

Half Yearly Report

December 31, 2014

HISTORIC EXCELLENCE




میپل لیف
MAPLE LEAF CEMENT
A Kohinoor Maple Leaf Group Company

ایک ۲۵
SOLID



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 Falghpur ('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
HSBC Bank Middle East Limited
Islamic Corporation for the Development of the Private Sector, Jeddah
KASB Bank Limited
MCB Bank Limited

Meezan Bank Limited
National Bank of Pakistan
NIB Bank Limited
Pak Brunei Investment Company Limited
Pak-Libya Holding Company (Pvt.) Limited
Pak Oman Investment Company Limited
Saudi Pak Industrial & Agricultural Investment Co. Limited
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

In compliance with Section 245 of the Companies Ordinance, 1984, the Directors of your Company have pleasure to present the financial statements of the Company for the half year ended 31st December 2014, duly reviewed by the Auditors.

The Company recorded net sales of Rs.9,675 million against Rs.8,844 million in the corresponding period last year. During first half of the financial year, local dispatches increased from 1,008,276 metric tons to 1,090,399 metric tons compared to the corresponding period depicting a healthy growth of 8% 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. 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.

Coal prices continued to follow a downward curve. A decline of 28% since January 2014 to US\$ 59/ton FOB was witnessed which is mainly due to economic slowdown in China and Europe along with increase in supply mainly from the Pacific Basin. However, during the period under review, increase in packing material costs and petcoke rates have slightly depleted margins. In order to offset these adverse elements, the Company is efficiently operating the Waste Heat Recovery Plant along with adopting other measures to enhance efficiency. The Company also benefited from lower inland transportation costs through haulage via the rail way network. Due to these factors, the Company achieved gross profit of Rs.3,488 million in the current period as compared to Rs.2,996 million in the corresponding period, indicating an increase of 16%. Operating profits rose to Rs.2,574 million during the current period as compared to Rs.2,333 million in the corresponding period last year, showing an increase of 10%.

Enhanced profits 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.4,613 million i.e. 33% reduction. As a result, there is a notable decline of 25% in finance cost of the Company.

The Company recorded pre-tax profit of Rs.1,933 million during the period against pre-tax profit of Rs.1,480 million in the corresponding period last year showing growth of 31%. 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.1,434 million, against Rs.1,482 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 on passed and closed transactions where Company has planned its cash flows based on available tax losses.

Dividend

Keeping in view the profitability, the Board of Directors has announced first interim cash dividend at Re.1/- per share i.e. (10%) for the year ending 30 June 2015.

Future Outlook

Going forward, we expect local sales to improve further on account of improved seasonal demand, higher envisaged development expenditure and better fiscal position of the country. Higher disposable income, due to lower inflation, can provide additional support to demand by private expenditure on construction activity.

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. However, after formation of the National Unity Government in Afghanistan, increase in cement export from Pakistan may be witnessed. Exports to India have also improved due to better demand.

The international coal prices continue to be on a declining trend since last couple of years and it is expected that downward trend will persist keeping the cost of goods sold, under control. Additionally, due to falling oil prices, the current Heavy Furnace Oil (HFO) rates at around Rs.42,000(Incl. GST)/ton provide a lucrative opportunity for the Company to generate power through HFO from its standby engines which will result in reduction of overall power cost and enhance the reliability factor due to reduced dependence on the national grid. Gas price hike could be a negative factor in the short term due to 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 paying off Sukuk / Syndicate and other debt obligations at an enhanced pace and is current on all debt obligations supported by improved cash flows and effective cash management.

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 27, 2015



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AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED 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 2014 and the related condensed interim profit and loss account, condensed interim cash flow statement, condensed interim statement of comprehensive income, 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 "condensed 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 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.

