



1st

Quarterly Report
September 30, 2012



MAPLE LEAF CEMENT

A Kohinoor Maple Leaf Group Company

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COMPANY INFORMATION

Board of Directors

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

Chairman
Chief Executive

Audit Committee

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

Chairman
Member
Member
Member

Human Resource & Remuneration Committee

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

Chairman
Member
Member

Chief Financial Officer

Syed Mohsin Raza Naqvi

Company Secretary

Mr. Muhammad Ashraf

Chief Internal Auditor

Mr. Bilal Hussain

Bankers of the Company

Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
BankIslami Pakistan Limited
Burj Bank Limited
Faysal Bank Limited
First Dawood Islamic Bank Limited
First Women Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
HSBC Bank Middle East Limited
IGI Investment 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
Pak Oman Investment Company Limited
Saudi Pak Industrial & Agricultural Investment Co. Limited
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
Summit Bank Limited
The Bank of Khyber
The Bank of Punjab
Trust Investment Bank Limited
United Bank Limited

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Legal Advisors

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

Registered Office

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

Share Registrar

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

Factory

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

DIRECTORS' REVIEW

The Directors are pleased to present un-audited financial statements of the Company for the first quarter ended on September 30, 2012, in compliance with Section 245 of the Companies Ordinance, 1984.

The Company produced 638,683 metric tons cement during the quarter as compared to 636,270 metric tons during the corresponding period. Net sales were recorded at Rs.3,808 million against sales of Rs.3,356 million in the corresponding period, resulting in 13.47% growth. Sales revenue improved on the back of improved demand resulting in better retention prices in the domestic market. Dispatches to Afghanistan also improved with better margins. Exports by sea were not attractive due to low prices and ever increasing freight cost to get goods to the port. In the current quarter, the Company has benefited from reduction in coal prices resulting in lower per ton cost. The above factors have resulted in rise in gross profit to Rs.1,128 million in current quarter, compared to Rs.670 million in the corresponding period. Operating profit resultantly rose to Rs.892 million during the current quarter as compared to Rs.390 million in the same period last year. There is an impressive decline of 16% in financial charges due to reduction in interest rates and better cash management. However, constant rise in electricity cost and load shedding, negatively impacted on profitability in addition to the slightly extended annual maintenance shut down owing to installation of equipment for smoother kiln operation.

Due to the above factors, the Company recorded post tax profit of Rs.384 million during the period July-Sept. 2012 against the corresponding period when post tax loss amounted to Rs.228 million.

Future Outlook

The discount rate slashing to 10% by State Bank of Pakistan on account of their ongoing policy of monetary easing will keep interest rates at lower levels in the current year. Lower discount rate has been seen after a long period of ever rising finance costs. Monetary easing will help in lowering financial cost and prove beneficial to the bottom line. It is hoped the banking sector will extend greater financial facilities to private businesses including housing and construction sector.

We are hopeful that Government spending on infrastructure, especially in flood affected areas will increase. Being an election year, it can be reasonably assumed that public spending will increase, leading to improved capacity utilisation. The real estate market is also showing some signs of improvement due to enhanced foreign exchange remittances. Increasing urbanization should lead to higher demand for cement. On the negative side, the energy crisis along with continuous hike in fuel prices through tariff increases, Fuel Price Adjustments and Gas Infrastructure Cess will negatively impact the profitability of the Company. Imported coal prices look stable in the near future but expected rupee devaluation can eat into the benefits of lower rates.

Your Company is making every effort to reduce costs in all areas. Special attention is being paid to reduce fuel cost through various measures including use of alternative fuels. Certification of emission reductions (CER'S) from the Waste Heat Recovery Plant, under United Nations Framework Convention for Climate Change (UNFCCC) is in progress and our project has finally been uploaded for registration and final approval from the Executive Board of UNFCCC is awaited. This is expected to generate additional income.

