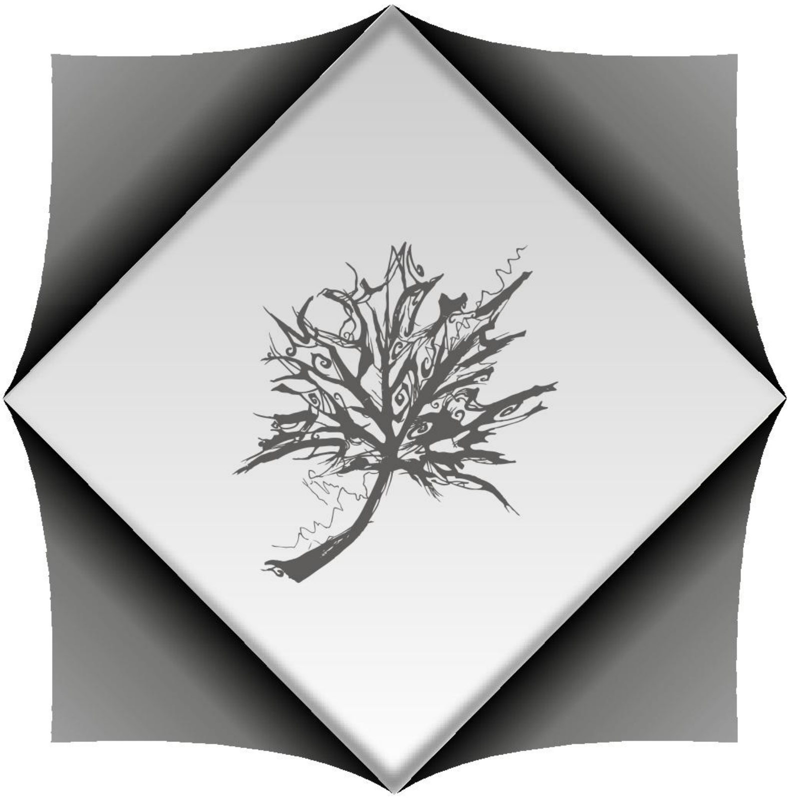
TURNING A NEW LEAF

MAPLE LEAF CEMENT

A Kohinoor Maple Leaf Group Company

ANNUAL REPORT 2013

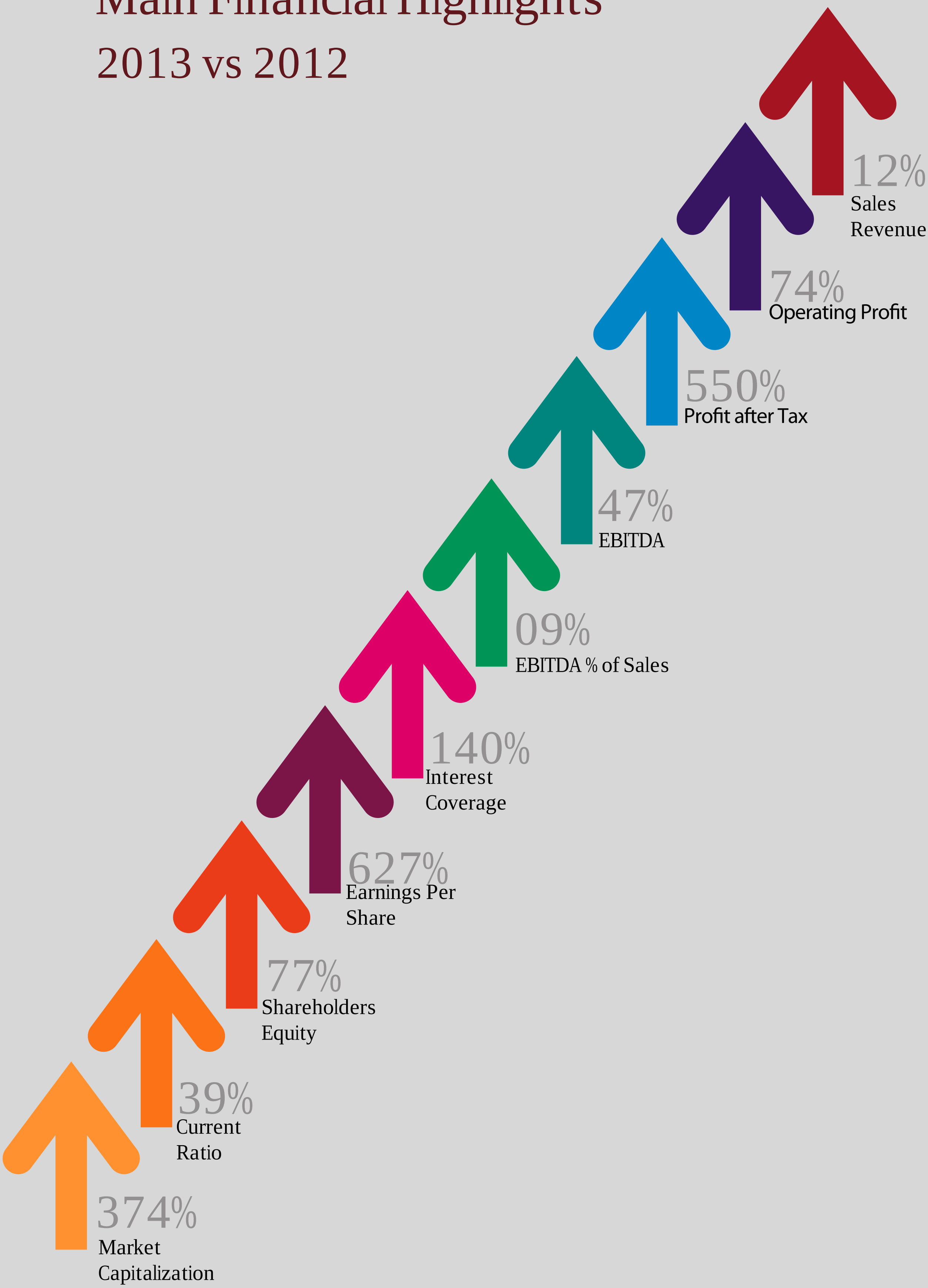


TURNING A NEW LEAF

Maple leaf cement is evolving over the years and playing a pivotal role in cement industry just like veins of a leaf as driver of plant evolution. Visionary management upgrading systems with the speed of time to meet the need of market. Unmatched and talented team at Maple Leaf putting their efforts to create the difference and turning over a NEW LEAF.

Table of Contents

Main Financial Highlights
2013 vs 2012



RISING HIGH
TOUCHING SKY

Company Information

Board of Directors

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

Audit Committee

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

Human Resource & Remuneration Committee

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

Chief Financial Officer

Syed Mohsin Raza Naqvi

Company Secretary

Mr. Muhammad Ashraf

Chief Internal Auditor

Mr. Bilal Hussain

Bankers of the Company

Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
BankIslami Pakistan Limited
Burj Bank Limited
Bank of Khyber Limited
Dubai Islamic Bank Limited
Faysal Bank Limited
First Dawood Islamic Bank Limited
First Women Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
HSBC Bank Middle East Limited
Islamic Corporation for the Development of the Private Sector, Jeddah
KASB Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
NIB Bank Limited
Pak Brunei Investment Company Limited
Pak-Libya Holding Company (Pvt.) Limited
Pak Oman Investment Company Limited
Saudi Pak Industrial & Agricultural Investment Co. Limited
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
Summit Bank Limited
The Bank of Punjab
Trust Investment Bank Limited
United Bank Limited

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Legal Advisor

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

Registered Office

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

Factory

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

Call Center (24 / 7)

0800-41111

Share Registrar

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

Website: www.kmlg.com

Note: MLCFL Financial Statements are also available at the above website.


INNOVATIVE APPROACH
CREATES DIFFERENCE

Vision Statement

The Maple Leaf Cement Factory stated mission is to achieve and then remain as the most progressive and profitable Company in Pakistan in terms of industry standards and stakeholders interest.

Mission Statement

The Company shall achieve its mission through a continuous process of having sourced and implemented the best leading edge technology, industry best practice, human resource and by conducting its business professionally and efficiently with responsibility to all its stakeholders and community.

Corporate Strategy

We at Maple Leaf Cement Factory Limited manufacture and market different types of consistently high quality cement, according to the demanding requirements of the construction industry. Our strategy is to be competitive in the market through quality and efficient operations. As a responsible member of the community, we are committed to serve the interest of all our stakeholders and contribute towards the prosperity of the country.

Core Values

Maple Leaf Cement is committed to being an ethical and responsible member of the business communities in which it operates. The Company always endeavours to ensure that highest standards of honesty, integrity and ethics are maintained.


MACHINES HAVE
LIMITATION
PEOPLE DON'T

History of Maple

- 1956, MLCFL was established by the West Pakistan Industrial Development Corporation (WPIDC) and incorporated as “Maple Leaf Cement Factory Limited”. The capacity of the plant was 300,000 tons clinker per annum.

- 1967, a company with the name of “White Cement Industries Limited” (WCIL) was established with the clinker capacity of 15,000 tons per annum.

- 1974, under the WPIDC Transfer of Projects and Companies Ordinance, the management of two companies, namely MLCFL and WCIL were transferred to the newly established State Cement Corporation of Pakistan (SCCP).

- 1983, SCCP expanded WCIL's white cement plant by adding another unit of the same capacity parallel to the existing one; it increased total capacity to 30,000 tons clinker per annum.

- 1986, SCCP set up another production unit of grey cement under the name of Pak Cement Company Limited (PCCL) with a capacity of 180,000 tons per annum.

- 1992, MLCFL, WCIL and PCCL were privatized and transferred to the KMLG. All three companies were merged into Maple Leaf Cement Factory Limited on July 01, 1992.

- 1994, the Company was listed on all Stock Exchanges in Pakistan.

- 1998, separate production line for grey portland cement of 990,000 tons per annum clinker capacity based on most modern dry process technology was installed.

- 2000, Maple Leaf Electric Company Limited (MLEC) a power generation unit was merged into the Company.

- 2004, the coal conversion project at new dry process plant was completed.

- 2005, dry process plant capacity was increased from 3,300 tpd to 4,000 tpd through debottlenecking and up-gradation of equipment and necessary adjustments in operational parameters.

- 2006, a project to convert the existing wet process line to a fuel efficient dry process white cement line commenced its commercial production. Profit after tax was reported PKR 1,059 million.

- 2007, the Company undertook another expansion project of 6,700 tpd grey clinker capacity which commenced its commercial production on November 01, 2007.

- 2008, two existing lines of white cement 50 tpd each clinker capacity, converted into oil well cement plant which started its commercial production.

- 2011, the Company has successfully started Waste Heat Recovery Boiler Plant.

- 2012, the Company started earning profit and recorded Rupees 496 million profit after tax.

- 2013, the Company has earned the highest ever record profit after tax of Rupees 3,225 million.

BREAKING BARRIERS

Code of Conduct

The following principles constitute the code of conduct which all Directors and employees of Maple Leaf Cement Factory Limited are required to apply in their daily work and observe in the conduct of Company's business. While the Company will ensure that all employees are fully aware of these principles, it is the responsibility of each employee to implement the Company's policies. Contravention is viewed as misconduct.

The code emphasizes the need for a high standard of honesty and integrity which are vital for the success of any business.

PRINCIPLES

1. Directors and employees are expected not to engage in any activity which can cause conflict between their personal interest and the interest of the Company such as interest in an organization supplying goods/services to the company or purchasing its products. In case a relationship with such an organization exists, the same must be disclosed to the Management.

2. Dealings with third parties which include Government officials, suppliers, buyers, agents and consultants must always ensure that the integrity and reputation of the Company is not in any way compromised.

3. Directors and employees are not allowed to accept any favours or kickbacks from any organization dealing with the Company.

4. Directors and employees are not permitted to divulge any confidential information relating to the Company to any unauthorized person. Nor should they, while communicating publicly on matters that involve Company business, presume to speak for the Company unless they are certain that the views that they express are those of the Company and it is the Company's desire that such views be publicly disseminated.

5. All employees share a responsibility for the Company's good public relations particularly at the community level. Their readiness to help with religious, charitable, educational and civic activities is accordingly encouraged provided it does not create an obligation that interferes with their commitment to the Company's best interests.

6. The Company has strong commitment to the health and safety of its employees and preservation of environment and the Company will persevere towards achieving continuous improvement of its Health, Safety and Environment (HSE) performance by reducing potential hazards preventing pollution and improving awareness. Employees are required to operate the Company's facilities and processes keeping this commitment in view.

7. Commitment and team work are key elements to ensure that the Company's work is carried out effectively and efficiently. Also all employees will be equally respected and actions such as sexual harassment and disparaging remarks based on gender, religion, race or ethnicity will be avoided.

Nature of Business

Maple Leaf Cement is a part of Kohinoor Maple Leaf Group (KMLG). The Group comprises of companies, which are ranked amongst the top companies in the cement and textile sector. Maple Leaf Cement Factory Limited (MLCFL) is one of the pioneers of cement industry in Pakistan. Operations of MLCFL are subject to different environmental and labour laws. Providing quality cement and ultimately customer satisfaction is our business model. MLCFL owns and operates two production lines for grey and one production line for white cement. The plants are located at Daudkhel District Mianwali. Total annual clinker capacity of the Company is recorded at 3,360,000 tons. The Company supplies its products in local market and exports as well in African, Gulf, and other Asian Countries. The Company is fully complying with all applicable environmental, labour, corporate and other relevant laws.

DRIVING TOWARDS
SUCCESS

Statement of Strategic Objectives 2013-2014

Following are the main principles that constitute the strategic objectives of Maple Leaf Cement Factory Limited:-

1. Effective use of available resources and improved capacity utilization of the Company's production facilities;

2. Modernization of production facilities in order to ensure the most effective production;

3. Effective marketing and innovative concepts;

4. Implementation of effective technical and human resource solutions;

5. Strengthening independence in terms of secure supply of low-cost services and resources, including energy supply, transportation and logistics services;

6. Explore alternative energy resources;

7. Further improvements in corporate code governance through restructuring of assets and optimization of management processes;

8. Personnel development, creating proper environment for professional growth of highly skilled professionals, ensuring safe labour environment, competitive staff remuneration and social benefits in accordance with scope and quality of their work;

9. Compliance with local and international environmental and quality management standards, implementation of technologies allowing to comply with the limitations imposed on pollutant emissions; and

10. Implementation of projects in social and economic development of communities.

Notice of Annual General Meeting

Notice is hereby given that the 53rd Annual General Meeting of the members of Maple Leaf Cement Factory Limited (the "Company") will be held on Thursday, October 31, 2013 at 11:00 AM at its Registered Office, 42-Lawrence Road, Lahore, to transact the following business:-

31st
October
11:00 AM

Ordinary Business:

1) To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2013 together with the Directors' and Auditors' Reports thereon.

2) To appoint Auditors for the year ending on June 30, 2014 and fix their remuneration. The Board has recommended, as suggested by the Audit Committee, the appointment of M/s. KPMG Taseer Hadi & Co., Chartered Accountants, the retiring auditors and being eligible to offer themselves for re-appointment.

Special Business:

3) To consider and if deemed fit, to pass the following resolution as a special resolution with or without modification in terms of Section 208 of the Companies Ordinance, 1984 (the "Ordinance") and the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012 (the "Regulations"):-

"Resolved by way of special resolution that consent and approval of the Company be and is hereby accorded under Section 208 of the Ordinance for investment in the form of loans / advances from time to time to Kohinoor Textile Mills Limited, the holding company, upto an aggregate sum of Rs.300 million (Rupees three hundred million only) for a period of one year commencing from November 01, 2013 to October 31, 2014 (both days inclusive) at the mark-up rate of one percent above the average borrowing cost of the Company. Vide special resolution passed in general meeting held on October 31, 2011 by the shareholders, the Company was authorized to extend a facility of similar nature to the extent of Rs.300 million which is valid till October 31, 2013.

Resolved further that Chief Executive and Secretary of the Company be and are hereby authorized singly to take all steps necessary, ancillary and incidental, corporate and legal formalities for the completion of transactions in relation to the loans / advances to the holding company but not limited to filing of all the requisite statutory forms and all other documents with SECP, executing documents all such notices, reports, letters and any other document or instrument to give effect to the above resolution."

BY ORDER OF THE BOARD

(Muhammad Ashraf)
Company Secretary

Lahore: October 10, 2013

NOTES:

1. Share transfer books of the Company will remain closed from October 24, 2013 to October 31, 2013 (both days inclusive). Physical transfers/CDS Transaction IDs received in order at Share Registrar of the Company i.e. M/s. Vision Consulting Ltd, 3-C, LDA Flats, Lawrence Road, Lahore upto the close of business on October 23, 2013 will be considered in time for attending of the meeting.

2. A member eligible to attend, speak and vote at this meeting may appoint another member as his/her proxy to attend, speak and vote instead of him/her. Proxies in order to be effective must reach at the Company's Registered Office, 42-Lawrence Road, Lahore, not less than 48 hours before the time of holding the meeting and must be duly stamped, signed and witnessed.

3. CDC shareholders, entitled to attend, speak and vote at this meeting, must bring with them their Computerized National Identity Card (CNIC) / Passport in original along with Participants' ID Numbers and their Account Numbers to prove his/her identity, and in case of Proxy, must enclose an attested copy of his/her CNIC or Passport. Representatives of corporate members should bring the usual documents required for such purpose.

4. Shareholders are requested to immediately notify change in their addresses, if any, to the Company's Share Registrar.

5. Members, who have not yet submitted photocopies of their CNIC to the Company's Share Registrar, are requested to send the same at the earliest.

6. Securities and Exchange Commission of Pakistan, in order to make process of payment of cash dividend more efficient, has envisaged e-dividend mechanism. This will not only allow direct credit of dividend amount into shareholders' respective bank accounts through electronic fund transfer facilities without any delay but eliminate/minimize the chances of dividend warrants getting lost in the post, undelivered or delivered to the wrong address etc. For proper implementation and promotion of e-dividend mechanism, shareholders who have not yet provided dividend mandate information may provide dividend mandates, in case of book entry securities in CDS, to respective CDS participants and in case of physical shares to the Company's Share Registrar.

Statement Under Section 160(1)(b) of the Ordinance:

INVESTMENT IN HOLDING COMPANY

This statement sets out the material facts pertaining to the special business proposed to be transacted under Section 208 of the Ordinance at the forthcoming Annual General Meeting of the Company to be held on October 31, 2013.

Kohinoor Textile Mills Limited ("KTML"), the holding company, having its Registered Office at 42-Lawrence Road, Lahore, is manufacturer of yarn and cloth; processing and stitching the cloth and trade of textile products and its production comprise 156,528 ring spindles capable of spinning a wide range of counts using cotton and Man-made fibers. The weaving facilities at Raiwind comprise 204 looms capable of weaving wide range of greige fabrics. The processing facilities at the Rawalpindi unit are capable of dyeing and printing fabrics for the home textile market. The stitching facilities produce a diversified range of home textiles for the export market. Both the dyeing and stitching facilities are being augmented to take advantage of greater market access.

The Board of Directors of the Company in their meeting held on September 24, 2013 have approved Rs.300 million as loan / advances, being a reciprocal facility, to KTML on the basis of escalating profit trend of KTML subject to approval of the members. The Company shall extend the facility of loans / advances from time to time for working capital requirements to KTML in accordance with an agreement in writing including all relevant terms and conditions as prescribed in the Regulations.

Directors of the Company have also provided their duly signed undertaking / due diligence report with recommendations that they have carried out necessary due diligence for the proposed investment in KTML and it has been kept at Registered Office of the Company for inspection of the members along with audited accounts of KTML as required under the Regulations.

The information under clauses 3(1)(b) & 4(1) of the Regulations, as required vide SRO 27(I)/2012 dated January 16, 2012, is given hereunder:-

3(1)(b), in case of loans and advances to its associated companies or associated undertakings		
SR. #	REQUIREMENT OF THE REGULATION	RELEVANT INFORMATION
(i)	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established;	Kohinoor Textile Mills Limited (the "KTML") KTML is a holding company of Maple Leaf Cement Factory Limited (the "MLCFL").
(ii)	Amount of loans or advances;	Rs. 300 million (Rupees three hundred million only).
(iii)	Purpose of loans or advances and benefits likely to accrue to the investing company and its members from such loans or advances;	Purpose: To earn income on the loan and/or advances to be provided to KTML from time to time for working capital requirements of KTML. Benefits: MLCFL will receive mark up at the rate of one percent above its average borrowing cost. This shall benefit the MLCFL's cash flow by earning profit on idle funds. Period: For a period of one year from November 01, 2013 to October 31, 2014.
(iv)	In case any loan has already been granted to the said associated company or associated undertaking, the complete details thereof;	A similar nature of loan/advance facility of Rs.300 million from time to time for working capital requirements has been granted by the valued shareholders of the MLCFL vide special resolution passed in the Annual General Meeting held on October 31, 2011 which is valid till October 31, 2013.
(v)	Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements;	Based on the audited financial statements for the financial year ended 30 June 2013, the financial position of KTML is as under:- Particulars — Amount Rupees (000) Paid up capital : 2,455,262 Reserves : 2,544,007 Long term loans / leases : 38,958 Long term deposits : 40,382 Un-appropriated profit : 948,597 Surplus on revaluation of land and investment properties : 3,673,825 Current assets : 4,339,574 Current liabilities : 6,257,996 Current ratio : 0.69 Breakup value per share (Rs.) 20.36 Sales : 14,250,439 Gross Profit : 2,134,252 Operating Profit : 1,438,978 Net Profit : 484,532 Earnings per share (Rs.) : 1.97

SR. #	REQUIREMENT OF THE REGULATION	RELEVANT INFORMATION
(vi)	Average borrowing cost of the investing company or in case of absence of borrowing the Karachi Inter Bank Offered Rate for the relevant period;	Average borrowing cost of the MLCFL is 10.94% for the year ended June 30, 2013.
(vii)	Rate of interest, mark up, profit, fees or commission etc. to be charged;	Mark-up will be charged from KTML at one percent above the average borrowing cost of the MLCFL.
(viii)	Sources of funds from where loans or advances will be given;	Loan and / or advance will be given out of the funds of MLCFL.
(ix)	Where loans or advances are being granted using borrowed funds,- (I) justification for granting loan or advance out of borrowed funds; (II) detail of guarantees / assets pledged for obtaining such funds, if any; and (III) repayment schedules of borrowing of the investing company;	N/A
(x)	Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any;	No collateral is considered necessary since KTML is a holding company of the MLCFL.
(xi)	If the loans or advances carry conversion feature i.e. it is convertible into securities, this fact along with complete detail including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable;	N/A
(xii)	Repayment schedule and terms of loans or advances to be given to the investee company;	The loan / advance would be for a period of one year from November 01, 2013 to October 31, 2014 (both days inclusive). KTML will pay interest / mark-up on quarterly basis whereas repayment of principal amount shall be paid on or before October 31, 2014.

SR. #	REQUIREMENT OF THE REGULATION	RELEVANT INFORMATION
(xiii)	Salient features of agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment;	Nature : Loan / advance Purpose : To earn mark-up / profit on loan / advance being provided to KTML which will augment MLCFL's cash flow Period : One Year Rate of Mark-up : Above one percent the average borrowing cost of the MLCFL Repayment : Principal plus mark-up/ profit upto October 31, 2014 Penalty charges : @3-months KIBOR plus one percent in addition to the outstanding amount(s).
(xiv)	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertakings or the transaction under consideration; and	Investing Company i.e. MLCFL is a subsidiary company of KTML and seven Directors are common in both the companies may be deemed to be interested to the extent of their shareholding. None of the Directors or their relatives or associates are interested in any of the above resolution in any way except as members of the MLCFL.
(xv)	Any other important details necessary for the members to understand the transaction.	N/A

4(1) Six Directors including sponsor Directors are also the members of investee company i.e. KTML and are interested to the extent of their shareholding.

ACTING RESPONSIBLY

Directors' Report to the Shareholders

The Directors of the Company are pleased to present the 53rd Annual Report of the Company along with audited financial statements and Auditors' Report thereon for the year ended June 30, 2013.

OVERVIEW

The Directors are pleased to inform the shareholders that during the year ended June 30, 2013, Maple Leaf Cement Factory Ltd. produced record profits and sales. During the year under review, the Company achieved net sales of Rs. 17,357 million against sales of Rs. 15,461 million in the corresponding period, showing growth of 12%. Sales revenue increased on the back of growth in volume and improved selling price in the domestic market. Improved local demand due to increased spending on infrastructure development prior to the national elections helped domestic sales volumes. Export quantities and prices on the other hand, did not depict buoyant trend due to lacklustre demand overseas.

In the year 2012-13, energy crisis worsened due to heavy load shedding of gas and electricity which adversely affected production costs. High Fuel Price Adjustment charges (FPA) in electricity tariff increased the cost of production. Increased cost of gas and packing materials during the year also adversely impacted production costs. Higher diesel prices negatively impacted freight charges which affected operating margins. Excess supply in global coal production was witnessed against weak demand as developed nations move towards environmentally friendly fuels for power generation. This led to FOB prices for coal (Richards Bay) to decrease. Waste Heat Recovery Plant (WHRP) has substantially contributed in generation of inexpensive electricity contributing to higher gross margins. Gross profit increased to Rs.6,045 million in the current year compared to Rs. 4,015 million last year. The increase in gross margins is attributed primarily to improved retention both in local and export sales. Distribution, administration costs and other operating expenses were controlled effectively during the current period. Operating profit for the period was recorded at Rs.4,867 million as compared to Rs.2,795 million in the corresponding period.

Due to interest rate reductions, borrowing costs of the Company decreased by 27%, strengthening the bottom line. Company has become current on its Sukuk, Syndicate and other debt repayments due to increased profitability and improved cash flow.

Earnings before interest, Tax, Depreciation and Amortization (EBITDA) for the year 2012-13 increased to Rs.6,515 million as compared to Rs.4,439 million in the year 2011-2012 resulting in increase in EBITDA to Sales percentage from 28.71% to 37.5% in the year 2012-13.

Profit after tax witnessed a healthy turnaround to Rs.3,225 million (EPS: Rs. 6.11) for the year under review as compared to profit after tax of Rs.496 million (EPS: Re. 0.84) in the corresponding period.

The company's actual performance in the year 2012-13 exceeds the forward looking disclosures made in the last year annual report mainly due to more favourable coal environment and better actual prices than expected. However, power cost and load shedding increased during the year more than expected which affected cost of production. Pak Rupee remained under stress and visible devaluation of currency was observed during the last year from the forward looking disclosures made in the prior period. Moreover, effective utilization of resources and power generation equipment based on WHRP reduced our production cost which resulted in increase in operating profits as compared to projected.

APPROPRIATION

After massive losses for last few years, Company has crossed the loss threshold and has earned healthy profit of Rs. 3,225 million. The Directors have passed over dividend payment due to financial limitations. The financial results of the Company are summarized below:

	Rupees in Thousand
Profit before taxation	3,162,615
Provision for taxation	62,080
Profit after taxation	3,224,695
Un-appropriated loss brought forward	(5,275,157)
Surplus on revaluation of property, plant and equipment realized through incremental depreciation (Net of tax)	246,973
Transfer from general reserve	1,400,000
Accumulated Loss	(403,489)
Appropriations:	
Transfer to capital redemption reserve	(159,722)
Provision for dividend on preference shares	(1,353)
Un-appropriated loss carried forward	(564,564)

The Company's actual performance in the year 2012-13 meets the forward looking disclosures made in the last year's annual report. Power cost and load shedding increased during the last year which affected production of the cement sector. Pak Rupee remained under stress and visible devaluation of currency was observed during the last year. However, effective utilization of resources and power generation equipment based on WHRP reduced our production cost which resulted in increase in operating profits.

NON FINANCIAL PERFORMANCE

Quality, customer's satisfaction, employee's development and professional standards are Company's key areas where management has taken necessary measures to improve them. The Company is currently producing and supplying the high quality products which ensure maximum satisfaction to the customers. During the year, the Company has conducted various training courses for the development of existing human capital. The Company is maintaining highly satisfactory relationship with all stake holders. The Company has formed various committees which are responsible for the effective monitoring of key areas.

MANAGEMENT'S OBJECTIVES AND STRATEGIES

Prime objective of management is to change the culture from a State Cement traditional hierarchy and status quo enterprise to a customer driven, empowered and cross functionality focused company. Our objectives are determined to increase our retention value along with reduction in cost. We strive to achieve our objectives with collective wisdom and empathy. We are committed to enhance stakeholder's value. To achieve our corporate objectives, we have given priorities to refine and implement our human resource policies and Standard Operating Procedures (SOPs). Total Quality Management (TQM) function has been implemented that seeks to lower nonconformance costs through active focus on health, safety, environment, housekeeping and operations.

Apart from the above, we have implemented scientific performance evaluation techniques that are linked to KPIs (Key Performance Indicators). We have also developed Reliability Center Maintenance System for achieving run factor of 330 days considering it as an opportunity to improve our bottom line. We believe that training is the source of all process driven thinking. Local and international trainings for top management were arranged during the year 2012-13 including 6 Sigma trainings. We have framed well defined different teams to address the key areas like Team energy, Team Reliability Centered Maintenance and Team Culture Development. Priority is being assigned to control production cost. We have reduced variable cost due to efficient energy management and other cost reduction measures. This results in achieving management's objectives and successful implementation of management's strategies. There is no material change in Company's objective and strategies from the previous year.

ENTITY'S SIGNIFICANT RESOURCES

Our resources consist of mainly human resource, financial resource, and technological resource. The Company assorted and hired team of professionals with enormous expertise in latest technologies who proficiently design the ways for improving and upgrading our production process, networking and control systems. We have developed a dedicated team to analyze the human resource right from selection till retirement. We believe in adding value to our human resource by extensive trainings and development program.

LIQUIDITY AND CAPITAL STRUCTURE

Our liquidity condition has significantly improved over the period with reduced payment cycle. The management of the company has breadth of experience and knowledge of best practices in liquidity management pertaining to policies, processes, regulatory constraints, tax considerations and liquidity management system. Capital structure mainly consists of ordinary share capital and long term / short term debts. Management believes that there is no inadequacy in capital structure in status quo. During the year Company has paid off its long term debt and redeemable capital totaling to Rs.2,296 Million and managed to improve debt equity ratio from 54:46 to 46:54 and net cash generated from operation increased by 37%.

The company is exposed to liquidity risk and in order to cope with it, we invest only in highly liquid resources to mitigate the risk. Efficient utilization of available resources, better control over production overheads and better retention resulted in increased cash generation from operations and recovery of losses. The company continues with its plan to utilize that cash generated from operations for repayment of its debt on timely basis: which will result in reduction of financial cost and resultantly net profit of the company will be increased.

RISKS AND MANAGEMENT'S STRATEGIES TO MITIGATE THESE RISKS

RISK	MANAGING RISKS
Strategic Risks	Company believes in philosophy of collective wisdom. To compete with uncertainties in cement sector both at national and international spectrum, management has devised effective committees that are primarily consisted of HODs of different departments, who helped the company to adopt a proactive approach towards the strategic risks.
Operational Risks	The company's audit committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the operational risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by the Internal Audit department. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.
Financial Risks	The Company is exposed to liquidity risk, currency risk and market risk. To cope with the risks mentioned, company invests only in highly liquid resources to mitigate the risks. Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of overall funding mix and avoidance of undue reliance on large individual customers.
Safety Risk	The Company takes good care of its human capital and financial assets. Safety at Plant Site is being addressed by having alignment with world class safety and quality standards. Insurance of financial assets is also in place to mitigate any monetary impact.

