

EVOLUTION OF CEMENT

HALF YEARLY REPORT

December 31, 2019

EVOLUTION OF CEMENT

Throughout history, cementing materials have played a vital role and were used widely, like in the Seven Wonders of the Ancient World: Great Pyramid of Giza, Hanging Gardens of Babylon, Great Wall of China, Petra Jordan, Colosseum of Italy, Leaning Tower of Pisa and Taj Mahal of India are the first known list of the most remarkable creations of classical antiquity; it was based on guidebooks popular among Hellenic sightseers and only includes works located around the Mediterranean rim and in Mesopotamia. The number seven was chosen because the Greeks believed it represented perfection and plenty and because it was the number of the five planets known anciently, plus the sun and moon.

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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	
Ms. Jahanara Saigol	
Mr. Shafiq Ahmed Khan	
Mr. Zulfikar Monnoo	
Syed Mohsin Raza Naqvi	

National Bank of Pakistan
PAIR Investment Company Limited
Samba Bank Limited
Silk Bank Limited
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
Summit Bank Limited
The Bank of Punjab
Trust Investment Bank Limited
U Microfinance Bank Limited
United Bank Limited

Executive Directors

Mr. Amir Feroze	Plant Operations
Mr. Sohail Sadiq	Finance
Mr. Yahya Hamid	Marketing

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants
351 Shadman-1, Jail Road, Lahore, Pakistan.
Tel: +92 42 111-KPMGTH (576484)
Fax: +92 42 37429907

Audit Committee

Mr. Shafiq Ahmed Khan	Chairman
Mr. Zulfikar Monnoo	Member
Mr. Waleed Tariq Saigol	Member
Mr. Danial Taufique Saigol	Member

Legal Adviser

Mr. Abdul Rehman Qureshi
Advocate High Court

Human Resource & Remuneration Committee

Mr. Shafiq Ahmed Khan	Chairman
Mr. Zulfikar Monnoo	Member
Mr. Danial Taufique Saigol	Member

Chief Financial Officer

Syed Mohsin Raza Naqvi

Registered Office

42-Lawrence Road, Lahore.
Phone: +92 42 36278904-5
Fax: +92 42 36368721
E-mail: mohsin.naqvi@kmlg.com

Company Secretary

Mr. Muhammad Ashraf

Factory

Iskanderabad, District: Mianwali
Phone: +92 459 392237-8

Chief Internal Auditor

Mr. Zeeshan Malik Bhutta

Call Centre (24 / 7)

0800-41111

Bankers of the Company

Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
BankIslami Pakistan Limited
Albaraka Bank Limited
Dubai Islamic Bank Limited
Faysal Bank Limited
FINCA Microfinance Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
MCB Islamic Bank Limited
Meezan Bank Limited

Share Registrar

Vision Consulting Ltd
Head Office: 3-C, LDA Flats, First Floor,
Lawrence Road, Lahore
Phone: +92 42 36283096-97
Fax: +92 42 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 237 of the Companies Act, 2017, the Directors of your Company have pleasure to present unaudited standalone and consolidated financial statements for the first half year of financial year 2019-20 ended 31st December 2019.

Consolidated financial highlights of the Company and its wholly-owned subsidiary, Maple Leaf Power Limited (MLPL) are as follows: -

	1st Half Year 2019-20 (July to December)		Variance	Percentage
	2019	2018		
	(----- Rupees in thousand -----)			
Net Sales Revenue	16,182,293	12,432,947	3,749,346	30%
Gross Profit	618,152	3,374,984	(2,756,832)	(82%)
Operating (Loss) / Profit	(196,945)	2,468,801	(2,665,746)	(108%)
Finance Cost	1,669,372	720,680	948,692	132%
(Loss) / Profit before Taxation	(1,866,317)	1,748,121	(3,614,438)	(207%)
Taxation	(99,233)	413,398	(512,631)	(124%)
(Loss) / Profit after Taxation	(1,767,084)	1,334,723	(3,101,807)	(232%)
		Restated		
(Loss) / Earnings per Share (Rs.)	(2.42)	1.94	(4.36)	(225%)

Standalone financial highlights of the Company, Maple Leaf Cement Factory Limited are as follows: -

	1st Half Year 2019-20 (July to December)		Variance	Percentage
	2019	2018		
	(----- Rupees in thousand -----)			
Net Sales Revenue	16,182,293	12,432,947	3,749,346	30%
Gross (Loss) / Profit	(66,659)	2,764,623	(2,831,282)	(102%)
Operating (Loss) / Profit	(858,840)	1,884,306	(2,743,146)	(146%)
Finance Cost	1,692,596	670,437	1,022,159	152%
(Loss) / Profit before Taxation	(2,551,436)	1,213,869	(3,765,305)	(310%)
Taxation	(99,233)	413,398	(512,631)	(124%)
(Loss) / Profit after Taxation	(2,452,203)	800,471	(3,252,674)	(406%)
		Restated		
(Loss) / Earnings per Share (Rs.)	(3.35)	1.16	(4.51)	(389%)

Standalone financial highlights of the Company are based on power cost supplied by MLPL at NEPRA approved base tariff.

Comparative data of capacity utilization and dispatches for the period under review is as under: -

Particulars	(July to December)		Variance	
	2019 (----- M. Tons -----)	2018 M. Tons	Change	Percentage
Production:				
Clinker Production	2,848,551	1,620,212	1,228,339	75.81%
Cement Production	2,853,260	1,605,835	1,247,425	77.68%
Sales:				
Domestic	2,716,993	1,455,753	1,261,240	86.64%
Exports	129,456	160,866	(31,410)	(19.53%)
	2,846,449	1,616,619	1,229,830	76.07%

Total Sales volume of 2,846,449 tons achieved depicts an increase of 76.07% over 1,616,619 tons sold during the corresponding period last year. The domestic sales volume increased to 2,716,993 tons registering an increase of 86.64% and exports sales volume was recorded at 129,456 tons, a decrease of 19.53%.

During the period under review, the Company recorded net consolidated sales of Rs. 16,182 million against Rs. 12,433 million in the corresponding period last year; mainly driven by 87% growth in local dispatches on the back of successful commencement of new production line 3. Despite a stunning growth of 87% in local dispatches, topline increased by only 30%; mainly due to reduced retention on account of competition in the local market against backdrop of excess cement supply. Tougher competition has also hampered the cement industry's ability to pass on the increase in Federal Excise Duty by Rs. 500 per ton and increase in outbound freight due to implementation of axle load restrictions.

After Budget 2019-20, Federal Board of Revenue's measures to improve documentation in the economy has created unrest and anxiety in the markets. Overall economy witnessed a recessionary trend during the period under review, due to reluctance to adhere to reforms in the taxation regime for documentation of the economy. Domestic market registered slowdown in protest against these measures followed after applicability of documentation conditions and disallowance of input sales tax on sales made to unregistered dealers.

Excess supply of cement due to completion of recent expansions has created fierce competition for market share in the local markets. The excess cement supply, backed by devaluation of Pak Rupee has triggered the need to look for new export markets. However, the increase in cost of locally produced cement due to higher input and transportation costs along with declining prices in export markets due to tough competition have impacted export sales. Moreover, 200% import duty in India on goods exported from Pakistan has impaired cement exports to India and companies located in North region are adversely affected. The export margins are still razor thin due to higher input costs and competition in international markets. During the first half of the current financial year, the Company's export volumes declined by 19.5% to reach 129,456 tons as compared to 160,866 tons during corresponding period.

Relying on own power generation sources, the Company was able to avoid the likely adverse

impact on its profitability due to hikes in electricity tariff by NEPRA. The Company relied mainly on its internal power generation sources to meet its electricity requirements which includes coal fired power plant (CFPP) setup as wholly- owned subsidiary, Maple Leaf Power Limited (MLPL), a cost competitive advantage to the Company. After Waste Heat Recovery Plant, CFPP is the cheapest source of electricity for the Company.

Landed cost of coal has substantially increased due to implementation of axle load restriction on inland transportation, devaluation of Pak Rupee and shifting of discharge port to PIBTL from KPT under government orders, which has proved expensive. However, the Company was able to keep its fuel and power costs under control along with advantage derived by increased use of pet coke which is cost effective due to higher energy content and prudent purchases at cheaper rates during the current financial year. The Company is benefitting from lower inland transportation costs through transport via the railway network resulting in reasonable savings. The contract with Pakistan Railways for transportation of coal from port to our plant site was extended till June 2021.

Another factor to increase production cost was upward revision in mining royalty rates. Punjab Mines and Minerals Department has notified 120% increase in limestone royalty and 200% for argillaceous clay. The Company is contesting the matter in the Honourable, Lahore High Court.

On account of aforementioned factors impacting cost of production, the Company achieved consolidated gross profit of Rs. 618 million during the reporting period with a decrease of 82% from Rs. 3,375 million in the corresponding period last year.

The management of the Company has initiated cost control measures in all areas with a specific focus to reduce fixed administrative costs. These measure will bear fruit in coming days with a significant reduction in overall fixed cost.

Continuous hike in policy rate by State Bank of Pakistan and additional drawdown from short-term lines to cater higher operational level has caused finance costs during the reporting period to reach Rs. 1,669 million as compared to Rs. 721 million in the corresponding period in consolidated terms. Finance cost for the current period includes full change on borrowing for new line 3.

To reduce current debt levels and to improve debt/equity leverage, the Board of Directors decided to raise a sum of Rs. 6,056 million by way of right issue. This sum of Rs. 6,056 million is classified as Share Deposit Money as of reporting date. However, on January 03, 2020, Share Deposit Money was converted into Paid-up Share Capital after allotment of shares. The proceeds from right issues have been utilized for early repayment of long term debt. This will help the Company to better face the adverse impact on profitability on account of higher interest costs.

The Company recorded consolidated pre-tax loss of Rs. 1,866 million for the reporting period against consolidated pre-tax profit of Rs. 1,748 million in corresponding period. Taxation component pertains only to Maple Leaf Cement Factory Limited's standalone operations and amounted to negative change of Rs. 99 million for the reporting period as compared to Rs 413 million charge in corresponding period.

All the above factors have impacted post-tax bottom line for the reporting period to register a decline of 232% at a consolidated loss of Rs. 1,767 million against profit of Rs. 1,335 million in the bottom line for corresponding period last year.

Profits earned from Maple Leaf Power Limited (MLPL), a wholly owned subsidiary of the Company, established to install and operate 40 MW imported coal-fired captive power plant MLPL are exempt from charge of income tax. MLPL has earned tax-free net profit of Rs. 685 million during the first half of financial year 2019-20. Power generation from this plant has led to substantial savings in input cost on account of reduced electricity unit cost when compared to FESCO and has favourably impacted consolidated results. Moreover, self-generation of power has reduced the company's reliance on national grid.

Future Outlook

Going forward, we expect cement demand and current price levels in domestic market to remain choppy for the rest of the financial year due to excess cement supply, prevailing political uncertainty in the country and disturbing geopolitical situation. Local demand, including reduction in public and private sector development expenditure is bound to impact offtake. However, the cement industry is also keenly eyeing PSDP allocations and also the future developments on CPEC, which currently are progressing, albeit at a slower pace. Moreover, current Government's focus on structural reforms particularly in the taxation structure namely condition for CNIC based buying, penalizing non-filers with double withholding rates and enforcement level measures at FBR like compulsory registration of dealers, are expected to put further pressure on overall economy and cement sector as well.

After the completion of further expansions in North region during the financial year 2019-20, there will be increased pressure on cement supply side. This, coupled with lackluster domestic demand has compressed cement sale price in the local market.

Global coal prices have started rising again after touching low levels on account of increased sea freight costs and after winter season buying. Cost reduction efforts continue to be the 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 despite the recent rise in oil prices and devaluation of Pak Rupee.

