



Quarterly Report

**For The Period Ended
September 30, 2008**



MAPLE LEAF CEMENT FACTORY LIMITED

Kohinoor Maple Leaf Group



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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
Ms. Jahanara Saigol
Mr. S. M. Imran
Mr. Zamiruddin Azar
Mr. Per Mejnert Kristensen
Chairman
Chief Executive
(Representing FLS & IFU, Denmark)

Audit Committee

Mr. Zamiruddin Azar
Mr. Waleed Tariq Saigol
Mr. S. M. Imran
Chairman

Chief Financial Officer

Ms. Bushra Naz Malik

Company Secretary

Mr. Muhammad Ashraf

Internal Auditor

Ms. Sadaf Latif

Bankers of the Company

Allied Bank Limited
Aflalah Bank Limited
Arif Habib Bank Limited
Askari Bank Limited (Formerly: Askari Commercial Bank Limited)
Atlas Bank Limited
Bank Al-Habib Limited
Barclays Bank plc
Faysal Bank Limited
First National Bank Modaraba
First Women Bank Limited
Habib Bank Limited
Islamic Corporation for the Development of the Private Sector, Jeddah
KASB Bank Limited
MCB Bank Limited
Meezan Bank Limited
Mybank Limited
National Bank of Pakistan
NIB Bank Limited
Pak-Libya Holding Company (Pvt.) Limited
Pak Oman Investment Company Limited
Saudi Pak Commercial Bank Limited
Saudi Pak Industrial & Agricultural Investment Co. (Pvt.) Limited
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
The Bank of Khyber
The Bank of Punjab
HSBC Bank Middle East Limited (Formerly: The Hongkong & Shanghai Banking Corporation Ltd.)
United Bank Limited

Auditors

Hameed Chaudhri & Co. Chartered Accountants

Legal Advisors

Mr. Nomaan Akram Raja
Barrister-At-Law
Raja Mohammad Akram & Co.
Advocates and Legal Consultants,
Lahore.

Registered Office

42 - Lawrence Road, Lahore.
Phone: (042) 6278904-5
Fax: (042) 6363184
E-mail: mlcfl@kmlg.com
Website: www.kmlg.com

Share Registrar

Vision Consulting Ltd.
Head Office: 3-C, LDA Flats,
Lawrence Road, Lahore
Phone: (042) 6375531 & 6375339
Fax: (042) 6374839
E-mail: info@vcl.com.pk & vclcom@yahoo.com
Website: www.vcl.com.pk

Factory

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



DIRECTORS' REVIEW

Your Directors are pleased to present the un-audited accounts of the Company for the 1st quarter ended September 30, 2008 in compliance with requirements of Section 245 of the Companies Ordinance, 1984.

During the period July-September 2008, the Company produced 736,006 metric tons grey cement and 18,970 metric tons white cement against 298,564 metric tons grey cement and 13,650 metric tons white cement during the corresponding period last year. Overall clinker capacity utilization during the quarter was 80% for grey cement and 56% for white cement as compared to 56% and 28% respectively, for the corresponding period last year.

Sales volume achieved during the first quarter was 749,492 metric tons grey cement, 18,664 metric tons white cement against corresponding period's sales of 373,830 metric tons grey cement and 15,003 metric tons white cement.

Despite the much improved sale volume, the Company suffered a pre-tax loss of Rs. 213.179 million during the period July-September, 2008 after accounting for financial charges of Rs. 933.991 million and depreciation & amortization of Rs. 254.133 million. For the corresponding period last year, the pre-tax loss amounted to Rs. 45.618 million. The main reasons for losses are higher production costs due to the inflationary spiral afflicting our economy, huge input cost increases of imported items particularly coal due to rapid depreciation in the exchange rate and mounting interest rates which have adversely affected operating margins of the Company.

The Pakistani cement industry has maintained its export drive to neighboring countries particularly Afghanistan, India and the Middle East but hike in fuel charges and transportation costs, as well as power and gas load shedding may adversely impact export volumes in the future. Performance of the cement industry is directly impacted by retention rates which will depend on price stability, sustained demand driven by development of infrastructure, political stability, reduction in prices of oil, coal & power and much needed improvement in foreign currency reserves.

The Directors take the opportunity to thank the financial institutions and other stakeholders for their support and appreciate the efforts of the Company's employees in coping with the difficult times the Company is facing.

