The CEMENT

ANNUAL REPORT 2016

میپل لیف
ایکدم
SOLID
MAPLE LEAF CEMENT

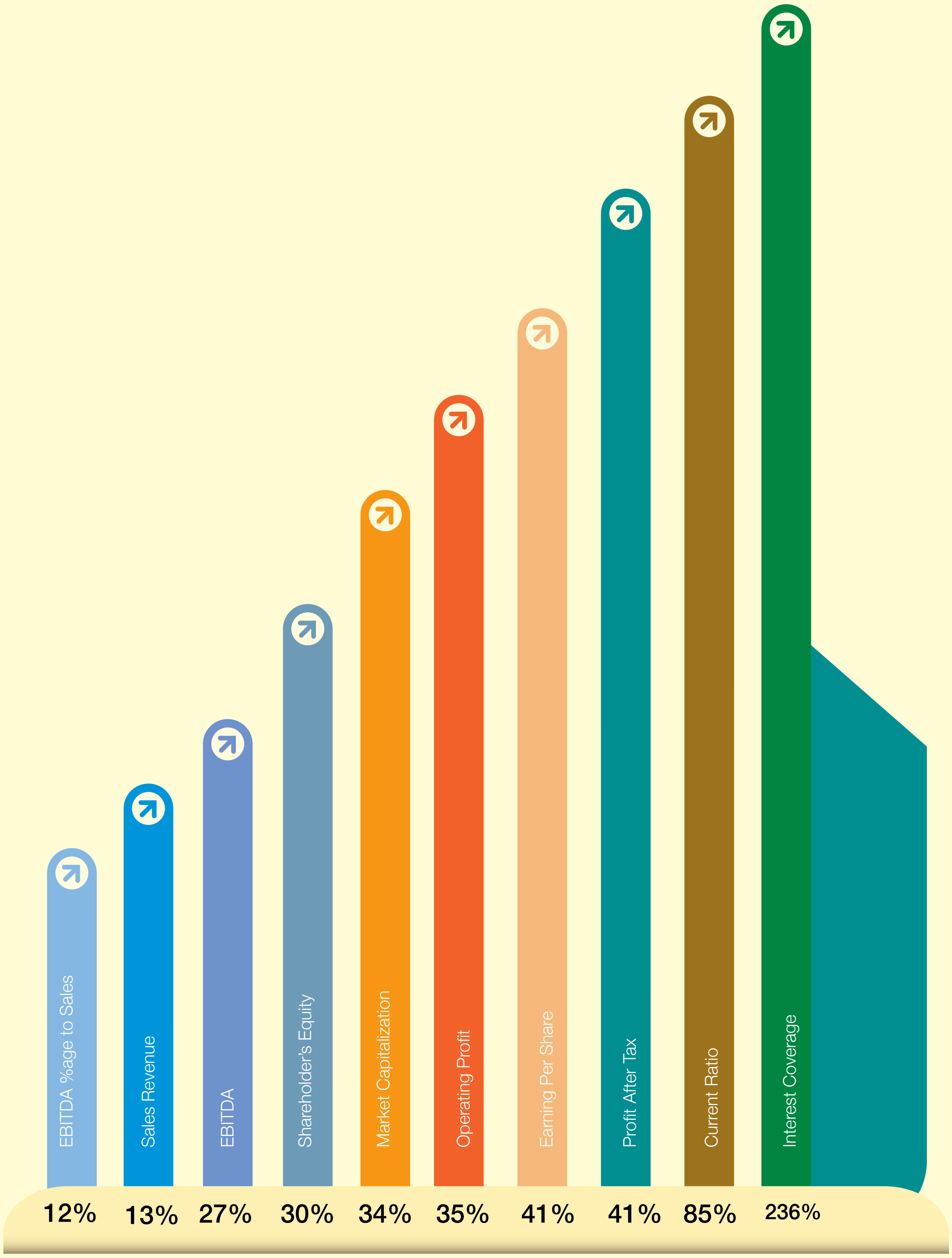
CONTENTS

Financial Highlights 02
Geographical Presence 03
Company Information 05
Vision Statement 07
Mission Statement 07
Corporate Strategy 08
Core Values 09
History of Maple 11
Code of Business Conduct and Ethical Principles 12
Company Profile and Group Structure 13
Statement of Overall Strategic Objectives 2016-2017 17
Notice of Annual General Meeting 18
Directors' Report to the Shareholders 26
Brief Profile of Directors 49
The Board Structure and its Committees 53
Policy and Procedures for Stakeholders' Engagement 59
Report of the Audit Committee 64
Risk and Opportunity Report 65
Calendar of Notable Events 70
Organization Chart 71
Definitions and Glossary of Terms 74
Horizontal Analysis - Six Years 75
Vertical Analysis - Six Years 76
Summary of Cash Flow Statement - Six Years 77
Comments on Six Years Analysis 78
Analysis of Financial Ratios 79
Comments on Ratio Analysis 81
DuPont Analysis 82
Key Operating and Financial Data 83
Statement of Cash Flows Direct Method 85
Results Reported in Interim Financial Statements and Final Accounts 86
Statement of Value Added and How Distributed 87
Graphical Presentation - Stakeholders' Information 88
Pattern of Shareholding 90
Statement of Compliance with the Code of Corporate Governance 96
Review Report to the Members on Statement of
Compliance with the Code of Corporate Governance 100

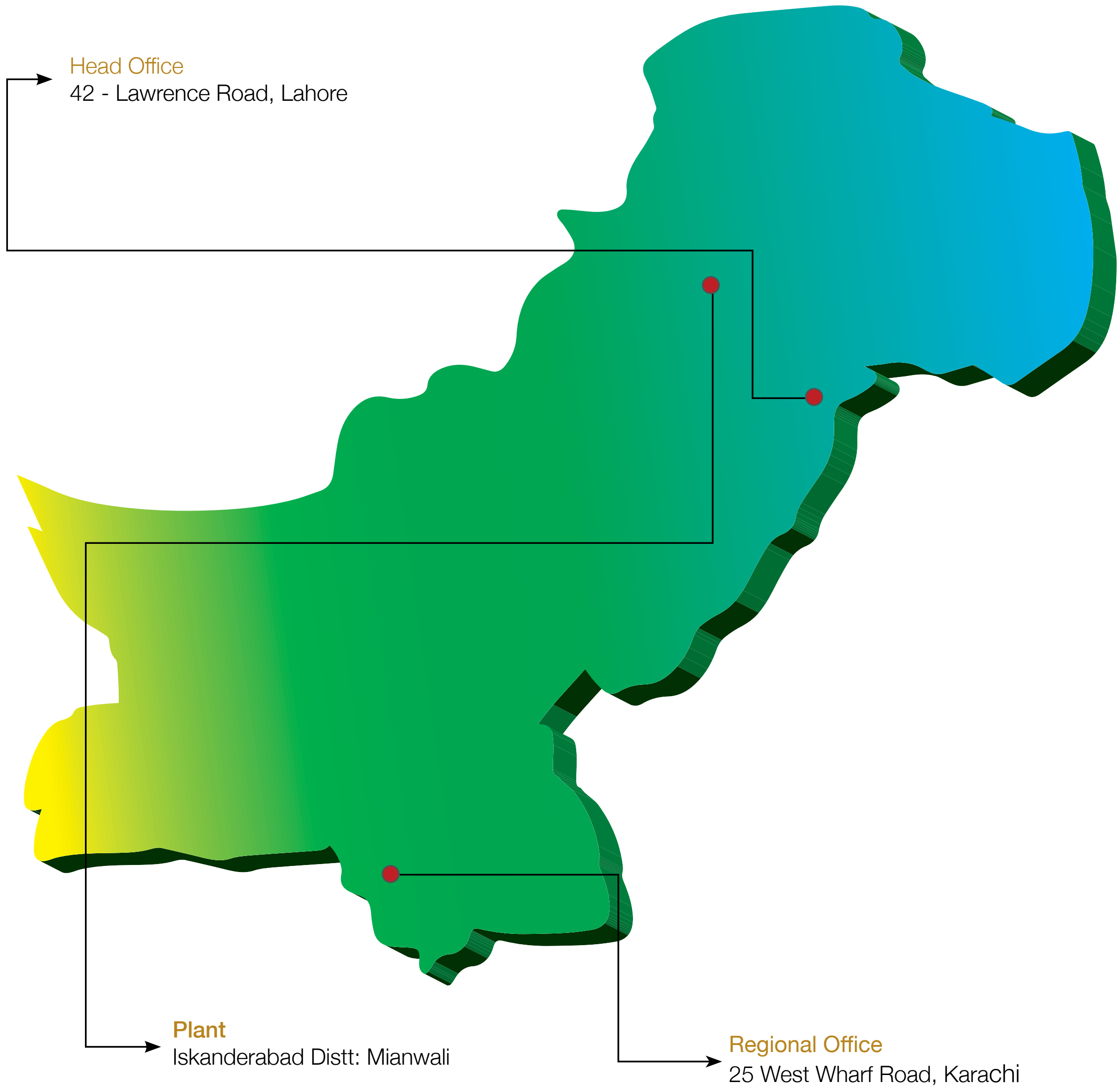
FINANCIAL STATEMENTS
Auditors' Report to the Members 103
Balance Sheet 104
Profit and Loss Account 106
Statement of Comprehensive Income 107
Cash Flow Statement 108
Statement of Changes in Equity 109
Notes to Financial Statements 110

CONSOLIDATED FINANCIAL STATEMENTS
Directors' Report on Consolidated Financial Statements 168
Auditors' Report 169
Balance Sheet 170
Profit and Loss Account 172
Statement of Comprehensive Income 173
Cash Flow Statement 174
Statement of Changes in Equity 175
Notes to the Consolidated Financial Statements 176
FORM OF PROXY

FINANCIAL HIGHLIGHTS
2016 Vs 2015



GEOGRAPHICAL PRESENCE



COMPANY INFORMATION

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

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

Human Resource & Remuneration Committee
Mr. Waleed Tariq Saigol.........................Chairman
Mr. Zamiruddin Azar ....Member
Mr. Danial Taufique Saigol ....Member

Chief Financial Officer
Syed Mohsin Raza Naqvi

Company Secretary
Mr. Muhammad Ashraf

Chief Internal Auditor
Mr. Zeeshan Malik Bhutta

Bankers of the Company
Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
BankIslami Pakistan Limited
Burj Bank Limited
Dubai Islamic Bank Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Islamic Corporation for the Development of the Private Sector, Jeddah
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
NIB Bank Limited
Silk Bank Limited
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
Summit Bank Limited
The Bank of Punjab
Trust Investment Bank Limited
U Microfinance Bank Limited
United Bank Limited

Auditors
KPMG Taseer Hadi & Co. Chartered Accountants

Legal Adviser
Mr. Shahid Ismail ....Advocate High Court

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, First Floor, Lawrence Road, Lahore
Phone: (00-92-42) 36283096-97
Fax: (00-92-42) 36312550
E-mail: shares@vcl.com.pk

Company Website:
www.kmlg.com

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

Vision Statement

The Maple Leaf Cement Factory stated vision 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 vision 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 the 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 our stakeholders and contribute towards the prosperity of the country.

CORE VALUES

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

Master Mistri Program

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 the Companies Act, 1913, 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, a 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 PKR 496 million profit after tax.
- 2013, the Company earned the highest ever record profit after tax of PKR 3,225 million.
- 2014, the Company and Pakistan Railway signed an agreement to transport coal and cement from Karachi to Daudkhel and vice - versa.
- 2015, the Company recorded the highest ever turnover of PKR 20,720 million as well as profit after tax of PKR 3,454 million. The Company reduced its debt burden by 46% as compared with last year. The Company paid a final cash dividend of 10% in addition to interim cash dividend of 10%.
- 2016, the Company yet again recorded the highest ever turnover quantitatively (3.34 million tons) and value wise (PKR 23.433 billion), as well as highest profit after tax of Rs. 4.88 billion. The Company paid off its entire Rs. 8 billion debt in third quarter of the financial year much earlier than the deadline of December 2018. The Company also established a wholly owned subsidiary, Maple Leaf Power Limited, for the establishment and commissioning of a 40 MW coal fired power plant. The Company has proposed a final cash dividend of 25% in addition to 15% interim dividend already paid.