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

For and on behalf of the Board



(Sayeed Tariq Saigol)
Chief Executive

Lahore: October 18, 2012

CONDENSED INTERIM BALANCE SHEET

AS AT SEPTEMBER 30, 2012

	Note	Un-audited September 30, 2012 (Rupees in thousand)	Audited June 30, 2012
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital		7,000,000	7,000,000
Issued, subscribed and paid up capital		5,805,603	5,805,603
Reserves		3,298,415	3,298,415
Accumulated loss		(4,840,379)	(5,275,157)
		4,263,639	3,828,861
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF TAX			
	5	5,235,459	5,298,809
NON-CURRENT LIABILITIES			
Long term loans from Banking Company - secured		2,029,724	2,157,099
Redeemable capital - secured		6,983,000	7,183,000
Syndicated term finances - secured		1,309,375	1,347,000
Liabilities against assets subject to finance lease		229,803	242,625
Long term deposits		6,419	6,219
Deferred taxation	6	1,983,900	2,009,066
Retirement benefits		52,585	50,926
		12,594,806	12,995,935
CURRENT LIABILITIES			
Trade and other payables		3,737,264	3,727,186
Accrued profit / interest / markup		720,714	757,834
Short term borrowings	7	3,236,303	3,249,384
Current portion of:			
- long term loans from banking company - Secured		697,079	746,685
- redeemable capital - secured		1,046,894	1,100,000
- syndicated term finances - secured		182,625	150,000
- liabilities against assets subject to finance lease		877,546	873,279
		10,498,425	10,604,368
CONTINGENCIES AND COMMITMENTS			
	8	-	-
		32,592,329	32,727,973

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.


Chief Executive Officer


Director

ASSETS

NON-CURRENT ASSETS

	Note	Un-audited September 30, 2012 (Rupees in thousand)	Audited June 30, 2012
Property, plant & equipment	9	26,418,900	26,774,317
Intangible assets		6,802	8,797
Long term Investments		3,037	3,037
Long term loans to employees - secured		2,000	2,387
Long term deposits and prepayments		53,398	53,350
		26,484,137	26,841,888

CURRENT ASSETS

Stores, spare parts and loose tools		3,316,242	3,101,943
Stock-in-trade		909,434	903,395
Trade debts	10	492,181	575,931
Loans and advances		321,086	181,168
Short term investments	11	30,725	33,122
Short term deposits and prepayments		115,105	118,651
Accrued profit		275	1,191
Refunds receivable from Government		16,797	16,797
Other receivables		161,990	179,113
Income tax - net		334,699	311,548
Cash and bank balances		409,658	463,226
		6,108,192	5,886,085

32,592,329	32,727,973
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Chief Executive Officer



Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED SEPTEMBER 30, 2012

	Note	Un-audited September 30, 2012 (Rupees in thousand)	Un-Audited September 30, 2011
Sales - net	12	3,807,806	3,356,176
Cost of sales		2,680,235	2,686,404
Gross profit		1,127,571	669,772
Distribution cost		186,174	237,030
Administrative expenses		53,164	46,426
Other operating expenses		720	10,362
		240,058	293,818
Other operating income		4,888	14,083
Profit from operations		892,401	390,037
Finance cost	13	513,995	610,331
Profit / (loss) before taxation		378,406	(220,294)
Taxation	14	(6,003)	7,985
Profit / (loss) after taxation		384,409	(228,279)
..... (R u p e e s).....			
Earnings / (loss) per share			
- Basic		0.70	(0.46)
- Diluted		0.65	(0.46)

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.


Chief Executive Officer


Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED SEPTEMBER 30, 2012

	Un-audited September 30, 2012 (Rupees in thousand)	Un-Audited September 30, 2011
Profit / (loss) after taxation	384,409	(228,279)
Other comprehensive income / (loss) for the period	-	-
Total comprehensive income / (loss) for the period	384,409	(228,279)

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.



Chief Executive Officer



Director

CONDENSED INTERIM CASH FLOW STATEMENT

FOR THE PERIOD ENDED SEPTEMBER 30, 2012

	Un-audited September 30, 2012	Un-Audited September 30, 2011
	(Rupees in thousand)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (loss) for the period - before taxation	378,406	(220,294)
Adjustments for:		
Depreciation	408,723	396,579
Amortization	1,995	1,466
Provision for doubtful debts	2,550	-
Gain on disposal of SGIC investment	-	(4,570)
Investment income-net	2,397	-
Retirement benefits	5,247	1,892
Finance cost	513,995	610,331
Cash generated from operations before working capital changes	1,313,314	785,404
Effect on cash flow due to working capital change		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(214,300)	268,809
Stock-in-trade	(6,039)	(33,049)
Trade debts	81,200	(64,086)
Loans and advances	(139,918)	(14,642)
Short term deposits and prepayments	3,546	4,916
Accrued profit	916	655
Other receivables	17,123	(182,529)
	(2,902)	(807,896)
Decrease in current liabilities		
Trade and other payables	(260,375)	(827,822)
Cash generated / (used) in operations	1,052,939	(42,418)
Loans to employees	387	(902)
Retirement benefits paid	(3,588)	(916)
Taxes paid	(42,314)	(24,745)
Net cash generated / (used) in operating activities	1,007,423	(68,981)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(53,306)	(120,816)
Sale proceeds from investment	-	388,483
Long term investment made	-	200
Increase / (decrease) in long term deposit and prepayments	(48)	690
Net cash (used) / generated in investing activities	(53,354)	269,212
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term loans from banking companies-secured	(176,981)	(64,445)
Repayment of redeemable capital-secured	(253,106)	(1,700)
Repayment of syndicated term finances-secured	(5,000)	(300)
Long term deposits	200	150
Payment of libilites against assets subject to finance lease	(13,888)	511
Payment of short term borrowings	(13,081)	18,987
Finance cost paid	(545,782)	(329,227)
Net cash used in financing activities	(1,007,638)	(376,025)
Net decrease in cash and cash equivalents	(53,568)	(175,795)
Cash and cash equivalents - at beginning of the period	463,226	288,170
Cash and cash equivalents - at end of the period	409,658	112,375

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.