Exports will continue to increase with the Company's efforts to explore new markets for both cement and clinker. We also expect that anticipated improvements in diplomatic relations between Pakistan and India should ease trade between the neighboring countries soon.

Acknowledgement

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

Lahore
February 25, 2020


(Syed Mohsin Raza Naqvi)
Director


(Sayeed Tariq Saigol)
Chief Executive



KPMG Taseer Hadi & Co.
Chartered Accountants
351 Shadman-1, Jail Road,
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Independent Auditor's Review Report to the members of Maple Leaf Cement Factory Limited Report on Review of Condensed Interim Unconsolidated Financial Statements

Introduction

We have reviewed the accompanying condensed interim unconsolidated statement of financial position of **Maple Leaf Cement Factory Limited** ("the Company") as at 31 December 2019 and the related condensed interim unconsolidated statement of profit or loss, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of changes in equity, and condensed interim unconsolidated statement of cash flows, and notes to the unconsolidated condensed interim financial statements for the six-month period then ended (here-in-after referred to as "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements 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 statements 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 interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other matters

The figures of the condensed interim unconsolidated statement of profit or loss and condensed interim unconsolidated statement of comprehensive income for the quarters ended 31 December 2019 and 31 December 2018, have not been reviewed by us and we do not express a conclusion on them.

The engagement partner on the review resulting in this independent auditor's review report is M. Rehan Chughtai.

Lahore
Date: February 25, 2020


KPMG Taseer Hadi & Co.
Chartered Accountants

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

	Note	Un-audited December 31, 2019 (Rupees in thousand)	Audited June 30, 2019
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Authorized share capital	5	15,000,000	9,000,000
Issued, subscribed and paid-up share capital	5	5,937,007	5,937,007
Capital reserves		5,640,300	5,640,300
Accumulated profits		12,413,516	15,052,799
Share deposit money	5.3	6,055,747	-
Surplus on revaluation of fixed assets - net of tax	6	3,676,539	3,884,480
		33,723,109	30,514,586
NON - CURRENT LIABILITIES			
Long term loans from financial institution - secured	7.1	12,695,193	15,990,227
Long term loan from Subsidiary Company	7.2	1,000,000	1,000,000
Long term deposits		8,664	8,664
Deferred taxation		3,704,866	3,705,927
Retention money payable		381,841	368,499
Retirement benefits		230,778	205,354
		18,021,342	21,278,671
CURRENT LIABILITIES			
Current portion of long term loans from financial Institutions - secured	7	1,257,436	1,315,135
Trade and other payables	8	8,782,338	8,218,303
Unclaimed dividend		51,549	40,564
Mark-up accrued on borrowings		808,427	575,029
Short term borrowings - secured		5,330,660	4,015,487
		16,230,410	14,164,518
CONTINGENCIES AND COMMITMENTS			
	9	67,974,861	65,957,775

The annexed notes from 1 to 23 form an integral part of these condensed interim unconsolidated financial statements.


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR

Un-audited
Note December 31,
2019
(Rupees in thousand)

Audited
June 30,
2019

ASSETS

NON - CURRENT ASSETS

Property, plant and equipment	10	45,469,525	46,640,664
Intangible assets		11,264	13,529
Long term investment	11	5,020,000	5,020,000
Long term loans to employees - secured		24,306	19,824
Long term deposits		56,470	56,880
		<hr/> 50,581,565	<hr/> 51,750,897

CURRENT ASSETS

Stores, spare parts and loose tools		7,093,799	7,208,762
Stock-in-trade		2,305,404	1,739,014
Trade debts	12	4,466,349	2,683,758
Loans and advances		500,484	805,159
Short term investments	13	368,068	17,887
Short term deposits and prepayments		218,422	173,598
Accrued profit		2,460	2,272
Other receivables		30,296	35,319
Income tax refundable		1,524,185	1,046,711
Cash and bank balances		883,829	494,398
		<hr/> 17,393,296	<hr/> 14,206,878
		<hr/> <hr/> 67,974,861	<hr/> <hr/> 65,957,775


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS (UN-AUDITED)

FOR SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2019

		Half year ended December 31, 2019	Half year ended December 31, 2018	Quarter ended December 31, 2019	Quarter ended December 31, 2018
	Note	(..... Rupees in thousand)			
Sales - net	14	16,182,293	12,432,947	9,035,251	6,682,639
Cost of sales	15	(16,248,952)	(9,668,324)	(8,892,822)	(5,106,933)
Gross (loss) / profit		(66,659)	2,764,623	142,429	1,575,706
Distribution cost		(454,598)	(389,604)	(280,625)	(193,940)
Administrative expenses		(388,395)	(355,574)	(204,177)	(166,942)
Other charges		(45,581)	(149,995)	(35,341)	(86,085)
		(888,574)	(895,173)	(520,143)	(446,967)
Other income		96,393	14,856	57,335	12,774
(Loss) / profit from operations		(858,840)	1,884,306	(320,379)	1,141,513
Finance cost	16	(1,692,596)	(670,437)	(883,390)	(358,063)
(Loss) / profit before taxation		(2,551,436)	1,213,869	(1,203,769)	783,450
Taxation		99,233	(413,398)	56,712	(325,205)
(Loss) / profit after taxation		(2,452,203)	800,471	(1,147,057)	458,245
(Loss) / earnings per share - basic and diluted (Rupees)	17	(3.35)	(Restated) 1.16	(1.48)	(Restated) 0.67

The annexed notes from 1 to 23 form an integral part of these condensed interim unconsolidated financial statements.


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR

**CONDENSED INTERIM UNCONSOLIDATED
STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**
FOR SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2019

	Half year ended December 31, 2019	Half year ended December 31, 2018	Quarter ended December 31, 2019	Quarter ended December 31, 2018
	(..... Rupees in thousand)			
(Loss) / profit after taxation	(2,452,203)	800,471	(1,147,057)	458,245
Other comprehensive income	-	-	-	-
Total comprehensive (loss) / income for the period	(2,452,203)	800,471	(1,147,057)	458,245

The annexed notes from 1 to 23 form an integral part of these condensed interim unconsolidated financial statements.


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR SIX MONTHS ENDED DECEMBER 31, 2019

	Note	December 31, 2019	December 31, 2018
(Rupees in thousand)			
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / profit before taxation		(2,551,436)	1,213,869
Adjustments for:			
Depreciation		1,657,586	1,126,205
Amortization		2,266	5,150
Provision for WPPF		-	65,788
Provision for WWF		-	37,122
Bad debts written off		5,643	-
Advances written off		1,467	-
(Gain) / loss on disposal of property, plant and equipment		(19,434)	21,132
(Gain) / loss on re-measurement of short term investments at fair value		(25,313)	9,281
Retirement benefits		38,828	28,814
Finance cost		1,692,596	670,437
Profit on bank deposits		(3,210)	(8,902)
Cash generated from operations before working capital changes		798,993	3,168,896
(Increase) / decrease in current assets:			
Stores, spare parts and loose tools		114,963	(1,265,955)
Stock-in-trade		(566,390)	(481,892)
Trade debts		(1,788,234)	92,173
Loans and advances		303,208	698,829
Short term deposits and prepayments		(44,824)	(50,396)
Other receivables		5,023	9,623
		(1,976,254)	(997,618)
Increase in current liabilities:			
Trade and other payables		564,040	751,227
Net cash (used in) / generated from operations		(613,221)	2,922,505
Increase in long term loans to employees - secured		(4,482)	(2,891)
Retirements benefits paid		(13,404)	(15,937)
Taxes paid		(477,474)	(495,627)
Net cash (used in) / generated from operating activities		(1,108,581)	2,408,050
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(513,090)	(4,787,625)
Purchase of intangible assets		-	(5,220)
Proceeds from disposal of fixed assets		46,077	38,388
Increase in long term deposits and prepayments		410	(326)
Profit on bank deposits received		3,022	8,656
Net cash used in investing activities		(463,581)	(4,746,127)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Repayments of) / receipts of long term loans from financial institutions - secured - net		(3,352,733)	3,875,740
Share deposit money		6,055,747	-
Receipts from / (repayments) of short term borrowings - net		1,290,043	(902,094)
Finance cost paid		(1,445,856)	(506,508)
Redemption of preference shares		(5)	(18)
Dividend paid		(285,865)	(589,421)
Net cash generated from financing activities		2,261,331	1,877,699
Net increase / (decrease) in cash and cash equivalents		689,169	(460,378)
Cash and cash equivalents at beginning of the period		(815,565)	(636,985)
Cash and cash equivalents at end of the period	18	(126,396)	(1,097,363)

The annexed notes from 1 to 23 form an integral part of these condensed interim unconsolidated financial statements.



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR SIX MONTHS ENDED DECEMBER 31, 2019

	Share Capital	Share deposit money	Capital Reserves				Revenue Reserves	Total Equity
			Share premium	Capital redemption reserve	Sub-Total	Surplus on revaluation of fixed assets - net of tax	Accumulated profits	
..... Rupees in thousand								
Balance as at 30 June 2018 - audited	5,937,007	-	5,112,037	528,263	5,640,300	4,264,543	14,069,289	29,911,139
Effect of initial application of IFRS 9, net of tax	-		-	-	-	-	(89,460)	(89,460)
Adjusted balance as at 1 July 2018	5,937,007	-	5,112,037	528,263	5,640,300	4,264,543	13,979,829	29,821,679
Total comprehensive income								
Profit for the six months ended 31 December 2018	-	-	-	-	-	-	800,471	800,471
Other comprehensive Income for the period	-	-	-	-	-	-	-	-
Transfer of incremental depreciation from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	-	800,471	800,471
	-	-	-	-	-	(115,735)	115,735	-
Transactions with owners of the Company								
Final cash dividend @ Re. 1 per share for the year ended 30 June 2018	-	-	-	-	-	-	(593,701)	(593,701)
Balance as at 31 December 2018 - un-audited	5,937,007	-	5,112,037	528,263	5,640,300	4,148,808	14,302,334	30,028,449
Total comprehensive Income								
Profit for the six months ended 30 June 2019	-	-	-	-	-	-	664,828	664,828
Other comprehensive income for the period	-	-	-	-	-	-	(25,209)	(25,209)
Effect on deferred tax due to change in tax rate and proportion of local and export sales	-	-	-	-	-	-	639,619	639,619
	-	-	-	-	-	(153,482)	-	(153,482)
Transfer of incremental depreciation from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	-	107,435	-
	-	-	-	-	-	(107,435)	107,435	-
Reversal of revaluation surplus on disposal of fixed assets - net of tax	-	-	-	-	-	(3,411)	3,411	-
Balance as at 30 June 2019 - audited	5,937,007	-	5,112,037	528,263	5,640,300	3,884,480	15,052,799	30,514,586
Total comprehensive income								
Loss for the six months ended 31 December 2019	-	-	-	-	-	-	(2,452,203)	(2,452,203)
Other comprehensive income for the period	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	(2,452,203)	(2,452,203)
Effect on deferred tax due to change in proportion of local and export sales	-	-	-	-	-	-	(98,171)	(98,171)
Transfer of incremental depreciation from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	-	108,210	-
	-	-	-	-	-	(108,210)	108,210	-
Reversal of revaluation surplus on disposal of fixed assets - net of tax	-	-	-	-	-	-	1,560	-
	-	-	-	-	-	(1,560)	1,560	-
Transactions with owners of the Company								
Final cash dividend @ Rs. 0.5 per share for the year ended 30 June 2019	-	-	-	-	-	-	(296,850)	(296,850)
Share deposit money received during the period	-	6,055,747	-	-	-	-	-	6,055,747
Balance as at 31 December 2019 - un-audited	5,937,007	6,055,747	5,112,037	528,263	5,640,300	3,676,539	12,413,516	33,723,109

The annexed notes from 1 to 23 form an integral part of these condensed interim unconsolidated financial statements.