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 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) and one unlisted public limited company i.e. Maple Leaf Capital Limited which is the subsidiary of Kohinoor Textile Mills Limited. MLCF is a subsidiary company of KTML. The Group companies are ranked amongst the top companies in the cement, textile and investment sectors.

During the year, Maple Leaf Power Limited (MLPL) has been set up as an unlisted public limited company having authorized share capital of Rs. 6 billion and a paid up capital of Rs. 660 million. The principal object of the Company is the establishment and commissioning of a 40 MW coal fired power plant. The Company is a wholly owned subsidiary of Maple Leaf Cement Factory Limited.

Nature of Business:

Maple Leaf Cement Factory Limited is part of the Kohinoor Maple Leaf Group which is a reputable manufacturer of textile and cement in Pakistan. Maple Leaf Cement is the largest single cement production site in Pakistan. It is one of the pioneers of cement industry in Pakistan and in 1956 it was formed by the collaboration between the West Pakistan Industrial Development Corporation and the Government of Canada. Currently, the Company operates via two production lines for the production of grey cement and one line for white cement in which it owns more than 90% market share. All three lines are owned assets of the Company. Total installed capacity for clinker production is 3,360,000 tons annually.

Macro Factors Affecting the Business:

a) Pakistan Economy - The revival of growth that started in 2014-15 has accelerated in 2015- 16 as per indicators released by the

National Accounts Committee. The factors contributing this momentum in growth include the reform initiatives, commitment to a calibrated fiscal and monetary management and an overall improvement in the macroeconomic situation. The impact of these factors was strengthened by a steep decline in oil prices, rise in foreign exchange buffers, growth in remittances and proceeds from privatization.

b) Cement Industry – The cement sector has been on the rise as being a major component of development projects, a key focus of the current government. Also, reduction in cost owing to reduced HFO/coal prices has also benefited the sector as a whole. Major players have continuously registered increased profitability during the year and surpassing expectations by better margins. Overall economic upgrade of the economy has also played a major role in this rise in demand.

c) Inflation – From the start of the year, core Inflation decreased to below 2% in July 2015. It however started to rise in October 2015 and at the close of the current financial year, stood at 3.7% compared to 3.8% in June 2015. The average inflation during the year overall decreased for the year.

d) Public Sector Development Budget (PSDB) – One of the major focus of the present government is on public sector development including infrastructure which has led to an increase in PSDB over the years. Majority of the PSDP projects are concentrated in Punjab, followed by Sindh and Khyber Pakhtunkhwa. Being majorly concentrated in Punjab, this gives the Company an advantage as its local market is also currently majorly clustered in Punjab.

e) Fiscal Development – The fiscal deficit has decreased from 5.3% in 2015 to 4.45% in 2016. This has been possible by the reforms of the present government on both revenue and expenditure side. The government further expects to decrease this to 3.8% for the year 2016-2017.

f) Construction Activity – Based on low inflation, reduced fiscal deficit and increased economic performance as mentioned above, the construction activity also got a boost with major housing projects initiated in all areas of Pakistan.

g) Money & Credit – The discount rate has reduced from 7% in 2015 to 5.75% in 2016. Balance of payments also improved at the backing of reduced import bill and steady growth in workers' remittances. Foreign exchange reserves closed at $23 billion as on 30th June 2016.

h) Main Market – The main market of the Company is the domestic market supported by exports which are mainly in Africa, Gulf and other Asian countries.

i) Environment – The operations of the Company are subject to different environmental, corporate and labor laws and it is fully complying with these and other relevant laws.

MICRO FACTORS AFFECTING THE BUSINESS:

a) Business model for the Company – The business model of the Company is to increase retention, reduce the cost of production and increase in customer satisfaction. The approach to be followed is to reduce variable cost through various cost efficient measures.

b) Product portfolio – To cater to varying needs of the market, Maple Leaf produces the following cement:

   i) Ordinary Portland Cement
   ii) Sulphate Resistant Cement
   iii) Low Alkali Cement
   iv) White Cement

   The varying products allow Maple Leaf to cater different types of customers from household to contractors to government infrastructure needs as the composition of cement required by each is different.

c) Competitors – Maple Leaf is amongst the top companies in the cement industry. It has performed handsomely and has yielded results which have placed it in the top ranks. The Company is always striving to improve with focus on improved sales and cost reduction measures.

d) Suppliers – Coal is mainly imported from South Africa, which is a famous source all over the world for its high gross caloric value and low moisture content. Raw materials like limestone, clay and gypsum are mined by contractors on leased lands by Maple Leaf Cement.

STATEMENT OF OVERALL STRATEGIC OBJECTIVES 2016-2017

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

1. 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 human resource solutions through 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.

5. Effective use of available resources.

6. Explore alternative energy resources.

7. Further improvements in Code of Corporate Governance through restructuring of assets and optimization of management processes.

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

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 56th Annual General Meeting of the members of **Maple Leaf Cement Factory Limited** (the "Company") will be held on Monday, **October 31, 2016 at 11:00 AM** at 42-Lawrence Road, Lahore, the Registered Office of the Company, to transact the following business:-

31 October 11:00 am

Ordinary Business:

1) To receive, consider and adopt the audited accounts of the Company including consolidated financial statements for the year ended June 30, 2016 together with the Directors' and Auditors' Reports thereon.

2) To approve final cash dividend for the year ended June 30, 2016 at Rs. 2.50 per share (25%), as recommended by the Board of Directors. This is in addition to the interim 15% cash dividend, already paid to the shareholders.

3) To appoint Auditors for the year ending on June 30, 2017 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:

4) To consider and if deemed fit, to pass the following special 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.1,000 million (Rupees one thousand million only) for a period of one year commencing from November 01, 2016 to October 31, 2017 (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, 2015 by the shareholders, the Company was authorized to extend a facility of similar nature to the extent of Rs.500 million which is valid till October 31, 2016.

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 the Securities and Exchange Commission of Pakistan (SECP), executing documents all such notices, reports, letters and any other document or instrument to give effect to the above resolution."

5) To consider and if thought fit, to pass the following resolution as special resolution with or without modification(s), addition(s) or deletion(s) to alter the Articles of Association of the Company:-

"**Resolved** that in accordance with the provisions of Section 28 and other applicable provisions of the Companies Ordinance, 1984, and subject to requisite permission and clearance, the following new Article 73A be and is hereby inserted after the existing Article 73 in the Articles of Association of the Company:

"73A. Electronic Voting:

I. This article shall only be applicable for the purposes of electronic voting;

II. The Company shall comply with the mandatory requirements of law regarding the use of electronic voting by its members at general meetings. Members may be allowed to appoint members as well as non-members as proxies for the purposes of electronic voting pursuant to this article."

Resolved further that the Company Secretary be and is hereby authorized to take or cause to be taken any and all actions necessary and make necessary filings and complete legal formalities as may be required to implement this resolution."

6) To consider dissemination of annual audited accounts through CD/DVD/USB instead of transmitting the same in the form of hard copies and approve the following resolution as a Special Resolution with or without modification:-

"**Resolved** that dissemination of information regarding annual audited accounts to the shareholders in soft form i.e. CD/DVD/USB as notified by Securities and Exchange Commission of Pakistan vide its SRO 470(I)/2016 dated May 31, 2016, be and is hereby approved."

BY ORDER OF THE BOARD

(Muhammad Ashraf)
Company Secretary

Lahore: October 10, 2016

Notes:

1. The Share Transfer Books of the Company will remain closed from October 20, 2016 to October 31, 2016 (both days inclusive). Physical transfers / CDS Transaction IDs received at the Company's Share Registrar, M/s. Vision Consulting Ltd, 3-C, LDA Flats, Lawrence Road, Lahore, at the close of business on October 19, 2016 will be considered in time for the purpose of above entitlement and to determine voting rights of the shareholders for attending 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. The Members, who desire for receiving the annual audited financial statements and AGM Notice through e-mail, are requested to send their written consent on a Standard Request Form available on website www.kmlg.com in order to avail this facility.
4. The audited financial statements for the year ended June 30, 2016 are available on website of the Company www.kmlg.com.
5. Shareholders are requested to notify / submit the following information & documents, in case of book entry securities in CDS to their respective CDS participants and in case of physical shares to our Share Registrar, if not earlier provided / notified:-

   a. Change in their addresses;

   b. Dividend mandate information i.e. Title of Bank Account, Bank Account No., Bank's Name, Branch Address and Cell / Landline No(s). of the Transferee(s) towards direct dispatch of cash dividend cheque(s) to their bankers;

c. Valid and legible copies of CNIC for printing of CNIC number(s) on their Dividend Warrant(s) as required vide SRO 831 (I)/2012 dated July 05, 2012. In case of non-submission of valid & legible copy of CNIC, the Company will be constrained to withhold the Dividend Warrant(s) till such time the CNIC copy is provided by them;

d. Valid and legible copies of National Tax Number (NTN) or NTN Certificate(s) of corporate entities and must quote the company name and their respective folio numbers thereon while sending the copies;

e. Pursuant to requirement of the Finance Act, 2016 effective July 01, 2016, the 'Filer' & 'Non-Filer' shareholders will pay tax on dividend income @12.5% and 20% respectively. Therefore, please ensure that their name(s) have been entered into Active Taxpayers List (ATL) provided on website www.fbr.gov.pk of the Federal Board of Revenue (FBR), despite the fact that the shareholder is a filer, before the payment date of final cash dividend i.e. November 26, 2016, otherwise tax on cash dividend will be deducted @20% instead of 12.5%;

f. As per clarification of FBR, each joint holder is to be treated individually as either a 'Filer' or 'Non-Filer' and tax will be deducted on the basis of shareholding notified by each joint holder. Accordingly, such shareholder(s) may notify in writing within 10 days from entitlement date i.e. October 19, 2016 as per under format to our Share Registrar. If no notification is received to our Share Registrar, then it will be assumed that the shares are held in equal proportion by the principal shareholder and the joint holder(s);

Folio / CDC Account No.	Total Shares	Principal Shareholder		Joint Shareholder(s)		Signature(s)
		Name & CNIC No.	Shareholding Proportion (No. of Shares)	Name & CNIC No.	Shareholding Proportion (No. of Shares)	

g. Valid income tax exemption certificate issued by the concerned Commissioner of Inland Revenue is to be furnished to the Company / Share Registrar in order to avail tax exemption u/s 150 of the Income Tax Ordinance 2001 (tax on dividend) where the statutory exemption under clause 47B of Part-IV of Second Schedule is available and want to avail exemption u/s 150 of the Ordinance, otherwise tax will be deducted under the provisions of laws;

h. For any query / information, the shareholders may contact with the Company Secretary at the above Registered Office and / or Mr. Abdul Ghaffar Ghaffari of Share Registrar, Vision Consulting Ltd, 3-C, LDA Flats, Lawrence Road, Lahore, Ph. Nos. (042) 36283096-97.

