ANNUAL REPORT 2014

HISTORIC EXCELLENCE

MAPLE LEAF CEMENT

A Kohinoor Maple Leaf Group Company

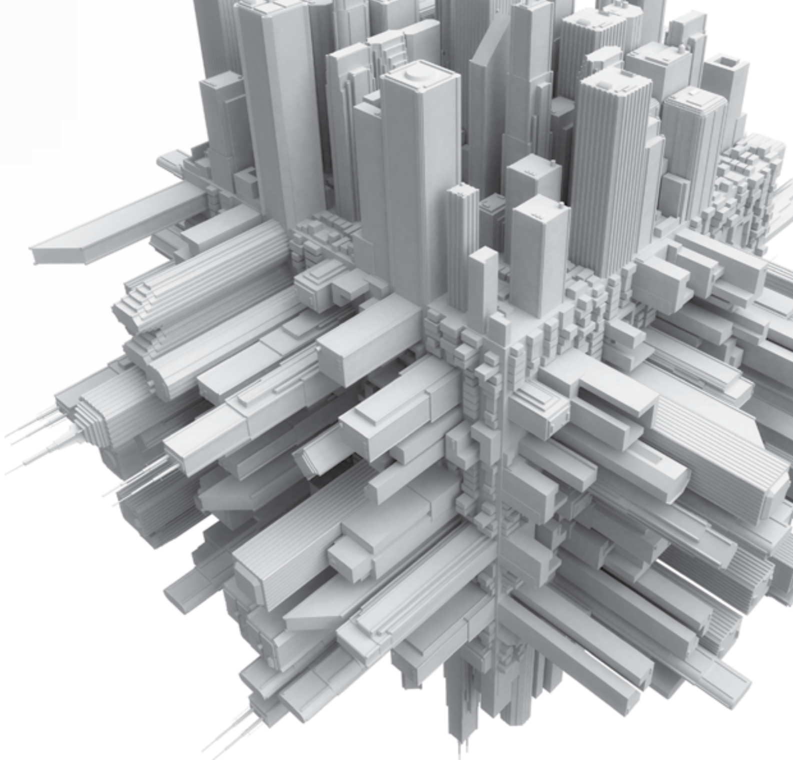
HISTORIC EXCELLENCE

Mughal architecture with its innate grace, balance, perfect proportions and splendour has created some of the world's timeless architectural gems. These are a tribute to human creativity, ingenuity and aesthetics.

This has been a source of inspiration through the ages and our team works tirelessly to incorporate indigenous with modern methods to help overcome the concerns of contemporary construction.

At Maple Leaf Cement, we take pride in being a pioneer in creating state of the art building materials.

Title painting showing the Mughal emperor Akbar, the ruler is depicted dressed in white in the upper section of the painting where Akbar directs the construction of the royal city of Fathpur ('City of Victory', later known as Fatehpur Sikri) in 1571. Artist/Maker: Tulsi (artist, composition, maker), Bandi (artist, colours and details, maker) and Madhav Khord (portraits, artist).



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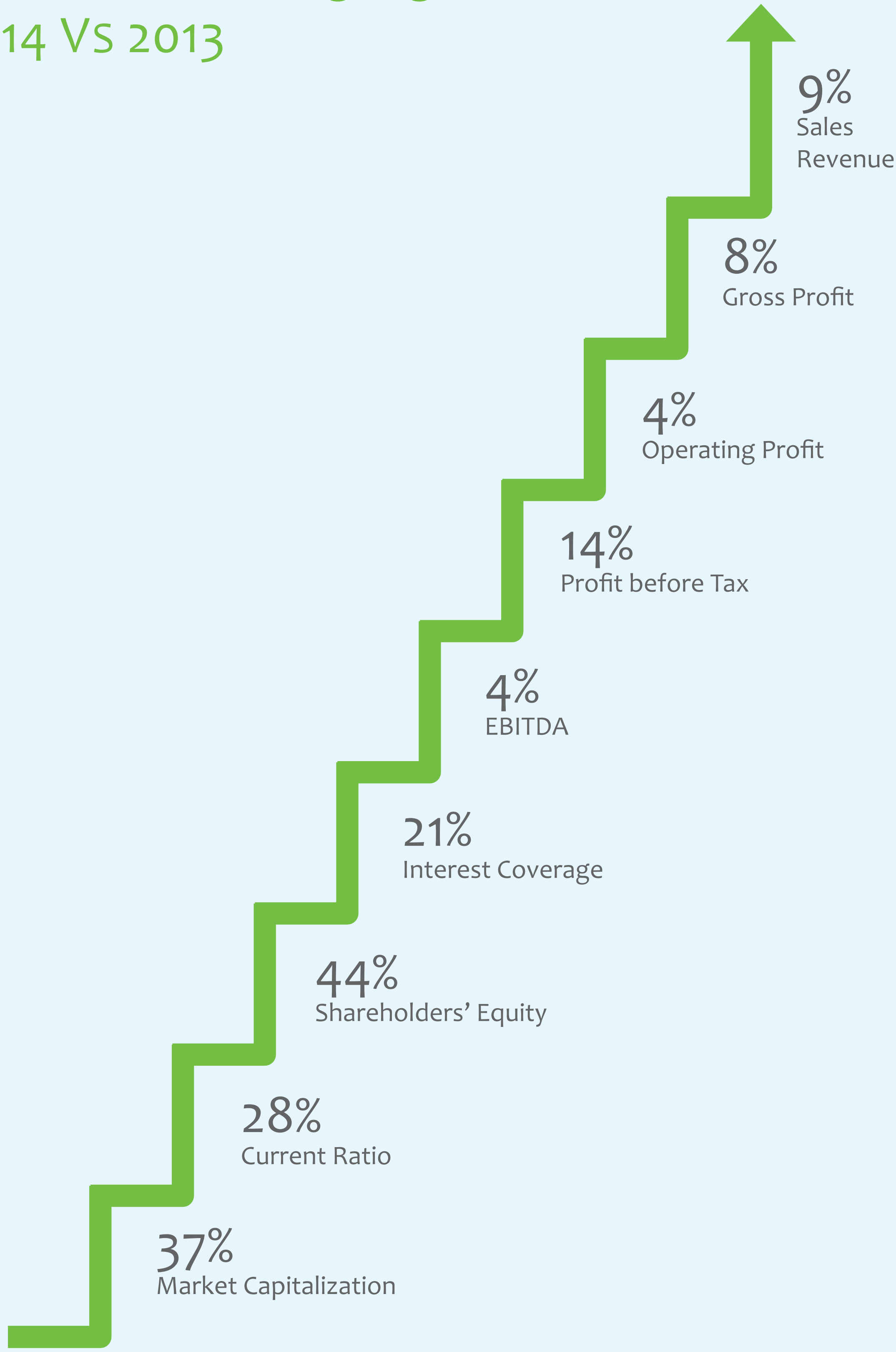



TOGETHER WE SHINE

Company Information

Board of Directors

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

Audit Committee

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

Human Resource & Remuneration Committee

Mr. Waleed Tariq Saigol	Chairman
Mr. Zamiruddin Azar	Member
Syed Mohsin Raza Naqvi	Member
Mr. Danial Taufique Saigol	Member

Chief Financial Officer
Syed Mohsin Raza Naqvi

Company Secretary
Mr. Muhammad Ashraf

Chief Internal Auditor
Mr. Bilal Hussain

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

Auditors

KPMG Taseer Hadi & Co.	Chartered Accountants

Legal Adviser

Mr. Shahid Ismail	Advocate High Court

Geographical Presence

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

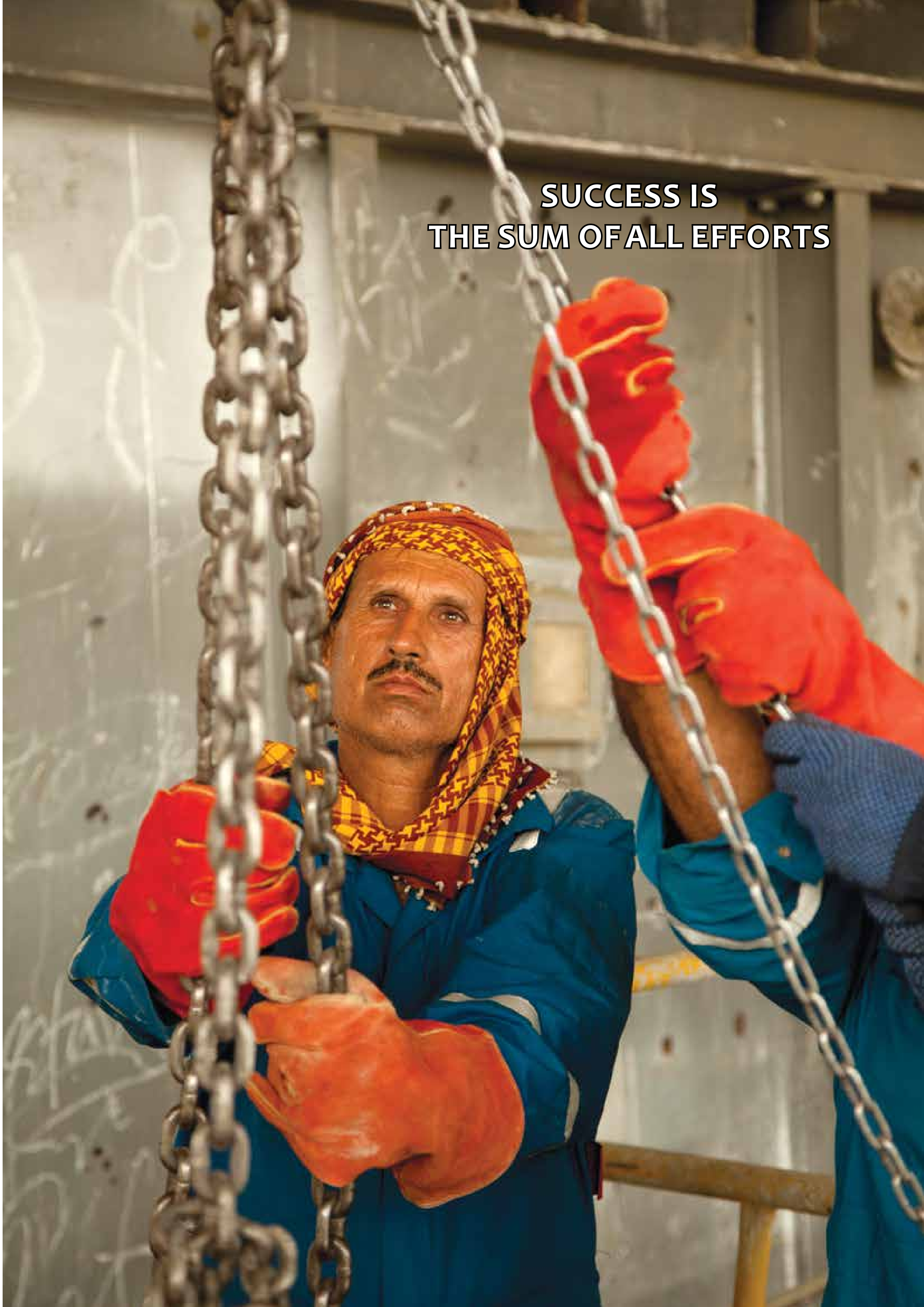
Factory
Iskanderabad Distt. Mianwali.
Phone: (0459) 392237-8

Call Centre (24 / 7)
0800-41111

Share Registrar
Vision Consulting Ltd.
Head Office: 3-C, LDA Flats,
Lawrence Road, Lahore
Phone: (042) 36283096-97
Fax: (042) 36312550
E-mail: shares@vcl.com.pk

Company Website:
www.kmlg.com

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


SUCCESS IS
THE SUM OF ALL EFFORTS

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 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.

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 successfully started Waste Heat Recovery Boiler Plant.

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

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

- **2014,** the Company recorded the highest ever turnover of Rupees 18,969 million and the highest ever profit before tax of Rs.3,590 million. The Company and Pakistan Railway signed an agreement to transport coal and cement.

SHARING PRODUCTIVITY

Code of Business Conduct and Ethical Principles

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.

ETHICAL 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.

Company Profile and Group Structure

Maple Leaf Cement is a part of Kohinoor Maple Leaf Group (KMLG). KMLG comprises of two listed public limited companies i.e. Kohinoor Textile Mills Limited (KTML) and Maple Leaf Cement Factory Limited (MLCF). MLCF is subsidiary company of KTML. The Group companies are ranked amongst the top companies in the cement and textile sectors.

NATURE OF BUSINESS

Maple Leaf Cement Factory Limited (the "Company") is one of the pioneers of cement industry in Pakistan. Operations of the Company are subject to different environmental and labour laws. Providing quality cement and ultimately customer satisfaction is our business model. The Company 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.

Statement of Overall Strategic Objectives 2014-2015

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

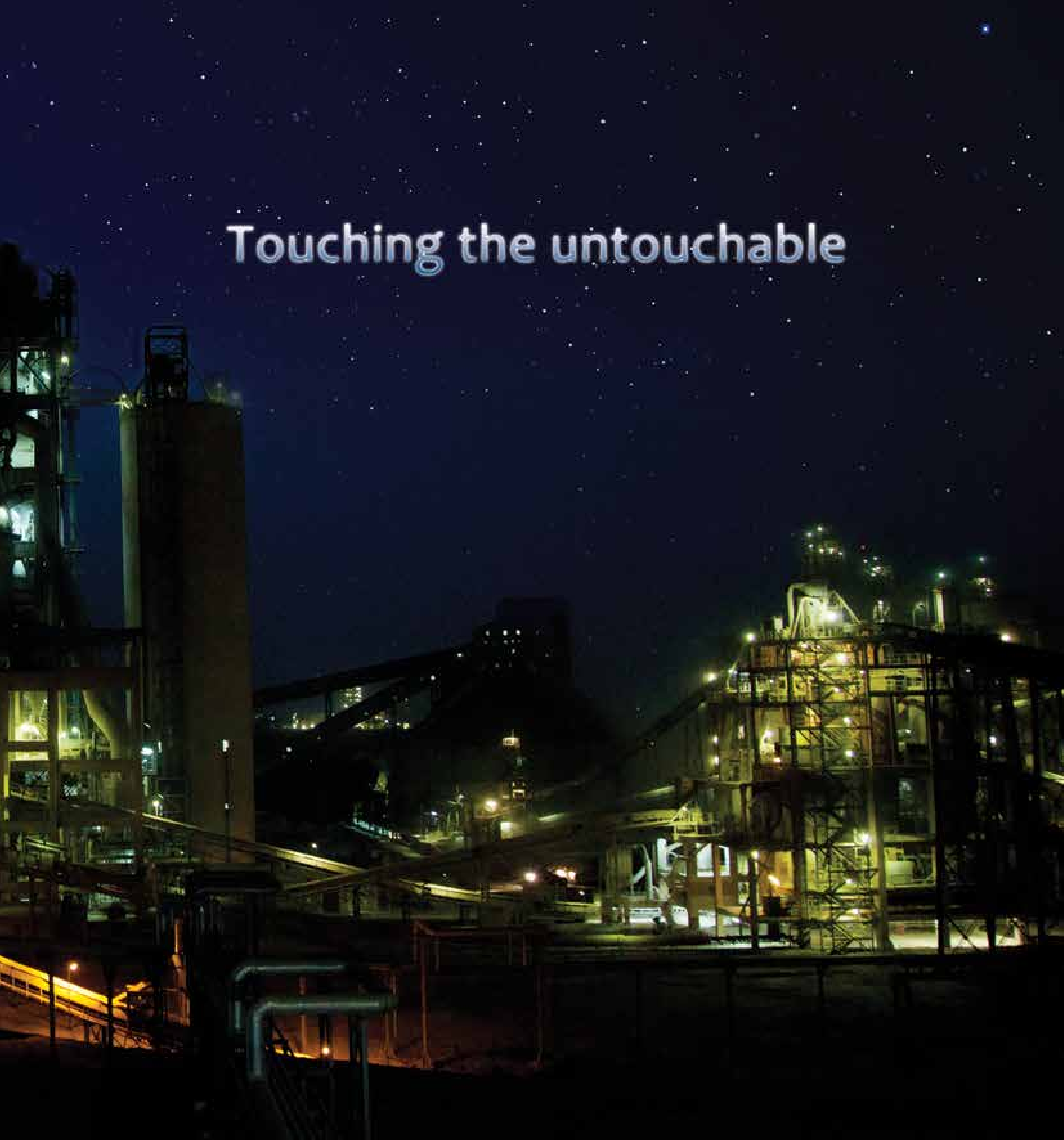
1. Effective use of available resources and improved capacity utilization of the Company's production facilities;

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 54th Annual General Meeting of the members of Maple Leaf Cement Factory Limited (the "Company") will be held on **Thursday, October 30, 2014 at 11:00 AM** at 42-Lawrence Road, Lahore, the Registered Office of the Company, to transact the following business:-

Ordinary Business:

1) To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2014 together with the Directors' and Auditors' Reports thereon.

2) To appoint Auditors for the year ending on June 30, 2015 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 offer themselves for re-appointment.

Special Business:

3) To consider and if deemed fit, to pass the following resolution under Section 208 of the Companies Ordinance, 1984, with or without modification, addition(s) or deletion(s), as recommended by the Directors:-

   "Resolved by way of special resolution that consent and approval of Maple Leaf Cement Factory Limited (the "Company") be and is hereby accorded under Section 208 of the Companies Ordinance, 1984 (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, 2014 to October 31, 2015 (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, 2013 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, 2014.

   Resolved further that the Chief Executive and the Company 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 09, 2014

Notes:

1. Share transfer books of the Company will remain closed from October 23, 2014 to October 30, 2014 (both days inclusive). Physical transfers / CDS Transaction IDs received in order at the Company's Share Registrar, M/s. Vision Consulting Ltd. 3 - C, LDA Flats, Lawrence Road, Lahore, upto the close of business on October 22, 2014 will be considered in time to determine voting rights of the shareholders 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 and CDC shareholders shall attach an attested copy of his / her Computerized National Identity Card (CNIC) / Passport. Proxies in order to be effective must be received at the Company's Registered Office not later than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed. Representatives of corporate members should bring the usual documents required for such purpose.

3. CDC shareholders are requested to bring with them their CNIC / Passport in original along with Participants' ID Numbers and their Account Numbers to prove his / her identity.

4. Shareholders are requested to notify / submit the following, in case of book entry securities in CDS to respective CDS participants and in case of physical shares to the Company's Share Registrar, if not earlier provided / notified:-

    a. Change in their addresses;

    b. Valid and legible photocopies of National Tax Number (NTN), both for individuals & corporate entities; and

    c. Dividend mandate information i.e. Title of Bank Account, Bank Account Number, Bank's Name, Branch Address, CNIC, NTN and Cell / Landline Number(s) of Transferee(s) towards direct credit of cash dividend through e-dividend mechanism, if announced by the Company at later stage.

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 30, 2014.

Kohinoor Textile Mills Limited ("KTML"), the holding company, having its Registered Office at 42-Lawrence Road, Lahore, is a 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 17, 2014 has 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 Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012 (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 Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012.

Ref. No.	Requirement	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 "Company").
(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:** The Company will receive mark up at the rate of one percent above of its average borrowing cost. This shall benefit the Company's cash flow by earning profit on idle funds. **Period:** For a period of one year from November 01, 2014 to October 31, 2015.
(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 Company vide special resolution passed in the Annual General Meeting held on October 31, 2013 which is valid till October 31, 2014.
(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 June 30, 2014 the financial position of KTML is as under:-

Particulars	Amount Rupees (000)
Paid up capital	2,455,262
Reserves	3,713,659
Surplus on revaluation of land and investment properties	3,673,825
Current liabilities	5,868,566
Current assets	5,359,518
Breakup value per share (Rs.) without revaluation	25.13
Sales	15,302,242
Gross profit	1,907,163
Operating profit	1,853,976
Net profit	1,169,652
Earnings per share (Rs.)	4.76

Ref. No.	Requirement	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 Company is 10.46% for the year ended June 30, 2014.
(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 Company.
(viii)	Sources of funds from where loans or advances will be given;	Loan and / or advance will be given out of own funds of the Company.
(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 Company.
(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, 2014 to October 31, 2015 (both days inclusive). KTML will pay interest / mark-up on quarterly basis whereas repayment of principal amount shall be on or before October 31, 2015.

Ref. No.	Requirement	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 the Company's cash flow. **Period** : One Year **Rate of Mark-up** : Above one percent the average borrowing cost of the Company. **Repayment** : Principal plus mark - up / profit upto October 31, 2015. **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. the Company is a subsidiary company of KTML and six 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 Company.
(xv)	Any other important details necessary for the members to understand the transaction.	N/A

Six Directors including sponsor Directors of the Company are also the members of investee company i.e. KTML and are interested to the extent of their shareholding as under:-

Name	%age of shareholding in KTML	%age of shareholding in the Company
Mr. Tariq Sayeed Saigol & his spouse	4.2727	0.3540
Mr. Taufique Sayeed Saigol	4.4098	0.0010
Mr. Sayeed Tariq Saigol	0.1286	0.0010
Mr. Waleed Tariq Saigol	0.0289	0.0010
Mr. Danial Taufique Saigol	0.0010	0.0005
Mr. Zamiruddin Azar	0.0024	0.0020

Directors' Report to the Shareholders

The Directors of the Company are pleased to present the 54th Annual Report of the Company along with audited financial statements and Auditors' Report thereon for the year ended June 30, 2014.

OVERVIEW OF FINANCIAL PERFORMANCE

The Directors are pleased to inform the shareholders that the Company registered record net sales of Rs. 18,969 million against Rs. 17,357 million in the corresponding period, showing growth of 9.3%. Sales revenue increased owing to improved prices in the domestic market on account of partial absorption of cost increases on the input side. Quantitative growth in local demand was subdued amounting to 2.07% as compared to 3.8% in the previous year. This was due to continuing increase in construction activity in the private and public sectors due to higher utilization of funds released for Public Sector Development Programme. However, exports remained subdued due to lackluster demand, dragged down by declining Afghanistan exports.

Gas and Power tariff hike along with massive load shedding of natural gas and electricity have unfavorably impacted profitability during the period. However, the Company is efficiently utilizing its Waste Heat Recovery Plant along with use of alternative fuels to counter this. The Company also benefited from lower prices of imported coal.

Keeping in view the above factors, gross profit rose to Rs. 6,523 million in the current period, compared to Rs. 6,045 million in the corresponding period which is encouraging.

Operating profits rose to Rs. 5,055 million during the period, compared to Rs. 4,867 million in the corresponding period last year. This robust growth in operating earnings emanated mainly from better cement prices and efficient running of Waste Heat Recovery Plant along with other cost reduction measures adopted by the Company. Administration costs and other operating expenses were effectively controlled during the current period.

There is a notable decline of 14% in financial charges due to deleveraging, reduction in interest rates, and improved cash management. The Company is continuing to repay Sukuk / Syndicate and other debt obligations and is dedicated to keep current on all debt commitments backed by better cash flows and efficient cash management. During the period, the Company has paid off Rs. 3,043 million of long-term debt and profit before tax witnessed a healthy turnaround.

Through Finance Bill 2014, Alternative Corporate Tax @ 17% on accounting profit (instead of current 34% tax on taxable income) has been imposed. This excess tax paid will be refundable over a long period of 10 years, thereby tying up liquidity. The unfortunate part is that the 17% income tax on accounting profit is applicable retrospectively, with effect from tax year 2014 i.e. financial year ending June 30, 2014. Therefore, substantial tax provision has been provided for the period resulting in high effective tax rate of 21.17% resulting in post tax profit of Rs. 2,830 million during the period against post tax profit of Rs. 3,225 million in the corresponding period last year.

APPROPRIATION

The Company's actual performance in the year 2013-14 exceeds the disclosures made in the last annual report mainly due to favorable coal prices and better realization in sales than expected. However, power cost and load shedding increased during the year which affected cost of production. Effective utilization of resources and power generation equipment based on WHRP reduced production cost which resulted in increase in operating profits as compared to projections. The financial results of the Company for the year are summarized below:

	Rupees in Thousand
Profit before taxation	3,590,401
Provision for taxation	(760,227)
Profit after taxation	2,830,174
Accumulated loss brought forward	(564,563)
Transfer from surplus on revaluation of fixed assets realized through incremental depreciation (Net of tax)	160,157
Transfer through other comprehensive income	(11,831)
Reversal of revaluation surplus on disposal of fixed assets (Net of tax)	163
Accumulated profit	2,414,100
Appropriations:	
Transfer to capital redemption reserve	Nil
Provision for dividend on preference shares	Nil
Accumulated profit carried forward	2,414,100

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 and creative thought process.

SEGMENTAL REVIEW OF BUSINESS PERFORMANCE

The financial statements of the Company have been prepared on the basis of single reportable segment. Revenue from sale of cement represents 100% of gross sales of the Company. Sale comprises 92.47% sale of grey cement and 7.53% from white cement. The Company operates in two principal geographical areas, Asia and Africa. Moreover, all assets of the Company as at June 30, 2014 are located in Pakistan.

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 cross functionality, collective wisdom and empathy. We are committed to enhance stakeholders' 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 non-conformance 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 2013-14 including 6 Sigma trainings. We have framed well defined different teams to address the key areas like Team energy, Team Reliability Centered Maintenance, Team Improvement, Team Culture Development and Team Health, Safety & Environment. Priority is being assigned to control production cost.

We have reduced variable cost due to efficient energy management and other cost reduction measures. The to date result, financial and non-financial, are the reflection of achievement of management's objective which are strategically placed to increase the wealth of each stakeholder. The said results are properly evaluated against the respective strategic objectives to confirm the achievement.