ENTITY'S SIGNIFICANT RELATIONSHIPS

The Company has very prominent and good relationships with all stakeholders. We maintain collaborative relations with our stakeholders through a good harmony, effective communication and customer focused approach because without doing this we may affect our company's performance and values of our entity. We follow the best policy to maintain the relationship with our stakeholders which includes satisfaction of customers by providing quality products and timely payments to all creditors. During the current year, the Company has also established a call center which operates 24 hours a day in order to address queries, orders, supply chain, complaints and suggestions of our valued customers on timely basis. Moreover, the Company maintains good relationship with its Bankers and also arranges Investors' conferences periodically to discuss business prospects and financial management plans with the lenders which also enhances confidence of the lenders on the Company.

DYNAMIC FUTURE

CRITICAL PERFORMANCE MEASURES

Following are some of the critical performance measures and indicators against stated objectives of the company.

- Increase in retention;
- Better debt equity structure;
- Compliance with terms of all stakeholders;
- Changing the philosophy of state owned organization.
- Decrease in variable cost;
- Increasing shareholder's wealth;
- Improvement in operational performance;

Management believes that current critical performance measures continue to be relevant in future as well.

KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires management and the Board of Directors to make estimates and judgments that affect reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingencies. These estimates are based on historical experience and various other assumptions that management and the Board believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Key estimates and assumptions concerning the future include:

- Estimating useful life of assets

  The useful lives are estimated having regard to the factors as asset usage, maintenance, rate of technical and commercial obsolescence. The useful lives of assets are reviewed annually.

- Deferred Taxation

  Deferred tax asset amounting to Rs.643 million on unused tax losses, has not been recognized in these financial statements being prudent. Management will reassess the future profitability of the company and dynamics of cement industry and will then recognize deferred tax asset, if required.

- Employee benefit scheme

  The defined benefit obligations are based on actuarial assumptions such as discount rate, expected rate of return on plan assets, expected rate of growth in salaries and expected average remaining working life of employees which are extensively detailed in note 13 to the financial statements.

HUMAN RESOURCE MANAGEMENT

Maple Leaf is committed to build a strong organizational culture that is shaped by empowered employees who demonstrate a deep belief in company's vision and values. Therefore Human Resource Management (HRM) is an integral part of our business strategy. The company fosters leadership, individual accountability and teamwork. The main objectives of Maple Leaf HRM policy are:

- Selecting the right person, with the right experience, at the right time, offering the right compensation.
- Developing Management philosophies and practices to promote and encourage motivation and retention of the best employees.
- Recognizing and rewarding employees' contribution to the business.
- Fostering the concept of team work and synergetic efforts,
- Encouraging and supporting team concepts and team building techniques.
- Nurturing a climate of open communications between management and employees.
- Making all reasonable efforts to achieve a high quality of work-life balance.

SUCCESSION PLANNING

MLCFL believes in proactive approach towards succession planning. We recruit employees, develop their knowledge, skills, abilities, and prepare them for advancement or promotion into ever more challenging roles. Rigorous succession planning is also in place throughout the organization. Succession planning ensures that employees are constantly developed to fill each needed role. We look for people who exemplify continuous improvement when we are spotting future successors.

MARKET SHARE

Presently Maple Leaf Cement due to its unique marketing efforts and superior quality has 8% market share for grey cement (on capacity based) as evident from the All Pakistan Cement Manufacturing Association (APCMA) website. Therefore, Maple Leaf is a leading brand in Pakistan with a diverse customer base and presence in almost all cities of Pakistan. Carrying on with the legacy of Leaf, Maple Leaf brand is widely acknowledged as best quality cement brand in all the markets, where it is exported. It is also the largest producer of White Cement in the country with more than 90% of local market share and the biggest white cement exporter of Pakistan.

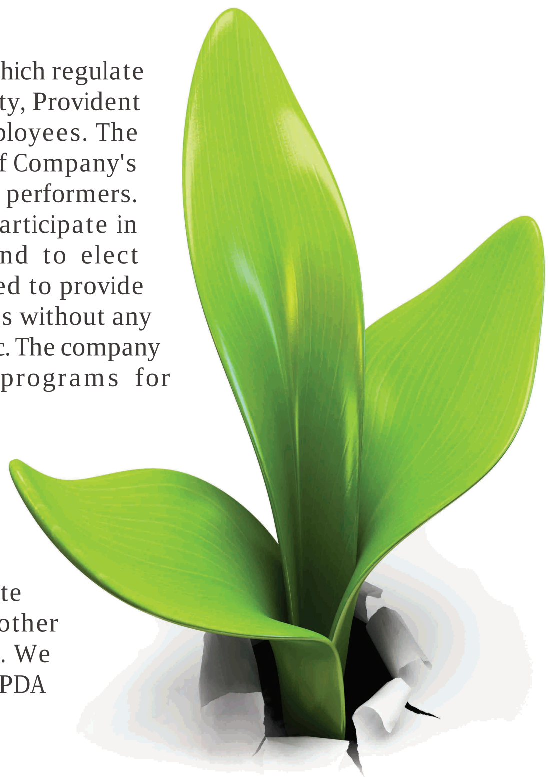
SOCIAL COMPLIANCE

a) Corporate Social Responsibility

For community investment and welfare, the Company acknowledges its responsibility towards society and performs its duty by providing financial assistance to projects for society development by various charitable institutions on consistent basis. The Company has been recognized by Pakistan Centre for Philanthropy as a leader in social and charitable contributions and strikes to be a constructive member of the communities in which it has a presence. Kohinoor Maple Leaf Group has received “6th Corporate Social Responsibility National Excellence Award” on account of its performance in various projects. The Company has contributed in medical social sciences project and in this regard, has donated a state of the art Cardiac facility to the Gulab Devi Chest Hospital (GDCH) in Lahore by constructing Sayeed Saigol Cardiac Complex (SSCC) at GDCH.

b) Industrial Relations

The Company has set procedures, rules and regulations which regulate employment guidance. The Company has allocated Gratuity, Provident Fund and Worker's Profit Participation Fund for its employees. The Company also pays bonuses to employees on the basis of Company's profitability and also awards performance bonuses to star performers. Appropriate opportunity is provided to employees to participate in Collective Bargaining Agreement (CBA) activities and to elect representative of their choice. The Company is committed to provide equal opportunity to all existing and prospective employees without any discrimination on the basis of religion, gender, race or age etc. The company also organized several rewards and recognition programs for acknowledgment of work done by its employees.



c) Energy Conservation Measures

Energy crisis is getting severe day by day in Pakistan. We have developed a team energy that is striving to get the best possible alternative sources like efficient usage of Waste Heat Recovery Boiler, LED lights, coal based boiler and other alternatives including waste, rice husk and carbon black. We have also maintained such methods to avoid maximum WAPDA peak hours utilization.

d) Consumer Protection Measures

We ensure that our products are shipped in a safe manner complying with safety standards and legal requirements. The Company takes care and applies appropriate procedures to manufacture cement products so as to ensure that no harmful substances are present in its products.

e) Employment of Special Persons

The Company has employed disabled persons in compliance with the rules set out by the Government of Pakistan which is 2% quota of the total workforce necessitated to be allocated to disabled persons.

f) Community Investment and Welfare Schemes

Maple Leaf has a strong tradition of good community relations and its employees are actively involved in welfare schemes. We believe that investing in our communities is an integral part of our social commitment to ensure the sustained success of the company. We aim to ensure that our business and factory have the resources and support to identify those projects, initiatives and partnerships that can make a real difference in their communities and that mean something to employees and their families. Management of Maple Leaf Cement Factory, for maintaining healthy and green environment, celebrated the World Environment Day in coordination with District Officer Environment Mianwali along with other community stakeholders on June 5th, 2013. The main aim of celebrating World Environment Day was to demonstrate the continual efforts and commitment of MLCFL Management for the healthy Working environment and awareness of people through the Environment walk and Seminar in pursuance of the community investment and welfare schemes.

In pursuance of the green vision and commitment of Top Management of the Maple Leaf Cement Factory for maintaining healthy and green environment, inauguration ceremony of “Tree Plantation” for Spring Season was carried out at Maple Leaf Cement Factory Limited Iskandarabad, Mianwali on 27th February, 2013. The main aim of the ceremony was to demonstrate the continual efforts and commitment of MLCFL Management for the healthy working environment for its workers as well as for the people in neighbourhood of MLCFL. The plantation ceremony for Spring 2013 was coordinated by Health, Safety & Environment Department of MLCFL, ECOGREEN Environment Consultants and the District Officer (Environment) Mianwali.

g) Rural Development Program

Maple Leaf is working hard to initiate and sustain rural development programs for the enhancement of health of the rural population. Therefore “Dengue Fever Awareness Walk and Workshop” was carried out at MLCFL in coordination with District Officer (Environment) Mianwali on 27th February, 2013. The main aim of the workshop was to demonstrate the prevention techniques and knowledge sharing with community members for the maximum awareness at plant site and the local community. A detailed session was carried out in which DO (E) Mianwali informed about the possible reasons for the growth and spread of the dengue fever mosquito and the possible precautions to be taken in order to mitigate the Dengue fever.

MITIGATING EFFORTS TO CONTROL INDUSTRY INFLUENTS

Traditionally, cement plants are considered to be environmentally hazardous but MLCF has installed most modern and state of the art equipments to control industry influents. In order to mitigate the effects of industrial effluents on surrounding environment, MLCF is putting forth all efforts for providing healthy environment to employees and natives.

In this regard following major environment friendly activities are carried out by MLCF.

1) Regular Monthly basis environmental monitoring for stack emissions and effluents complying with Natural Environmental Quality Standards.
2) MLCF has state of the art FLS cement manufacturing technology, equipped with the world class dust collection Electrostatic precipitators and Bag filters for environment protection.
3) Massive Tree Plantation Program was carried out for maintaining healthy and green environment as a part of Corporate Social Responsibility in coordination with District Officer (Environment) Mianwali.

    - Spring season Plantation at MLCF (27th February, 2013)
    - Plantation at Govt. College for Women Musakhel (6th April, 2013)
    - Monsoon season plantation at MLCF Housing colony (27th July, 2013)

4) In order to create awareness for the local community, a walk in coordination with District Officer (Environment) Mianwali was carried out on "World Environment Day" on 5th June, 2013. Walk in coordination with District Officer coordination was carried out on 27th July, 2013 "World Dengue Day" at MLCF.
5) MLCFL has its own hospital & trauma centers at plant site. Keeping in view the occupational health of employees, regular first aid and CPR training programs are conducted to ensure safe health of workers.

EDUCATION AND TRAINING FOR CORPORATE SUSTAINABILITY

MLCF is fully aware of its responsibility towards imparting education to future generation. For this purpose the Company has established four schools in Iskandarabad city, which provide quality education not only to children of employees of the Company but also to the local residents. The Company has provided building and complete infrastructure to these schools. In addition, the Company gives monthly subsidy to partly cover the running expenses. About 2,670 students are currently enrolled in these schools.

HEALTH CARE

A free medical centre and hospital has been established & providing medical facilities to the employees. A team of male and female doctors with paramedic staff has been appointed to provide round the clock medical services.

QUALITY MANAGEMENT SYSTEMS

The Company is ISO-9001:2008 certified and truly implements Quality Management System. The Company manufactures cement through the plant based on state of the art technology of world renowned FL Smidth Automation Denmark. Quality is assured through systematic and effective adoption, implementation, monitoring and continuous enhancement of quality control systems using latest methods of analysis. All stages of the production process right from the selection of raw materials, processing of materials and the finished product are subjected to rigorous testing to ensure that each bag of cement is of the highest quality. The quality check parameters during each level of the process are monitored and controlled by the latest version of technology & equipment connected on-line with Central Control Room through PLC system. The frequency of sampling and testing along with control parameters is defined. Apart from the usual quality control equipment, Maple Leaf's Quality Control Department is equipped with state-of-the-art technologies such as:

- X-ray Fluorescent Analyzers and Diffract meter to analyze chemical components;
- Sample preparation tools such as a jaw crusher, Sample dividers, disk grinding mill and mixer mill;
- Precision Electronic Balances;
- Drying Ovens & Furnaces;
- Lab glassware;
- PC Based Automatic Calorimeter and Sulfur Determinator to analyze fuels.

All the Lab equipments are calibrated to ensure accurate & precise test results. That is why; each brand of the Company is internationally certified.

OCCUPATIONAL SAFETY, HEALTH AND ENVIRONMENTAL PROTECTION MEASURES

The Company is committed to achieve excellence in Occupational Safety, Health and Environmental protection. The Company encourages awareness in these areas amongst our employees, customers, suppliers and all those who are associated with us in our activities. The Company's goal in respect of safety, health and environment is to minimize all adverse environmental and health impacts arising out of our operations and to conserve all kinds of resources and adhere to all legal regulations. Maintenance of health and safety standards at our plants and offices is our top priority. The Company is committed to actively managing health and safety risks associated with our business and is actively working towards improving our procedures to reduce, remove or control the risk of fire, accidents or injuries to employees and visitors. The Company strives to provide a safe and healthy workplace for its employees and to act responsibly towards the communities and environment, in which it operates. It realizes this through the commitment of its

PRECISION & CERTAINTY

leadership, the dedication of its staff, and application of the highest professional standards of work. Management takes all possible measures to prevent unsafe activities by its hiring practices and through the implementation of effective management, human resources and operational policies.

BUSINESS ETHICS & ANTI-CORRUPTION MEASURES

The Company, through its training, management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. Employees are encouraged to report any deal that may be supported by kickbacks. No employee is allowed to run a parallel business. The Company is maintaining sophisticated Oracle based online software using which any employee can report the non-conformance (NC) to the top management. All the NCs reported are being addressed by the top management on timely basis and a regular follow up activity is being carried out in order to ensure that all issues highlighted are being resolved permanently.

NATIONAL CAUSE DONATIONS

During the year, Company has contributed donations to Sindh flood stricken and Shaukat Khanum Hospital. Company has also donated in form of cement for construction of different social projects.

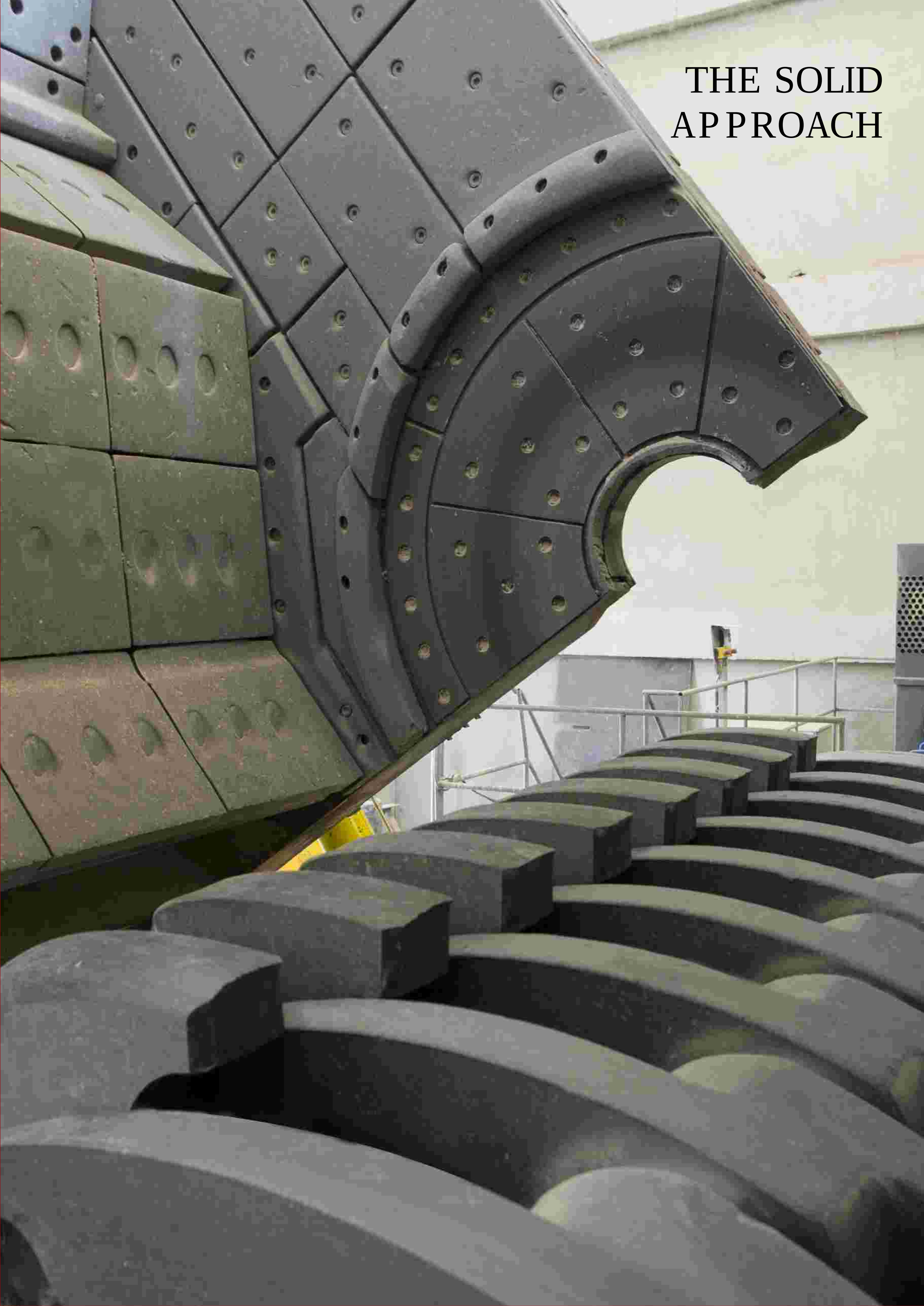
CONTRIBUTION TO NATIONAL EXCHEQUER

During the year, Company has contributed an amount of Rs. 3,120 million towards national exchequer in shape of taxes, duties, cess, levies etc. The Company has also contributed through earnings of valuable foreign exchange amounting to US$ 33 million.

FUTURE PROSPECTS

Coal prices seem to be rebounding after touching low levels and there is a possibility, will rise further on account of Chinese and Indian demand during the next couple of months. The Company faced many challenges during the year 2012-13 which included frequent power cost increases, inflation, significant Pak Rupee devaluation affecting adversely the Company's costs due to rise in imported coal usage and frequent load shedding. Macro economic imbalances have limited growth in the cement sector which impacted volumetric growth. Increase in GST and other taxes announced in the Federal Budget FY14 and a strict implementation of lower axle loads required for cement carriers also adversely impacted the sales and cost. The central bank has recently raised the Discount Rate by 50bps to 9.5% in order to off set pressure on the Rupee and manage inflation. It is expected that interest rates will likely inch up during the year 2013-14 which can increase cost of finance of the Company. However, due to planned reduction of Company's debts, overall finance cost of the Company is expected to reduce. In order to overcome the forthcoming challenges, your Company has taken several measures. Effective utilization of power generation equipment based on WHRP to generate cheaper electricity to reduce the conversion costs is a major initiative which is working efficiently. The Company is determined to explore new export markets for maximum capacity utilization. Efforts are being made to reduce input costs wherever possible through adoption of various cost saving measures, including use of alternative fuels. The Company has adopted various strategies for effective and prudent cash flow management to maintain smooth operations of the Company where most of the available cash shall be used to reduce the debt burden of the Company. It is expected that the new government will focus on infrastructure development which will improve the local dispatches over the medium-term. We expect steady growth during the next financial year in volumes, as well as, prices which should lead to improved earnings. At present, cement demand is experiencing seasonally sluggish period, however, demand should start recovering from October 2013 onwards. We expect exports to remain flat during the next financial year due to competition from Iran in Afghanistan and slower economic growth in India and other parts of the world. Cost reduction and optimum utilization of resources will continue to be the main focus of the management in all operational areas of the Company.

THE SOLID APPROACH



The Company anticipates that above factors will contribute towards maintaining next year's earnings of the Company compared with current year's performance.

PREFERENCE SHARES REDEMPTION

In accordance with the decision of the Board of Directors, the Company has made full and final redemption of preference shares (non-voting) of Rs.10/- each @ 9.75% per annum on cumulative basis upto October 31, 2012 i.e. @ Rs.13.254 per preference share and consequently to final redemption, the securities of preference shares have been de-listed by the respective Stock Exchanges as well as its revocation from Central Depository System.

ADDITIONAL SUKUK REDEMPTION

The Company has also made full and final principal redemption of Additional Sukuk Issue of Rs.300 million during the year together with profit / rental payment thereon and consequently privately placed additional sukuk certificates were revoked from the Central Depository System.

BEST CORPORATE REPORT AWARD

Maple Leaf bagged award for “Best Corporate Report 2012” in the award ceremony jointly hosted by Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Cost and Management Accountants of Pakistan (ICMAP) and was given 1st Position award for the Best Corporate Report for the year 2012 in Cement and Sugar sector. This award for Best Corporate Report secured by the Company is a reflection of following best ethical values and management practices in corporate reporting. The company has promoted accountability and transparency through provision of accurate, informative, factual and reader-friendly Annual Reports on timely basis for the valuable stake holders.

COMPLIANCE OF THE CODE OF CORPORATE GOVERNANCE

The Board reviews the Company's strategic direction and business plans on regular basis. The Audit Committee is empowered for effective compliance of the Code of Corporate Governance. The Board is committed to maintain a high standard of good corporate governance.

Your Directors are pleased to report that:

a) The financial statements, prepared by the management present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
b) Proper books of account have been maintained by the Company.
c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures therefrom have been adequately disclosed and explained.

e) The existing internal control system and procedures are continuously reviewed by the internal auditor. The process of review will continue by the audit committee to monitor the effective implementation.

f) There are no significant doubts upon the Company's ability to continue as a going concern.

g) Key operating and financial data of last six years is annexed.

h) The value of investment of provident fund and gratuity trust, based on their respective un-audited accounts of June 30, 2013 is as under:

	Rupees in thousand
Provident Fund	379,738
Gratuity Fund	61,771

There has been no material changes since June 30, 2013 except as disclosed in this annual report and the Company has not entered into any commitment, which would affect its financial position at the date except for those mentioned in the audited financial statements of the Company for the year ended June 30, 2013.

During the year, the Company has complied with all applicable provisions, filed all returns / forms and furnished all the relevant particulars as required under the Companies Ordinance, 1984 and allied rules, the Securities and Exchange Commission of Pakistan (SECP) Regulations and the listing requirements.

DIRECTORS AND BOARD MEETINGS

During the year under review, four meetings of the Board of Directors were held. Attendance by each Director was as follows:-

NAME OF DIRECTORS	DESIGNATION	NO. OF MEETINGS ATTENDED
MR. TARIQ SAYEED SAIGOL	Chairman/Executive Director	4
MR. SAYEED TARIQ SAIGOL	CEO/Executive Director	4
MR. TAUFIQUE SAYEED SAIGOL	Non-Executive Director	4
MR. WALEED TARIQ SAIGOL	Non-Executive Director	4
MR. DANIAL TAUFIQUE SAIGOL	Non-Executive Director	4
SYED MOHSIN RAZA NAQVI	GDF/CFO/Executive Director	4
MR. ZAMIRUDDIN AZAR	Independent Non-Executive Director	4
MR. KARIM HATIM	Independent Non-Executive Director	3

Leave of absence was granted to the Director who could not attend the Board meeting due to his preoccupation.

EVALUATION CRITERIA OF BOARD PERFORMANCE

Following are main criteria:

1. Financial policies reviewed and updated;
2. Capital and operating budgets approved annually;
3. Board receives regular financial reports;
4. Procedure for annual audit;
5. Board approves annual business plan;
6. Board focuses on goals and results;
7. Availability of Board's guideline to management;
8. Regular follow up to measure the impact of Board's decisions;
9. Assessment to ensure compliance with code of ethics and corporate governance.

QUALIFICATION OF CFO AND HEAD OF INTERNAL AUDIT

The Chief Financial Officer and the Head of Internal Audit possess the requisite qualifications and experience as prescribed in the Code of Corporate Governance.

ORIENTATION AND REGULAR CONTINUOUS PROFESSIONAL DEVELOPMENT PROGRAMS

The Company arranges formal orientation at induction for the members of Board of Directors in compliance with the requirements of Code of Corporate Governance and regular continuous professional development program is also in placed. Syed Mohsin Raza Naqvi, Director of the Company has attended Directors' Training Program in previous year and Mr. Danial Taufique Saigol attended Directors' Training Program during the current year and obtained Certificate from the Institute of Chartered Accountants of Pakistan.

TRANSACTION / TRADE OF COMPANY'S SHARES

Since the previous Directors' Report, 1,850,000 shares were transferred by Mr. Tariq Sayeed Saigol, Chairman / Director to his spouse, Mrs. Shehla Tariq Saigol, by virtue of Gift Deed. However, Mr. Waleed Tariq Saigol, Director & Mr. Muhammad Ashraf, Company Secretary sold their 1,465,000 and 300,000 shares respectively through stock market.

Board has reviewed the threshold for disclosure of interest by executives holding of Company's shares which includes Chief Executive Officer, Chief Financial Officer, Head of Internal Audit and Company Secretary. However, the other Directors including Chief Executive Officer did not make any transaction in Company's shares including their spouses and minor children.

PATTERN OF SHAREHOLDING

Pattern of shareholding of the Company in accordance with the Companies Ordinance, 1984 and Code of Corporate Governance as at June 30, 2013 is annexed.

AUDITORS

The present auditors of the Company M/s. KPMG Taseer Hadi & Co., Chartered Accountants audited the financial statements of the Company and have issued report to the members.

The auditors will retire at the conclusion of the Annual General Meeting. Being eligible, they have offered themselves for re-appointment. The Board has recommended the appointment of M/s. KPMG Taseer Hadi & Co., Chartered Accountants as auditors for the ensuing year, as suggested by the Audit Committee, subject to approval of the members in the forthcoming Annual General Meeting.

ACKNOWLEDGEMENTS

The Board expresses its gratitude for the efforts of all its employees, executives, workers and stakeholders which enabled the management to run the Company smoothly throughout the year. It is expected that the same co-operation would be forthcoming in future years.

For and on behalf of the Board

(Sayeed Tariq Saigol)
Chief Executive

Lahore: 24 September 2013

LIFTING BUSINESS

Brief Profile of Directors

MR. TARIQ SAYEED SAIGOL
(CHAIRMAN / DIRECTOR)

OTHER ENGAGEMENTS

CHAIRMAN / DIRECTOR
Kohinoor Textile Mills Limited

CHAIRMAN / CHIEF EXECUTIVE / DIRECTOR
Kohinoor Maple Leaf Industries Limited
Zimpex (Private) Limited

Mr. Tariq Sayeed Saigol is the Chairman of Kohinoor Maple Leaf Group (KMLG). He is a member of the reputed Saigol Family who pioneered in textile manufacturing after partition and later ventured into the financial sector, chemicals, synthetic fibres, sugar, edible oil refining, civil engineering, construction, cement and energy.

Mr. Saigol was schooled at Aitchison College, Lahore and graduated from Government College, Lahore following which, he studied Law at University Law College, Lahore.

He started his career in 1968 at Kohinoor's Chemical Complex at Kala Shah Kaku. Upon trifurcation of the Group in 1976, he became Chief Executive of Kohinoor Textile Mills Limited, Rawalpindi. Since 1984, he has been Chairman of Kohinoor Maple Leaf Group which has interests in textiles, energy and cement manufacturing.

He remained Chairman All Pakistan Textile Mills Association from 1992 to 94, President of Lahore Chamber of Commerce and Industry for 1995-97 and Chairman, All Pakistan Cement Manufacturers Association from 2003-2006.

Mr. Saigol was a member of the Federal Export Promotion Board and Central Board of State Bank of Pakistan. He has also served on several Government Commissions and Committees on a number of subjects, including Export Promotion, reorganization of WAPDA and EPB, Right Sizing of State owned Corporations and Resource Mobilization. He is the author of Textile Vision 2005 which was adopted by the Government in 2000 and its critique prepared in 2006. He joined the Central Board of State Bank of Pakistan for a second term in 2007 and was a member of the Prime Minister's Economic Advisory Council established in 2008.

He takes keen interest in the development of education in Pakistan. He has been a member of the Board of Governors of Lahore University of Management Sciences, Aitchison College, Founding Chairman of the Board of Governors of Chandbagh School, Founder Trustee of Textile University of Pakistan and member of the Syndicate of University of Health Sciences. He is conferred with Sitara-e-Isaar by President of Pakistan in 2006.

He is a keen golfer and has represented Pakistan at Golf in Sri Lanka and Pakistan in 1967.

MR. SAYEED TARIQ SAIGOL
(CHIEF EXECUTIVE / DIRECTOR)

OTHER ENGAGEMENTS

DIRECTOR
Kohinoor Textile Mills Limited
Kohinoor Maple Leaf Industries Limited

Mr. Sayeed Tariq Saigol is the Chief Executive of Maple Leaf Cement. He graduated from McGill University with a degree in management. Mr. Sayeed Saigol also has several years of work experience in the textile industry. Prior to joining Maple Leaf Cement he was involved in setting up and managing an apparel dyeing company. He is a member of the Board of Governors of the Lahore University of Management Sciences.

MR. TAUFIQUE SAYEED SAIGOL
(DIRECTOR)

OTHER ENGAGEMENTS

CHIEF EXECUTIVE / DIRECTOR
Kohinoor Textile Mills Limited

DIRECTOR
Kohinoor Maple Leaf Industries Limited
Zimpex (Private) Limited

Mr. Taufique Sayeed Saigol is the Chief Executive of Kohinoor Textile Mills Limited and director in all KMLG companies. He is a leading and experienced industrialist of Pakistan. He graduated as an Industrial Engineer from Cornell University, USA in 1974. He is widely traveled and his special forte is in the export business.

He is a business man of impeccable credibility and vision and has substantial experience of working in different environments.

MR. WALEED TARIQ SAIGOL
(DIRECTOR)

OTHER ENGAGEMENTS

DIRECTOR
Kohinoor Textile Mills Limited

Mr. Waleed Tariq Saigol is the Managing Director of Kohinoor Textile Mills Limited (Raiwind Division). He holds a bachelor's degree in Political Science from the London School of Economics & Political Science. Apart from his responsibilities in textiles he is also involved in identifying and developing new areas of business for KMLG. He is a keen golfer and has won several tournaments in Pakistan.

MR. DANIAL TAUFIQUE SAIGOL
(DIRECTOR)

OTHER ENGAGEMENTS

DIRECTOR
Kohinoor Textile Mills Limited

Mr. Danial Taufique Saigol is the younger son of Mr. Taufique Sayeed Saigol, CEO of KTML. Danial began his career with KMLG in January 2012 as a Director. He holds a bachelor's degree in Finance from McGill University, Montreal, Canada. He is currently posted at Kohinoor Textile Mills, Rawalpindi.

SYED MOHSIN RAZA NAQVI
(GROUP DIRECTOR FINANCE /
CHIEF FINANCIAL OFFICER)

OTHER ENGAGEMENTS

DIRECTOR / CHIEF FINANCIAL OFFICER
Kohinoor Textile Mills Limited

Mr. Mohsin Naqvi is Fellow Member of the Institute of Chartered Accountants of Pakistan with over

24 years of Financial Management experience.

His areas of expertise include: financial projections, forecasting-short term and long-term cash flows, business strategy development, acquisitions and evaluations of business units, establishing company's reporting structure, implementing budgetary control procedures, implementing financial software, organizing finance and treasury functions of the Company.

He is former board member of Kohinoor Mills Limited and Al-Wazan Group, Kuwait and Trust Investment Bank Limited.