STATEMENT UNDER SECTION 160(1)(b) OF THE COMPANIES ORDINANCE, 1984:

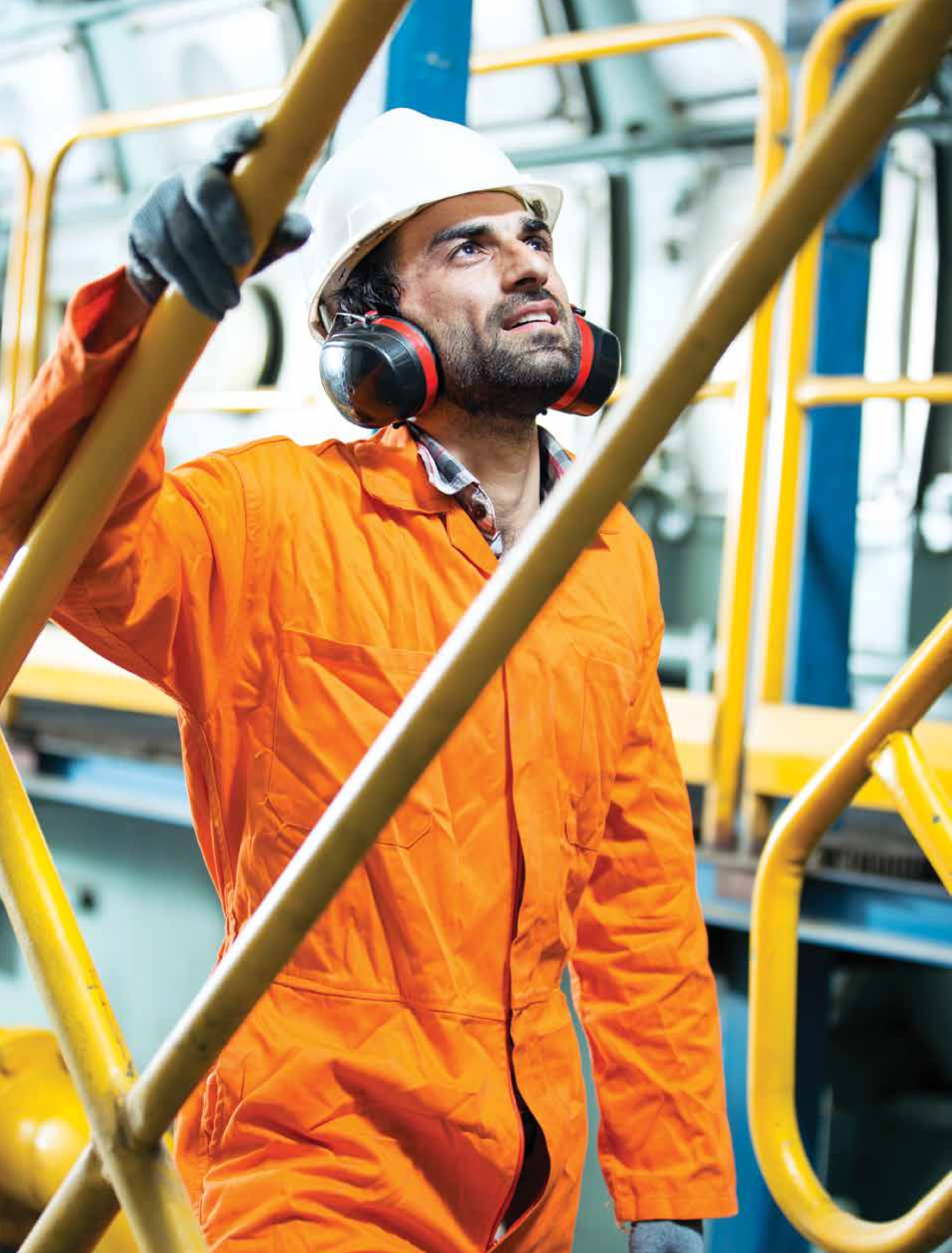
This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company to be held on October 31, 2016.

Item agenda 4: Investment in Kohinoor Textile Mills Limited

Kohinoor Textile Mills Limited ("KTML"), the holding company, having its Registered Office at 42-Lawrence Road, Lahore, is manufacturer of yarn and cloth, processing and stitching the cloth and trade of textile products and its production comprise 156,528 ring spindles capable of spinning a wide range of counts using cotton and man-made fibers. The weaving facilities at Raiwind comprise 252 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 05, 2016 has approved Rs. 1,000 million as loans / advances, being a reciprocal facility, to KTML on the basis of escalating profit trend of KTML subject to approval of the members. The Company shall extend the facility of loans / advances from time to time for working capital requirements to KTML in accordance with an agreement in writing including all relevant terms and conditions as prescribed in the Regulations.

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



The information under clauses 3(1)(b) & 4(1) of the 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.1,000 million (Rupees one thousand 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 loans 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, 2016 to October 31, 2017.
(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.500 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, 2015 which is valid till October 31, 2016.
(v)	Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements;	Based on the audited financial statements for the financial year ended 30 June 2016, the financial position of KTML is as under:

Particulars	Amount Rupees (000)
Paid up capital	2,823,551
Reserves	6,336,788
Surplus on revaluation of land and investment properties	3,799,334
Current liabilities	4,990,909
Current assets	6,006,888
Breakup value per share (Rs.) without revaluation	32.44
Sales	16,088,302
Gross Profit	3,039,436
Operating Profit	2,965,535
Net Profit	2,132,215
Earnings per share (Rs.)	7.55

<table>
<tr><th>Ref. No.</th><th>Requirement</th><th>Information</th></tr>
<tr><td>(vi)</td><td>Average borrowing cost of the investing company or in case of absence of borrowing the Karachi Inter Bank Offered Rate for the relevant period;</td><td>Average borrowing cost of the Company is 7.04% for the year ended June 30, 2016.</td></tr>
<tr><td>(vii)</td><td>Rate of interest, mark up, profit, fees or commission etc. to be charged;</td><td>Mark-up will be charged from KTML at one percent above the average borrowing cost of the Company.</td></tr>
<tr><td>(viii)</td><td>Sources of funds from where loans or advances will be given;</td><td>Loan and / or advance will be given out of own funds of the Company.</td></tr>
<tr><td>(ix)</td><td>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;</td><td>N/A</td></tr>
<tr><td>(x)</td><td>Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any;</td><td>No collateral is considered necessary since KTML is a holding company of the Company.</td></tr>
<tr><td>(xi)</td><td>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;</td><td>N/A</td></tr>
<tr><td>(xii)</td><td>Repayment schedule and terms of loans or advances to be given to the investee company;</td><td>The loan / advance would be for a period of one year from November 01, 2016 to October 31, 2017 (both days inclusive). KTML will pay interest / mark-up on quarterly basis whereas repayment of principal amount shall be on or before October 31, 2017.</td></tr>
<tr><td>(xiii)</td><td>Salient features of agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment;</td><td><table>
<tr><td>Nature</td><td>:</td><td>Loan / advance</td></tr>
<tr><td>Purpose</td><td>:</td><td>To earn mark- up / profit on loan / advance being provided to KTML which will augment the Company’s cash flow</td></tr>
<tr><td>Period</td><td>:</td><td>One Year</td></tr>
<tr><td>Rate of Mark-up</td><td>:</td><td>Above one percent the average borrowing cost of the Company</td></tr>
<tr><td>Repayment</td><td>:</td><td>Principal plus mark up/ profit upto October 31, 2017</td></tr>
<tr><td>Penalty charges</td><td>:</td><td>@3-months KIBOR plus one percent in addition to the outstanding amount(s).</td></tr>
</table></td></tr>
</table>

Ref. No.	Requirement	Information
(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	4.4551	0.3540
Mr. Taufique Sayeed Saigol	4.5922	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

Item 5 of agenda: Insertion of Article 73A in the Articles of Association of the Company

Securities and Exchange Commission of Pakistan (SECP) has issued Companies (E-Voting) Regulations, 2016 on January 22, 2016 vide S.R.O 43(1)/2016. The Directors have recommended alteration in the Articles of Association by inserting a new Article 73A therein which will give the members option to be part of the decision making in the general meetings of the Company through electronic means.

The Directors, Sponsors, majority shareholders and their relatives are not interested, directly or indirectly, in the above business except to the extent of shares that are held by them in the Company.

Original and amended copies of the Articles of Association have been kept at the registered office of the Company which can be inspected on any working day during usual business hours till the date of Annual General Meeting.

Item 6 of agenda: Dissemination of information regarding Annual Audited Accounts to the shareholders through CD/DVD/USB

In order to implement SECP directions with respect to transmission / circulation of information such as annual audited accounts through CD/DVD/USB instead of hard copies, special resolution is a part of the notice for concurrence of shareholders to adopt the newly introduced mode of transmission. However, for convenience of shareholders Standard Request Form will be uploaded on Company's website for those who opt to receive Annual Audited Accounts at their registered addresses or through email.

The Directors, Sponsors, majority shareholders and their relatives are not interested, directly or indirectly, in the above business except to the extent of shares that are held by them in the Company.

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors are pleased to present the 56th annual report along with audited financial statements and Auditors' Report thereon for the year ended June 30, 2016.

The financial highlights (standalone) are as follows:-

	(Rupees in thousand)			
	Year Ended			
	July to June		Variance	
	2016	2015	Rs.	%
Net Sales Revenue	23,432,696	20,720,054	2,712,642	13.09
Gross Profit	10,022,132	7,495,623	2,526,509	33.71
Operating Profit	7,553,042	5,583,550	1,969,492	35.27
Finance Cost	435,504	1,082,639	(647,135)	(59.77)
Profit Before Taxation	7,117,538	4,500,911	2,616,627	58.14
Taxation	2,232,953	1,046,616	1,186,337	113.35
Profit After Taxation	4,884,585	3,454,295	1,430,290	41.41
Earnings Per Share (Rs.)	9.26	6.55	2.71	41.41

The Company registered record net sales of Rs. 23,433 million against Rs. 20,720 million in the previous year. During the financial year, local dispatches increased from 2,350,732 metric tons to 2,740,718 metric tons compared to the corresponding period, showing a robust growth of 16.59% on the back of economic upcycle due to improved domestic activities. This development can be credited to acceleration in private sector construction activities and partial materialization of the budgeted Public Sector Development Programme (PSDP). This growth also resulted in increased per capita cement usage, currently at 147kg vs. the global average of 527kg. Export volumes and prices however, remained stagnant due to lackluster demand from overseas. Volumes to Afghanistan, one of Pakistan's biggest export markets declined because of reduced investments and increased competition from Iranian cement. The influx of Iranian cement is a cause of concern for the cement industry in Pakistan as the Government has not moved to curb the smuggling of cement into the country. However, stellar growth in high margin local dispatches has mitigated to some extent, the ill effects of falling exports. White cement production remained steady during the year enabling good sales volume in the local market.

Capacity utilization and dispatches also improved as evident from data shown below:-

Particulars	July to June		Variance	
	2016	2015	Qty	% age
	------------------M. Tons-----------------			
Production				
Clinker Production	3,092,793	2,824,854	267,939	9.49
Cement Production	3,340,410	3,005,456	334,954	11.14
Sales				
Domestic	2,740,718	2,350,732	389,987	16.59
Exports	599,605	609,769	(10,164)	(1.67)
	3,340,324	2,960,501	379,823	12.83

Total sales volume of 3,340,324 tons achieved is an increase of 12.83% over 2,960,501 tons sold during the corresponding period of last year. The domestic sales volume increased to 2,740,718 tons registering an increase of 16.59% and exports sales volume reduced to 599,605 tons, a decrease of 1.67%.

Coal prices increased towards the end of the current financial year. The Company, however, derived benefit of reduced prices throughout the year on account of weak global coal demand and timely building up of stock. Power cost, which is another major input in the cost of production of cement, also reduced during the year as the government partially passed on the benefit of reduction in oil prices to consumers in the form of fuel price adjustments. The Company also directly benefited through oil price reduction as its furnace oil based engines, which were majorly used during the year, reduced dependency on the national grid bringing down the weighted average cost of power. The Company is also continuously benefiting from lower inland transportation costs through haulage via the railway network resulting in reasonable savings.

Keeping in view the above factors, gross profit rose by Rs. 2,527 million to Rs. 10,022 million in the current period, compared to Rs. 7,496 million in the corresponding year, which depicts better operational performance than last year.

Due to efficient monitoring and development of operating procedures, administration and other operating expenses have been kept in check. Operating profits rose by Rs. 1,969 million to Rs. 7,553 million during the year, compared to Rs. 5,584 million in the corresponding period last year.

A major milestone achieved by the Company this year was repayment of its entire Sukuk loan of Rs. 8 billion in the third quarter of the current financial year. The agreed repayment of the said loan was scheduled for December 2018 but the Company achieved this much earlier due to better cash flow generation through enhanced profitability coupled with cost curtailment and efficient financial management. Due to early repayment and declining interest rates, finance costs of the Company reduced considerably and debt equity ratio also improved, as shown below:-

Effective tax rate has increased in the current year from 23% to 31% on account of high profitability and full absorption of available tax losses at the end of second quarter. The Company has now come under normal high rate tax regime in the third quarter. In the fourth quarter, provision of Super Tax @ 3% has been made and this levy is extended for another year in the Finance Bill 2016-17. The Company recorded post-tax profit of Rs.4,885 million during the year against Rs.3,454 million in the corresponding period last year, showing growth of 41.41%.