There is no material change in the 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 programs.

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.

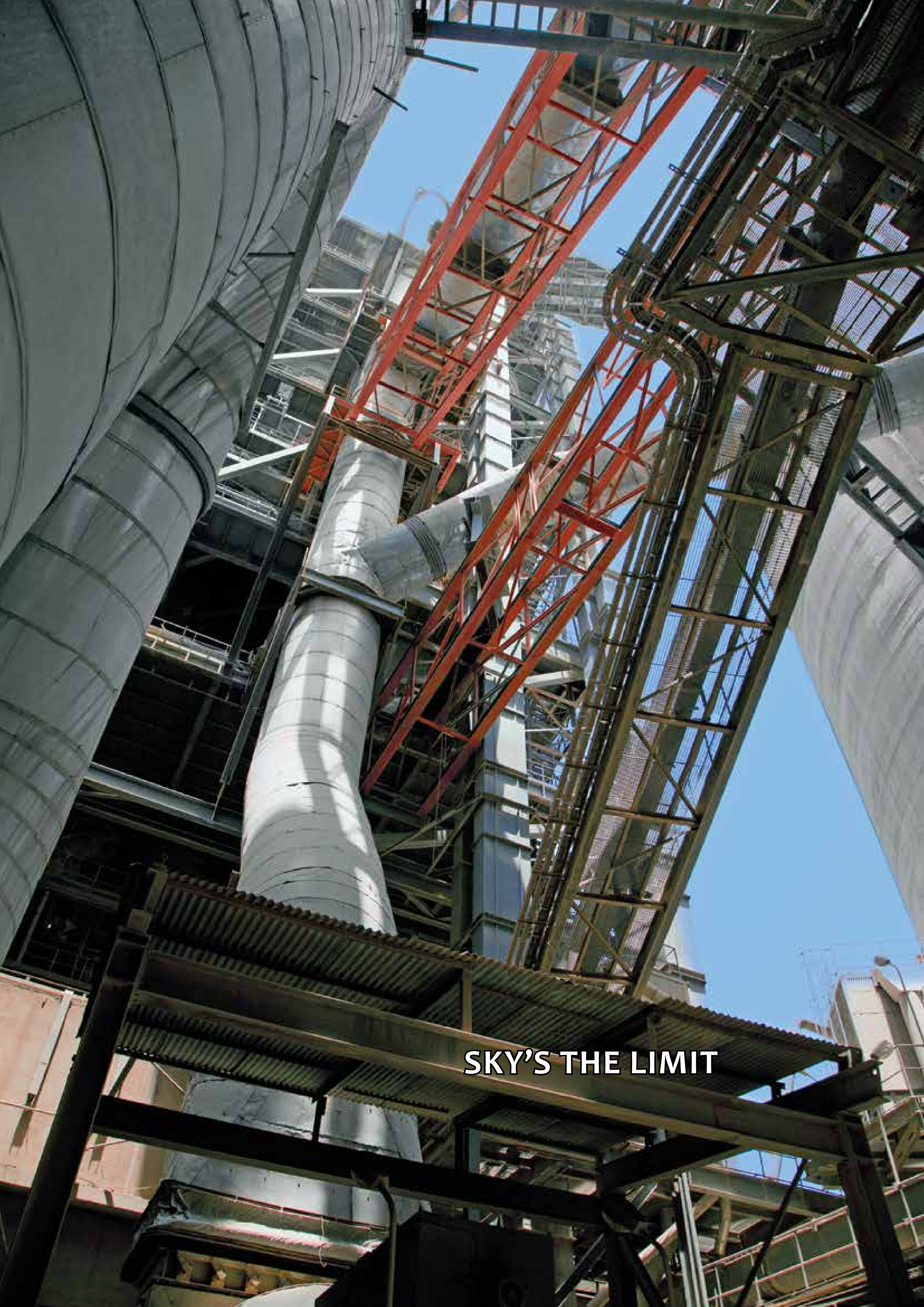
The Company is highly efficient to manage liquidity risk and in order to cope with it, we invest only in highly liquid resources to mitigate the risk. Efficient utilization of available resources, better control over production overheads and better retention resulted in increased cash generation from 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.

SIGNIFICANT CHANGES IN FINANCIAL POSITION

During the year, the Company has paid off its long term debt and redeemable capital totaling to Rs. 3,043 million and managed to improve debt equity ratio from 46:54 to 35:65 and net cash generated from operation increased by Rs. 908 million as compared with previous period. Moreover, the Company has adopted the strategy to utilize maximum cash profits for the repayment of debt.

RISKS AND MANAGEMENT'S STRATEGIES TO MITIGATE THESE RISKS

Risk	Managing Risk
Strategic Risks	The 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 through cross functionality.
Operational / Commercial 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 adhoc 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, the 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 Risks	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.


SKY'S THE LIMIT

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. The Company has also established a toll free call center which operates 24/7 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.

INVESTORS' GRIEVANCES POLICY

The Company believes that Investor service is a vital element for sustained business growth and we want to ensure that our Investors receive exemplary service across different touch points of the Company. Prompt and efficient service is essential to retain existing relationships and therefore Investor satisfaction becomes critical to the Company. Investor queries and complaints constitute an important voice of Investor, and this policy details grievance handling through a structured grievance framework. Grievance policy is supported by a review mechanism, to minimize the recurrence of similar issues in future. Investors have the facility to call toll free call centre 24/7 to register their grievances. The Company's Grievances policy follows the following principles:

- Investors are treated fairly at all times.
- Complaints raised by Investors are dealt with courtesy and in a timely manner.
- Investors are informed of avenues to raise their queries and complaints within the organization, and their rights if they are not satisfied with the resolution of their complaints.
- Queries and complaints are treated efficiently and fairly.
- The Company's employees work in good faith

SUCCESS BREEDS SUCCESS

and without prejudice, towards the interests of the Investors.

CRITICAL PERFORMANCE MEASURES

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

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

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.

- **Taxation**

Determining income tax provisions involves judgment on the tax treatment of certain transactions. Deferred tax is recognized on tax losses not yet used and on temporary differences where it is probable that there will be taxable revenue against which these can be offset. Management has made judgments as to the probability of future taxable revenues being generated against which tax losses will be available for offset.

- **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 14 to the financial statements.

HUMAN RESOURCE MANAGEMENT

The Company is committed to build a strong organizational culture that is shaped by empowered employees who demonstrate a deep belief in the 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 the Company's HRM policy are:

- Selecting the right person, with the right experience, at the right time and 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

The Company 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, the Company due to its unique marketing efforts and superior quality has 7.55% market share for grey cement (on capacity based) as evident from the All Pakistan Cement Manufacturing Association (APCMA) website. Therefore, the Company 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 AND ENVIRONMENTAL RESPONSIBILITY POLICY

The Company's Social and Environmental Responsibility Policy reflects the Company's recognition that there is a strong, positive correlation between financial performance and corporate, social and environmental responsibility. The Company believes that the observance of sound environmental and social strategies is essential for building strong brand and safeguarding reputation, which in turn is vital for long-term success.

Social Responsibility Policy:

- Implementation of Employee Code of Conduct that fits with local customs and regulations.
- Culture of ethics and behavior which improve values like integrity and transparency.
- Focusing on social involvement by developing multicultural teams with many different competencies.
- Promoting the culture of work facilitation and knowledge transfer.
- Carrying out corporate philanthropy actions that focus in particular on preserving life and the environment.
- Maintaining collaborative relations with the society through a good harmony and effective communication.

Environmental Responsibility Policy:

- Ensure our products, operations and services comply with relevant environmental legislation and regulations.
- Maintain and continually improve our environmental management systems to conform to the ISO Standards or more stringent requirements as dictated by specific markets or local regulations.
- Operate in a manner that is committed to continuous improvement in environmental sustainability through recycling, conservation of resources, prevention of pollution, product development, and promotion of environmental responsibility amongst our employees.
- Responsibly managing the use of hazardous materials in our operations, products and services, and promote recycling or reuse of our products.
- Inform suppliers, including contractors, of our environmental expectations and require them to adopt environmental management practices aligned with these expectations.

CORPORATE SUSTAINABILITY

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 Award 2014" on account of its performance in various projects. The Company has taken an array of initiatives for the welfare of its workforce, local community as well as stakeholders. 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. Other initiatives are as follows:

- Building an auditorium at Lahore University of Management Sciences (LUMS)
- Development of a hospital at plant (in process)
- Up-gradation of Employees Housing Colony
- Establishment of Engineers Hostel Club
- Development of Families Club
- Development of Bus Stops at plant
- Establishment of Trauma Centers at plant
- Skill up-gradation initiatives for construction workers
- Development of Stay Area for truck drivers at plant

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 incentives 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, age etc. The Company also organized several rewards and recognition programs for acknowledgment of work done by its employees.

c) Energy Saving 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. The Company has strict policy to control any activity which is against the consumer rights.

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

The Company 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 the Company, 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, 2014. The main aim of celebrating World Environment Day was to demonstrate the continual efforts and commitment of the Company's 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 Company for maintaining healthy and green environment, inauguration ceremony of "Tree Plantation" for monsoon season was carried out at Maple Leaf Cement Factory Limited Iskandarabad, Mianwali on 27th July, 2013 for the healthy working environment for its workers as well as for the people in neighbourhood of the Company.

The Company also celebrated "The World Water Day" on the 22nd of March at site, with the collaboration of community and District Officer Environment Mianwali. The main purpose of the seminar was to raise the awareness of the inter-linkages between water and energy for the betterment of rural development.

g) Rural Development Program

The Company's Cement Factory is located in rural area therefore various corporate social responsibility activities, as stated above are effectively implemented in the area. The Company 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. 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.

h) Health Care

A free medical centre and hospital has been established and 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. Keeping in view the occupational health of employees, regular first aid and CPR training programs are conducted to ensure safe health of workers.

The Company has its own hospital and 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.

i) Education and Training for Corporate Sustainability

The Company 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 for rural development. 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 2,852 students are currently enrolled in these schools.

MITIGATING EFFORTS TO CONTROL INDUSTRY EFFLUENTS

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

In this regard, the following major environment friendly activities are carried out by the Company.

1) Regular Monthly basis environmental monitoring for stack emissions and effluents complying with Natural Environmental Quality Standards.

2) The Company 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.

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, 2014.

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

HUMANISTIC SKILLS

KEEN TO GET IT RIGHT

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.

Procedures Adopted for Quality Assurance:

Apart from the usual quality control equipment, Maple Leaf's Quality Control Department has adopted various procedures and equipped with state-of-the art technologies such as:

- X-ray Fluorescent Analyzers and X-ray Diffraction analyzer to analyze chemical and mineralogical composition;
- Sample preparation tools such as a jaw crusher, sample dividers, disk grinding mill, mixer mill and press mills;
- Precision Electronic Balances;
- Drying Ovens & Furnaces;
- Lab glassware;
- PC Based Automatic Calorimeter and Sulfur Determinator to analyze fuels;
- Latest Automatic Compressive Strength machines for determination of cement compressive strength;
- Latest Automatic Whiteness Tester.

OCCUPATIONAL HEALTH, SAFETY AND ENVIRONMENTAL (HSE) 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 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. The environmental friendly projects completed at our plants include:

Waste Heat Recovery Plant: Through this project, the Company has been able to replace 16 MW of grid electricity by utilizing exhaust gases emitted to the atmosphere through the stacks of clinker cooler and kiln. The emissions are significantly reduced and herewith it relieves the atmosphere radically.

Tree Plantation: To enhance environmental standards and continuously promoting a better and green environment within the factory as well in the nearby areas, the Company is arranging regular Tree Plantation activities twice a year. The Company has planted approximately 138,000 trees at different locations within factory premises and nearby areas, to provide healthy environment to employees and other community living in surroundings. This activity will continue in the future and further trees will be planted to ensure healthy and green environment.

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. Moreover, the Company has also formulated whistle blowing policy.

NATIONAL CAUSE DONATIONS

During the year, Company has contributed donations to Internally Displaced Persons (Swat) and The Government of Punjab. The Company has also donated in form of cement for construction of different social projects.

CONTRIBUTION TO NATIONAL EXCHEQUER

During the year, the Company has contributed an amount of Rs. 4,616 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$ 31 million.

FUTURE PROSPECTS

Federal and Provincial governments have jointly allocated over Rs. 1 trillion for Public Sector Development Programme (PSDP) along with increasing urban housing needs of 3 million units, thus private construction projects will give a boost to cement demand in the current year. Increased demand of cement for public sector projects like small dams, roads and bridges together with increased construction activities in the private sector due to expected better performance will give a boost to cement consumption. Demand is expected to further rise due to recent damage to infrastructure due to heavy rains and floods. Cement prices could rise due to higher demand and may result in improved profitability in the current year. Expected anti-dumping duties by South Africa may marginally affect exports by the Company but increase in local demand could nullify the ill effects. Exports of cement from Pakistan to Afghanistan have fallen due to competition from Iranian imports. There are concerns about cement consumption in that country, following withdrawal of coalition forces and possible civil unrest, which may hamper continuation of government development programmes. Exports to India have also declined due to low demand. However, the Company has adopted efficient marketing techniques to discover new export markets to achieve better capacity utilization. Recent PKR appreciation will lower the cost of procuring coal; however, lower realized export retention will largely nullify the benefits of reduced cost of coal procurement. Cost reduction efforts continue to be the main focus in all operational areas and the Company has adopted various strategies to reduce cost including use of alternative fuels and optimized operations of the plant. Moreover, we expect the coal prices to remain subdued in near future. We expect to continue generating strong operating cash flows, which is expected to aid the Company to de-leverage at an accelerated pace.

The Directors are confident that they will be in a position to consider dividend payment to the shareholders next year after the covenants agreed with the creditors have been met.

BEST CORPORATE REPORT AWARD

The Company again bagged award for "Best Corporate Report 2013" in the award ceremony jointly hosted by the Institute of Chartered

Accountants of Pakistan (ICAP) and Institute of Cost and Management Accountants of Pakistan (ICMAP) and awarded for the Best Corporate Report for the year 2013 in Cement and Sugar sector, and attained new milestone this year by attaining overall **1st POSITION** amongst all sectors of Pakistan. 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.

BUSINESS CONTINUITY AND DISASTER RECOVERY PLAN

Board of Directors periodically review the Company's Business Continuity & Disaster Recovery (BC / DR) plan to ensure that critical business functions will be available to customers, suppliers, regulators, and other entities that have access to those functions even under extraordinary circumstances. BC / DR plan mainly include daily tasks such as customer/ suppliers correspondence, production data, trading activities, project management, system backups and help desk operations.

The primary activities of the Board for the execution of the plan include:

1) To develop and maintain a formal plan that is responsive to the Company's current business needs and operating environment.

2) To ensure that a business continuity recovery team includes representatives from all business units.

3) To provide ongoing business continuity training to all employees, including executive management and the board.

4) Ensure that thorough current business impact analysis and risk assessments are maintained.

5) Ensure a centralized executive view of the business continuity plan and programs.

CEO PERFORMANCE REVIEW

The performance of the CEO is regularly evaluated by the Board of Directors. During the year, 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) through annual budget 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.

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 there from 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, 2014 is as under:

	Rupees in thousand
Provident Fund	399,800
Gratuity Fund	69,635

There has been no material changes since June 30, 2014 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, 2014.

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 in Pakistan and no meeting was held outside Pakistan. Attendance by each Director was as follows:-

Sr. #	Name of Directors	Designation	No. of meetings attended
1)	Mr. Tariq Sayeed Saigol	Chairman / Non Executive Director	4
2)	Mr. Sayeed Tariq Saigol	CEO / Executive Director	4
3)	Mr. Taufique Sayeed Saigol	Non Executive Director	3
4)	Mr. Waleed Tariq Saigol	Non Executive Director	3
5)	Mr. Danial Taufique Saigol	Non Executive Director	2
6)	Syed Mohsin Raza Naqvi	GDF / CFO / Executive Director	4
7)	Mr. Zamiruddin Azar	Non Executive Director	4
8)	Mr. Karim Hatim	Independent Non Executive Director	4

Leave of absence was granted to the Directors who could not attend the Board meeting due to their pre-occupation. However, during the year, election of Directors was held for the next term held on December 30, 2013 and the above eight Directors were elected as fixed by the Board.

ANNUAL EVALUATION OF BOARD PERFORMANCE

The following questionnaire is based on emerging and leading practices to assist in the self-assessment of an individual director and the full Board's performance. It is not intended to be all-inclusive. When completing the performance evaluation, Board considers the following main performance evaluation process or behavior:

DETERMINED APTITUDE


ماسٹر مستری

CAPACITY BUILDING

I. Adequate Board composition.
II. Satisfactory Processes and Procedures for Board meetings.
III. The Board sets objectives and formulates an overall corporate strategy.
IV. The Board has set up adequate number of its Committees.
V. Each Director has adequate knowledge of economic and business environment in which the Company operates.
VI. Each Board member contributes towards effective and robust oversight.
VII. The Board has established a sound internal control system and regularly reviews it.
VIII. The Board reviews the Company's significant accounting policies according to the financial reporting adequate regulatory framework.
IX. The Board considers the quality and appropriateness of financial accounting and reporting and the transparency of disclosures.

For each of the above statements, Yes or No is to be given to evaluate the overall performance of the Board for the onward detailed discussion.

EVALUATION CRITERIA OF BOARD PERFORMANCE

Following are the 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.

FORMAL ORIENTATION TRAINING PROGRAM FOR DIRECTORS

The Board had arranged Orientation Courses for its Directors namely, Mr. Danial Taufique Saigol and Syed Mohsin Raza Naqvi, during the preceding years from recognized institutions of Pakistan approved by the SECP whereas some Directors having the requisite experience on the Board(s) of Listed Companies are exempt from the Directors' Training Program. Further, 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.

TRANSACTION / TRADE OF COMPANY'S SHARES

Since the previous Directors' Report, 49,010 shares were sold by spouse of Syed Mohsin Raza Naqvi, Director / Chief Financial Officer 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, 2014 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: September 17, 2014

PLANNING AHEAD

Brief Profile of Directors

MR. TARIQ SAYEED SAIGOL
(CHAIRMAN / DIRECTOR)

OTHER ENGAGEMENTS

CHAIRMAN / DIRECTOR
Kohinoor Textile Mills Limited
Maple Leaf Capital 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 1994, 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
Maple Leaf Capital Limited
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

CHIEF EXECUTIVE / DIRECTOR
Maple Leaf Capital 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 25 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)

Mr. Zamiruddin Azar has been actively involved in various corporate activities of the Kohinoor Maple Leaf Group. As a non executive director, he is also member of the Audit Committee. 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, being an Independent non-executive Director is the Chairman of Audit Committee of the Company and having relevant industry experience. He 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 (PKIC), 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.

The Board Structure and its Committees

BOARD STRUCTURE

Following are the Board members along with their status.

NAME	STATUS
MR. TARIQ SAYEED SAIGOL	Chairman / Non-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	Non Executive Director
MR. KARIM HATIM	Independent Non Executive Director

AUDIT COMMITTEE

By virtue of election of Directors held during the year, the following Audit Committee was re-constituted:-

NAME	DESIGNATION
MR. KARIM HATIM	Chairman / Independent Non Executive Director
MR. ZAMIRUDDIN AZAR	Member / 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 each member was as under:-

NAME	MEETINGS ATTENDED
MR. KARIM HATIM	4
MR. ZAMIRUDDIN AZAR	5
MR. WALEED TARIQ SAIGOL	3
MR. DANIAL TAUFIQUE SAIGOL	4

Terms of Reference

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

By virtue of election of Directors held during the year, the following Human Resource & Remuneration (HR&R) Committee was re-constituted:-

NAME	DESIGNATION
MR. WALEED TARIQ SAIGOL	Chairman (Non Executive Director)
MR. ZAMIRUDDIN AZAR	Member (Non Executive Director)
SYED MOHSIN RAZA NAQVI	Member (Executive Director)
MR. DANIAL TAUFIQUE SAIGOL	Member (Non Executive Director)

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

Terms of Reference

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 three 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. NASIR IQBAL
MR. ARIF IJAZ	MR. MUHAMMAD BASHARAT
MR. WAHEED RASHID	MR. ABDUL HANAN
MR. AMIR FEROZE	MR. BILAL HUSSAIN
MR. SOHAIL SADIQ	

NUMBER OF MEETINGS HELD – 49

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
MR. MOBIN AHMED	MR. MUHAMMAD AKRAM KHAN
MR. ABDUL HANAN	

NUMBER OF MEETINGS HELD – 28

RISING TECHNOLOGY

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. NASIR IQBAL
MR. UMAR BUTT	MR. ABDUL HANAN
MR. SOHAIL SADIQ	MR. BILAL HUSSAIN

NUMBER OF MEETINGS HELD – 52

Team Culture

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. MUHAMMAD AKRAM KHAN
MR. AMIR FEROZE	MR. BILAL HUSSAIN
MR. SOHAIL SADIQ	MR. MUHAMMAD SAJJAD
MR. WAHEED RASHID	

NUMBER OF MEETINGS HELD -18

Team Health, Safety and Environment:

Health, Safety and Environment (HSE) team has been established to protect human resources, company assets and plant/machinery. It ensures safe and healthy workplaces with clean environment to enhance employee motivation and reduce accidents, resulting in improved EBITDA (Financial margins). Accordingly, team promotes health, safety and environment as the utmost priority in all business processes, and strives to build a safe and comfortable working environment to meet the requirements of OHSAS 18001.

MEMBERS:	
MR. SAYEED TARIQ SAIGOL	MR. ARIF IJAZ
MR. AMIR FEROZE	MR. BILAL HUSSAIN
MR. SALMAN AHMED	MR. MUHAMMAD SAJJAD

NUMBER OF MEETINGS HELD – 21

SOLID CONVERSION

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	Annual Annually / Quarterly Continuous 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 Newspaper advertisements	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
ANALYST	Corporate briefing and analysis Forecasting and financial modelling	As required As required

ISSUES RAISED IN THE LAST ANNUAL GENERAL MEETING

On query of a shareholder regarding ongoing performance and future prospects, the Chairman of the meeting informed the shareholders that coal prices seem to be rebounding after touching low levels. 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. State Bank recently raised the Discount Rate by 50 bps to 9.5%. Usage of power generation equipment based on Waste Heat Recovery Plant to generate cheaper electricity to reduce the conversion costs was a major initiative which was working efficiently. Efforts were being made to explore new export markets for maximum capacity utilization and to reduce input costs wherever possible, through adoption of various cost saving measures, including use of alternative fuels. The Company had adopted various strategies for effective and prudent cash flow management to maintain smooth operations and achieving improved performance. On another query of a shareholder, the House was informed about composition of debt including foreign debt, average borrowing cost and repayment of debt during the year. It was informed to the shareholders that the Company will pay substantial debt and to implement this in the current year, the company has paid off its long term debt and redeemable capital totaling to Rs. 3,043 million and managed to improve debt equity ratio.

The Chairman of the meeting informed the House that after massive losses for last few years, Company had crossed the loss threshold and had earned healthy profit of Rs. 3,225 million and still the balance sheet was carrying un-appropriated loss amounting to Rs.565 million. The Directors had passed over dividend payment due to financial limitations.

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 Record

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.

AIMING HIGH

- 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.

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.

Role of the Chairman and the CEO

The Company's Chairman reports to the Board and the CEO reports to the Chairman (acting on behalf of the Board) and to the Board directly. Their main respective roles are being described hereunder:

Role of the Chairman	Role of the CEO
Principal responsibility is the effective running of the Board.	Principal responsibility is running the Company's business.
Responsible for ensuring that the Board as a whole plays a full and constructive part in the development and determination of the Company's strategy and overall commercial objectives.	Responsible for proposing and developing the Company's strategy and overall commercial objectives, which he does in close consultation with the Chairman and the Board.
Guardian of the Board's decision-making processes.	Responsible with the executive team for implementing the decisions of the Board and its Committees.
Responsible for promoting the highest standards of integrity, probity and corporate governance throughout the Company and particularly at Board level.	Responsible for promoting, and conducting the affairs of the Company with the highest standards of integrity, probity and corporate governance.

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, transparent, 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 clearly stating the issue that is being raised. It should be preferably typed but legible handwritten versions in English or Urdu are also acceptable.

3. The protected disclosure (s) should be forwarded with a covering letter bearing the identity of the whistle blower.

4. Anonymous disclosure (s) will not be entertained.

5. In initial enquiry by the Ombudsman, if it is felt that the complaint is not substantial, it can be dismissed.

6. If initial enquiry establishes that further investigation is necessary, 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.

Report of the Audit Committee

The Audit Committee comprises of one independent non-executive director and three 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 2013-2014. 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. The Board has established internal audit function, being an independent appraisal function, for the review of the internal control system in all areas of the business activity and provides management with objective evaluations, appraisals and recommendations on the adequacy, effectiveness and compliance with each system reviewed.

8. Company's internal audit function is headed by a Chartered Accountant with a team of professionals who are suitably qualified and experienced and well aware of company's policies and procedures.

9. Internal audit function operates under the charter approved by the audit committee and head of internal audit has given direct access to the audit committee.

10. Company's internal audit function prepare annual plan for the financial year and strategic audit plan for next two years during which all major systems and areas of activity will be audited. Annual and strategic audit plan is approved by audit committee.

11. Company's internal auditor role includes reviews of departments and control systems within the Company at appropriate intervals, in accordance with the agreed plan, to determine whether they are effectively carrying out their functions of administration, accounting, safeguarding of Company assets and control in accordance with management's instructions, policies and procedures and in a manner that is in agreement, both with Company objectives and high standards of administrative practices.

12. Company's internal audit function conducts post implementation evaluations of major systems to determine whether these systems meet their intended purposes and objectives.