He has experience of working in several countries which include Saudi Arabia, Kuwait, Philippines, Morocco, Jordan and Pakistan.

MR. ZAMIRUDDIN AZAR
(DIRECTOR)

OTHER ENGAGEMENTS

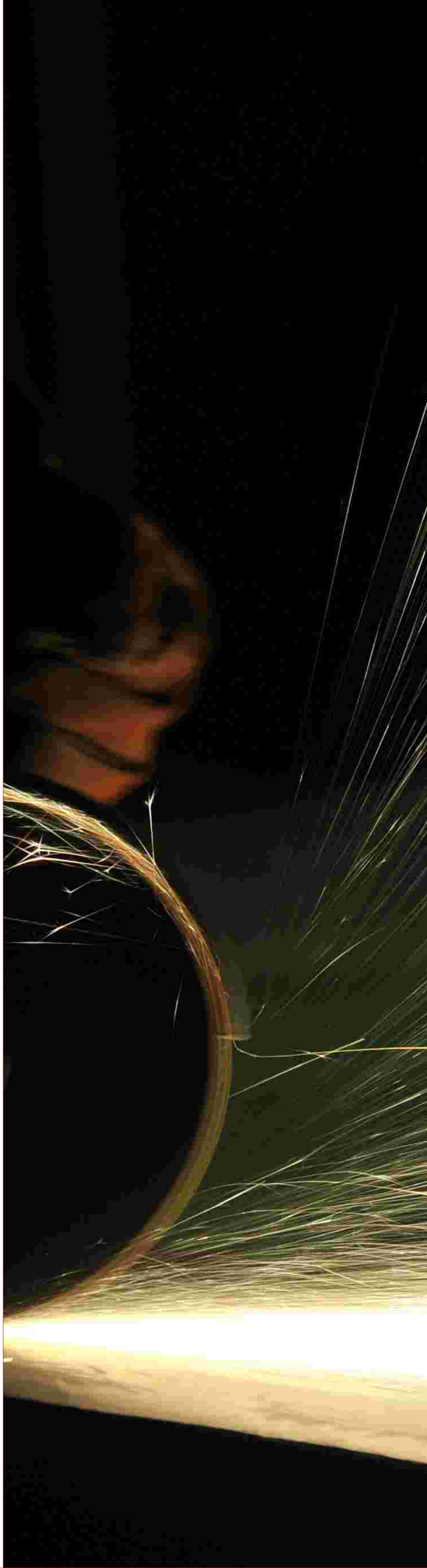
DIRECTOR
Kohinoor Textile Mills Limited

Mr. Zamiruddin Azar has been actively involved in various corporate activities of the Kohinoor Maple Leaf Group. As a non-executive director, he heads the Internal Audit Committees of the KMLG companies. With 35 years of experience at Glaxo Pakistan, Mr. Azar provides invaluable insight into project management, human resource development and administration.

MR. KARIM HATIM
(DIRECTOR)

Mr. Karim Hatim is a Fellow Member of the Institute of Chartered Accountants of Pakistan and has more than fifteen years of Investment Banking experience involving Business Development, Corporate Finance and Advisory Services, Treasury, Capital Markets and Credit Appraisal. He has conducted several specialized assignments in Finance, Audit and Tax.

As Investment Banking Head at Pak Kuwait Investment Company, Mr. Hatim was instrumental in reviving the deal pipeline of the company and enhancing fee income. He led the entire process of successfully setting up a Non Bank Finance Company and a Brokerage House as subsidiaries of PKIC. During this time, he worked on several big ticket privatization and balance sheet restructuring mandates. Prior to that, he worked in senior roles at Ford Rhodes, Standard Chartered, Mercantile Leasing Limited and Paramount Leasing Limited. He also served as Chief Operating Officer at NBP Capital Limited.



SPARK OF GENIUS

The Board Structure and its Committees

BOARD STRUCTURE

Following are the Board members along with their status.

NAME	STATUS
MR. TARIQ SAYEED SAIGOL	Chairman/Executive Director
MR. SAYEED TARIQ SAIGOL	CEO/Executive Director
SYED MOHSIN RAZA NAQVI	GDF/CFO/Executive Director
MR. TAUFIQUE SAYEED SAIGOL	Non Executive Director
MR. WALEED TARIQ SAIGOL	Non Executive Director
MR. DANIAL TAUFIQUE SAIGOL	Non Executive Director
MR. ZAMIRUDDIN AZAR	Independent Non Executive Director
MR. KARIM HATIM	Independent Non Executive Director

AUDIT COMMITTEE

NAME	DESIGNATION
MR. ZAMIRUDDIN AZAR	Chairman / Independent Non Executive Director
MR. KARIM HATIM	Member / Independent Non Executive Director
MR. WALEED TARIQ SAIGOL	Member / Non Executive Director
MR. DANIAL TAUFIQUE SAIGOL	Member / Non Executive Director

A total number of five meetings of the Audit Committee were held during the year and the attendance of Members was as under:-

NAME	MEETINGS ATTENDED
MR. ZAMIRUDDIN AZAR	5
MR. KARIM HATIM	3
MR. WALEED TARIQ SAIGOL	5
MR. DANIAL TAUFIQUE SAIGOL	5

The Main terms of reference of the Audit Committee of the Company include the following:-

a. Determination of appropriate measures to safeguard the Company's assets;
b. Review of quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, focusing on:
   - Major judgmental areas;
   - Significant adjustments resulting from the audit;
   - The going concern assumption;
   - Any changes in accounting policies and practices;
   - Compliance with applicable accounting standards;
   - Compliance with listing regulations and other statutory and regulatory requirements; and
   - Significant related party transactions.

c. Review of preliminary announcements of results prior to publication;

d. Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);

e. Review of management letter issued by external auditors and management's response thereto;

f. Ensuring coordination between the internal and external auditors of the Company;

g. Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;

h. Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;

i. Ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;

j. Review of the Company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;

k. Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the CEO and to consider remittance of any matter to the external auditors or to any other external body;

l. Determination of compliance with relevant statutory requirements;

m. Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and

n. Consideration of any other issue or matter as may be assigned by the Board of Directors.

HUMAN RESOURCE & REMUNERATION COMMITTEE

In compliance with the revised Code of Corporate Governance, 2012, the Board has constituted the composition of Human Resource & Remuneration (HR&R) Committee as under:-

NAME	DESIGNATION
MR. WALEED TARIQ SAIGOL	Chairman (Non Executive Director)
MR. ZAMIRUDDIN AZAR	Member (Independent Non Executive Director)
MR. DANIAL TAUFIQUE SAIGOL	Member (Non Executive Director)

NUMBER OF MEETINGS HELD - 01 (All Member attended the meeting)

The Main terms of reference of HR&R Committee of the Company include the following:-

The Committee shall be responsible to:

i) recommend human resource management policies to the Board;

ii) recommend to the Board the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO;

iii) recommend to the Board the selection, evaluation, compensation (including retirement benefits) of CFO, Company Secretary and Head of Internal Audit. This will include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment and;

iv) consider and approve on recommendations of CEO on such matters for key management positions who report directly to CEO.

a. The remuneration of executive and non-executive Directors shall not fall within the preview of the HR & R Committee.

b. Recommendations in respect of compensation including performance incentives will ensure that:
   - The Company is able to recruit, motivate and retain persons of high ability, caliber and integrity.
   - The packages are consistent with what is normal in industry and / or specific job wise, as determined through surveys conducted.
   - Incentives where applicable are based on criteria which have been carefully examined, discussed and authorized.

c. Selection recommendation should ensure that the Company has a formal selection procedure which provides for;
   - A description of the position that requires to be filled with a profile of the ideal candidate;
   - Selection Boards for various levels of recruitment;

d. Performance evaluation should:
   - Be based on procedures formally specified and which override individual likes and dislikes;
   - Provide for a discussion of the Annual Performance Report with each manager concerned.

e. The Committee will also:
   - Review and approve compensation payable to senior management for any loss or on termination of service to ensure that it is consistent with contractual terms and is otherwise fair.
   - Review and advise on the training, development and succession planning for the senior management with reference to the Board's corporate goals and objectives.
   - Devise a procedure for the approval of HR related policies of the Company.
   - Review from time to time as appropriate these Terms of Reference and the effectiveness of the Committee and recommend to the Board any necessary changes.

TEAM ENERGY

Higher management of the company has formulated a team of pioneer executives with diversified skills to cope up the situation regarding increased Energy cost for cement manufacturing. Energy consumption is quite intensive at cement plant; therefore the price fluctuation of cement requires some cheap and efficient energy solutions. The team has been working since two and a half years to ensure the improved performance through prudent energy use by the process of monitoring, controlling, and conserving energy in the organization. Composition of team is as follows:

MEMBERS:	
MR. SAYEED TARIQ SAIGOL	MR. ABDUL HANAN
MR. ARIF IJAZ	MR. MOBIN AHMAD
MR. AMIR FEROZE	MR. MUHAMMAD AZHAR
MR. SOHAIL SADIQ	MR. NASIR IQBAL
MR. WAHEED RASHID	MR. MUHAMMAD BASHARAT
MR. BILAL HUSSAIN	

NUMBER OF MEETINGS HELD - 47

TEAM IMPROVEMENT

A team of proficient personnel has been formulated to encourage the concept of sustainable development through total quality management that supports the process of continuous improvement of products and processes involved within the organization. They accentuate on the development of long term strategies for achieving the company objectives for sustainable development and reinforce the culture of quality. All stages of the production process right from the selection of raw materials, processing of materials and the finished product are subjected to rigorous quality testing to ensure that each bag of cement is of the best quality.

MEMBERS:

MR. SAYEED TARIQ SAIGOL	MR. YAHYA HAMID
MR. ARIF IJAZ	MR. WAHEED RASHID
MR. AMIR FEROZE	MR. MUHAMMAD SAJJAD
MR. SOHAIL SADIQ	MR. BILAL HUSSAIN

NUMBER OF MEETINGS HELD - 48

TEAM RELIABILITY CENTERED MAINTENANCE

Reliability Centered Maintenance (RCM) Team has been established to evaluate the equipment's condition and then determine the maintenance requirements for each piece of equipment in operating context of our cement plant. RCM Team is specialized in using various maintenance techniques such as predictive, preventive and Proactive maintenance to keep in pace all the machinery and equipment for their adequate functionality and to increase cost effectiveness, machine uptime, and a greater understanding of the level of risk that the organization is presently managing.

MEMBERS:

MR. SAYEED TARIQ SAIGOL	MR. MOBIN AHMAD
MR. ARIF IJAZ	MR. MUHAMMAD BASHARAT
MR. AMIR FEROZE	MR. MUHAMMAD SAJJAD
MR. MUHAMMAD AZHAR	MR. NASIR IQBAL
MR. AAMIR NIAZI	

NUMBER OF MEETINGS HELD - 48

TEAM CULTURAL DEVELOPMENT:

To promote socio-economic culture, arts and national heritage, a team is engaged in our organization. Keeping in mind the social, cultural and economic needs of employees and workers, it proposes strategies to ensure well being of people and to have all participate in sports and active recreation. It sets out to make Maple Leaf Cement Factory Ltd a culture supporter organization in Pakistan, to harness the creativity of the employees and where all people are treated equally.

MEMBERS:

MR. SAYEED TARIQ SAIGOL	MR. ABDUL HANAN
MR. ARIF IJAZ	MR. ASIF MUGHAL
MR. AMIR FEROZE	MR. BILAL HUSSAIN
MR. SOHAIL SADIQ	MR. MUHAMMAD SAJJAD
MR. WAHEED RASHID	

NUMBER OF MEETINGS HELD -12

POLICY AND PROCEDURES FOR STAKEHOLDERS' ENGAGEMENT:

1) Policy Note

Maple Leaf Cement maintains sound collaborative relationships with its stakeholders.

2) Procedures

Procedure for stakeholders' engagement includes effective communication, good harmony, compliance with laws & regulations and customer focused approach which is the key success factor for establishment of collaborative relationship with stakeholder.

3) Engagement frequency

STAKEHOLDERS	NATURE OF ENGAGEMENT	FREQUENCY
SHAREHOLDERS	Annual general meeting Annual report / Quarterly reports Investor conference Analyst briefing	Annually Annually / Quarterly Annually Continuous
EMPLOYEES	Trade unions Maple magazine Annual get together Team cultural activities	Continuous Quarterly Annually Monthly
CUSTOMERS	Customer call center Customer events Customer satisfaction survey	Continuous Continuous Continuous
SUPPLIERS	Regular meeting with major suppliers Supplier forums Newspapers advertisement	Continuous Occasionally As required
INSTITUTIONAL INVESTOR / LENDERS	Business briefings Periodic meetings Financial reporting Head office / site visits	Occasionally As required Continuous As required
COMMUNITY ORGANIZATIONS	Environmental campaign Safety management system	Continuous As required
MEDIA	Media announcements and briefings Media interviews	As required As required
REGULATORS	Submission of periodic reports Responding / enquiring various queries / information	Periodic basis As required

SWOT ANALYSIS

SWOT analysis is being used at Maple Leaf Cement as a strategy formulation tool, in order to match our strengths with perceived opportunities and minimize our weaknesses to avoid market and other threats.

Management at Maple Leaf considers the following factors of SWOT analysis relevant to us:-

STRENGTHS	WEAKNESSES
• Single largest cement producing site in Pakistan. • State of the Art FL Smidth plants. • Higher EBITDA %. • Excellent logistic management. • Fully diversified Cement Producer. • Strong Local and International branding • Offering over 330 days/year production. • Well diversified fuel mix and efficient operation. • Well developed refined human resource. • Lowest Energy cost per ton of clinker.	• Cyclical industry. • High transport cost. • Highly regionalized and localized market. • High electricity cost. • Energy load shedding. • High taxation.
OPPORTUNITIES	**THREATS**
• Focus on cost optimization • Huge govt. expenditure in infrastructure development. • Availability of housing loan from financial institutions. • Rising population works as a catalyst for housing boom. • Low per capita consumption. • Research to develop new products • Long term growth at the rate of 7% to 8%	• Rising input cost of coal. • Rising cost of logistics. • Rising cost of power and fuel. • High interest rates. • Currency devaluation risk. • New entrant threats due to high potential market. • High incidence of taxes.

SAFETY OF RECORDS

MLCF is effectively implementing the policy to ensure the safety of the records. All records must be retained for as long as they are required to meet legal, administrative, operational, and other requirements of the Company. The main purposes of the Company Policy are:

- To ensure that the Company's records are created, managed, retained, and disposed off in an effective and efficient manner;
- To facilitate the efficient management of the Company's records through the development of a coordinated Records Management Program;
- To ensure preservation of the Company's records of permanent value to support both protection of privacy and freedom of information services throughout the Company to promote collegiality and knowledge sharing;
- Information will be held only as long as required and disposed off in accordance with the record retention policy and retention schedules and
- Records and information are owned by the Company, not by the individual or team.

CONFLICT OF INTEREST MANAGEMENT POLICY

POLICY STATEMENT

The company has the policy for actual and perceived conflicts of interest and measures are adopted to avoid any conflict of interest, identify the existence of any conflict of interest, and to disclose the existence of conflict of Interest. The Company annually circulates and obtains a signed copy of Code of Conduct applicable to all its employees and directors, which also relates to matters relating to conflict of interest. Further, it seeks to set out the process, procedures and internal controls to facilitate compliance with the Policy as well as to highlight the consequences of non-compliance with the Policy by all its employees and directors. The Company Policy provides a guide as to what constitutes a conflict of interest, the processes and procedures that are in place in order to facilitate compliance and, the consequences of non-compliance. The Policy is intended to assist directors and employees in making the right decisions when confronted with potential conflict of interest issues.

MANAGEMENT OF CONFLICT OF INTEREST

The primary goal of MLCF policy is to manage conflicts of interest to ensure that decisions are made and are seen to be made on proper grounds, for legitimate reasons and without bias. To do this MLCF has set the following procedures to manage and monitor the conflict of Interest:

1. Identify areas of risk.
2. Develop strategies and responses for risky areas.
3. Educate all employees about the conflict of interest policy.
4. Communicate with stakeholders to provide the platform for proper disclosure.
5. Enforce the policy.

Further, the directors are annually reminded of the insider trading circular issued by the Securities and Exchange Commission of Pakistan to avoid dealing in shares while they are in possession of the insider information. Every director is required to provide to the Board complete details regarding any material transaction which may bring conflict of interest with the Company for prior approval of the Board. The interested director do not participate in the discussion neither they vote on such matters. The transactions with all the related parties are made on arms-length basis and complete details are provided to the Board for their approval. Further all the transactions with the related parties are fully disclosed in the financial statements of the Company.

IT GOVERNANCE POLICY

MLCF has properly documented and implemented IT Governance Policy to ensure an integrated framework for evolving and maintaining existing information technology and acquiring new technology to achieve the Company's strategic focus. The purpose of this policy is to define the IT governance scope, and its roles and responsibilities. IT Governance policy consists of the following:

- It provides a structured decision making process around IT investment decisions.
- Promotes accountability, due diligence, efficient and economic delivery of the Company's IT services.
- It lays down solid foundation for management decision making and oversight.
- Safeguard of Company's financial data.
- Development and upgradation of different modules to provide reliable, efficient and timely information.
- To create a culture of paperless environment within the Company.

A FIRM GLOW

WHISTLE BLOWING POLICY

In accordance with the Company's continued commitment to 'Good Governance' a 'Whistle Blowing' policy has been adopted. The policy ensures that the 'Whistle Blower' will be fully protected and the said non-conformance will be investigated in a fair, see through, reliable and principled manner. Highlights of the policy are as follows:

1. All Protected Disclosures should be addressed to the nominated Ombudsman of the Company.
2. Protected Disclosures should be reported in writing stating the issue that is being raised clearly. It should be preferably typed but legible handwritten versions in English or Urdu are also acceptable.
3. The protected Disclosures should be forwarded with a covering letter bearing the identity of the whistle blower.
4. Anonymous disclosures will not be entertained.
5. If initial enquiry by the Ombudsman reveals that the complaint is not substantial it can be dismissed.
6. If initial enquiry reveals that further investigation is necessary then the Ombudsman will ensure that an investigation is carried out in a neutral and fair manner without presumption of guilt. A written request of the finding will be prepared.
7. Further investigation shall only be carried out if the Ombudsman feels that the complaint is factual, fair and not speculative. It should contain a much factual information to necessitate a preliminary investigation.

In MLCF, no whistle blowing incidence was highlighted and reported under the above said procedures during the year.

CEO PERFORMANCE REVIEW

The performance of the CEO is regularly evaluated by the Board of Directors. The performance evaluation is based on the criteria defined by the Board of Directors which includes various financial and non financial key performance indicators. At the start of the year, CEO presents his key performance indicators (KPIs) for the upcoming year to the Board of Directors. The Board periodically evaluates the actual performance against those KPIs during the year and discusses the future course of action to attain the Company's stated goals. The CEO also appraises to the Board regarding an assessment of senior management and their potential to achieve the objectives of the Company.

Report of the Audit Committee

The Audit Committee comprises of two non-executive and two independent non-executive directors. The Chief Financial Officer (CFO), the Chief Internal Auditor (CIA) and the external auditor attend Audit Committee meetings by invitation. Five meetings of the Audit Committee were held during the year 2012-2013. Based on reviews and discussions in these meetings, the Audit Committee reports that:

1. The Audit Committee reviewed and approved the quarterly, half yearly and annual financial statements of the Company and recommended them for approval of the Board of Directors.

2. Appropriate accounting policies have been consistently applied. All core and other applicable International Accounting Standards were followed in preparation of financial statements of the Company on a going concern basis, which present fairly the state of affairs, results of operations, cash flows and changes in equity of the Company.

3. Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with the Companies Ordinance, 1984 and the external reporting is consistent with management processes and adequate for shareholder needs.

4. The Audit Committee has reviewed and approved all related party transactions.

5. No cases of material complaints regarding accounting, internal accounting controls or audit matters, or Whistle Blowing were received by the Committee.

6. The Company's system of internal control is sound in design and is continually evaluated for effectiveness and adequacy.

7. For appraisal of internal controls and monitoring compliance, the Company has in place an appropriately staffed, Group Internal Audit department. The Audit Committee reviewed the resources of the Internal Audit department to ensure that they were adequate for the planned scope of the Internal Audit function.

8. The Audit Committee on the basis of the internal audit reports reviewed the adequacy of controls and compliance shortcomings in areas audited and discussed corrective actions in the light of management responses. This has ensured the continual evaluation of controls and improved compliance.

9. The Audit Committee has ensured that statutory and regulatory obligations and requirements of best practices of governance have been met.

10. The external auditors KPMG Taseer Hadi and Co., Chartered Accountants were allowed direct access to the Audit Committee and necessary coordination with internal auditors was ensured. Major findings arising from audits and any matters that the external auditors wished to highlight were freely discussed with them.

11. The Audit Committee reviewed the Management Letter issued by the external auditors and the management response thereto. Observations were discussed with the auditors and required actions recorded.

12. Appointment of external auditors and fixing of their audit fee was reviewed and the audit committee following this review recommended to the Board of Directors re-appointment of KPMG Taseer Hadi & Co., as external auditors for the year 2013-2014.

By order of the Audit Committee

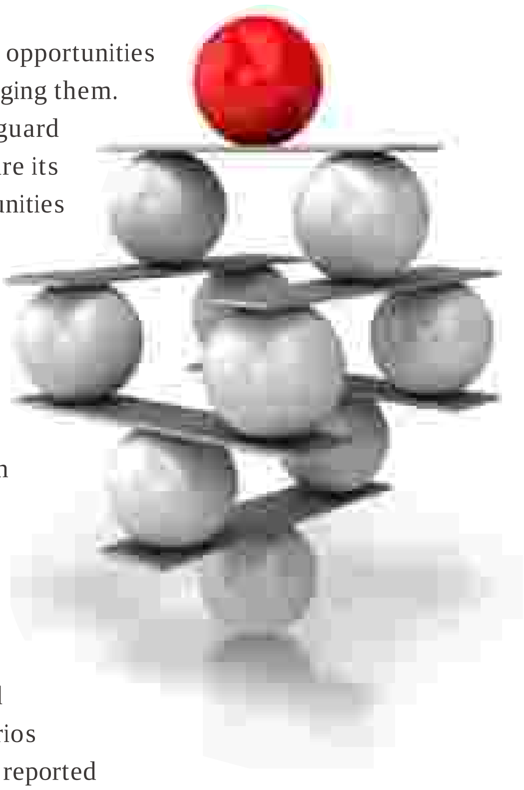
Zamiruddin Azar
Chairman, Audit Committee
24 September 2013

Risk and Opportunity Report

PRINCIPLES

The goal of Board of Directors is to minimize all risks and take advantage of potential opportunities in order to systematically and sustainably improve the value of the company for all stakeholders.

RISK REPORT



Our success is significantly dependent on identifying opportunities and risks in our business activities and actively managing them. The goal of the risk management system is to safeguard the company's existence for the long term and ensure its successful future development by identifying opportunities & risks and, depending on their nature, appropriately considering these in strategic and operational decisions. Risks and opportunities are understood as negative or positive deviations from planned results. To achieve this objective, different committees have implemented a comprehensive risk management system within the Company, which is used to systematically and continuously identify, evaluate, manage, monitor and report internal and external risks to which its Company is exposed. Identified risks are evaluated throughout the Company for their potential impact on profits and the likelihood that they will occur. These are categorized according to worst, medium and best case scenarios including the expected risk value. The plausibility of the reported risks is evaluated and alternative ways of avoiding similar risk in the future are derived. The direct lines of responsibility for early identification, control and communication of risks are defined and lie with the management of the Company. As part of its regular audits, the internal audit department monitors adherence to the Company's risk management guidelines and thus, the effectiveness of the procedures and tools that have been implemented.

Not being conclusive, management considers that following are the major risks which may affect the operations of the Company and mitigating strategies for these risks.

BUSINESS RISKS	MITIGATION STRATEGY
Rising cost of coal	
Rising trend of coal prices is the potential risk which may affect the profitability levels for the Company.	Management exercises significant caution while purchasing coal, by ensuring to purchase enough quantities at times of recession in international coal market.
Rising cost of logistics	
Effective and efficient fleet management has the paramount importance in cement industry. Rising costs of fuel may have the significant effect on profitability.	Management has started a state of the art distributors / transporters management system whereby up to date information is being provided to both key stakeholders so that they may plan their operations efficiently which may in turn bring benefits to the Company.
Credit Risk	
Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.	Credit risk is being addressed by frequent reviews of outstanding balances of major parties and reconciliations after short time intervals to avoid the chance of disputed amounts / transactions.
Working Capital Management	
Risk of increase in the cost of borrowing may limit the avenues for availability of sufficient working capital.	Management has addressed the risk of shortage of working capital by availing the sufficient lines from the diversified financial institutions in order to meet the short term finance requirements of the Company. Moreover, facility of housing loan is also available with the company.

OPPORTUNITY REPORT

Unlocking and exploiting operational opportunities is an important aspect of MLCF entrepreneurial activities. We are committed to use existing products and new solutions in order to systematically enhance our growth and strengthen our position in global markets. Investing in new projects and increasing the productivity of existing ones are key elements for future organic growth.

In the year under review, we strengthened the basis for further growth in the coming years by making selective investments in our existing businesses and developing innovations that support in achievement of company's stated vision.

Calendar of Notable Events

JULY 2012 - JUNE 2013

2012

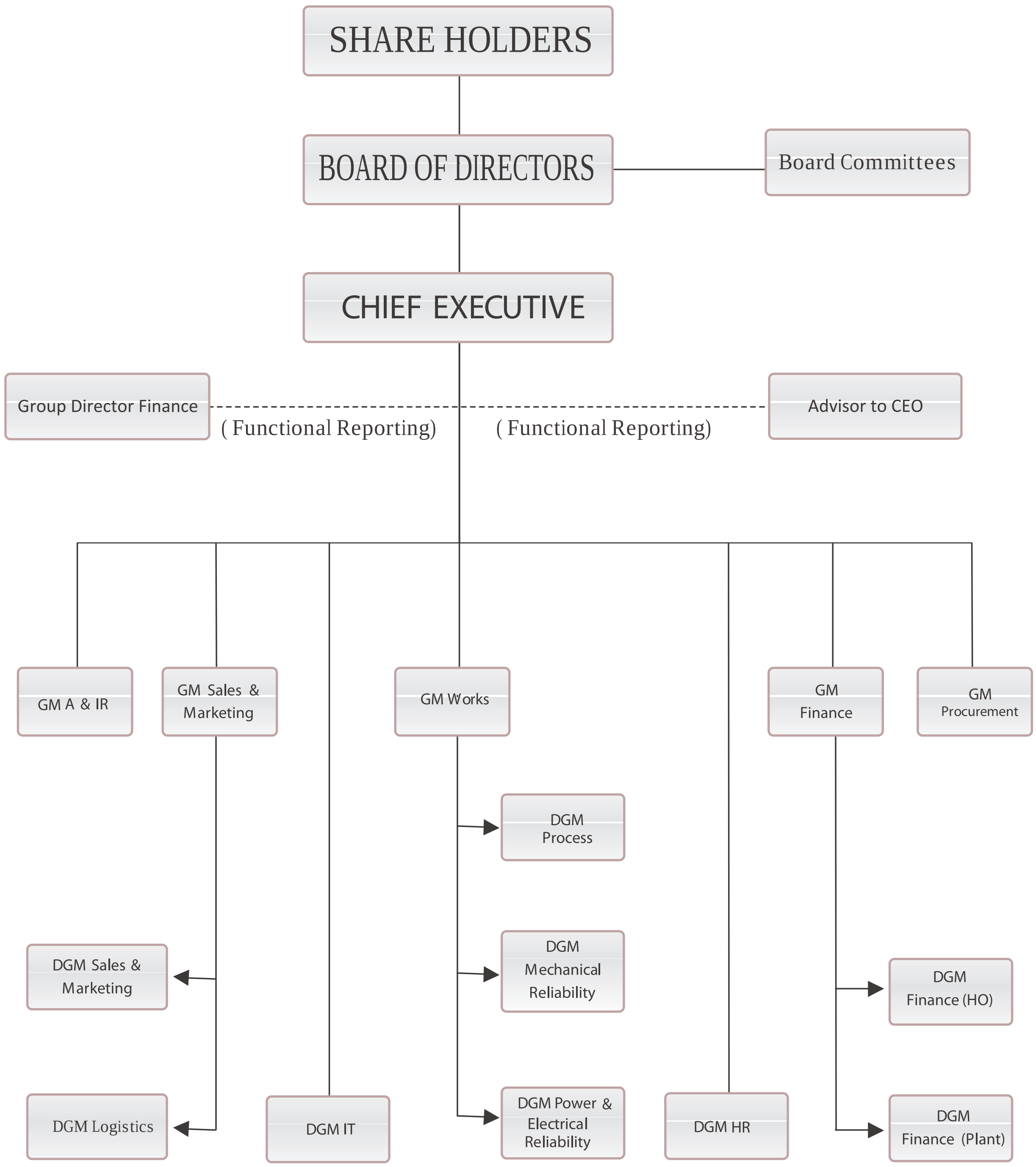
Month	Day	Event
August	09	Employees Iftar Dinner
November	17	Employees Motivational Trip to Murree
December	03	Civil Defence Training Program
December	24	Christmas Day Celebrations
December	31	New Year Night Celebrations

2013

Month	Day	Event
January	18	Mehfil e Milad
January	19	First Aid & Cardiopulmonary Resuscitation Training
February	02	Bench Marking Session at Plant
February	27	Tree Plantation Day Dengue Fever Awareness Walk
March	30	Spring Festival at Plant
May	01	Labour Day Celebrations
May	04	Management Employees Dinner
May	27	Six Sigma 2nd Batch Training
June	05	World Environment Day
June	12	Movie Night for Head Office Employees
June	21	Cricket Match Between Kohinoor Textile & Maple Leaf
June	26	Summer Festival at Plant
June	30	Year end Closing with Highest Ever NPAT of Rs. 3.2 Billion

HELLO SUCCESS!