For and on behalf of the Board

Sayeed Tariq Saigol
Chief Executive

Lahore: October 24, 2008



CONDENSED INTERIM BALANCE SHEET

		Un-Audited	Audited
	Note	Sept. 30, 2008	June 30, 2008
	 (Rupees in thousand)	
Equity and Liabilities			
Share Capital and Reserves			
Authorised capital		5,000,000	5,000,000
Issued, subscribed and paid up capital		4,264,108	4,264,108
Reserves	5	4,452,672	4,644,355
(Accumulated loss)		(861,774)	(547,574)
		7,855,006	8,360,889
Non-Current Liabilities			
Loans from related parties		35,224	35,224
Long term loans and finances	6	241,539	241,539
Redeemable capital	7	8,000,000	8,000,000
Syndicate term finances	8	1,000,000	1,000,000
Liabilities against assets subject to finance lease		1,027,505	957,434
Long term deposits		2,632	2,582
Deferred taxation		201,254	154,741
Employees' compensated absences		17,461	16,688
		10,525,615	10,408,208
Current Liabilities			
Current portion of:			
- Syndicate term finances		1,000,000	1,080,000
-Liability against assets subject to finance lease		236,443	188,011
Short term finances	9	3,354,186	3,369,738
Trade and other payables		2,866,200	2,495,559
Accrued profit and Interest / markup		532,163	194,568
Dividends		67,726	54,588
		8,056,718	7,382,464
Contingencies and Commitments	10		
		26,437,339	26,151,561

The annexed notes form an integral part of these accounts.

Sayeed Tariq Saigol
Chief Executive



AS AT SEPTEMBER 30, 2008

	Note	Un-Audited Sept. 30, 2008 (Rupees in thousand)	Audited June 30, 2008
Assets			
Non Current Assets			
Property, plant & equipment	11	19,837,884	20,081,448
Intangible assets		13,148	15,082
Loans to employees		4,933	6,121
Deposits and prepayments		53,269	54,014
		19,909,234	20,156,665
Current Assets			
Stores, spares and loose tools		3,433,234	3,325,744
Stock-in-trade		546,872	433,952
Trade debts		959,857	743,366
Fair Value derivative financial instruments		151,503	365,748
Loans and advances		269,829	82,814
Investments	12	745,632	734,859
Deposits and short term prepayments		48,454	54,532
Accrued profit		564	763
Sales tax, customs and excise duty		33,852	57,769
Due from gratuity fund trust		10,233	9,768
Other receivables		30,999	21,780
Taxation - net		66,748	44,907
Cash and bank balances		230,328	118,894
		6,528,105	5,994,896
		26,437,339	26,151,561


 Zamiruddin Azar
 Director



CONDENSED INTERIM PROFIT & LOSS ACCOUNT
FOR THE PERIOD ENDED SEPTEMBER 30, 2008
(Un-Audited)

		Sept. 30, 2008	Sept. 30, 2007
..... (Rupees in thousand)			
Sales - Net	13	3,720,365	872,773
Cost of sales		2,390,144	789,848
Gross profit		1,330,221	82,925
Administrative expenses		53,289	9,097
Distribution cost		583,163	26,913
Other operating expenses		6,000	2,200
		642,452	38,210
Other operating income		33,043	28,074
		720,812	72,789
Finance cost	14	933,991	118,407
(Loss) before taxation		(213,179)	(45,618)
Taxation			
- Current	15	18,749	4,364
- Deferred		46,513	(52,500)
		65,262	(48,136)
(Loss) / Profit after taxation		(278,441)	2,518
..... Rupees			
(Loss) / Earnings per share - Basic		(0.78)	0.04
Earnings per share - Diluted		N/A	0.01

- The annexed notes form an integral part of these accounts.