13. Internal audit reports include findings, conclusion, recommendations and action plans agreed with management. These all are reported promptly to the appropriate level of management.

14. Company's internal audit function follows up the implementation of recommendation

and action plans agreed with management and report appropriate level of management and audit committee.

15. 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.

16. The Chairman of Audit Committee is a fellow member of the Institute of Chartered Accountants of Pakistan, he has more than fifteen year of experience in the field of finance, accounting, audit and tax.

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

18. 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.

19. 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.

20. 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 2014-2015.

By order of the Audit Committee

Karim

Karim Hatim
Chairman, Audit Committee
September 17, 2014

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.

MATERIALITY APPROACH

Management believes materiality as a key component of an effective communication with stakeholders. The management has adopted materiality approach which is based on a combination of stakeholder engagement, under-standing of environmental limits and strategic alignment. It has made the process, assumptions and evidence base for identifying material issues for more transparent, credible and amenable disclosures to have more transparency on risk and opportunities.

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 of 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 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 2013 - JUNE 2014

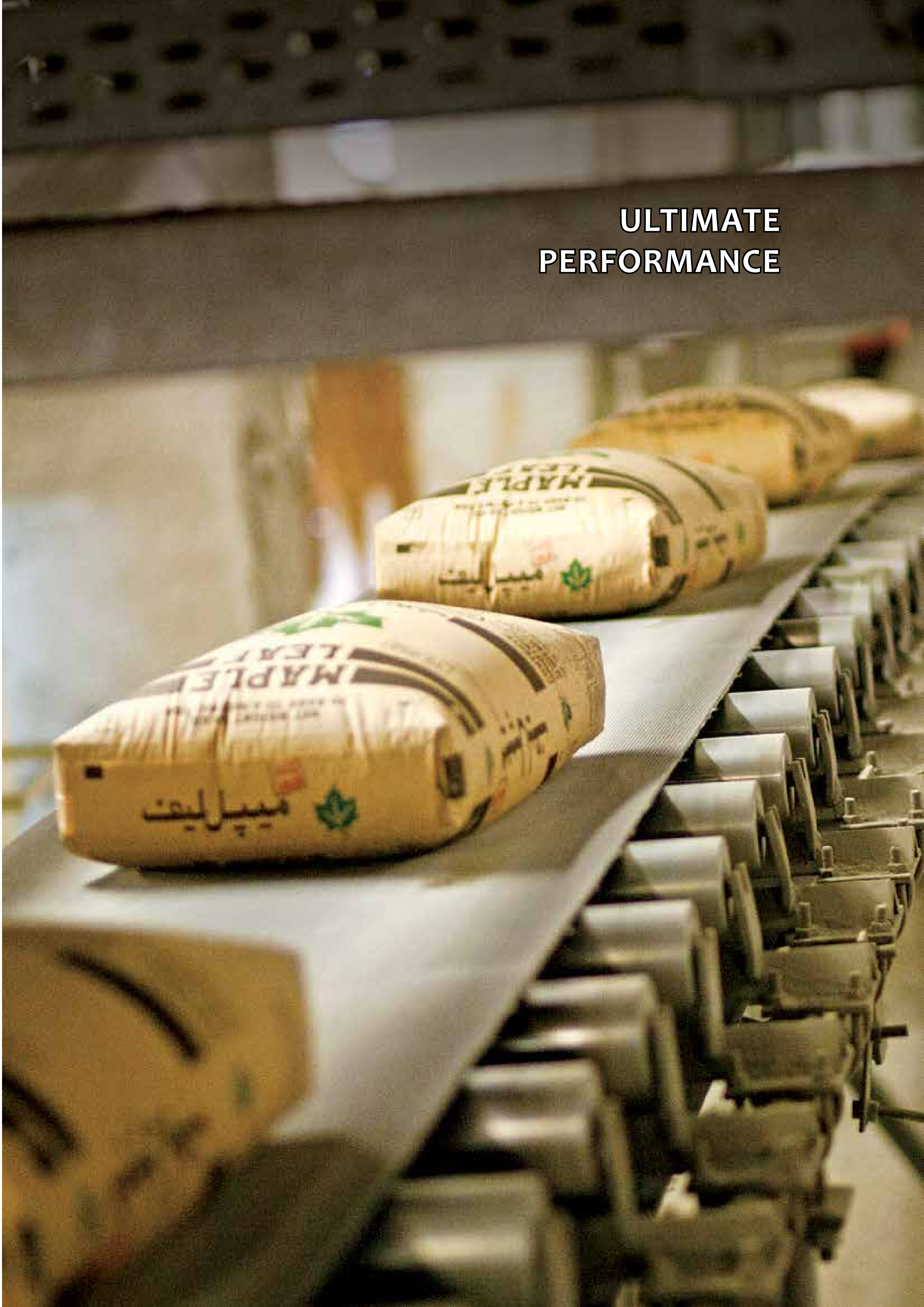
2013

July	27	Tree Plantation
August	08	Chand Raat Celebration
August	14	Independence Day
September	07	Eid Milan Party
September	24	Issuance of Annual Report 2013
October	28	Issuance of 1st Quarter Accounts
October	31	Annual General Meeting
November	02	Employees' Day Out
December	24	Christmas Party
December	29	Winter Gala

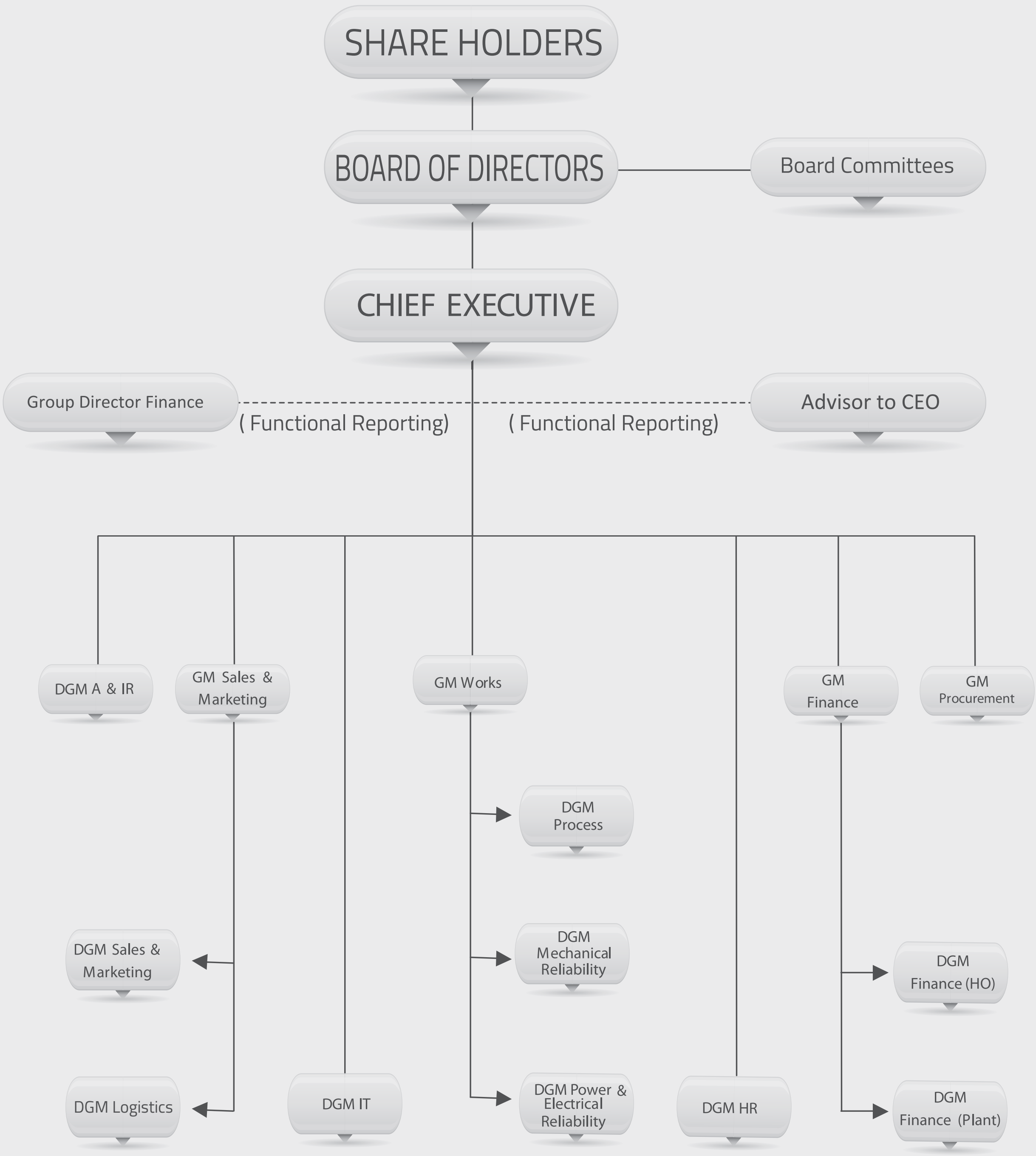
2014

January	24	Mehfil-e-Milad
February	24	Issuance of Half Year Accounts
March	01	Maple Cook Off
March	08	Women's Day
April	12	Spring Festival
April	22	Earth Day Celebration
April	23	Issuance of 3rd Quarter Accounts
May	01	Labor Day Celebration
June	09	Agreement Between MLCFL and Pakistan Railway

ULTIMATE PERFORMANCE



Organization Chart



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.

DuPont Analysis:

A type of analysis that examines a company's Return on Equity (ROE) by splitting it into three main components; profit margin, total asset turnover and equity multiplier. This analysis highlight the main driving factor of ROE and the factor which needs to be addressed to improve the ROE.

Horizontal Analysis - Six Years

	2014 Rs. '000'	14 vs 13 %	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 %
Balance Sheet												
Total equity	9,749,577	43.99	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)
Share deposit money	-	-	-	-	-	-	-	(100.00)	1,000,000	100.00	-	-
Total surplus on revaluation of fixed assets	4,891,515	(3.17)	5,051,836	(4.66)	5,298,809	(4.49)	5,548,120	100.00	-	-	-	-
Total non-current liabilities	10,137,641	(15.39)	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)
Total current liabilities	7,132,572	(16.76)	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
Total equity and liabilities	**31,911,305**	**(1.43)**	**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)**
Total non-current assets	24,765,860	(3.60)	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
Total current assets	7,145,445	6.92	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)
Total assets	**31,911,305**	**(1.43)**	**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)**
Profit and Loss Account												
Sales - net	18,968,547	9.28	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
Cost of sales	(12,445,562)	10.02	(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
Gross profit	6,522,985	7.91	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
Distribution cost	(1,054,336)	32.16	(797,751)	(5.71)	(846,098)	(48.62)	(1,646,632)	(47.77)	(3,152,889)	34.75	(2,339,833)	180.27
Administrative expenses	(296,689)	16.78	(254,065)	(1.69)	(258,433)	11.98	(230,788)	18.86	(194,161)	28.09	(151,584)	25.03
Other operating expenses	(197,372)	18.02	(167,239)	11.73	(149,681)	(7.83)	(162,394)	2.37	(158,641)	275.47	(42,251)	70.11
Other operating income	80,585	95.18	41,287	21.18	34,070	(92.43)	450,153	689.31	57,031	(7.64)	61,749	(41.56)
Profit from operations	5,055,173	3.86	4,867,267	74.16	2,794,631	377.31	585,498	(214.80)	(510,032)	(120.54)	2,482,590	453.45
Finance cost	(1,464,772)	(14.07)	(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
Profit/(loss) before taxation	3,590,401	13.53	3,162,615	612.19	444,066	(128.09)	(1,580,911)	(38.47)	(2,569,508)	180.01	(917,651)	(32.74)
Taxation	(760,227)	(1,324.59)	62,080	19.09	52,128	(127.71)	(188,125)	1,202.17	(14,447)	(77.88)	(65,319)	(109.49)
Profit/(loss) after taxation	**2,830,174**	**(12.23)**	**3,224,695**	**549.89**	**496,194**	**(128.05)**	**(1,769,036)**	**(31.54)**	**(2,583,955)**	**162.87**	**(982,970)**	**45.38**

Vertical Analysis - Six Years

	2014		2013		2012		2011		2010		2009	
	Rs. '000'	%	Rs. '000'	%	Rs. '000'	%	Rs. '000'	%	Rs. '000'	%	Rs. '000'	%
Balance Sheet												
Total equity	9,749,577	30.55	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
Share deposit money	-	-	-	-	-	-	-	-	1,000,000	3.83	-	-
Total surplus on revaluation of fixed assets	4,891,515	15.33	5,051,836	15.61	5,298,809	16.19	5,548,120	16.47	-	-	-	-
Total non-current liabilities	10,137,641	31.77	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
Total current liabilities	7,132,572	22.35	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
Total equity and liabilities	**31,911,305**	**100.00**	**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**
Total non-current assets	24,765,860	77.61	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
Total current assets	7,145,445	22.39	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
Total assets	**31,911,305**	**100.00**	**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**
Profit and Loss Account												
Sales - net	18,968,547	100.00	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
Cost of sales	(12,445,562)	(65.61)	(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)
Gross profit	6,522,985	34.39	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
Distribution cost	(1,054,336)	(5.56)	(797,751)	(4.60)	(846,098)	(5.47)	(1,646,632)	(12.60)	(3,152,889)	(23.13)	(2,339,833)	(15.34)
Administrative expenses	(296,689)	(1.56)	(254,065)	(1.46)	(258,433)	(1.67)	(230,788)	(1.77)	(194,161)	(1.42)	(151,584)	(0.99)
Other operating expenses	(197,372)	(1.04)	(167,239)	(0.96)	(149,681)	(0.97)	(162,394)	(1.24)	(158,641)	(1.16)	(42,251)	(0.28)
Other operating income	80,585	0.42	41,287	0.24	34,070	0.22	450,153	3.44	57,031	0.42	61,749	0.40
Profit from operations	5,055,173	26.65	4,867,267	28.04	2,794,631	18.07	585,498	4.48	(510,032)	(3.74)	2,482,590	16.28
Finance cost	(1,464,772)	(7.72)	(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)
Profit/(loss) before taxation	3,590,401	18.93	3,162,615	18.22	444,066	2.87	(1,580,911)	(12.09)	(2,569,508)	(18.85)	(917,651)	(6.02)
Taxation	(760,227)	(4.01)	62,080	0.36	52,128	0.34	(188,125)	(1.44)	(14,447)	(0.11)	(65,319)	(0.43)
Profit/(loss) after taxation	**2,830,174**	**14.92**	**3,224,695**	**18.58**	**496,194**	**3.21**	**(1,769,036)**	**(13.53)**	**(2,583,955)**	**(18.96)**	**(982,970)**	**(6.45)**

Summary of Cash Flow Statement - Six Years

	2014	2013	2012	2011	2010	2009
	(Rupees in thousand)					
Cash generated from operations before working capital changes	6,772,680	6,578,095	4,495,054	1,489,456	564,033	3,523,622
Changes in working capital						
Stores, spare parts and loose tools	(21,417)	(685,476)	(68,997)	(625,536)	523,784	389,550
Stock-in-trade	(212,561)	(35,504)	(364,311)	(34,366)	146,196	(216,962)
Trade debts	(86,152)	(190,327)	(55,898)	168,826	(95,465)	61,122
Loans and advances	(745,805)	19,464	(36,107)	121,581	(188,388)	4,560
Trade and other payables	443,187	(688,335)	(425,593)	559,188	1,075,137	(142,532)
Due from subsidiary	-	-	383,934	(21)	-	1,584
Other receivables	68,614	26,530	(80,961)	(5,079)	(61,730)	(7,668)
Retirement benefits adjusted/(paid)	(26,949)	(11,242)	952	(11,129)	(10,021)	(3,744)
Taxes paid	(238,857)	(14,127)	(158,071)	(41,772)	(237,570)	(181,472)
Others	(1,710)	43,467	3,088	789	24,182	(33,042)
Net Cash generated from operating activities	**5,951,030**	**5,042,545**	**3,693,090**	**1,621,937**	**1,740,158**	**3,395,018**
Fixed capital expenditure	(768,756)	(496,784)	(207,108)	(676,959)	(1,701,590)	(1,350,122)
Proceeds from sale of property, plant and equipment	12,696	5,282	2,287	108,203	8,067	5,409
Investment in long term investments	-	1,412	(3,037)	-	(200)	736
Dividend received	-	448	384	11,717	9,431	11,717
Proceeds from disposal of short term investments	-	8,455	2,450	-	9,965	-
Acquisition of short term investments	-	-	(15,000)	-	-	-
Others	733	(1,396)	(1,285)	(796)	(88)	8,494
Net Cash used in investing activities	**(755,327)**	**(482,583)**	**(221,309)**	**(557,835)**	**(1,674,415)**	**(1,323,766)**
Loans from related parties	-	-	-	-	-	(35,224)
Long term loans obtained	-	-	-	-	625,536	713,964
Repayment of long term loans from banking companies- Secured	(1,674,205)	(613,591)	(101,874)	(175,671)	-	-
Share deposit money / proceeds from share received	-	-	-	-	1,000,000	-
Redeemable capital obtained	-	-	-	-	300,000	-
Repayment of redeemable capital - secured	(1,032,869)	(1,067,131)	(6,800)	(6,800)	(3,400)	-
Repayment of syndicated term finance - secured	(183,125)	(117,875)	(1,200)	(1,200)	(600)	(580,000)
Payment of liabilities against assets subject to finance lease	(152,545)	(134,768)	(55,556)	-	(84,882)	19,378
Increase / (decrease) in short term borrowings	(322,891)	(770,120)	(835,282)	23,828	(321,484)	1,012,584
Finance cost paid	(1,646,567)	(2,053,219)	(2,296,662)	(692,183)	(1,578,858)	(3,153,615)
Redemption of preference shares	(163,780)	(362,903)	-	-	-	-
Unclaimed dividend paid	(20)	(179,253)	(1)	(1)	(28,881)	(52,478)
Others	(150)	810	650	2,830	159	(63)
Net cash used in financing activities	**(5,176,152)**	**(5,298,050)**	**(3,296,725)**	**(849,197)**	**(92,410)**	**(2,075,454)**
Net increase / (decrease) in cash and cash equivalents	19,551	(738,088)	175,056	214,905	(26,667)	(4,202)
Cash and cash equivalents at beginning of the years	(274,862)	463,226	288,170	73,265	99,932	104,134
Cash and cash equivalents at end of the year	**(255,311)**	**(274,862)**	**463,226**	**288,170**	**73,265**	**99,932**

Comments on Six Years Analysis

COMMENTS ON HORIZONTAL ANALYSIS

Balance Sheet

Total equity showed an increasing trend from year 2011 due to continuous improvement in profitability of the company on account of better sale prices and demand. For the year 2009 till year 2011, equity has shown declining trend due to losses incurred on account of high cost and low sale prices.

Total non-current liabilities and current liabilities also showed decreasing trend from year 2011 mainly due to repayments of long term loans over the period and effective management of short term borrowings due to enhanced profitability.

Profit & Loss Account

Turnover increased over the years from 2009 to 2014, 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 from the year 2011 to 2014 i.e. overall 200% increase as compared to year 2011, due to increase in margins on account of better sale prices, low coal prices and low power cost due to WHRP installation. Moreover, in current year gross profit increased by 8% due to increase in price and other cost reduction measures.

Profit from Operations exhibited increasing trend from year 2011 to year 2014 mainly due to better margins.

Finance Cost was the highest in year 2009, mainly due to high gearing of the company on account of plant expansion. Moreover, it reduced sharply in year 2010 due to rescheduling of major loans of the Company. However, finance cost has shown reducing trend from year 2012 till year 2014 mainly due to low gearing of MLCF on account of debt repayments, reduction in KIBOR rates and appreciation of Pak Rupee.

Since last three years overall Profit before Taxation improved on account of increased margins and decrease in finance cost.

Profit after Taxation decreased in current year as compared to previous year mainly due to application of Alternate Corporate Tax (ACT) in current year and due to related deferred tax provision.

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 on account of better margins and reduction in debts on account of repayments.

A continuous improvement in liquidity position of the company observed over the years. Current assets were 22% of total assets of the company in year 2014 as compared to 21% in year 2013. Current ratio has improved to 1.00 in year 2014 which was 0.52 in year 2009.

Profit & Loss Account

Gross profit %age increased to 34% in year 2014 which was lowest in year 2011 i.e. 17%. This growth over the years was mainly due to increase in sales prices of cement, effective mix of local and export sales and various cost reduction factors to cater other inflationary factors.

Operating profits of the Company has increased from 4% in year 2011 to 27% in year 2014 due to increased GP margins and reduction in distribution costs. However, it was operating loss in the year 2010 where the distribution cost was highest due to huge export dispatches.

The company has earned the highest net profit before tax in current year i.e. 19% due to above said factors on account of strong performance of the Company.

Profit after Tax started improving from year 2012 and highest net profit %age was 19% in year 2013. However, in year 2014, net profit %age declined due to provision of Alternate Corporate Tax and deferred taxation.

COMMENTS ON CASH FLOW STATEMENTS

Net Cash generated from operating activities recorded an increasing trend during six years mainly due to improving profitability on account of increased sales volumes, improved retention and efficient cost management.

Net Cash used in investing activities depicted cash usage on account of fixed capital expenditure was more in years from 2009 to 2010 due to major acquisition and capitalization of waste heat recovery plant. However, subsequent years showed decreasing trend till 2012 due to reduction in fixed capital expenditures. Moreover, in current year fixed capital expenditures increased mainly due to up-gradation of plant and machinery.

Net Cash used in financing activities exhibited an increasing trend on account of swift repayments of debt and finance cost payments over a period of six years except for year 2010 and 2011 which constituted the grace periods regarding principal and mark up payments resulting in marginally low payments in these two years. Cash & cash equivalents were on increasing trend since 2011 due to better liquidity and cash management. However, in year 2014 cash & cash equivalents declined due to increased running finance utilization on account of working capital requirements.

Analysis of Financial Ratios
For Six Years from Year 2009 to Year 2014

Ratio Description	2014	2013	2012	2011	2010	2009
Profitability Ratios:						
Gross profit ratio	34.39%	34.83%	25.97%	16.64%	21.56%	32.49%
Net profit to sales	14.92%	18.58%	3.21%	-13.53%	-18.96%	-6.45%
EBITDA margin to sales	37.65%	39.34%	30.37%	16.18%	5.15%	27.40%
Operating leverage ratio	0.42	6.05	20.65	52.54	11.34	4.77
Return on equity	29.03%	47.63%	12.96%	-56.46%	-50.33%	-14.63%
Return on capital employed	16.47%	20.45%	3.27%	-10.93%	-15.98%	-5.75%
Effective tax rate	21.17%	-1.96%	-11.70%	11.90%	0.56%	7.12%
Liquidity Ratios:						
Current ratio	1.00	0.78	0.56	0.52	0.54	0.52
Quick / acid test ratio	0.31	0.23	0.18	0.18	0.22	0.16
Cash to current liabilities	0.03	0.06	0.04	0.03	0.01	0.01
Cash flow from operations to sales	0.31	0.29	0.24	0.12	0.13	0.22
Investment / Market Ratios:						
Earnings per share (EPS)						
- Basic	5.36	6.11	0.84	(3.72)	(7.08)	(2.78)
- Diluted	5.36	6.11	0.83	(3.72)	(7.08)	-
Price earnings ratio	5.60	3.59	5.49	(0.55)	(0.44)	(1.53)
Market value per share						
- Closing	30.05	21.93	4.63	2.06	3.11	4.26
- High	30.25	22.54	4.83	2.25	3.30	4.35
- Low	29.80	21.80	4.60	2.00	3.07	4.25
Break up value per share						
With revaluation surplus	27.74	22.40	17.30	16.48	13.79	18.05
Without revaluation surplus	18.47	12.83	7.26	5.95	13.79	18.05
Capital Structure Ratios:						
Financial leverage ratio	1.18	2.24	4.45	5.73	3.22	2.38
Weighted average cost of debt	10.98%	10.57%	13.43%	12.57%	12.67%	22.03%
Net borrowing/EBITDA	1.67	2.25	3.74	9.56	30.48	4.49
Average operating working capital	11.21%	0.70%	-3.51%	-3.16%	-10.55%	-6.19%
Debt to equity ratio	35:65	46:54	54:46	59:41	69:31	57:43
Interest cover ratio	3.45	2.86	1.19	0.27	(0.25)	0.73
Activity / Turnover Ratios:						
Inventory turnover ratio	11.91	12.28	15.87	20.88	18.50	18.98
No. of days in inventory	30.65	29.72	23.00	17.48	19.73	19.23
Debtor turnover ratio	23.76	26.03	27.22	19.94	19.02	21.40
No. of days in receivables	15.36	14.02	13.41	18.31	19.20	17.06
Total assets turnover ratio	0.59	0.54	0.47	0.39	0.52	0.59
Fixed assets turnover ratio	0.77	0.68	0.58	0.46	0.65	0.75
Creditor turnover ratio	10.75	8.07	6.27	5.92	6.80	6.15
No. of days in creditors	33.96	45.21	58.17	61.67	53.65	59.33
Operating cycle	12.06	(1.47)	(21.76)	(25.89)	(14.73)	(23.04)

Comments on Ratio Analysis

Profitability Ratios overall depicted cyclical trend of cement where recession 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 due to over-supply resulting in 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. However, in year 2014, due to hyper inflation in almost all components of cost, which were cater by the Company by various cost reductions measures, resulted in comparatively low margins.

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 2014 as compared to year 2009.