Organization Chart



Key Operating and Financial Data

For Six Years from June 2008 to June 2013

	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008
Quantitative Data (M. Tons)						
Cement:						
Production	2,715,643	2,648,643	2,844,229	3,343,706	3,174,512	2,431,352
Sales	2,687,911	2,649,092	2,862,665	3,364,025	3,165,770	2,534,220
Sales (Rs. 000)						
Gross Sales	20,671,865	18,677,240	16,708,120	16,715,223	18,969,598	10,552,398
Less:						
Excise Duty	820,596	983,313	1,618,710	1,618,793	1,901,663	1,564,801
Sales Tax	2,361,879	2,103,135	1,883,559	1,349,218	1,708,158	1,061,681
Commission	132,014	129,436	132,633	116,701	108,403	110,087
Net Sales	17,357,376	15,461,356	13,073,218	13,630,511	15,251,374	7,815,829
Profitability (Rs. 000)						
Gross Profit/(Loss)	6,045,035	4,014,773	2,175,159	2,938,628	4,954,509	1,323,830
Profit/(Loss) Before Tax	3,162,615	444,066	(1,580,911)	(2,569,508)	(917,651)	(1,364,244)
Provision for Income Tax	62,080	52,128	(188,125)	(14,447)	(65,319)	688,109
Profit/(Loss) After Tax	3,224,695	496,194	(1,769,036)	(2,583,955)	(982,970)	(676,135)
Financial Position (Rs. 000)						
Tangible Fixed Assets-Net	25,630,205	26,774,317	28,203,393	21,035,368	20,381,478	20,081,448
Other Non-Current Assets	59,979	67,571	72,358	56,840	64,483	75,217
	25,690,184	26,841,888	28,275,751	21,092,208	20,445,961	20,156,665
Current Assets	6,682,906	5,886,085	5,414,365	5,002,734	5,214,877	5,994,896
Current Liabilities	(8,568,551)	(10,604,368)	(10,355,310)	(9,348,815)	(9,962,884)	(7,382,464)
Net Working Capital	(1,885,645)	(4,718,283)	(4,940,945)	(4,346,081)	(4,748,007)	(1,387,568)
Capital Employed	23,804,539	22,123,605	23,334,806	16,746,127	15,697,954	18,769,097
Less: Non Current Liabilities	(11,981,790)	(12,995,935)	(14,653,399)	(11,611,919)	(8,980,153)	(10,408,208)
Share holders' Equity	11,822,749	9,127,670	8,681,407	5,134,208	6,717,801	8,360,889
Represented By:						
Share Capital	5,277,340	5,805,603	5,803,458	4,264,108	4,264,108	4,264,108
Reserves & Un-app. Profit	1,493,573	(1,976,742)	(2,670,171)	(129,900)	2,453,693	4,096,781
Share Deposit Money	-	-	-	1,000,000	-	-
Surplus on Revaluation of PPE	5,051,836	5,298,809	5,548,120	-	-	-
	11,822,749	9,127,670	8,681,407	5,134,208	6,717,801	8,360,889

Horizontal Analysis Last Six Years

	2013 Rs. '000'	13 vs 12 %	2012 Rs. '000'	12 vs 11 %	2011 Rs. '000'	11 vs 10 %	2010 Rs. '000'	10 vs 09 %	2009 Rs. '000'	09 vs 08 %	2008 Rs. '000'	08 vs 07 %
Balance Sheet												
Total equity	6,770,913	76.84	3,828,861	22.20	3,133,287	(24.21)	4,134,208	(38.46)	6,717,801	(19.65)	8,360,889	(7.03)
Share deposit money	-	-	-	-	-	(100.00)	1,000,000	100.00	-	-	-	-
Total surplus on revaluation of property	5,051,836	(4.66)	5,298,809	(4.49)	5,548,120	100.00	-	-	-	-	-	-
Total non-current liabilities	11,981,790	(7.80)	12,995,935	(11.31)	14,653,399	26.19	11,611,919	29.31	8,980,153	(13.72)	10,408,208	(2.61)
Total current liabilities	8,568,551	(19.20)	10,604,368	2.41	10,355,310	10.77	9,348,815	(6.16)	9,962,884	34.95	7,382,464	96.53
Total equity and liabilities	32,373,090	(1.08)	32,727,973	(2.86)	33,690,116	29.11	26,094,942	1.69	25,660,838	(1.88)	26,151,561	11.58
Total non-current assets	25,690,184	(4.29)	26,841,888	(5.07)	28,275,751	34.06	21,092,208	3.16	20,445,961	1.44	20,156,665	3.98
Total current assets	6,682,906	13.54	5,886,085	8.71	5,414,365	8.23	5,002,734	(4.07)	5,214,877	(13.01)	5,994,896	47.95
Total assets	32,373,090	(1.08)	32,727,973	(2.86)	33,690,116	29.11	26,094,942	1.69	25,660,838	(1.88)	26,151,561	11.58
Profit and Loss Account												
Sales - net	17,357,376	12.26	15,461,356	18.27	13,073,218	(4.09)	13,630,511	(10.63)	15,251,374	95.13	7,815,829	110.61
Cost of sales	(11,312,341)	(1.17)	(11,446,583)	5.03	(10,898,059)	1.93	(10,691,883)	3.84	(10,296,865)	58.61	(6,491,999)	90.87
Gross profit	6,045,035	50.57	4,014,773	84.57	2,175,159	(25.98)	2,938,628	(40.69)	4,954,509	274.26	1,323,830	327.19
Distribution cost	(797,751)	(5.71)	(846,098)	(48.62)	(1,646,632)	(47.77)	(3,152,889)	34.75	(2,339,833)	180.27	(834,849)	1,140.65
Administrative expenses	(254,065)	(1.69)	(258,433)	11.98	(230,788)	18.86	(194,161)	28.09	(151,584)	25.03	(121,236)	75.65
Other operating expenses	(167,239)	11.73	(149,681)	(7.83)	(162,394)	2.37	(158,641)	275.47	(42,251)	70.11	(24,838)	35.20
Other operating income	41,287	21.18	34,070	(92.43)	450,153	689.31	57,031	(7.64)	61,749	(41.56)	105,656	144.44
Profit from operations	4,867,267	74.16	2,794,631	377.31	585,498	(214.80)	(510,032)	(120.54)	2,482,590	453.45	448,563	126.05
Finance cost	(1,704,652)	(27.48)	(2,350,565)	8.50	(2,166,409)	5.19	(2,059,476)	(39.43)	(3,400,241)	87.57	(1,812,807)	435.62
Profit / (loss) before taxation	3,162,615	612.19	444,066	(128.09)	(1,580,911)	(38.47)	(2,569,508)	180.01	(917,651)	(32.74)	(1,364,244)	874.33
Taxation	62,080	19.09	52,128	(127.71)	(188,125)	1,202.17	(14,447)	(77.88)	(65,319)	(109.49)	688,109	277.94
Profit / (loss) after taxation	3,224,695	549.89	496,194	(128.05)	(1,769,036)	(31.54)	(2,583,955)	162.87	(982,970)	45.38	(676,135)	(1,708.05)

Vertical Analysis Last Six Years

	2013		2012		2011		2010		2009		2008	
	Rs. '000'	%	Rs. '000'	%	Rs. '000'	%	Rs. '000'	%	Rs. '000'	%	Rs. '000'	%
Balance Sheet												
Total equity	6,770,913	20.92	3,828,861	11.70	3,133,287	9.30	4,134,208	15.84	6,717,801	26.18	8,360,889	31.97
Share deposit money	-	-	-	-	-	-	1,000,000	3.83	-	-	-	-
Total surplus on revaluation of property	5,051,836	15.61	5,298,809	16.19	5,548,120	16.47	-	-	-	-	-	-
Total non-current liabilities	11,981,790	37.01	12,995,935	39.71	14,653,399	43.49	11,611,919	44.50	8,980,153	35.00	10,408,208	39.80
Total current liabilities	8,568,551	26.47	10,604,368	32.40	10,355,310	30.74	9,348,815	35.83	9,962,884	38.83	7,382,464	28.23
Total equity and liabilities	32,373,090	100.00	32,727,973	100.00	33,690,116	100.00	26,094,942	100.00	25,660,838	100.00	26,151,561	100.00
Total non-current assets	25,690,184	79.36	26,841,888	82.02	28,275,751	83.93	21,092,208	80.83	20,445,961	79.68	20,156,665	77.08
Total current assets	6,682,906	20.64	5,886,085	17.98	5,414,365	16.07	5,002,734	19.17	5,214,877	20.32	5,994,896	22.92
Total assets	32,373,090	100.00	32,727,973	100.00	33,690,116	100.00	26,094,942	100.00	25,660,838	100.00	26,151,561	100.00
Profit and Loss Account												
Sales - net	17,357,376	100.00	15,461,356	100.00	13,073,218	100.00	13,630,511	100.00	15,251,374	100.00	7,815,829	100.00
Cost of sales	(11,312,341)	(65.17)	(11,446,583)	(74.03)	(10,898,059)	(83.36)	(10,691,883)	(78.44)	(10,296,865)	(67.51)	(6,491,999)	(83.06)
Gross profit	6,045,035	34.83	4,014,773	25.97	2,175,159	16.64	2,938,628	21.56	4,954,509	32.49	1,323,830	16.94
Distribution cost	(797,751)	(4.60)	(846,098)	(5.47)	(1,646,632)	(12.60)	(3,152,889)	(23.13)	(2,339,833)	(15.34)	(834,849)	(10.68)
Administrative expenses	(254,065)	(1.46)	(258,433)	(1.67)	(230,788)	(1.77)	(194,161)	(1.42)	(151,584)	(0.99)	(121,236)	(1.55)
Other operating expenses	(167,239)	(0.96)	(149,681)	(0.97)	(162,394)	(1.24)	(158,641)	(1.16)	(42,251)	(0.28)	(24,838)	(0.32)
Other operating income	41,287	0.24	34,070	0.22	450,153	3.44	57,031	0.42	61,749	0.40	105,656	1.35
Profit from operations	4,867,267	28.04	2,794,631	18.07	585,498	4.48	(510,032)	(3.74)	2,482,590	16.28	448,563	5.74
Finance cost	(1,704,652)	(9.82)	(2,350,565)	(15.20)	(2,166,409)	(16.57)	(2,059,476)	(15.11)	(3,400,241)	(22.29)	(1,812,807)	(23.19)
Profit / (loss) before taxation	3,162,615	18.22	444,066	2.87	(1,580,911)	(12.09)	(2,569,508)	(18.85)	(917,651)	(6.02)	(1,364,244)	(17.45)
Taxation	62,080	0.36	52,128	0.34	(188,125)	(1.44)	(14,447)	(0.11)	(65,319)	(0.43)	688,109	8.80
Profit / (loss) after taxation	3,224,695	18.58	496,194	3.21	(1,769,036)	(13.53)	(2,583,955)	(18.96)	(982,970)	(6.45)	(676,135)	(8.65)

Summary of Cash Flow Statement - Six Years

	2013	2012	2011	2010	2009	2008
	..............................(Rupees in thousand)..............................					
Cash generated from operations before working capital changes	6,578,095	4,495,054	1,489,456	564,033	3,523,622	1,266,028
Changes in working capital						
Stores, spare parts and loose tools	(685,476)	(68,997)	(625,536)	523,784	389,550	(1,311,164)
Stock-in-trade	(35,504)	(364,311)	(34,366)	146,196	(216,962)	(64,243)
Trade debts	(190,327)	(55,898)	168,826	(95,465)	61,122	(548,779)
Loans and advances	19,464	(36,107)	121,581	(188,388)	4,560	2,873
Trade and other payables	(688,335)	(425,593)	559,188	1,075,137	(142,532)	1,776,248
Due from subsidiary	-	383,934	(21)	-	1,584	(1,229)
Other receivables	26,530	(80,961)	(5,079)	(61,730)	(7,668)	(20,582)
Retirement benefits adjusted / (paid)	(11,242)	952	(11,129)	(10,021)	(3,744)	(3,641)
Taxes paid	(14,127)	(158,071)	(41,772)	(237,570)	(181,472)	(75,693)
Others	43,467	3,088	789	24,182	(33,042)	(59,186)
Net Cash generated from operating activities	5,042,545	3,693,090	1,621,937	1,740,158	3,395,018	960,632
Fixed Capital Expenditure	(496,784)	(207,108)	(676,959)	(1,701,590)	(1,350,122)	(1,634,403)
Proceeds from Sale of property, plant and equipment	5,282	2,287	108,203	8,067	5,409	2,519
Investment in long term investments	1,412	(3,037)	-	(200)	736	173,551
Dividend received	448	384	11,717	9,431	11,717	12,021
Proceeds from disposal of Short term investments	8,455	2,450	-	9,965	-	-
Acquisition of short term investments	-	(15,000)	-	-	-	-
Others	(1,396)	(1,285)	(796)	(88)	8,494	22,623
Net Cash used in investing activities	(482,583)	(221,309)	(557,835)	(1,674,415)	(1,323,766)	(1,423,689)
Loans from related parties	-	-	-	-	(35,224)	(214,776)
Long term loans obtained	-	-	-	625,536	713,964	(10,127,637)
Repayment of long term loans from banking companies- Secured	(613,591)	(101,874)	(175,671)	-	-	-
Share deposit money / Proceeds from share received		-	-	1,000,000	-	-
Redeemable capital obtained		-	-	300,000	-	8,000,000
Repayment of redeemable capital - secured	(1,067,131)	(6,800)	(6,800)	(3,400)	-	-
Repayment of Syndicated term finance - Secured	(117,875)	(1,200)	(1,200)	(600)	(580,000)	2,080,000
Payment of liabilities against assets subject to finance lease	(134,768)	(55,556)	-	(84,882)	19,378	183,871
Payment of Short term borrowings	28,282	(835,282)	23,828	(321,484)	1,012,584	2,572,153
Finance cost paid	(2,053,219)	(2,296,662)	(692,183)	(1,578,858)	(3,153,615)	(1,996,914)
Redemption of preference shares	(362,903)	-	-	-	-	-
Unclaimed dividend paid	(179,253)	(1)	(1)	(28,881)	(52,478)	(52,731)
Others	810	650	2,830	159	(63)	(134)
Net cash used in financing activities	(4,499,648)	(3,296,725)	(849,197)	(92,410)	(2,075,454)	443,832
Net increase in cash and cash equivalents	60,314	175,056	214,905	(26,667)	(4,202)	(19,225)
Cash and cash equivalents at beginning of the years	463,226	288,170	73,265	99,932	104,134	123,359
Cash and cash equivalents at end of the year	523,540	463,226	288,170	73,265	99,932	104,134

Comments on Six Years Analysis

COMMENTS ON HORIZONTAL ANALYSIS

Balance Sheet

Total equity and liabilities increased in financial year 2011 mainly due to surplus on revaluation of Property, Plant & Equipment and further issuance of share capital. Equity portion has shown declining trend from year 2008 to year 2011 due to losses incurred. However, it was increased in year 2012 and year 2013 on account of increase in profitability due to better sale prices and demand.

Profit & Loss Account

Turnover has been increased over the years from 2008 to 2013 due to increase in sales prices and sales quantities except for the years 2010 and 2011 where turnover was low due to low sales prices and depressed demand.

Gross profit has been remarkably increased in the years 2012 and 2013 i.e. 85% and 51% respectively due to increase in margins on account of low coal prices, low power cost due to WHRP installation and increased sales prices.

Profit from operations increased by 74% in year 2013 and 377% in 2012 mainly due to increase in gross profit margins and reduction in distribution cost on account of fall in export sales.

Finance cost was the highest in year 2009 mainly due to high gearing of the company due to plant expansion. However, it reduced sharply in year 2010 due to rescheduling of major loans of the Company. It further decreased in current year mainly due to reduction in KIBOR rates and low gearing of MLCF. Overall profit after taxation improved on account of increased margins and decrease in finance and distribution costs.

COMMENTS ON VERTICAL ANALYSIS

Balance Sheet

Debt equity ratio showed continuous improvement over the years as the Company's equity share was increased over the years due to high profits and reduction in debts.

Current assets were 21% of total assets of the company in year 2013 as compared to 18% in year 2012 which shows better liquidity position of the company.

Profit & Loss Account

Gross profit %age increased from 17% in year 2008 to 35% in year 2013 due to consistent growth in sales prices of cement, effective mix of local and export sales and various cost reduction factors. Operating profits of the Company has grown from 6% in year 2008 to 28% in year 2013 due to increased GP margins and reduction in distribution costs except the year 2010 where the distribution cost was highest due to huge export dispatches.

Net profit of MLCF has increased significantly due to above said factors and resulted in strong performance of the Company.

COMMENTS ON CASH FLOW STATEMENTS

Cash from Operating Activities showed an increasing trend during six years mainly due to improving profitability on account of increased sales volumes, improved retention and efficient cost & fuel management.

Cash used in Investing Activities decreased over a period of six years due to reduction in fixed capital expenditures in the corresponding years. The cash usage on account of fixed capital expenditure was more in years from 2008 to 2010 due to major acquisition and capitalization of grey line-II & waste heat recovery plant in those years.

Cash used in Financing Activities showed an increasing trend on account of finance cost payments over a period of six years except year 2010 and 2011 which constituted the grace periods regarding mark up payments resulting in marginally low finance cost payments in these two years. Redemption of preference shares and payment of preference dividend in 2013 had further increased cash utilization in financing activities.

Analysis of Financial Ratios

For Six Years from June 2008 to June 2013

Ratio Description	2013	2012	2011	2010	2009	2008
Profitability Ratios:						
Gross Profit ratio	34.83%	25.97%	16.64%	21.56%	32.49%	16.94%
Net Profit to Sales	18.58%	3.21%	-13.53%	-18.96%	-6.45%	-8.65%
EBITDA Margin to Sales	37.53%	28.71%	14.15%	3.96%	23.20%	16.89%
Operating leverage ratio	6.05	20.65	52.54	11.34	4.77	1.14
Return on Equity	47.63%	12.96%	-56.46%	-50.33%	-14.63%	-8.09%
Return on Capital employed	20.45%	3.27%	-10.93%	-15.98%	-5.75%	-3.72%
Effective tax rate	-1.96%	-11.74%	-11.90%	-0.56%	-7.12%	50.44
Liquidity Ratios:						
Current ratio	0.78	0.56	0.52	0.54	0.52	0.81
Quick / Acid test ratio	0.23	0.18	0.18	0.22	0.16	0.30
Cash to Current Liabilities	0.06	0.04	0.03	0.01	0.01	0.01
Cash flow from Operations to Sales	0.29	0.24	0.12	0.13	0.22	0.12
Investment / Market Ratios:						
Earnings per share (EPS)						
Basic	6.11	0.84	(3.72)	(7.08)	(2.78)	(1.96)
Diluted	6.11	0.83	(3.72)	(7.08)	-	-
Price Earnings ratio	3.59	5.49	(0.55)	(0.44)	(1.53)	(5.57)
Market value per share						
Closing	21.93	4.63	2.06	3.11	4.26	10.91
High	22.54	4.83	2.25	3.30	4.35	10.91
Low	21.80	4.60	2.00	3.07	4.25	10.81
Break up value per share						
With revaluation surplus	22.40	17.30	16.48	13.79	18.05	22.46
Without revaluation surplus	12.83	7.26	5.95	13.79	18.05	22.46
Capital Structure Ratios:						
Financial leverage ratio	2.24	4.45	5.73	3.22	2.38	1.78
Weighted average cost of debt	10.57%	13.43%	12.57%	12.67%	22.03%	13.30%
Net borrowing / EBITDA	2.25	3.74	9.56	30.48	4.49	11.19
Average operating working capital as %age of sales	0.70%	-3.51%	-3.16%	-10.55%	-6.19%	5.75%
Debt to Equity ratio	46:54	54:46	59:41	69:31	57:43	55:45
Interest Cover ratio	2.86	1.19	0.27	(0.25)	0.73	0.25
Activity / Turnover Ratios:						
Inventory turnover ratio	12.28	15.87	20.88	18.50	18.98	16.16
No. of Days in Inventory	29.72	23.00	17.48	19.73	19.23	22.59
Debtor turnover ratio	26.03	27.22	19.94	19.02	21.40	16.67
No. of Days in Receivables	14.02	13.41	18.31	19.20	17.06	21.90
Total Assets turnover ratio	0.54	0.47	0.39	0.52	0.59	0.30
Fixed Assets turnover ratio	0.68	0.58	0.46	0.65	0.75	0.39
Creditor turnover ratio	8.07	6.27	5.92	6.80	6.15	5.42
No. of Days in Creditors	45.21	58.17	61.67	53.65	59.33	67.38
Operating Cycle	(1.47)	(21.76)	(25.89)	(14.73)	(23.04)	(22.88)

Comments on Ratio Analysis

Profitability Ratios overall depicted cyclic trend of cement where recession had started from 2008 due to reduction in prices on account of commencement of capacity expansion program of major cement players. Recession peaked in year 2010 and midyear 2011 where prices further declined resulting in overall downfall of all profitability ratios. However, at the end of year 2011 prices started improving due to increase in demand and resulted in better sale price and margin which made all the profitability ratios positive in year 2012. In year 2013, cement sector has shown robust growth due to increase in demand and resulted in better margin than ever and this has contributed in historically better profitability ratios.

Liquidity Ratios: As prices increased, liquidity position of the Company improved and resulted in better cash flows. Therefore, ratios started improving from year 2011 and ended in much better condition in 2013 as compared to year 2009.

Investment / Market Ratios: Due to lowest margin in year 2008, earning per share was adverse and this trend was continued till year 2010. After recovery of sale prices in 2011, Investment / Market ratios started improving and resulted in highest earnings per share in year 2013.

Capital Structure Ratios: Due to unfavorable market conditions in year 2008 financial leverage ratio had started to rise and continued till midyear 2011. After that recovery started due to better margin and resulted in improved ratios in year 2012 and year 2013.

Activity / Turnover Ratios improved due to increased revenues on account of increase in sale prices. Operating cycle improved progressively mainly due to better liquidity on account of increased revenue and margins.

Definitions and Glossary of Terms

Gross Profit Ratio

The relationship of the gross profit made for a specified period and the sales or turnover achieved during that period.

Net Profit Ratio

Net profit ratio is the ratio of net profit (after taxes) to net sales.

Operating Profit Ratio

The operating profit margin ratio indicates how much profit a company makes after paying for variable costs of production.

Current Asset Ratio

The key indicator of whether you can pay your creditors on time. The relationship between current assets like cash, book debts, stock and work in progress and current liabilities like overdraft, trade and expense creditors and other current debt.

Current Ratio

A company's current assets divided by its current liabilities. This ratio gives you a sense of a company's ability to meet short-term liabilities, and is a measure of financial strength in the short term. A ratio of 1 implies adequate current assets to cover current liabilities: the higher above 1, the better.

Debt-Equity Ratio

The ratio of a company's liabilities to its equity. The higher the level of debt, the more important it is for a company to have positive earnings and steady cash flow. For comparative purposes, debt-equity ratio is most useful for companies within the same industry.

Earnings Per Share (EPS)

The portion of a company's profit allocated to each outstanding share of common stock. Earnings per share serve as an indicator of a company's profitability.

Profit Margin

Determined by dividing net income by net sales during a time period and is expressed as a percentage. Net profit margin is a measure of efficiency and the higher the margin, the better. Trends in margin can be attributed to rising/falling production costs or rising/falling price of the goods sold

Return on Assets

The amount of profits earned (before interest and taxes), expressed as a percentage of total assets. This is a widely followed measure of profitability, thus the higher the number the better. As long as a company's ROA exceeds its interest rate on borrowing, it's said to have positive financial leverage.

Return on Equity (ROE)

A percentage that indicates how well common stockholders' invested money is being used. The percentage is the result of dividing net earnings by common stockholders' equity. The ROE is used for measuring growth and profitability. You can compare a company's ROE to the ROE of its industry to determine how a company is doing compared to its competition.

Return on Investment (ROI)

Also known as return on invested capital (ROIC). ROI is a measure of how well management has used the company's resources. ROI is calculated by dividing earnings by total assets. It is a broader measure than return on equity (ROE) because assets include debt as well as equity. It is useful to compare a company's ROI with others in the same industry.

Statement of Cash Flows
Direct Method

	2013	2012
	(Rupees in thousand)	
Cash flows from operating activities		
Cash receipts from customers	17,167,049	15,405,458
Cash paid to suppliers and employees	12,097,914	11,555,393
Cash generated from operations	5,069,135	3,850,065
(Increase) / decrease in long term loans to employees - secured	(1,221)	144
Retirement benefits	(11,242)	952
Taxes paid	(14,127)	(158,071)
Net cash generated from operating activities	5,042,545	3,693,090
Cash flow from investing activities		
Expenditures for property, plant and equipment	(496,784)	(207,108)
Proceeds from sale of property, plant and equipment	5,282	2,287
Disposal / (acquisition) of long term investments	1,412	(3,037)
Proceeds against disposal of subsidiary	-	29
Increase in long term deposits and prepayments	(1,396)	(1,314)
Dividend received	448	384
Proceeds from disposal of short term investments	8,455	2,450
Acquisition of short term investments	-	(15,000)
Net cash used in investing activities	(482,583)	(221,309)
Cash flow from financing activities		
Repayment of long term loans from banking companies - secured	(613,591)	(101,874)
Repayment of redeemable capital - secured	(1,067,131)	(6,800)
Repayment of syndicated term finances - secured	(117,875)	(1200)
Increase in long term deposits	810	650
Payment of liabilities against assets subject to finance lease	(134,768)	(55,556)
Receipt / (repayment) of short term borrowings	28,282	(835,282)
Finance cost paid	(2,053,219)	(2,296,662)
Redemption of preference shares	(362,903)	-
Preference dividend paid	(179,253)	(1)
Net cash used in financing activities	(4,499,648)	(3,296,725)
Net increase in cash and cash equivalents	60,314	175,056
Cash and cash equivalents at the beginning of the year	463,226	288,170
Cash and cash equivalents at the end of the year	523,540	463,226

Quarter Wise Analysis

Q1

- Sales were on lower side due to lower demand on account of monsoon season.
- Cost of sales was on higher side mainly due to annual maintenance of plant and higher coal prices.
- Operating profit was low on account of low GP margins i.e. 30%.
- Net profit was low due to less dispatches, increased store consumption on account of annual maintenance of plant and higher finance cost.

Q2

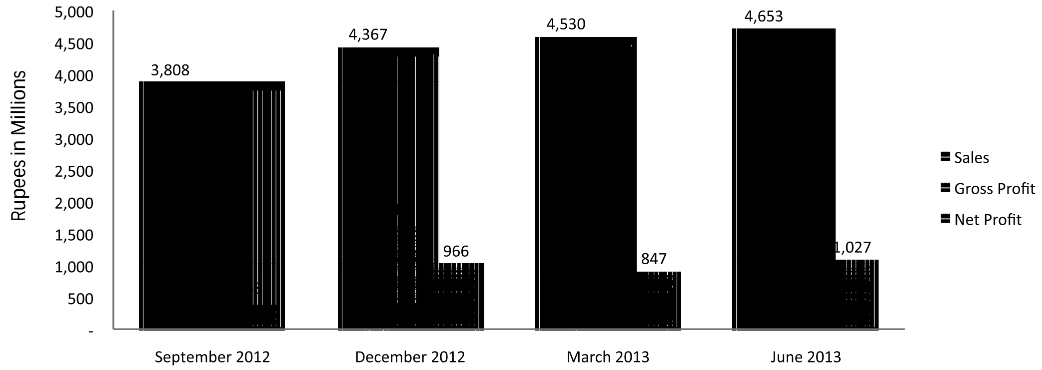
- Sales increased by 15% in 2nd quarter as compared to 1st quarter on account of increase in dispatches and increase in sales prices of cement.
- Cost of sales, as percentage of turnover, was lower in 2nd quarter mainly due to increase in turnover and reduced costs as compared to 1st quarter resulted in increase in gross profit percentage from 30% to 37%.
- Operating profit increased by 47% in 2nd quarter mainly due to increase in GP margins and increased dispatches.
- Net profit increased by 151% as compared to 1st quarter mainly due to increase in revenue, reduction in cost of sales, reduction in finance cost on account of reversal of penalized mark up as a result of rescheduling agreement of ICD and due to tax credit.

Q3

- Sales were further increased by 4% in 3rd quarter due to increase in demand of cement in local market on account of various development projects before general elections.
- Cost of sales was increased in 3rd quarter mainly due to increase in power cost on account of excessive gas load shedding.
- Operating profit decreased by 5% as compared to 2nd quarter mainly due to decrease in gross profit margins.
- Net profit decreased by 12% in this quarter due to high cost of sales due to gas load shedding.

Q4

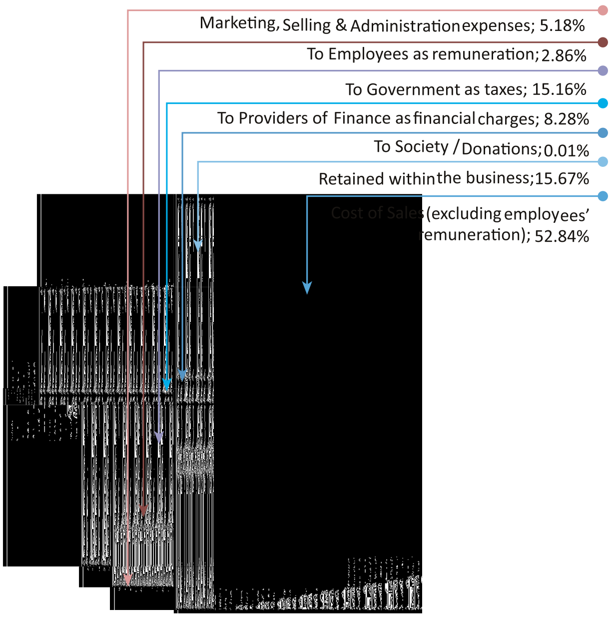
- Sales followed the increasing trend in 4th quarter on account of increase in cement demand which resulted in increase in sales quantities and prices of cement in local market.
- Cost of sales was on lower side mainly due to reduction in coal prices and availability of gas.
- Operating profit was increased by 14% mainly due to increase in revenues and decrease in cost of sales; in spite an increase in WPPF provision on account of increase in profit in 4th quarter.
- Net profit increased by 21% in 4th quarter mainly due to increase in turnover, reduction in coal prices and reduction in finance cost by 7% due to repayment of debts.