DIVIDEND

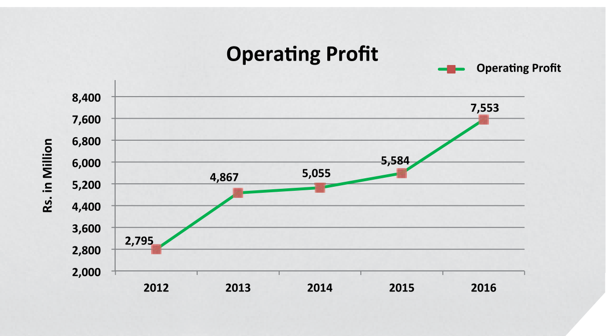
Keeping in view the results, the Board of Directors has announced final cash dividend at Rs.2.50 per share i.e. (25%). This is in addition to the already paid interim cash dividend @15% i.e. Rs.1.50 per share, thus making a total cash dividend @40% i.e. Rs. 4.00 per share for the year ended June 30, 2016.

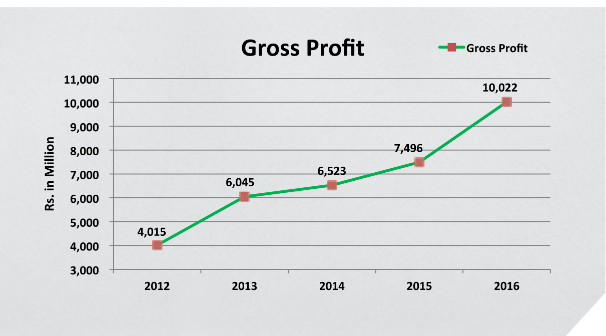
ANALYSIS OF PRIOR PERIOD'S FORWARD LOOKING DISCLOSURES

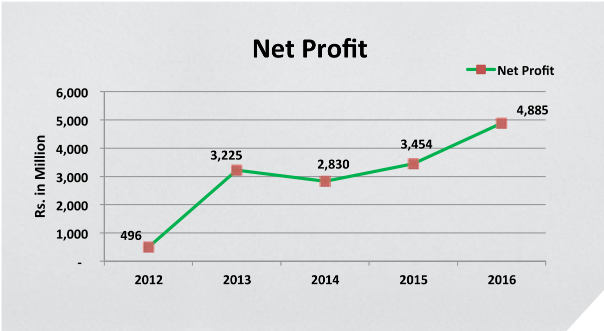
The Company's actual performance in the year 2015-16 exceeds the disclosures made in the prior periods' annual reports mainly due to favorable sales growth, coal prices, reduced HFO prices and reduction in finance cost. Effective utilization of resources and power generation equipment based on WHRP and backup HFO engines reduced production cost which resulted in an increase in operating profits as compared to projections.

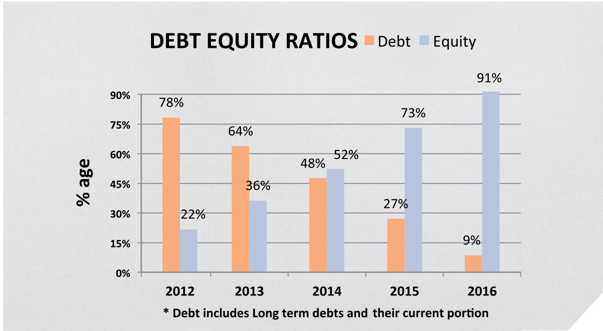
NON FINANCIAL PERFORMANCE

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





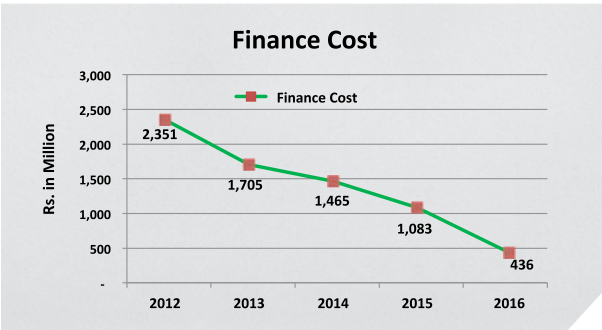




Company is currently producing and supplying the high quality products which ensure maximum satisfaction to the customers. During the year, the Company has conducted various training courses for the development of existing human capital. The Company is maintaining a highly satisfactory relationship with all stakeholders. The Company has formed various committees which are responsible for the effective monitoring of key areas.

SEGMENTAL REVIEW OF BUSINESS PERFORMANCE

The financial statements of the Company have been prepared on the basis of single reporting segment. Revenue from sale of cement represents 100% of gross sales of the Company. Sale comprises 92.83% of grey cement and 7.17% of white cement. The Company operates in two principal geographical areas, Asia and Africa. Moreover, all assets of the Company as at June 30, 2016 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 collective wisdom and empathy. We are committed to enhance stakeholder's value. To achieve our corporate objectives, we have given priorities to refine and implement our human resource policies and Standard Operating Procedures (SOPs). Total Quality Management (TQM) function has been implemented that seeks to lower non-conformance costs through an active focus on health, safety, environment, housekeeping and operations.

Apart from the above, we have implemented scientific performance evaluation techniques that are linked to Key Performance Indicators(KPIs). 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 2015-16 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 and Team Culture Development. Priority is being assigned to control production cost.

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

There is no material change in Company's objective and strategies from the previous year.

ENTITY'S SIGNIFICANT RESOURCES

Our resources mainly consist of human resource, financial resource, and technological resource. The Company assorted and hired team of professionals

with enormous expertise in latest technologies who proficiently design the ways for improving and upgrading our production process, networking and control systems. We have developed a dedicated team to analyze the human resource right from selection till retirement. We believe in adding value to our human resource by extensive trainings and development program.

LIQUIDITY AND CAPITAL STRUCTURE

Our liquidity condition has significantly improved over the period with reduced payment cycle. The management of the Company has breadth of experience and knowledge of best practices in liquidity management pertaining to policies, processes, regulatory constraints, tax considerations and liquidity management system. Capital structure mainly consists of ordinary share capital and long term / short term debts. Management believes that there is no inadequacy in capital structure in status quo.

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 a timely basis, which will result in the reduction of financial cost and resultantly, net profit of the Company will be increased.

SIGNIFICANT CHANGES IN FINANCIAL POSITION

During the year, Company has paid off its long term debt and redeemable capital totaling to Rs. 4,155 Million, managed to improve debt equity ratio from 27:73 to 9:91 and net cash generated from operations increased by Rs. 1,726 million as compared with previous period due to increase in sales and reduction in finance cost. Moreover, the Company has adopted the strategy to utilize maximum cash profits for the payment of debts.

PROSPECTS OF THE ENTITY INCLUDING TARGETS FOR FINANCIAL AND NON-FINANCIAL MEASURES

Prospects of the Entity – The financial projections of the Company are very encouraging with continued growth expected locally as new potential markets are being explored and various measures adopted by the Company to reduce the cost. Different marketing strategies are being carried out to increase sales and profitability.

Financial Measures – Various financial considerations are used to make the projections of Maple Leaf Cement. Following are the financial measures to determine the healthy prospects of the Company:

1. Increase in sales volume for all types of products with special emphasis on white cement.

2. Reduced cost of production through:

   a. reduction in raw material cost per ton,
   b. savings in fuel cost

per ton including more efficient yield,

c. lower power cost including decline in per ton KWH power consumption; and

d. lower weighted average cost of capital percentage.

3. Reduction in debt burden based on healthy cash flows to be generated from increased sales and reduced costs as mentioned above to reinforce the reduction in finance cost.

Non-Financial Measures – Non financial measures are the many intangible variables that impact performance. These are difficult to quantify as compared to financial measures but they are equally important. Following are the non-financial measures of the Company:

1. Stakeholder's engagement – Through different committees and forums, management expects to further increase stakeholder's engagement and increase the awareness in different qualitative aspects of the business through cross functionality.

2. Customer satisfaction – The Company places great focus on customer satisfaction, and going forward, this remains a prime objective of the management.

3. Brand recognition – Marketing efforts will be in place to increase sales volume based on the philosophy of being a brand where our product is demanded by consumers to create a pull effect.

4. Integrity of managers – Being one of the core values of the Company, trainings have been planned to further drill this value into the middle and lower staff.

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.

ENTITY'S SIGNIFICANT RELATIONSHIPS

The Company has very prominent and good relationships with all stakeholders. We maintain collaborative relations with our stakeholders, 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 call centre established two years ago is in full swing in achieving the main purpose of being a bridge between the Company and its stakeholders including customers and supply chain staff. 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 their confidence 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 has the facility to call toll free call centre 24/7 to register their grievances. The Company's Grievance 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 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.

Sr. No.	Objectives	Measures
1	Improved capacity utilization of the Company's production facilities	Number of days run factor
2	Modernization of production facilities in order to ensure the most effective production	Reduction in unplanned stoppages
3	Effective marketing and innovative concepts	Increase in retention and sales volume
4	Implementation of effective human resource solutions through 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	Higher return on human capital
5	Effective use of available resources	Decrease in variable cost
6	Explore alternative energy resources	Reduced dependence on national grid
7	Further improvements in Code of Corporate Governance through restructuring of assets and optimization of management processes	Higher legal compliance level and reduction in contingencies
8	Compliance with local and international environmental and quality management standards, implementation of technologies allowing to comply with the limitations imposed on pollutant emissions	Compliance with SOPs
9	Implementation of projects in social and economic development of communities	Allocation of funds for CSR and their monitoring

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

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 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, 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. In this relation, the Company also expends a lot in terms of finances and time for the training of its resources as is evident from the below trainings held during the year:

1. Emotional Intelligence
2. Effective Communication Skills
3. House Keeping
4. Project Management
5. Kiln Alignment
6. Supply Chain Management
7. Siemens PLC
8. OHSAS 18001 Lead Auditor
9. HSE SOPs
10. Shell Lubes
11. Simatic Program Logic Controllers

MARKET SHARE

Presently the Company due to its unique marketing efforts and superior quality has 7.4% 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 "8th Corporate Social Responsibility Award 2016" 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 projects 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:

- Maple Leaf recognizes its responsibility to contribute to the community including the minority. In this regard, Christmas party was arranged both at Head Office and plant site on the 23rd of December 2015 to celebrate with the Christian community on their joyous occasion.
- Maple Leaf is continually committed to its Master Mistri Program which aims to enhance skills and standard of living of masons. To facilitate the program, Maple Leaf built a state of the art lodge at its plant site for boarding and lodging of masons.
- Civil defense week was held in October 2015 for training of staff in defense matters.

b) Industrial Relations

The Company has set procedures, rules and regulations which regulate employment guidance. The Company has allocated Gratuity, Provident Fund and Worker's Profit Participation Fund for its employees. The Company also pays bonuses to employees on the basis of Company's profitability and also awards performance bonuses to star performers. Appropriate opportunity is provided to employees to participate in Collective Bargaining Agreement (CBA) activities and to elect representatives 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. Work is being done actively on Coal Fired Power Plant and it is expected to be commissioned and running in the second half of the calendar year 2017. We have also maintained such methods to avoid maximum WAPDA peak hours utilization. Also, planning is under way to automate the switching of lights based on light conditions. This will save energy as currently some lights are inadvertently left on during day time.

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.

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, 2016. 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.


CAT
966G

In pursuance of the green vision and commitment of Top Management of the Company for maintaining healthy and green environment, Maple Plantation Day was carried out at Maple Leaf Cement Factory Limited Iskandarabad, Mianwali on 21st March, 2016. The main aim of the ceremony was to demonstrate the continual efforts and commitment of the Company's Management for the healthy working environment for its workers as well as for the people in neighborhood of the Company.