 Sayeed Tariq Saigol
 Chief Executive


 Zamiruddin Azar
 Director



**CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE PERIOD ENDED SEPTEMBER 30, 2008
(Un-Audited)**

	Sept. 30, 2008	Sept. 30, 2007
 (Rupees in thousand)	
Cash flow from operating activities		
(Loss) for the period - before taxation	(213,179)	(45,618)
Adjustments for:		
Depreciation	252,199	112,830
Amortisation	1,934	548
Employees' compensated absences	1,808	1,100
Finance cost	933,991	118,407
Profit on bank deposits	(825)	(20,360)
Dividend income	(6,856)	(7,714)
Cash inflow from operating activities before working capital changes	969,072	159,193
(Increase) / decrease in current assets		
Stores, spares and loose tools	(107,490)	(174,194)
Stock-in-trade	(112,920)	(27,462)
Trade debts	(216,491)	27,264
Loans and advances	(187,091)	30,726
Deposits and short term prepayments	6,078	(220)
Sales tax, customs and excise duty	23,917	20,945
Due from gratuity fund trust	(465)	(1,313)
Other receivables	(3,050)	(1,452)
Trade & other payable	370,641	197,209
	(226,871)	71,503
Cash inflow from operating activities before taxation	742,201	230,696
Taxes paid	(40,590)	(24,994)
Vacation benefits paid	(1,035)	(2,395)
Cash inflow from operating activities before taxation	700,576	203,307
Cash flow from investing activities		
Fixed capital expenditure	(9,523)	(726,788)
Long term loans to employees	1,188	(1,678)
Long term deposits and prepayments	745	(36)
Investments - through P&L	(10,773)	45,144
Profit on bank deposits received	1,989	27,271
Dividend income	687	-
Net cash out flow from investing activities	(15,687)	(656,087)
Cash flow from financing activities		
Syndicate term finance	(80,000)	-
Long term loans and finances repaid	-	566,667
Long term deposits from stockists - net	50	(209)
Lease finances - net	118,503	(3,305)
Lease finance advances	-	42,795
Short term finances - net	(15,552)	115,160
Finance cost paid	(596,397)	(112,350)
Ordinary dividend paid	(59)	(2)
Net Cash inflow from financing activities	(573,455)	608,756
Net Increase in cash and cash equivalents	111,434	155,976
Cash and cash equivalents - at beginning of the period	118,894	123,359
Cash and cash equivalents - at end of the period	230,328	279,335

The annexed notes form an integral part of these financial statements.

Sayeed Tariq Saigol
Chief Executive

Zamiruddin Azar
Director



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED SEPTEMBER 30, 2008
(Un-Audited)**

	Capital Reserves				Revenue Reserves			Total
	Share Capital	Share Premium	Fair value reserve on measurement of available-for-sale investments	Capital redemption reserve	Hedging reserve	General Reserve	Unappropriated profit/(loss)	
	(Rupees in thousand)							
Balance as at 30 June, 2007	4,264,108	2,068,336	545,506	201,260	242,226	1,400,000	271,601	8,993,037
Gain arising on derivative cross currency swap rate	-	-	-	-	(28,074)	-	-	(28,074)
Profit for the period ended 30 September, 2007	-	-	-	-	-	-	2,518	2,518
Transfer to capital redemption reserve	-	-	-	22,747	-	-	(22,747)	-
Dividend on preference shares for the period ended 30 September, 2007	-	-	-	-	-	-	(13,198)	(13,198)
Balance as at 30 September, 2007	<u>4,264,108</u>	<u>2,068,336</u>	<u>545,506</u>	<u>224,007</u>	<u>214,152</u>	<u>1,400,000</u>	<u>238,174</u>	<u>8,954,283</u>
Balance as at 30 June, 2008	4,264,108	2,068,336	518,765	291,506	365,748	1,400,000	(547,574)	8,360,889
Loss arising on derivative cross currency swap rate	-	-	-	-	(214,245)	-	-	(214,245)
Loss for the period ended 30 September, 2008	-	-	-	-	-	-	(278,441)	(278,441)
Transfer to capital redemption reserve	-	-	-	22,561	-	-	(22,561)	-
Dividend on preference shares for the period ended 30 September, 2008	-	-	-	-	-	-	(13,197)	(13,197)
Balance as at 30 September, 2008	<u>4,264,108</u>	<u>2,068,336</u>	<u>518,765</u>	<u>314,067</u>	<u>151,503</u>	<u>1,400,000</u>	<u>(861,774)</u>	<u>7,855,006</u>

The annexed notes form an integral part of these financial statements.

Sayeed Tariq Saigol
Chief Executive

Zamiruddin Azar
Director



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2008
(Un-Audited)**

1. Maple Leaf Cement Factory Limited 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 and was listed on stock exchanges in Pakistan on 17 August 1994. The registered office of the company is situated at 42-Lawrence Road, Lahore, Pakistan. The company is a Subsidiary of the Kohinoor Textile Mills Limited and is engaged in production and sale of cement.

2. These financial statements have been prepared in accordance with the requirements of International Accounting Standard 34 (Interim Financial Reporting)

This condensed financial information does not include all the information required for full financial statements and should be read in conjunction with the preceding published financial statement of the company for the year ended 30 June 2008.

3. The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding published annual financial statement of the company for the year ended 30 June 2008.