Investment / Market Ratios: Due to reduced margins, earning per share was negative in year 2009, year 2010 and year 2011. After recovery of sale prices in 2011, Investment / Market ratios improved and resulted in highest earnings per share in year 2013. In year 2014, earnings per share declined due to Alternate Corporate Tax and deferred taxation. The market value of the Company's share and its breakup value continued to increase due to better operational and financial performance of the Company.

Capital Structure Ratios: Due to unfavorable market conditions in year 2009, financial leverage ratio started to rise and continued till midyear 2011. After that period, financial recovery started due to better margin and repayment of debts resulted in improved ratios in year 2013 and year 2014.

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.

DuPont Analysis

Years	Return on Equity (Equity Multiplier* Return on Assets)	Equity Multiplier (Avg Assets/ Avg Equity)	Return on Assets	Total Asset Turnover (Sales / Avg Assets)	Profit Margin (Pre Tax Profit / Sales)
	E = C x D	D	C = A x B	B	A
2014	27.13%	2.43	11.17%	0.59	0.19
2013	30.19%	3.11	9.72%	0.53	0.18
2012	4.99%	3.73	1.34%	0.47	0.03
2011	(22.89%)	4.33	(5.29%)	0.44	(0.12)
2010	(43.36%)	4.37	(9.93%)	0.53	(0.19)
2009	(12.17%)	3.44	(3.54%)	0.59	(0.06)

Following are the main DuPont analysis highlights:

1) Operating Efficiency of the Company measured in terms of profit margins showed increasing trend till current year mainly due to improved sale prices, better cost control measures including Waste Heat Plant effective utilization and continuous reduction in finance cost on account of debt repayments.

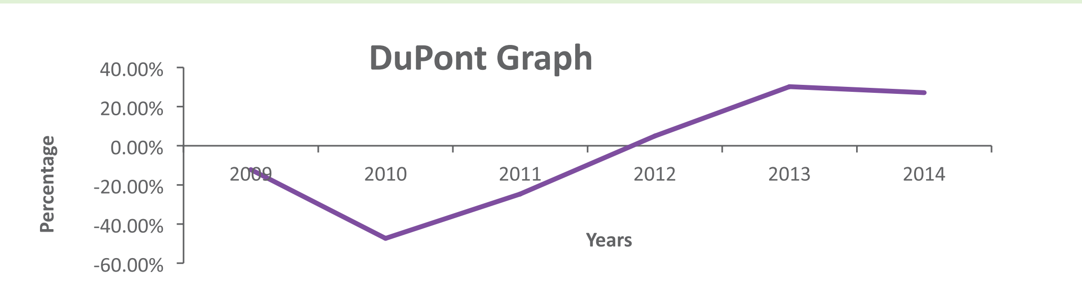
2) Assets turnover of the Company has been improved since last three years due to increasing revenues by using the Company's resources more efficiently and optimum mix of local and export sales.

3) Return on Assets i.e. the combined effect of the above two factors also showed the continuous improvement in profits earned on assets.

4) Equity Multiplier improved due to better continuous equity improvement on account of better profits over the period.

Conclusion:

Overall DuPont analysis depicts improvement in the overall performance of the Company. From year 2010 to year 2013, Return on Equity was increased. However, in year 2014 return on equity declined due to decline in gross margins on account of increased input cost particularly power cost.



Key Operating and Financial Data

For Six Years from Year 2008-09 to Year 2013-14

	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
Quantitative Data (M. Tons)						
Cement:						
Production	2,753,142	2,715,643	2,648,643	2,844,229	3,343,706	3,174,512
Sales	2,740,901	2,687,911	2,649,092	2,862,665	3,364,025	3,165,770
Sales (Rs. 000)						
Gross Sales	23,263,584	20,671,865	18,677,240	16,708,120	16,715,223	18,969,598
Less:						
Excise Duty	838,618	820,596	983,313	1,618,710	1,618,793	1,901,663
Sales Tax	3,324,741	2,361,879	2,103,135	1,883,559	1,349,218	1,708,158
Commission	131,678	132,014	129,436	132,633	116,701	108,403
Net Sales	**18,968,547**	**17,357,376**	**15,461,356**	**13,073,218**	**13,630,511**	**15,251,374**
Profitability (Rs. 000)						
Gross Profit	6,522,985	6,045,035	4,014,773	2,175,159	2,938,628	4,954,509
Profit/(Loss) Before Tax	3,590,401	3,162,615	444,066	(1,580,911)	(2,569,508)	(917,651)
Provision for Taxation	(760,227)	62,080	52,128	(188,125)	(14,447)	(65,319)
Profit/(Loss) After Tax	**2,830,174**	**3,224,695**	**496,194**	**(1,769,036)**	**(2,583,955)**	**(982,970)**
Financial Position (Rs. 000)						
Tangible Fixed Assets-Net	24,705,782	25,630,205	26,774,317	28,203,393	21,035,368	20,381,478
Other Non-Current Assets	60,078	59,979	67,571	72,358	56,840	64,483
	24,765,860	25,690,184	26,841,888	28,275,751	21,092,208	20,445,961
Current Assets	7,145,445	6,682,906	5,886,085	5,414,365	5,002,734	5,214,877
Current Liabilities	(7,132,572)	(8,568,551)	(10,604,368)	(10,355,310)	(9,348,815)	(9,962,884)
Net Working Capital	12,873	(1,885,645)	(4,718,283)	(4,940,945)	(4,346,081)	(4,748,007)
Capital Employed	24,778,733	23,804,539	22,123,605	23,334,806	16,746,127	15,697,954
Less: Non Current Liabilities	(10,137,641)	(11,981,790)	(12,995,935)	(14,653,399)	(11,611,919)	(8,980,153)
Shareholders Equity	**14,641,092**	**11,822,749**	**9,127,670**	**8,681,407**	**5,134,208**	**6,717,801**
Represented By:						
Share Capital	5,277,340	5,277,340	5,805,603	5,803,458	4,264,108	4,264,108
Reserves & Un-app. Profit	4,472,237	1,493,573	(1,976,742)	(2,670,171)	(129,900)	2,453,693
Share Deposit Money	-	-	-	-	1,000,000	-
Surplus on Revaluation of Fixed Assets	4,891,515	5,051,836	5,298,809	5,548,120	-	-
	14,641,092	**11,822,749**	**9,127,670**	**8,681,407**	**5,134,208**	**6,717,801**

Statement of Cash Flows
Direct Method

	2014	2013
	..........Rs. in '000'	
Cash flows from operating activities		
Cash receipts from customers	18,882,395	17,167,049
Cash paid to suppliers and employees	12,664,727	12,097,914
Cash generated from operations	6,217,668	5,069,135
(Increase)/decrease in long term loans to employees - secured	(832)	(1,221)
Retirement benefits (paid)/adjusted	(26,949)	(11,242)
Taxes paid	(238,857)	(14,127)
Net cash generated from operating activities	5,951,030	5,042,545
Cash flow from investing activities		
Expenditures for property, plant and equipment	(768,756)	(496,784)
Proceeds from sale of property, plant and equipment	12,696	5,282
Disposal/(acquisition) of long term investments	-	1,412
Proceeds against disposal of subsidiary	-	-
Increase in long term deposits and prepayments	733	(1,396)
Dividend received	-	448
Proceeds from disposal of short term investments	-	8,455
Acquisition of short term investments	-	-
Net cash used in investing activities	(755,327)	(482,583)
Cash flow from financing activities		
Repayment of long term loans from banking companies - secured	(1,674,205)	(613,591)
Repayment of redeemable capital - secured	(1,032,869)	(1,067,131)
Repayment of syndicated term finances - secured	(183,125)	(117,875)
Increase in long term deposits	(150)	810
Payment of liabilities against assets subject to finance lease	(152,545)	(134,768)
Receipt/(repayment) of short term borrowings	(322,891)	(770,120)
Finance cost paid	(1,646,567)	(2,053,219)
Redemption of preference shares	(163,780)	(362,903)
Preference dividend paid	(20)	(179,253)
Net cash used in financing activities	(5,176,152)	(5,298,050)
Net increase / (decrease) in cash and cash equivalents	19,551	(738,088)
Cash and cash equivalents at the beginning of the year	(274,862)	463,226
Cash and cash equivalents at the end of the year	(255,311)	(274,862)

Results Reported in Interim Financial Statements and Final Accounts

	Interim Reports Results						Annual	
	3 Months Period Ended 30-09-2013		6 Months Period Ended 31-12-2013		9 Months Period Ended 31-03-2014		Full Year Ended 30-06-2014	
	Rupees '000	%	Rupees '000	%	Rupees '000	%	Rupees '000	%
Net Turnover	4,191,948		8,843,887		13,796,672		18,968,547	
Gross Profit	1,354,530	32.31%	2,995,899	33.88%	4,591,951	33.28%	6,522,985	34.39%
Operating Profit	1,048,578	25.01%	2,332,649	26.38%	3,563,055	25.83%	5,055,173	26.65%
Net Profit Before Tax	573,838	13.69%	1,480,154	16.74%	2,433,446	17.64%	3,590,401	18.93%
Net Profit After Tax	556,239	13.27%	1,482,457	16.76%	2,411,522	17.48%	2,830,174	14.92%
Debt Equity Ratio	8,754,202	41:59	8,937,800	40:60	7,911,147	36:64	7,842,705	35:65
	12,378,986		13,317,853		14,246,917		14,641,092	
Current Ratio	6,524,850	0.73	7,115,354	0.87	6,813,822	0.88	7,145,445	1.00
	8,891,284		8,160,975		7,736,802		7,132,572	

Analysis of Variation in Results Reported in Interim Financial Statements with the Final Accounts

3 Months Ended September 30, 2013

Gross Profit Ratio for the 1st Quarter was 32.31% as compared to annual GP of 34.39%, mainly due to lower sales on account of monsoon season and increased store consumption on account of annual maintenance of plant.

Operating Profit was 25.01% as compared to 26.65% in annual mainly due to low GP in 1st quarter.

Net Profit Before Tax was 13.69% as compared to annual 18.93%, mainly due to high GP %age in annual and due to reduction in finance cost in annual on account of decrease in exchange loss and reduction in mark up due to debt repayments.

Net Profit After Tax was 13.27% as compared to 14.92% in annual due to better sale prices.

Debt Equity Ratio was 41:59 in first quarter as compared to 35:65 in annual, mainly due to low profit in first quarter as compared to annual.

Current ratio was 0.73 as compared to annual of 1.00, due to extra balance of current maturities of long term debts falling due in next twelve months and less balance of LCs in transit on account of coal orders.

6 Months Ended December 31, 2013

Gross Profit Ratio was 33.88% as compared to annual GP of 34.39%, mainly due to improved sales performance in last quarter on account of seasonal factors.

Operating Profit was 26.38% as compared to 26.65% in annual.

Net Profit Before Tax was 16.74% as compared to annual 18.93%, mainly due to high GP %age in annual and due to reduction in finance cost in annual.

Net Profit After Tax was 16.76% as compared to 14.92% in annual due to retrospective application of Alternate Corporate Tax through Finance Bill 2014 and deferred tax provision in last quarter.

Debt Equity Ratio was 40:60 in first half year as compared to 35:65 in annual, mainly due to more repayment of debts in annual and more profits in last quarter.

Current ratio was 0.87 as compared to annual of 1.00 due to increase in current asset's balance on account of increase in coal in transit and stores, spares & loose tools LCs.

9 Months Ended March 31, 2014

Gross Profit Ratio was 33.28% as compared to annual GP of 34.39%, mainly due to higher power costs on account of excessive gas load shedding and increased power tariff in third quarter.

Operating Profit was 25.83% as compared to 26.65% in annual due to low margins.

Net Profit Before Tax was 17.64% as compared to annual 18.93% mainly due to low GP margins.

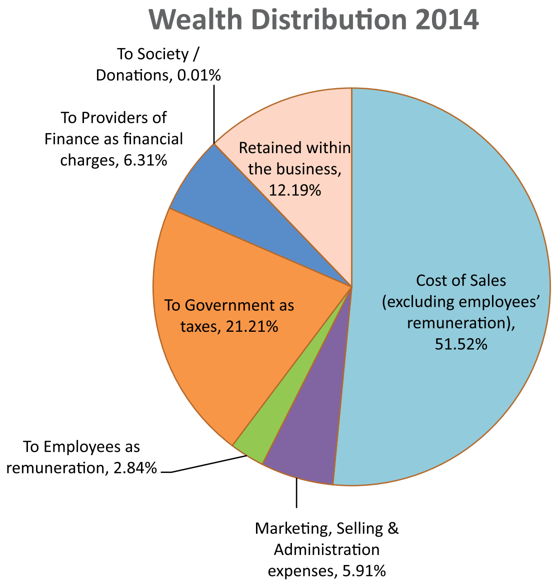
Net Profit After Tax was 17.48% as compared to 14.92% in annual. Profit after tax declined in annual mainly due to application of Alternate Corporate Tax through Finance Bill 2014 and deferred taxation.

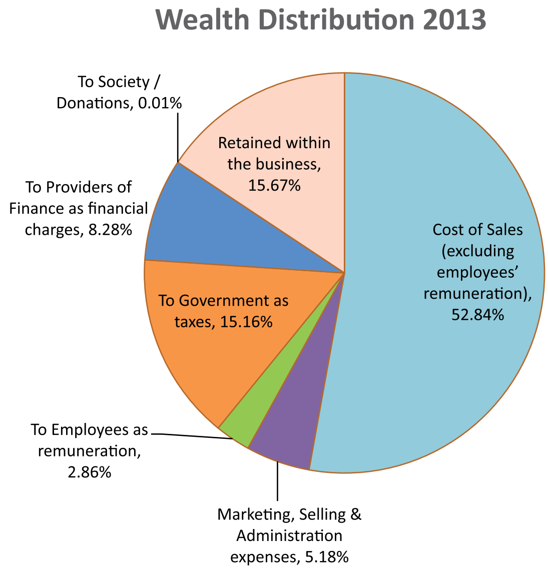
Debt Equity Ratio was 36:64 as compared to 35:65 in annual, mainly due to more repayment of debts in annual and increase in profits.

Current ratio was 0.88 as compared to annual of 1.00 due to minor changes in working capital requirements.

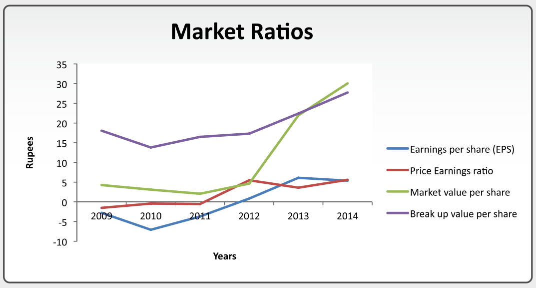
Distribution of Wealth

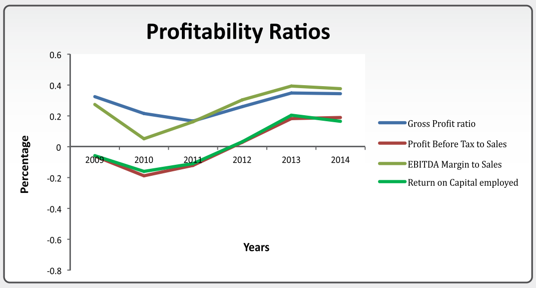
	2014		2013	
	Rs. "000"	% age	Rs. "000"	% age
Wealth Generated				
Sales net of commission	23,131,906	99.65%	20,539,851	99.80%
Other Operating Income	80,585	0.35%	41,287	0.20%
	23,212,491	100.00%	20,581,138	100.00%
Distribution of Wealth				
Cost of Sales (excluding employees' remuneration)	11,959,283	51.52%	10,875,264	52.84%
Marketing, Selling & Administration expenses	1,373,000	5.91%	1,065,777	5.18%
To Employees as remuneration	659,042	2.84%	589,001	2.86%
To Government as taxes	4,923,586	21.21%	3,120,395	15.16%
To Providers of Finance as financial charges	1,464,772	6.31%	1,704,652	8.28%
To Society / Donations	2,634	0.01%	1,354	0.01%
Retained within the business	2,830,174	12.19%	3,224,695	15.67%
	23,212,491	100.00%	20,581,138	100.00%

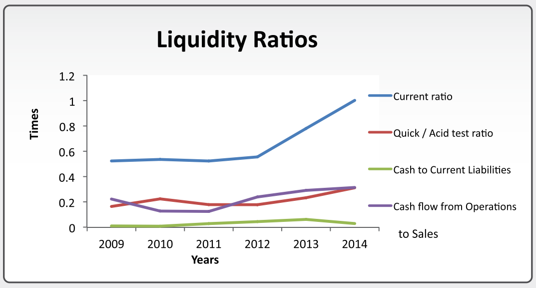


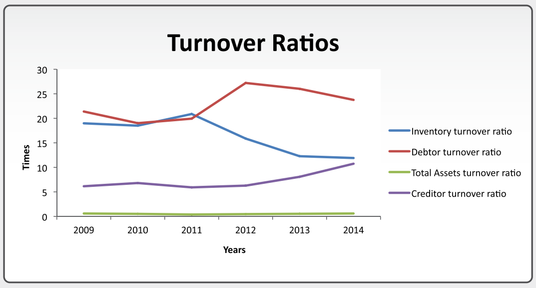


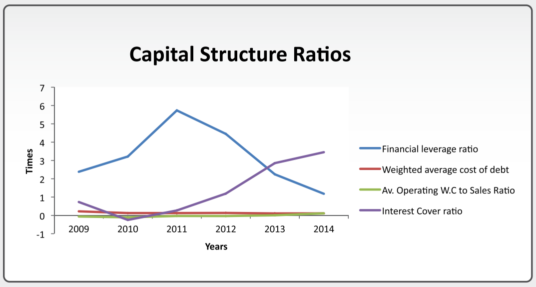
Graphical Presentation - Stakeholders' Information

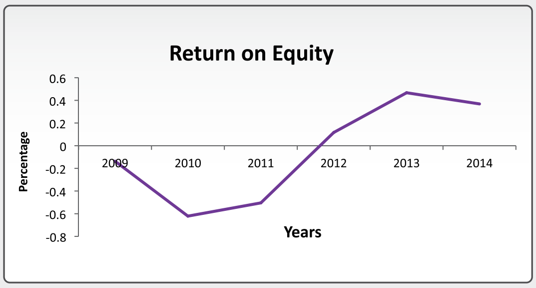


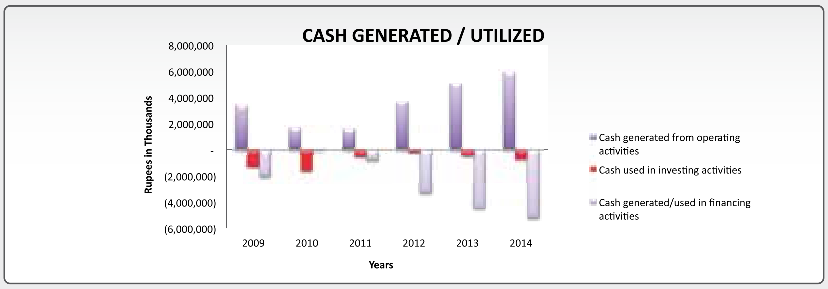




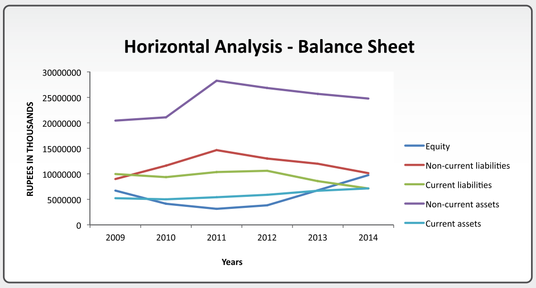


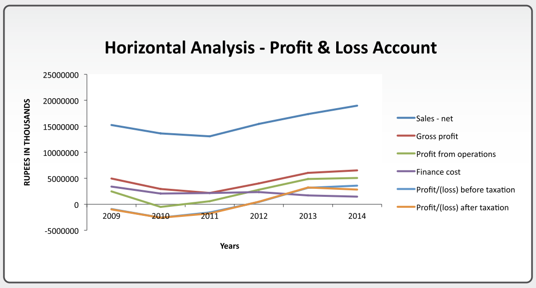


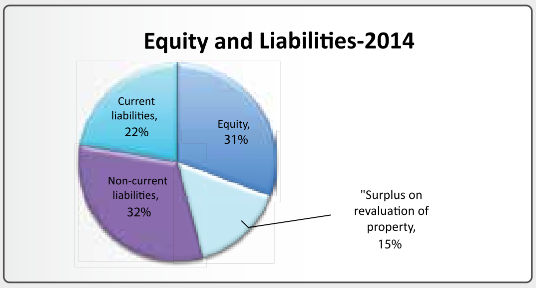


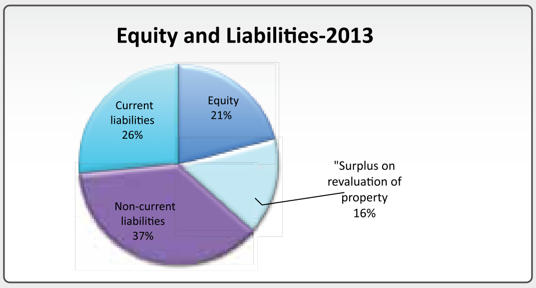


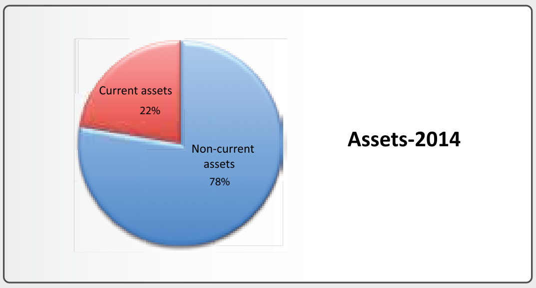
Graphical Presentation - Stakeholders' Information

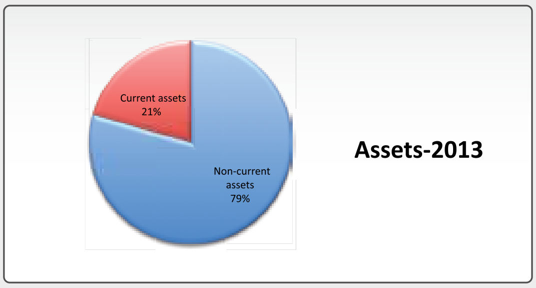


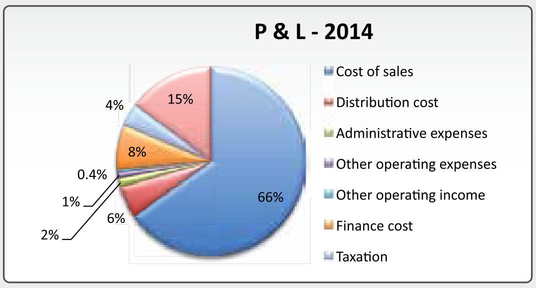


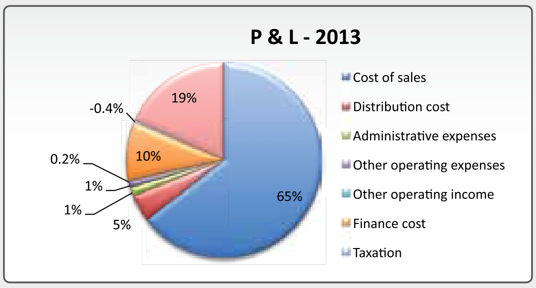












Pattern of Shareholding

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	30-06-2014

4. No. of Shareholders	Size of Holding From	To	Total shares held
1,733	1 -	100	68,727
2,518	101 -	500	805,387
1,655	501 -	1000	1,395,764
2,771	1001 -	5000	7,235,256
676	5001 -	10000	5,463,526
237	10001 -	15000	3,082,619
171	15001 -	20000	3,196,627
139	20001 -	25000	3,309,935
66	25001 -	30000	1,894,051
46	30001 -	35000	1,525,769
38	35001 -	40000	1,475,606
28	40001 -	45000	1,200,445
57	45001 -	50000	2,832,199
14	50001 -	55000	745,794
19	55001 -	60000	1,116,399
11	60001 -	65000	697,055
11	65001 -	70000	751,767
17	70001 -	75000	1,255,339
6	75001 -	80000	471,432
7	80001 -	85000	582,324
3	85001 -	90000	265,251
3	90001 -	95000	272,812
37	95001 -	100000	3,681,900
6	100001 -	105000	626,000
4	105001 -	110000	433,638
3	110001 -	115000	338,500
3	115001 -	120000	355,442
4	120001 -	125000	495,812
7	125001 -	130000	898,445
2	130001 -	135000	269,500
3	135001 -	140000	416,830
9	145001 -	150000	1,350,000
3	150001 -	155000	455,918
2	155001 -	160000	320,000
2	165001 -	170000	335,500
2	170001 -	175000	349,000
1	175001 -	180000	180,000
3	180001 -	185000	548,500
2	190001 -	195000	389,798
13	195001 -	200000	2,594,500
1	205001 -	210000	208,000
1	210001 -	215000	213,391