The Company celebrated "The World Water Day" on the 22nd of March 2016 at site with the collaboration of community and DO Environment. The main purpose of the seminar was to raise the awareness of the inter-linkages between water and energy.

g) Rural Development Program

Being setup in a rural area, The Company realizes its responsibility to create awareness amongst the local masses relating to dengue and other serious diseases through awareness campaigns and various other techniques. The area of the plant site is an area deprived with updated facilities and medical aid. In such a case, prevention becomes more important than cure but unfortunately due to lack of knowledge, new cases keep coming up of such serious diseases. The management realizes the importance of its activities and continues to play an active role in this regard.

h) Health Care

"Maple Health Care Centre" is a health facility concept with state of the art equipment for the health benefit of the employees of Maple Leaf and their dependants. Negotiations with Shifa International Hospitals Limited were started in 2013 for the construction and operation of the said facility. These negotiations were finalized in the financial year 2014-2015. Architect design was finalized in November 2014. Presently it is in the finalization phase with operations expected to start in October this year. Shifa International is a known name in Pakistan with hospitals in Islamabad and Faisalabad. Once this facility is operational, the health standards of the employees will go up.

Meanwhile, the free medical and hospital centre is treating patients with the help of quality human capital working there. Keeping in view the occupational health of employees, regular first aid and Cardiopulmonary Resuscitation (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 generations. For this purpose the Company has established five schools in Iskandarabad city, which provide quality education not only to children of employees of the Company but also to the local residents. The Company has provided buildings and complete infrastructure to these schools. In addition, the Company gives monthly subsidy to partly cover the running expenses. About 2,854 students are currently enrolled in these schools.

MITIGATING EFFORTS TO CONTROL INDUSTRY EFFLUENTS

Traditionally, cement plants are considered to be not environment friendly but the Company has installed most modern and state of the art equipment 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 following major environment friendly efforts are carried out by the Company:

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

2) The Company has state of the art FL Smidth 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) 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.

QUALITY MANAGEMENT SYSTEMS

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. To ensure that each bag being used by our valued customers / consumers is of the highest quality, all stages of the production process right from the selection of raw materials, drying, grinding, homogenization, clinkerization and the finished product are tested rigorously. The quality check parameters during each level of the process are monitored and controlled by the latest version of technology & equipment connected on-line with Central Control Room through PLC system. The frequency of sampling and testing along with control parameters is defined.

Procedures Adopted for Quality Assurance:

Main purpose is to ensure that the cement produced:

- meets all the standards requirements to which the Company is certified; and.
- not only meets customers' requirements but exceed their requirements and expectations.

To achieve these goals, the Quality Control Department has adopted various procedures and is fully equipped with state-of-the art technologies such as:

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

Trees 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 and the Company has planted approximately 4,050 trees in addition to the 139,910 planted last year 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 donated to Punjab Institute of Cardiology, Abdul Razzaq Fazaia College Mianwali and Civil Hospital Mianwali. The Company has also donated in the form of cement for construction of schools, mosques and other social projects.

CONTRIBUTION TO NATIONAL EXCHEQUER

During the year, Company has contributed an amount of Rs. 6,039 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$ 34 million.

FORWARD LOOKING STATEMENT

The future of the cement sector looks bright as the current government nears the end of its term and their primary focus remains spending on infrastructure development. The increase in PSDP budget for the financial year 2016-2017 is a clear indication that the focus of the government will remain on the completion of infrastructure schemes including power projects, motorways, Orange Train and low income housing schemes. Low inflation and high remittances from Pakistanis abroad has added to the building impetus which has led to robust construction activities. Despite the surge in demand, cement prices are expected to remain stable other than increases based on statutory levies in indirect taxes viz. Central Excise Duty and General Sales Tax.

The China Pakistan Economic Corridor is fast becoming a reality and many projects are under way. This scheme, spread over 15 years, is expected to be instrumental in the development of Pakistan as a whole with over 700,000 direct jobs being created. The crux of this corridor is focused on expanding and upgrading the infrastructure of Pakistan which will invariably create huge demand for cement. This opportunity is expected to be a great prospect for speeding up the country's economic development and will increase cement demand in the mid-term.

As the export market in Afghanistan continues to falter on account of import of inexpensive Iranian cement, the Company continues to explore new export markets with better potential and higher margins. The decline in exports can be countered by increased local demand which continues to rise as development activities peak. Decline in export

demand is not expected to be a worrying factor.

Oil prices have generally remained bearish throughout the year but are now on a rising trend. Hence, the Company is looking at alternate fuels like coal to combat the potential hike in fuel prices. The management is also focused on cost reduction strategies through various teams formed from various functions at senior levels within the Company.

New Line-3 of 7,000 tpd Grey Clinker Dry Process Plant at Site

Maple Leaf Cement Factory Limited (MLCF), being the fourth largest grey cement producer in Pakistan, is an important part of the cement manufacturing Industry of Pakistan, supplying cement for building infrastructure in the country and adding to the country's exports by providing cement for international buyers including but not limited to, Afghanistan, UAE, India and African Markets, thus contributing to economic growth of the country.

Cement industry in Pakistan is currently booming due to strong demand on account of high pace of private and public sector development expenditure. Last year, 17% growth was experienced in cement dispatches. We envision further high growth ahead due to strong demand and the China Pakistan Economic Corridor (CPEC) should lead to enhanced demand. At present, MLCF is operating at 92% of installed capacity. MLCF has decided to expand the current production capability by adding new cement line to meet the expected future high demand.

Currently, MLCF has a production capacity of 10,700 tons per day for grey cement and 500 tons per day for white cement. MLCF is planning to install a new grey cement production line of 7,000 tons capacity per day, which will enhance its grey cement production capacity to 17,700 tons per day.

New production line has an estimated CAPEX of Rs. 20 billion which will be met through own sources as well as loans from banking channels. Completion period is projected at 26 months after establishing LCs with 1 month trial run period.

Maple Leaf Power Limited

The Company established a wholly owned subsidiary, Maple Leaf Power Limited, with the basic objective of setting up and operating a 40 MW coal based power plant. Letter of Credit has already been established and partial shipments of the machinery have commenced. Civil works are also in full swing. The project is expected to be operational in the first quarter of financial year 2017-18. The purpose of this project is to add another reliable and inexpensive source of power compared to the national grid and reduce dependency on the same. It should also provide a cushion against possible hike in furnace oil prices.

SAFA BPA AWARD

The Company added another feather to its cap by being nominated for the first time for the SAFA best presented accounts, and was awarded a Certificate of Merit. The ceremony was held in Pearl Continental Hotel Lahore. Group Director Finance Mr. Mohsin Raza Naqvi received the award on behalf of the Company. Maple Leaf was one of the two cement companies being nominated from Pakistan.

BUSINESS CONTINUITY and DISASTER RECOVERY PLAN

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

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 Audit Department. 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 audited / unaudited accounts of June 30, 2016 is as under:

	Rupees in thousand
Provident Fund	502,058
Gratuity Fund	131,315

There has been no material changes since June 30, 2016 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, 2016.

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	Meetings attended
1)	Mr. Tariq Sayeed Saigol	Chairman / Non-Executive Director	4
2)	Mr. Sayeed Tariq Saigol	CEO / Executive Director	3
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	3
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	1

Leave of absence was granted to the Directors who could not attend the Board meetings.

ANNUAL EVALUATION OF BOARD PERFORMANCE

The Board has set a criterion 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:

- 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 adequate financial reporting regulatory framework.
- ix) The Board considers the quality and appropriateness of financial accounting and reporting and the transparency of disclosures.

EVALUATION CRITERIA OF BOARD PERFORMANCE

Following is 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 Pakistan Stock Exchange.

TRANSACTION / TRADE OF COMPANY'S SHARES

The 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, during the financial year, none of the Directors, CEO, CFO, Head of Internal Audit and Company Secretary (including their spouses and minor children) traded in the shares of the Company.

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, 2016 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 takes this opportunity to express its deep sense of gratitude and thanks to the shareholders, employees, customers, bankers and other stakeholders for the confidence and faith they have always reposed in us.

For and on behalf of the Board

Lahore:
September 05, 2016

(Sayeed Tariq Saigol)
Chief Executive

BRIEF PROFILE OF DIRECTORS

MR. TARIQ SAYEED SAIGOL
(CHAIRMAN / DIRECTOR)

OTHER ENGAGEMENTS

CHAIRMAN / DIRECTOR
Kohinoor Textile Mills Limited
Maple Leaf Capital Limited
Maple Leaf Power 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, University 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 1992-94, President of Lahore Chamber of Commerce and Industry for 1995-97 and Chairman, All Pakistan Cement Manufacturers Association from 2003-06.

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

CHIEF EXECUTIVE/DIRECTOR
Maple Leaf Power 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
Maple Leaf Power 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 travelled 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
Maple Leaf Power 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
Maple Leaf Power 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
(DIRECTOR / GROUP DIRECTOR FINANCE / CHIEF FINANCIAL OFFICER)

OTHER ENGAGEMENTS

DIRECTOR / CHIEF FINANCIAL OFFICER
Kohinoor Textile Mills Limited

DIRECTOR
Maple Leaf Power Limited

Mr. Mohsin Naqvi is Fellow Member of the Institute of Chartered Accountants of Pakistan with over 27 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, 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 Chairman 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 member 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 seventeen 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

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

A total number of five meetings of the Audit Committee were held during the year. The attendance of each member was as under:-

NAME	MEETINGS ATTENDED
MR. ZAMIRUDDIN AZAR	5
MR. KARIM HATIM	1
MR. WALEED TARIQ SAIGOL	3
MR. DANIAL TAUFIQUE SAIGOL	5

Leave of absence was granted to the Members who could not attend the meetings.

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

Terms of Reference

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 (HR & R COMMITTEE)

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

NUMBER OF MEETINGS HELD – 01 (All Members attended the meeting other than Mr. Waleed Tariq Saigol).

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. MUHAMMAD BASHARAT
MR. ABDUL HANAN	MR. NASIR IQBAL
MR. AMIR FEROZE	MR. SOHAIL SADIQ
MR. ARIF IJAZ	MR. ZEESHAN MALIK BHUTTA
MR. BILAL HUSSAIN	

NUMBER OF MEETINGS HELD – 41

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. MUHAMMAD SAJJAD
MR. ABDUL HANAN	MR. SHAHNAWAZ
MR. AMER BILAL	MR. SOHAIL SADIQ
MR. AMIR FEROZE	MR. YAHYA HAMID
MR. ARIF IJAZ	MR. ZEESHAN MALIK BHUTTA
MR. BILAL HUSSAIN	
MR. FAROOQ AHMAD HASHMI	

NUMBER OF MEETINGS HELD – 44

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. SOHAIL SADIQ
MR. ABDUL HANAN	MR.MUHAMMAD BASHARAT
MR. AMIR BILAL	MR. NASIR IQBAL
MR. AMIR FEROZE	MR. TARIQ MIR
MR. ARIF IJAZ	MR. UMAR BUTT
MR. BILAL HUSSAIN	MR. ZEESHAN MALIK BHUTTA
MR. SHAHNAWAZ	

NUMBER OF MEETINGS HELD – 49

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 wellbeing 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. BILAL HUSSAIN
MR. ABDUL HANAN	MR. MUHAMMAD SAJJAD
MR. AMIR FEROZE	MR. SOHAIL SADIQ
MR. ARIF IJAZ	

NUMBER OF MEETINGS HELD -18

POLICY AND PROCEDURES FOR STAKEHOLDERS' ENGAGEMENT

1) Policy Note:

Maple Leaf Cement maintains sound collaborative relationships with its stakeholders.

2) Procedures:

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

3) Engagement frequency:

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

SWOT Analysis

SWOT analysis is being used at Maple Leaf Cement as a strategy formulation tool, in order to match our strengths with perceived opportunities and minimize our weaknesses to avoid market and other threats. Management at Maple Leaf considers the following factors of SWOT analysis relevant to us:-

STRENGTHS

- 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.

WEAKNESSES

- Cyclical industry.
- High transport cost.
- Highly regionalized and localized market.
- High electricity cost.
- Energy load shedding.
- High taxation.

OPPORTUNITIES

- 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%.