4. The significant judgment, estimates and assumption used by the management in preparation of this condensed interim financial information are the same as those applied to the preceding published annual financial statement of the company for the year ended 30 June 2008.

5. Hedging reserve

The Company, during the preceding financial years, has entered into 3 different derivative cross currency interest rate swap agreements with Standard Chartered Bank (Pakistan) Limited to hedge for the possible adverse interest rate movements in its long term loans.

The derivative cross currency interest rate swaps that are outstanding as at 30 September, 2008 have been marked to market and the effective unrealized gain aggregating Rs. 151.503 million (30 June, 2008: Rs. 365.748 million) has been recognised in the statement of changes in equity.

6. Long term loans and finances

The Company, during the preceding financial year, has arranged a term finance facility of Rs. 1.160 billion (equivalent to Japanese Yens 1.974 billion approximately) for financing the Waste Heat Recovery Plant from HBL. The tenor of this term finance facility is six years including a grace period of two years. The principal balance of this term finance facility will be repaid in nine equal semi-annual installments. This finance facility carries mark-up at the rate of 6-months KIBOR plus 1.5% per annum payable on quarterly basis. The finance facility is secured against first pari passu hypothecation charge of Rs. 1.600 billion over plant & machinery, first pari passu equitable mortgage charge over land and buildings of the Company and personal guarantees of some of the Company's directors.

7. Redeemable capital

Islamic Sukuk Certificates under Musharakah Agreement

The Company, during the preceding financial year, has arranged to issue secured Sukuk Issue amounting to Rs. 8.000 billion inclusive of Green Shoe Option of Rs. 4.000 billion: the Lead Arranger is Allied Bank Ltd. The purpose of this Sukuk Issue is Balance Sheet reprofiling and replacement of conventional debt with Shariah Compliant Financing. The tenor of Sukuk Issue is six years with two years grace period and carries profit at 6-months KIBOR plus 170 bps. The Sukuk certificates are secured against first pari passu charge over all present and future fixed assets of the Company.



8. Term finance certificates

The Company, during the preceding financial year, has arranged a Syndicate term finance facility of Rs. 2,000 billion with Green Shoe Option of Rs. 500 million: the Lead Arranger is Allied Bank Ltd. The purpose of this financing facility is to partially repay the existing long term loans of the Company. The principal balance of this finance facility is repayable in 5 equal semi-annual installments commencing May 2008 and carries profit at 3-months KIBOR plus 150 bps. This financing facility is secured against ranking charge over all present and future fixed assets of the Company.

9. Short term finances - Secured

Short term finance facilities available from various commercial banks under mark-up arrangements aggregate Rs. 3,250 billion (30 June, 2008: Rs. 3,750 billion). These facilities, during the period carries markup at the rates ranging from 10.89% to 16.49% (30 June, 2008: 10.26% to 14.06%) per annum payable on quarterly basis.

Facilities available for opening letters of credit / guarantee aggregate Rs. 2,927 billion (30 June, 2008: Rs. 2,357 billion).

The aggregate facilities are secured against charge on all present and future current asset the Company, Personal guarantees of some of the directors, lien over import documents and title of ownership of goods imported under letter of credit, These facilities are expiring on various dates by 31 March, 2009.

10. Contingencies and commitments

10.1 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 2008.

10.2 Guarantees issued by various commercial banks, in respect of financial and operational obligations of the Company, to various institutions and corporate bodies aggregate Rs. 302,441 million (30 June, 2008: Rs. 434,370 million).

10.3 Commitments against capital expenditure as at 30 September, 2008 were for Rs. 168,949 million (30 June, 2008: Rs. 168,949 million).

10.4 Commitments against irrevocable letters of credit outstanding as at 30 September, 2008 were for Rs. 2,610,986 million (30 June, 2008: Rs. 1,630,104 million).

11. Property plant & equipment

		Un-Audited Sept. 30, 2008	Audited June 30, 2008
	Note (Rupees in thousand)	
Operating fixed assets	11.1	19,524,916	19,776,950
Capital work in progress	11.2	312,968	304,498
		19,837,884	20,081,448
11.1 Operating fixed assets			
Opening book value		19,776,950	7,711,462
Additions during the period / year:			
- buildings on freehold land		-	2,678,215
- road & bridges		-	12,148
- plant & machinery		-	10,206,455
- furniture, fixtures and equipment		2,800	17,376
- quarry equipment		-	11,813
- vehicles		188	6,546
- share of joint assets		-	275
		2,988	12,932,828
Book value of fixed assets disposed-off during the period / year		889	1,794
Depreciation charge for the period / year		254,133	865,546
Closing book value		19,524,916	19,776,950