4. No. of Shareholders	Size of Holding From	To	Total shares held
1	215001 -	220000	220,000
2	220001 -	225000	450,000
5	225001 -	230000	1,149,500
1	230001 -	235000	232,000
1	235001 -	240000	240,000
4	245001 -	250000	992,734
3	250001 -	255000	758,780
1	255001 -	260000	260,000
1	260001 -	265000	264,000
1	265001 -	270000	268,794
1	270001 -	275000	275,000
1	280001 -	285000	281,789
3	285001 -	290000	867,500
1	290001 -	295000	295,000
9	295001 -	300000	2,699,000
1	310001 -	315000	315,000
1	330001 -	335000	331,000
1	335001 -	340000	339,000
1	345001 -	350000	350,000
1	350001 -	355000	355,000
1	355001 -	360000	360,000
1	360001 -	365000	365,000
1	370001 -	375000	371,795
1	375001 -	380000	378,500
3	380001 -	385000	1,149,500
1	385001 -	390000	390,000
1	395001 -	400000	400,000
1	410001 -	415000	413,000
2	420001 -	425000	848,000
1	435001 -	440000	436,000
1	450001 -	455000	455,000
1	470001 -	475000	475,000
1	480001 -	485000	483,500
2	490001 -	495000	987,801
2	495001 -	500000	1,000,000
1	500001 -	505000	504,500
2	510001 -	515000	1,030,000
1	535001 -	540000	535,500
2	550001 -	555000	1,106,840
1	590001 -	595000	595,000
1	630001 -	635000	633,000
1	645001 -	650000	647,500
1	655001 -	660000	656,000
1	660001 -	665000	665,000
1	665001 -	670000	669,500
1	675001 -	680000	678,500
3	695001 -	700000	2,100,000
1	705001 -	710000	709,000
1	715001 -	720000	717,000
1	725001 -	730000	726,000
1	740001 -	745000	744,000
1	745001 -	750000	746,000

4. No. of Shareholders	Size of Holding From	To	Total shares held
1	795001 -	800000	800,000
1	820001 -	825000	823,500
1	885001 -	890000	887,000
1	985001 -	990000	990,000
1	990001 -	995000	993,500
2	995001 -	1000000	2,000,000
1	1025001 -	1030000	1,029,500
1	1030001 -	1035000	1,035,000
1	1120001 -	1125000	1,125,000
1	1135001 -	1140000	1,139,000
1	1195001 -	1200000	1,200,000
2	1220001 -	1225000	2,441,246
1	1225001 -	1230000	1,228,495
1	1300001 -	1305000	1,301,000
1	1305001 -	1310000	1,309,500
1	1345001 -	1350000	1,350,000
1	1360001 -	1365000	1,365,000
1	1395001 -	1400000	1,400,000
1	1410001 -	1415000	1,413,847
1	1545001 -	1550000	1,547,000
1	1600001 -	1605000	1,601,000
1	1650001 -	1655000	1,652,500
1	1760001 -	1765000	1,761,000
1	1820001 -	1825000	1,824,000
1	1825001 -	1830000	1,828,000
1	1850001 -	1855000	1,852,500
1	1860001 -	1865000	1,864,000
1	1915001 -	1920000	1,917,000
1	1980001 -	1985000	1,983,500
2	1995001 -	2000000	4,000,000
1	2040001 -	2045000	2,043,000
1	2130001 -	2135000	2,133,000
1	2245001 -	2250000	2,246,000
1	2565001 -	2570000	2,566,500
2	2745001 -	2750000	5,499,500
1	2815001 -	2820000	2,820,000
1	2830001 -	2835000	2,833,000
1	2860001 -	2865000	2,864,500
1	3495001 -	3500000	3,500,000
1	3795001 -	3800000	3,800,000
1	4050001 -	4055000	4,054,000
1	5145001 -	5150000	5,148,000
1	5595001 -	5600000	5,600,000
1	7995001 -	8000000	8,000,000
1	10495001 -	10500000	10,500,000
1	10720001 -	10725000	10,722,000
1	14305001 -	14310000	14,306,622
1	306410001 -	306415000	306,410,425
10,467			**527,733,926**

Note. 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	15,582	0.0030
	Mr. Sayeed Tariq Saigol - Chief Executive	5,156	0.0010
	Mr. Taufique Sayeed Saigol	5,156	0.0010
	Mr. Waleed Tariq Saigol	5,432	0.0010
	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	1,852,500	0.3510
	Mrs. Saadiya Mohsin - Spouse of Syed Mohsin Raza Naqvi	49,010	0.0093
		1,948,409	**0.3693**
5.2	**Associated Companies, undertakings and related parties**		
	Kohinoor Textile Mills Ltd.	306,410,425	58.0615
	Zimpex (Pvt) Ltd.	1,706	0.0003
		306,412,131	**58.0618**
5.3	**NIT and ICP**		
	National Bank of Pakistan, Trustee Deptt.	13,097	0.0025
	IDBP (ICP Unit)	17,240	0.0033
		30,337	**0.0058**
5.4	**Banks, Development Financial Institutions, Non - banking Financial Institutions**	**22,529,609**	**4.2691**
5.5	**Insurance Companies**	**1,663,500**	**0.3152**
5.6	**Modarabas and Leasing Companies**	**38,960**	**0.0074**

Categories of Shareholders	Shares Held	Percentage of Capital
5.6.1 Mutual Funds		
CDC - TRUSTEE ABL STOCK FUND	1,547,000	
CDC - TRUSTEE AKD INDEX TRACKER FUND	43,500	
CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND	129,000	
CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	5,600,000	
CDC - TRUSTEE ALFALAH GHP ALPHA FUND	117,000	
CDC - TRUSTEE ALFALAH GHP ISLAMIC FUND	75,000	
CDC - TRUSTEE ALFALAH GHP VALUE FUND	823,500	
CDC - TRUSTEE ASKARI ASSET ALLOCATION FUND	30,000	
CDC - TRUSTEE ASKARI EQUITY FUND	15,000	
CDC - TRUSTEE CROSBY DRAGON FUND	299,000	
CDC - TRUSTEE FAYSAL INCOME & GROWTH FUND - MT	73,500	
CDC - TRUSTEE FAYSAL SAVINGS GROWTH FUND - MT	380,500	
CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	37,000	
CDC - TRUSTEE FIRST HABIB STOCK FUND	181,500	
CDC - TRUSTEE IGI INCOME FUND - MT	198,500	
CDC - TRUSTEE IGI STOCK FUND	515,000	
CDC - TRUSTEE JS AGGRESSIVE ASSET ALLOCATION FUND	200,000	
CDC - TRUSTEE JS ISLAMIC FUND	1,200,000	
CDC - TRUSTEE JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT	200,000	
CDC - TRUSTEE JS LARGE CAP. FUND	2,043,000	
CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT	232,000	
CDC - TRUSTEE KASB ASSET ALLOCATION FUND	339,000	
CDC - TRUSTEE KASB INCOME OPPORTUNITY FUND - MT	251,500	
CDC - TRUSTEE KSE MEEZAN INDEX FUND	247,200	
CDC - TRUSTEE MCB DYNAMIC ALLOCATION FUND	15,000	
CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND	669,500	
CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - I	1,365,000	
CDC - TRUSTEE NAFA MULTI ASSET FUND	887,000	
CDC - TRUSTEE NAFA STOCK FUND	1,824,000	
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1,220,246	
CDC - TRUSTEE NIT INCOME FUND - MT	134,500	
CDC - TRUSTEE PAK STRATEGIC ALLOC. FUND	647,500	
CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	290,000	
CDC - TRUSTEE PAKISTAN STOCK MARKET FUND	5,148,000	
CDC - TRUSTEE PIML ISLAMIC EQUITY FUND	160,000	
CDC - TRUSTEE PIML STRATEGIC MULTI ASSET FUND	115,000	
CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	360,000	
CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	4,054,000	
CDC - TRUSTEE UNIT TRUST OF PAKISTAN	1,917,000	
CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	423,000	
CDC-TRUSTEE FIRST HABIB ISLAMIC BALANCED FUND	196,000	
CDC-TRUSTEE NAFA ASSET ALLOCATION FUND	1,828,000	
CDC-TRUSTEE PAK. INT. ELEMENT ISLAMIC ASSET ALLOCATION FUND	436,000	
GROWTH MUTUAL FUND LIMITED	110	
MC FSL - TRUSTEE JS GROWTH FUND	10,500,000	
MC FSL - TRUSTEE JS KSE-30 INDEX FUND	8,268	
MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	2,864,500	
MCBFSL - TRUSTEE JS VALUE FUND	3,800,000	
MCBFSL - TRUSTEE NAMCO BALANCED FUND	2,749,500	
MCBFSL - TRUSTEE PAK OMAN ADVANTAGE ASSET ALLOCATION FUND	150,000	
MCBFSL - TRUSTEE PAK OMAN ISLAMIC ASSET ALLOCATION FUND	225,000	
TRUSTEE - BMA CHUNDRIGAR ROAD SAVINGS FUND - MT	33,500	
TRUSTEE - PAKISTAN ISLAMIC PENSION FUND - EQUITY SUB FUND	174,000	
TRUSTEE - PAKISTAN PENSION FUND - EQUITY SUB FUND	264,000	
TRUSTEE PAK QATAR FAMILY TAKAFUL LIMITED AGGRESSIVE FUND	25,000	
TRUSTEE PAK QATAR FAMILY TAKAFUL LIMITED BALANCE FUND (BF)	25,000	
	57,286,324	10.8552

	Categories of Shareholders	Shares Held	Percentage of Capital
5.7	**Shareholders holding Five Percent or more voting interest in the Company**	-	-
	Refer to 5.2 above		
5.8	**General Public**		
	Individuals	92,594,494	17.5457
	Foreign Investors	22,682,967	4.2982
5.9	**Executive(s)**	**1**	**0.0000**
5.10	**Public Sector Companies and Corporations**	**1,230,505**	**0.2332**
5.11	**Joint Stock Companies**	**13,381,358**	**2.5356**
5.12	**Others**		
	AKHUWAT	14,500	
	CDC - TRUSTEE NAFA ISLAMIC PENSION FUND EQUITY ACCOUNT	81,000	
	CDC - TRUSTEE NAFA PENSION FUND EQUITY SUB-FUND ACCOUNT	83,000	
	GLOBAL EDUCATIONAL CONSULTANTS SOCIETY	25,000	
	ISLAMABAD STOCK EXCHANGE LIMITED	546	
	KARACHI STOCK EXCHANGE LIMITED	266	
	LAHORE STOCK EXCHANGE LIMITED	62,700	
	MANAGING COMMITTEE GHAZALI EDUCATION TRUST	440	
	PAKISTAN CENTRE FOR PHILANTHROPY	110,000	
	TRUSTEE CHERAT CEMENT CO. LTD EMPLOYEES PROVIDENT FUND	300,000	
	TRUSTEE CHERAT CEMENT COMPANY LTD STAFF GRATUITY FUND	300,000	
	TRUSTEE- HI-TECH LUBRICANTS LTD- EMPLOYEES PROVIDENT FUND	10,000	
	TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST	7,488	
	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	213,391	
	TRUSTEE OF FFC EMP.GR.FUND TRUST	665,000	
	TRUSTEE THALL LIMITED- EMPLOYEES RETIREMENT BENEFIT FUND	13,000	
	TRUSTEE-GHANI GLASS EMPLOYEE PROVIDENT FUND	1,221,000	
	TRUSTEE-HAJIANI HANIFA BAI MEMORIAL SOCIETY	2,000,000	
	TRUSTEE-MILLAT TRACTORS LTD. EMPLOYEES PENSION FUND	128,000	
	TRUSTEE-PAKISTAN HUMAN DEVELOPMENT FUND	483,500	
	TRUSTEES KAUKAB MIR MEMORIAL WELFARE TRUST	7,000	
	Trustees of Sulaimaniyah Trust	230,000	
	TRUSTEES OF FFC EMPLOYEES PROVIDENT FUND	1,864,000	
	Trustees Wah Nobel P. Ltd. Mang.Staff PF	20,000	
	TRUSTEE-THE KOT ADDU POWER CO. LTD. EMPLOYEES PENSION FUND	41,500	
	TRUSTEE-THE PAKISTAN MEMON EDUCATIONAL & WELAFRE SOCIETY	54,000	
		7,935,331	**1.5037**
	Grand Total:	**527,733,926**	**100.00**

Statement of Compliance with the Code of Corporate Governance

Name of Company:	**Maple Leaf Cement Factory Limited**
Year Ended:	**June 30, 2014**

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No.35 of the Listing Regulations of the 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 Director	Mr. Karim Hatim
Executive Directors	Mr. Sayeed Tariq Saigol Syed Mohsin Raza Naqvi
Non-Executive Directors	Mr. Tariq Sayeed Saigol Mr. Taufique Sayeed Saigol Mr. Waleed Tariq Saigol Mr. Danial Taufique Saigol Mr. Zamiruddin Azar

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. However, during the year, election of Directors was held for the next term held on December 30, 2013 and eight Directors were elected as fixed by the Board.

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 from recognized institutions of Pakistan that meet the criteria specified by the SECP whereas some Directors having the requisite experience on the Board(s) of Listed Companies are exempt from the Directors' Training Program. Further, 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.

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 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 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 of four members with majority of 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 the 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: September 17, 2014

KPMG Taseer Hadi & Co.
Chartered Accountants
2nd Floor,
Servis House
2-Main Gulberg Jail Road,
Lahore Pakistan

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of **Maple Leaf Cement Factory Limited ("the Company")** for the year ended 30 June 2014 to comply with the requirements of Listing Regulation No 35 of the Karachi, Lahore and Islamabad Stock Exchanges, where the Company is listed.

The responsibility for compliance with the Code 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 and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of the 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 of Directors' 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.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its 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 and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of 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 as applicable to the Company for the year ended 30 June 2014.

KPMG Taseer Hadi & Co

Lahore
Date: 17 September 2014

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

Financial Statements

A Kohinoor Maple Leaf Group Company

KPMG Taseer Hadi & Co.
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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Maple Leaf Cement Factory Limited ("the Company")** as at 30 June 2014 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 accounts 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 accounts and are further in accordance with accounting policies consistently applied except for the change as stated in note 2.3 with which we concur;

   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 2014 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

KPMG Taseer Hadi & Co

Lahore

Date: 17 September 2014

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

BALANCE SHEET
AS AT JUNE 30, 2014

	Note	2014	2013
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	5	7,000,000	7,000,000
Issued, subscribed and paid up capital	5	5,277,340	5,277,340
Reserves	6	2,058,137	2,058,137
Accumulated profit / (loss)		2,414,100	(564,564)
		9,749,577	6,770,913
SURPLUS ON REVALUATION OF FIXED ASSETS - NET OF TAX	7	4,891,515	5,051,836
NON - CURRENT LIABILITIES			
Long term loans from banking companies - secured	8	478,615	1,590,544
Redeemable capital - secured	9	5,583,000	6,383,000
Syndicated term finance - secured	10	1,046,000	1,196,625
Liabilities against assets subject to finance lease - secured	11	735,090	840,847
Long term deposits	12	6,879	7,029
Deferred taxation	13	2,208,403	1,904,860
Retirement benefits	14	79,654	58,885
		10,137,641	11,981,790
CURRENT LIABILITIES			
Current portion of:			
- Long term loans from banking companies - secured	8	178,388	740,318
- Redeemable capital - secured	9	600,000	832,869
- Syndicated term finance - secured	10	150,000	182,500
- Liabilities against assets subject to finance lease - secured	11	105,333	147,053
Trade and other payables	15	3,305,698	3,026,311
Accrued profit / interest / mark-up	16	174,625	361,834
Short term borrowings	17	2,618,528	3,277,666
		7,132,572	8,568,551
CONTINGENCIES AND COMMITMENTS	18		
		31,911,305	32,373,090

The annexed notes from 1 to 54 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER **DIRECTOR**

	Note	2014	2013
		(Rupees in thousand)	
ASSETS			
NON - CURRENT ASSETS			
Fixed assets	19	24,705,782	25,630,205
Long term investments	20	1,625	1,625
Long term loans to employees - secured	21	4,440	3,608
Long term deposits	22	54,013	54,746
		24,765,860	25,690,184
CURRENT ASSETS			
Stores, spare parts and loose tools	23	3,772,803	3,751,386
Stock-in-trade	24	1,151,460	938,899
Trade debts	25	839,037	757,944
Loans and advances	26	907,509	161,704
Short term investments	27	6,780	7,350
Short term deposits and prepayments	28	73,680	74,808
Accrued profit	29	2,352	346
Refunds due from Government	30	16,797	16,797
Other receivables	31	97,969	166,583
Advance tax - net of provision	32	70,214	283,549
Cash and bank balances	33	206,844	523,540
		7,145,445	6,682,906
		31,911,305	32,373,090

CHIEF EXECUTIVE OFFICER

DIRECTOR

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014	2013
		(Rupees in thousand)	
Sales - net	34	18,968,547	17,357,376
Cost of goods sold	35	(12,445,562)	(11,312,341)
Gross profit		6,522,985	6,045,035
Distribution cost	36	(1,054,336)	(797,751)
Administrative expenses	37	(296,689)	(254,065)
Other charges	38	(197,372)	(167,239)
		(1,548,397)	(1,219,055)
Other income	39	80,585	41,287
Profit from operations		5,055,173	4,867,267
Finance cost	40	(1,464,772)	(1,704,652)
Profit before taxation		3,590,401	3,162,615
Taxation	41	(760,227)	62,080
Profit after taxation		2,830,174	3,224,695
		----------------Rupees----------------	
Earnings per share - basic and diluted	42	5.36	6.11

The annexed notes from 1 to 54 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER | **DIRECTOR**

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2014

	2014	2013
	(Rupees in thousand)	
Profit after taxation	2,830,174	3,224,695
Other comprehensive income		
Items that will never be reclassified to profit and loss account:		
Remeasurement of defined benefit liability	(16,323)	-
Related tax	4,492	-
	(11,831)	-
Total comprehensive income for the year	2,818,343	3,224,695

The annexed notes from 1 to 54 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014	2013
		(Rupees in thousand)	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit after tax		2,830,174	3,224,695
Adjustments for non - cash items:			
Taxation		760,227	(62,080)
Depreciation		1,690,247	1,638,751
Amortization		-	8,797
Provision for doubtful debts		593	7,987
Provision for slow moving / obsolete stores		-	36,033
Bad debts written off		4,466	327
Gain on disposal of fixed assets		(9,764)	(3,137)
Gain on disposal of short term investments		-	(2,998)
Loss on re - measurement of short term investments at fair value		570	6,315
Retirement benefits		31,395	19,201
Finance cost		1,464,772	1,704,652
Dividend income		-	(448)
Cash generated from operations before working capital changes		6,772,680	6,578,095
Effect on cash flow due to working capital changes			
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(21,417)	(685,476)
Stock-in-trade		(212,561)	(35,504)
Trade debts		(86,152)	(190,327)
Loans and advances		(745,805)	19,464
Short term deposits and prepayments		1,128	43,843
Accrued profit		(2,006)	845
Other receivables		68,614	26,530
		(998,199)	(820,625)
Increase / (decrease) in current liabilities			
Trade and other payables		443,187	(688,335)
Net cash generated from operations		6,217,668	5,069,135
Increase in long term loans to employees		(832)	(1,221)
Retirement benefits paid		(26,949)	(11,242)
Taxes paid		(238,857)	(14,127)
Net cash generated from operating activities		5,951,030	5,042,545
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(768,756)	(496,784)
Proceeds from disposal of fixed assets		12,696	5,282
Decrease in long term investments		-	1,412
Decrease / (increase) in long term deposits and prepayments		733	(1,396)
Dividend received		-	448
Proceeds from disposal of short term investments		-	8,455
Net cash used in investing activities		(755,327)	(482,583)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term loans from banking companies - secured		(1,674,205)	(613,591)
Redemption of redeemable capital - secured		(1,032,869)	(1,067,131)
Repayment of syndicated term finances - secured		(183,125)	(117,875)
(Decrease) / increase in long term deposits		(150)	810
Payment of liabilities against assets subject to finance lease		(152,545)	(134,768)
Repayment of short term borrowings		(322,891)	(770,120)
Finance cost paid		(1,646,567)	(2,053,219)
Redemption of preference shares		(163,780)	(362,903)
Preference dividend paid		(20)	(179,253)
Net cash used in financing activities		(5,176,152)	(5,298,050)
Net increase / (decrease) in cash and cash equivalents		19,551	(738,088)
Cash and cash equivalents as at beginning of the year		(274,862)	463,226
Cash and cash equivalents as at end of the year	43	(255,311)	(274,862)

The annexed notes from 1 to 54 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER **DIRECTOR**

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2014

	Share Capital			Capital Reserves			Revenue Reserves			
	Ordinary Shares	Preference shares	Sub - total	Share premium	Capital redemption reserve	Sub - total	General reserve	Accumulated (loss) / profit	Sub - total	Total Equity
	(Rupees in thousand)									
As at 01 July 2012	5,277,340	528,263	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
Transfer of incremental depreciation from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	-	-	246,973	246,973	246,973
Transfer to capital redemption reserve	-	-	-	-	159,722	159,722	-	(159,722)	(159,722)	-
Transfer from general reserve	-	-	-	-		-	(1,400,000)	1,400,000	-	-
Transactions with owners of the Company										
Redemption of preference shares	-	(528,263)	(528,263)	-	-	-	-	-	-	(528,263)
Preference dividend for the year ended 30 June 2013	-	-	-	-	-	-	-	(1,353)	(1,353)	(1,353)
As at 30 June 2013	5,277,340	-	5,277,340	1,529,874	528,263	2,058,137	-	(564,564)	(564,564)	6,770,913
Total comprehensive income										
Profit for the year ended 30 June 2014	-	-	-	-	-	-	-	2,830,174	2,830,174	2,830,174
Other comprehensive income for the year ended 30 June 2014	-	-	-	-	-	-	-	(11,831)	(11,831)	(11,831)
	-	-	-	-	-	-	-	2,818,343	2,818,343	2,818,343
Transfer of incremental depreciation from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	-	-	160,157	160,157	160,157
Reversal of revaluation surplus on disposal of fixed assets - net of tax	-	-	-	-	-	-	-	163	163	163
As at 30 June 2014	5,277,340	-	5,277,340	1,529,874	528,263	2,058,137	-	2,414,100	2,414,100	9,749,577

The annexed notes from 1 to 54 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

1. REPORTING ENTITY

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards ("IFRSs") 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 requirements differ, the provisions of or directives of the Companies Ordinance, 1984 shall prevail.

2.2 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 amortized cost; and
- certain fixed assets at fair value.

2.3 Change in accounting policy

As a result of amendment to IAS 19 Employee Benefits (amended 2011), the Company has changed its accounting policy with respect to the basis for determining the income or expense related to its post-employment defined benefit plans.

Under IAS 19 (2011), the Company determines the net interest expense (income) for the period on the net defined benefit liability (asset) by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset) at the beginning of the annual period, taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. All changes in the present value of defined benefit obligation are now recognized in the statement of comprehensive income and the past service costs are recognized in the profit and loss account, immediately in the period in which they occur. The change in accounting policy has been applied prospectively, being considered immaterial.

2.4 Functional and presentation currency

These financial statements have been prepared in Pak Rupees which is the Company's functional currency.

2.5 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:

2.5.1 Fixed assets

The Company reviews the useful lives of fixed assets on regular basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of fixed assets with a corresponding effect on the depreciation charge and impairment.

2.5.2 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.

2.5.3 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.

2.5.4 Employee benefits

The Company operates approved funded gratuity scheme covering all its permanent workers 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.

2.5.5 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.

2.5.6 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 recognized 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 recognize 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 Trust for all its employees. Equal monthly contributions are made both by the Company and employees at the rate of 10.00% of the basic salary to the Provident Fund Trust. Obligation for contributions to defined contribution plan is expensed as the related service is provided.

Defined benefit plan

The Company operates approved funded gratuity scheme for all its permanent workers 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 profit and loss account.

The Company's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

Calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contribution to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if, any excluding interest), are recognized immediately in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plan is recognized in profit and loss account.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit and loss account. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Details of the scheme are given in note 14.2 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

Current tax is the amount of tax payable on taxable income for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

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 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 non-current 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 Fixed assets

Tangible assets

Owned

Tangible assets except freehold land, buildings on freehold land, roads, bridges and railway sidings, plant and machinery are stated at cost less accumulated depreciation 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 fixed assets'. A decrease in the carrying amount arising on revaluation is charged to profit and loss account 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, as stated in note 19.3, 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 tangible assets, if any, are taken to profit and loss account.

Depreciation is calculated at the rates specified in note 19.1 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 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 is 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

3.6.1 Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment loss in respect of a financial asset measured at fair value is determined by reference to that fair value. All impairment losses are recognized in profit and loss account. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset’s carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

3.6.2 Non-financial assets

The carrying amount of the Company’s non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the assets or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit and loss account. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

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 account as re-classification adjustment.

At fair value through profit and loss account

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 as income in profit and loss account.

3.8 Stores, spare parts and loose tools

These are stated at lower of cost and net realizable value. Cost is determined using the weighted average method. Items in transit are valued at cost comprising invoice value plus other charges paid 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, labor 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 contractual provisions of the instrument and de-recognized when the Company loses control of 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 account for the year.

Non-derivative financial liabilities are initially recognized at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using effective interest method. The carrying values of liabilities approximates to their amortized cost.

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 inception of transaction the relationship between 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 debts 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 and cash equivalents comprise cash in hand and at bank, running finances, short term deposits and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

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 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;
- Dividend income is recognized when the Company's right to receive the dividend is established; and
- Interest income is recognized as and when accrued on effective interest 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 Pak Rupees at 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 profit and loss account 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 weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS with 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.

4. NEW AND REVISED APPROVED ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS THERETO

There were certain new standards and amendments to the approved accounting standards which became effective during the year but are considered not to be relevant or have any significant effect on the Company's operations except as disclosed in note 2.3 and are, therefore, not disclosed in these financial statements.

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2014:

- IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after 1 January 2014). 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. The interpretation is not likely to have an impact on Company's financial statements.

- 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. The amendments are not likely to have an impact on Company's financial statements.

- 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.

- Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" Continuing hedge accounting after derivative novation (effective for annual periods beginning on or after 1 January 2014). The amendments add a limited exception to IAS 39, to provide relief from discontinuing an existing hedging relationship when a novation that was not contemplated in the original hedging documentation meets specific criteria.

- Amendments to IAS 19 "Employee Benefits" Employee contributions – a practical approach (effective for annual periods beginning on or after 1 July 2014). The practical expedient addresses an issue that arose when amendments were made in 2011 to the previous pension accounting requirements. The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria.

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company's financial statements.

- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction.

Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual period beginning on or after 1 July 2014). The new cycle of improvements contain amendments to the following standards:

- IFRS 2 'Share-based Payment'. IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'. The amendment also clarifies both: how to distinguish between a market condition and a non-market performance condition and the basis on which a performance condition can be differentiated from a vesting condition.

- IFRS 3 'Business Combinations'. These amendments clarify the classification and measurement of contingent consideration in a business combination. Further IFRS 3 has also been amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements including joint operations in the financial statements of the joint arrangement themselves.

- IFRS 8 'Operating Segments' has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria. In addition this amendment clarifies that a reconciliation of the total of the reportable segment's assets to the entity assets is required only if this information is regularly provided to the entity's chief operating decision maker. This change aligns the disclosure requirements with those for segment liabilities.

- Amendments to IAS 16 'Property, plant and equipment' and IAS 38 'Intangible Assets'. The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset.

- IAS 24 'Related Party Disclosure'. The definition of related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity.

- IAS 40 'Investment Property'. IAS 40 has been amended to clarify that an entity should: assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.

		Note	2014	2013
			(Rupees in thousand)	

5. SHARE CAPITAL

5.1 Authorized share capital

Number of shares			2014	2013
600,000,000	(2013: 600,000,000) ordinary shares of Rs. 10 each		6,000,000	6,000,000
100,000,000	(2013: 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

5.2 Issued, subscribed and paid up capital

Number of shares		Note	2014	2013
Ordinary shares:				
290,359,856	(2013: 290,359,856) ordinary shares of Rs. 10 each fully paid in cash		2,903,599	2,903,599
35,834,100	(2013: 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	(2013: 46,069,400) ordinary shares of Rs. 10 each issued as fully paid bonus shares		460,694	460,694
153,846,153	(2013: 153,846,153) ordinary shares of Rs. 10 each issued as fully paid right shares at discount	5.2.1	1,538,462	1,538,462
1,624,417	(2013: 1,624,417) ordinary shares of Rs. 10 each issued as conversion of preference shares into ordinary shares	5.2.2	16,244	16,244
527,733,926			5,277,340	5,277,340
Preference shares:				
54,147,398	(2013: 54,147,398) 9.75 % redeemable cumulative preference right shares (non-voting) of Rs. 10 each fully paid in cash	5.2.4	541,474	541,474
(1,321,095)	(2013: 1,321,095) Transfer of preference shares into ordinary shares	5.2.2	(13,211)	(13,211)
(52,826,303)	(2013: 52,826,303) preference shares redeemed during the year	5.2.3	(528,263)	(528,263)
-			-	-
527,733,926			5,277,340	5,277,340

5.2.1 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 the Holding Company, after complying with all procedural requirements in this respect.

5.2.2 During the financial years ended 30 June 2011 and 30 June 2012, 1,321,095 preference shares were converted into 1,624,417 ordinary shares at an average conversion rate of 1.2296. The conversion rate is determined as described in 5.2.4 (b).

5.2.3 In previous year, the Company entered into an agreement with major preference shareholders regarding the redemption of preference shares - series "A" and accordingly major amount has been paid in current and previous year.

5.2.4 The Company during the financial year ended 30 June 2005 offered 54,147,398 series "A" preference shares of Rs. 10 each to its shareholders. This preference share 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 at 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 shareholders of the Company, except as otherwise provided by the Companies Ordinance, 1984 ("the Ordinance"), whereby 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 capital of the Company by issue of further ordinary shares; and

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 option of the preference shareholders into ordinary shares of the Company at expiry of six years period of and thereafter of the date falling at the end of each semi annual period commencing thereafter. Conversion ratio was to be determined by dividing aggregate face value of 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 average price of the ordinary shares quoted in the daily quotation of Karachi Stock Exchange (Guarantee) Limited during the three months immediately prior to 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 redemption price within 90 days of the end of each semi annual period commencing from expiry of a period of three years of the issue.

(d) Preference shareholders - series "A" were paid preference dividend at 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 immediate following year along with the dividend payment for such year.

(e) The Company created a redemption reserve and has appropriated the required amount each month from the profit and loss appropriation account, if available, to ensure that reserve balance at redemption date is equal to principal amount of preference shares.

5.3 The Holding Company holds 306,410,425 (2013: 340,410,425) ordinary shares, which represents 58.06% (2013: 64.50%) of total ordinary issued, subscribed and paid-up capital of the Company.

5.4 Zimpex (Private) Limited, an associated undertaking, holds 1,706 (2013: 1,706) ordinary shares of the Company.

	Note	2014	2013
		(Rupees in thousand)	

6. RESERVES

	Note	2014	2013
Capital:			
Capital redemption reserve	5.2.4 (e) & 6.1	528,263	528,263
Share premium reserve	6.2	1,529,874	1,529,874
		2,058,137	2,058,137
Revenue:			
General reserve			
As at beginning of the year		-	1,400,000
Transferred to accumulated loss		-	(1,400,000)
		-	-
		2,058,137	2,058,137

6.1 This reserve has been created under section 85 of the Companies Ordinance, 1984 for redemption of preference shares.

6.2 This reserve can be utilized by the Company only for the purpose specified in section 83(2) of the Companies Ordinance, 1984.

7. SURPLUS ON REVALUATION OF FIXED ASSETS - NET OF TAX

	2014	2013
	(Rupees in thousand)	
Gross surplus		
As at beginning of the year	6,956,695	7,307,876
Less:		
Effect of disposal of fixed assets	(225)	-
Transferred to accumulated profit in respect of incremental depreciation charged during the year	(348,324)	(351,180)
As at end of the year	6,608,146	6,956,696
Deferred tax liability on revaluation surplus		
As at beginning of the year	1,904,860	2,009,067
Less: transferred to accumulated profit		
Effect of disposal of fixed assets	(62)	-
Incremental depreciation charged on related assets	(188,167)	(104,207)
As at end of the year	1,716,631	1,904,860
	4,891,515	5,051,836

7.1 The Company's freehold land, buildings on freehold land, roads, bridges and railway sidings and plant and machinery were revalued by Empire Enterprises (Private) Limited, an independent valuer not connected with the Company and approved by Pakistan Banks' Association (PBA) in "any amount" category, at 31 December 2010. The basis of revaluation for items of these fixed assets 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.

	Note	2014	2013
		(Rupees in thousand)	
8. LONG TERM LOANS FROM BANKING COMPANIES - SECURED			
Habib Bank Limited - long term finance facility ("LTFF")	8.1	-	23,391
Habib Bank Limited - term loan	8.2	385,279	495,359
Allied Bank Limited - deferred mark-up loan	8.3	-	933,503
HSBC Bank Middle East Limited - medium term loan	8.4	76,190	114,276
Islamic Corporation for the Development of Private Sector ("ICD") - deferred mark-up loan	8.5	17,146	24,015
		478,615	1,590,544
8.1 Habib Bank Limited - long term finance facility ("LTFF")			
As at beginning of the year		263,507	439,178
Less: payment made during the year		(240,116)	(175,671)
		23,391	263,507
Less: current maturity presented under current liabilities	8.6	(23,391)	(240,116)
As at end of the year		-	23,391

8.1.1 During financial year 2010, the Company entered into restructuring agreement with Habib Bank Limited ("HBL") for Rs. 791.00 million. Tenor of LTFF is four and a half years. The principal amount is repayable in nine semi annual installments starting from June 2010. The facility carries mark-up at 9.70% (2013: 9.70%) per annum payable quarterly in arrears. This facility is secured by first pari passu equitable hypothecation / mortgage charge of Rs. 2,250.00 million on all present and future fixed assets of the Company, personal guarantees of directors of the Company and subordination of the entire sum of directors' / sponsors' loan outstanding at any point in time up to Rs. 150.00 million.

	Note	2014	2013
		(Rupees in thousand)	
8.2 Habib Bank Limited - term loan			
As at beginning of the year		632,959	740,519
Less: payment made during the year		(137,600)	(107,560)
		495,359	632,959
Less: current maturity presented under current liabilities	8.6	(110,080)	(137,600)
As at end of the year		385,279	495,359

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

8.2.2 Principal repayment commenced from 01 January 2012 as follows:

01 January 2012	Rs. 25.00 million
31 March 2012	Rs. 25.00 million
30 June 2012	Rs. 25.00 million

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

This facility carries mark-up at the rate of six month KIBOR plus a spread of 1.00% per annum, payable quarterly in arrears. During the current year, mark-up ranged from 10.09% to 12.15% (2013: 10.38% to 13.06%) per annum.

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

After discount, mark-up rate will be as follows:

From 01 January 2010 to 31 December 2013 - six month KIBOR plus a spread of 1.00% per annum

From 01 January 2014 to 31 December 2015 - six month KIBOR plus a spread of 2.00% per annum

From 01 January 2016 to 31 December 2018 - six month KIBOR plus a spread of 3.00% per annum

The facility is secured against first pari passu equitable mortgage / hypothecation charge of Rs. 2,250.00 million over present and future fixed assets of the Company (land, building and plant and machinery). It is also secured by personal guarantee along with personal net worth statements of directors of the Company and subordination of the entire sum of directors' / sponsors' loan outstanding at any point in time.

	Note	2014	2013
		(Rupees in thousand)	

8.3 Allied Bank Limited - deferred mark-up loan

	Note	2014	2013
As at beginning of the year		1,241,626	1,533,611
Less: payment made during the year		(1,241,626)	(291,985)
		-	1,241,626
Less: current maturity presented under current liabilities	8.6	-	(308,123)
As at end of the year		-	933,503

8.3.1 As a consequence of restructuring of Islamic Sukuk Certificates, Musharika agreement and Syndicated Term Finance facility as referred in note 9 and 10 respectively, outstanding mark-up amounting to Rs. 1,600.00 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 was repayable in twenty four equal quarterly installments starting from March 2012.

During current year, the Company has fully paid deferred mark-up under cash sweep mechanism in accordance with the terms of the Agreement.

	Note	2014	2013
		(Rupees in thousand)	

8.4 HSBC Bank Middle East Limited - medium term loan

	Note	2014	2013
As at beginning of the year		161,893	190,476
Less: payment made during the year		(47,644)	(28,583)
		114,249	161,893
Less: current maturity presented under current liabilities	8.6	(38,059)	(47,617)
As at end of the year		76,190	114,276

8.4.1 During financial year 2012, the Company's short term loan of Rs. 160.00 million and running finance of Rs. 50 million was restructured by HSBC Bank Middle East Limited into a medium term loan of Rs. 200.00 million. As per terms of the restructuring, the principal is repayable in twenty one equal quarterly installments starting from 23 May 2012 and ending on 23 May 2017.

This facility carries mark-up at the rate of six month KIBOR plus a spread of 1.25% per annum, payable semi annually. During current year mark-up ranged from 10.86% to 11.43% (2013: 10.79% to 13.25%) per annum.

This facility is secured against first pari passu equitable hypothecation charge of Rs. 200.00 million over present and future current assets of the Company, ranking hypothecation charge of Rs. 120.00 million over present and future current assets and personal guarantees of directors.

	Note	2014	2013
		(Rupees in thousand)	

8.5 Islamic Corporation for the Development of Private Sector ("ICD") - deferred mark-up loan

	Note	2014	2013
As at beginning of the year		30,877	-
Disbursements during the year		-	40,669
		30,877	40,669
Less: payments made during the year		(7,219)	(10,171)
		23,658	30,498
Exchange loss during the year		346	379
		24,004	30,877
Less: current maturity presented under current liabilities	8.6	(6,858)	(6,862)
As at end of the year		17,146	24,015

As per terms of rescheduling agreement with ICD, overdue mark-up amounting to USD 0.42 million for the period from 15 December 2009 to 15 March 2011 was transferred to deferred mark-up loan. This deferred mark-up loan will be paid in twenty four equal installments with the first four installments already been paid within 30 days from date of agreement (17 December 2012) and remaining twenty installments will be paid quarterly from 15 March 2013 to 15 December 2017. The Company has provided a fixed charge on the Escrow account maintained with ABL at Kashmir Road Branch, Lahore, against US $14.50 million. Also refer to note 11.3.

8.6 Current portion of long term loans from banking companies

	Note	2014	2013
		(Rupees in thousand)	
Habib Bank Limited - LTFF	8.1	23,391	240,116
Habib Bank Limited - term loan facility	8.2	110,080	137,600
Allied Bank Limited - deferred mark-up loan	8.3	-	308,123
HSBC Bank Middle East Limited - medium term loan	8.4	38,059	47,617
Islamic Corporation for the Development of Private Sector ("ICD") - deferred mark-up loan	8.5	6,858	6,862
		178,388	740,318

	Note	2014	2013
		(Rupees in thousand)	

9. REDEEMABLE CAPITAL - SECURED

Islamic Sukuk Certificates under Musharika

	Note	2014	2013
As at beginning of the year	9.1	7,215,869	8,283,000
Less: sukuk certificates repaid during the year		(1,032,869)	(1,067,131)
		6,183,000	7,215,869
Less: current maturity presented under current liabilities		(600,000)	(832,869)
As at end of the year		5,583,000	6,383,000

9.1 The Company has issued Islamic Sukuk Certificates under Musharika agreement amounting to Rs. 8,000.00 million during the year ended 30 June 2008. During financial year ended 30 June 2010, the Company issued new sukuk certificates (as bridge finance) to existing sukuk lenders amounting to Rs. 300.00 million. During the financial year ended 30 June 2011, the Company arranged to reschedule the repayment of Rs. 300.00 million bridge finance as disclosed in note 9.2 which was originally due as a bullet repayment in March 2012. However, during the year ended 30 June 2013, the Company paid the final payment of bridge finance facility on 31 January 2013 in accordance with rescheduled terms.

9.2 The salient terms and conditions of secured sukuk issue of Rs. 8,300.00 million are detailed below:

Lead arranger

Pak Brunei Investment Company Limited

Shariah advisor

Meezan Bank Limited ("MBL")

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. 8,000.00 million	Nine years including grace period of 2.75 years and repayment is to be made in 6.25 years commencing from September 2012 and ending on December 2018.
Rs. 300.00 million	Repayment was to be made in nine equal monthly installments of Rs. 33.33 million each commencing from 31 July 2012 and ending on 31 March 2013. However, the Company made the final payment early on 31 January 2013.

Mark-up rate

- Three month KIBOR plus a spread of 1.00%; and
- Mark-up will be increased to three month KIBOR plus a spread of 1.70% per annum after five years or complete settlement of deferred mark-up, whichever is later.

Musharika Investment Repurchase

Twenty six outstanding quarterly installments are to be re-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 10.06% to 11.18% (2013: 10.39% to 12.95%) per annum.

Form and delivery of Sukuk

The sukuk certificates 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 Limited ("CDC").

Security

First Sukuk issue of Rs. 8,000.00 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. 300.00 million was secured against ranking charge on present and future fixed assets, specific properties comprising of 393 kanals at Kala Shah Kaku and personal guarantee of directors.

Trustee / investors' agent

Pak Brunei Investment Company Limited

Transaction structure

The facility as approved by MBL, shariah advisor of the issue, is as follows:

- Investors ("Investor Co-owners") and the Company entered into a Musharika agreement as partners for the purpose of acquiring Musharika assets from the Company (acting as seller) and jointly own these Musharika assets.

- Investor Co-owners have contributed their share in the Musharika in cash that has been utilized by the Company for acquiring Musharika assets. The Company has contributed its Musharika share in kind.

- Upon acquisition of Musharika assets, Investor Co-owner and executed assets purchase agreement with the Company.

- The Company has issued sukuk certificates to Investor Co-owner that represent later's undivided share in the Musharika assets.

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

- The Company will purchase Musharika 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 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.

	Note	2014	2013
		(Rupees in thousand)	
10. SYNDICATED TERM FINANCE - SECURED			
As at beginning of the year	10.1	1,379,125	1,497,000
Less: payment made during the year		(183,125)	(117,875)
		1,196,000	1,379,125
Less: current maturity presented under current liabilities		(150,000)	(182,500)
As at end of the year		1,046,000	1,196,625

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

Lead arranger and agent bank

Allied Bank Limited ("ABL")

Purpose

Balance sheet re-profiling and replacement of conventional debt.

Lenders

Banks and DFIs

Facility amount

Rs. 1,500.00 million

Tenor

Nine years including grace period of 2.75 years

Mark-up rate

- Three month KIBOR plus a spread of 1.00% per annum; and

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

Principal repayment

Twenty six outstanding quarterly installments are to be re-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 rates ranging from 10.06% to 11.18% (2013: 10.40% to 12.94%) per annum.

Security

This is secured against first pari passu charge over all present and future fixed assets of the Company amounting to Rs. 3,333.00 million.

11. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Note	2014	2013
		(Rupees in thousand)	
Present value of minimum lease payments	11.1.1	840,423	987,900
Less: current maturity presented under current liabilities		(105,333)	(147,053)
		735,090	840,847

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.

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

	2014	2013
	(Rupees in thousand)	
Minimum lease payments:		
Not later than one year	128,278	205,609
Later than one year but not later than five years	784,214	914,210
	912,492	1,119,819
Less: finance cost allocated to future period	(72,069)	(101,919)
	840,423	1,017,900
Less: security deposits adjustable on expiry of lease term	-	(30,000)
	840,423	987,900
Less: current maturity presented under current liabilities	(105,333)	(147,053)
	735,090	840,847

11.1.1 Present value of minimum lease payments

	2014	2013
Not later than one year	105,333	147,053
Later than one year but not later than five years	735,090	840,847
	840,423	987,900

11.2 The Company entered into lease agreement on 18 February 2006 amounting to Rs. 280.00 million with Meezan Bank Limited ("MBL") to acquire eight units of Preheater Cyclones. As per terms of original agreement, the facility tenor was six years with a grace period of eighteen months on principal component.

As per lease agreement, tenor of 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 twelve 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 a spread of 2.25% per annum with floor of 2.25% per annum and cap of 28.00% per annum. Effective mark-up rates, during the current financial year, ranged between 11.28% to 11.86% (2013: 11.63% to 14.20%) per annum. Facility is secured through exclusive ownership of leased assets in the name of MBL and personal guarantees of the Company's directors.

11.3 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 ("the Effective Date") to acquire power generation plant Wartsila.

As per terms of restructuring agreement, the outstanding principal amounting to USD 10.67 million is to be repaid in twenty-five installments. The first installment amount of USD 0.56 was paid to ICD on the Effective Date and remaining twenty four quarterly installments are to 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 2.54 million due up to 15 December 2012 was rescheduled as follow:

The initial period outstanding profit amounting to USD 0.20 million 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 amounting to USD 0.42 million 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 was to be paid within 30 days of the Effective Date.

(ii) The mark-up amount of USD 0.42 million being 99.50% of the of second period profit will be paid to ICD in twenty four equal quarterly installments of USD 17,362 each with first four installments already been paid within 30 days from the Effective Date and remaining twenty installments starting from 15 March 2013 and ending on 15 December 2017.

Moreover, the aggregate variable mark-up amounting to USD 0.59 million for the period from 15 March 2011 to 15 December 2012 was now payable to ICD within 30 days of the Effective Date.

ICD further agreed to waive the penalty amount payable by the Company to ICD pursuant to transaction documents, being an aggregate amount of USD 1.32 million provided the Company agreed 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 a spread of 2.50% per annum. During the current year mark-up has ranged from 2.83% to 2.91% (2013: 2.91% to 3.24%) per annum.

11.3.1 The Company entered into an interest rate swap agreement with Standard Chartered Bank (Pakistan) Limited ("SCB") in respect of this lease finance facility. The agreement became effective from 02 February 2009 and had 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 4 and 5 month floating rate option.

The interest rate swap agreement has matured during the year on 16 June 2014.

12. 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 utilized by the Company in accordance with the terms of dealership agreements.

13. DEFERRED TAXATION

	2014	2013
	(Rupees in thousand)	
Deferred tax liability on taxable temporary differences arising in respect of:		
- accelerated tax depreciation on fixed assets	3,335,473	3,679,247
- surplus on revaluation of fixed assets	1,716,631	1,904,860
	5,052,104	5,584,107
Deferred tax asset on deductible temporary differences arising in respect of:		
- unused tax losses	(2,124,360)	(3,258,025)
- liabilities against assets subject to finance lease	(43,646)	(80,171)
- employees' retirement benefits	(21,922)	(17,473)
- provision for doubtful debts	(2,361)	(2,467)
- tax credits under section 113, 113C and 65B of Income Tax Ordinance, 2001 against normal tax charge in future years	(651,412)	(321,111)
	(2,843,701)	(3,679,247)
	2,208,403	1,904,860

13.1 Tax loss on account of unabsorbed depreciation amounting to Rs. 6,070 million (2013: 9,604 million) is available to the Company's credit. Deferred tax asset in respect thereof has been recognized as availability of sufficient taxable profits in future tax years to absorb such losses is expected.

	Note	2014	2013
		(Rupees in thousand)	

13.2 Movement in deferred tax balances is as follows:

As at beginning of the year		1,904,860	2,009,066
Recognized in profit and loss account:			
- accelerated tax depreciation on fixed assets		(343,774)	(41,095)
- surplus on revaluation of fixed assets		(188,229)	(104,206)
- unused tax losses		1,133,665	20,144
- liabilities against assets subject to finance lease		36,525	26,660
- employees' retirement benefits		43	(10,856)
- provision for doubtful debts		106	(2,467)
- tax credits under section 113, 113C and 65B of Income Tax Ordinance, 2001 against normal tax charge in future years		(330,301)	7,614
		308,035	(104,206)
Recognized in other comprehensive income:			
- employees' retirement benefits		(4,492)	-
		2,208,403	1,904,860

14. RETIREMENT BENEFITS

	Note	2014	2013
Accumulated compensated absences	14.1	34,421	26,307
Gratuity	14.2	45,233	32,578
		79,654	58,885

14.1 Accumulated compensated absences

As at beginning of the year		26,307	22,322
Provision for the year		17,543	10,165
Less: payments made during the year		(9,429)	(6,180)
As at end of the year		34,421	26,307

14.2 Gratuity

The latest actuarial valuation of the Company's defined benefit plan, was conducted on 30 June 2014 using projected unit credit method. Detail of obligation for defined benefit plan is as follows:

	Note	2014	2013
		(Rupees in thousand)	
The amounts recognized in the balance sheet are as follows:			
Present value of defined benefit obligation	14.2.1	114,868	108,128
Less: fair value of plan assets	14.2.2	(69,635)	(62,903)
Deficit in the plan		45,233	45,225
Less: unrecognized actuarial gain	14.2.4	-	(12,647)
Net liability at end of the year		45,233	32,578

	Note	2014	2013
		(Rupees in thousand)	
Net liability at beginning of the year		32,578	28,604
Charge for the year to profit and loss account	14.2.3	8,640	9,036
Charge for the year to other comprehensive income		16,323	-
Amount transferred to the Company		1,027	977
Less: contribution made during the year		(13,335)	(6,039)
Net liability at end of the year		45,233	32,578

14.2.1 Movement in the present value of defined benefit obligation is as follows:

	2014	2013
Present value of defined benefit obligation at beginning of the year	108,128	84,902
Current service cost	4,594	4,772
Interest cost	10,651	11,037
Actuarial loss	4,866	15,306
Less: benefits paid during the year	(13,371)	(7,889)
Present value of defined benefit obligation at end of the year	114,868	108,128

14.2.2 Movement in the fair value of plan assets is as follows:

	2014	2013
Fair value of plan assets at beginning of the year	62,903	52,099
Contributions made during the year	13,335	6,039
Expected return on plan assets	6,605	6,773
Actuarial gain	1,190	6,858
Less: transferred to the Company	(1,027)	(977)
Less: benefits paid during the year	(13,371)	(7,889)
Fair value of plan assets as at end of the year	69,635	62,903

Fair value of plan assets is as follows:

	2014	2013
NIB Bank including accrued interest	35,630	-
National Investment Trust units	-	32,817
NAFA Government Securities Liquid Fund	10,072	10,056
Trust Investment Bank including accrued interest	21,935	18,828
Cash at bank	1,998	1,202
	69,635	62,903

Plan assets comprise of:

	2014	2013
Bond	97.1%	98.1%
Equity	0.0%	0.0%
Cash and / or deposits	2.9%	1.9%
Other	0.0%	0.0%
	100%	100%

	2014	2013
	(Rupees in thousand)	

14.2.3 Charge for the year

	2014	2013
In profit and loss account		
Current service cost	4,594	4,772
Interest cost	10,651	11,037
Expected return on plan assets	(6,605)	(6,773)
	8,640	9,036
In other comprehensive income		
Actuarial loss on retirement benefits - net	16,323	-
	24,963	9,036

14.2.4 Movement in actuarial gain is as follows:

	2014	2013
As at beginning of the year	12,647	4,199
Actuarial gain on plan assets	(1,190)	(6,858)
Actuarial loss on defined benefit obligation recognized in profit and loss account	4,866	15,306
Un recognized actuarial gain on defined benefit obligation recognized in OCI	(16,323)	-
As at end of the year	-	12,647

Actuarial assumptions

The following are the principal actuarial assumptions at 30 June:

	2014	2013
Discount rate	13.25%	10.50%
Expected return on plan assets	13.25%	13.00%
Expected rate of growth per annum in future salaries	12.25%	9.50%
Expected mortality rate	SLIC 2001-2005 Setback 1 Year	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:

	2014	2013	2012	2011	2010
	(Rupees in thousand)				
Present value of defined benefit obligation	(114,868)	(108,128)	(84,902)	(82,275)	(77,070)
Fair value of plan assets	69,635	62,903	52,099	50,914	43,201
Deficit in the plan	(45,233)	(45,225)	(32,803)	(31,361)	(33,869)
Experience adjustment on obligation	4,866	15,306	(10,190)	(4,215)	7,750
Experience adjustment on plan assets	1,190	6,858	2,932	2,529	(412)

14.3 The Company expects to charge Rs. 9.91 million to profit and loss account on account of defined benefit plan in 2015.