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)

FOR SIX MONTHS ENDED DECEMBER 31, 2019

1. REPORTING ENTITY

- 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 Act, 2017) as a public company limited by shares. The Company is listed on Pakistan Stock Exchange. 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 Separate financial statements

These condensed interim unconsolidated financial statements are the separate financial statements of the Company in which investment in subsidiary is accounted for on the basis of direct equity interest rather than on the basis of reported results and net assets of the investee. Consolidated condensed interim financial statements of the Company are prepared and presented separately.

The Company has the following long term investment:

	Un-audited December 31, 2019 (Direct holding percentage)	Audited June 30, 2019
Subsidiary Company		
Maple Leaf Power Limited	100	100

2.2 Statement of compliance

- 2.2.1 These condensed interim unconsolidated financial statements comprises the condensed interim unconsolidated statement of financial position of the Company, as at 31 December 2019 and the related condensed interim unconsolidated statement of profit or loss, condensed interim unconsolidated statement of other comprehensive income, condensed interim unconsolidated statement of cash flow and condensed interim unconsolidated statement of changes in equity together with the notes forming part thereof.

These condensed interim unconsolidated financial statements has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

- 2.2.2 These condensed interim unconsolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual audited financial statements for the year ended 30 June 2019. Comparative unconsolidated statement of financial position numbers are extracted from the annual unconsolidated audited financial statements of the Company for the year ended 30 June 2019, whereas comparatives of condensed interim unconsolidated statement of profit or loss, unconsolidated statement of other comprehensive income, unconsolidated statement of cash flows and unconsolidated statement of changes in equity are stated from unaudited condensed interim unconsolidated financial statements of the Company for the six months period ended 31 December 2018.
- 2.2.3 These condensed interim unconsolidated financial statements are unaudited and being submitted to the shareholders as required under Section 237 of the Companies Act, 2017 and the Listing Regulations of Pakistan Stock Exchange Limited.
- 2.2.4 These condensed interim unconsolidated financial statements are presented in Pakistan Rupees which is the Company's functional currency and all financial information presented has been rounded off to the nearest rupees, except otherwise stated.

3. JUDGMENTS AND ESTIMATES

In preparing these condensed interim unconsolidated financial statements management has made 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.

The significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty are the same as those applied in the preparation of annual audited unconsolidated financial statements for the year ended 30 June 2019.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim unconsolidated financial statements are same as those applied in the preparation of the unconsolidated financial statements for the year ended 30 June 2019 except for the adoption of new standards effective as of 01 July 2019 as stated below:

4.1 Change in significant accounting policy

During the period, the Company has adopted IFRS 16 'Leases' from 01 January 2019. IFRS 16 replaces existing guidance on accounting for leases, including IAS 17, Leases, IFRIC 4, Determining whether an Arrangement contains a Lease, SIC-15, Operating Leases- Incentive, and SIC-27, Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 introduces an on balance sheet lease accounting model for long term operating leases (short-term leases and leases where the underlying assets are of low value continue to be treated as off-balance sheet operating leases). A lessee recognizes a right-of-use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as either finance or operating leases. Adoption of this standards has no material impact on the condensed interim unconsolidated financial statements for the period six month ended on 31 December 2019.

4.2 Standards, interpretations or amendments to approved accounting standards not yet effective

The following standards, interpretations or amendments of approved accounting standards will be effective for accounting periods as detailed below:

	Effective date (accounting period beginning on or after)
- IFRS 3, Business Combinations - (Amendments)	01 January 2020
- IAS 1, Presentation of Financial Statements (Amendments)	01 January 2020
- IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	01 January 2020
- IFRS 14 Regulatory Deferral Accounts	01 July 2019
- Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7	01 January 2020

5. SHARE CAPITAL

5.1 Authorized share capital

		Un-audited December 31, 2019	Audited June 30, 2019	Un-audited December 31, 2019	Audited June 30, 2019
Note		Number of shares		(Rupees in thousand)	
(30 June 2019: 800,000,000) ordinary shares of Rs. 10 each	5.1.1	1,400,000,000	800,000,000	14,000,000	8,000,000
(30 June 2019: 100,000,000) 9.75% redeemable cumulative preference shares of Rs. 10 each		100,000,000	100,000,000	1,000,000	1,000,000
		<u>1,500,000,000</u>	<u>900,000,000</u>	<u>15,000,000</u>	<u>9,000,000</u>

5.1.1 Pursuant to the approval of the Board of Directors and the shareholders in their meeting held on 19 September 2019 and 26 October 2019, respectively, the Company has increased its authorised share capital during the period.

		Un-audited December 31, 2019	Audited June 30, 2019	Un-audited December 31, 2019	Audited June 30, 2019
	Note	Number of shares		(Rupees in thousand)	
5.2 Issued, subscribed and paid-up share capital					
(30 June 2019: 356,326,596) ordinary shares of Rs. 10 each fully paid in cash		356,326,596	356,326,596	3,563,266	3,563,266
(30 June 2019: 35,834,100) ordinary shares of Rs. 10 each issued as fully paid for consideration other than cash		35,834,100	35,834,100	358,341	358,341
(30 June 2019: 46,069,400) ordinary shares of Rs. 10 each issued as fully paid bonus shares		46,069,400	46,069,400	460,694	460,694
(30 June 2019: 153,846,153) ordinary shares of Rs. 10 each issued as fully paid right shares at discount	5.2.1	153,846,153	153,846,153	1,538,462	1,538,462
(30 June 2019: 1,624,417) ordinary shares of Rs. 10 each issued on conversion of preference shares into ordinary shares	5.2.2	1,624,417	1,624,417	16,244	16,244
		593,700,666	593,700,666	5,937,007	5,937,007

5.2.1 During the financial year ended 30 June 2011, the Company issued 153,846,153 shares at Rs. 6.50 per share at a discount of Rs. 3.50 per share otherwise than right against Rs. 1,000 million to the Holding Company, after complying with all procedural requirements in this respect.

5.2.2 During the financial years ended 30 June 2011 and 30 June 2012, 1,321,095 preference shares were converted into 1,624,417 ordinary shares at a conversion rate of 1.2296.

5.2.3 The Holding Company holds 327,836,727 ordinary shares, which represents 55.22% (30 June 2019 : 55.22%) of total ordinary issued, subscribed and paid-up capital of the Company.

5.2.4 All shares issued by the Company have equal voting rights. There are no special rights available to any shareholder.

5.3 Share deposit money

This represents share deposit money received during the period against issue of 504,645,566 right shares of the Company. During the period the Board of Directors in their meeting held on 19 September 2019, approved issue of 504,645,566 right shares at the price of Rs. 12 per share (including premium of Rs. 2 per share). Shares have been issued subsequent to period end.

	Un-audited December 31, 2019 (Rupees in thousand)	Audited June 30, 2019
6. SURPLUS ON REVALUATION OF FIXED ASSETS - NET OF TAX		
At beginning of the period / year	5,058,008	5,362,272
Surplus on disposal of fixed assets during the period / year - net of deferred tax	(1,560)	(3,411)
Related deferred tax liability	(580)	(1,138)
Transfer to unappropriated profit in respect of incremental depreciation charged during the period / year- net of deferred tax	(108,210)	(223,170)
Related deferred tax liability	(40,173)	(76,545)
At end of the period / year	4,907,485	5,058,008
Deferred tax liability on revaluation surplus		
At beginning of the period / year	1,173,528	1,097,729
Transferred to unappropriated profit in respect of disposal of fixed assets during the period / year	(580)	(1,138)
Transferred to unappropriated profit in respect of incremental depreciation charged during the period / year	(40,173)	(76,545)
Effect of change in tax rate and proportion of local and export sales	98,171	153,482
At end of the period / year	1,230,946	1,173,528
	3,676,539	3,884,480

7. LONG TERM LOANS FROM FINANCIAL INSTITUTIONS - SECURED

	Lender	Sanctioned Limit	Un-audited December 31, 2019	Audited June 30, 2019	Remaining tenure of principal repayment
----- Rupees in '000' -----					
Loans from banking companies					
1	Askari Bank Limited - Term Finance	1,000,000	989,981	989,981	28 equal quarterly installments starting from 28 March 2020
2	Bank of Punjab - Demand Finance	2,000,000	1,754,367	1,754,367	28 equal quarterly installments starting from 28 May 2020
3	MCB Bank Limited - Demand Finance	2,000,000	1,367,921	1,915,088	20 equal quarterly installments starting from 22 June 2022
4	National Bank of Pakistan - Demand Finance	5,500,000	3,708,570	3,708,570	26 equal quarterly installments starting from 30 June 2020
5	Samba Bank - Term Finance	750,000	450,000	750,000	12 equal quarterly installments starting from 20 March 2022
6	MCB Bank Limited (EX NIB) - Term Finance	2,000,000	1,488,379	1,984,505	21 equal quarterly installments starting from 4 May 2022
7	MCB Islamic - Diminishing Musharikah	1,500,000	1,104,167	1,500,000	18 equal quarterly installments starting from 22 March 2022
8	Habib Bank Ltd. - Term Finance	1,000,000	714,286	1,000,000	20 equal quarterly installments starting from 28 September 2022
9	Askari Bank Limited - Term Finance	500,000	125,000	375,000	5 equal quarterly installments starting from 04 March 2022
10	Bank of Punjab - Demand Finance	1,500,000	1,048,146	1,197,885	14 equal quarterly installments ending on 06 April 2023
11	MCB Bank Limited - Demand Finance	1,000,000	185,145	592,466	5 equal quarterly installments starting from 06 April 2022
12	National Bank of Pakistan - Demand Finance	1,000,000	700,000	800,000	14 equal quarterly installments ending on 06 April 2023
13	MCB Islamic Bank - Diminishing Musharikah	500,000	166,667	437,500	8 equal quarterly installments starting from 13 December 2022
Loan from Development Financial Institution					
1	Pair Investment Company Limited	300,000	150,000	300,000	8 equal quarterly installments starting from 28 September 2021
			20,550,000	17,305,362	
				(1,315,135)	
				15,990,227	

Less: Current portion of long term loans - secured

Long term portion of loans

7.1 There has been no change in markup terms and securities related to the existing loans from banking companies as disclosed in note 8 to the audited unconsolidated financial statements as at 30 June 2019.

7.2 Long term loan from Subsidiary Company

This represents balance due to Maple Leaf Power Limited, the subsidiary of the Company, which is repayable in four equally quarterly installments starting from 1 September 2021 and carries markup of 3 months Kibor plus 1% at per annum which is repayable quarterly.

		Un-audited December 31, 2019 (Rupees in thousand)	Audited June 30, 2019
8.	TRADE AND OTHER PAYABLES		
	Trade creditors	2,816,086	2,614,735
	Due to related party - unsecured	1,642,923	1,142,050
	Bills payable - secured	418,054	673,915
	Contract liabilities	251,573	526,357
	Accrued liabilities	798,134	745,263
	Payable to Workers' Profit Participation Fund	1,193,949	1,193,949
	Payable to Workers' Welfare Fund	4,844	4,844
	Payable to Provident Fund Trust	13,911	12,861
		7,139,474	6,913,974
	Payable to Government on account of:		
	Federal Excise Duty payable	842,105	726,771
	Royalty and Excise Duty payable	90,608	25,228
	Sales tax payable - net	260,699	122,184
	Other taxes payable	100,639	95,012
		1,294,051	969,195
	Contractors' retention money	273,318	261,461
	Payable against redemption of preference shares	1,013	1,018
	Security deposits repayable on demand	61,162	58,780
	Other payables	13,320	13,875
		348,813	335,134
		8,782,338	8,218,303
8.1	Due to related party - unsecured		
	Due to Holding Company	210,902	-
	Due to Subsidiary Company	1,432,021	1,142,050
		1,642,923	1,142,050

8.1.1 This represents current account balance with Kohinoor Textile Mills Limited (the "Holding Company") which carries markup at an effective rate of 14.5% per annum.

9. CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

There has been no significant change in the status of contingencies as reported in the preceding published annual financial statements of the Company for the year ended 30 June 2019 except for disclosed below:

9.1.1 During the period, Additional Commissioner Inland Revenue (ACIR) vide order dated 27 January 2020 raised additional income tax demand of Rs. 303.360 million, relating to the tax year 2017, under section 122(5A) of the Income Tax Ordinance, 2001. The Company is in process of filing an appeal against the said order before the Commissioner Inland Revenue (Appeals). Based on opinion of the Company's tax advisor, management is confident of favourable outcome of the matter, hence no provision is being recognized in respect of this matter in these condensed interim unconsolidated financial statements.

9.2 Guarantees given by banks on behalf of the Company are of Rs. 662.757 million (30 June 2019: Rs. 655.039 million) in favour of Sui Northern Gas Pipeline Limited and Government Institutions.

9.3 Commitments

	Un-audited December 31, 2019 (Rupees in thousand)	Audited June 30, 2019
9.3.1 In respect of:		
- capital expenditure	648,350	529,999
- irrevocable letters of credit for spare parts	390,621	326,077
	1,038,971	856,076

10. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	10.1	44,670,348	46,152,331
Capital work in progress - at cost	10.2	738,197	428,416
Stores & spares held for capital expenditure		60,980	59,917
		45,469,525	46,640,664
10.1 Operating fixed assets			
Balance at beginning of the period / year		46,152,331	22,815,983
Add: Additions during the period / year	10.1.1	202,246	25,810,545
		46,354,577	48,626,528
Less: Book value of operating assets disposed - off during the period / year		26,643	118,087
Depreciation charge during the period / year		1,657,586	2,356,110
		44,670,348	46,152,331

	Note	Un-audited December 31, 2019 (Rupees in thousand)	Audited June 30, 2019
10.1.1 Additions during the period / year:			
- freehold land		-	767,136
- buildings on freehold land		46,095	7,361,436
- plant and machinery		141,342	17,565,846
- furniture, fixtures and equipment		5,956	24,097
- roads, bridges and railway sidings		527	1,784
- quarry equipment		5,713	7,080
- vehicles		2,613	83,166
		202,246	25,810,545
10.2 Movement in capital work-in-progress - at cost			
At beginning of the period / year		428,416	16,873,730
Additions during the period / year		369,155	9,098,712
Less: Transfers during the period / year		(59,374)	(25,544,026)
At end of the period / year	10.2.1	738,197	428,416
10.2.1 Capital work-in-progress - at cost			
Civil works		209,039	306,205
Plant and machinery		176,321	21,155
Roads and bridges		249,664	-
Advance to supplier against:			
- civil works		42,625	30,376
- plant and machinery		60,520	68,720
- office equipment		-	250
- vehicles		28	1,710
		738,197	428,416
11. LONG TERM INVESTMENT			
Investment in Maple Leaf Power Limited - Unquoted		5,020,000	5,020,000
11.1 The Company holds 100% (30 June 2019: 100%) shares in the Maple Leaf Power Limited, a wholly owned subsidiary of the Company.			

	Note	Un-audited December 31, 2019 (Rupees in thousand)	Audited June 30, 2019
12. TRADE DEBTS			
Considered good			
Considered good - unsecured		15,065	354,894
Local debtors			
Considered good - unsecured		4,451,284	2,328,864
Considered doubtful - unsecured		161,189	161,189
Less: Provision for doubtful balances		(161,189)	(161,189)
		4,451,284	2,328,864
		4,466,349	2,683,758
13. SHORT TERM INVESTMENT			
Investment at fair value through profit or loss - listed securities			
Next Capital Limited			
1,500,000 (30 June 2019: 1,500,000) ordinary shares of Rs 10 each			
1,875,000 (30 June 2019: 1,875,000) right shares of Rs 8 each			
Market value Rs 12.8 per share (30 June 2019: Rs 5.3 per share)			
Cost			
At beginning and end of the period / year		30,000	30,000
Unrealized fair value gain / (loss)			
At beginning of the period / year		(12,113)	2,062
Fair value gain / (loss) for the period / year		25,313	(14,175)
At the end of period / year		13,200	(12,113)
Fair value at end of period / year		43,200	17,887
Investment at Amortised cost - debt instrument			
Term deposit receipts	13.1	324,868	-
		368,068	17,887

- 13.1 This represents term deposit having maturity of 30 January 2020 (subsequently encashed by the Company on 03 January 2020) and carries mark-up at rate of 11.23% per annum.

Half year ended (Un-audited)
December 31, 2019 December 31, 2018
(Rupees in thousand)

14. SALES - NET

Gross local sales	25,725,835	16,360,654
Less:		
Federal Excise Duty	(5,433,986)	(2,183,629)
Sales Tax	(4,492,436)	(2,622,204)
Discount	(308,057)	(151,745)
Commission	(122,151)	(62,578)
	(10,356,630)	(5,020,156)
Net local sales	15,369,205	11,340,498
Export sales	813,088	1,092,449
	813,088	1,092,449
	16,182,293	12,432,947

15. COST OF SALES

Raw material consumed	1,294,153	566,444
Packing material consumed	1,776,035	878,423
Fuel	5,844,510	3,572,860
Power and associated costs	3,935,396	2,225,979
Stores, spare parts and loose tools consumed	748,883	348,890
Water charges	87,001	-
Salaries, wages and other benefits	667,272	545,857
Rent, rates and taxes	14,975	12,468
Insurance	46,273	21,871
Repairs and maintenance	205,550	196,626
Depreciation	1,627,573	1,098,416
Amortization	837	3,001
Vehicles running and maintenance	112,935	92,308
Freight and forwarding	329,545	422,394
Other expenses	79,153	118,476
	16,770,091	10,104,013
Work in process:		
At beginning of the period	928,144	665,606
At end of the period	(1,432,638)	(1,130,280)
	(504,494)	(464,674)
Cost of goods manufactured	16,265,597	9,639,339
Finished goods:		
At beginning of the period	500,060	303,589
At end of the period	(516,705)	(274,604)
	(16,645)	28,985
Cost of sales	16,248,952	9,668,324

		Half year ended (Un-audited) December 31, 2019 December 31, 2018 (Rupees in thousand)	
16.	FINANCE COSTS		
	Profit / interest / mark up on:		
	- Long term loans from financial institutions	1,219,040	174,145
	- Long term loan from Subsidiary Company	72,642	-
	- Short term borrowings	364,607	260,295
		1,656,289	434,440
	Exchange loss - net	-	210,436
	Unwinding Interest - Retention money payable	13,342	10,692
	Bank and other charges	22,965	14,869
		1,692,596	670,437

17. (LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED

17.1 Basic (loss) / earnings per share

		Half year Un-audited December 31, 2019	Half year Un-audited December 31, 2018	Quarter ended December 31, 2019	Quarter ended December 31, 2018
Unit		(Restated)		(Restated)	
(Loss) / profit after taxation	Rupees in '000	(2,452,203)	800,471	(1,147,057)	458,245
Weighted average number of ordinary shares	No. of shares in '000	731,047	688,752	773,342	688,752
	Rupees	(3.35)	1.16	(1.48)	0.67
17.2 Weighted average number of ordinary shares					
Number of shares as at 01 July		593,701	593,701	593,701	593,701
Add: Impact on weighted average number of shares due to right issue during the period		137,346	95,051	179,641	95,051
		731,047	688,752	773,342	688,752

17.2.1 Earning per share for the period ended 31 December 2018 presented in these condensed interim unconsolidated financial statements have been restated by incorporating the impact of bonus element on right shares. Refer to note 5.3 for further details.

17.3 There is no dilution effect on the basic (loss) / earnings per share.

Half year ended (Un-audited)
December 31, December 31,
2019 2018
(Rupees in thousand)

18. CASH AND CASH EQUIVALENTS

Short term running finance and cash finance	(1,335,093)	(1,764,385)
Term deposit receipts	324,868	-
Cash and bank balances	883,829	667,022
	<u>(126,396)</u>	<u>(1,097,363)</u>

19. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

31 December 2019						
Carrying Amount (Un-audited)				Fair Value (Un-audited)		
Fair Value through statement of profit or loss	Financial assets at amortized costs	Other financial liabilities	Total	Level 1	Level 2	Level 3

Note ----- (Rupees in thousand) -----

On - Statement of financial position instruments

Financial assets measured at fair value

Short term investment	43,200	-	-	43,200	43,200	-	-
	<u>43,200</u>	<u>-</u>	<u>-</u>	<u>43,200</u>	<u>43,200</u>	<u>-</u>	<u>-</u>

Financial assets not measured at fair value

Cash and bank balances	-	883,829	-	883,829	-	-	-
Long term loans to employees - secured	-	36,219	-	36,219	-	-	-
Short term investment	-	324,868	-	324,868	-	-	-
Short term deposits	-	143,995	-	143,995	-	-	-
Other receivable	-	30,296	-	30,296	-	-	-
Accrued profit	-	2,460	-	2,460	-	-	-
Long term deposits	-	56,470	-	56,470	-	-	-
Trade debts - unsecured, considered good	-	4,466,349	-	4,466,349	-	-	-

19.1 - 5,944,486 - 5,944,486 - - -

Financial liabilities measured at fair value

	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Financial liabilities not measured at fair value

Long term loans from financial institution - secured	-	-	13,952,629	13,952,629	-	-	-
Long term loan from Subsidiary Company	-	-	1,000,000	1,000,000	-	-	-
Long term deposits	-	-	8,664	8,664	-	-	-
Retention money payable	-	-	381,841	381,841	-	-	-
Trade and other payables	-	-	6,024,010	6,024,010	-	-	-
Mark-up accrued on borrowings	-	-	808,427	808,427	-	-	-
Short term borrowing - secured	-	-	5,330,660	5,330,660	-	-	-

19.1 - - 27,506,231 27,506,231 - - -

30 June 2019							
	Carrying Amount (Audited)			Fair Value (Audited)			
	Fair Value through statement of profit or loss	Financial assets at amortized costs	Other financial liabilities	Total	Level 1	Level 2	Level 3
Note	----- (Rupees in thousand) -----						
On - Statement of financial position instruments							
Financial assets measured at fair value							
Short term investment	17,887	-	-	17,887	17,887	-	-
	<u>17,887</u>	<u>-</u>	<u>-</u>	<u>17,887</u>	<u>17,887</u>	<u>-</u>	<u>-</u>
Financial assets not measured at fair value							
Cash and bank balances	-	494,398	-	494,398	-	-	-
Long term loans to employees - secured	-	29,747	-	29,747	-	-	-
Short term deposits	-	140,036	-	140,036	-	-	-
Accrued profit	-	2,272	-	2,272	-	-	-
Long term deposits	-	56,880	-	56,880	-	-	-
Other receivable	-	35,319	-	35,319	-	-	-
Trade debts - unsecured, considered good	-	2,683,758	-	2,683,758	-	-	-
19.1	<u>-</u>	<u>3,442,410</u>	<u>-</u>	<u>3,442,410</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured at fair value							
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value							
Long term loans from banking companies - secured	-	-	17,305,362	17,305,362	-	-	-
Long term loan from Subsidiary Company	-	-	1,000,000	1,000,000	-	-	-
Long term deposits	-	-	8,664	8,664	-	-	-
Retention money payable	-	-	368,499	368,499	-	-	-
Trade and other payables	-	-	5,511,097	5,511,097	-	-	-
Unclaimed dividend	-	-	40,564	40,564	-	-	-
Mark-up accrued on borrowings	-	-	575,029	575,029	-	-	-
Short term borrowings - secured	-	-	4,015,487	4,015,487	-	-	-
19.1	<u>-</u>	<u>-</u>	<u>28,824,702</u>	<u>28,824,702</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

Freehold land, buildings on freehold land, roads, bridges and railway sidings, plant and machinery have been carried at revalued amounts determined by professional valuers (level 3 measurement) based on their assessment of the market values. The valuations are conducted by the valuation experts appointed by the Company. The valuation experts used a market based approach to arrive at the fair value of the Company's properties. For revaluation of freehold land fair market value was assessed through inquiries to real estate agents and property dealers in near vicinity of freehold land. Different valuation methods and exercises were adopted according to experience, location and other usage of freehold land. Valuer had also considered all relevant factors as well. In case of buildings on freehold land, roads, bridges and railway sidings, construction specifications were noted for each building and structure and new construction rates are applied according to construction specifications for current replacement values. After determining current

replacement values, depreciation was calculated to determine the current assessed market value. For revaluation of plant and machinery, suppliers and different cement plant consultants in Pakistan and abroad were contacted to collect information regarding current prices of comparable cement plant to determine current replacement value. Fair depreciation factor for each item is applied according to their physical condition, usage and maintenance. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these condensed interim unconsolidated financial statements.

20. RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	2019					
	Dividend Payable	Long term financing	Share Deposit Money	Short term borrowing	Accrued markup	Total
	----- (Rupees in thousand) -----					
As at 30 June 2019	40,564	17,305,362	-	4,015,487	575,029	21,936,442
Changes from financing cash flows						
Dividend paid	(285,865)	-	-	-	-	(285,865)
Finance cost	-	-	-	-	(1,445,856)	(1,445,856)
Proceeds of short term borrowings - net	-	-	-	1,290,043	-	1,290,043
Repayment of long term financing - net	-	(3,352,733)	-	-	-	(3,352,733)
Share deposit received	-	-	6,055,747	-	-	6,055,747
Total changes from financing cash flows	(285,865)	(3,352,733)	6,055,747	1,290,043	(1,445,856)	2,261,336
Other changes						
Final cash dividend	296,850	-	-	-	-	296,850
Change in short term running finance - net	-	-	-	25,130	-	25,130
Finance cost excluding unwinding of retention money	-	-	-	-	1,679,254	1,679,254
Total liability related other changes	296,850	-	-	25,130	1,679,254	2,001,234
As at 31 December 2019	51,549	13,952,629	6,055,747	5,330,660	808,427	26,199,012

	2018					
	Dividend Payable	Long term financing	Share Deposit Money	Short term borrowing	Accrued markup	Total
	----- (Rupees in thousand) -----					
As at 30 June 2018	110,743	13,752,696	-	5,360,421	283,415	19,507,275
Changes from financing cash flows						
Dividend paid	(589,421)	-	-	-	-	(589,421)
Finance cost	-	-	-	-	(506,508)	(506,508)
Repayments of short term borrowings - net	-	-	-	(902,094)	-	(902,094)
Repayment of long term financing - net	-	3,875,740	-	-	-	3,875,740
Share deposit received	-	-	-	-	-	-
Total changes from financing cash flows	(589,421)	3,875,740	-	(902,094)	(506,508)	1,877,717
Other changes						
Final cash dividend	593,701	-	-	-	-	593,701
Change in short term running finance - net	-	-	-	494,738	-	494,738
Finance cost excluding unwinding of retention money	-	-	-	-	659,745	659,745
Total liability related other changes	593,701	-	-	494,738	659,745	1,748,184
As at 31 December 2018	115,023	17,628,436	-	4,953,065	436,652	23,133,176

21. RELATED PARTY TRANSACTIONS AND BALANCES

The related parties comprise of the Holding Company, the Subsidiary Company, directors of the Company, key management personnel and close family members of directors and other key management personnel, and post employment retirement plan. Amount due from and due to related parties are shown under respective notes. Other significant transactions with related parties except those disclosed elsewhere are as follows:

			Half year ended (Un-audited)	
			December 31, 2019	December 31, 2018
			(Rupees in thousand)	
Name of parties	Relationship	Transactions		
a) Kohinoor Textile Mills Limited	Holding Company (55.22% equity held)	Sale of goods and services	77,862	39,663
		Expenses paid by related party on behalf of the company	13,476	10,360
		Markup charged by holding company during the period	6,685	(3,059)
		Dividend paid	163,918	327,837
		Funds received during the period	870,000	-
		Funds paid during the period	600,000	254,000
b) Maple Leaf Power Limited	Subsidiary Company (100% equity held)	Sale of goods and services	1,174,249	38,217
		Purchase of goods and services	2,994,117	2,419,737
		Markup charged during the period	72,642	-
		Expense paid on behalf of related party	224,397	448,152
c) Key management personnel		Remuneration and other benefits	201,755	167,889
d) Employee benefits				
- Gratuity	Post employment benefit plan	Contribution	9,106	9,603
- Provident Fund Trust	Employees benefit fund	Contribution	77,447	80,058

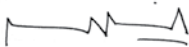
21.1 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The Company considers all members of their management team, including Chief Executive Officer and Directors to be its key management personnel.

22. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim unconsolidated financial statements were authorized for issue on 25 February 2020 by the Board of Directors of the Company.

23. GENERAL

Figures in these condensed interim unconsolidated financial statements have been rounded-off to the nearest thousand Rupees except stated otherwise.



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

Consolidated Financial Statements

For The Half Year Ended December 31, 2019



DIRECTORS' REVIEW

The Directors are pleased to present the un-audited condensed interim consolidated financial statements of Maple Leaf Cement Factory Limited (the Holding Company) and its wholly owned subsidiary company Maple Leaf Power Limited (collectively referred to as group) for the half-year ended 31 December 2019.

GROUP RESULTS

The Group has earned gross profit of Rupees 618 million as compared to Rupees 3,375 million of corresponding period. The Group made after tax loss of Rupees 1,767 million during this period as compared to profit of Rupees 1,335 million during the corresponding period.

The overall group financial results are as follows:

	December 31, 2019	December 31, 2018
	(Rupees in million)	
Net Sales Revenues	16,182	12,433
Gross Profit	618	3,375
(Loss) / Profit from operations	(197)	2,469
Financial Charges	1,669	721
Net (Loss) / Profit After Tax	(1,767)	1,335
	-----Rupees-----	
		Restated
Earnings per share – basic and diluted	(2.42)	1.94

SUBSIDIARY COMPANY

MAPLE LEAF POWER LIMITED (MLPL)

Maple Leaf Cement Factory Limited has formed a subsidiary company namely “Maple Leaf Power Limited (MLPL).” MLPL (“the Subsidiary”) was incorporated in Pakistan on 15 October 2015 under the Companies Ordinance, 1984 (now the Companies Act, 2017) as public limited company. The principal objective of MLPL is to develop, design, operate and maintain electric power generation plant in connection therewith to engage in the business of generation, sale and supply of electric power to the Holding Company.

ACKNOWLEDGEMENT

The Directors are grateful to the group's members, financial institutions, customers and employees for their cooperation and support. They also appreciate the hard work and dedication of the employees working in different roles.

For and on behalf of the Board

Lahore
February 25, 2020


(Syed Mohsin Raza Naqvi)
Director


(Sayeed Tariq Saigol)
Chief Executive

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

	Note	Un-audited December 31, 2019 (Rupees in thousand)	Audited June 30, 2019
EQUITY AND LIABILITIES			
Share capital and reserves attributable To owners of the Company			
Authorized share capital	5	15,000,000	9,000,000
Issued, subscribed and paid-up share capital	5	5,937,007	5,937,007
Capital reserves		5,640,300	5,640,300
Accumulated profits		14,991,646	16,945,810
Share deposit money	5.3	6,055,747	-
Surplus on revaluation of fixed assets - net of tax	6	3,676,539	3,884,480
		36,301,239	32,407,597
NON - CURRENT LIABILITIES			
Long term loans from financial institution - secured	7.1	12,695,193	15,990,227
Long term deposits		8,664	8,664
Deferred taxation		3,704,866	3,705,927
Retention money payable		381,841	368,499
Retirement benefits		230,778	205,354
		17,021,342	20,278,671
CURRENT LIABILITIES			
Current portion of long term loans from financial Institutions - secured	7	1,257,436	1,315,135
Trade and other payables	8	7,703,680	7,595,265
Unclaimed dividend		51,549	40,564
Mark-up accrued on borrowings		748,118	583,027
Short term borrowings - secured		5,817,667	4,693,036
		15,578,450	14,227,027
CONTINGENCIES AND COMMITMENTS			
	9	68,901,031	66,913,295

The annexed notes from 1 to 22 form an integral part of these condensed interim consolidated financial statements.


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR

Un-audited
Note December 31,
2019
(Rupees in thousand)

Audited
June 30,
2019

ASSETS

NON - CURRENT ASSETS

Property, plant and equipment	10	50,812,524	52,096,358
Intangible assets		11,264	13,529
Long term loans to employees - secured		24,306	19,824
Long term deposits		56,470	56,880
		<hr/> 50,904,564	<hr/> 52,186,591

CURRENT ASSETS

Stores, spare parts and loose tools		7,360,392	7,441,071
Stock-in-trade		2,305,404	1,739,014
Trade debts	11	4,466,349	2,683,758
Loans and advances		541,900	816,946
Short term investments	12	368,068	17,887
Short term deposits and prepayments		239,196	188,598
Accrued profit		2,635	2,584
Other receivables		34,006	35,453
Income tax refundable		1,763,701	1,276,588
Cash and bank balances		914,816	524,805
		<hr/> 17,996,467	<hr/> 14,726,704
		<hr/> <hr/> 68,901,031	<hr/> <hr/> 66,913,295


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UN-AUDITED)

FOR SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2019

		Half year ended December 31, 2019	Half year ended December 31, 2018	Quarter ended December 31, 2019	Quarter ended December 31, 2018
	Note	(..... Rupees in thousand)			
Sales - net	13	16,182,293	12,432,947	9,035,251	6,682,639
Cost of sales	14	(15,564,141)	(9,057,963)	(8,536,307)	(4,776,544)
Gross profit		618,152	3,374,984	498,944	1,906,095
Distribution cost		(454,598)	(389,604)	(280,625)	(193,940)
Administrative expenses		(392,167)	(357,812)	(206,120)	(167,568)
Other charges		(67,806)	(178,745)	(42,261)	(100,077)
		(914,571)	(926,161)	(529,006)	(461,585)
Other income		99,474	19,978	58,454	16,320
(Loss) / profit from operations		(196,945)	2,468,801	28,392	1,460,830
Finance cost	15	(1,669,372)	(720,680)	(869,827)	(387,600)
(Loss) / profit before taxation		(1,866,317)	1,748,121	(841,435)	1,073,230
Taxation		99,233	(413,398)	56,712	(325,205)
(Loss) / profit after taxation		(1,767,084)	1,334,723	(784,723)	748,025
(Loss) / earnings per share - basic and diluted (Rupees)	16	(2.42)	(Restated) 1.94	(1.01)	(Restated) 1.09

The annexed notes from 1 to 22 form an integral part of these condensed interim consolidated financial statements.