THREATS

- Rising cost of logistics.
- Rising cost of power.
- Currency devaluation risk.
- New entrant threats due to high potential market.
- High incidence of taxes

ISSUES RAISED IN THE LAST ANNUAL GENERAL MEETING

On query of a shareholder, the Chairman of the meeting informed the House that the Company was paying off all debt obligations at an accelerated pace and dedicated to keep current on all debt commitments. On another query regarding current performance and future prospects, the Chairman of the meeting informed the shareholders that management was expecting increased domestic demand for cement on account of rise in Public Sector Development Program allocation alongside other key projects. He added further that Afghanistan market was contracting on account of availability of inexpensive Iranian cement. Gradual decline in exports was worrisome. However, the Company was determined to explore new export markets to improve capacity utilization. Due to better retention, the profitability of the cement sector would continue to progress. He apprized the House about projected debt retirement plan and leverage level at the close of the current financial year. Massive reduction in finance cost was an outcome of large debt reduction and effective cash management.

On query of a shareholder, he briefed the House that in order to further reduce the power cost and dependence on the national power grid, the Company had finalized the feasibility study for setting up a 40 MW coal based power plant at the existing plant site and therefore had formed a wholly owned subsidiary public limited company namely, Maple Leaf Power Limited.

He added that the total cost of the project was estimated at Rs.5.50 billion. He also explained about main assumptions and replied to the queries of the shareholders.

Implementation of Issue Raised in the Last AGM

A major milestone achieved by the Company this year was repayment of its entire Sukuk loan of Rs. 8 billion in the third quarter of the current financial year. The agreed repayment of the said loan was scheduled for December 2018 but the Company achieved this much earlier due to better cash flow generation through enhanced profitability coupled with cost curtailment and efficient financial management. Due to early repayment and declining interest rates, finance costs of the Company reduced considerably and debt equity ratio also improved.

The Company established a wholly owned subsidiary, Maple Leaf Power Limited, with the basic objective of setting up and operating a 40 MW coal based power plant. Letter of Credit has already been established and partial shipments of the machinery have commenced. Civil works are also in full swing. The project is expected to be operational in the first quarter of financial year 2017-18. The purpose of this project is to add another reliable and inexpensive source of power compared to the national grid and reduce dependency on the same. It should also provide a cushion against possible hike in furnace oil prices.

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 directors 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.

ROLE OF 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 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 process.	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.

IT Governance Policy

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

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

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. The 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 disclosures should be forwarded with a covering letter bearing the identity of the whistle blower.

4. Anonymous disclosures will not be entertained.

5. If in an initial enquiry by the Ombudsman, 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 as 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, the Chief Internal Auditor and the external auditors attend the Audit Committee meetings as provided in the Code of Corporate Governance. Five meetings of the Audit Committee were held during the year 2015-2016. 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 and consolidated financial statements 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 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 the Company's policies and procedures.
9. Internal audit function operates under the charter approved by the Audit Committee and head of the internal audit function has direct access to the Audit Committee.
10. Company's internal audit function prepares annual plan for the financial year and a strategic audit plan for following two years during which all major systems and areas of activity will be audited. Annual and strategic audit plan is approved by the Audit Committee.
11. Internal audit reports include findings, conclusions, recommendations and action plans agreed with management. These are reported promptly to the appropriate level of management. Follow up in implementation is ensured.
12. 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's responses. This has ensured the continual evaluation of controls and improved compliance.
13. The Audit Committee ensured that statutory and regulatory obligations and requirements of best practices of governance have been met.
14. The external auditors KPMG Taseer Hadi & Co., Chartered Accountants, were allowed direct access to the Audit Committee and necessary coordination with internal auditors was also ensured. Major findings arising from audits and any matters that the external auditors wished to highlight were freely discussed with them.
15. 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.
16. 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., Chartered Accountants, as external auditors for the year 2016-2017.

By order of the Audit Committee

(Zamiruddin Azar)
Chairman, Audit Committee
September 05, 2016

RISK AND OPPORTUNITY REPORT

OBJECTIVES:

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. Management has adopted a risk management approach and internal control framework, based on its business philosophy and corporate objectives, which is explained step by step below:

A. Strategy Formulation

Management reviews the Statement of Strategic Objectives annually that represent the Stakeholder' expectations and are the lead indicators for determining the success level of the Company. In order to materialize the objectives, Management adopts certain strategies. These strategies are approved by the Board of Directors and are subject to adjustment, depending upon any changes in the external business environment or internal organizational factors.

B. Risk Assessment

Risk assessment is an on-going process that highlights numerous uncertainties that poses potential threats which may hinder the accomplishment of objectives of the Company. If these risks are not being addressed in timely manner, may culminate in loss. Such risks and uncertainties can arise both from external as well as internal factors within the Company. Broad categories of risks which may hinder operations of the Company are as follows:

Risks Type	Implication
Strategic Risks	Strategic risks can be defined as the uncertainties and untapped opportunities embedded in strategic intent. These risks are key matters for the Board of Directors, and impinge on the whole business, rather than just an isolated unit.
Commercial Risks	Commercial risks refer to potential losses arising from the trading partners or the market in which the Company operates.
Operational Risks	Operational risks refer to risks resulting from breakdowns in internal procedures, people and system.
Financial Risks	Financial risk is an umbrella term for multiple types of risk associated with financing, profitability, liquidity and credit.

C. 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, understanding 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.

D. Risk and Counter Strategy Matrix

Corporate Objective	Risk	Mitigation Strategies
Industry Competition: To maintain Company's prominent position one of the leading brands of cement industry of Pakistan.	**Strategic Risk:** Due to the significant focus of the present government on infrastructure and PSDP, there is increased potential for major players of the industry.	Through efficient use of marketing strategy, Maple Leaf is creating a pull effect by locking-in its customers and also to tap potential markets.
	Financial Risk: Increased packing cost and power generation cost may result in increase in cost of production and squeeze margins for the Company.	The Company is actively looking into alternate sources of power generation to reduce cost.
Legislative and Legal Environment: To operate in a stable market being compliant with all relevant laws of the country and international regulations.	**Strategic Risk:** Continuous changes in the regulatory framework and statutory obligations may result in non-compliance.	Management is proactively following any changes occurring in the regulatory framework relating to the cement sector.
Technology: To automate and upgrade supporting processes and related MIS in relation to production of cement to speed up such activities.	**Strategic Risk:** Lag in production reporting due to different MIS platforms may result in delayed decision making for corrective actions.	Management continuously investing considerable amounts for upgradation of technological infrastructure in order to harmonize the MIS platform throughout the Company.
Operations: To ensure continuity of operations without any disruptions in production and minimize idle time.	**Operational Risk:** Machinery breakdown / stoppages adversely affect the profitability of the entity as it hinders production and delays operation.	To avoid such stoppages, a reliability centre has been established which runs a number of operational checks to ensure smooth operations and avoid breakdown and Enterprise Asset Management module is in place as the system to monitor this.
Human Capital: To have an adequate reserve of trained professionals excelling in their respective domains.	**Operational Risk:** Loss of the qualified and competent staff.	Succession planning and capacity building of existing resources are one of the primary focus of the Company.
Health and Safety: To ensure health and safety of employees in workplaces.	**Operational Risk:** Accidents can take place which can cause serious injuries to employees, and also cause disruptions in operations.	A sound system of HSE is in place for timely identification of potential hazards and to remove such threats.

Corporate Objective	Risk	Mitigation Strategies
Logistics: To ensure availability of coal for uninterrupted operations.	**Commercial Risk:** Due to dependency on Pakistan Railways for coal transportation, delays can occur owing to strikes or railway breakdown.	Adequate stock levels have been maintained with provision of such incidents in mind.
Finance: To maintain strong financial position and produce financial performance which is reflective of the Company's scale of business and Shareholders' expectations	**Financial Risk:** Increase in the cost of borrowing may adversely affect the profitability of the Company. Payment defaults by counter parties may leave the Company with inadequate resources for discharging its own liabilities.	Management has addressed the risk of shortage of working capital by availing sufficient lines from the diversified financial institutions in order to meet the short term finance requirements of the company. Moreover average credit period of the Company is also being improved along with improved operation cycle. Strong follow up and adherence to procedures and credit terms ensures that the risk of default from counter parties is kept to a minimum. Adequate steps are taken for any dispute that may arise.

E. OPPORTUNITY ANALYSIS

Unlocking and exploiting operational opportunities is an important aspect of MLCF entrepreneurial activities. We are committed to use existing products and new solutions in order to systematically enhance our Growth and strengthen our position in global markets. Investing in new projects and increasing the Productivity of existing ones are key elements for future organic growth. In the year under review, we strengthened the basis for further growth in the coming years by making selective investments in our existing businesses and developing innovations that support in achievement of company's stated vision.

SHARE PRICE SENSITIVITY ANALYSIS

Company's share price is directly linked with the operational and financial performance of Company. Following are the major factors which might affect 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 exultancy fall in the profitability and all in EPS. This may badly affect 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 affected 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 affect the share price of the company. If policy change is positive than share price will increase, otherwise vice versa.

BUSINESS FINANCIAL FORECAST

The Company expects local dispatches to further improve in coming period due to increase in demand of cement for public sector projects and construction activities in the private sector. Oil and Coal prices are expected to rise slightly in the future which will affect profitability. The Company is working actively on the establishment of its coal fired power plant which is expected to reduce the power cost. Reduction in the Company's weighted average borrowing costs should also improve the profitability. Future financial forecast based on management's best estimates are as follows:

Financial Year	2016-2017	2017-2018
Net Revenue (Rs. in "000)	25,638,248	29,483,985
Gross Profit	42%	43%
Current Ratio	1.5	1.25

FAIR VALUE OF PROPERTY, PLANT AND EQUIPMENT

The Company's 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 as per stated company policy. Freehold land is stated at revalued amount being the fair value at the date of revaluation less any subsequent impairment loss in the financial statements.

SUMMARY OF SIGNIFICANT / MATERIAL ASSETS OR IMMOVABLE PROPERTY

The Company's material assets comprise of land, building, three complete cement lines (including one white cement line) comprising of kiln, cooler, preheater, raw mills etc., Wartsila, Niigata engines and waste heat recovery plant.

CALENDAR OF NOTABLE EVENTS

JULY 2015 - JUNE 2016

20-Jan
2016
Issuance of Half Year Accounts

30-Jan
2016
Maple Families Hungama (Plant)

04-Feb
2016
Maple Hunger Games (HO)

22-Mar
2016
World Water Day

21-Mar
2016
World Forest Day (Maple Plantation Day)