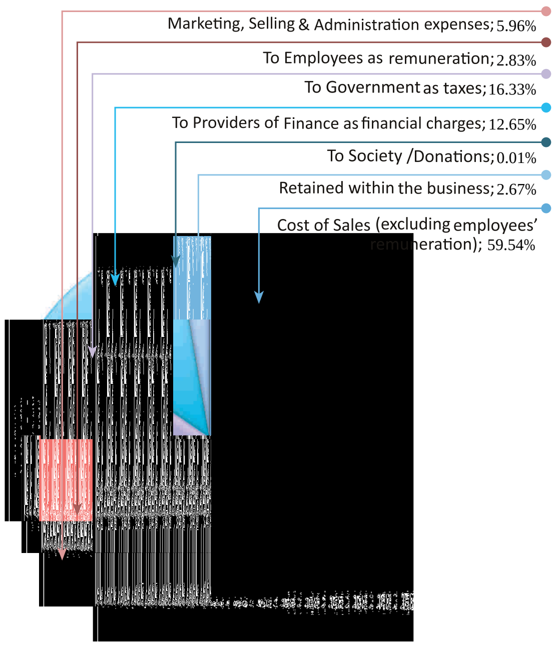
Distribution of Wealth

	2013		2012	
	Rs " 000 "	%age	Rs " 000 "	%age
Wealth Generated				
Sales net of commission	20,539,851	99.80%	18,547,804	99.82%
Other Operating Income	41,287	0.20%	34,070	0.18%
	20,581,138	100.00%	18,581,874	100.00%
Distribution of Wealth				
Cost of Sales (excluding employees' remuneration)	10,875,264	52.84%	11,064,177	59.54%
Marketing, Selling & Administration expenses	1,065,777	5.18%	1,108,152	5.96%
To Employees as remuneration	589,001	2.86%	526,541	2.83%
To Government as taxes	3,120,395	15.16%	3,034,320	16.33%
To Providers of Finance as financial charges	1,704,652	8.28%	2,350,565	12.65%
To Society / Donations	1,354	0.01%	1,925	0.01%
Retained within the business	3,224,695	15.67%	496,194	2.67%
	20,581,138	100.00%	18,581,874	100.00%

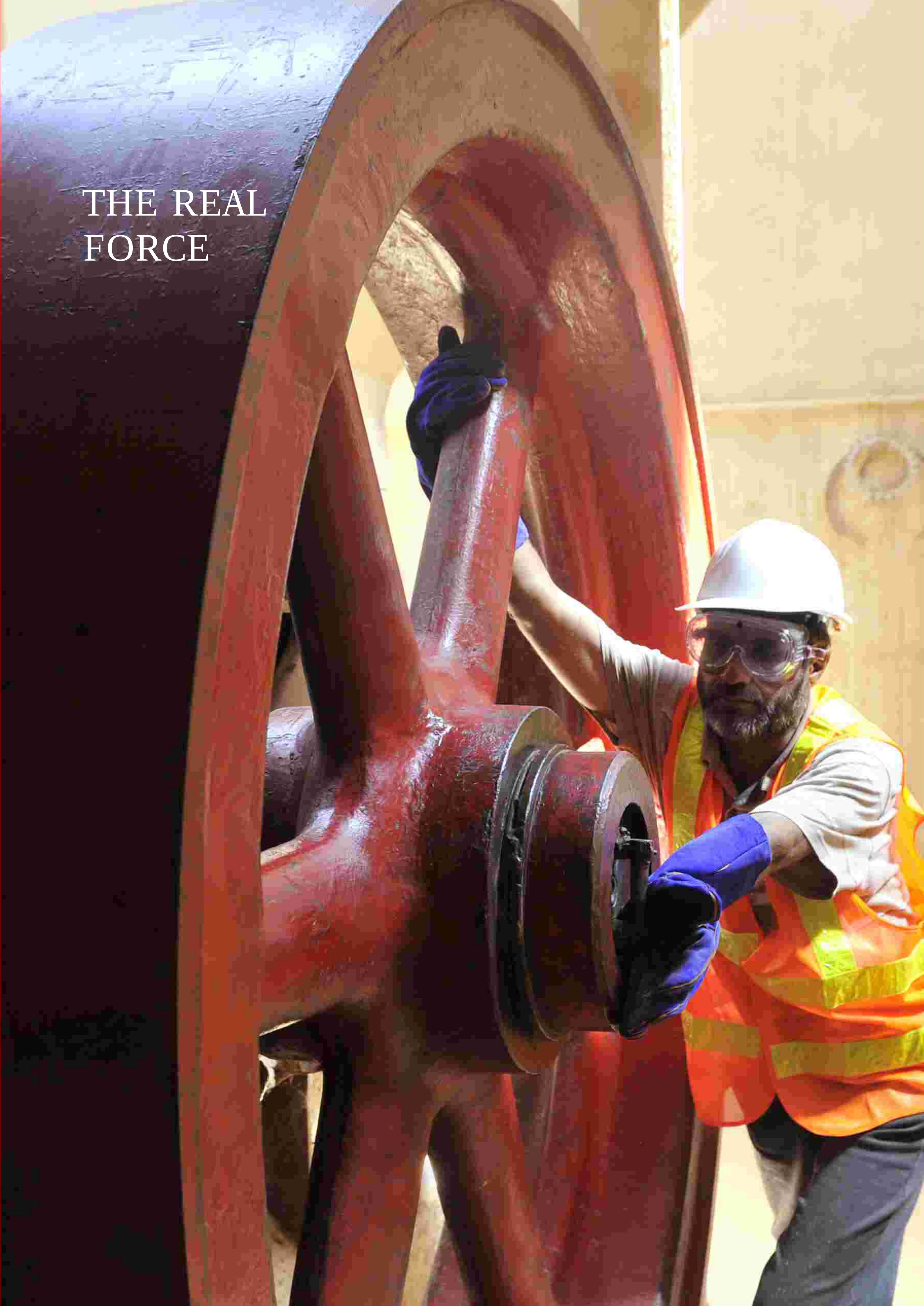
Distribution of Wealth 2013



Distribution of Wealth 2012

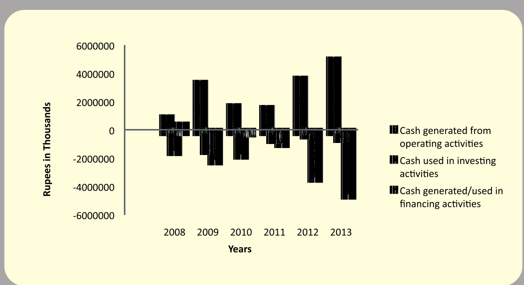


THE REAL FORCE



Graphical Presentation - Key Financial Data

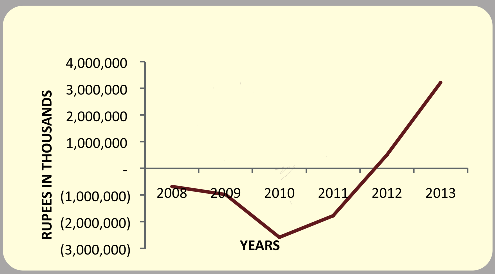
CASH GENERATED / UTILIZED



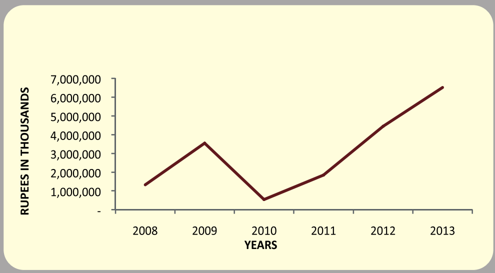
RETURN ON EQUITY AND CAPITAL

Profitability Graphs

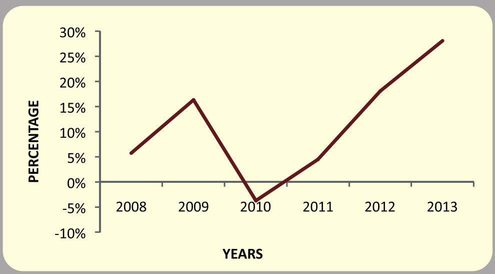
PROFIT/(LOSS) AFTER TAX



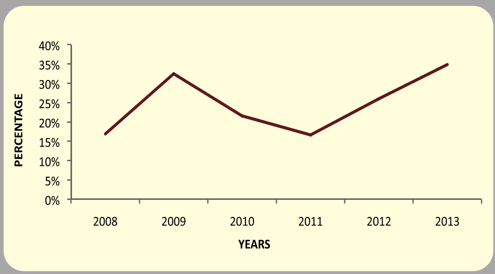
EARNING BEFORE INTEREST TAX DEPRECIATION AND AMORTIZATION (EBITDA)



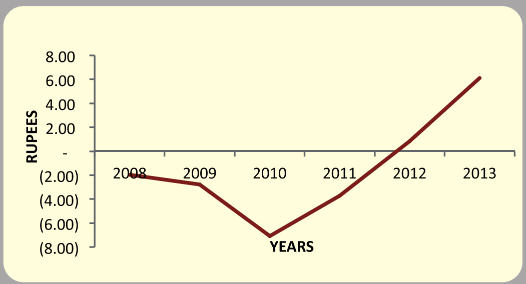
OPERATING PROFIT %



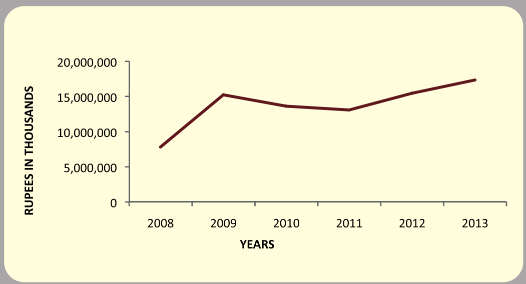
GROSS PROFIT %



EARNING / (LOSS) PER SHARE

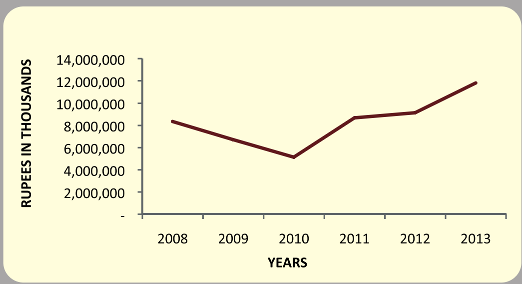


SALES

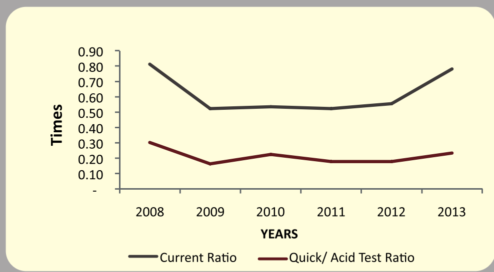


Balance Sheet Graphs

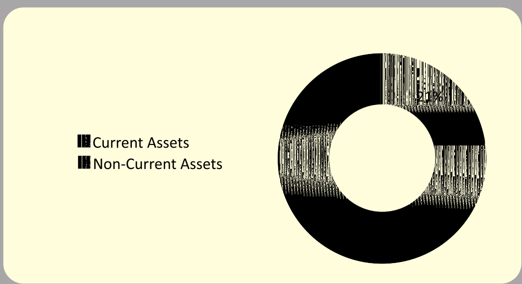
EQUITY



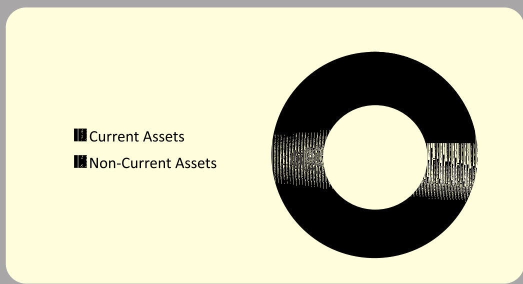
LIQUIDITY RATIOS



ASSETS-2013

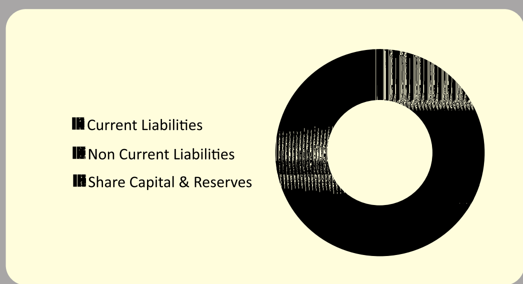


ASSETS-2012



EQUITY AND LIABILITIES-2013

EQUITY AND LIABILITIES-2012



Pattern of Shareholding

1.	CUIN (Incorporation Number)	0001107
2.	Name of the Company	MAPLE LEAF CEMENT FACTORY LIMITED
3.	Pattern of holding of the shares held by the shareholders as at	30-06-2013

4.	No. of Shareholders	Size of Holding From		To	Total shares held
	1,716	1	-	100	69,245
	2,578	101	-	500	820,347
	1,831	501	-	1000	1,560,781
	3,196	1001	-	5000	8,501,495
	807	5001	-	10000	6,525,939
	281	10001	-	15000	3,629,496
	195	15001	-	20000	3,610,363
	142	20001	-	25000	3,395,984
	70	25001	-	30000	1,987,474
	53	30001	-	35000	1,761,105
	47	35001	-	40000	1,836,036
	25	40001	-	45000	1,085,934
	93	45001	-	50000	4,618,621
	14	50001	-	55000	741,583
	21	55001	-	60000	1,244,899
	16	60001	-	65000	1,011,555
	12	65001	-	70000	820,958
	16	70001	-	75000	1,184,112
	13	75001	-	80000	1,022,023
	6	80001	-	85000	507,762
	4	85001	-	90000	354,464
	3	90001	-	95000	277,084
	46	95001	-	100000	4,592,500
	5	100001	-	105000	509,712
	7	105001	-	110000	758,138
	3	110001	-	115000	339,626
	3	115001	-	120000	358,442
	7	120001	-	125000	869,500
	3	125001	-	130000	381,945
	2	130001	-	135000	267,000
	1	135001	-	140000	137,330
	1	140001	-	145000	142,500
	14	145001	-	150000	2,096,500
	4	150001	-	155000	604,918
	4	155001	-	160000	638,374
	1	165001	-	170000	170,000
	3	170001	-	175000	521,500
	2	180001	-	185000	370,000
	3	190001	-	195000	582,500
	13	195001	-	200000	2,600,000
	1	210001	-	215000	213,391
	2	215001	-	220000	440,000
	1	220001	-	225000	225,000

No. of Shareholders	Size of Holding From		To	Total shares held
4	225001	-	230000	915,495
2	235001	-	240000	480,000
4	245001	-	250000	997,534
1	250001	-	255000	252,280
1	255001	-	260000	258,146
1	280001	-	285000	281,294
2	285001	-	290000	577,500
7	295001	-	300000	2,098,000
1	310001	-	315000	315,000
1	320001	-	325000	325,000
1	325001	-	330000	328,500
2	330001	-	335000	667,000
1	335001	-	340000	340,000
1	345001	-	350000	350,000
2	350001	-	355000	707,000
1	360001	-	365000	364,000
1	370001	-	375000	371,795
1	375001	-	380000	377,500
2	395001	-	400000	800,000
1	410001	-	415000	414,500
2	445001	-	450000	900,000
1	455001	-	460000	460,000
8	495001	-	500000	4,000,000
1	505001	-	510000	508,000
1	525001	-	530000	529,500
1	530001	-	535000	535,000
2	565001	-	570000	1,140,000
1	595001	-	600000	600,000
1	620001	-	625000	625,000
1	625001	-	630000	630,000
2	695001	-	700000	1,400,000
1	720001	-	725000	722,000
1	760001	-	765000	764,500
2	795001	-	800000	1,596,000
1	805001	-	810000	807,000
1	810001	-	815000	811,000
1	845001	-	850000	850,000
3	895001	-	900000	2,700,000
1	920001	-	925000	922,000
1	995001	-	1000000	1,000,000
1	1095001	-	1100000	1,100,000
1	1175001	-	1180000	1,177,500
1	1195001	-	1200000	1,200,000
1	1225001	-	1230000	1,228,495
1	1345001	-	1350000	1,350,000
1	1400001	-	1405000	1,403,847
1	1465001	-	1470000	1,470,000
1	1470001	-	1475000	1,470,432
1	1495001	-	1500000	1,500,000
1	1520001	-	1525000	1,525,000
1	1750001	-	1755000	1,752,000
1	1850001	-	1855000	1,855,000
1	1865001	-	1870000	1,865,582
1	1970001	-	1975000	1,975,000
1	1988001	-	1993000	1,992,343
2	1995001	-	2000000	4,000,000
1	2005001	-	2010000	2,010,000

No. of Shareholders	Size of Holding From	To	Total shares held
1	2315001 -	2320000	2,319,000
1	2560001 -	2565000	2,563,000
1	2695001 -	2700000	2,696,500
1	2995001 -	3000000	3,000,000
1	3095001 -	3100000	3,100,000
1	3395001 -	3400000	3,400,000
1	3495001 -	3500000	3,500,000
1	3695001 -	3700000	3,700,000
1	5040001 -	5045000	5,042,000
1	5160001 -	5165000	5,160,500
1	5390001 -	5395000	5,391,000
1	8160001 -	8165000	8,163,000
1	14305001 -	14310000	14,306,622
1	340410001 -	340415000	340,410,425
11,367			527,733,926

The Slabs not applicable above have not been shown.

5.	Categories of Shareholders	Shares Held	Percentage of Capital
5.1	Directors, CEO and their spouses & minor children		
	Mr. Tariq Sayeed Saigol - Chairman	1,865,582	0.3535
	Mr. Sayeed Tariq Saigol - Chief Executive	5,156	0.0010
	Mr. Taufique Sayeed Saigol	5,156	0.0010
	Mr. Waleed Tariq Saigol	1,470,432	0.2786
	Mr. Danial Taufique Saigol	2,500	0.0005
	Mr. Zamiruddin Azar	10,573	0.0020
	Mr. Karim Hatim	2,500	0.0005
	Mrs. Shehla Tariq Saigol - Spouse of Mr. Tariq Sayeed Saigol	2,500	0.0005
	Mrs. Saadiya Mohsin - Spouse of Syed Mohsin Raza Naqvi	49,010	0.0093
		3,413,409	0.6469
5.2	Associated Companies, undertakings and related parties		
	Kohinoor Textile Mills Ltd.	340,410,425	64.5042
	Zimpex (Pvt) Ltd.	1,706	0.0003
		340,412,131	64.5045
5.3	NIT and ICP		
	National Bank of Pakistan, Trustee Deptt.	1,992,343	0.3775
	IDBP (ICP Unit)	17,440	0.0033
		2,009,783	0.3808

	Categories of Shareholders	Shares Held	Percentage of Capital
5.4	Banks, Development Financial Institutions, Non-banking Financial Institutions	13,329,928	2.5259
5.5	Insurance Companies	276,500	0.0524
5.6	Modarabas and Leasing Companies	235,960	0.0447
5.6.1	Mutual Funds		
	BMA Funds Limited [PK1555-0]	3,700,000	
	CDC - Trustee ABL Stock Fund	2,319,000	
	CDC - Trustee Alfalah GHP Alpha Fund	100,000	
	CDC - Trustee Alfalah GHP Value Fund	500,000	
	CDC - Trustee Crosby Dragon Fund	240,000	
	CDC - Trustee HBL - Stock Fund	1,752,000	
	CDC - Trustee IGI Stock Fund	529,500	
	CDC - Trustee KSE Meezan Index Fund	328,500	
	CDC - Trustee MCB Dynamic Stock Fund	352,000	
	CDC - Trustee Pakistan Stock Market Fund	500,000	
	CDC - Trustee Pakistan Premier Fund	230,000	
	Growth Mutual Fund Limited	110	
	MCBFSL - Trustee ABL AMC Capital Protected Fund	125,000	
	MCBFSL - Trustee ABL Islamic Stock Fund	1,855,000	
	MCBFSL - Trustee NAMCO Balanced Fund	2,563,000	
	MCBFSL - Trustee Pak Oman Advantage Asset Allocation Fund	450,000	
	MCBFSL - Trustee Pak Oman Islamic Asset Allocation Fund	450,000	
		15,994,110	3.0307
5.7	Shareholders holding Five Percent or more voting interest in the Company Refer to 5.2 above	-	-
5.8	General Public		
	Individuals	120,834,726	22.8969
	Foreign Investors	15,633,467	2.9624

	Categories of Shareholders	Shares Held	Percentage of Capital
5.9	Executive(s)	1	0.0000
5.10	Public Sector Companies and Corporations	1,230,505	0.2332
5.11	Joint Stock Companies	12,791,762	2.4239
5.12	Others		
	1295 Trustee Avari Hotel Lahore Staff Provident Fund	625	
	AMZ Asset Management Limited	30,000	
	Lahore Stock Exchange Limited	62,700	
	Managing Committee Ghazali Education Trust	440	
	Trustee - Iqbal Adamjee Trust	80,000	
	Trustee Cherat Cement Co. Ltd.		
	Employees Provident Fund	250,000	
	Trustee Cherat Cement Company Ltd.		
	Staff Gratuity Fund	150,000	
	Trustee Greaves Pakistan (Pvt) Ltd.		
	Staff Gratuity Fund	34,500	
	Trustee Lever Brothers Employees	30,000	
	Trustee National Bank of Pakistan Emp Benevolent Fund Trust	7,488	
	Trustee National Bank of Pakistan Employees Pension Fund	213,391	
	Trustee-Ghani Glass Employee Provident Fund	500,000	
	Trustees Kaukab Mir Memorial Welfare Trust	192,500	
	Trustees Wah Nobel P. Ltd. Mang.Staff PF	20,000	
		1,571,644	0.2978
	Grand Total:	527,733,926	100.00

SHARE PRICE SENSITIVITY ANALYSIS

Following are the major factors which might effect the share price of the Company in the stock exchanges:

1) INCREASE IN DEMAND: Increase in demand of cement may result in increase in market price of bag which will contribute towards better profitability and Earning Per Share (EPS) , which will ultimately increase the share price.
2) INCREASE IN VARIABLE COST: Any Increase in variable cost (Mainly includes Coal, Power and Raw Material cost) may badly effect the gross margins and will resultantly fall in the profitability and fall in EPS. This may badly effect the market price of the share downward.
3) INCREASE IN FIXED COST: Fixed cost which mainly consists of Financial Charges, Exchange losses, and other overheads. If SBP discount rate goes up, rupee devaluation occurs and increase in inflation happens than net profitability of the company will be effected and will have negative effect on the EPS which results into fall in share prices. If the said factors happen on the positive sides than share price will improve.
4) CHANGE IN GOVERNMENT POLICIES: Any change in government policies related to cement sector may effect the share price of the Company. If policy change is positive than share price will increase, otherwise vice versa.

Statement of Compliance with the Code of Corporate Governance

Name of Company: Maple Leaf Cement Factory Limited
Year Ended: June 30, 2013

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No.35 of Listing Regulations of Stock Exchanges in Pakistan for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance. The Company has applied the principles contained in the CCG in the following manner:-

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes:-

CATEGORY	NAMES
Independent Directors	Mr. Zamiruddin Azar Mr. Karim Hatim
Executive Directors	Mr. Tariq Sayeed Saigol Mr. Sayeed Tariq Saigol Syed Mohsin Raza Naqvi
Non-Executive Directors	Mr. Taufique Sayeed Saigol Mr. Waleed Tariq Saigol Mr. Danial Taufique Saigol

2. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company.

3. All the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred on the Board of Directors during the year.

5. The Company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Board had arranged Orientation Courses for its Directors during the preceding years to make them aware of their duties and responsibilities. The Directors have also provided declarations that they are aware of their duties, powers and responsibilities under the Companies Ordinance, 1984 and the listing regulations of the Stock Exchanges.

   Moreover, one Director of the Company has obtained Certificate under Directors' Training Program from The Institute of Chartered Accountants of Pakistan, for the year ended June 30, 2013.

10. The Board has ratified the appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.

11. The Directors' Report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

13. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the CCG.

15. The Board has formed an Audit Committee. It comprises of four members and all of four are non-executive directors including the chairman of the committee who is an independent director.

16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has formed a HR & Remuneration Committee. It comprises three members and all of three are non-executive directors including the chairman of the committee.

18. The Board has set up an effective internal audit function.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to Directors, executives and stock exchange(s).

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.

23. We confirm that all other material principles enshrined in the CCG have been complied with.

For and on behalf of the Board

(Sayeed Tariq Saigol)
Chief Executive

Lahore: 24 September 2013

KPMG Taseer Hadi & Co.
Chartered Accountants
53 L Gulberg III
Lahore Pakistan

Telephone + 92 (42) 3585 0471-76
Fax + 92 (42) 3585 0477
Internet www.kpmg.com.pk

Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the statement of compliance with the best practices contained in the Code of Corporate Governance for the year ended 30 June 2013, prepared by the Board of Directors of Maple Leaf Cement Factory Limited ("the Company") to comply with the Listing Regulation No. 35 of Karachi, Lahore and Islamabad Stock Exchanges, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquires of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, sub-regulation (x) of Listing Regulation No. 35 of Karachi, Lahore and Islamabad stock exchanges require the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended 30 June 2013.

KPMG Taseer Hadi & Co.

Lahore
Date: 24 September 2013

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


A25

Financial Statements

For the Year ended June 30, 2013

Maple Leaf Cement
Factory Limited

KPMG Taseer Hadi & Co.
Chartered Accountants
53 L Gulberg III
Lahore Pakistan

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Fax + 92 (42) 3585 0477
Internet www.kpmg.com.pk

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Maple Leaf Cement Factory Limited ("the Company")** as at 30 June 2013 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion:

i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

ii) the expenditure incurred during the year was for the purpose of the Company's business; and

iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2013 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980, was deducted by the Company an deposited in the Central Zakat Fund established under section 7 of that Ordinance.

KPMG Taseer Hadi & Co

Lahore

Date: 24 September 2013

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

BALANCE SHEET
AS AT JUNE 30, 2013

	Note	2013	2012
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital	4.1	7,000,000	7,000,000
Issued, subscribed and paid up capital	4.2	5,277,340	5,805,603
Reserves	5	2,058,137	3,298,415
Accumulated loss		(564,564)	(5,275,157)
		6,770,913	3,828,861
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF TAX	6	5,051,836	5,298,809
NON - CURRENT LIABILITIES			
Long term loans from banking companies - secured	7	1,590,544	2,157,099
Redeemable capital - secured	8	6,383,000	7,183,000
Syndicated term finances - secured	9	1,196,625	1,347,000
Liabilities against assets subject to finance lease	10	840,847	242,625
Long term deposits	11	7,029	6,219
Deferred taxation	12	1,904,860	2,009,066
Retirement benefits	13	58,885	50,926
		11,981,790	12,995,935
CURRENT LIABILITIES			
Trade and other payables	14	3,026,311	3,727,186
Accrued profit / interest / markup	15	361,834	757,834
Short term borrowings	16	3,277,666	3,249,384
Current portion of:			
- Long term loans from banking companies - secured	7	740,318	746,685
- Redeemable capital - secured	8	832,869	1,100,000
- Syndicated term finances - secured	9	182,500	150,000
- Liabilities against assets subject to finance lease	10	147,053	873,279
		8,568,551	10,604,368
CONTINGENCIES AND COMMITMENTS	17		
		32,373,090	32,727,973

The annexed notes from 1 to 52 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

	Note	2013	2012
		(Rupees in thousand)	
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	18	25,630,205	26,774,317
Intangible assets	19	-	8,797
Long term investments	20	1,625	3,037
Long term loans to employees - secured	21	3,608	2,387
Long term deposits and prepayments	22	54,746	53,350
		25,690,184	26,841,888
CURRENT ASSETS			
Stores, spare parts and loose tools	23	3,751,386	3,101,943
Stock-in-trade	24	938,899	903,395
Trade debts	25	757,944	575,931
Loans and advances	26	161,704	181,168
Short term investments	27	7,350	33,122
Short term deposits and prepayments	28	74,808	118,651
Accrued profit	29	346	1,191
Refunds due from Government	30	16,797	16,797
Other receivables	31	166,583	179,113
Income tax - net	32	283,549	311,548
Cash and bank balances	33	523,540	463,226
		6,682,906	5,886,085
		32,373,090	32,727,973

CHIEF EXECUTIVE OFFICER

DIRECTOR

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2013

	Note	2013	2012
		(Rupees in thousand)	
Sales - net	34	17,357,376	15,461,356
Cost of sales	35	(11,312,341)	(11,446,583)
Gross profit		6,045,035	4,014,773
Distribution cost	36	(797,751)	(846,098)
Administrative expenses	37	(254,065)	(258,433)
Other operating expenses	38	(167,239)	(149,681)
		(1,219,055)	(1,254,212)
Other operating income	39	41,287	34,070
Profit from operations		4,867,267	2,794,631
Finance cost	40	(1,704,652)	(2,350,565)
Profit before taxation		3,162,615	444,066
Taxation	41	62,080	52,128
Profit after taxation		3,224,695	496,194
		-------------Rupees-------------	
Basic earnings per share	42	6.11	0.84
Diluted earnings per share	43	6.11	0.83

The annexed notes from 1 to 52 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2013

	2013	2012
	(Rupees in thousand)	
Profit after taxation	3,224,695	496,194
Other comprehensive income for the year - net of tax	-	-
Total comprehensive income for the year	3,224,695	496,194

The annexed notes from 1 to 52 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2013

	2013	2012
	(Rupees in thousand)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	3,162,615	444,066
Adjustments for:		
Depreciation	1,638,751	1,635,375
Amortization	8,797	8,794
Provision for doubtful debts	7,987	40,070
Provision for slow moving stores	36,033	-
Bad debts written off	327	-
Gain on disposal of property, plant and equipment	(3,137)	(1,478)
Gain on disposal of short term investments	(2,998)	(450)
Loss on re-measurement of short term investments at fair value	6,315	529
Loss on disposal of subsidiary	-	171
Retirement benefits	19,201	17,795
Finance cost	1,704,652	2,350,565
Dividend income	(448)	(383)
Cash generated from operations before working capital changes	6,578,095	4,495,054
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(685,476)	(68,997)
Stock-in-trade	(35,504)	(364,311)
Trade debts	(190,327)	(55,898)
Loans and advances	19,464	(36,107)
Short term deposits and prepayments	43,843	3,245
Accrued profit	845	(301)
Other receivables	26,530	(80,961)
Due from subsidiary	-	383,934
	(820,625)	(219,396)
Decrease in current liabilities		
Trade and other payables	(688,335)	(425,593)
Cash generated from operations	5,069,135	3,850,065
(Increase) / decrease in long term loans to employees - secured	(1,221)	144
Retirement benefits (paid) / adjusted	(11,242)	952
Taxes paid	(14,127)	(158,071)
Net cash generated from operating activities	5,042,545	3,693,090
CASH FLOW FROM INVESTING ACTIVITIES		
Expenditures for property, plant and equipment	(496,784)	(207,108)
Proceeds from sale of property, plant and equipment	5,282	2,287
Disposal / (acquisition) of long term investments	1,412	(3,037)
Proceeds against disposal of subsidiary	-	29
Increase in long term deposits and prepayments	(1,396)	(1,314)
Dividend received	448	384
Proceeds from disposal of short term investments	8,455	2,450
Acquisition of short term investments	-	(15,000)
Net cash used in investing activities	(482,583)	(221,309)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term loans from banking companies - secured	(613,591)	(101,874)
Repayment of redeemable capital - secured	(1,067,131)	(6,800)
Repayment of syndicated term finances - secured	(117,875)	(1,200)
Increase in long term deposits	810	650
Payment of liabilities against assets subject to finance lease	(134,768)	(55,556)
Receipt / (repayment) of short term borrowings	28,282	(835,282)
Finance cost paid	(2,053,219)	(2,296,662)
Redemption of preference shares	(362,903)	-
Preference dividend paid	(179,253)	(1)
Net cash used in financing activities	(4,499,648)	(3,296,725)
Net increase in cash and cash equivalents	60,314	175,056
Cash and cash equivalents at the beginning of the year	463,226	288,170
Cash and cash equivalents at the end of the year	523,540	463,226

The annexed notes from 1 to 52 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER **DIRECTOR**

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2013

	Share Capital	Capital Reserves			Revenue Reserves			Total Equity
		Share premium	Capital redemption reserve	Sub-total	General reserve	(Accumulated loss)	Sub-total	
	(Rupees in thousand)							
Balance as at 30 June 2011	5,803,458	1,529,874	376,606	1,906,480	1,400,000	(5,976,651)	(4,576,651)	3,133,287
Total comprehensive income								
Profit for the year ended 30 June 2012	-	-	-	-	-	496,194	496,194	496,194
Surplus on revaluation of property, plant and equipment realized through incremental depreciation (net of tax)	-	-	-	-	-	249,311	249,311	249,311
Transaction with owners of the Company recognised directly in equity								
Distribution to owners								
Dividend on preference shares for the year ended 30 June 2012	-	-	-	-	-	(52,076)	(52,076)	(52,076)
Transfer from capital redemption reserve	-	-	(8,065)	(8,065)	-	8,065	8,065	-
Effect of conversion of preference shares into ordinary shares	2,145	-	-	-	-	-	-	2,145
Balance as at 30 June 2012	5,805,603	1,529,874	368,541	1,898,415	1,400,000	(5,275,157)	(3,875,157)	3,828,861
Total comprehensive income								
Profit for the year ended 30 June 2013	-	-	-	-	-	3,224,695	3,224,695	3,224,695
Surplus on revaluation of property, plant and equipment realized through incremental depreciation (net of tax)	-	-	-	-	-	246,973	246,973	246,973
Transactions with owners of the Company recognised directly in equity								
Distribution to owners								
Preference shares redeemed during the year	(528,263)	-	-	-	-	-	-	(528,263)
Dividend on preference shares for the year ended 30 June 2013	-	-	-	-	-	(1,353)	(1,353)	(1,353)
Transfer to capital redemption reserve	-	-	159,722	159,722	-	(159,722)	(159,722)	-
Transfer from general reserve	-	-	-	-	(1,400,000)	1,400,000	-	-
Balance as at 30 June 2013	5,277,340	1,529,874	528,263	2,058,137	-	(564,564)	(564,564)	6,770,913

The annexed notes from 1 to 52 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

1. LEGAL STATUS AND NATURE OF BUSINESS

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case the requirements differ, the provisions or directives of the Companies Ordinance, 1984, shall prevail.