11.2 Capital work in progress

	Un-Audited Sept. 30, 2008	Audited June 30, 2008
Note (Rupees in thousand)	
Civil works	4,330	3,455
Plant & machinery	37,555	29,923
Unallocated capital expenditures	3,109	3,367
Advances to suppliers against:		
- purchase of land	2,000	2,000
- civil works	2,307	2,307
- plant & machinery	261,939	261,875
- vehicle	1,728	1,571
	312,968	304,498

12. Investments (Available for sale)

Security General Insurance Company Ltd. (SGIC) un-quoted 4,570,389 (30 June, 2008: 4,570,389) ordinary shares of Rs. 10 each - Cost Equity held: 6.71% (30 June, 2008: 6.71%)	12.1	5,000	5,000
Add: adjustment arising from measurement to fair value	12.2	703,410	703,410
		708,410	708,410

Through profit or loss Investments in Mutual Funds

United Composite Islamic Fund 135,097.2700 (30 June, 2008: 128,504.97) units of Rs. 111.031 per unit including 6,592 bonus units received during the period	15,000	15,000
United Growth & Income Fund 97,002.8073 (30 June, 2008: 19,886.745) units of Rs. 103.0898 per unit	10,000	2,000
MCB Dynamic Cash Fund 48,541.0502 (30 June, 2008: 28,180.7097) units of Rs. 103.0056 per unit	5,000	3,000
Faisal Saving & Growth Fund 48,633.4014 (30 June, 2008: Nil) units of Rs. 102.8100 per unit	5,000	-
	35,000	20,000
Add: adjustment arising from measurement to fair value	(3,248)	(1,461)
	31,752	18,539

Investments in Listed Securities

Fauji Cement Company Ltd. 121,800 (30 June, 2008: 121,800) ordinary shares of Rs. 10 each	1,949	1,949
Highnoon Laboratories Ltd. 116,270 (30 June, 2008: 116,270) ordinary shares of Rs. 10 each	9,916	9,916
Shakarganj Mills Ltd. 6,000 (30 June, 2008: 6,000) ordinary shares of Rs. 10 each	250	250
	12,115	12,115
Add: adjustment arising from measurement to fair value	(6,645)	(4,205)
	5,470	7,910
	745,632	734,859



12.1 The management has further extended the period to sell these investments up to 30 June, 2009.

12.2 The fair value of investments as at 30 June 2008, was determined based on the valuation report prepared by independent Valuers M/s Maqbool Haroon & Co. Chartered Accountants 47-C-3, Gulberg III Lahore.

13. Sales - Net

	Un-Audited Sept. 30, 2008	Un-Audited Sept. 30, 2007
 (Rupees in thousand)	
Gross sales		
Local	2,937,065	1,351,893
Export	1,654,924	15,635
	4,591,989	1,367,528
Less:		
Excise duty	424,147	288,946
Special excise duty	20,903	8,806
Sales tax	401,741	175,421
Commission	24,833	21,581
	871,624	494,755
	3,720,365	872,773

14. Finance cost

Mark-up / interest / profit on:		
- loan from related parties	287	-
- long term loans and finances	-	101,603
- redeemable capital	299,441	-
- syndicated term finance	73,130	-
- lease finances	24,450	-
- short term finances	106,192	11,953
Bank guarantees' commission	1,701	1,410
Exchange fluctuation loss	134,186	-
Realised loss on derivative cross currency interest rate swap agreement	269,452	-
Bank charges	25,152	3,441
	933,991	118,407

15. Taxation

In view of available tax losses, the current tax expenses represents the minimum tax on turnover for the period due under section 113 of the Income Tax Ordinance, 2001.

16. Transactions with related parties

Related parties comprise the Holding Company, related Group Companies, Associated Companies, Directors of the Company, Key employees and staff retirement funds. Details of transactions with related parties are as follow:

	Un-Audited Sept. 30, 2008	Audited June 30, 2008
- purchase of fixed assets	-	4,832
- sale of fixed assets	-	972
- purchase of goods and services	1,375	-
- sale of goods and services	703	763

17. Date of authorization for issue

These financial statement were authorized for issue on October 24, 2008 by the board of directors of the company.

18. Figures

- Figures in the condensed interim financial information have been rounded off to the nearest thousand Rupees except stated otherwise.
- Corresponding figures have neither been re-arranged nor re-classified.

Sayeed Tariq Saigol
Chief Executive

Zamiruddin Azar
Director