26- Apr
2016
Issuance of 3rd Quarter Accounts

05-Jul
2015
World Environment Day

09-Sep
2015
Issuance of Annual Report 2015

02-Oct
2015
Maple Sports Dhamaka

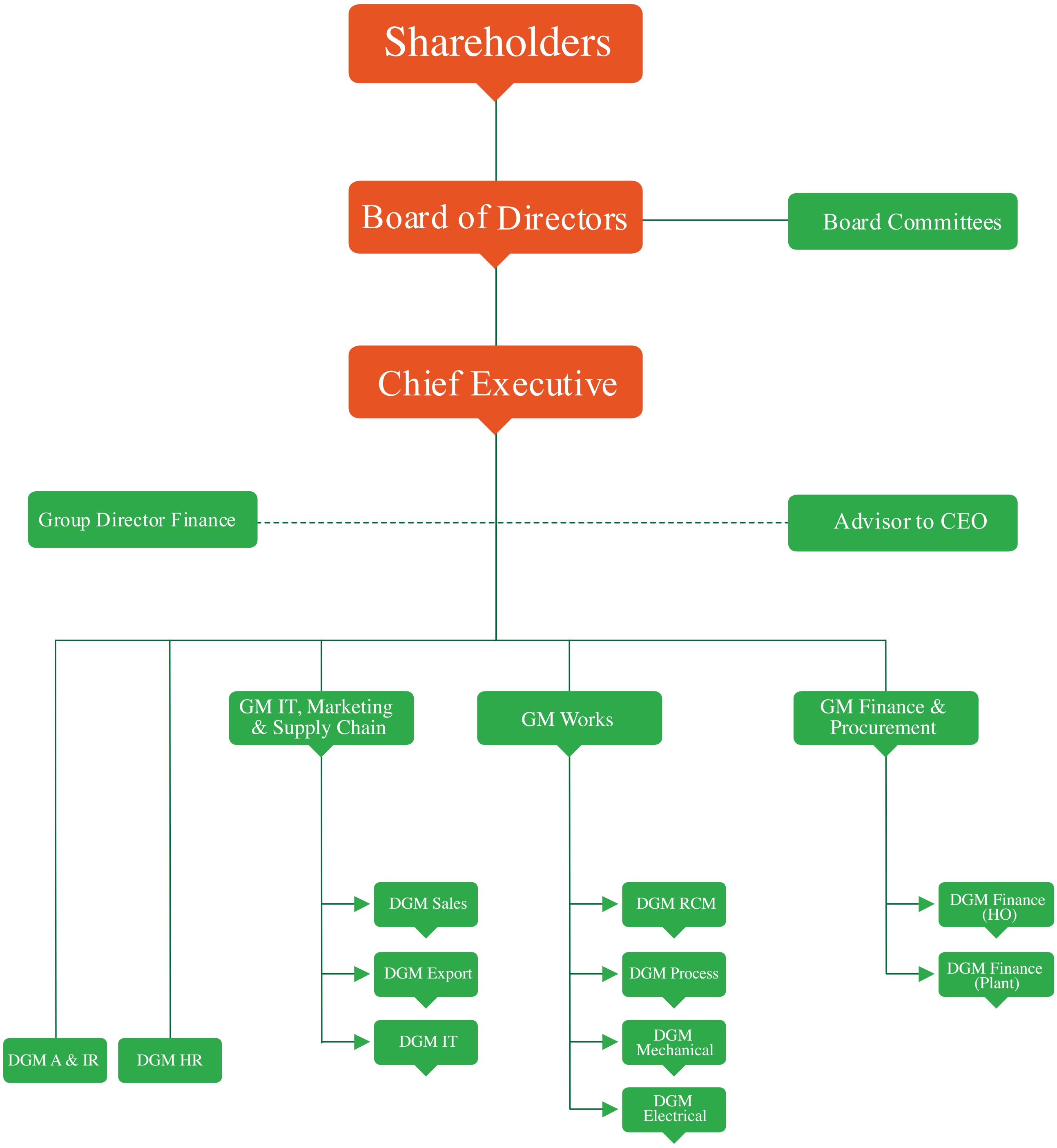
10-Oct
2015
Maple Eid Mela

19-Oct
2015
Issuance of 1st Quarter Accounts

31-Oct
2015
Annual General Meeting

24-Dec
2015
Mehfil-e-Milad

ORGANIZATION CHART



SHINING LIKE A STAR

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.

Horizontal Analysis - Six Years

	2016 Rs. '000'	16 vs 15 %	2015 Rs. '000'	15 vs 14 %	2014 Rs. '000'	14 vs 13 %	2013 Rs. '000'	13 vs 12 %	2012 Rs. '000'	12 vs 11 %	2011 Rs. '000'	11 vs 10 %
Balance Sheet												
Total equity	16,749,880	29.73	12,911,658	32.43	9,749,577	43.99	6,770,913	76.84	3,828,861	22.20	3,133,287	(24.21)
Share deposit money	-	-	-	-	-	-	-	-	-	-	-	(100.00)
Total surplus on revaluation of fixed assets	4,587,255	(3.45)	4,751,082	(2.87)	4,891,515	(3.17)	5,051,836	(4.66)	5,298,809	(4.49)	5,548,120	100.00
Total non-current liabilities	5,657,496	4.50	5,414,116	(46.59)	10,137,641	(15.39)	11,981,790	(7.80)	12,995,935	(11.31)	14,653,399	26.19
Total current liabilities	5,027,065	(38.28)	8,144,461	14.19	7,132,572	(16.76)	8,568,551	(19.20)	10,604,368	2.41	10,355,310	10.77
Total equity and liabilities	32,021,696	2.56	31,221,317	(2.16)	31,911,305	(1.43)	32,373,090	(1.08)	32,727,973	(2.86)	33,690,116	29.11
Total non-current assets	23,543,989	(1.00)	23,782,112	(3.97)	24,765,860	(3.60)	25,690,184	(4.29)	26,841,888	(5.07)	28,275,751	34.06
Total current assets	8,477,707	13.96	7,439,205	4.11	7,145,445	6.92	6,682,906	13.54	5,886,085	8.71	5,414,365	8.23
Total assets	32,021,696	2.56	31,221,317	(2.16)	31,911,305	(1.43)	32,373,090	(1.08)	32,727,973	(2.86)	33,690,116	29.11
Profit and Loss Account												
Sales - net	23,432,696	13.09	20,720,054	9.23	18,968,547	9.28	17,357,376	12.26	15,461,356	18.27	13,073,218	(4.09)
Cost of sales	(13,410,564)	1.41	(13,224,431)	6.26	(12,445,562)	10.02	(11,312,341)	(1.17)	(11,446,583)	5.03	(10,898,059)	1.93
Gross profit	10,022,132	33.71	7,495,623	14.91	6,522,985	7.91	6,045,035	50.57	4,014,773	84.57	2,175,159	(25.98)
Distribution cost	(1,359,896)	3.52	(1,313,696)	24.60	(1,054,336)	32.16	(797,751)	(5.71)	(846,098)	(48.62)	(1,646,632)	(47.77)
Administrative expenses	(485,959)	27.43	(381,363)	28.54	(296,689)	16.78	(254,065)	(1.69)	(258,433)	11.98	(230,788)	18.86
Other operating expenses	(659,631)	150.63	(263,187)	33.35	(197,372)	18.02	(167,239)	11.73	(149,681)	(7.83)	(162,394)	2.37
Other operating income	36,396	(21.17)	46,173	(42.70)	80,585	95.18	41,287	21.18	34,070	(92.43)	450,153	689.31
Profit from operations	7,553,042	35.27	5,583,550	10.45	5,055,173	3.86	4,867,267	74.16	2,794,631	377.31	585,498	(214.80)
Finance cost	(435,504)	(59.77)	(1,082,639)	(26.09)	(1,464,772)	(14.07)	(1,704,652)	(27.48)	(2,350,565)	8.50	(2,166,409)	5.19
Profit/(loss) before taxation	7,117,538	58.14	4,500,911	25.36	3,590,401	13.53	3,162,615	612.19	444,066	(128.09)	(1,580,911)	(38.47)
Taxation	(2,232,953)	113.35	(1,046,616)	37.67	(760,227)	(1,324.59)	62,080	19.09	52,128	(127.71)	(188,125)	1,202.17
Profit/(loss) after taxation	4,884,585	41.41	3,454,295	22.05	2,830,174	(12.23)	3,224,695	549.89	496,194	(128.05)	(1,769,036)	(31.54)

Vertical Analysis - Six Years

	2016		2015		2014		2013		2012		2011	
	Rs. '000'	%	Rs. '000'	%	Rs. '000'	%	Rs. '000'	%	Rs. '000'	%	Rs. '000'	%
Balance Sheet												
Total equity	16,749,880	52.31	12,911,658	41.36	9,749,577	30.55	6,770,913	20.92	3,828,861	11.70	3,133,287	9.30
Share deposit money	-	-	-	-	-	-	-	-	-	-	-	-
Total surplus on revaluation of fixed assets	4,587,255	14.33	4,751,082	15.22	4,891,515	15.33	5,051,836	15.61	5,298,809	16.19	5,548,120	16.47
Total non-current liabilities	5,657,496	17.67	5,414,116	17.34	10,137,641	31.77	11,981,790	37.01	12,995,935	39.71	14,653,399	43.49
Total current liabilities	5,027,065	15.70	8,144,461	26.09	7,132,572	22.35	8,568,551	26.47	10,604,368	32.40	10,355,310	30.74
Total equity and liabilities	32,021,696	100.00	31,221,317	100.00	31,911,305	100.00	32,373,090	100.00	32,727,973	100.00	33,690,116	100.00
Total non-current assets	23,543,989	73.53	23,782,112	76.17	24,765,860	77.61	25,690,184	79.36	26,841,888	82.02	28,275,751	83.93
Total current assets	8,477,707	26.47	7,439,205	23.83	7,145,445	22.39	6,682,906	20.64	5,886,085	17.98	5,414,365	16.07
Total assets	32,021,696	100.00	31,221,317	100.00	31,911,305	100.00	32,373,090	100.00	32,727,973	100.00	33,690,116	100.00
Profit and Loss Account												
Sales - net	23,432,696	100.00	20,720,054	100.00	18,968,547	100.00	17,357,376	100.00	15,461,356	100.00	13,073,218	100.00
Cost of sales	(13,410,564)	(57.23)	(13,224,431)	(63.82)	(12,445,562)	(65.61)	(11,312,341)	(65.17)	(11,446,583)	(74.03)	(10,898,059)	(83.36)
Gross profit	10,022,132	42.77	7,495,623	36.18	6,522,985	34.39	6,045,035	34.83	4,014,773	25.97	2,175,159	16.64
Distribution cost	(1,359,896)	(5.80)	(1,313,696)	(6.34)	(1,054,336)	(5.56)	(797,751)	(4.60)	(846,098)	(5.47)	(1,646,632)	(12.60)
Administrative expenses	(485,959)	(2.07)	(381,363)	(1.84)	(296,689)	(1.56)	(254,065)	(1.46)	(258,433)	(1.67)	(230,788)	(1.77)
Other operating expenses	(659,631)	(2.82)	(263,187)	(1.27)	(197,372)	(1.04)	(167,239)	(0.96)	(149,681)	(0.97)	(162,394)	(1.24)
Other operating income	36,396	0.16	46,173	0.22	80,585	0.42	41,287	0.24	34,070	0.22	450,153	3.44
Profit from operations	7,553,042	32.23	5,583,550	26.95	5,055,173	26.65	4,867,267	28.04	2,794,631	18.07	585,498	4.48
Finance cost	(435,504)	(1.86)	(1,082,639)	(5.23)	(1,464,772)	(7.72)	(1,704,652)	(9.82)	(2,350,565)	(15.20)	(2,166,409)	(16.57)
Profit/(loss) before taxation	7,117,538	30.37	4,500,911	21.72	3,590,401	18.93	3,162,615	18.22	444,066	2.87	(1,580,911)	(12.09)
Taxation	(2,232,953)	(9.53)	(1,046,616)	(5.05)	(760,227)	(4.01)	62,080	0.36	52,128	0.34	(188,125)	(1.44)
Profit/(loss) after taxation	4,884,585	20.85	3,454,295	16.67	2,830,174	14.92	3,224,695	18.58	496,194	3.21	(1,769,036)	(13.53)