2.2 Standards, interpretations and amendments to published approved accounting standards

2.2.1 Standards and interpretations to existing standards that are effective and applicable to the Company

During the current period, the Company has adopted the following amendments to IFRS which became effective for the current period:

- Presentations of items of Other Comprehensive Income (Amendments to IAS 1) - (effective for annual periods beginning on or after 1 July 2012). The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard.

- Amendments to IAS 12 - deferred tax on investment property (effective for annual periods beginning on or after 1 January 2012). The 2012 amendment provides an exception to the measurement principle in respect of investment property measured using the fair value model in accordance with IAS 40 Investment Property. The measurement of deferred tax assets and liabilities, in this limited circumstance, is based on a rebuttable presumption that the carrying amount of the investment property will be recovered through sale. The presumption can be rebutted only if the investment property is depreciable and held within a business model whose objective is to consume substantially all of the asset's economic benefits over the life of the asset.

The adoption of the above amendments did not have any effect on these financial statements.

2.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

2.3.1 Standards, amendments or interpretations which became effective during the year

During the year, certain amendments to Standards or new interpretations became effective, however, the amendments or interpretation did not have any material effect on the financial statements of the Company.

2.3.2 The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2013

- IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after 1 January 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognised immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognised in profit or loss is calculated based on the rate used to discount the defined benefit obligation. The Company's policy was to account for actuarial gains and losses using the corridor method and with the change unrecognized actuarial gains / losses amounting to Rs. 13 million at 30 June 2013 would need to be recognized in other comprehensive income.

- IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 27 (2011) supersedes IAS 27 (2008). Three new standards IFRS 10 - Consolidated Financial Statements, IFRS 11- Joint Arrangements and IFRS 12- Disclosure of Interest in Other Entities dealing with IAS 27 would be applicable effective 1 January 2013. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendments have no impact on financial statements of the Company.

- IAS 28 Investments in Associates and Joint Ventures (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the amendments to apply IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture. The amendments have no impact on financial statements of the Company.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (effective for annual periods beginning on or after 1 January 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement.

- Annual Improvements 2009–2011 (effective for annual periods beginning on or after 1 January 2013). The new cycle of improvements contains amendments to the following four standards, with consequential amendments to other standards and interpretations.

  - IAS 1 Presentation of Financial Statements is amended to clarify that only one comparative period – which is the preceding period – is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with IFRS. Furthermore, it clarifies that the 'third statement of financial position', when required, is only required if the effect of restatement is material to statement of financial position.

- IAS 16 Property, Plant and Equipment is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of 'property, plant and equipment' in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS 2 Inventories.

- IAS 32 Financial Instruments: Presentation - is amended to clarify that IAS 12 Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction. The amendment removes a perceived inconsistency between IAS 32 and IAS 12.

- IAS 34 Interim Financial Reporting is amended to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating Segments. IAS 34 now requires the disclosure of a measure of total assets and liabilities for a particular reportable segment. In addition, such disclosure is only required when the amount is regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.

The amendments have no impact on financial statements of the Company.

- IFRIC 20 - Stripping cost in the production phase of a surface mining (effective for annual periods beginning on or after 1 January 2013). The interpretation requires production stripping cost in a surface mine to be capitalized if certain criteria are met. The amendments have no impact on financial statements of the Company.

- IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after 1 January 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

- IAS 39 Financial Instruments: Recognition and Measurement- Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39) (effective for annual periods beginning on or after 1 January 2014). The narrow-scope amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one).

- Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

2.4 Basis of measurement

These financial statements have been prepared under the historical cost convention except for the following:

- certain financial instruments at fair value;
- certain financial instruments at amortised cost; and
- certain property, plant and equipment at fair value.

2.5 Functional and presentation currency

These financial statements are presented in Pakistani Rupees ("Rs."), which is the Company's functional and presentation currency.

2.6 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under circumstances, and the results of which form the basis for making judgment about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas where assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

2.6.1 Property, plant and equipment

The Company reviews the useful lives of property, plant and equipment on regular basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipments with a corresponding effect on the depreciation / amortization charge and impairment.

2.6.2 Stores, spare parts and loose tools

The Company reviews the stores, spare parts and loose tools for possible impairment on an annual basis. Any change in estimates in future years might affect the carrying amounts of the respective items of stores and spare parts and loose tools with a corresponding effect on the provision.

2.6.3 Provision for doubtful debts, advances and other receivables

The Company reviews the recoverability of its trade debts, advances and other receivables to assess amount of bad debts and provision required there against on annual basis.

2.6.4 Employee benefits

The Company operates approved funded gratuity scheme covering all its employees who have completed the minimum qualifying period of service as defined under the respective scheme. The gratuity scheme is managed by trustees. The calculation of the benefit requires assumptions to be made of future outcomes, the principal ones being in respect of increase in remuneration and the discount rate used to convert future cash flows to current values. The assumptions used for the plan are determined by independent actuary on annual basis.

The amount of the expected return on plan assets is calculated using the expected rate of return for the year and the market-related value at the beginning of the year. Gratuity cost primarily represents the increase in actuarial present value of the obligation for benefits earned on employee service during the year and the interest on the obligation in respect of employee service in previous years, net of the expected return on plan assets. Calculations are sensitive to changes in the underlying assumptions.

2.6.5 Taxation

The Company takes into account the current income tax law and decisions taken by the taxation authorities. Instances where the Company's views differ from the views taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

The Company also regularly reviews the trend of proportion of incomes between Presumptive Tax Regime income and Normal Tax Regime income and the change in proportions, if significant, is accounted for in the year of change.

2.6.6 Contingencies

The Company has disclosed significant contingent liabilities for the pending litigations and claims against the Company based on its judgment and the advice of the legal advisors for the estimated financial outcome. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognised at the balance sheet date. However, based on the best judgment of the Company and its legal advisors, the likely outcome of these litigations and claims is remote and there is no need to recognise any liability at the balance sheet date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Employee benefits

Defined contribution plan

The Company operates a defined contributory approved provident fund for all its employees. Equal monthly contributions are made both by the Company and employees at the rate of 10% of the basic salary to the fund.

Defined benefit plan

The Company operates approved funded gratuity scheme for all its employees who have completed the minimum qualifying period of service as defined under the respective scheme. Provision is made annually to cover obligations under the scheme on the basis of actuarial valuation and is charged to income.

The amount recognized in the balance sheet represents the present value of defined benefit obligations as adjusted for unrecognized actuarial gains and losses.

Cumulative net unrecognized actuarial gains and losses at the end of previous year which exceeds 10% of the present value of the Company's gratuity is amortized over the average expected remaining working lives of the employees.

Details of the scheme are given in relevant note to the financial statements.

Liability for employees' compensated absences

The Company accounts for the liability in respect of employees' compensated absences in the year in which these are earned. Provision to cover the obligations is made using the current salary level of employees.

3.2 Taxation

Current

Provision for current year's taxation is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates available, if any.

Deferred

Deferred tax is recognized using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amounts used for taxation purposes.

Deferred tax asset is recognized for all the deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the asset may be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax liabilities are recognized for all the taxable temporary differences.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to equity, in which case it is included in equity.

3.3 Leases

Leases are classified as finance lease whenever the terms of the lease transfer substantially all risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The liability to the lessor is included in the balance sheet as liabilities against assets subject to finance lease. The liabilities are classified as current and long-term depending upon the timing of payment. Lease payments are apportioned between finance charges and reduction of the liabilities against assets subject to finance lease so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit and loss account, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the company's general policy on borrowing costs.

Rentals payable under operating leases are charged to profit and loss account on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

3.4 Property, plant and equipment

Tangible assets

Owned

Property, plant and equipment except freehold land, buildings on freehold land, roads, bridges and railway sidings, plant and machinery and capital work in progress are stated at cost less accumulated depreciation / amortization and impairment in value, if any. Buildings on freehold land, roads, bridges and railway sidings and plant and machinery are stated at revalued amount being the fair value at the date of revaluation, less any subsequent accumulated depreciation and impairment losses while freehold land is stated at revalued amount being the fair value at the date of revaluation, less any subsequent impairment losses, if any. Any revaluation increase arising on the revaluation of such assets is credited to 'Surplus on revaluation of property, plant and equipment'. A decrease in the carrying amount arising on revaluation is charged to profit or loss to the extent that it exceeds the balance, if any, held in the surplus on revaluation account relating to a previous revaluation of that asset.

Capital work-in-progress is stated at cost less identified impairment losses, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when these are available for use.

All cost or expenditure attributable to work-in-progress are capitalized and apportioned to buildings and plant and machinery at the time of commencement of commercial operations.

Cost in relation to certain plant and machinery represents historical cost, exchange differences capitalized up to 30 June 2004 and the cost of borrowings during the construction period in respect of loans and finances taken for the specific projects.

Transactions relating to jointly owned assets with Agritech Limited (formerly Pak American Fertilizers Limited), as stated in note 18.4, are recorded on the basis of advices received from the housing colony.

All other repair and maintenance costs are charged to income during the period in which these are incurred.

Gains / losses on disposal or retirement of property, plant and equipment, if any, are taken to profit and loss account.

Depreciation is calculated at the rates specified in note 18.1 on reducing balance method except that straight-line method is used for the plant and machinery and buildings relating to dry process plant after deducting residual value. Depreciation on additions and deletions is charged on pro rata basis. The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

Leased

Assets held under finance lease arrangements are initially recorded at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets. Depreciation on leased assets is charged by applying reducing balance method at the rates used for similar owned assets, so as to depreciate the assets over their estimated useful lives in view of certainty of ownership of assets at the end of the lease term.

3.5 Intangible assets

Expenditure incurred to acquire computer software is capitalized as intangible asset and stated at cost less accumulated amortization and any identified impairment loss. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets are amortized using straight-line method over a period of three years. Amortization on additions to intangible assets is charged from the month in which an asset is put to use and on disposal up to the month of disposal.

3.6 Impairment

The Company assesses at each balance sheet date whether there is any indication that assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of carrying amount that would have been determined had no impairment loss been recognized for that asset. Reversal of impairment loss is recognized as income.

3.7 Investments

Available-for-sale

Investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available-for-sale.

Subsequent to initial recognition at cost, these are remeasured at fair value. The Company uses latest stock exchange quotations to determine the fair value of its quoted investments whereas fair value of investments in un-quoted companies is determined by applying the appropriate valuation techniques as permissible under IAS 39 (Financial Instruments: Recognition and Measurement). Gains or losses on available-for-sale investments are recognized directly in other comprehensive income until the investments are sold or disposed-off, or until the investments are determined to be impaired, at that time cumulative gain or loss previously recognized in other comprehensive income, is re-classified from equity to profit and loss as re-classification adjustment.

At fair value through profit or loss

Investments at fair value through profit and loss are those which are acquired for generating a profit from short-term fluctuation in prices. All investments are initially recognized at cost, being the fair value of the consideration given. Subsequent to initial recognition, these investments are re-measured at fair value (quoted market price). Any gain or loss from a change in the fair value is recognized in income.

Investment in subsidiary

Investments in subsidiaries and associates are stated at cost and the carrying amount is adjusted for impairment, if any.

Subsidiary is an enterprise in which the Company directly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and / or appoint more than 50% of its directors. The existence and effect of potential voting right that are currently exercisable or convertible when assessing whether the group controls another entity.

3.8 Stores, spare parts and loose tools

These are valued at moving average cost less allowance for obsolete and slow moving items. Items in transit are valued at invoice values plus other charges incurred thereon.

3.9 Stock-in-trade

Stocks are valued at the lower of cost and net realizable value. Cost is determined as follows:

Raw material	at weighted average cost
Work in process	at weighted average manufacturing cost
Finished goods	at weighted average manufacturing cost

Average manufacturing cost in relation to work in process and finished goods consists of direct material, labour and a proportion of appropriate manufacturing overheads.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale necessarily to be incurred in order to make a sale.

3.10 Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and de-recognized when the Company loses control of the contractual rights that comprise the financial asset and in case of financial liability when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and liabilities are included in profit and loss for the year.

Derivatives are initially recorded at cost which is the fair value of consideration given or received respectively on the date a derivative contract is entered into and are remeasured to fair value, amortized cost or cost as the case may be at subsequent reporting dates. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as cash flow hedges.

The Company documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flow of hedged items.

The effective portion of changes in the fair value of derivates that are designated and qualify as cash flow hedges are recognized in equity. The gain or loss relating to the ineffective portion is recognized immediately in the profit and loss account.

Amounts accumulated in equity are recognized in profit and loss account in the periods when the hedged item will effect profit or loss. However, when the forecast hedged transaction results in the recognition of a non-financial assets or a liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

3.11 Trade and other payables

Creditors relating to trade and other payables are carried at cost which is the fair value of consideration to be paid in the future for goods and services received, whether or not billed to the Company.

3.12 Trade debts

Trade debts are carried at original invoice amount less an estimate made for doubtful receivables based on review of outstanding amounts at the year end. Bad debts are written off when identified.

3.13 Off setting of financial instruments

Financial assets and liabilities are off-set and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

3.14 Cash and cash equivalents

Cash in hand and at banks and short term deposits, which are held to maturity are carried at cost. For the purposes of cash flow statement, cash equivalents are short term highly liquid instruments, which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in values.

3.15 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable on the following basis:

- Sales are recorded when significant risks and rewards of ownership of the goods have passed to the customers which coincides with dispatch of goods to customers.
- Dividend income is recognized when the Company's right to receive the dividend is established.
- Interest income is recognised as and when accrued on effective interest rate method.

3.16 Foreign currency translations

Transactions in foreign currencies are initially recorded at the rates of exchange ruling on the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated into Pakistan Rupees at the exchange rates prevailing on the balance sheet date. All exchange differences are charged to profit and loss account.

3.17 Borrowings

All borrowings are recorded at the proceeds received. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are charged to income in the period in which these are incurred.

3.18 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

3.19 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

3.20 Dividend distribution

Dividend is recognized as a liability in the period in which it is declared. For dividend on preference shares, please refer note 4.2.4(d) to these financial statements.

	Note	2013	2012
		(Rupees in thousand)	

4. SHARE CAPITAL

4.1 Authorised share capital

Number of shares

Number of shares		Note	2013	2012
600,000,000	(30 June 2012: 600,000,000) ordinary shares of Rs. 10 each		6,000,000	6,000,000
100,000,000	(30 June 2012: 100,000,000) 9.75 % redeemable cumulative preference shares of Rs. 10 each		1,000,000	1,000,000
700,000,000			7,000,000	7,000,000

4.2 Issued, subscribed and paid up capital

Ordinary shares:

Number of shares

Number of shares		Note	2013	2012
290,359,856	(30 June 2012: 290,359,856) ordinary shares of Rs. 10 each fully paid in cash		2,903,599	2,903,599
35,834,100	(30 June 2012: 35,834,100) ordinary shares of Rs. 10 each issued as fully paid for consideration other than cash		358,341	358,341
46,069,400	(30 June 2012: 46,069,400) ordinary shares of Rs. 10 each issued as fully paid bonus shares		460,694	460,694
153,846,153	(30 June 2012: 153,846,153) ordinary shares of Rs. 10 each issued as fully paid shares at discount	4.2.1	1,538,462	1,538,462
1,624,417	(30 June 2012: 1,624,417) ordinary shares of Rs. 10 each issued as conversion of preference shares into ordinary shares	4.2.2	16,244	16,244
527,733,926			5,277,340	5,277,340

Preference shares:

Number of shares

Number of shares		Note	2013	2012
52,826,303	(30 June 2012: 54,147,398) 9.75 % redeemable cumulative preference right shares (non-voting) of Rs. 10 each fully paid in cash	4.2.4	528,263	541,474
-	(30 June 2012: 1,321,095) Transfer of preference shares into ordinary shares	4.2.2	-	(13,211)
(52,826,303)	(30 June 2012: Nil) preference shares redeemed during the year	4.2.3	(528,263)	-
-			-	528,263
527,733,926			5,277,430	5,805,603

4.2.1 During the financial year ended 30 June 2011, 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 Kohinoor Textile Mills Limited (the Holding Company), after complying with all procedural requirements in this respect.

4.2.2 During the financial year ended 30 June 2012, 806,502 preference shares have been converted into 1,020,997 ordinary shares at a conversion rate of 1.266. The conversion rate is determined as described 4.2.4 (b).

4.2.3 During the year, the Company has entered into an agreement with major preference shareholders regarding the redemption of preference shares - series "A". Repayment warrants to minority shareholders have been issued and major portion for minority preference shareholders has been repaid. Company has finalized repayment schedule with shareholders representing majority shareholdings. Payments to these shareholders are being made as per repayment schedule and the balance amount is recorded as payable.

4.2.4 The Company, during the financial year ended 30 June 2005, had offered to the shareholders of the Company 54,147,398 preference shares - series "A" of Rs.10 each at par value. This preference shares right issue was made in the ratio of 30 preference shares (non-voting) for every 100 ordinary shares held by the Company's shareholders as on 15 December 2004. These shares were listed on all stock exchanges of Pakistan. The salient terms of this issue were as follows:

(a) The preference shareholders were not entitled to:

i) receive notice, attend general meetings of the Company and vote at meetings of the shareholders of the Company, except as otherwise provided by the Companies Ordinance, 1984 (the Ordinance), whereby the holders of such shares would have been entitled to vote separately as a class i.e. with respect to voting entitlement of preference shareholders on matters / issues affecting substantive rights or liabilities of preference shareholders.

ii) bonus or right shares, in case the Company / Directors decide to increase the capital of the Company by issue of further ordinary shares.

iii) participate in any further profit or assets of the Company, except the right of dividend attached to the preference shares - series "A".

(b) Preference shares - series "A" were convertible at the option of the preference shareholders into ordinary shares of the Company at the expiry of the period of six years and thereafter of the date falling on the end of each semi annual period commencing thereafter. Conversion ratio was to be determined by dividing the aggregate face value of the preference shares - series "A" plus any accumulated dividends and / or accrued dividend by the conversion price, which was higher of face value of ordinary share or 80% of the average price of the ordinary share quoted in the daily quotation of the Karachi Stock Exchange (Guarantee) Limited during the three months immediately prior to the relevant conversion date.

(c) The Company might at its option call the issue in whole or in minimum tranches of 20% of the outstanding face value at the redemption price within 90 days of the end of each semi annual period commencing from the expiry of a period of three years of the issue.

(d) Preference shareholders - series "A" were paid preference dividend @ 9.75% per annum on cumulative basis. If the Company did not pay dividend in any year, the unpaid dividend for the relevant year was paid in the immediately following year along with the dividend payment for such year.

(e) The Company created a redemption reserve and has appropriated the required amount from the revenue reserves during the year to ensure that capital redemption reserve balance is equal to the principal amount of preference shares.

4.3 Kohinoor Textile Mills Limited (the Holding Company) holds 340,410,425 (30 June 2012: 340,410,425) ordinary shares, which represents 64.50% (30 June 2012: 64.50%) of the total ordinary issued, subscribed and paid-up capital of the Company.

4.4 Zimpex (Private) Limited (an Associated Company) holds 1,706 (30 June 2012: 1,706) ordinary shares of the Company at the year end.

	Note	2013	2012
		(Rupees in thousand)	
5. RESERVES			
Capital:			
- capital redemption reserve	4.2.4(e)	528,263	368,541
- share premium reserve		1,529,874	1,529,874
		2,058,137	1,898,415
Revenue:			
- general reserve			
- at the beginning of the year		1,400,000	1,400,000
- transferred to accumulaed loss		(1,400,000)	-
		-	1,400,000
		2,058,137	3,298,415
6. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF TAX			
Gross surplus			
Balance at beginning of the year		7,307,876	7,662,220
Less:			
Transferred to unappropriated profit in respect of incremental depreciation charged during the year		(351,180)	(354,344)
		6,956,696	7,307,876
Less: deferred tax liability on			
Opening balance of revaluation		2,009,067	2,114,100
Incremental depreciation charged on related assets		(104,207)	(105,033)
		1,904,860	2,009,067
Balance at end of the year		5,051,836	5,298,809

6.1 The Company had its freehold land, buildings on freehold land, roads, bridges and railway sidings and plant and machinery revalued by Empire Enterprises (Private) Limited, independent valuer not connected with the Company and approved by Pakistan Banks' Association (PBA) in "any amount" category, at 31 December 2010. The basis used for the revaluation of these property, plant and equipment were as follows:

Freehold land

Fair market value of freehold land 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.

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.

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.

7. LONG TERM LOANS FROM BANKING COMPANIES - SECURED

	Note	2013 (Rupees in thousand)	2012 (Rupees in thousand)
Habib Bank Limited - long term finance facility (LTFF)	7.1	23,391	199,062
Habib Bank Limited - term loan facility	7.2	495,359	605,439
Allied Bank Limited - deferred mark-up loan	7.3	933,503	1,200,217
HSBC Bank Middle East Limited - medium term loan	7.4	114,276	152,381
Islamic Corporation for the Development of Private Sector ("ICD") - deferred mark-up loan	7.5	24,015	-
		1,590,544	2,157,099

7.1 Habib Bank Limited - long term finance facility (LTFF)

	Note	2013	2012
Balance at beginning of the year		439,178	614,849
Less: Payment made during the year		175,671	175,671
		263,507	439,178
Less: Current portion grouped under current liabilities	7.6	240,116	240,116
Balance at end of the year		23,391	199,062

7.1.1 During the financial year 2010, Company entered into restructuring agreement with HBL for Rs.791 million. Tenor of this LTFF is four and a half years. The principal amount of this LTFF is repayable in nine semi annual installments starting from June 2010. The facility carries mark-up at the rate of 9.7% (30 June 2012: 9.7%) per annum payable on quarterly basis in arrears. This finance facility is secured against first pari passu equitable hypothecation / mortgage charge of Rs. 2,250 million on all present and future fixed assets of the Company, personal guarantees of the directors of the Company and subordination of the entire sum of directors' / sponsors' loan outstanding at any point in time upto Rs. 150 million.

	Note	2013	2012
		(Rupees in thousand)	

7.2 Habib Bank Limited - term loan facility

	Note	2013	2012
Balance at beginning of the year		740,519	790,519
Less: Payment made during the year		107,560	50,000
		632,959	740,519
Less: Current portion grouped under current liabilities	7.6	137,600	135,080
Balance at end of the year		495,359	605,439

7.2.1 During the financial year 2011, Company entered into restructuring agreement with HBL for Rs.790.52 million. The purpose of this loan is to restructure the existing loans (loan-1 and loan II) for import of Waste Heat Recovery Plant. As per the terms of restructuring agreement, the principal balance is repayable in nine years including the grace period of twenty four months applicable from cut off date 31 December 2009.

7.2.2 Principal repayment commenced from 01 January 2012 as follows:

01 January 2012	RS. 25 million
31 March 2012	RS. 25 million
30 June 2012	RS. 25 million

The remaining principal is being repaid in twenty six equal quarterly installments of Rs. 27.52 million each, commencing from the quarter ending 30 September 2012.

This facility carries mark-up at the rate of six month KIBOR plus 1% per annum. During the current year, mark-up ranged from 10.38% to 13.06% (30 June 2012: 13.02% to 14.78%).

Up to December 2015, HBL has agreed to give a discount on the applicable mark-up rate, provided that mark-up is serviced regularly and repayment terms are strictly adhered to.

Mark-up rate will be as follows:

From 01 January 2010 to 31 December 2013	six month KIBOR plus 1% per annum
From 01 January 2014 to 31 December 2015	six month KIBOR plus 2% per annum
From 01 January 2016 to 31 December 2018	six month KIBOR plus 3% per annum

The facility is secured against first pari passu equitable mortgage / hypothecation charge of Rs. 2,250 million over fixed assets of the Company (land, building and plant and machinery). It is also secured by personal guarantee (PG) along with personal net worth statements (PNWS) of directors of the Company and subordination of the entire sum of directors' / sponsors' loan outstanding at any point in time.

	Note	2013	2012
		(Rupees in thousand)	
7.3 Allied Bank Limited - deferred mark-up loan			
Balance at beginning of the year		1,533,611	1,600,290
Less: Payment made during the year		291,985	66,679
		1,241,626	1,533,611
Less: Current portion grouped under current liabilities	7.6	308,123	333,394
Balance at end of the year		933,503	1,200,217

7.3.1 As a consequence of restructuring of Islamic Sukuk Certificates and Musharaka agreement and Syndicated Term Finance facility as referred in note 8 and 9 respectively, outstanding mark-up amounting to Rs. 1,600 million for the period from December 2009 to March 2011 was deferred by way of Second Addendum to the Third Supplementary Murabaha Finance Agreement and Syndicated Term Finance Agreement dated 30 March 2010. This amount will be repaid in twenty four equal quarterly installments starting from March 2012. It carries no mark-up.

The restructuring referred above did not result on an overall basis in substantial modifications of the original financing terms.

	Note	2013	2012
		(Rupees in thousand)	
7.4 HSBC Bank Middle East Limited - medium term loan			
Balance at beginning of the year		190,476	-
Add: Additions during the year		-	200,000
		190,476	200,000
Less: Payments made during the year		28,583	9,524
		161,893	190,476
Less: Current portion grouped under current liabilities	7.6	47,617	38,095
Balance at end of the year		114,276	152,381

7.4.1 During the preceding year, the Company restructured its existing short term loan of Rs. 160 million and running finance from HSBC Bank Middle East Limited into a medium term loan of Rs. 200 million. As per terms of the revised agreement, the principal balance is repayable in 21 equal quarterly installments starting from 23 May 2012 to 23 May 2017.

This facility carries mark-up rate at six month KIBOR plus 1.25% per annum and will be charged semi annually. During the current year mark-up ranged from 10.79% to 13.25% (30 June 2012: 13.18% to 13.25%).

This facility is secured against first pari passu equitable hypothecation charge of Rs. 200 million over present and future current assets of the Company, ranking hypothecation charge of Rs. 120 million over present and future current assets. Furthermore, it is also secured against personal guarantees of directors.

7.5 Sector ("ICD") - deferred mark-up loan

	Note	2013	2012
		(Rupees in thousand)	
Balance at beginning of the year		-	-
Add: Additions during the year		40,669	-
		40,669	-
Less: Payments made during the year		10,171	-
		30,498	-
Add: Exchange loss during the period		379	-
		30,877	-
Less: Current portion grouped under current liabilities	7.6	6,862	-
Balance at end of the year		24,015	-

As per terms of rescheduling agreement with Islamic Corporation for Development of Private Sector (ICD), the overdue mark up of USD 416,693 for the period from 15 December 2009 to 15 March 2011 is transferred to deferred mark up loan. This loan will be paid in twenty four (24) equal installments with the first four (4) installments being payable within 30 days from the date of agreement (17 December 2012) and remaining twenty (20) installments will be paid on quarterly basis from 15 March 2013 to 15 December 2017.

7.6 Current portion of long term loans from banking companies

	Note	2013	2012
		(Rupees in thousand)	
Habib Bank Limited - long term finance facility (LTFF)	7.1	240,116	240,116
Habib Bank Limited - term loan facility	7.2	137,600	135,080
Allied Bank Limited - deferred mark-up loan	7.3	308,123	333,394
HSBC Bank Middle East Limited - medium term loan	7.4	47,617	38,095
Islamic Corporation for the Development of Private Sector ("ICD") - deferred mark-up loan	7.5	6,862	-
		740,318	746,685

	Note	2013	2012
		(Rupees in thousand)	
8. REDEEMABLE CAPITAL - SECURED			
Islamic Sukuk Certificates under Musharaka agreement			
Balance at beginning of the year	8.1	8,283,000	8,289,800
Less: Sukuk certificates paid during the year		1,067,131	6,800
		7,215,869	8,283,000
Less: Current portion grouped under current liabilities		832,869	1,100,000
Balance at end of the year		6,383,000	7,183,000

8.1 The Company has issued Islamic Sukuk Certificates under Musharaka agreement amounting to Rs. 8,000 million during the year ended 30 June 2008. In the financial year 2010, the Company has issued new sukuk certificates (as bridge finance) to existing sukuk lenders amounting to Rs. 300 million. During the preceding financial year, the Company arranged to reschedule the repayment of Rs. 300 million bridge finance which was due in bullet in March 2012. The Company has paid the bridge finance facility during the year with final payment made on 31 January 2013.

8.2 The salient terms and conditions of secured sukuk issue of Rs. 8,300 million made by the Company are detailed below:

Lead arranger

Allied Bank Limited (ABL)

Shariah advisor

Meezan Bank Limited

Purpose

Balance sheet re-profiling and replacement of conventional debt with Shariah Compliant Financing.

Investor

Banks, DFIs, NBFI and any other person

Tenor of Sukuk issue :

Rs. 8,000 million	Nine years including grace period of 2.75 years and repayment is to be made in 6.25 years.
Rs. 300 million	Repayment is to be made in 9 equal monthly installments of Rs. 33.33 million commencing from 31 July 2012 and ending on 31 March 2013.

Mark-up rate

- Three month KIBOR plus 1.00 %

- Mark-up will be increased to three month KIBOR plus 1.70% after five years or complete settlement of deferred mark-up, whichever is later.

Musharaka Investment Repurchase

Twenty six outstanding quarterly installments is being paid as per following schedule :

Period	Rupees in thousand
September 2012 - June 2015	200,000
September 2015 - June 2016	237,500
September 2016 - June 2017	300,000
September 2017 - June 2018	375,000
September 2018 - December 2018	966,500

Rental and mark-up payments

Rentals are payable quarterly in arrears. Rentals, during the year have been calculated at mark-up rates ranging from 10.39% to 12.95% (30 June 2012: 12.88% to 14.57%) per annum.

Form and delivery of Sukuk

The sukuk have been issued under section 120 "issue of securities and redeemable capital not based on interest" of the Companies Ordinance,1984. The sukuk certificates have been registered and inducted into the Central Depository System ("CDS") of the Central Depository Company of Pakistan ("CDC").

Security

First Sukuk issue of Rs. 8,000 million is secured against first pari passu charge over all present and future fixed assets of the Company amounting to Rs. 10,667 million. New sukuk certificates issued as bridge finance amounting to Rs. 300 million are secured against ranking charge on fixed assets and specific properties comprising of 393 kanals at Kala Shah Kaku and personal security of directors.

Trustee / investors' agent

Allied Bank Limited ("ABL")

Transaction structure

The facility as approved by Meezan Bank Limited, shariah advisor of the issue, is as follows:

- Investors (as investor co-owners) and the Company (as managing co-owner) have entered into a Musharaka agreement as partners for the purpose of acquiring Musharaka assets from the Company (acting as seller) and jointly own these Musharaka assets.

- Investors have appointed ABL to act as investor agent for the sukuk issue.

- Investor co-owners have contributed their share in the Musharaka in cash that has been utilised by managing co-owner for acquiring Musharaka assets. Managing co-owner has contributed its Musharaka share in kind.

- Upon acquisition of Musharaka assets, investor agent and managing co-owner have executed assets purchase agreement with the Company (acting as seller).

- The Company (as Issuer) has issued sukuk certificates to investors that represent latter's undivided share in the Musharaka assets.

- Investors have made the usufruct of their undivided share in the Musharaka assets available to the Company against rental payments linked to the rental bench marked.

- The Company will purchase Musharaka share of investors on quarterly basis after expiry of 2.75 years from the rescheduling date.

Sell Down / Transferability

As sukuks have been induced into Central Depository Company (CDC), transfers are made in accordance with Central Depository Act, 1997 and other applicable CDC regulations.