The figures for the quarters ended 31 December 2014 and 31 December 2013 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

Lahore
Date: 27 January 2015

KPMG Taseer Hadi & Co.
Chartered Accountants
(Kamran Iqbal Yousafi)

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 (UN-AUDITED)

AS AT DECEMBER 31, 2014

	Note	Un-audited December 31, 2014 (Rupees in thousand)	Audited June 30, 2014
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
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		4,009,138	2,414,100
		11,344,615	9,749,577
SURPLUS ON REVALUATION OF FIXED ASSETS - NET OF TAX	5	4,730,032	4,891,515
NON - CURRENT LIABILITIES			
Long term loans from banking companies - secured	6	344,212	478,615
Redeemable capital - secured		3,058,000	5,583,000
Syndicated term finances - secured		503,500	1,046,000
Liabilities against assets subject to finance lease - secured		685,148	735,090
Long term deposits		6,619	6,879
Deferred taxation		2,434,905	2,208,403
Retirement benefits		78,300	79,654
		7,110,684	10,137,641
CURRENT LIABILITIES			
Current portion of:			
- Long term loans from banking companies - secured		89,547	178,388
- Redeemable capital - secured	6.1	1,379,725	600,000
- Syndicated term finance - secured		252,000	150,000
- Liabilities against assets subject to finance lease - secured		117,366	105,333
Trade and other payables	7	3,077,459	3,305,698
Accrued profit / interest / mark-up		168,951	174,625
Provision for taxation - net		112,563	-
Short term borrowings		3,112,925	2,618,528
		8,310,536	7,132,572
CONTINGENCIES AND COMMITMENTS	8		
		31,495,867	31,911,305

The annexed notes from 1 to 20 form an integral part of this condensed interim financial information.


Chief Executive Officer


Director

ASSETS

NON - CURRENT ASSETS

	Note	Un-audited December 31, 2014 (Rupees in thousand)	Audited June 30, 2014
Fixed assets	9	24,105,266	24,705,782
Long term investments		1,625	1,625
Long term loans to employees - secured		7,395	4,440
Long term deposits		55,016	54,013
		<hr/> 24,169,302	<hr/> 24,765,860

CURRENT ASSETS

Stores, spare parts and loose tools		3,758,657	3,772,803
Stock-in-trade		1,386,066	1,151,460
Trade debts	10	664,484	839,037
Loans and advances		933,995	907,509
Short term investments	11	8,625	6,780
Short term deposits and prepayments		103,042	73,680
Accrued profit		959	2,352
Refunds due from Government		16,797	16,797
Other receivables	7	189,399	97,969
Advance tax - net of provision		-	70,214
Cash and bank balances		264,541	206,844
		<hr/> 7,326,565	<hr/> 7,145,445
		<hr/> <hr/> 31,495,867	<hr/> <hr/> 31,911,305


Chief Executive Officer


Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2014 (UN-AUDITED)

	Note	Half year ended December 31, 2014	Half year ended December 31, 2013	Quarter ended December 31, 2014	Quarter ended December 31, 2013
(..... Rupees in thousand)					
Sales - net	12	9,674,772	8,843,887	5,221,466	4,651,939
Cost of goods sold		(6,187,246)	(5,847,988)	(3,312,651)	(3,010,570)
Gross profit		3,487,526	2,995,899	1,908,815	1,641,369
Distribution cost		(638,812)	(477,165)	(338,704)	(245,428)
Administrative expenses		(179,672)	(139,535)	(89,470)	(72,772)
Other charges		(120,740)	(92,087)	(75,849)	(67,917)
Other income		(939,224) 25,658	(708,787) 45,537	(504,023) 9,213	(386,117) 28,819
Profit from operations		2,573,960	2,332,649	1,414,005	1,284,071
Finance cost	13	(640,682)	(852,495)	(270,004)	(377,755)
Profit before taxation		1,933,278	1,480,154	1,144,001	906,316
Taxation		(499,723)	2,303	(255,765)	19,902
Profit after taxation		1,433,555	1,482,457	888,236	926,218
Earnings per share - basic and diluted	(Rupees)	2.72	2.81	1.68	1.76

The annexed notes from 1 to 20 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, 2014 (UN-AUDITED)

	Half year ended December 31, 2014	Half year ended December 31, 2013	Quarter ended December 31, 2014	Quarter ended December 31, 2013
	(..... Rupees in thousand)			
Profit after taxation	1,433,555	1,482,457	888,236	926,218
Other comprehensive income for the period	-	12,647	-	12,647
Total comprehensive income for the period	1,433,555	1,495,104	888,236	938,865