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR

**CONDENSED INTERIM CONSOLIDATED
STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**
FOR SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2019

	Half year ended December 31, 2019	Half year ended December 31, 2018	Quarter ended December 31, 2019	Quarter ended December 31, 2018
	(..... Rupees in thousand)			
(Loss) / profit after taxation	(1,767,084)	1,334,723	(784,723)	748,025
Other comprehensive income	-	-	-	-
Total comprehensive (loss) / income for the period	(1,767,084)	1,334,723	(784,723)	748,025

The annexed notes from 1 to 22 form an integral part of these condensed interim consolidated financial statements.


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR SIX MONTHS ENDED DECEMBER 31, 2019

	Note	December 31, 2019	December 31, 2018
(Rupees in thousand)			
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / profit before taxation		(1,866,317)	1,748,121
Adjustments for:			
Depreciation		1,802,113	1,267,789
Amortization		2,266	5,150
Provision for WPPF		31,850	93,906
Provision for WWF		-	37,122
Bad debts written off		5,643	-
Advances written off		1,467	-
(Gain) / loss on disposal of property, plant and equipment		(19,434)	21,132
(Gain) / loss on re-measurement of short term investments at fair value		(25,313)	9,281
Retirement benefits		38,828	28,814
Finance cost		1,669,372	720,680
Profit on bank deposits		(3,210)	(9,408)
Cash generated from operations before working capital changes		1,637,265	3,922,587
(Increase) / decrease in current assets:			
Stores, spare parts and loose tools		80,679	(1,265,955)
Stock-in-trade		(566,390)	(245,030)
Trade debts		(1,788,234)	92,173
Loans and advances		273,579	716,314
Short term deposits and prepayments		(50,598)	(56,233)
Other receivables		1,447	151,214
		(2,049,517)	(607,517)
Increase / (decrease) in current liabilities:			
Trade and other payables		76,570	(55,350)
Net cash (used in) / generated from operations		(335,682)	3,259,720
Increase in long term loans to employees - secured		(4,482)	(2,891)
Retirements benefits paid		(13,404)	(15,937)
Taxes paid		(487,113)	(520,474)
Net cash (used in) / generated from operating activities		(840,681)	2,720,418
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(544,922)	(4,906,509)
Purchase of intangible assets		-	(5,220)
Proceeds from disposal of fixed assets		46,077	38,388
Increase in long term deposits and prepayments		410	(326)
Profit on bank deposits received		3,159	9,162
Net cash used in investing activities		(495,276)	(4,864,505)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Repayments of) / receipts of long term loans from financial institutions - secured - net		(3,352,733)	3,875,740
Share deposit money		6,055,747	-
Receipts from / (repayments) of short term borrowings - net		1,277,294	(1,086,891)
Finance cost paid		(1,490,939)	(552,053)
Redemption of preference shares		(5)	(18)
Dividend paid		(285,865)	(589,421)
Net cash generated from financing activities		2,203,499	1,647,357
Net increase / (decrease) in cash and cash equivalents		867,542	(496,730)
Cash and cash equivalents at beginning of the period		(1,162,951)	(584,693)
Cash and cash equivalents at end of the period	17	(295,409)	(1,081,423)

The annexed notes from 1 to 22 form an integral part of these condensed interim consolidated financial statements.


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR SIX MONTHS ENDED DECEMBER 31, 2019

	Share Capital	Share deposit money	Capital Reserves				Revenue Reserves	Total Equity
			Share premium	Capital redemption reserve	Sub-Total	Surplus on revaluation of fixed assets - net of tax	Accumulated profits	
..... Rupees in thousand								
Balance as at 30 June 2018 - audited	5,937,007	-	5,112,037	528,263	5,640,300	4,264,543	14,967,338	30,809,188
Effect of initial application of IFRS 9, net of tax	-	-	-	-	-	-	(89,460)	(89,460)
Adjusted balance as at 1 July 2018	5,937,007	-	5,112,037	528,263	5,640,300	4,264,543	14,877,878	30,719,728
Total comprehensive income								
Profit for the six months ended 31 December 2018	-	-	-	-	-	-	1,334,723	1,334,723
Other comprehensive Income for the period	-	-	-	-	-	-	-	-
Transfer of incremental depreciation from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	-	1,334,723	1,334,723
	-	-	-	-	-	(115,735)	115,735	-
Transactions with owners of the Company								
Final cash dividend @ Re. 1 per share for the year ended 30 June 2018	-	-	-	-	-	-	(593,701)	(593,701)
Balance as at 31 December 2018 - un-audited	5,937,007	-	5,112,037	528,263	5,640,300	4,148,808	15,734,635	31,460,750
Total comprehensive Income								
Profit for the six months ended 30 June 2019	-	-	-	-	-	-	1,125,538	1,125,538
Other comprehensive income for the period	-	-	-	-	-	-	(25,209)	(25,209)
Effect on deferred tax due to change in tax rate and proportion of local and export sales	-	-	-	-	-	-	1,100,329	1,100,329
	-	-	-	-	-	(153,482)	-	(153,482)
Transfer of incremental depreciation from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	(107,435)	107,435	-
Reversal of revaluation surplus on disposal of fixed assets - net of tax	-	-	-	-	-	(3,411)	3,411	-
Balance as at 30 June 2019 - audited	5,937,007	-	5,112,037	528,263	5,640,300	3,884,480	16,945,810	32,407,597
Total comprehensive income								
Loss for the six months ended 31 December 2019	-	-	-	-	-	-	(1,767,084)	(1,767,084)
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Effect on deferred tax due to change in proportion of local and export sales	-	-	-	-	-	-	(1,767,084)	(1,767,084)
	-	-	-	-	-	(98,171)	-	(98,171)
Transfer of incremental depreciation from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	(108,210)	108,210	-
Reversal of revaluation surplus on disposal of fixed assets - net of tax	-	-	-	-	-	(1,560)	1,560	-
Transactions with owners of the Company								
Final cash dividend @ Rs. 0.5 per share for the year ended 30 June 2019	-	-	-	-	-	-	(296,850)	(296,850)
Share deposit money received during the period	-	6,055,747	-	-	-	-	-	6,055,747
Balance as at 31 December 2019 - un-audited	5,937,007	6,055,747	5,112,037	528,263	5,640,300	3,676,539	14,991,646	36,301,239

The annexed notes from 1 to 22 form an integral part of these condensed interim consolidated financial statements.


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)

FOR SIX MONTHS ENDED DECEMBER 31, 2019

1. REPORTING ENTITY

1.1 Maple Leaf Cement Factory Limited - ("the Holding Company")

Maple Leaf Cement Factory Limited ("the Holding Company") was incorporated in Pakistan on 13 April 1960 under the Companies Act, 1913 (now the Companies Act, 2017) as a public company limited by shares. The Holding Company is listed on Pakistan Stock Exchange. The registered office of the Holding 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 Holding Company is production and sale of cement. The Holding Company is a subsidiary of Kohinoor Textile Mills Limited ("the Ultimate Holding Company").

1.2 Maple Leaf Power Limited - ("the Subsidiary Company")

Maple Leaf Power Limited ("the Subsidiary Company") was incorporated in Pakistan on 15 October 2015 as a public limited company under the Companies Ordinance, 1984 (now Companies Act, 2017). The Subsidiary Company has been established to set up and operate a 40 megawatt coal fired power generation plant at Iskanderabad, District Mianwali, Punjab, Pakistan for generation of electricity. The Subsidiary Company's registered office is located at 42 - Lawrence Road, Lahore. The principal objective of the Subsidiary Company is to develop, design, operate and maintain electric power generation plant and in connection therewith to engage in the business of generation, sale and supply of electricity to the Holding Company.

The Subsidiary Company was granted electricity generation license from National Electric and Power Regulatory Authority (NEPRA) on 20 December 2016. On 04 July 2017, the Subsidiary Company has entered into a Power Purchase Agreement ("PPA") with the Holding Company which is valid for 20 years.

The Holding and the Subsidiary companies are collectively referred to as "the Group" in these consolidated financial statements.

2. BASIS OF PREPARATION

2.1 Statement of compliance

2.1.1

These condensed interim consolidated financial statements comprises the condensed interim consolidated statement of financial position of the Company, as at 31 December 2019 and the related condensed interim consolidated statement of profit or loss, condensed interim consolidated statement of other comprehensive income, condensed interim consolidated statement of cash flow and condensed interim consolidated statement of changes in equity together with the notes forming part thereof.

These condensed interim consolidated financial statements has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

- 2.1.2 These condensed interim consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual audited financial statements for the year ended 30 June 2019. Comparative consolidated statement of financial position numbers are extracted from the annual consolidated audited financial statements of the Company for the year ended 30 June 2019, whereas comparatives of condensed interim consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of cash flow and consolidated statement of changes in equity are stated from unaudited condensed interim consolidated financial statements of the Company for the six months period ended 31 December 2018.
- 2.1.3 These condensed interim consolidated financial statements are unaudited and being submitted to the shareholders as required under Section 237 of the Companies Act, 2017 and the Listing Regulations of Pakistan Stock Exchange Limited.
- 2.1.4 These condensed interim consolidated financial statements are presented in Pakistan Rupees which is the Company's functional currency and all financial information presented has been rounded off to the nearest rupees, except otherwise stated.

3. JUDGMENTS AND ESTIMATES

In preparing these condensed interim consolidated financial statements management has made 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.

The significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty are the same as those applied in the preparation of annual audited consolidated financial statements for the year ended 30 June 2019.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim consolidated financial statements are same as those applied in the preparation of the consolidated financial statements for the year ended 30 June 2019 except for the adoption of new standards effective as of 01 July 2019 as stated below:

4.1 Change in significant accounting policy

During the period, the Company has adopted IFRS 16 'Leases' from 01 January 2019. IFRS 16 replaces existing guidance on accounting for leases, including IAS 17, Leases, IFRIC 4, Determining whether an Arrangement contains a Lease, SIC-15, Operating Leases- Incentive, and SIC-27, Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 introduces an on balance sheet lease accounting model for long term operating leases (short-term leases and leases where the underlying assets are of low value continue to be treated as off-balance sheet operating leases). A lessee

recognizes a right-of-use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as either finance or operating leases. Adoption of this standards has no material impact on the condensed interim consolidated financial statements for the period six month ended on 31 December 2019.

4.2 Standards, interpretations or amendments to approved accounting standards not yet effective

The following standards, interpretations or amendments of approved accounting standards will be effective for accounting periods as detailed below:

	Effective date (accounting period beginning on or after)
- IFRS 3, Business Combinations - (Amendments)	01 January 2020
- IAS 1, Presentation of Financial Statements (Amendments)	01 January 2020
- IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	01 January 2020
- IFRS 14 Regulatory Deferral Accounts	01 July 2019
- Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7	01 January 2020

5. SHARE CAPITAL

5.1 Authorized share capital

		Un-audited December 31, 2019	Audited June 30, 2019	Un-audited December 31, 2019	Audited June 30, 2019
Note		Number of shares		(Rupees in thousand)	
(30 June 2019: 800,000,000) ordinary shares of Rs. 10 each	5.1.1	1,400,000,000	800,000,000	14,000,000	8,000,000
(30 June 2019: 100,000,000) 9.75% redeemable cumulative preference shares of Rs. 10 each		100,000,000	100,000,000	1,000,000	1,000,000
		<u>1,500,000,000</u>	<u>900,000,000</u>	<u>15,000,000</u>	<u>9,000,000</u>

5.1.1 Pursuant to the approval of the Board of Directors and the shareholders in their meeting held on 19 September 2019 and 26 October 2019, respectively, the Company has increased its authorised share capital during the period.