14.4 Sensitivity analysis

If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date, had fluctuated by 100 bps with all other variables held constant, the present value of the defined benefit obligation as at 30 June 2014 would have been as follows:

	Gratuity	
	Impact on present value of defined benefit obligation	
	Increase	Decrease
	(Rupees in thousand)	
Discount rate + 100 bps	108,503	121,893
Future salary increase + 100 bps	121,893	108,394

The sensitivity analysis of the defined benefit obligation to the significant actuarial assumptions has been performed using the same calculation techniques as applied for calculation of defined benefit obligation reported in the balance sheet.

14.5 The average duration of the defined benefit obligation is six years.

15. TRADE AND OTHER PAYABLES

	Note	2014	2013
		(Rupees in thousand)	
Trade creditors		590,566	430,097
Bills payable - secured	15.1	621,824	673,544
Due to the Holding Company	15.2	251,570	-
Accrued liabilities		459,065	627,396
Advances from customers		222,041	177,562
Security deposits repayable on demand	15.3	55,348	49,606
Contractors' retention money		8,709	3,678
Royalty and Excise Duty payable		28,848	86,170
Payable to Provident Fund Trust		4,796	4,155
Other taxes payable		58,311	41,501
Sales Tax payable		426,964	344,442
Excise Duty payable		233,315	226,697
Unclaimed dividend		1,529	1,532
Preference dividend payable		1,023	1,043
Payable to Workers' Profit Participation Fund (WPPF)	15.4	304,437	167,570
Payable against redemption of preference shares	5.2.3	1,580	165,360
Other payables		35,772	25,958
		3,305,698	3,026,311

15.1 These are secured against the securities as detailed in note 17.1 to these financial statements.

15.2 This includes amount due to the Holding Company, which carries interest at 1.00% (2013: 1.00%) in addition to the average borrowing rate of the Company.

15.3 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.

15.4 Payable to Workers' Profit Participation Fund (WPPF)

	2014	2013
	(Rupees in thousand)	
As at beginning of the year	167,570	23,849
Allocation and interest for the year	194,168	168,919
Less: paid during the year	(57,301)	(25,198)
As at end of the year	304,437	167,570

15.4.1 The outstanding WPPF liability includes Rs. 110.27 million being the left over amount out of the total WPPF liability of Rs. 167.57 million pertaining to the financial year ended 30 June 2012 and 30 June 2013. According to the Companies Profits (Workers' Participation) Act, 1968, the left over amount is to be transferred to the Workers Welfare Fund. After the 18th amendment to the Constitution of Pakistan in 2010, all labor / labor welfare laws have become provincial subject, and accordingly the aforesaid left over amount is now payable to provincial government. Federal Government through its letter dated 17-07-2012 demanded the payment of left over amount of Workers' Profit Participation Fund ("WPPF"). Both the permanent workers and the Workers of the contractors filed separate Writ Petitions bearing No. 1716/2013 & 5039/2013 in the Lahore High Court and challenged the legality of the said letter of the Government, the operation of which was suspended by the Honorable Lahore High Court vide Order Dated 24 January 2013.

In view of the above order the payment of left over amount should not be made to the Government during the pendency of the said Writ Petitions as Federal Government is not competent to ask for the payment of the Profit Fund. On the other hand, the Provincial Government has not so far legislated any law after the 18th amendment in the Constitution of Pakistan to regulate the payment of Profit Fund required to be deposited in the Welfare Fund created by the Government through legislation, which it has a mandatory obligation to do and has failed to discharge its onus so far. Therefore the Company stands handicapped to deposit the amount of Fund either to the Federal Government or for that matter to the Provincial Government.

The left over amount of Profit Fund after distribution to the Workers stands retained by the Company as a compulsion in view of the said Stay Order of the Lahore High Court.

16. ACCRUED PROFIT / INTEREST / MARK-UP

	2014	2013
	(Rupees in thousand)	
Profit / interest / mark-up accrued on:		
- Long term loans	21,123	34,612
- Redeemable capital	55,826	168,953
- Syndicated term finances	11,263	48,794
- Liabilities against assets subject to finance lease	8,383	10,494
- Short term borrowings	78,030	98,981
	174,625	361,834

17. SHORT TERM BORROWINGS

	Note	2014	2013
		(Rupees in thousand)	
Banking and financial institutions:			
- Cash finance and others	17.1	2,058,228	2,319,375
- Running finance	17.1	462,155	798,402
Temporary bank overdrafts - unsecured	17.2	98,145	159,889
		2,618,528	3,277,666

17.1 These facilities have been obtained from various banking companies for working capital requirements and are secured by charge over current and future assets of the Company, personal guarantees of the Directors, pledge of stock, 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 May 2015.

These facilities carry mark-up at the rates ranging from 9.20% to 24.00% (2013: 9.20% to 24.00%) per annum payable quarterly.

The aggregate available short term funded facilities amount to Rs. 3,635.00 million (2013: Rs. 4,660.00 million) out of which Rs. 1,115 million (2013: 1,542.00 million) remained unavailed as at the reporting date.

Facilities available for opening letters of credit / guarantee aggregate amounting to Rs. 4,378.00 million (2013: Rs. 3,021.00 million) out of which Rs. 2,208.00 million (2013: Rs. 929.00 million) remained unutilized at the year end.

17.2 This represents temporary overdraft due to cheques issued by the Company at the reporting date.

18. CONTINGENCIES AND COMMITMENTS

18.1 Contingencies

18.1.1 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; the amount involved pending adjudication before the Lahore High Court is Rs. 10.01 million. No provision has been made in these financial statements in respect of the matter as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.

18.1.2 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 favor 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 and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.

18.1.3 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 favor 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. No provision has been made in these financial statements in respect of the above stated amount as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.

18.1.4 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 and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.

18.1.5 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 the 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 management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.

18.1.6 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 and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.

18.1.7 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 and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.

18.1.8 The customs department has filed an appeal against the judgment dated 19 May 2009, passed in favor of the Company pursuant to which the Company is not liable to pay custom duty amounting to Rs. 5.89 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. No provision has been made in these financial statements as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.

18.1.9 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. 8.06 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 and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.

18.1.10 Surcharge of Rs. 154 million has been imposed by Mines and Minerals Department, Government of the Punjab under Rule 68(2) of Punjab Mining Concession Rules, 2002 ("Rules") against which the Company has filed writ petition against Government of Punjab via writ petition No. 1008/2014 to challenge the basis of Rules. The titled petition is currently pending before the Lahore High Court. Management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.

18.1.11 The Sindh High Court through its order dated March 01, 2013 declared the amendments made in the WWF Ordinance, 1971 through Finance Act, 2008 applicable through which WWF is applicable on accounting profits rather than on the taxable income computed after incorporating the brought forward losses. In the light of the above order, the provision to date based on accounting profit comes to Rs. 145.63 million (2013: Rs. 73.83 million). However, these financial statements does not include any adjustment to this effect since the Company is of the opinion that it does not come under the purview of the order of the Sindh High Court and that the Lahore High Court had already declared the above amendments unconstitutional via the case reported as 2011 PLD 2643.

18.1.12 Guarantees given by banks on behalf of the Company are of Rs. 399.71 million (2013: Rs. 437.20 million) in favor of Sui Northern Gas Pipelines Limited and Government Institutions.

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

	Note	2014	2013
		(Rupees in thousand)	
18.2 Commitments			
18.2.1 in respect of:			
- capital expenditure		2,559	21,594
- irrevocable letters of credit for spare parts		208,761	332,701
		211,319	354,295

19. FIXED ASSETS

	Note	2014	2013
Operating fixed assets	19.1	24,661,336	25,542,553
Capital work in progress - at cost	19.6	44,446	87,652
		24,705,782	25,630,205

19.1 Operating fixed assets

	Cost					Depreciation				Net book value as at 30 June 2014
	As at 01 July 2013	Additions	Disposals	As at 30 June 2014	Rate %	As at 01 July 2013	For the year	Disposals	As at 30 June 2014	
	.... (Rupees in thousand)............				Percentage	.... (Rupees in thousand)............				
Tangible assets										
Owned										
Freehold land										
- cost	53,710	3,100	-	56,810	-	-	-	-	-	56,810
- surplus on revaluation	370,715	-	-	370,715	-	-	-	-	-	370,715
	424,425	3,100	-	427,525		-	-	-	-	427,525
Buildings on freehold land										
- cost	4,386,594	69,839	(1,346)	4,455,087	5 - 10	1,464,744	188,921	(1,105)	1,652,560	2,802,527
- surplus on revaluation	268,457	-	(264)	268,193	5 - 10	32,284	12,333	(39)	44,578	223,615
	4,655,051	69,839	(1,610)	4,723,280		1,497,028	201,254	(1,144)	1,697,138	3,026,142
Roads, bridges and railway sidings										
- cost	93,129	1,000	-	94,129	5 - 10	66,910	2,608	-	69,518	24,611
- surplus on revaluation	3,092	-	-	3,092	5 - 10	704	235	-	939	2,153
	96,221	1,000	-	97,221		67,614	2,843	-	70,457	26,764
Plant and machinery										
- cost	23,490,755	663,338	-	24,154,093	5 - 20	8,774,588	1,080,767	-	9,855,355	14,298,738
- surplus on revaluation	7,214,003	-	-	7,214,003	5 - 20	866,584	335,756	-	1,202,340	6,011,663
	30,704,758	663,338	-	31,368,096		9,641,172	1,416,523	-	11,057,695	20,310,401
Furniture, fixtures and equipment	191,652	59,666	(60)	251,258	10 - 30	136,021	14,389	(6)	150,404	100,854
Quarry equipment	226,905	1,879	(30,989)	197,795	20	190,396	7,480	(30,520)	167,356	30,439
Vehicles	123,851	13,140	(10,652)	126,339	20	67,542	11,698	(8,709)	70,531	55,808
Share of joint assets	6,000	-	-	6,000	10	4,255	175	-	4,430	1,570
	36,428,863	811,962	(43,311)	37,197,514		11,604,028	1,654,362	(40,379)	13,218,011	23,979,503
Leased										
Plant and machinery	959,676	-	-	959,676	5	241,958	35,885	-	277,843	681,833
2014	**37,388,539**	**811,962**	**(43,311)**	**38,157,190**		**11,845,986**	**1,690,247**	**(40,379)**	**13,495,854**	**24,661,336**
Intangible assets	49,634	-	-	49,634	33	49,634	-	-	49,634	-
2014	**49,634**	**-**	**-**	**49,634**		**49,634**	**-**	**-**	**49,634**	**-**

	Cost					Depreciation				Net book
	As at 01 July 2012	Additions	Disposals	As at 30 June 2013	Rate %	As at 01 July 2012	For the year	Disposals	As at 30 June 2013	value as at 30 June 2013
	……… (Rupees in thousand)			………	Percentage	……… (Rupees in thousand)			………	
Tangible assets										
Owned										
Freehold land										
- cost	53,710	-	-	53,710	-	-	-	-	-	53,710
- surplus on revaluation	370,715	-	-	370,715	-	-	-	-	-	370,715
	424,425	-	-	424,425		-	-	-	-	424,425
Buildings on freehold land										
- cost	4,366,881	19,713	-	4,386,594	5 - 10	1,286,876	177,868	-	1,464,744	2,921,850
- surplus on revaluation	268,457	-	-	268,457	5 - 10	19,708	12,576	-	32,284	236,173
	4,635,338	19,713	-	4,655,051		1,306,584	190,444	-	1,497,028	3,158,023
Roads, bridges and railway sidings										
- cost	92,634	495	-	93,129	5 - 10	64,061	2,849	-	66,910	26,219
- surplus on revaluation	3,092	-	-	3,092	5 - 10	443	261	-	704	2,388
	95,726	495	-	96,221		64,504	3,110	-	67,614	28,607
Plant and machinery										
- cost	23,088,237	402,518	-	23,490,755	5 - 20	7,735,807	1,038,781	-	8,774,588	14,716,167
- surplus on revaluation	7,214,003	-	-	7,214,003	5 - 20	528,240	338,344	-	866,584	6,347,419
	30,302,240	402,518	-	30,704,758		8,264,047	1,377,125	-	9,641,172	21,063,586
Furniture, fixtures and equipment	176,278	15,432	(58)	191,652	10 - 30	125,496	10,557	(32)	136,021	55,631
Quarry equipment	226,905	-	-	226,905	20	181,269	9,127	-	190,396	36,509
Vehicles	98,485	31,902	(6,536)	123,851	20	61,540	10,419	(4,417)	67,542	56,309
Share of joint assets (note 18.4)	6,000	-	-	6,000	10	4,061	194	-	4,255	1,745
	35,965,397	470,060	(6,594)	36,428,863		10,007,501	1,600,976	(4,449)	11,604,028	24,824,835
Leased										
Plant and machinery	959,676	-	-	959,676	5	204,183	37,775	-	241,958	717,718
2013	**36,925,073**	**470,060**	**(6,594)**	**37,388,539**		**10,211,684**	**1,638,751**	**(4,449)**	**11,845,986**	**25,542,553**
Intangible assets	49,634	-	-	49,634	33	49,634	-	-	49,634	-
2013	**49,634**	**-**	**-**	**49,634**		**49,634**	**-**	**-**	**49,634**	**-**

19.2 Additions in operating fixed assets include transfers from capital work-in-progress amounting to Rs. 205.08 million (2013: Rs. 31.27 million).

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

19.4 Depreciation charge for the year has been allocated as follows:

	Note	2014	2013
		(Rupees in thousand)	
Cost of goods sold	35	1,664,883	1,614,983
Administrative expenses	37	25,364	23,768
		1,690,247	1,638,751

19.5 Disposal of fixed assets

Particulars	Cost	Accumulated Depreciation	Net Book Value	Sale Value	Gain	Mode of Disposal	Particulars of purchaser
	(------------------	Rupees in thousand			------------------)		
Vehicles							
Toyota Corolla	1,318	1,061	257	875	618	Auction	Mr. Yasir Iqbal
Toyota Corolla	1,136	976	160	755	595	Auction	Mr. Abdul Malik
Suzuki Jeep	701	593	108	425	317	Auction	Mr. Khuda Daad
Suzuki Jeep	701	593	108	465	357	Auction	Mr. Khuda Daad
Suzuki Jeep	701	596	105	356	251	Auction	Mr. Zeeshan Baig Rustam Khan
Suzuki Jeep	694	561	133	500	367	Auction	Mr. Khuda Daad
Suzuki Jeep	685	557	128	456	328	Auction	Mr. Zeeshan Baig Rustam Khan
Suzuki Cultus	690	284	406	510	104	Auction	Mr. Arman Ahmad
Suzuki Cultus	611	462	149	488	339	Auction	Mr. Atif Waheed
Suzuki Cultus	570	448	122	122	-	Transfer	Kohinoor Textile Mills Limited
Suzuki Baleno	774	651	123	435	312	Auction	Mr. Muhammad Muzamil
Nissan Van	698	686	12	150	138	Auction	Mr. Zaheer Abbas
Coaster Mazda	430	429	1	628	627	Auction	Mr. Mukhtar Ahmad
Adam Jeep	943	812	131	276	145	Auction	Mr. Basharat
	10,652	8,709	1,943	6,441	4,498		
Quarry equipment							
Shovel Excavator	28,490	28,029	461	4,322	3,861	Auction	Malik Muhammad Yousaf & Co.
Bulldozer	2,499	2,491	8	978	970	Auction	Mr. Malik Abdul Rauf
	30,989	30,520	469	5,300	4,831		
Buildings on freehold land							
General Office	872	619	253	480	227	Auction	Mr. Muhammad Aslam Malik
Engineering Office	738	525	213	421	208	Auction	Mr. Malik Mehr Muhammad Naveed
	1,610	1,144	466	901	435		
Furniture, fixtures and equipment							
Laptop	60	6	54	54	-	Transfer	Kohinoor Textile Mills Limited
2014	**43,311**	**40,379**	**2,932**	**12,696**	**9,764**		
2013	6,594	4,449	2,145	5,282	3,137		

	Note	2014	2013
		(Rupees in thousand)	

19.6 Movement in capital work-in-progress - at cost

	Note	2014	2013
As at beginning of the year		87,652	60,928
Additions during the year		161,870	57,998
Less: transfers during the year	19.2	(205,076)	(31,274)
As at end of the year	19.7	44,446	87,652

19.7 Capital work-in-progress - at cost

		2014	2013
Plant and machinery		33,856	52,909
Un-allocated capital expenditure		1,001	1,001
Advance to suppliers against:			
- purchase of land		2,000	2,000
- furniture and fixtures		-	19,136
- plant and machinery		2,310	11,601
- vehicles		5,279	1,005
		44,446	87,652

20. LONG TERM INVESTMENTS

Held to maturity

	Note	2014	2013
As at beginning of the year	20.1	1,625	3,037
Less: disposal of investments during the year		-	(1,412)
		1,625	1,625

20.1 This represents investments in fixed deposit scheme of Bank Islami Pakistan Limited maturing on 23 February 2017 and carries profits at rates ranging from 5.28% to 9.25% (2013: 8.36% to 10.48%) per annum.

21. LONG TERM LOANS TO EMPLOYEES - SECURED

	Note	2014	2013
		(Rupees in thousand)	
House building		3,427	3,169
Vehicles		2,195	1,924
Others		1,620	589
		7,242	5,682
Less: current portion presented under current assets	26	(2,802)	(2,074)
		4,440	3,608

21.1 These loans are secured against employees' retirement benefits and carry interest at the rates ranging from 6.00% to 12.00% (2013: 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 and Executives during the year and as at year end (2013: Rs. nil).

22. LONG TERM DEPOSITS

This includes deposits with various utility companies, regulatory authorities and others. 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.

	Note	2014	2013
		(Rupees in thousand)	
23. STORES, SPARE PARTS AND LOOSE TOOLS			
Stores	23.1	1,856,401	1,970,397
Spare parts		1,925,692	1,790,351
Loose tools		31,743	31,671
		3,813,836	3,792,419
Less: provision for slow-moving / obsolete items	23.3	(41,033)	(41,033)
		3,772,803	3,751,386

23.1 Stores include items in transit amounting to Rs. 851.93 million (2013 : Rs. 632.43 million)

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

	Note	2014	2013
		(Rupees in thousand)	
23.3 Provision for slow-moving / obsolete items			
As at beginning of the year		41,033	5,000
Provision for the year		-	36,033
As at end of the year		41,033	41,033
24. STOCK-IN-TRADE			
Raw material		56,085	14,519
Packing material		113,354	113,974
Work-in-process		697,455	488,437
Finished goods	24.1	324,038	321,969
		1,190,932	938,899
Less: cement stock written off		(39,472)	-
		1,151,460	938,899

24.1 Aggregate stocks with a cost of Rs. 21.36 million (2013: Rs. nil) are being valued at net realizable value of Rs. 13.07 million (2013 : Rs. nil).

	Note	2014	2013
		(Rupees in thousand)	
25. TRADE DEBTS			
Considered good			
Export - secured	25.1	76,993	53,762
Local - unsecured		762,044	704,182
		839,037	757,944
Considered doubtful			
Local - unsecured		13,046	8,314
		852,083	766,258
Less: provision for doubtful trade debts	25.2	(8,580)	(7,987)
Less: trade debts written off		(4,466)	(327)
		839,037	757,944

25.1 These are secured through bank by letters of credit.

25.2 Movement in provision for doubtful trade debts

	2014	2013
As at beginning of the year	7,987	-
Provision for the year	5,059	8,314
Less: provision written off	(4,466)	(327)
As at the end of the year	8,580	7,987

	Note	2014	2013
26. LOANS AND ADVANCES			
Advances - unsecured, considered good			
- Employees	26.1	7,875	13,410
- Suppliers	26.2	896,832	146,220
		904,707	159,630
Current portion of long term loans to employees	21	2,802	2,074
		907,509	161,704

26.1 Directors, Chief Executive and Executives have not received any advances from the Company during the year end (2013: nil).

26.2 This includes an amount of Rs. 642.00 million (2013: nil) advanced to Ministry of Railways for transportation of coal and cement.

	Note	2014	2013
		(Rupees in thousand)	

27. SHORT TERM INVESTMENTS

Investment at fair value through profit or loss - listed securities

Next Capital Limited:
1,500,000 (2013: 1,500,000) ordinary shares of Rs. 10 each
Market value Rs. 4.52 per share (2013: Rs. 4.90 per share)

	Note	2014	2013
Cost			
As at beginning and end of the year		15,000	15,000
Unrealized fair value loss			
As at beginning of the year		7,650	1,335
Fair value loss for the year	38	570	6,315
As at end of the year		8,220	7,650
Fair value as at 30 June		6,780	7,350

28. SHORT TERM DEPOSITS AND PREPAYMENTS

	2014	2013
Margin against:		
- letters of credit	3,082	4,042
- bank guarantees	58,014	61,875
Prepayments	11,705	7,757
Security deposits	879	1,134
	73,680	74,808

29. ACCRUED PROFIT

This represents profit accrued on deposits and PLS bank accounts at the rates ranging from 5.00% to 7.29% (2013: 5.00% to 7.19%) per annum.

	Note	2014	2013
		(Rupees in thousand)	

30. REFUNDS DUE FROM GOVERNMENT

	Note	2014	2013
Sales tax and customs duty	30.1	16,797	16,797

30.1 This represents amount paid to Government under protest for various cases which have been decided in favor of the Company.

	Note	2014	2013
		(Rupees in thousand)	

31. OTHER RECEIVABLES

	Note	2014	2013
Due from the Holding Company	31.1	-	84,495
Others		97,969	82,088
		97,969	166,583

31.1 This includes amount due from the Holding Company, which carries interest at 1.00% (2013: 1.00%) in addition to the average borrowing rate of the Company.

32. ADVANCE TAX - NET OF PROVISION

	2014	2013
	(Rupees in thousand)	
As at beginning of the year	283,549	311,548
Tax deducted / deposited at source	241,140	180,570
Less: Income Tax adjustment	(2,283)	(166,443)
	522,406	325,675
Less: provision for taxation:		
- current	492,444	102,980
- prior	(40,252)	(60,854)
	452,192	42,126
As at end of the year	70,214	283,549

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 been disposed through appellate order dated 09 July 2014 in favour of the Company. The appeal order has not yet been issued by the department in this respect.

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").

Based on opinion of the Company's legal counsel, management is confident of favorable outcome in all aforementioned matters, hence no provision is being recognized in respect of these matters in the financial statements.

32.5 The Sindh High Court ("the Court") in the case of 'Kasim textile' in its order of 09 May 2013 has held that benefit of carry forward of minimum tax under section 113 of the Income Tax Ordinance, 2001 is only available if tax payable in a tax year is less than minimum tax paid. If in a tax year, a company has assessed losses on which no tax is payable, the company forgoes the right to carry forward minimum tax paid in that year. In the light of this order, the Company is not entitled to carry forward minimum tax paid in the current and prior tax years of Rs. 651.41 million as a result of assessed tax losses in these years and adjust it against normal tax liability. Also in the case of refunds claimed in any year, those would also be adjusted accordingly. However, the management is of the view that the verdict has been challenged in the Supreme Court and that they are waiting for the final outcome and accordingly no adjustment has been made in the financial statements in this respect.

32.6 Tax losses available for carry forward as at 30 June 2014 aggregated to Rs. 6,070 million (2013: Rs. 9,604 million).

	Note	2014	2013
		(Rupees in thousand)	
33. CASH AND BANK BALANCES			
Cash balances:			
- in hand		2,996	940
- in transit		-	32,485
		2,996	33,425
Cash at bank:			
Current accounts:			
- foreign currency		7,480	2,367
- local currency		97,844	221,273
		105,324	223,640
Deposit accounts	33.1	98,524	266,475
		203,848	490,115
		206,844	523,540

33.1 These carry return at 5.00% to 7.29% (2013: 5.00% to 7.19%) per annum.

	Note	2014	2013
		(Rupees in thousand)	

34. SALES - NET

Gross local sales		20,039,019	17,434,733
Less:			
Federal Excise Duty		(838,618)	(820,596)
Sales Tax		(3,324,741)	(2,361,879)
Commission		(131,678)	(132,014)
		(4,295,037)	(3,314,489)
Net local sales		15,743,982	14,120,244
Export sales		3,224,565	3,237,132
		18,968,547	17,357,376

35. COST OF GOODS SOLD

	Note	2014	2013
Raw materials consumed	35.1	665,986	591,009
Packing materials consumed		1,155,577	1,032,893
Fuel and power		7,335,989	6,709,451
Stores, spare parts and loose tools consumed		795,578	561,542
Salaries, wages and other benefits	35.2	486,279	437,077
Rent, rates and taxes		31,121	10,278
Insurance		54,516	42,803
Repairs and maintenance		189,905	67,686
Depreciation	19.4	1,664,883	1,614,983
Amortization		-	8,797
Vehicles running and maintenance		95,418	76,826
Provision for slow moving / obsolete stores		-	36,033
Cement stocks written off		39,472	-
Other expenses	35.3	141,925	153,500
		12,656,649	11,342,878
Work in process:			
As at beginning of the year		488,437	549,958
As at end of the year		(697,455)	(488,437)
		(209,018)	61,521
Cost of goods manufactured		12,447,631	11,404,399
Finished goods:			
As at beginning of the year		321,969	229,911
As at end of the year		(324,038)	(321,969)
		(2,069)	(92,058)
Cost of goods sold		12,445,562	11,312,341

	2014	2013
	(Rupees in thousand)	
35.1 Raw materials consumed		
As at beginning of the year	14,519	11,140
Add: Purchases made during the year	707,552	594,388
	722,071	605,528
Less: as at end of the year	56,085	14,519
	665,986	591,009

35.2 Salaries, wages and other benefits expense includes contribution to Provident Fund Trust amounting to Rs. 16.66 million (2013: Rs. 15.18 million) and gratuity and compensated absences amounting to Rs. 17.25 million (2013: Rs. 12.16 million).