The annexed notes from 1 to 20 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, 2014 (UN-AUDITED)

	Note	December 31, 2014 (Rupees in thousand)	December 31, 2013
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations before working capital changes	14	3,446,151	3,170,864
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		14,146	(196,922)
Stock-in-trade		(234,606)	46,461
Trade debts		173,133	(31,363)
Loans and advances		(26,486)	(62,793)
Short term deposits and prepayments		(29,362)	(50,142)
Other receivables		(91,430)	(16,813)
		(194,605)	(311,572)
Decrease in current liabilities			
Trade and other payables		(228,239)	(175,728)
		(422,844)	(487,300)
Net cash generated from operations		3,023,307	2,683,564
Increase in long term loans to employees - secured		(2,955)	(1,477)
Retirement benefits paid		(7,590)	(9,255)
Taxes paid		(90,444)	(98,199)
Net cash generated from operating activities		2,922,318	2,574,633
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure		(274,963)	(360,281)
Proceeds from disposal of fixed assets		1,527	6,372
(Increase) / decrease in long term deposits and prepayments		(1,003)	2,588
Profit on bank deposits received		8,965	6,405
Net cash used in investing activities		(265,474)	(344,916)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of long term loans from banking companies - secured		(119,010)	(730,008)
Repayment of redeemable capital - secured		(1,850,000)	(403,462)
Repayment of syndicated term finances - secured		(440,500)	(83,875)
Decrease in long term deposits		(260)	(50)
Payment of liabilities against assets subject to finance lease - net		(54,294)	(70,528)
Increase in short term borrowings		433,296	19,249
Finance cost paid		(629,479)	(894,138)
Redemption of preference shares		-	(163,720)
Preference dividend paid		(1)	(5)
Net cash used in financing activities		(2,660,248)	(2,326,537)
Net decrease in cash and cash equivalents		(3,404)	(96,820)
Cash and cash equivalents at the beginning of the period		(255,311)	(274,862)
Cash and cash equivalents at the end of the period	15	(258,715)	(371,682)

The annexed notes from 1 to 20 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, 2014 (UN-AUDITED)

	Share Capital	Capital Reserves			Revenue Reserves	Total Equity
		Share premium	Capital redemption reserve	Sub-Total	Accumulated profit/(loss)	
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 six months period ended 31 December 2013	-	-	-	-	1,482,457	1,482,457
Other comprehensive income for the period	-	-	-	-	12,647	12,647
Transfer of incremental depreciation from surplus on revaluation of fixed assets - net of tax	-	-	-	-	124,584	124,584
Balance as at 31 December 2013 - un-audited	5,277,340	1,529,874	528,263	2,058,137	1,055,124	8,390,601
Total comprehensive income						
Profit for the six months period ended 30 June 2014	-	-	-	-	1,347,717	1,347,717
Other comprehensive income for the period	-	-	-	-	(24,478)	(24,478)
Transfer of incremental depreciation from surplus on revaluation of fixed assets - net of tax	-	-	-	-	1,323,239	1,323,239
	-	-	-	-	35,574	35,574
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 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

The annexed notes from 1 to 20 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, 2014 (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 Basis of accounting

2.1.1 This condensed interim financial information comprises the condensed interim balance sheet of the Company, as at 31 December 2014 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 2014 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.

2.1.3 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 financial statements for the year ended on 30 June 2014.

2.1.4 This condensed interim financial information is being submitted to the shareholders as required by Section 245 of the Companies Ordinance, 1984.