Note	Un-audited December 31, 2019	Audited June 30, 2019	Un-audited December 31, 2019	Audited June 30, 2019
	Number of shares		(Rupees in thousand)	
5.2 Issued, subscribed and paid-up share capital				
(30 June 2019: 356,326,596) ordinary shares of Rs. 10 each fully paid in cash	356,326,596	356,326,596	3,563,266	3,563,266
(30 June 2019: 35,834,100) ordinary shares of Rs. 10 each issued as fully paid for consideration other than cash	35,834,100	35,834,100	358,341	358,341
(30 June 2019: 46,069,400) ordinary shares of Rs. 10 each issued as fully paid bonus shares	46,069,400	46,069,400	460,694	460,694
(30 June 2019: 153,846,153) ordinary shares of Rs. 10 each issued as fully paid right shares at discount 5.2.1	153,846,153	153,846,153	1,538,462	1,538,462
(30 June 2019: 1,624,417) ordinary shares of Rs. 10 each issued on conversion of preference shares into ordinary shares 5.2.2	1,624,417	1,624,417	16,244	16,244
	593,700,666	593,700,666	5,937,007	5,937,007

5.2.1 During the financial year ended 30 June 2011, the Holding Company issued 153,846,153 shares at Rs. 6.50 per share at a discount of Rs. 3.50 per share otherwise than right against Rs. 1,000 million to the Holding Company, after complying with all procedural requirements in this respect.

5.2.2 During the financial years ended 30 June 2011 and 30 June 2012, 1,321,095 preference shares were converted into 1,624,417 ordinary shares at a conversion rate of 1.2296.

5.2.3 The Ultimate Holding Company holds 327,836,727 ordinary shares, which represents 55.22% (30 June 2019: 55.22%) of total ordinary issued, subscribed and paid-up capital of the Holding Company.

5.2.4 All shares issued by the Group have equal voting rights. There are no special rights available to any shareholder.

5.3 Share deposit money

This represents share deposit money received during the period against issue of 504,645,566 right shares of the Group. During the period the Board of Directors in their meeting held on 19 September 2019, approved issue of 504,645,566 right shares at the price of Rs. 12 per share (including premium of Rs. 2 per share). Shares have been issued subsequent to period end.

	Un-audited December 31, 2019 (Rupees in thousand)	Audited June 30, 2019
6. SURPLUS ON REVALUATION OF FIXED ASSETS - NET OF TAX		
At beginning of the period / year	5,058,008	5,362,272
Surplus on disposal of fixed assets during the period / year - net of deferred tax	(1,560)	(3,411)
Related deferred tax liability	(580)	(1,138)
Transfer to unappropriated profit in respect of incremental depreciation charged during the period / year- net of deferred tax	(108,210)	(223,170)
Related deferred tax liability	(40,173)	(76,545)
At end of the period / year	4,907,485	5,058,008
Deferred tax liability on revaluation surplus		
At beginning of the period / year	1,173,528	1,097,729
Transferred to unappropriated profit in respect of disposal of fixed assets during the period / year	(580)	(1,138)
Transferred to unappropriated profit in respect of incremental depreciation charged during the period / year	(40,173)	(76,545)
Effect of change in tax rate and proportion of local and export sales	98,171	153,482
At end of the period / year	1,230,946	1,173,528
	3,676,539	3,884,480

7. LONG TERM LOANS FROM FINANCIAL INSTITUTIONS - SECURED

Lender	Sanctioned Limit	Un-audited December 31, 2019	Audited June 30, 2019	Remaining tenure principal repayment
----- Rupees in '000' -----				
Loans from banking companies				
1 Askari Bank Limited - Term Finance	1,000,000	989,981	989,981	28 equal quarterly installments starting from 28 March 2020
2 Bank of Punjab - Demand Finance	2,000,000	1,754,367	1,754,367	28 equal quarterly installments starting from 28 May 2020
3 MCB Bank Limited - Demand Finance	2,000,000	1,367,921	1,915,088	20 equal quarterly installments starting from 22 June 2020
4 National Bank of Pakistan - Demand Finance	5,500,000	3,708,570	3,708,570	26 equal quarterly installments starting from 30 June 2020
5 Samba Bank - Term Finance	750,000	450,000	750,000	12 equal quarterly installments starting from 20 March 2022
6 MCB Bank Limited (EX NIB) - Term Finance	2,000,000	1,488,379	1,984,505	21 equal quarterly installments starting from 4 May 2022
7 MCB Islamic - Diminishing Musharikhah	1,500,000	1,104,167	1,500,000	18 equal quarterly installments starting from 22 March 2022
8 Habib Bank Ltd. - Term Finance	1,000,000	714,286	1,000,000	20 equal quarterly installments starting from 28 September 2022
9 Askari Bank Limited - Term Finance	500,000	125,000	375,000	5 equal quarterly installments starting from 04 March 2022
10 Bank of Punjab - Demand Finance	1,500,000	1,048,146	1,197,885	14 equal quarterly installments ending on 06 April 2023
11 MCB Bank Limited - Demand Finance	1,000,000	185,145	592,466	5 equal quarterly installments starting from 06 April 2022
12 National Bank of Pakistan - Demand Finance	1,000,000	700,000	800,000	14 equal quarterly installments ending on 06 April 2023
13 MCB Islamic Bank - Diminishing Musharikhah	500,000	166,667	437,500	8 equal quarterly installments starting from 13 December 2022
Loan from Development Financial Institution				
1 Pair Investment Company Limited	300,000	150,000	300,000	8 equal quarterly installments starting from 28 September 2021
		13,952,629	17,305,362	
		(1,257,436)	(1,315,135)	
		12,695,193	15,990,227	
Less: Current portion of long term loans - secured				
Long term portion of loans				

7.1 There has been no change in markup terms and securities related to the existing loans from banking companies as disclosed in note 8 to the audited consolidated financial statements as at 30 June 2019.

		Un-audited December 31, 2019 (Rupees in thousand)	Audited June 30, 2019
	Note		
8. TRADE AND OTHER PAYABLES			
Trade creditors		2,839,633	2,638,965
Due to related party - unsecured	8.1	210,902	-
Bills payable - secured		418,535	851,659
Contract liabilities		251,692	526,560
Accrued liabilities		800,285	761,354
Payable to Workers' Profit Participation Fund		1,317,817	1,285,967
Payable to Workers' Welfare Fund		4,844	4,844
Payable to Provident Fund Trust		13,911	12,861
		5,857,619	6,082,210
Payable to Government on account of:			
Federal Excise Duty payable		842,105	726,771
Royalty and Excise Duty payable		90,608	25,228
Sales Tax payable - net		260,699	122,184
Provision for Electricity Duty		81,227	57,064
Other Taxes payable		220,294	191,843
		1,494,933	1,123,090
Contractors' retention money		275,401	315,877
Payable against redemption of preference shares		1,013	1,018
Security deposits repayable on demand		61,162	58,780
Other payables		13,552	14,290
		351,128	389,965
		7,703,680	7,595,265
8.1 Due to related party - unsecured			
Due to Holding Company	8.1.1	210,902	-
		210,902	-

8.1.1 This represents current account balance with Kohinoor Textile Mills Limited (the "Ultimate Holding Company") which carries markup at an effective rate of 14.5% per annum.

9. CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

There has been no significant change in the status of contingencies as reported in the preceding published annual financial statements of the Group for the year ended 30 June 2019 except for disclosed below:

9.1.1 During the period, Additional Commissioner Inland Revenue (ACIR) vide order dated 27 January 2020 raised additional income tax demand of Rs. 303.360 million, relating to the tax year 2017, under section 122(5A) of the Income Tax Ordinance, 2001. The Group is in process of filing an appeal against the said order before the Commissioner Inland Revenue (Appeals). Based on opinion of the Group's tax advisor, management is confident of favourable outcome of the matter, hence no provision is being recognized in respect of this matter in these condensed interim consolidated financial statements.

9.2 Guarantees given by banks on behalf of the Group are of Rs. 662.757 million (30 June 2019: Rs. 655.039 million) in favour of Sui Northern Gas Pipeline Limited and Government Institutions.

9.3 Commitments

Un-audited
December 31,
2019
(Rupees in thousand)

Audited
June 30,
2019

9.3.1 In respect of:

Holding Company

- capital expenditure	648,350	529,999
- irrevocable letters of credit for spare parts	390,621	326,077

Subsidiary Company

- spare parts	43,702	2,956
- minimum lease payments:		
- not later than one year	416	360
- 1 to 5 years	2,041	1,440
- later than 5 years	9,684	4,680
	1,094,814	865,512

10. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	10.1	50,013,347	51,608,025
Capital work in progress - at cost	10.2	738,197	428,416
Stores & spares held for capital expenditure		60,980	59,917
		50,812,524	52,096,358

10.1 Operating fixed assets

Balance at beginning of the period / year		51,608,025	28,390,629
Add: Additions during the period / year	10.1.1	234,078	25,985,238
		51,842,103	54,375,867
Less: Book value of operating assets disposed - off during the period / year		26,643	118,087
Depreciation charge during the period / year		1,802,113	2,649,755
		50,013,347	51,608,025

	Note	Un-audited December 31, 2019 (Rupees in thousand)	Audited June 30, 2019
10.1.1 Additions during the period / year:			
- freehold land		-	767,136
- buildings on freehold land		47,237	7,409,581
- plant and machinery		172,032	17,692,180
- furniture, fixtures and equipment		5,956	24,311
- roads, bridges and railway sidings		527	1,784
- quarry equipment		5,713	7,080
- vehicles		2,613	83,166
		<u>234,078</u>	<u>25,985,238</u>
10.2 Movement in capital work-in-progress - at cost			
At beginning of the period / year		428,416	16,873,730
Additions during the period / year		369,155	9,098,712
Less: Transfers during the period / year		(59,374)	(25,544,026)
At end of the period / year	10.2.1	<u>738,197</u>	<u>428,416</u>
10.2.1 Capital work-in-progress - at cost			
Civil works		209,039	306,205
Plant and machinery		176,321	21,155
Roads and bridges		249,664	-
Advance to supplier against:			
- civil works		42,625	30,376
- plant and machinery		60,520	68,720
- office equipment		-	250
- vehicles		28	1,710
		<u>738,197</u>	<u>428,416</u>

	Note	Un-audited December 31, 2019 (Rupees in thousand)	Audited June 30, 2019
11. TRADE DEBTS			
Considered good			
Considered good - unsecured		15,065	354,894
Local debtors			
Considered good - unsecured		4,451,284	2,328,864
Considered doubtful - unsecured		161,189	161,189
Less: Provision for doubtful balances		(161,189)	(161,189)
		4,451,284	2,328,864
		4,466,349	2,683,758
12. SHORT TERM INVESTMENT			
Investment at fair value through profit or loss - listed securities			
Next Capital Limited			
1,500,000 (30 June 2019: 1,500,000) ordinary shares of Rs 10 each			
1,875,000 (30 June 2019: 1,875,000) right shares of Rs 8 each			
Market value Rs 12.8 per share (30 June 2019: Rs 5.3 per share)			
Cost			
At beginning and end of the period / year		30,000	30,000
Unrealized fair value gain / (loss)			
At beginning of the period / year		(12,113)	2,062
Fair value gain / (loss) for the period / year		25,313	(14,175)
At the end of period / year		13,200	(12,113)
Fair value at end of period / year		43,200	17,887
Investment at Amortised cost - debt instrument			
Term deposit receipts	12.1	324,868	-
		368,068	17,887

12.1 This represents term deposit having maturity of 30 January 2020 (subsequently encashed by the Group on 03 January 2020) and carries mark-up at rate of 11.23% per annum.