Call option

The issuer may, at any time after expiry of one year from the issue date, purchase all or any of the Sukuk units from the certificate holders at their applicable buy out prices (pre-purchase) to be calculated subject to the provisions of the trust deed, sale undertaking and the terms and conditions therein.

9. SYNDICATED TERM FINANCES - SECURED

	2013	2012
	(Rupees in thousand)	
Balance at beginning of the year	1,497,000	1,498,200
Less: Payment made during the year	117,875	1,200
	1,379,125	1,497,000
Less: Current portion grouped under current liabilities	182,500	150,000
Balance at end of the year	1,196,625	1,347,000

9.1 The salient terms of this syndicated term finance facility are as follows:

Lead arranger and agent bank

Allied Bank Limited (ABL)

Lenders

Banks and DFIs

Facility amount

Rs. 1,500 million

Tenor

Nine years including grace period of 2.75 years

Mark-up rate

- Three month KIBOR plus 1.00%
- Mark up will be increased to three month KIBOR plus 1.70% after 5 years or complete settlement of deferred mark-up, whichever is later.

Principal repayment

Twenty six outstanding quarterly installments are being paid as per following schedule:

Period	Rupees in thousand
September 2012 - June 2015	37,500
September 2015 - June 2016	44,500
September 2016 - June 2017	56,000
September 2017 - June 2018	70,000
September 2018 - December 2018	182,500

Rentals and mark-up payments

Rentals are payable quarterly in arrears. Rentals, during the year, have been calculated at mark-up rate ranging from 10.40% to 12.94% (30 June 2012: 12.77% to 14.50%) per annum.

Security

This is secured against first pari passu charge over all present and future fixed assets of the Company amounting to Rs. 3,333 million.

10. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Note	2013 (Rupees in thousand)	2012 (Rupees in thousand)
Present value of minimum lease payments	10.1.1	987,900	1,115,904
Less: Current portion grouped under current liabilities		147,053	873,279
		840,847	242,625

Taxes, repair and insurance costs are borne by the Company. The Company intends to exercise its option to purchase the above assets upon completion of the lease period.

10.1 The amount of future lease payments and the period in which they will become due are as follows:

	2013 (Rupees in thousand)	2012 (Rupees in thousand)
Minimum lease payments:		
Not later than one year	205,609	973,759
Later than one year but not later than five years	914,210	280,559
	1,119,819	1,254,318
Less: Finance cost allocated to future period	101,919	108,414
	1,017,900	1,145,904
Less: Security deposits adjustable on expiry of lease term	30,000	30,000
	987,900	1,115,904
Less: Current portion grouped under current liabilities	147,053	873,279
	840,847	242,625

	2013	2012
	(Rupees in thousand)	
10.1.1 Present value of minimum lease payments		
Not later than one year	147,053	873,279
Later than one year but not later than five years	840,847	242,625
	987,900	1,115,904

10.2 The Company had entered into original lease agreement dated 18 February 2006 amounting to Rs. 280 million with Meezan Bank Limited (MBL) to acquire eight units of Preheater Cyclones. As per terms of original lease agreement, the facility tenor was six years with a grace period of 18 months on principal component.

As per the lease agreement, tenor of the lease facility is 3.75 years with grace period of twelve months from first post restructuring profit payment dated 17 May 2010. Principal amount is payable in 12 equal quarterly installments commencing from 17 May 2011. Mark-up is payable quarterly in arrears starting from 17 May 2011. Lease facility carries profit at the rate of three months KIBOR plus 2.25% per annum with floor of 2.25% per annum and cap of 28% per annum. Effective mark-up rates, during the current financial year, ranged between 11.63% to 14.20% (30 June 2012: 14.10% to 15.54%) per annum. Facility is secured through exclusive ownership of leased assets in the name of MBL and personal guarantees of the Company's directors.

10.3 The Company had entered into restructuring agreement of lease facility outstanding amount with Islamic Corporation for the Development of Private Sector (ICD) on 17 December 2012 (effective date of agreement) to acquire power generation plant Wartsila.

As per terms of the agreement, the outstanding principal USD 10,666,595 will be repaid in twenty-five (25) installments. The first installment amount of USD 556,000 was paid to ICD on the effective date and the remaining twenty four (24) quarterly installments will be paid as per following schedule terms:

Period	No. of Installments	Amount (USD) Per installment	Total Amount (USD)
15 March 2013 - 15 June 2015	10	266,665	2,666,650
15 September 2015 - 15 June 2016	4	316,665	1,266,660
15 September 2016 - 15 June 2017	4	400,000	1,600,000
15 September 2017 - 15 June 2018	4	500,000	2,000,000
15 September 2018 - 15 December 2018	2	1,288,643	2,577,286

According to revised terms, the aggregate outstanding mark-up including penalized mark-up amounting to USD 2,541,529 due upto 15 December 2012 is rescheduled as follow:

The initial period outstanding profit USD 201,543 for the period from 15 June 2009 to 15 December 2009 is now payable to ICD within 30 days of the effective date of the agreement.

The second period outstanding profit USD 418,787 from 15 December 2009 to 15 March 2011 shall be paid to ICD as follows:

(i) An amount of USD 2,094 being 0.5% of the second period profit shall be paid within 30 days of the effective date.

(ii) The mark-up amount of USD 416,693 being 99.5% of the of second period profit will be paid to ICD in twenty four (24) equal quarterly installments of USD 17,362 each with first four (4) installments being payable within 30 days from the effective date and remaining twenty (20) installments from 15 March 2013 to 15 December 2017.

Moreover, the aggregate variable mark-up amounting to USD 596,877 for the period from 15 March 2011 to 15 December 2012 is now payable to ICD within 30 days of the effective date.

Islamic Corporation for the Development of Private Sector (ICD) further agrees to waive the penalty amount payable by the Company to ICD pursuant to transaction documents, being an aggregate amount of USD 1,324,322 provided the Company agrees to effecting payment of the lease facility outstanding amount in accordance with the provision of the repayment schedule.

This facility carries mark-up rate at six month USD LIBOR plus 2.50% per annum. During the current year mark-up has ranged from 2.91% to 3.24% (30 June 2012: 2.90% to 3.28%).

10.3.1 The Company has entered into an interest rate swapping agreement with Standard Chartered Bank in respect of this lease finance facility. The agreement became effective from 02 February 2009 and has the following significant terms:

Notional amount	As per amortization schedule starting from USD 11.54 million in accordance with repayment schedule of the facility.
Maturity	16 June 2014
Mark-up to be paid by the Company on notional amount	2.45% per annum.
Mark-up to be received by the Company on notional amount	USD-LIBOR-BBA six months except for the initial calculation period which shall be the linear interpolation of the 4 months and 5 months floating rate option.

11. LONG TERM DEPOSITS

These represent interest-free security deposits received from dealers and are repayable on cancellation or withdrawal of the dealerships. These are being utilised by the Company in accordance with the terms of dealership agreements.

12. DEFERRED TAXATION

	2013	2012
	(Rupees in thousand)	
Deferred tax liability on taxable temporary differences arising in respect of:		
- accelerated tax depreciation on property, plant and equipment	3,679,247	3,720,342
- surplus on revaluation of property, plant and equipment	1,904,860	2,009,066
	5,584,107	5,729,408
Deferred tax asset on deductible temporary differences arising in respect of:		
- unused tax losses	(3,258,025)	(3,278,169)
- lease finances	(80,171)	(106,831)
- employees' compensated absences	(17,473)	(6,617)
- provision for doubtful debts	(2,467)	-
- minimum tax recoverable against normal tax charge in future years	(321,111)	(328,725)
	(3,679,247)	(3,720,342)
	1,904,860	2,009,066

12.1 Deferred tax asset amounting to Rs. 643 million (30 June 2012: Rs. 1,100 million) on unused tax losses, has not been recognized in these financial statements being prudent. Management is of the view that recognition of deferred tax asset shall be re-assessed on 30 June 2014.

	Note	2013	2012
		(Rupees in thousand)	

13. RETIREMENT BENEFITS

Accumulated compensated absences	13.1	26,307	22,322
Gratuity	13.2	32,578	28,604
		58,885	50,926

13.1 Accumulated compensated absences

Balance at the beginning of the year	22,322	19,149
Provision made during the year	10,165	7,918
Payments made during the year	(6,180)	(4,745)
Balance at the end of the year	26,307	22,322

13.2 Gratuity

The latest actuarial valuation of the Company's defined benefit plan, were conducted at 30 June 2013 using projected unit credit method. Detail of obligation for defined benefit plan is as follows:

	2013	2012
	(Rupees in thousand)	
The amounts recognised in the balance sheet are as follows:		
Present value of defined benefit obligation	108,128	84,902
Fair value of plan assets	(62,903)	(52,099)
Deficit in the plan	45,225	32,803
Unrecognized actuarial gain	(12,647)	(4,199)
Net liability at end of the year	32,578	28,604
Net liability at beginning of the year	28,604	13,030
Charge for the year	9,036	9,877
Contribution made during the year	(6,039)	(1,528)
Amount transferred to the Company	977	7,225
Net liability at end of the year	32,578	28,604
Movement in the present value of defined benefit obligation is as follows:		
Present value of defined benefit obligation at beginning of the year	84,902	82,275
Current service cost	4,772	4,476
Interest cost	11,037	11,519
Benefits paid	(7,889)	(3,178)
Actuarial loss / (gain)	15,306	(10,190)
Present value of defined benefit obligation at end of the year	108,128	84,902

	2013	2012
	(Rupees in thousand)	
The movement in the fair value of plan assets is as follows:		
Fair value of plan assets at beginning of the year	52,099	50,914
Expected return on plan assets	6,773	7,128
Contributions made during the year	6,039	1,528
Benefits paid during the year	(7,889)	(3,178)
Transferred to the Company	(977)	(7,225)
Actuarial gain	6,858	2,932
Fair value of plan assets as at end of the year	62,903	52,099
Actual return on plan assets	13,631	10,060
Plan assets comprise of:		
Term Deposit Receipts	-	27,886
National Investment Trust units	32,817	23,415
NAFA Government Securities Liquid Fund	10,056	-
Trust Investment Bank including accrued interest	18,828	-
Cash at bank	1,202	798
	62,903	52,099
Charge for the year		
Current service cost	4,772	4,476
Interest cost	11,037	11,519
Expected return on plan assets	(6,773)	(7,128)
Actuarial losses charge	-	1,010
	9,036	9,877

Actuarial assumptions:

The following are the principal actuarial assumptions at 30 June 2013:

	2013	2012
Discount rate	10.5%	13.0%
Expected return on plan assets	13.0%	14.0%
Expected rate of growth per annum in future salaries	9.5%	12.0%
Average expected remaining working life time of employees	9 years	9 years
Expected mortality rate	EFU (61-66)	EFU (61-66)

Historical Information

Comparison of present value of defined benefit obligation, the fair value of plan assets and the surplus of gratuity fund for five years is as follows:

	2013	2012	2011	2010	2009
	(Rupees in thousand)				
Present value of defined benefit obligation	(108,128)	(84,902)	(82,275)	(77,070)	(60,082)
Fair value of plan assets	62,903	52,099	50,914	43,201	47,997
Deficit in the plan	(45,225)	(32,803)	(31,361)	(33,869)	(12,085)
Experience adjustment on obligation	15,306	(10,190)	(4,215)	7,750	3,216
Experience adjustment on plan assets	6,858	2,932	2,529	(412)	(17,140)

13.2.1 The Company's policy with regard to actuarial gains / losses is to follow the minimum recommended approach under IAS 19 (Employee Benefits).

14. TRADE AND OTHER PAYABLES

	Note	2013	2012
		(Rupees in thousand)	
Creditors		430,097	463,599
Bills payable - secured	14.1	673,544	1,235,302
Accrued liabilities		627,396	509,817
Advances from customers		177,562	243,767
Security deposits repayable on demand	14.2	49,606	42,296
Contractors' retention money		3,678	62,259
Royalty and excise duty payable		86,170	83,321
Provident fund payable		4,155	2,890
Other taxes payable		41,501	3,588
Sales tax payable		344,442	338,994
Excise duty payable		226,697	517,051
Unclaimed dividend		1,532	1,532
Preference dividend payable		1,043	178,943
Workers' profit participation fund payable (WPPF)		167,570	23,849
Payable against redemption of preference shares	4.2.3	165,360	-
Other payables		25,958	19,978
		3,026,311	3,727,186

14.1 These are secured against the securities as detailed in note 16.1 to these financial statements.

14.2 This represents interest free security deposits received from distributors and contractors of the Company. Distributors and contractors have given the Company a right to utilize deposits in ordinary course of business.

	Note	2013	2012
		(Rupees in thousand)	

15. ACCRUED PROFIT / INTEREST / MARKUP

Profit / interest / mark-up accrued on:

Long term loans		34,612	51,638
Redeemable capital		168,953	337,093
Syndicated term finances		48,794	64,530
Liabilities against assets subject to finance lease		10,494	175,375
Short term borrowings		98,981	129,198
		361,834	757,834

16. SHORT TERM BORROWINGS

Cash and running finances - secured	16.1	3,117,777	3,224,011
Temporary bank overdrafts - unsecured	16.2	159,889	25,373
		3,277,666	3,249,384

16.1 These facilities have been obtained from various commercial banks for working capital requirements, under mark-up arrangements having aggregate sanctioned limit amounting to Rs. 4,660 million (30 June 2012: Rs. 4,287 million). These facilities carry mark-up at the rates ranging from 9.20 % to 24 % (30 June 2012: 11.00% to 24%) per annum payable quarterly.

Facilities available for opening letters of credit / guarantee aggregate amounting to Rs. 3,021 million (30 June 2012: Rs. 2,625 million) of which the amount aggregating to Rs. 929 million (30 June 2012: Rs. 523 million) remained unutilised at the year end.

The aggregate facilities are secured against charge on all present and future current assets of the Company, personal guarantees of some of the directors, lien over import documents and title of ownership of goods imported under letters of credit. These facilities are expiring on various dates latest by 31 March 2014.

16.2 This represents temporary overdraft due to cheques issued by the Company in excess of balance with banks which will be presented for payment in subsequent period.

17 CONTINGENCIES AND COMMITMENTS

Contingencies

17.1 The Company has filed writ petitions before the Lahore High Court against the legality of judgment passed by the Customs, Excise and Sales Tax Appellate Tribunal whereby the Company was held liable on account of wrongful adjustment of input sales tax on raw materials and electricity bills; the amount involved pending adjudication before the Lahore High Court amounting to Rs.10.01 million. No provision has been made in these financial statements in respect of the aforementioned matter as the management is confident that the ultimate outcome of this case will be in favour of the Company.

17.2 The Company has filed an appeal before the Customs, Central Excise and Sales Tax Appellate Tribunal, Karachi against the order of the Deputy Collector Customs whereby the refund claim of the Company amounting to Rs. 12.35 million was rejected and the Company was held liable to pay an amount of Rs. 37.051 million by way of 10% customs duty allegedly leviable in terms of SRO 584(I)/95 and 585(I)/95 dated 01 July 1995. The impugned demand was raised by the department on the alleged ground that the Company was not entitled to exemption from payment of customs duty and sales tax in terms of SRO 279(I)/94 dated 02 April 1994.

The Lahore High Court, upon the Company's appeal, vide its order dated 06 November 2001 has decided the matter in favour of the Company; however, the Collector of Customs has preferred a petition before the Supreme Court of Pakistan, which is pending adjudication. No provision has been made in these financial statements in respect of the above stated amount as the management is confident that the ultimate outcome of this case will be in favour of the Company.

17.3 The Federal Board of Revenue (FBR) has filed an appeal before the Supreme Court of Pakistan against the judgment delivered by the Lahore High Court in favour of the Company in a writ petition. The Company, through the said writ petition, had challenged the demand raised by the FBR for payment of duties and taxes on the plant and machinery imported by the Company pursuant to the exemption granted in terms of SRO 484 (I) / 92 dated 14 May 1992. The FBR, however, alleged that the said plant & machinery could be locally manufactured and duties and taxes were therefore not exempted. A total demand of Rs. 1,386.72 million was raised by the FBR out of which an amount of Rs. 269.33 million was deposited by the Company as undisputed liability.

17.4 The Customs Department has filed an appeal before the Supreme Court of Pakistan against the judgment of Sindh High Court, which held that dump trucks were part of plant and machinery and the Tribunal had rightly subjected them to concessionary rate of duty. The Company had paid excess customs duties amounting to Rs. 7.35 million on these trucks. The appeal is pending adjudication before the Supreme Court of Pakistan. No provision has been made in these financial statements as the management is confident that the ultimate outcome of this case will be in favour of the Company.

17.5 The Company has filed an appeal before the Supreme Court of Pakistan against the judgment of the Division Bench of the High Court of Sindh at Karachi. The Division Bench, by judgment dated 15 September 2008, has partly accepted the appeal by declaring that the levy and collection of infrastructure cess / fee prior to 28 December 2006 was illegal and ultra vires and after 28 December 2006, it was legal and the same was collected by the Excise Department in accordance with law. The appeal has been filed against the declaration that after 28 December 2006, the Excise Department has collected the infrastructure cess / fee in accordance with law. The Province of Sindh and Excise and Taxation Department has also preferred an appeal against the judgment decided against them. The Supreme Court consolidated both the appeals and were set aside. Thereafter, law has been challenged in constitution petition in the Sindh High Court Karachi. Stay has been granted by the High Court on 31 May 2011 on payment of 50% of the cess to the Excise Department and on furnishing of bank guarantee for remaining 50% to them. The petition is pending for hearing and stay is continuing.

The total financial exposure of the Company involved in the case amounts to Rs. 59.56 million. In the event of an adverse decision in appeal, the guarantees aggregating to Rs. 135.70 million furnished by the Company will be encashed by the Government of Sindh. No provision has been made in these financial statements as the management is confident that the ultimate outcome of this case will be in favour of the Company.

17.6 Competition Commission of Pakistan, vide order dated 27 August 2009, has imposed penalty on 20 cement factories of Pakistan at the rate of 7.5% of the turnover value. The Commission has imposed penalty amounting to Rs. 586.19 million on the Company. The Commission has alleged that provisions of section 4(1) of the Competition Commission Ordinance, 2007 have been violated. However, after the abeyance of Islamabad High Court pursuant to the judgment of Honorable Supreme Court of Pakistan dated 31 July 2009, the titled petition has become infructuous and the Company has filed a writ petition no. 15618/2009 before the Lahore High Court. No provision has been made in these financial statements as the management is confident that the ultimate outcome of this case will be in favour of the Company.

17.7 The Additional Collector, Karachi has issued show cause notice alleging therein that the Company has wrongly claimed the benefits of SRO No. 575(I)/2006 dated 05 June 2006 on the import of pre-fabricated buildings structure. Consequently, the Company is liable to pay Government dues amounting to Rs. 5.55 million. The Company has submitted reply to the show cause notice and currently proceedings are pending before the Additional Collector. No provision has been made in these financial statements as the management is confident that the ultimate outcome of this case will be in favour of the Company.

17.8 The customs department has filed an appeal against the judgment dated 19 May 2009, passed in favour of the Company pursuant to which the Company is not liable to pay custom duty amount of Rs. 0.59 million relating to import of some machinery vide L/C No. 0176-01-46-518-1201 in terms of SRO 484(1)/92 dated 14 May 1992, and SRO 978(1)/95 dated 04 October 1995. The appeal is pending before the Honorable Lahore High Court.

17.9 The Company has preferred an appeal against the order in original No. 576/99 dated 18 September 1999, whereby the company was denied the benefit of SRO 484(1)/92 dated 14 May 1992, and SRO 978(1)/95 dated 04 October 1995. Accordingly the demand of Rs. 0.81 million was raised against the Company. Appeal was dismissed by Central Excise and Sales Tax Tribunal on 19 May 2009. The Company has filed petition before the Honorable Lahore High Court, which is pending adjudication. A rectification application under section 194 is also pending before the Customs, Federal Excise and Sales Tax Appellate Tribunal beside the customs reference. No provision has been made in these financial statements as the management is confident that the ultimate outcome of this case will be in favour of the Company.

17.10 Contingencies relating to tax matters are disclosed in note 32 to these financial statements.

17.11 Commitments

	Note	2013	2012
		(Rupees in thousand)	
17.11.1 Guarantees issued by various commercial banks, in respect of financial and operational obligations of the Company, to various institutions and corporate bodies.		437,200	413,867
17.11.2 Commitments against capital expenditure		21,594	177,805
17.11.3 Commitments against irrevocable letters of credit in respect of other spare parts		188,497	79,848
		647,291	671,520

18. PROPERTY, PLANT AND EQUIPMENT

	Note	2013	2012
Operating fixed assets	18.1	25,542,553	26,713,389
Capital work in progress - at cost	18.7	87,652	60,928
		25,630,205	26,774,317

18.1 Operating fixed assets

	Owned								Leased	
	Freehold land	Buildings on Freehold land	Roads, Bridges and Railway Sidings	Plant & Machinery	Furniture Fixture & Equipment	Quarry Equipment	Vehicle	Share of Joint Assets	Plant & Machinery	Total
	(Rupees in thousand)									
Tangible assets										
30 June 2013										
Cost										
Balance as at 01 July 2012	53,710	4,366,881	92,634	23,088,237	176,278	226,905	98,485	6,000	959,676	29,068,806
Additions	-	19,713	495	402,518	15,432	-	31,902	-	-	470,060
Disposals	-	-	-	-	(58)	-	(6,536)	-	-	(6,594)
Revaluation surplus	370,715	268,457	3,092	7,214,003	-	-	-	-	-	7,856,267
Balance as at 30 June 2013	**424,425**	**4,655,051**	**96,221**	**30,704,758**	**191,652**	**226,905**	**123,851**	**6,000**	**959,676**	**37,388,539**
Depreciation										
Balance as at 01 July 2012	-	1,306,584	64,503	8,264,048	125,496	181,269	61,540	4,061	204,183	10,211,684
Charge for the year	-	190,444	3,110	1,377,125	10,557	9,127	10,419	194	37,775	1,638,751
On disposals	-	-	-	-	(32)	-	(4,417)	-	-	(4,449)
Balance as at 30 June 2013	**-**	**1,497,028**	**67,613**	**9,641,173**	**136,021**	**190,396**	**67,542**	**4,255**	**241,958**	**11,845,986**
Net book value as at 30 June 2013	**424,425**	**3,158,023**	**28,608**	**21,063,585**	**55,631**	**36,509**	**56,309**	**1,745**	**717,718**	**25,542,553**
30 June 2012										
Balance as at 01 July 2011	53,710	3,944,560	87,615	19,602,760	167,722	218,088	91,192	6,000	959,676	25,131,323
Additions	-	422,321	5,019	3,485,477	8,628	8,817	10,203	-	-	3,940,465
Disposals	-	-	-	-	(72)	-	(2,910)	-	-	(2,982)
Revaluation Surplus	370,715	268,457	3,092	7,214,003	-	-	-	-	-	7,856,267
Balance as at 30 June 2012	**424,425**	**4,635,338**	**95,726**	**30,302,240**	**176,278**	**226,905**	**98,485**	**6,000**	**959,676**	**36,925,073**
Depreciation										
Balance as at 01 July 2011	-	1,102,910	61,132	6,904,518	115,181	170,962	55,511	3,846	164,421	8,578,481
Charge for the year	-	203,674	3,371	1,359,530	10,373	10,307	8,143	215	39,762	1,635,375
On disposals	-	-	-	-	(58)	-	(2,114)	-	-	(2,172)
Balance as at 30 June 2012	**-**	**1,306,584**	**64,503**	**8,264,048**	**125,496**	**181,269**	**61,540**	**4,061**	**204,183**	**10,211,684**
Net book value as at 30 June 2012	**424,425**	**3,328,754**	**31,223**	**22,038,192**	**50,782**	**45,636**	**36,945**	**1,939**	**755,493**	**26,713,389**
Depreciation Rate (%)	**-**	**5-10**	**5-10**	**5-20**	**10-30**	**20**	**20**	**10**	**5**	

18.2 Additions in operating fixed assets include transfers from capital work-in-progress amounting to Rs. 31 million (30 June 2012: Rs. 3,781 million).

	2013	2012
	(Rupees in thousand)	
18.3 Depreciation charge for the year has been allocated as follows:		
Cost of sales	1,614,983	1,613,066
Administrative expenses	23,768	22,309
	1,638,751	1,635,375

18.4 Ownership of the housing colony's assets included in the operating fixed assets is shared by the Company jointly with Agritech Limited (formerly Pak American Fertilizer Limited) in ratio of 101:245 since the time when both the companies were managed by Pakistan Industrial Development Corporation (PIDC). These assets are in possession of the housing colony establishment for mutual benefits.

18.5 Had there been no revaluation, the net book value of operating fixed assets are as follows:

	Cost	Depreciation	Net book value
	---------(Rupees in thousand)---------		
30 June 2013			
Freehold land	53,710	-	53,710
Building on freehold land	4,386,594	1,464,745	2,921,849
Roads, Bridges and Railway Sidings	93,129	66,909	26,220
Plant and Machinery	23,490,755	8,774,588	14,716,167
	28,024,188	**10,306,242**	**17,717,946**
30 June 2012	27,601,462	9,086,744	18,514,718

18.6 Disposal of property, plant and equipment

Particulars	Cost	Accumulated Depreciation	Book Value	Sale Proceed	Gain/ (Loss)	Mode of Disposal	Sold To
	(------------ Rupees in thousand -------------)						
Suzuki Alto	449	420	29	355	326	Auction	Abdul Ghaffar
Mitsubishi Lancer	1,001	789	212	700	488	Auction	Zeeshan Ashraf
Suzuki Cultus	574	469	105	422	317	Auction	Abid Rasheed
Suzuki Cultus	562	508	54	486	432	Auction	Abid Rasheed
Suzuki Cultus	568	404	164	593	429	Auction	Abid Rasheed
Suzuki Cultus	568	404	164	668	504	Auction	Abid Rasheed
Yamaha Motorcycle	66	63	3	16	13	Auction	M. Awais
Toyota Corolla	1,854	1,112	742	1,370	628	Auction	M. Saddique
Suzuki Cultus	894	248	646	646	-	Transfer	Holding Company
Laptop computer	58	32	26	26	-	Transfer	Holding Company
Total	**6,594**	**4,449**	**2,145**	**5,282**	**3,137**		

	Note	2013	2012
		(Rupees in thousand)	
18.7 Capital work-in-progress - at cost			
Opening balance		60,928	3,794,285
Additions during the year		57,998	47,732
Transfers during the year	18.2	31,274	3,781,089
Closing balance	18.8	87,652	60,928

	Note	2013	2012
		(Rupees in thousand)	
18.8 Capital work-in-progress - at cost			
Plant and machinery		52,909	25,295
Un-allocated capital expenditure	18.9	1,001	1,001
Advance to supplier against:			
- Purchase of land		2,000	2,000
- Furniture and fixtures		19,136	17,855
- Civil works		-	3,841
- Plant and machinery		11,601	9,237
- Vehicles		1,005	1,699
		87,652	60,928
18.9 Un-allocated capital expenditure			
Opening balance		1,001	477,163
Less: Capitalized during the year		-	476,162
		1,001	1,001

	Note	2013	2012
		(Rupees in thousand)	
19. INTANGIBLE ASSETS			
Net book value at beginning of the year		8,797	17,591
Amortisation for the year		(8,797)	(8,794)
Net book value at the end of the year		-	8,797
Gross carrying value as at the end of the year:			
Cost		49,634	49,634
Accumulated amortisation		49,634	40,837
Net book value		-	8,797
Amortisation rate - % per annum		33.33%	33.33%
20. LONG TERM INVESTMENTS			
Balance at beginning of the year		3,037	200
Add: Additions during the year			
Term deposit receipts	20.1	-	3,037
Less: Disposal of investments during the year		(1,412)	(200)
		1,625	3,037

20.1 These bear profits at the rates ranging from 8.36% to 10.48% (30 June 2012: 10.17% to 10.49%) per annum.

	Note	2013	2012
		(Rupees in thousand)	

21. LONG TERM LOANS TO EMPLOYEES - SECURED

	Note	2013	2012
House building		3,169	2,477
Vehicles		1,924	1,573
Others		589	253
		5,682	4,303
Less: Current portion grouped under current assets	26	2,074	1,916
		3,608	2,387

21.1 These loans are secured against employees' retirement benefits and carry interest at the rates ranging from 6.00% to 12.00% per annum (30 June 2012: 6.00% to 12.00% per annum). These loans are recoverable in 30 to 120 monthly installments.

21.2 No amount was due from directors and chief executive officer at the year end (30 June 2012: Rs. Nil).

22. LONG TERM DEPOSITS AND PREPAYMENTS

	Note	2013 (Rupees in thousand)	2012
Security deposits	22.1	54,746	53,350

22.1 This includes deposits with various utility companies and regulatory authorities. These are classified as 'loans and receivables' under IAS 39 (Financial Instruments - Recognition and Measurement) which are required to be carried at amortized cost. However, these, being held for an indefinite period with no fixed maturity date, are carried at cost as their amortized cost is impracticable to determine.

23. STORES, SPARE PARTS AND LOOSE TOOLS

	Note	2013 (Rupees in thousand)	2012
Stores	23.1	1,970,397	1,296,966
Spare parts		1,790,351	1,778,470
Loose tools		31,671	31,507
		3,792,419	3,106,943
Less: provision for slow-moving and obsolete items		41,033	5,000
		3,751,386	3,101,943

23.1 Stores include items in transit amounting to Rs. 632.43 million (30 June 2012 : Rs 362.52 million)

23.2 Stores and spares include items which may be of capital nature but are not distinguishable.

	Note	2013	2012
		(Rupees in thousand)	

24. STOCK-IN-TRADE

	Note	2013	2012
Raw material		14,519	11,140
Packing material		113,974	112,386
Work-in-process		488,437	549,958
Finished goods		321,969	229,911
		938,899	903,395

25. TRADE DEBTS

	Note	2013	2012
Considered good			
Export - secured	25.1	53,762	116,739
Local - unsecured		704,182	548,042
		757,944	664,781
Considered doubtful			
Local - unsecured		8,314	-
		8,314	-
		766,258	664,781
Less : Provision for doubtful trade debts	25.2	7,987	-
Less : Trade debts written off		327	88,850
		757,944	575,931

25.1 These are secured through bank by letters of credit.

25.2 Movement in provision for doubtful trade debts

	Note	2013	2012
As at the beginning of the year		-	48,780
Provision recognised during the year		8,314	40,070
Less: Provision written off		(327)	(88,850)
As at the end of the year		7,987	-

26. LOANS AND ADVANCES

	Note	2013	2012
Current portion of loans to employees	21	2,074	1,916
Advances - unsecured and considered good:			
Employees		13,410	14,158
Suppliers		146,220	165,094
		161,704	181,168

27. SHORT TERM INVESTMENTS

Investment at fair value through profit or loss - mutual fund

Number of units 2013	Number of units 2012	Name of companies	2013 Carrying value	2013 Fair value	2012 Carrying value	2012 Fair value
			(----------	Rupees in thousand	---------)	
-	Fixed Fund	**Noman Abid Reliance Income Fund**	-	-	14,000	14,000
		Unrealized (loss) / gain on account of re-measurement of fair value	-	-	-	-
			-	-	14,000	14,000

Investment at fair value through profit or loss - listed securities

Number of units 2013	Number of units 2012	Name of companies	2013 Carrying value	2013 Fair value	2012 Carrying value	2012 Fair value
			(----------	Rupees in thousand	---------)	
-	121,800	**Fauji Cement Company Limited** Ordinary Shares of Rs. 10 each	-	-	502	686
-	127,897	**Highnoon Laboratories Limited** Ordinary Shares of Rs. 10 each Including 11,627 bonus shares	-	-	4,111	4,694
-	6,000	**Sharkarganj Mills Limited** Ordinary Shares of Rs. 10 each	-	-	38	77
1,500,000	1,500,000	**Next Capital Limited** Ordinary Shares of Rs. 10 each	13,665	7,350	15,000	13,665
			13,665	7,350	19,651	19,122
		Unrealized (loss) / gain on account of re-measurement of fair value	(6,315)	-	(529)	-
			7,350	7,350	19,122	19,122
			7,350	7,350	33,122	33,122

28. SHORT TERM DEPOSITS AND PREPAYMENTS

	2013	2012
	(Rupees in thousand)	
Margin against:		
Letters of credit	4,042	55,558
Bank guarantees	61,875	58,274
Prepayments	7,757	3,481
Security deposits	1,134	1,338
	74,808	118,651

29. ACCRUED PROFIT

This represents profit accrued on deposits and PLS bank accounts at the rates ranging from 5.00% to 7.19% (30 June 2012: 5.00% to 7.50%) per annum at the reporting date.