2.2 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, key estimates and uncertainty includes:

- Residual value and useful life estimation of fixed assets
- Taxation
- Retirement and other benefits
- Provisions and contingencies

3. SIGNIFICANT ACCOUNTING POLICIES

- 3.1** 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.
- 3.2** 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 2015:

Standard or interpretation	Effective date (accounting periods beginning on or after)
IAS 19 - Employee Benefits	01 July 2014
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 2015
IFRS 11 - Joint Arrangements	01 January 2015
IFRS 12 - Disclosure of Interest in Other Entities	01 January 2015
IFRS 13 - Fair Value Measurement	01 January 2015
IAS 27 - Separate Financial Statements	01 January 2016
Annual Improvements to IFRSs 2010-2012 and 2011-2013 Cycles	01 July 2014
Annual Improvements to IFRSs 2012-2014 Cycles	01 January 2016

4. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

Ordinary shares: Number of shares	Un-audited December 31, 2014 (Rupees in thousand)	Audited June 30, 2014
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.

	Note	Un-audited December 31, 2014 (Rupees in thousand)	Audited June 30, 2014
5. SURPLUS ON REVALUATION OF FIXED ASSETS - NET OF TAX			
Gross Surplus			
As at beginning of the period / year		6,608,146	6,956,695
Less:			
Effect of disposal of fixed assets		-	(225)
Transferred to unappropriated profit in respect of incremental depreciation charged during the period / year		(174,290)	(348,324)
As at end of the period / year		6,433,856	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		-	(62)
Incremental depreciation charged on related assets		(12,807)	(188,167)
As at end of the period / year		1,703,824	1,716,631
		4,730,032	4,891,515
6. LONG TERM LOANS FROM BANKING COMPANIES - SECURED			
Habib Bank Limited - term loan facility		330,239	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		13,973	17,146
		344,212	478,615

- 6.1** During the current period a long term loan from HSBC Bank Middle East Limited, as disclosed in Note 8.4 of preceding published annual financial statements of the Company for the year ended 30 June 2014, amounting Rs. 104.76 million (30 June 2014: Rs. 114.25 million) was converted from long term loan to Redeemable Capital - Sukuk in consequence of acquisition of HSBC Bank Middle East Limited by Meezan Bank Limited. The converted facility carries profit at the 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 December 31, 2014 (Rupees in thousand)	Audited June 30, 2014
7. IT ALSO INCLUDES THE FOLLOWING AMOUNTS:		
Due from / (to) Holding Company	97,119	(251,570)

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. 217.19 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. 414.067 million (30 June 2014: Rs. 399.71 million in favour of Sui Northern Gas Pipelines Limited and Government Institutions.

	Note	Un-audited December 31, 2014 (Rupees in thousand)	Audited June 30, 2014
8.3 Commitments			
8.3.1 In respect of			
- capital expenditures		16,357	2,559
- irrevocable letters of credit for spare parts		448,398	208,761
		464,755	211,320

9. FIXED ASSETS

Operating fixed assets	9.1	24,036,277	24,661,336
Capital work in progress - at cost	9.2	68,989	44,446
		24,105,266	24,705,782

	Note	Un-audited December 31, 2014 (Rupees in thousand)	Audited June 30, 2014
9.1 Operating fixed assets			
Balance at beginning of the period / year		24,661,336	25,542,553
Add: Additions during the period / year	9.1.1	250,420	811,962
		<u>24,911,756</u>	<u>26,354,515</u>
Less: Book value of operating fixed assets disposed-off during the period / year		1,529	2,932
Depreciation charge during the period / year		873,950	1,690,247
		<u>24,036,277</u>	<u>24,661,336</u>
9.1.1 Additions during the period / year:			
Freehold land		-	3,100
Buildings on freehold land		50,810	69,839
Roads, bridges and railway sidings		-	1,000
Plant and machinery		149,362	663,338
Furniture, fixtures and equipment		17,318	59,666
Quarry equipment		-	1,879
Vehicles		32,930	13,140
		<u>250,420</u>	<u>811,962</u>
9.2 Capital work in progress - at cost			
Plant and machinery		62,631	33,856
Unallocated capital expenditures		1,001	1,001
Advances to suppliers against:			
- Purchase of land		2,000	2,000
- Plant and machinery		3,357	2,310
- Vehicles		-	5,279
		<u>68,989</u>	<u>44,446</u>