Chief Executive Officer


Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED SEPTEMBER 30, 2012

	Capital Reserves			Revenue Reserves			Total	
	Share Capital	Share premium	Capital redemption reserve	Sub-Total	General reserve	(Accumulated Loss)		Sub-Total
..... Rupees in thousand								
Balance as at 30 June 2011	5,803,458	1,529,874	376,606	1,906,480	1,400,000	(5,976,651)	(4,576,651)	3,133,287
Total comprehensive Income								
Loss for the period ended 30 September 2011	-	-	-	-	-	(228,279)	(228,279)	(228,279)
Surplus on revaluation of property, plant and equipment realized through incremental depreciation (net of tax)	-	-	-	-		62,759	62,759	62,759
Transaction with owners, recorded directly in equity								
Dividend on preference shares for the period ended 30 September 2011	-	-	-	-	-	(13,181)	(13,181)	(13,181)
Balance as at 30 September 2011	5,803,458	1,529,874	376,606	1,906,480	1,400,000	(6,155,352)	(4,755,352)	2,954,586
Balance as at 30 June 2012	5,805,603	1,529,874	368,541	1,898,415	1,400,000	(5,275,157)	(3,875,157)	3,828,861
Total comprehensive Income								
Income for the period ended 30 September 2012	-	-	-	-	-	384,409	384,409	384,409
Surplus on revaluation of property, plant and equipment realized through incremental depreciation (net of tax)	-	-	-	-		63,351	63,351	63,351
Transaction with owners, recorded directly in equity								
Dividend on preference shares for the Period ended 30 September 2012	-	-	-	-	-	(12,982)	(12,982)	(12,982)
Balance as at 30 September 2012	5,805,603	1,529,874	368,541	1,898,415	1,400,000	(4,840,379)	(3,440,379)	4,263,639

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.


Chief Executive Officer


Director

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE PERIOD ENDED SEPTEMBER 30, 2012

1. GENERAL INFORMATION

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

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

2. STATEMENT OF COMPLIANCE

This condensed interim financial information of the Company for the three months ended 30 September 2012 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

3. BASIS OF PREPARATION

This condensed interim financial information should be read in conjunction with annual audited financial statements for the year ended 30 June 2012. Comparative balance sheet is extracted from annual audited financial statements for the year ended 30 June 2012 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 three months ended on 30 September 2011.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended 30 June 2012.

	Un-audited September 30, 2012 (Rupees in thousand)	Audited June 30, 2012
5. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		
Gross Surplus		
Balance at beginning of period / year	7,307,876	7,662,220
Less:		
Transferred to unappropriated profit in respect of incremental depreciation charged during the period / year	(88,517)	(354,344)
	7,219,359	7,307,876

	Un-audited September 30, 2012 (Rupees in thousand)	Audited June 30, 2012
Less: deferred tax liability on:		
Opening balance of revaluation	2,009,066	2,114,100
Incremental depreciation charged on related assets	(25,166)	(105,033)
	1,983,900	2,009,066
	5,235,459	5,298,809

6. DEFERRED TAXATION

This comprises the following:

Deferred tax liability on taxable temporary differences arising in respect of:

- accelerated tax depreciation allowance	3,544,949	3,720,342
- surplus on Revaluation of Property, Plant and Equipment	1,983,900	2,009,066
	5,528,849	5,729,408

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

- unused tax losses	3,102,378	3,278,169
- lease finances	102,741	106,831
- employees' compensated absences	14,950	6,617
- minimum tax recoverable against normal tax charge in future years	324,880	328,725
	3,544,949	3,720,342
	1,983,900	2,009,066

- 6.1 The Company has not recognized the deferred tax asset amounting to Rs. 1,121 million arising due to available tax losses, as sufficient future tax profits may not be available against which the said assets could be utilized.

	Un-audited September 30, 2012 (Rupees in thousand)	Audited June 30, 2012
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7. SHORT TERM BORROWINGS

From banking companies

Cash and running finances- secured	3,149,202	3,224,011
Temporary bank overdraft- unsecured	87,101	25,373
	3,236,303	3,249,384

8. CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

There has been no significant change in the status of contingencies as reported in the preceding published annual financial statement of the company for the year ended 30 June 2012.