35.3 Other expenses include housing colony expenses aggregating to Rs. 83.08 million (2013: Rs. 91.58 million).

36. DISTRIBUTION COST

	Note	2014	2013
		(Rupees in thousand)	
Salaries, wages and other benefits	36.1	63,244	58,497
Travelling and conveyance		27,591	15,409
Vehicle running and maintenance		13,110	10,640
Postage, telephone and fax		4,424	4,203
Printing, stationery and office supplies		4,342	1,774
Entertainment		7,607	2,775
Repairs and maintenance		1,301	1,032
Advertisement and sampling		39,364	20,660
Freight and forwarding		863,458	678,363
Other expenses		29,895	4,398
		1,054,336	797,751

36.1 Salaries, wages and other benefits expense includes contribution to Provident Fund Trust aggregating to Rs. 2.30 million (2013: Rs. 2.10 million) and gratuity and compensated absences amounting to Rs. 4.35 million (2013: Rs. 3.13 million).

	Note	2014	2013
		(Rupees in thousand)	

37. ADMINISTRATIVE EXPENSES

	Note	2014	2013
Salaries, wages and other benefits	37.1	109,519	93,427
Travelling		22,879	17,676
Vehicle running and maintenance		17,828	15,425
Postage, telephone and fax		9,103	6,766
Printing, stationery and office supplies		12,862	11,069
Entertainment		19,841	10,141
Repair and maintenance		15,738	19,743
Legal and professional charges	37.2	11,640	14,085
Depreciation		25,364	23,768
Rent, rates and taxes		1,522	2,553
Provision for doubtful debts		593	7,987
Bad debts written off		4,466	327
Other expenses		45,334	31,098
		296,689	254,065

37.1 Salaries, wages and other benefits expense includes contribution to Provident Fund Trust aggregating to Rs. 4.17 million (2013: Rs. 3.80 million) and gratuity and compensated absences amounting to Rs. 4.59 million (2013: Rs. 3.91 million).

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

	2014	2013
	(Rupees in thousand)	
Annual statutory audit	1,200	1,000
Interim audit and other certification	350	320
Out of pocket expenses	150	133
	1,700	1,453

37.3 The Company has shared expenses aggregating to Rs. 12.70 million (2013: Rs. 15.53 million) on account of combined offices with the Holding Company. These expenses have been recorded in respective account.

38. OTHER CHARGES

	Note	2014	2013
		(Rupees in thousand)	
Donation	38.1	2,634	1,354
Workers' Welfare Fund (WWF)		-	(9,063)
Workers' Profit Participation Fund (WPPF)		194,168	168,919
Delay payments surcharge / financial penalties		-	2,712
Loss on investments		570	3,317
		197,372	167,239

	2014	2013
	(Rupees in thousand)	

38.1 Donations for the year have been given to:

	2014	2013
Gulab Devi Hospital, Lahore	-	200
Miscellaneous donations in the form of cement	1,711	504
Shaukat Khanum Hospital, Lahore	-	600
Internally Displaced Persons (IDPs), Swat	600	50
National Tennis Academy	323	-
	2,634	1,354

38.1.1 None of the Directors of the Company or their spouse have any interest in donees.

39. OTHER INCOME

	Note	2014	2013
		(Rupees in thousand)	
Income from financial assets			
Profit on bank deposits		13,850	18,768
Dividend income		-	448
Profit on long term investment		141	264
		13,991	19,480
Income from non-financial assets			
Sale of scrap		52,637	14,541
Gain on disposal of fixed assets		9,764	3,137
Miscellaneous	39.1	4,193	4,129
		66,594	21,807
		80,585	41,287

39.1 This includes interest income amounting to Rs. nil (2013: Rs. 1.31 million) on amount due from the Holding Company.

40. FINANCE COST

	Note	2014	2013
		(Rupees in thousand)	
Profit / interest / mark up on:			
- Long term loans and finances		93,096	136,531
- Redeemable capital		735,036	871,873
- Syndicated term finances		138,481	161,056
- Liabilities against assets subject to finance lease		29,702	(25,951)
- Short term borrowings	40.1	354,759	406,277
		1,351,074	1,549,786
Exchange loss - net		70,579	95,902
Loss realized on derivative cross currency interest rate swap agreement		3,292	6,521
Bank and other charges		39,827	52,443
		1,464,772	1,704,652

40.1 This includes interest expense amounting to Rs. 4.71 million (2013: Rs. nil) on amount due to the Holding Company.

41. TAXATION

	2014	2013
	(Rupees in thousand)	
Income Tax		
- current	492,444	102,980
- prior	(40,252)	(60,854)
	452,192	42,126
Deferred	308,035	(104,206)
	760,227	(62,080)

41.1 Current Tax rate

The tax provision is charged by considering the provision of section 113, 113C and other tax credits available under the Income Tax Ordinance, 2001. In addition to this, it also includes tax on exports and capital gains which is full and final discharge of Company's tax liability in respect of income arising from such source.

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 and 113C of the Income Tax Ordinance, 2001.

42. EARNINGS PER SHARE - BASIC AND DILUTED

42.1 Basic earnings per share

	Unit	2014	2013
Profit after taxation		2,830,174	3,224,695
Less: preference dividend		-	(1,353)
Earnings attributable to ordinary share holders	Rupees in '000	2,830,174	3,223,342
Weighted average number of ordinary shares	No. of shares in '000	527,734	527,734
Basic earnings per share	Rupees	5.36	6.11

42.2 Diluted earnings per share

There is no dilution effect on the basic earnings per share as the Company does not have any convertible instruments in issue as at 30 June 2014.

43. CASH AND CASH EQUIVALENTS

	Note	2014	2013
		(Rupees in thousand)	
Short term running finance	17	(462,155)	(798,402)
Cash and bank	33	206,844	523,540
		(255,311)	(274,862)

44. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise the Holding Company, associated companies, directors, key management personnel, employee benefits fund and other related companies. The Company in the normal course of business carries out transactions with various related parties. Amounts due to / from Holding Company is shown under trade and other payables / other receivables respectively and remuneration of key management staff is disclosed in note 45. Other significant transactions with related parties are as follows:

Details of transactions and balances with related parties are as follows:

	2014	2013
	(Rupees in thousand)	
44.1 Transactions with related parties		
44.1.1 Holding company (Kohinoor Textile Mills Limited)		
Sale of goods and services	2,336	531
Sale of fixed assets	176	671
44.1.2 Key management personnel		
Remuneration and other benefits	133,258	114,915
44.1.3 Post employment benefit plans		
Contributions to Provident Fund Trust	(51,072)	(48,322)
Payments to MLCF Employees' Gratuity Fund Trust	(13,371)	(7,889)

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.

45. 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 all benefits to the Chairman, Chief Executive, Directors and Executives of the Company are as follows:

	2014				
	Chairman	Chief Executive	Executive Directors	Non-Executive Directors	Executives
	(------------------------------ Rupees in thousand ------------------------------)				
Short term benefits					
Managerial remuneration	5,832	7,090	3,862	-	61,685
House rent	864	364	286	-	21,967
Medical	-	636	104	-	1,311
Conveyance	-	1,478	515	-	14,842
Utilities	504	91	143	-	5,314
	7,200	9,659	4,910	-	105,119
Post employment benefits					
Contribution to Provident Fund Trust	-	645	286	-	5,440
	7,200	10,304	5,196	-	110,559
Numbers	1	1	1	5	62

	2013				
	Chairman	Chief Executive	Executive Directors	Non-Executive Directors	Executives
	(---------------------------- Rupees in thousand -------------------------)				
Short term benefits					
Managerial remuneration	3,888	5,186	2,506	-	53,969
House rent	576	247	391	-	21,032
Medical	-	433	104	-	1,375
Conveyance	-	660	482	-	13,130
Utilities	336	62	195	-	4,911
	4,800	6,588	3,678	-	94,417
Post employment benefits					
Contribution to Provident Fund Trust	-	439	195	-	4,798
	4,800	7,027	3,873	-	99,215
Numbers	1	1	1	5	56

45.1 The Chairman, Chief Executive, Directors and some of the Executives are also provided with Company maintained cars in accordance with their terms of employment.

45.2 Aggregate amount charged in these financial statements in respect of meeting fee for non-executive directors aggregate to Rs. 0.24 million (2013: Rs. 0.24 million).

46. CAPACITY AND PRODUCTION

	Capacity		Actual Production	
	2014	2013	2014	2013
	---------------------------- Metric tons ---------------------------			
Clinker	3,360,000	3,360,000	2,694,848	2,558,888

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. OPERATING SEGMENT

47.1 Information about operating segment

These financial statements have been prepared on the basis of single reportable segment.

47.2 Revenue from sale of cement represents 100.00% (2013: 100.00%) of gross sales of the Company. Sale comprises 92.47% (2013: 91.60%) sale of grey cement and 7.53% (2013: 8.40%) from white cement.

47.3 Geographical information

The Company operates in two principal geographical areas, Asia and Africa and revenue from continuing operations from external customers based on geographical areas is as follows:

Geographical area	2014	2013
Asia	96.54%	94.97%
Africa	3.46%	5.03%
	100.00%	100.00%

47.4 All assets of the Company as at 30 June 2014 are located in Pakistan.

48. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks arising from 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.

Risk management framework

The Company's Board of Directors has overall responsibility for 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. Audit committee is assisted in its oversight role by internal audit department. Internal audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

48.1 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. Out of total financial assets of Rs. 1,220.27 million (2013: Rs. 1,520.89 million), the financial assets that are subject to credit risk amount to Rs. 1,214.19 million (2013: Rs. 1,515.91 million).

48.1.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at the end of the reporting period was as follows:

	2014	2013
	(Rupees in thousand)	
Held to maturity		
Long term investments	1,625	1,625
Financial asset at fair value through profit and loss account		
Short term investments	6,780	7,350
Loans and receivables		
Security deposits	54,013	54,746
Trade debts	839,037	757,944
Short term deposits	58,893	63,009
Accrued profit	2,352	346
Other receivables	47,641	140,772
Bank balances	203,848	490,115
	1,205,784	1,506,932
	1,214,189	1,515,907

48.1.2 Concentration of credit risk

The Company identifies concentrations of credit risk by reference to type of counter party. Maximum exposure to credit risk by type of counterparty is as follows:

	2014	2013
	(Rupees in thousand)	
Customers	839,037	757,944
Banking companies and financial institutions	264,944	556,032
Others	110,208	201,931
	1,214,189	1,515,907

48.1.3 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. All counterparties, with the exception of customers, have external credit ratings determined by various credit rating agencies. Credit quality of customers is assessed by reference to historical defaults rates and present ages.

48.1.3(a) Counterparties with external credit ratings

These include banking companies and financial institutions, which are counterparties to cash deposits, security deposits, margin deposits, insurance claims, and issuers of debt securities which are counterparties to investment in debt securities and accrued return thereon. These counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company. Following are the credit ratings of counterparties with external credit ratings:

	Rating			2014	2013
	Short term	Long term	Agency	(Rupees in thousand)	
Banks					
Bank balances					
Allied Bank Limited	A1+	AA+	PACRA	1,791	14,821
Askari Bank Limited	A1+	AA	PACRA	-	60
Bank Al-Habib Limited	A1+	AA+	PACRA	38,674	119,230
Bank Alfalah Limited	A1+	AA	PACRA	3,022	12,915
Bank Islami Pakistan Limited	A1	A	PACRA	55,900	37,371
Burj Bank Limited	A-1	A	JCR-VIS	9	10
Dubai Islamic Bank Pakistan Limited	A-1	A	JCR-VIS	741	22,741
Faysal Bank Limited	A1+	AA	PACRA	1,235	16,251
Habib Bank Limited	A-1+	AAA	JCR-VIS	22,257	6,038
HSBC Bank Middle East Limited	P-1	A2	Moody's	63	500
KASB Bank Limited	A3	BBB	PACRA	14	218
Meezan Bank Limited	A-1+	AA	JCR-VIS	1,528	231
MCB Bank Limited	A1+	AAA	PACRA	22,415	90,187
National Bank of Pakistan	A-1+	AAA	JCR-VIS	105	39,055
NIB Bank Limited	A1+	AA-	PACRA	9,060	95,441
Saudi Pak Industrial & Agricultural Investment Company Limited	A-1+	AA	JCR-VIS	-	2
Silk Bank Limited	A-2	A-	JCR-VIS	1,094	-
Soneri Bank Limited	A1+	AA-	PACRA	3,816	31,792
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	2,506	3,154
Summit Bank Limited	A-3	A-	JCR-VIS	73	73
United Bank Limited	A-1+	AA+	JCR-VIS	39,545	25
				203,848	490,115
Bank guarantees					
Allied Bank Limited	A1+	AA+	PACRA	1,700	5,444
United Bank Limited	A-1+	AA+	JCR-VIS	31,214	29,694
Summit Bank Limited	A-3	A-	JCR-VIS	12,792	12,792
Trust Investment Bank Limited	-	-	-	5,345	5,345
Soneri Bank Limited	A1+	AA-	PACRA	5,000	6,637
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	1,964	1,964
				58,014	61,875
Letters of credit					
Soneri Bank Limited	A1+	AA-	PACRA	1	-
MCB Bank Limited	A1+	AAA	PACRA	2,634	-
KASB Bank Limited	A3	BBB	PACRA	205	2,504
Allied Bank Limited	A1+	AA+	PACRA	241	1,538
				3,082	4,042
Total				264,944	556,032

48.1.3(b) Counterparties without external credit ratings

These include customers which are counterparties to local and foreign trade debts against sale of cement. Out of gross trade debts of Rs. 852.08 million (2013: 766.26 million), trade debts that are subject to credit risk amount to Rs. 762.04 million (2013: Rs. 704.18 million). The analysis of ages of trade debts of the Company as at the reporting date is as follows:

	2014		2013	
	Gross	Impairment	Gross	Impairment
	----------------------- (Rupees in thousand) -----------------------			
The aging of trade debts at the reporting date is:				
Not past due	459,795	-	356,854	-
Past due 1 to 30 days	318,070	-	317,949	-
Past due 30 to 150 days	29,523	-	26,254	-
Past due 150 days	44,695	13,046	65,201	8,314
	852,083	13,046	766,258	8,314

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.

As at year end, trade debts do not include any balance receivable from related parties (2013: nil).

48.2 Liquidity risk

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, or that such obligations will have to be settled in a manner unfavorable to the Company. 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 17.1 to these financial statements is a listing of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

48.2.1 Exposure to liquidity risk

48.2.1(a) Contractual maturities of financial liabilities, including estimated interest payments

The following are the remaining contractual maturities at the reporting date. The amounts are grossed and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

	2014				
	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	5 years and above
	(Rupees in thousand)				
Non-derivative financial liabilities					
Long term loans from banking companies	657,003	820,680	245,726	574,954	-
Redeemable capital	6,183,000	8,200,196	1,460,901	6,739,295	-
Syndicated term finances	1,196,000	1,592,829	278,040	1,314,789	-
Liabilities against assets subject to finance lease	840,423	912,492	128,278	784,214	-
Long term deposits	6,879	6,879	-	6,879	-
Trade and other payables	2,031,782	2,031,782	2,031,782	-	-
Accrued profit / interest / mark-up	174,625	174,625	174,625	-	-
Short term borrowings	2,618,528	2,618,528	2,618,528	-	-
	13,708,240	16,358,011	6,937,880	9,420,131	-

	2013				
	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	5 years and above
	(Rupees in thousand)				
Non-derivative financial liabilities					
Long term loans from banking companies	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	1,982,369	1,982,369	1,982,369	-	-
Accrued profit / interest / mark-up	361,834	361,834	361,834	-	-
Short term borrowings	3,277,666	3,277,666	3,277,666	-	-
	17,542,654	20,972,448	8,484,573	9,787,624	2,700,251

48.3 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 return.

48.3.1 Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which advances, sales and purchases and bank balances are denominated and the respective functional currency of the Company. The functional currency of the Company is Pak Rupee. The currencies in which these transactions are primarily denominated are Euros and US dollars.

48.3.1(a) Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows. The figures represent foreign currency balances after conversion in Pak Rupees using exchange rates prevailing at the balance sheet date.

	2014			
	EURO	USD	Yens	Rupees
	----- in thousand -----			
Assets				
- Trade debts	-	781	-	76,993
- Cash at bank	-	76	-	7,480
	-	857	-	84,473
Liabilities				
- Liabilities against assets subject to finance lease	-	(8,511)	-	(840,422)
- Creditors and bills payables	(24)	(5,559)	-	(552,215)
Net balance sheet exposure	(24)	(13,213)	-	(1,308,164)
Off balance sheet items				
- Outstanding letters of credit	(1,359)	(259)	-	(208,761)
Net exposure	(1,383)	(13,472)	-	(1,516,925)

	2013			
	EURO	USD	Yens	Rupees
	----- in thousand -----			
Assets				
- Trade debts	-	545	-	53,762
- Cash at bank	-	24	-	2,367
	-	569	-	56,129
Liabilities				
- Liabilities against assets subject to finance lease	-	(9,577)	-	(946,208)
- Creditors and bills payables	(559)	(6,703)	-	(734,417)
Net balance sheet exposure	(559)	(15,711)	-	(1,624,496)
Off balance sheet items				
- Outstanding letters of credit	(1,247)	(1,692)	(4,600)	(332,701)
Net exposure	(1,806)	(17,403)	(4,600)	(1,957,197)

48.3.1(b) Exchange rates applied during the year

The following significant exchange rates have been applied during the year:

	EURO to Rupees		USD to Rupees		YEN to Rupees	
	2014	2013	2014	2013	2014	2013
Reporting date spot rate						
- buying	134.46	128.85	98.55	98.60	0.97	1.00
- selling	134.73	129.11	98.75	98.80	0.97	1.00
Average rate for the year	139.93	125.73	102.90	96.90	1.02	1.11

48.3.1(c) Sensitivity analysis

A reasonably possible strengthening / (weakening) of 10% in Pak Rupee against the following currencies would have affected the measurement of financial instruments denominated in foreign currency and affected profit and loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Profit	
	2014	2013
	(Rupees in thousand)	
EURO	(18,639)	(23,317)
USD	(133,037)	(171,942)
YEN	-	(460)
	(151,676)	(195,259)

48.3.1(d) Currency risk management

Since the maximum amount exposed to currency risk is only 0.475% (2013: 0.603%) of the Company's total assets, any adverse / favorable movement in functional currency with respect to US dollar and Euro will not have any material impact on the operational results.

48.3.2 Interest rate risk

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates. Sensitivity to interest rate risk arises from mismatch of financial assets and financial liabilities that mature or re-price in a given period.

48.3.2(a) Fixed rate financial instruments

The effective interest / mark-up rates for interest / mark-up bearing financial instruments are mentioned in relevant notes to the financial statements. The Company's interest / mark-up bearing financial instruments as at the reporting date are as follows:

	Note	2014 Financial assets	2014 Financial liabilities	2013 Financial assets	2013 Financial liabilities
		------------- Rupees in thousand -------------			
Non-derivative financial instruments					
Short term borrowings	17	-	550,000	-	525,632
Long term investment	20	1,625	-	1,625	-
Long term loan to employees	21	7,242	-	5,682	-
Bank balances at PLS accounts	33	98,524	-	266,475	-
		107,391	550,000	273,782	525,632

The related profit / mark-up / interest rates for fixed rate financial instruments are indicated in the related notes to the financial statements.

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 account. Therefore, a change in profit / mark-up / interest rates at the reporting date would not affect profit and loss account.

48.3.2(b) Variable rate financial instruments

	Note	2014 Financial assets	2014 Financial liabilities	2013 Financial assets	2013 Financial liabilities
		------------- Rupees in thousand -------------			
Non-derivative financial instruments					
Long term loans from banking companies - secured	8	-	657,003	-	2,330,862
Redeemable capital - secured	9	-	6,183,000	-	7,215,869
Syndicated term finance - secured	10	-	1,196,000	-	1,379,125
Liabilities against assets subject to finance lease - secured	11	-	840,423	-	987,900
Short term borrowings	17	-	1,970,383	-	2,653,889
		-	10,846,809	-	14,567,645

The related profit / mark-up / interest rates for fixed rate financial instruments are indicated in the related notes to the financial statements.

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have (decreased) / increased profit by amounts shown below. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis is performed on the same basis for the year 2013.

	Profit	
	2014	2013
	(Rupees in thousand)	
Increase of 100 basis points		
Variable rate instruments	(108,468)	(145,676)
Decrease of 100 basis points		
Variable rate instruments	108,468	145,676

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.

48.3.2(c) Interest rate risk management

The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The short term borrowing and loans and advances by the Company has variable rate pricing that is mostly dependent on Karachi Inter Bank Offer Rate ("KIBOR") as indicated in respective notes.

48.3.3 Price risk

Price risk represents the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments trading in market.

48.3.3(a) Investments exposed to price risk

At the balance sheet date, the Company's investment in quoted equity securities and investments in money market mutual funds is as follows:

	2014	2013
	(Rupees in thousand)	
Investment in equity securities	6,780	7,350

48.3.3(b) Sensitivity analysis

A 10.00% increase / (decrease) share prices at year end would have increased / (decreased) the Company's fair value gain on investment as follows:

	Equity	
	2014	2013
	(Rupees in thousand)	
Short term investment at fair value through profit and loss account		
Effect of increase	678	735
Effect of decrease	(678)	(735)

48.3.3(c) Price risk management

The Company manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies. The carrying value of investments subject to equity price risk are based on quoted market prices as at reporting date. Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from reported market value. Fluctuations in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions. Furthermore, amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

48.4 Fair values

48.4.1 Fair value versus carrying amounts

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

48.4.2 Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Note	Level 1	Level 2	Level 3
		(Rupees in thousand)		
Short term investment at fair value through profit and loss account				
Next Capital Limited	27	6,780	-	-
Short term investment at fair value through profit and loss account				
Next Capital Limited	27	7,350	-	-

48.4.3 Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non–financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following method:

Long term investments - level 1

The value of investment at fair value through profit and loss account is determined by reference to quoted closing share prices at balance sheet date.

49. CAPITAL MANAGEMENT

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

i. to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
ii. to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

	Unit	2014	2013
Total debt	*Rupees in '000*	11,494,954	15,191,422
Less: cash and bank balances		206,844	523,540
Net debt		11,288,110	14,667,882
Total equity	*Rupees in '000*	9,749,577	6,770,913
Total capital employed	*Rupees in '000*	21,037,687	21,438,795
Gearing	*Percentage*	53.66%	68.42%

Total debt comprises of long term loans from banking companies, redeemable capital, syndicated term finances, liabilities against assets subject to finance lease and short term borrowings.

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements, except those, related to maintenance of debt covenants including restriction on dividend declaration, commonly imposed by the providers of debt finance which the Company has complied. Decrease in gearing ratio is mainly due to repayments of debts.

	2014	2013
	(Rupees in thousand)	

50. RESTRICTION ON TITLE, AND ASSETS PLEDGED AS SECURITY

Mortgages and charges

	2014	2013
Hypothecation of stocks, book debts and receivables	8,142,333	7,075,333
Hypothecation of plant and machinery	19,727,322	19,727,055
Mortgage over land	-	400,000

51. PROVIDENT FUND TRUST

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

	Un-audited 2014	Audited 2013
	(Rupees in thousand)	
Size of the fund - total assets	416,708	388,293
Cost of investments made	384,486	333,066
Percentage of investments made	95.94%	97.21%
Fair value of investments	399,800	377,464

The break-up of fair value of investments is:

	2014		2013	
	Rs. in thousand	Percentage	Rs. in thousand	Percentage
Shares in quoted securities	-	-	1,407	0.37%
Bank balances	7,315	1.83%	26,333	6.98%
Term deposit receipts	171,000	42.77%	27,800	7.36%
Government securities	170,791	42.72%	168,462	44.63%
Mutual funds	50,694	12.68%	153,462	40.66%
	399,800	100.00%	377,464	100.00%

The investments out of Provident Fund Trust have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

52. NUMBER OF EMPLOYEES

The total and average number of employees of the Company during the year end as at 30 June 2014 and 2013 respectively are as follows:

	2014	2013
Average number of employees during the year	992	991
Total number of employees as at 30 June	1,004	950

53. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on September 17, 2014 by the Board of Directors of the Company.

54. GENERAL

Figures in the financial statements have been rounded-off to the nearest thousand 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

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 30, 2014 at 11:00 AM** and any adjournment thereof.

As witnessed given under my/our hand(s) ______________ day of October 2014.

1. Witness:

Signature : ____________________

Name : ____________________

CNIC : ____________________

Address : ____________________

: ____________________

Affix
Revenue
Stamp of Rs. 5/-

____

Signature of Member / Attorney

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 received at the Company's Registered Office, not later 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

ایکدم
SOLID
میپل لیف
MAPLE LEAF CEMENT
42 Lawrence Road, Lahore. Pakistan