	Un-audited December 31, 2014 (Rupees in thousand)	Audited June 30, 2014
10. TRADE DEBTS		
Considered good		
Export - secured	73,755	76,993
Local - unsecured	590,729	762,044
	664,484	839,037
Considered doubtful		
Local - unsecured	10,000	13,046
Less: Provision for doubtful trade debts	7,786	8,580
Less : Trade debts written off	2,214	4,466
	664,484	839,037
10.1 Movement in provision for doubtful trade debts		
As at the beginning of the period / year	8,580	7,987
Provision recognized during the period / year	1,420	5,059
Less: Debtor's written off	(2,214)	(4,466)
	7,786	8,580
11. SHORT TERM INVESTMENTS		
At fair value through profit or loss - quoted		
Next Capital Limited		
1,500,000 (30 June 2014: 1,500,000) ordinary shares of Rs 10 each market value Rs. 5.75 per share (30 June 2014: Rs. 4.52 per share)		
Cost		
As at beginning of the year	15,000	15,000
Unrealized fair value loss		
As at beginning of the period / year	8,220	7,650
Fair value (gain) / loss for the period / year	(1,845)	570
As at end of the period / year	6,375	8,220
Fair value as at 31 December	8,625	6,780

Half year ended (Un-audited)
December 31, 2014 December 31, 2013
(Rupees in thousand)

12. SALES - NET

Gross local sales	10,146,812	9,189,944
Less:		
Federal excise duty	436,636	386,818
Sales tax	1,670,934	1,532,517
Commission	68,393	60,694
	2,175,963	1,980,029
Net local sales	7,970,849	7,209,915
Export sales	1,703,923	1,633,972
	9,674,772	8,843,887

13. FINANCE COST

Profit / interest / mark-up on long term loans, finances redeemable capital and short term finances	590,174	689,966
Exchange loss	36,126	141,222
Realized loss on derivative cross currency interest rate swap agreement	-	2,243
Bank charges	14,382	19,064
	640,682	852,495

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

Profit before taxation	1,933,278	1,480,154
Adjustments for:		
Depreciation	873,950	842,399
Provision for doubtful debts	1,420	1,016
Loss / (gain) on disposal of fixed assets - net	2	(4,496)
Gain on re-measurement short term investments at fair value	(1,845)	(150)
Retirement benefits	6,236	5,990
Finance cost	640,682	852,495
Profit on bank deposits	(7,572)	(6,544)
	3,446,151	3,170,864

	Half year ended (Un-audited)	
	December 31, 2014	December 31, 2013
	(Rupees in thousand)	
15. CASH AND CASH EQUIVALENTS		
Short term running finance	(523,256)	(967,331)
Cash and bank balances	264,541	595,649
	<u>(258,715)</u>	<u>(371,682)</u>

16. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of the shareholders, 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 from holding company is shown under other receivables. Other significant transactions with related parties are as follows:

Relationship with the company	Nature of transaction	Half year ended (Un-audited)	
		December 31, 2014	December 31, 2013
		(Rupees in thousand)	
Holding Company	- Sale of goods and services	16,791	393
	- Sale of fixed assets	-	54
Key Management Personnel	- Remuneration and other benefits	92,166	56,376
Post employment benefit plans	- Contribution to Provident Fund Trust	30,251	23,529

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 December 2013: 100.00%) of gross sales of the Company. Sale comprises 92.71% (31 December 2013: 91.82%) sale of grey cement and 7.29% (31 December 2013: 8.18%) 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	Half year ended (Un-audited) December 31, 2014 December 31, 2013 (Rupees in thousand)	
Asia	96.33%	95.66%
Africa	3.67%	4.34%
	<u>100.00%</u>	<u>100.00%</u>

- 17.4 All assets of the Company as at 31 December 2014 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 27 January 2015.

19. EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors of the Company in their meeting held on 27 January 2015 declared interim cash dividend of Rs. 1.00 (10%) per share for the six months period ended 31 December 2014. However, there are certain conditions imposed by the providers of debt finance to be fulfilled by the Company to make dividend payment. The Company has taken adequate steps to comply with these conditions before dividend payment to the shareholders.

20. GENERAL

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


Chief Executive Officer


Director



مپل لیف



MAPLE LEAF CEMENT

42 Lawrence Road, Lahore. Pakistan