	Note	Un-audited September 30, 2012 (Rupees in thousand)	Audited June 30, 2012
8.2 Commitments			
8.2.1 Guarantees issued by various commercial banks, in respect of financial and operational obligations of the company to various institutions and corporate bodies		421,657	413,867
8.2.2 Commitments against capital expenditures		174,087	177,805
8.2.3 Commitments against bills discounted		59,143	-
8.2.4 Commitments against irrevocable letter of credit: -others spare parts		74,112	79,848
		728,999	671,520

9. PROPERTY, PLANT & EQUIPMENT

Operating assets	9.1	26,337,989	26,713,389
Capital work in progress - at cost	9.2	80,911	60,928
		26,418,900	26,774,317

9.1 Operating assets

Balance at beginning of the period / year		26,713,389	24,409,109
Add:			
Additions during the period / Year	9.1.1	33,323	3,940,465
		26,746,712	28,349,574
Less:			
Book value of operating assets disposed-off during the period / year		-	810
Depreciation charged during the period / year		408,723	1,635,375
		26,337,989	26,713,389

	Un-audited September 30, 2012 (Rupees in thousand)	Audited June 30, 2011
9.1.1 Additions during the period / year:		
- buildings on freehold land	350	422,321
- plant & machinery	29,966	3,485,477
- furniture, fixtures and equipment	2,776	8,628
- Roads, bridges and railway sidings	-	5,019
- quarry equipment	-	8,817
- vehicles	231	10,203
	33,323	3,940,465

9.2 Capital work in progress

Tangible Assets

Plant & machinery	38,367	25,295
Unallocated capital expenditures	1,001	1,001
Advances to suppliers against:		
- purchase of land	2,000	2,000
- furniture and fixtures	21,180	17,855
- civil works	2,093	3,842
- plant & machinery	9,257	9,237
- vehicle	7,013	1,699
	80,911	60,929

10. TRADE DEBTS

Considered good		
Export - secured	31,287	116,739
Local - unsecured	463,444	548,042
	494,731	664,781
Less: Provision for doubtful debts	2,550	-
Less : Trade debts written off	-	88,850
	492,181	575,931

11. INVESTMENTS

At fair value through profit or loss- Mutual fund

Mutual Funds:

Noman Abid Reliance Income Fund
Fixed fund (30 June 2012:Fixed fund)

14,000

14,000

14,000

14,000

At fair value through profit or loss- Listed securities

Cement:

Fauji Cement Company Ltd.
121,800 (30 June 2012:121,800)
ordinary shares of Rs.10 each

1,949

1,949

Chemicals:

Highnoon Laboratories Ltd.
127,897 (30 June 2012:127,897)
ordinary shares of Rs.10 each

9,916

9,916

Fertilizers:

Shakarganj Mills Ltd.
6,000 (30 June 2012:6,000)
ordinary shares of Rs.10 each

250

250

Financial Institute:

Next Capital Limited
1,500,000 (30 June 2012 : 1,500,000)
ordinary shares of Rs 10 each

15,000

15,000

27,115

27,115

Add: adjustment arising from measurement
on fair value

(10,390)

(7,993)

16,725

19,122

30,725

33,122

		Three months ended	
	Note	September 30, 2012	September 30 2011
		(Rupees in thousand)	
12. SALES - NET			
Local Sales:			
Gross:		3,654,500	3,307,830
Less:			
Excise Duty		178,542	223,539
Sales Tax		488,864	446,085
Commission		29,187	28,548
		696,593	698,172
Net Local Sales		2,957,908	2,609,658
Export Sales:		849,899	746,518
		3,807,806	3,356,176
13. FINANCE COST			
Profit / interest / mark-up on long term loans, finances, redeemable capital and short term finances		484,248	572,230
Exchange loss		10,712	25,570
Realized loss on derivative cross currency interest rate swap agreement		1,766	2,932
Bank charges		17,269	9,599
		513,995	610,331
14. TAXATION			
Current	14.1	19,163	33,812
Deferred		(25,166)	(25,827)
		(6,003)	7,985

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

15. TRANSACTIONS WITH RELATED PARTIES

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

Three months ended
September 30, September 30,
2012 2011
(Rupees in thousand)

Relationship with the Company	Nature of transaction		
Holding Company			
	- sale of goods and services	127	62
Key Management Personnel			
	- Remuneration and other benefits	24,175	21,985

16. 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 18 October 2012.

17. GENERAL

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



Chief Executive Officer



Director



Maple Leaf
Cement Factory
Limited

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Lawrence
Road, Lahore