30. REFUNDS DUE FROM GOVERNMENT

	Note	2013 (Rupees in thousand)	2012 (Rupees in thousand)
Sales tax and customs duty	30.1	16,797	16,797

30.1 This represents amounts paid against various cases as detailed in note 17 to these financial statements. The Company is still in litigation to get refund of these amounts.

31. OTHER RECEIVABLES

	Note	2013 (Rupees in thousand)	2012 (Rupees in thousand)
Due from Kohinoor Textile Mills Limited ("the Holding Company")	31.1	84,495	131,128
Others		82,088	47,985
		166,583	179,113

31.1 This includes amount due from the Holding Company, which carries interest at 1.00 % (30 June 2012: 1.00%) in addition to the average borrowing rate of the Company.

32. INCOME TAX - NET

	2013 (Rupees in thousand)	2012 (Rupees in thousand)
Balance at the beginning of year	311,548	206,382
Add: Tax deducted at source	180,570	158,071
Less: Income tax adjustment	166,443	-
	325,675	364,453
Less: Provision for taxation:		
- current year	102,980	125,717
- prior years	(60,854)	(72,812)
	42,126	52,905
Balance at the end of the year	283,549	311,548

32.1 The deemed assessment earlier made under section 120(1) of the Ordinance has been rectified through order dated 10 May 2011 passed u/s 221 of the Ordinance on the grounds that minimum tax liability payable u/s 113 of the Ordinance of Rs. 34.60 million for the tax year 2010 was leviable in addition to taxes payable under various final tax regimes. The Company has contested the rectification order in appeal before the ATIR, which has not been taken up for hearing to date.

32.2 The deemed assessment earlier made under section 120(1) of the Ordinance has been rectified through order dated 02 February 2011 passed u/s 221 of the Ordinance on the grounds that minimum tax liability payable u/s 113 of the Ordinance of Rs. 35.69 million was also leviable in addition to taxes payable under various final tax regimes. The Company has contested the rectification order in appeal before the ATIR, which has not been taken up for hearing to date.

32.3 Through ONO No.18/2009 dated 24 December 2009, the tax department finalized the adjudication proceeding in respect of audit conducted by the department auditors and raised a demand of principal sales tax and FED aggregating to Rs. 336.74 million along with applicable default surcharges and penalties. The company preferred appeal against such ONO under the applicable provisions of Sales Tax Act, 1990 and Federal Excise Act, 2005 before the Commissioner of Inland Revenue (Appeals).

It is, however, appropriate to highlight that the Company has also filed a writ petition with the Honorable Lahore High Court against the above referred Order-In-Original demand.

32.4 Through Order-In-Original No. 10/2011 dated 30 July 2011, Company's refund claim of Central Excise Duty (CED) of Rs. 913.01 million representing the excess payment of duty based on an inadvertent computation of related 'retail price' of cement products manufactured and supplied by the Company, was rejected principally on the grounds that related incidence of duty has been passed on to the consumers and hence the resultant refund claim is hit by the mischief of provisions of then applicable section 3(d) of the Central Excise Act, 1944.

The preferred appeal against the said order before the CIR(A) both on legal as well as factual grounds, however, such appeal was not entertained by the Commissioner of Inland Revenue (Appeals) and accordingly, the matter has been further agitated in appeal by the company before the Appellate Tribunal Inland Revenue (ATIR).

32.5 Through Order-In-Original No. 49/2013 dated 15 May 2013 ("ONO"), tax department created a demand amounting to Rs. 17.35 million as a default surcharge and Rs. 47.39 million as a penalty against late payment of Sales tax and FED for the month of July 2011, August 2011 and September 2011, the Company has filed an appeal before Commissioner of Inland Revenue (Appeals) against said order. The management is confident that the ultimate outcome of this case will be in favour of the Company.

32.6 Through Order-In-Original No. 50/2013 dated 02/05/2013 ("ONO"), tax department created a demand amounting to Rs.1.31 million as a default surcharge and amounting to Rs. 0.06 million as a penalty against late payment of Sales tax and FED for the month of October 2012, November 2012 and December 2012, the Company has filed an appeal before Commissioner of Inland Revenue (Appeals) against said order. The management is confident that the ultimate outcome of this case will be in favour of the Company.

32.7 Tax losses available for carry forward as at 30 June 2013 aggregated to Rs. 11,147 million (30 June 2012: Rs. 11,002 million).

33. CASH AND BANK BALANCES

	Note	2013	2012
		(Rupees in thousand)	
Cash in hand:			
In hand		940	373
In transit		32,485	12,426
		33,425	12,799
Cash at bank:			
Current accounts:			
Foreign currency		2,367	1,854
Local currency		221,273	245,378
		223,640	247,232
Deposit accounts	33.1	266,475	203,195
		490,115	450,427
		523,540	463,226

33.1 These accounts bear profit at the rates ranging from 5% to 7.19% (30 June 2012: 5% to 7.50%) per annum at the reporting date.

34. SALES - NET

	2013	2012
	(Rupees in thousand)	
Gross local sales	17,434,733	15,658,227
Less:		
Excise duty	820,596	983,313
Sales tax	2,361,879	2,103,135
Commission	132,014	129,436
	3,314,489	3,215,884
Net local sales	14,120,244	12,442,343
Export sales	3,237,132	3,019,013
	17,357,376	15,461,356

35. COST OF SALES

	Note	2013	2012
		(Rupees in thousand)	
Raw materials consumed	35.1	591,009	550,747
Packing materials consumed		1,032,893	1,022,703
Fuel and power		6,709,451	7,445,675
Stores, spare parts and loose tools consumed		561,542	433,035
Salaries, wages and other benefits	35.2	437,077	382,406
Rent, rates and taxes		10,278	6,940
Insurance		42,803	47,564
Repairs and maintenance		67,686	37,396
Depreciation	18.3	1,614,983	1,613,066
Amortization		8,797	8,794
Vehicles' running and maintenance		76,826	56,793
Provision for slow moving stores		36,033	-
Other expenses	35.3	153,500	199,053
		11,342,878	11,804,172
Work in process:			
Opening		549,958	181,879
Closing		(488,437)	(549,958)
		61,521	(368,079)
Cost of goods manufactured		11,404,399	11,436,093
Finished goods:			
Opening		229,911	240,401
Closing		(321,969)	(229,911)
		(92,058)	10,490
		11,312,341	11,446,583

35.1 Raw materials consumed

		2013	2012
Balance at the beginning of the year		11,140	44,464
Add: Purchases made during the year		594,388	517,423
		605,528	561,887
Less: Balance at the end of the year		14,519	11,140
		591,009	550,747

35.2 Salaries, wages and other benefits expense includes contribution to provident fund aggregating to Rs. 15.18 million (30 June 2012: Rs. 12.85 million) and gratuity and compensated absences amounting to Rs. 6.71 million (30 June 2012: Rs. 12.06 million).

35.3 Other expenses include housing colony expenses aggregating to Rs. 91.58 million (30 June 2012: Rs. 111.70 million).

36. DISTRIBUTION COST

	Note	2013 (Rupees in thousand)	2012 (Rupees in thousand)
Salaries, wages and other benefits	36.1	58,497	52,486
Travelling and conveyance		15,409	15,081
Vehicle running and maintenance		10,640	9,143
Postage, telephone and fax		4,203	3,454
Printing, stationery and office supplies		1,774	826
Entertainment		2,775	1,962
Repairs and maintenance		1,032	387
Advertisement and sampling		20,660	13,914
Freight and forwarding		678,363	745,943
Other expenses		4,398	2,902
		797,751	846,098

36.1 Salaries, wages and other benefits expense includes contribution to provident fund aggregating to Rs. 2.10 million (30 June 2012: Rs. 1.78 million) and gratuity and compensated absences amounting to Rs. 0.39 million (30 June 2012: Rs. 1.97 million).

37. ADMINISTRATIVE EXPENSES

	Note	2013 (Rupees in thousand)	2012 (Rupees in thousand)
Salaries, wages and other benefits	37.1	93,427	91,649
Travelling		17,676	16,972
Vehicle running and maintenance		15,425	14,665
Postage, telephone and fax		6,766	6,032
Printing, stationery and office supplies		11,069	9,263
Entertainment		10,141	6,038
Repair and maintenance		19,743	9,850
Legal and professional charges	37.2	14,085	19,771
Depreciation		23,768	22,309
Rent, rates and taxes		2,553	497
Provision for doubtful debts		7,987	-
Bad debts written off		327	40,070
Other expenses		31,098	21,317
		254,065	258,433

37.1 Salaries, wages and other benefits expense includes contribution to provident fund aggregating to Rs. 3.80 million (30 June 2012: Rs. 3.21 million) and gratuity and compensated absences amounting to Rs. 1.93 million (2012: Rs. 3.67 million).

37.2 Legal and professional charges include the following in respect of Auditors' remuneration for:

	2013 (Rupees in thousand)	2012 (Rupees in thousand)
Fee for statutory audit	1,000	1,000
Fee for half yearly review and other certifications	320	546
Out of pocket expenses	133	43
	1,453	1,589

37.3 The Company has shared expenses aggregating to Rs. 15.53 million (30 June 2012: Rs. 13.32 million) on account of combined offices with its associated companies. These expenses have been booked in respective heads of account.

38. OTHER OPERATING EXPENSES

	Note	2013	2012
		(Rupees in thousand)	
Donation	38.1	1,354	1,925
Workers' welfare fund (WWF)		(9,063)	9,063
Workers' profit participation fund (WPPF)		168,919	23,849
Delay payments surcharge / financial penalties		2,712	114,844
Loss on investments		3,317	-
		167,239	149,681

38.1 Donations for the year have been given to:

	2013	2012
Gulab Devi Hospital, Lahore	200	200
Miscellaneous donations in the form of cement	504	825
Governor Sindh for flood victims of Sindh	-	700
Shaukat Khanum Hospital, Lahore	600	100
Internally Dislocated People (IDP), Swat	50	-
Government of Punjab for Jashan-e-Baharan	-	100
	1,354	1,925

38.1.1 None of the directors or their spouses have any interest in any of the donees.

39. OTHER OPERATING INCOME

	2013	2012
	(Rupees in thousand)	
Income from financial assets		
Profit on bank deposits	18,768	12,096
Dividend income	448	384
Investment income	264	5,718
Income from non financial assets		
Sale of scrap	14,541	6,190
Gain on disposal of operating fixed assets	3,137	1,477
Insurance claims received	-	2,495
Miscellaneous	4,129	5,710
	41,287	34,070

		2013	2012
		(Rupees in thousand)	

40. FINANCE COST

		2013	2012
Profit / interest / mark up on:			
Long term loans and finances		136,531	176,777
Redeemable capital		871,873	1,126,386
Syndicated term finances		161,056	202,518
Liabilities against assets subject to finance lease		(25,951)	87,277
Short term borrowings		406,277	520,619
Exchange loss - net		95,902	183,173
Realised loss on derivative cross currency interest rate swap agreement		6,521	9,819
Bank and other charges		52,443	43,996
		1,704,652	2,350,565

41. TAXATION

	2013	2012
Current		
- for the year	102,980	125,718
- prior years	(60,854)	(72,813)
	42,126	52,905
Deferred	(104,206)	(105,033)
	(62,080)	(52,128)

Numerical reconciliation between the average tax rate and applicable tax rate has not been presented in these financial statements as the Company is chargeable to minimum tax under section 113 of the Income Tax Ordinance, 2001.

42. BASIC EARNINGS PER SHARE

		2013	2012
Profit after taxation		3,224,695	496,194
Less: Dividend payable on preference shares		(1,353)	(52,076)
Profit attributable to ordinary shareholders	Rupees in '000	3,223,342	444,118
Weighted average number of ordinary shares	No. of shares in '000	527,734	526,831
Basic earnings per share	Rupees	6.11	0.84

43. DILUTED EARNINGS PER SHARE

		2013	2012
Profit after taxation		3,224,695	496,194
Profit attributable to ordinary shareholders	Rupees in '000	3,224,695	496,194
Weighted average number of shares outstanding		527,734	526,831
Dilutive effect of preference shares		-	66,416
Weighted average number of shares outstanding - diluted	No. of shares in '000	527,734	593,247
Diluted earnings per share	Rupees	6.11	0.83

43.1 All the convertible preference shares were redeemed during the year ended 30 June 2013. As there were no convertible options existing at the reporting date, hence, there is no dilutive impact on the earnings per share.

44. REMUNERATION OF CHAIRMAN, CHIEF EXECUTIVE, DIRECTORS, NON-EXECUTIVE DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements for the year for remuneration, including certain benefits to the Chairman, Chief Executive, Directors and other Executives of the Company are as follows:

	2013				
	Chairman	Chief Executive	Executive Directors	Non-Executive Directors	Executives
	(----------------------		Rupees in thousand		----------------------)
Managerial remuneration	3,888	5,186	2,506	-	53,969
Contribution to provident fund trust	-	439	195	-	4,798
Perquisites and benefits:					
House rent	576	247	391	-	21,032
Medical	-	433	104	-	1,375
Conveyance / petrol	-	660	482	-	13,130
Utilities	336	62	195	-	4,911
	4,800	7,027	3,873	-	99,215
Numbers	1	1	1	5	56

	2012				
	Chairman	Chief Executive	Executive Directors	Non-Executive Directors	Executives
	(--------------------		Rupees in thousand		------------------)
Managerial remuneration	3,888	5,186	2,411	-	44,330
Contribution to provident fund trust	-	439	187	-	3,979
Perquisites and benefits:					
House rent	576	247	375	-	17,153
Medical	-	433	42	-	1,092
Conveyance / petrol	-	769	442	-	10,835
Utilities	336	46	187	-	4,086
	4,800	7,120	3,644	-	81,475
Numbers	1	1	1	5	47

The Chairman, Chief Executive, Directors and some of the Executives are also provided with Company maintained cars in accordance with their terms of employment. Aggregate amount charged in these financial statements in respect of Directors' fees aggregated to Rs. 240,000 (30 June 2012: Rs. 210,000).

45. TRANSACTIONS WITH RELATED PARTIES

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

Relationship with the Company	Nature of transaction	2013	2012
		(Rupees in thousand)	
Holding Company	Sale of goods and services	531	399
	Sale of fixed assets	671	17
Key management personnel	Remuneration and other benefits	114,915	97,039
MLCFL employees' gratuity fund	Payment to fund	(7,889)	(3,178)

Transactions in relation to sales, purchases and technical services with related parties are made at arm's length prices determined in accordance with the comparable uncontrolled price method except for allocation of expenses such as electricity, gas, water, repairs and maintenance relating to the head office, shared with the Holding Company / Associates, which are on the actual basis.

46. CAPACITY AND PRODUCTION

	Capacity		Actual Production	
	2013	2012	2013	2012
	------------------ Metric tons ------------------			
Clinker	3,360,000	3,360,000	2,558,888	2,648,479

Shortfall in production was mainly due to break-down in cement mills and market constraints. The capacity of the plant has been determined on the basis of 300 days.

47. PROVIDENT FUND DISCLOSURE

The following information is based on the latest un-audited financial statements of the Fund:

	Un-audited 2013	Audited 2012
	(Rupees in thousand)	
Size of the fund - total assets	387,229	314,001
Cost of investments made	346,521	329,972
Percentage of investments made	98%	97%
Fair value of investments	379,738	303,591

47.1 The break-up of fair value of investments is:

	2013		2012	
	%	(Rs in thousand)	%	(Rs in thousand)
Shares in listed companies	0.37%	1,407	0.84%	2,563
Bank balances	1.23%	4,671	1.52%	4,624
Term deposit receipts	6.98%	26,504	8.56%	26,000
Government securities	44.24%	168,010	47.43%	143,982
Mutual funds	47.18%	179,146	41.64%	126,422
	100.00%	379,738	100.00%	303,591

47.2 The investments out of provident fund have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

48. SEGMENT REPORTING

48.1 Information about operating segment

Based on internal reporting and decision making structure, the Company has only one operating segment offering different types of cement, mainly grey cement which covers more than 90% (30 June 2012: 90%) of capacity. Results based on this operating segment are regularly reviewed by the Company's chief operating decision maker in order to allocate resources and to assess the performance of the Company. Operating segment's results, assets and liabilities are same as disclosed throughout in these financial statements.

48.2 Geographical information

The Company operates in two principal geographical areas, Asia and Africa.

The Company's revenue (given in %) from continuing operations from external customers are detailed below:

Geographical area	2013	2012
	% of total revenue	
Asia	95	94
Africa	5	6

48.3 All non current assets of the Company as at 30 June 2013 are located in Pakistan.

49. FINANCIAL RISK MANAGEMENT

The Company has exposures to the following risks from its use of financial instruments:

Credit risk
Liquidity risk
Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes shall be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

49.1 Credit risk and concentration of credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. To manage credit risk the Company maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed.

The Company is exposed to credit risk from its operating activities primarily for local trade debts, sundry receivables and other financial assets.

The Company does not hold collateral as security.

The Company's credit risk exposures are categorized under the following headings:

Counterparties

The Company conducts transactions with the following major types of counterparties:

Trade debts

Trade debts are essentially due from local customers and foreign customers against sale of cement and the Company does not expect these counterparties to fail to meet their obligations. Sales to the Company's customers are made on specific terms. Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Credit quality of the customer is assessed based on an extensive credit rating. Outstanding customer receivables are regularly monitored and shipments to the customers are generally covered by letters of credit or other form of credit insurance.

Investments

The Company limits its exposure to credit risk by only investing in highly liquid securities and conduct transactions only with counterparties that have a credit rating of at least A1 and A. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2013	2012
	(Rupees in thousand)	
Non current assets		
Long term investments	1,625	3,037
Long term security deposits	54,746	53,350
Long term loans to employees - secured	3,608	2,387
Current assets		
Trade debts	757,944	575,931
Loans and advances	15,484	16,074
Short term investments	7,350	33,122
Short term deposits	63,009	59,612
Accrued profit	346	1,191
Other receivables	140,772	161,800
Cash in transit and bank balances	522,600	462,853
	1,567,484	1,369,357

The management does not expect any losses from non-performance by these counter parties.

The segregation of trade debts at the balance sheet date by geographic regions is as follows:

	2013	2012
	(Rupees in thousand)	
Export - secured	53,762	48,924
Local - unsecured and considered good	704,182	527,007
	757,944	575,931

Export debts of the Company are secured through letter of credit and majority of export debts are situated in Asia and Africa.

The ageing of trade debts at the balance sheet date is as follows:

	2013	2012
	(Rupees in thousand)	
Not past due	356,854	371,275
Past due 1 to 30 days	317,949	177,730
Past due 30 to 150 days	26,254	17,422
Past due 150 days	56,887	9,504
	757,944	575,931

Investments have been made in the shares of listed companies.

The analysis below summarises the credit quality of the Company's major investments:

	2013	2012
Noman Abid Reliance Income Fund	-	AM3-
Fauji Cement Company Limited	-	N/A
Highnoon Laboratories Limited	-	N/A
Shakarganj Mills Limited	-	N/A
Next Capital Limited	N/A	N/A

Bank balances

Total bank balance of Rs. 490.12 million (30 June 2012: Rs. 450.43 million) placed with banks have a short term credit rating of at least A3+ (30 June 2012: A1+).

49.2 Liquidity risk management

Liquidity risk is the risk that an entity will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customers.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note 16.1 to these financial statements is a detail of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

49.2.1 Liquidity and interest risk table

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities under long term financing agreements based on the earliest date on which the Company can be required to pay. For effective mark-up rate please see note 7, 8, 9, 10 and 16 to these financial statements.

Financial liabilities in accordance with their contractual maturities are presented below:

	2013				
	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	5 years and above
	---------------- (Rupees in thousand) -------------------				
Long term loans from banking company	2,330,862	2,551,029	826,581	1,667,379	57,069
Redeemable capital	7,215,869	9,839,242	1,544,673	6,288,486	2,006,083
Syndicated term finances	1,379,125	1,871,413	315,608	1,177,005	378,800
Liabilities against assets subject to finance lease	987,900	1,081,866	175,842	647,725	258,299
Long term deposits	7,029	7,029	-	7,029	-
Trade and other payables	2,848,749	2,848,749	2,848,749	-	-
Accrued profit / interest / mark-up	361,834	361,834	361,834	-	-
Short term borrowings	3,277,666	3,277,666	3,277,666	-	-
	18,409,034	21,838,828	9,350,953	9,787,624	2,700,251

	2012				
	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	5 years and above
	----------------- (Rupees in thousand) ----------------				
Long term loans from banking company	2,903,784	3,281,870	883,744	2,083,717	314,409
Redeemable capital	8,283,000	12,085,483	2,042,476	6,213,578	3,829,429
Syndicated term finances	1,497,000	2,206,973	323,277	1,164,063	719,633
Liabilities against assets subject to finance lease	1,115,904	1,158,035	804,148	353,887	-
Long term deposits	6,219	6,219	-	6,219	-
Trade and other payables	3,483,419	3,483,419	3,483,419	-	-
Accrued profit / interest / mark-up	757,834	757,834	757,834	-	-
Short term borrowings	3,249,384	3,249,384	3,249,384	-	-
	21,296,544	26,229,217	11,544,282	9,821,464	4,863,471

49.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

49.3.1 Foreign currency risk management

Pak Rupee ("PKR") is the functional currency of the Company and as a result currency exposure arise from transactions and balances in currencies other than PKR. The Company's potential currency exposure comprise;

- Transactional exposure in respect of monetary non functional currency items.

- Transactional exposure in respect of non functional currency expenditure and revenues.

The potential currency exposures are discussed below:

Transactional exposure in respect of monetary non functional currency items

Monetary items, including financial assets and liabilities, denominated in currencies other than the functional currency of the Company are periodically restated to PKR equivalent, and the associated gain or loss is taken to the profit and loss account. The foreign currency risk related to monetary items is managed as part of the risk management strategy.

Transactional exposure in respect of non functional currency expenditure and revenues

Certain operating and capital expenditures are incurred by the Company in currencies other than the functional currency. Similarly, certain sales revenue is also earned in currencies other than the functional currency of the Company. These currency risks are managed as a part of overall risk management strategy. The Company does not enter into forward exchange contracts.

Exposure to currency risk

The Company is exposed to currency risk on import of raw materials, stores and spares and export of goods mainly denominated in US Dollar, Euro and Japanese Yen. The Company's exposure to foreign currency risk for US Dollar, Euro and Japanese Yen based on notional amounts is as follows:

	2013			
	Rupees	US$	Euros	Yens
	--------------------in thousand		--------------------	
Liabilities against assets subject to finance lease	946,208	9,577	-	-
Creditors and bills payable	734,417	6,703	559	-
	1,680,625	16,280	559	-
Trade debts	(53,762)	(545)	-	-
Cash at bank - foreign currency	(2,367)	(24)		
Gross balance sheet exposure	1,624,496	15,711	559	-
Outstanding letters of credit	332,701	1,692	1,247	4,600
Net exposure	1,957,197	17,403	1,806	4,600

	2012			
	Rupees	US$	Euros	Yens
	--------------------in thousand		--------------------	
Liabilities against assets subject to finance lease	1,004,793	10,667	-	-
Creditors and bills payable	1,275,656	13,020	382	3,400
	2,280,449	23,687	382	3,400
Trade debts	(48,924)	(520)	-	-
Cash at bank - foreign currency	(1,854)	(20)		
Gross balance sheet exposure	2,229,671	23,147	382	3,400
Outstanding letters of credit	79,848	-	676	-
Net exposure	2,309,519	23,147	1,058	3,400

The following significant exchange rates have been applied:

	Average rate 2013	Average rate 2012	Reporting date mid spot rate 2013	Reporting date mid spot rate 2012
	Rupees			
USD to Rupee	96.70 / 96.90	89.47 / 89.67	98.60 / 98.80	94.00 / 94.20
EURO to Rupee	125.73	119.78	129.11	118.50
Yen to Rupee	1.11	1.14	1.00	1.19

Sensitivity analysis

A 10 percent strengthening of the Pak Rupee against the US dollar, Euro and Yen, at 30 June 2013 would have increased profit by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 30 June 2012.

Effect on profit for the year:

	2013	2012
	(Rupees in thousand)	
USD to Rupee	171,942	218,045
EURO to Rupee	23,317	12,539
Yen to Rupee	460	404
Decrease in profit and loss account	195,719	230,987

A 10 percent weakening of the Pak Rupee against the US dollar, Euro and Yen, at 30 June 2013 would have had the equal but opposite effect of the amounts shown above, provided that all other variables, in particular interest rates, remain constant.

The sensitivity analysis prepared is not necessarily indicative of the actual effects on profit for the year and closing assets / liabilities of the Company.

49.3.2 Interest rate risk

The interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates. Sensitivity to interest rate risk arises from mismatch of financial assets and liabilities that mature in a given period.

At the reporting date, the profit, interest and mark-up rate profile of the Company's significant financial assets and liabilities is as follows:

	Effective rate 2013	Effective rate 2012	Carrying amount 2013	Carrying amount 2012
Fixed rate financial instruments			(Rupees in thousand)	
Financial liabilities				
Short term borrowings - (export re-finance)	9.20% to 11%	11.0%	525,632	388,203
Financial assets				
Loans to employees	6% to 12%	6% to 12%	5,682	4,303
Long term investments	8.36% to 10.48%	10.17% to 10.49%	1,625	3,037
Bank balances - deposit accounts	5% to 7.19%	5% to 7.5%	266,475	203,195
			273,782	210,535
			251,850	177,668

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in profit / mark-up / interest rates at the reporting date would not affect profit and loss account.

	Effective rate		Carrying amount	
	2013	2012	2013	2012
			(Rupees in thousand)	
Variable rate financial instruments				
Financial liabilities				
Long term loans	9.7% to 13.25%	9.7% to 14.78%	2,330,862	2,903,784
Redeemable capital	10.39% to 12.95%	12.88% to 14.57%	7,215,869	8,283,000
Syndicated term finances	10.40% to 12.94%	12.88% to 14.50%	1,379,125	1,497,000
Liabilities against assets subject to finance lease				
- Islamic Corporation for the Development of Private Sector (ICD)	2.91% to 3.24%	2.90% to 3.28%	946,233	1,004,793
- Meezan Bank Limited	14.10% to 14.20%	14.10% to 15.54%	41,667	111,111
Short term borrowings	10.19% to 24%	12.92% to 24%	2,752,034	2,861,181
			14,665,790	16,660,869

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) in profit / mark-up / interest rates at the balance sheet date would have increased / (decreased) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for the financial year ended 30 June 2012.

	Increase	Decrease
	(Rupees in thousand)	
As at 30 June 2013		
Cash flow sensitivity variable rate financial liabilities	146,658	(146,658)
As at 30 June 2012		
Cash flow sensitivity - variable rate financial liabilities	166,609	(166,609)

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and the outstanding liabilities of the Company at the year end.

49.3.3 Fair value hierarchy

Financial instruments carried at fair value are categorized as follows:

Level 1: Quoted market prices

Level 2: Valuation techniques (market observable)

Level 3: Valuation techniques (non market observable)

The Company held the following financial instruments measured at fair value.

	Total	Level 1	Level 2	Level 3
	------ (Rupees in thousand) -------			
Financial assets 30 June 2013				
At fair value through profit and loss - Quoted	7,350	7,350	-	-
Financial assets 30 June 2012				
At fair value through profit and loss - Quoted	33,122	33,122	-	-

49.3.4 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). Other price risk arises from the Company's investment in units of mutual funds and ordinary shares of listed companies.

A 10% increase / (decrease) in redemption value of investments in mutual funds and share prices of listed companies at the balance sheet date would have increased / (decreased) the Company's profit in case of investments through profit and loss as follows:

	2013	2012
	(Rupees in thousand)	
Effect on profit for the year	735	3,312
Effect on investments at year end	735	3,312

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and the balance of investments at the year end of the Company.

49.4 Fair value of financial instruments

Carrying values of the financial assets and financial liabilities approximate to their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

49.5 Capital risk management

The Company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure which comprises capital and reserves by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, appropriation of amounts to capital reserves and / or issue new shares.

	2013	2012
	(Rupees in thousand)	
Total borrowings	15,191,422	17,049,072
Less: Cash and bank balances	523,540	463,226
Net debt	14,667,882	16,585,846
Total equity	6,770,913	3,828,861
Total capital employed	21,438,795	20,414,707
Gearing ratio	68%	81%

For the purpose of calculating the gearing ratio, the amount of total borrowings has been determined by including the effect of liabilities against assets subject to finance lease and short term borrowings under mark-up arrangements.

50. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, there were no material re-arrangements.

51. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue on 24 September 2013 by the board of directors of the Company.

52. GENERAL

Figures in the financial statements have been rounded-off to the nearest thousand of rupees except stated otherwise.

CHIEF EXECUTIVE OFFICER **DIRECTOR**

MAPLE LEAF CEMENT FACTORY LIMITED
42-LAWRENCE ROAD, LAHORE

PROXY FORM

I/We____

of ____

being a member of **MAPLE LEAF CEMENT FACTORY LIMITED** hereby appoint______________________

____
(Name)

of ____another member of the Company

or failing him/her ____
(Name)

of ____another member of the Company

(being a member of the Company) as my/our proxy to attend, speak and vote for and on my/our behalf, at the Annual General Meeting of the Company to be held at its Registered Office, 42-Lawrence Road, Lahore on **Thursday, October 31, 2013 at 11:00 AM** and any adjournment thereof.

As witnessed given under my/our hand(s) ______________ day of ______________ 2013.

1. Witness:

Signature : ____________________

Name : ____________________

CNIC : ____________________

Address : ____________________

: ____________________

Affix
Revenue
Stamp of Rs. 5/-

____
Signature of Member

2. Witness:

Signature : ____________________

Name : ____________________

CNIC : ____________________

Address : ____________________

: ____________________

Shares Held: ____________________

Folio No.	CDC Account No.	
	Participant I.D.	Account No.

CNIC No. | | | | | | – | | | | | | | | – | |

Notes:

1. Proxies, in order to be effective, must be reached at the Company's Registered Office, not less than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.

2. CDC Shareholders, entitled to attend, speak and vote at this meeting, must bring with them their Computerized National Identity Cards (CNIC) /Passports in original to prove his/her identity, and in case of Proxy, must enclose an attested copy of his/her CNIC or Passport. Representatives of corporate members should bring the usual documents required for such purpose.

AFFIX

CORRECT

POSTAGE

The Company Secretary

MAPLE LEAF CEMENT FACTORY LIMITED

42-LAWRENCE ROAD, LAHORE

Tel: 042-36278904-05

MAPLE LEAF CEMENT

42

Lawrence
Road, Lahore