2015	March 31, 2014
		(Rupees in thousand)	
Relationship with the company	Nature of transaction		
<b>Holding company (Kohinoor Textile Mills Limited)</b>	- Sale of goods and services	22,644	538
	- Sale of fixed assets	-	54
<b>Key management personnel</b>			
	- Remuneration and other benefits	140,487	90,180
<b>Post employment benefit plans</b>			
	- Contribution to Provident Fund Trust	47,339	36,452



## 17. OPERATING SEGMENT

### 17.1 Information about operating segment

This condensed interim financial information has been prepared on the basis of single reportable segment.

- 17.2 Revenue from sale of cement represents 100.00% (31 March 2014: 100.00%) of gross sales of the Company. Sale comprises 95.80% (31 March 2014: 95.39%) sale of grey cement and 4.20% (31 March 2014: 4.61%) from white cement.

### 17.3 Geographical information

The Company operates in two principal geographical areas, Asia and Africa and revenue from continuing operations from external customers based on geographical areas is as follows:

Geographical area	Nine months ended (Un-audited)	
	March 31, 2015	March 31, 2014
	(Rupees in thousand)	
Asia	96.26%	95.83%
Africa	3.74%	4.17%
	100.00%	100.00%

- 17.4 All assets of the Company as at 31 March 2015 are located in Pakistan.

## 18. 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 23 April 2015.

## 19. GENERAL

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

  
Chief Executive Officer

  
Director





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**MAPLE LEAF CEMENT**

42 Lawrence Road, Lahore. Pakistan