Half year ended (Un-audited)
December 31, December 31,
2019 2018
(Rupees in thousand)

13. SALES - NET

Gross local sales	25,725,835	16,360,654
Less:		
Federal Excise Duty	(5,433,986)	(2,183,629)
Sales Tax	(4,492,436)	(2,622,204)
Discount	(308,057)	(151,745)
Commission	(122,151)	(62,578)
	(10,356,630)	(5,020,156)
Net local sales	15,369,205	11,340,498
Export sales	813,088	1,092,449
	813,088	1,092,449
	16,182,293	12,432,947

14. COST OF SALES

Raw material consumed	1,278,313	549,873
Packing material consumed	1,776,035	878,423
Fuel	5,868,855	3,581,291
Coal used in power generation	1,440,828	1,088,679
Power and associated costs	1,545,312	289,185
Stores, spare parts and loose tools consumed	776,098	381,084
Water charges	87,001	-
Salaries, wages and other benefits	709,146	592,274
Rent, rates and taxes	39,352	12,678
Insurance	52,210	27,413
Repairs and maintenance	212,609	206,083
Depreciation	1,772,100	1,240,000
Amortization	837	3,001
Vehicles running and maintenance	117,475	93,738
Freight and forwarding	329,545	422,394
Other expenses	79,564	127,536
	16,085,280	9,493,652
Work in process:		
At beginning of the period	928,144	665,606
At end of the period	(1,432,638)	(1,130,280)
	(504,494)	(464,674)
Cost of goods manufactured	15,580,786	9,028,978
Finished goods:		
At beginning of the period	500,060	303,589
At end of the period	(516,705)	(274,604)
	(16,645)	28,985
Cost of sales	15,564,141	9,057,963

Half year ended (Un-audited)
December 31, 2019 December 31, 2018
(Rupees in thousand)

15. FINANCE COSTS

Profit / interest / mark up on:

- Long term loans from financial institutions
- Short term borrowings

Exchange loss - net

Unwinding Interest - Retention money payable

Bank and other charges

1,219,040	174,145
413,714	284,559
1,632,754	458,704
-	236,055
13,342	10,692
23,276	15,229
1,669,372	720,680

16. (LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED

16.1 Basic (loss) / earnings per share

Unit		Half year Un-audited December 31, 2019	Half year Un-audited December 31, 2018	Quarter ended December 31, 2019	Quarter ended December 31, 2018
		(Restated)		(Restated)	
(Loss) / profit after taxation	Rupees in '000	(1,767,084)	1,334,723	(784,723)	748,025
Weighted average number of ordinary shares	No. of shares in '000	731,047	688,752	773,342	688,752
	Rupees	(2.42)	1.94	(1.01)	1.09
16.2 Weighted average number of ordinary shares					
Number of shares as at 01 July		593,701	593,701	593,701	593,701
Add: Impact on weighted average number of shares due to right issue during the period		137,346	95,051	179,641	95,051
		731,047	688,752	773,342	688,752

16.2.1 Earning per share for the period ended 31 December 2018 presented in these condensed interim consolidated financial statements have been restated by incorporating the impact of bonus element on right shares. Refer to note 5.3 for further details.

16.3 There is no dilution effect on the basic (loss) / earnings per share.

Half year ended (Un-audited)
December 31, December 31,
2019 2018
(Rupees in thousand)

17. CASH AND CASH EQUIVALENTS

Short term running finance and cash finance	(1,535,093)	(1,764,385)
Term deposit receipts	324,868	-
Cash and bank balance	914,816	682,962
	<u>(295,409)</u>	<u>(1,081,423)</u>

18. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

31 December 2019							
Carrying Amount (Un-audited)				Fair Value (Un-audited)			
Fair Value through statement of profit or loss	Financial assets at amortized costs	Other financial liabilities	Total	Level 1	Level 2	Level 3	
Note ----- (Rupees in thousand) -----							
On - Statement of financial position instruments							
Financial assets measured at fair value							
Short term investment	43,200	-	-	43,200	43,200	-	-
	43,200	-	-	43,200	43,200	-	-
Financial assets not measured at fair value							
Cash and bank balances	-	914,816	-	914,816	-	-	-
Long term loans to employees - secured	-	36,219	-	36,219	-	-	-
Short term investment	-	324,868	-	324,868	-	-	-
Short term deposits	-	159,195	-	159,195	-	-	-
Other receivable	-	34,006	-	34,006	-	-	-
Accrued profit	-	2,635	-	2,635	-	-	-
Long term deposits	-	56,470	-	56,470	-	-	-
Trade debts - unsecured, considered good	-	4,466,349	-	4,466,349	-	-	-
18.1	-	5,994,558	-	5,994,558	-	-	-
Financial liabilities measured at fair value							
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Financial liabilities not measured at fair value							
Long term loans from financial institution - secured	-	-	13,952,629	13,952,629	-	-	-
Long term deposits	-	-	8,664	8,664	-	-	-
Retention money payable	-	-	381,841	381,841	-	-	-
Trade and other payables	-	-	4,620,483	4,620,483	-	-	-
Mark-up accrued on borrowings	-	-	748,118	748,118	-	-	-
Short term borrowing - secured	-	-	5,817,667	5,817,667	-	-	-
18.1	-	-	25,529,402	25,529,402	-	-	-

30 June 2019							
	Carrying Amount (Audited)			Fair Value (Audited)			
	Fair Value through statement of profit or loss	Financial assets at amortized costs	Other financial liabilities	Total	Level 1	Level 2	Level 3
Note	----- (Rupees in thousand) -----						
On - Statement of financial position instruments							
Financial assets measured at fair value							
Short term investment	17,887	-	-	17,887	17,887	-	-
	17,887	-	-	17,887	17,887	-	-
Financial assets not measured at fair value							
Cash and bank balances	-	524,805	-	524,805	-	-	-
Long term loans to employees - secured	-	29,747	-	29,747	-	-	-
Short term deposits	-	155,036	-	155,036	-	-	-
Accrued profit	-	2,584	-	2,584	-	-	-
Long term deposits	-	56,880	-	56,880	-	-	-
Other receivable	-	35,453	-	35,453	-	-	-
Trade debts - unsecured, considered good	-	2,683,758	-	2,683,758	-	-	-
18.1	-	3,488,263	-	3,488,263	-	-	-
Financial liabilities measured at fair value							
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Financial liabilities not measured at fair value							
Long term loans from banking companies - secured	-	-	17,305,362	17,305,362	-	-	-
Long term deposits	-	-	8,664	8,664	-	-	-
Retention money payable	-	-	368,499	368,499	-	-	-
Trade and other payables	-	-	4,641,943	4,641,943	-	-	-
Unclaimed dividend	-	-	40,564	40,564	-	-	-
Mark-up accrued on borrowings	-	-	583,027	583,027	-	-	-
Short term borrowings - secured	-	-	4,693,036	4,693,036	-	-	-
18.1	-	-	27,641,095	27,641,095	-	-	-

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

Freehold land, buildings on freehold land, roads, bridges and railway sidings, plant and machinery have been carried at revalued amounts determined by professional valuers (level 3 measurement) based on their assessment of the market values. The valuations are conducted by the valuation experts appointed by the Group. The valuation experts used a market based approach to arrive at the fair value of the Group's properties. For revaluation of freehold land fair market value was assessed through inquiries to real estate agents and property dealers in near vicinity of freehold land. Different valuation methods and exercises were adopted according to experience, location and other usage of freehold land. Valuer had also considered all relevant factors as well. In case of buildings on freehold land, roads, bridges and railway sidings, construction specifications were noted for each building and structure and new construction rates are applied according to construction specifications for current replacement values. After determining current replacement values, depreciation was calculated to determine the current assessed

market value. For revaluation of plant and machinery, suppliers and different cement plant consultants in Pakistan and abroad were contacted to collect information regarding current prices of comparable cement plant to determine current replacement value. Fair depreciation factor for each item is applied according to their physical condition, usage and maintenance. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these condensed interim consolidated financial statements.

19. RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	2019					
	Dividend Payable	Long term financing	Share Deposit Money	Short term borrowing	Accrued markup	Total
----- (Rupees in thousand) -----						
As at 30 June 2019	40,564	17,305,362	-	4,693,036	583,027	22,621,989
Changes from financing cash flows						
Dividend paid	(285,865)	-	-	-	-	(285,865)
Finance cost	-	-	-	-	(1,490,939)	(1,490,939)
Proceeds of short term borrowings - net	-	-	-	1,277,294	-	1,277,294
Repayment of long term financing - net	-	(3,352,733)	-	-	-	(3,352,733)
Share deposit received	-	-	6,055,747	-	-	6,055,747
Total changes from financing cash flows	(285,865)	(3,352,733)	6,055,747	1,277,294	(1,490,939)	2,203,504
Other changes						
Final cash dividend	296,850	-	-	-	-	296,850
Change in short term running finance - net	-	-	-	225,130	-	225,130
Finance cost excluding unwinding of retention money	-	-	-	-	1,656,030	1,656,030
Total liability related other changes	296,850	-	-	225,130	1,656,030	2,178,010
As at 31 December 2019	51,549	13,952,629	6,055,747	6,195,460	748,118	27,003,503

	2018					
	Dividend Payable	Long term financing	Share Deposit Money	Short term borrowing	Accrued markup	Total
----- (Rupees in thousand) -----						
As at 30 June 2018	110,743	13,752,696	-	5,784,902	286,162	19,934,503
Changes from financing cash flows						
Dividend paid	(589,421)	-	-	-	-	(589,421)
Finance cost	-	-	-	-	(552,053)	(552,053)
Repayments of short term borrowings - net	-	-	-	(1,086,891)	-	(1,086,891)
Repayment of long term financing - net	-	3,875,740	-	-	-	3,875,740
Share deposit received	-	-	-	-	-	-
Total changes from financing cash flows	(589,421)	3,875,740	-	(1,086,891)	(552,053)	1,647,375
Other changes						
Final cash dividend	593,701	-	-	-	-	593,701
Change in short term running finance - net	-	-	-	494,738	-	494,738
Finance cost excluding unwinding of retention money	-	-	-	-	709,988	709,988
Total liability related other changes	593,701	-	-	494,738	709,988	1,798,427
As at 31 December 2018	115,023	17,628,436	-	5,192,749	444,097	23,380,305

20. RELATED PARTY TRANSACTIONS AND BALANCES

The related parties comprise of the Holding Company, the Subsidiary Company, directors of the Company, key management personnel and close family members of directors and other key management personnel, and post employment retirement plan. Amount due from and due to related parties are shown under respective notes. Other significant transactions with related parties except those disclosed elsewhere are as follows:

			Half year ended (Un-audited)	
			December 31, 2019	December 31, 2018
Name of parties	Relationship	Transactions	(Rupees in thousand)	
a) Kohinoor Textile Mills Limited	Holding Company (55.22% equity held)	Sale of goods and services	77,862	39,663
		Expenses paid by related party on behalf of the company	13,476	10,360
		Markup charged by holding company during the period	6,685	(3,059)
		Dividend paid	163,918	327,837
		Funds received during the period	870,000	-
		Funds paid during the period	600,000	254,000
b) Key management personnel		Remuneration and other benefits	201,755	167,889
c) Employee benefits				
- Gratuity	Post employment benefit plan	Contribution	9,106	9,603
- Provident Fund Trust	Employees benefit fund	Contribution	77,447	80,058

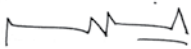
- 20.1** Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The Company considers all members of their management team, including Chief Executive Officer and Directors to be its key management personnel.

21. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim consolidated financial statements were authorized for issue on 25 February 2020 by the Board of Directors of the Company.

22. GENERAL

Figures in these condensed interim consolidated financial statements have been rounded-off to the nearest thousand Rupees except stated otherwise.



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR



میپل لیف



MAPLE LEAF CEMENT

A Kohinoor Maple Leaf Group Company
42-Lawrence Road, Lahore, Pakistan