SUMMARY OF CASH FLOW STATEMENT - SIX YEARS

	2016	2015	2014	2013	2012	2011
	(Rupees in thousand)					
Cash generated from operations before working capital changes	10,042,012	7,673,904	6,987,258	6,578,095	4,495,054	1,489,456
Changes in working capital						
Stores, spare parts and loose tools	(1,199,205)	(370,709)	(21,417)	(685,476)	(68,997)	(625,536)
Stock-in-trade	320,681	(123,798)	(252,033)	(35,504)	(364,311)	(34,366)
Trade debts	(2,867)	245,909	(86,152)	(190,327)	(55,898)	168,826
Loans and advances	180,084	(77,742)	(745,805)	19,464	(36,107)	121,581
Trade and other payables	(430,056)	(309,606)	306,320	(688,335)	(425,593)	559,188
Due from subsidiary	-	-	-	-	383,934	(21)
Other receivables	(212,056)	(32,637)	68,614	26,530	(80,961)	(5,079)
Retirement benefits adjusted/(paid)	(23,023)	(17,963)	(21,737)	(11,242)	952	(11,129)
Workers profit participation fund	(89,119)	(71,867)	(57,301)	-	-	-
Taxes paid	(632,781)	(326,386)	(238,857)	(14,127)	(158,071)	(41,772)
Others	18,260	(17,362)	296	43,467	3,088	789
Net cash generated from operating activities	7,971,930	6,571,743	5,939,186	5,042,545	3,693,090	1,621,937
Fixed capital expenditure	(1,106,002)	(786,684)	(768,756)	(496,784)	(207,108)	(676,959)
Proceeds from sale of property, plant and equipment	56,327	70,267	12,696	5,282	2,287	108,203
Redemption of long term investments	-	1,625	-	1,412	(3,037)	-
Dividend received	-	-	-	448	384	11,717
Proceeds from disposal of short term investments	-	-	-	8,455	2,450	-
Acquisition of short term investments	-	-	-	-	(15,000)	-
Long term investment	(660,000)	-	-	-	-	-
Profit on bank deposits received	14,191	15,848	11,844	-	-	-
(Increase) / decrease in long term deposits	(809)	(1,045)	733	(1,396)	(1,285)	(796)
Net cash used in investing activities	(1,696,293)	(699,989)	(743,483)	(482,583)	(221,309)	(557,835)
Repayment of long term loans from banking companies- Secured	771,484	(397,744)	(1,674,205)	(613,591)	(101,874)	(175,671)
Repayment of redeemable capital - secured	(3,433,011)	(2,854,714)	(1,032,869)	(1,067,131)	(6,800)	(6,800)
Repayment of syndicated term finance - secured	(433,500)	(762,500)	(183,125)	(117,875)	(1,200)	(1,200)
Payment of liabilities against assets subject to finance lease	(132,746)	(108,574)	(152,545)	(134,768)	(55,556)	-
Acquisition/ repayment of short term borrowings	(1,065,150)	323,981	(322,891)	(770,120)	(835,282)	23,828
Finance cost paid	(483,813)	(1,123,209)	(1,646,567)	(2,053,219)	(2,296,662)	(692,183)
Redemption of preference shares	-	(20)	(163,780)	(362,903)	-	-
Dividend paid	(1,283,026)	(524,391)	(20)	(179,253)	(1)	(1)
Others	(120)	(260)	(150)	810	650	2,830
Net cash used in financing activities	(6,059,882)	(5,447,431)	(5,176,152)	(5,298,050)	(3,296,725)	(849,197)
Net increase in cash and cash equivalents	215,755	424,323	19,551	(738,088)	175,056	214,905
Cash and cash equivalents at beginning of the years	169,012	(255,311)	(274,862)	463,226	288,170	73,265
Cash and cash equivalents at end of the years	384,767	169,012	(255,311)	(274,862)	463,226	288,170

COMMENTS ON SIX YEARS ANALYSIS

HORIZONTAL ANALYSIS

Balance Sheet

The Company's equity has increased again this year owing to healthy profits. Current liabilities decreased owing to repayment of loans and there current portions. Long term liabilities closed at almost similar figures to last year as Company entered into new arrangements for financing Maple Leaf Power Limited.

The long term assets of the Company remained same as no new major addition was made, whereas current assets increased on account of stores and spares purchased to support higher operational levels.

Profit & Loss Account

Although the sales prices remained stable throughout the year, volumetric growth increased the rupee sales figure at a higher rate than last year resulting in record sales of the Company.

The gross profit for the year increased by a remarkable 33.7% compared to 14.9% last year as the Company took full advantage of lower cost of production. The Company also benefited from the use of fuel based engines as fuel prices kept low.

The steep movement in the gross profit also translated into remarkable increase in operating profit which went up by 35.3% as opposed to 10.5% last year.

The Company paid off its debts at an accelerated pace and paid off its loans prior to scheduled dates which resulted in enormous savings in finance cost. These costs decreased by 60% in the current year compared to last year figures.

VERTICAL ANALYSIS

Balance Sheet

As the equity of the Company continues to improve on account of healthy profits, its weightage also increases. Equity closed at 52.3% of the equity and liabilities side. Also, current liabilities weightage decreased substantially as loans were paid classified as current liabilities.

No major long term assets were purchased by the Company so the weightage of long term assets in total assets decreased slightly on account of depreciation. Current assets increased owing to more working capital requirements based on enhanced operations.

Profit & Loss Account

As a strategic decision, the Company targeted savings in its cost of production and more than achieved a substantial reduction as is evident in the gross profit ratio jumping to 42.77% from 36.18%, which was almost stagnant for the last three years. This increase also helped boosting the operating profit which ended up at 32.23% compared to 26.95% last year.

The above results also impacted the profit before tax as a percentage of sales which increased by a whopping 8.65% to close at 30.37%. This has been possible due to substantial savings in cost of doing business.

COMMENTS ON CASH FLOW STATEMENTS

The Company has turned around its operations since 2012 and cash flows from operations have been on the rise. Due to very high profits, the Company generated very high cash flows from operations on account of high sales and low costs.

The major change in investing activity is the investment of the Company in its wholly owned subsidiary i.e. Maple Leaf Power Limited. The amount of investment for the financial year was Rs. 660 million.

On the basis of healthy cash flows from operations, the Company paid off its Sukuk liability in the current year, much earlier than it was scheduled, and also lowered its short term borrowings.

ANALYSIS OF FINANCIAL RATIOS
For Six Years from Year 2011 to Year 2016

	2016	2015	2014	2013	2012	2011
Profitability Ratios:						
Gross Profit Ratio	42.77%	36.18%	34.39%	34.83%	25.97%	16.64%
Net Profit to Sales	20.85%	16.67%	14.92%	18.58%	3.21%	-13.53%
EBITDA Margin to Sales	42.45%	37.91%	37.65%	39.34%	30.37%	16.18%
Operating leverage Ratio	2.69	1.13	0.42	6.05	20.65	52.54
Return on Equity	29.16%	26.75%	29.03%	47.63%	12.96%	-56.46%
Return on Capital employed	29.02%	20.87%	16.47%	20.45%	3.27%	-10.93%
Effective Tax Rate	31.37%	23.25%	21.17%	-1.96%	-11.74%	11.90%
Liquidity Ratios:						
Current Ratio	1.69	0.91	1.00	0.78	0.56	0.52
Quick / Acid Test Ratio	0.44	0.25	0.31	0.23	0.18	0.18
Cash to Current Liabilities	0.08	0.03	0.03	0.06	0.04	0.03
Cash flow from Operations to Sales	0.34	0.32	0.31	0.29	0.24	0.12
Investment / Market Ratios:						
Earnings per share (EPS)						
Basic	9.26	6.55	5.36	6.11	0.84	-3.72
Diluted	9.26	6.55	5.36	6.11	0.83	-3.72
Price Earnings Ratio	11.40	12.00	5.61	3.59	5.49	-0.55
Market value per share						
Closing	105.51	78.56	30.05	21.93	4.63	2.06
High	109.25	84.30	30.25	22.54	4.83	2.25
Low	65.50	24.31	29.80	21.80	4.60	2.00
Break up value per share						
With revaluation surplus	40.43	33.47	27.74	22.40	17.30	16.48
Without revaluation surplus	31.74	24.47	18.47	12.83	7.26	5.95
Cash Dividend per Share	4.00	2.00	-	-	-	-
Dividend Pay out Ratio	43.22%	30.56%	-	-	-	-
Dividend Yield Ratio	3.79%	2.55%	-	-	-	-
Dividend Cover Ratio	2.31	3.27	-	-	-	-
Capital Structure Ratios:						
Financial Leverage Ratio	0.18	0.57	1.18	2.24	4.45	5.73
Weighted Average Cost of Debt	7.04%	10.02%	10.46%	10.94%	13.09%	12.57%
Net Borrowing/ EBITDA	0.28	0.96	1.67	2.25	3.74	9.56
Av. Operating Working Capital to Sales Ratio	19.05%	13.82%	11.21%	0.70%	-3.51%	-3.16%
Debt to Equity Ratio	9:91	27:73	48:52	64:36	78:22	82:18
Interest Cover Ratio	17.34	5.16	3.45	2.86	1.19	0.27
Activity / Turnover Ratios:						
Inventory turnover ratio	12.90	11.22	11.91	12.28	15.87	20.88
No. of Days in Inventory	28.30	32.54	30.65	29.72	23.00	17.48
Debtor turnover ratio	40.84	29.40	23.76	26.03	27.22	19.94
No. of Days in Receivables	8.94	12.42	15.36	14.02	13.41	18.31
Total Assets turnover ratio	0.73	0.66	0.59	0.54	0.47	0.39
Fixed Assets turnover ratio	1.03	0.87	0.77	0.68	0.58	0.46
Creditor turnover ratio	15.18	11.95	10.75	8.07	6.27	5.92
No. of Days in Creditors	24.05	30.53	33.96	45.21	58.17	61.67
Operating Cycle	13.18	14.42	12.06	-1.47	-21.76	-25.89

COMMENTS ON RATIO ANALYSIS

Profitability Ratios – The profitability ratios have gone up owing to higher margins based by increased sales and reduced costs. EBITDA margin has increased substantially from 37.91% to 42.45% which is a clear reflection of continued operational efficiency of the Company.

Liquidity Ratios – Liquidity ratios have improved substantially based on better operational results. The current ratio has jumped up from 0.91 to 1.69, current portions of debts were paid off, which were appearing last year in current liability and hence disrupting this ratio.

Investment / Market Ratios – The substantial increase in profitability has translated into increased EPS which has gone up from 6.55 to a remarkable figure of 9.26. The share market value crossed the hundred mark to close at 105.51 which shows the trust of the general market in the Company. The breakup value also moved positively on account of better operational performance.

Capital Structure Ratios – The earlier than scheduled repayment of the Sukuk loan has really help improve the capital structure ratio with debt percentage coming down to single digit i.e. 9%. This repayment has also spiked the interest cover ratio to almost three times to that of last year.

Activity / Turnover Ratios – The ratios have all moved positively which means that the Company is recovering cash from customers at an accelerated pace and also paying off creditors quickly. Higher sales also mean that the Company has managed to rotate its inventory at a faster pace.

DUPONT ANALYSIS

Years	Return on Equity (Profit Margin * Total Asset Turnover* Equity Multiplier)	Profit Margin (Pre Tax Profit / Sales)	Total Asset Turnover (Sales / Avg Assets)	Return on Assets	Equity Multiplier (Avg Assets / Avg Equity)
	E= C*D	A	B	C= A*B	D
2016	36.50%	0.30	0.74	22.51%	1.62
2015	27.87%	0.22	0.66	14.26%	1.95
2014	27.13%	0.19	0.59	11.17%	2.43
2013	30.19%	0.18	0.53	9.72%	3.11
2012	4.99%	0.03	0.47	1.34%	3.73
2011	-22.89%	(0.12)	0.44	-5.29%	4.33

Following are the DuPont analysis highlights:

1. Better operational results have yielded better profit margins based on increased sales and reduced variable cost, which has increased the profit margin percentage.

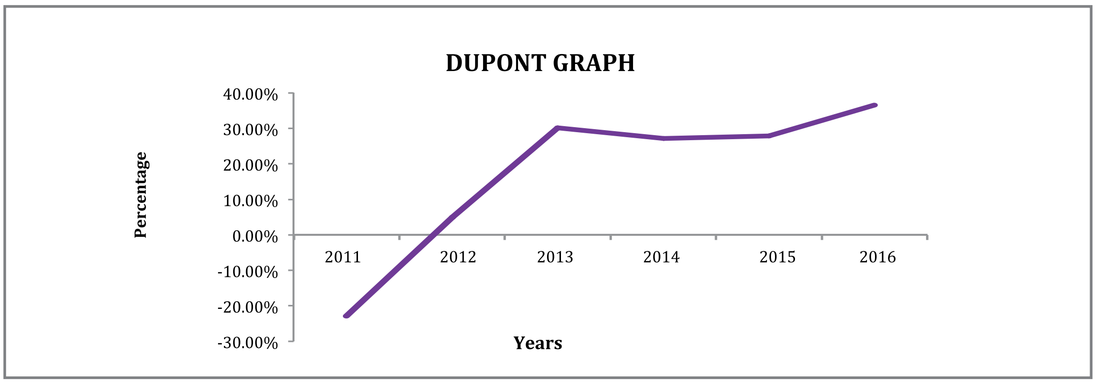
2. Assets turnover has continued the upward trend which shows continued improvement of utilizing of assets to generate the sales and also higher sales volume.

3. Based on the above two factors, the Return on Assets which is dependent on the above two factors, has also gone up sharply.

4. Better operations have led to higher profits which have inflated the equity. Thus the equity multiplier continues to decrease as the base figure increases.

Conclusion:

The DuPont analysis confirms that the Company is on the right track to achieve the objective of increasing value to all its stakeholders with margins at a record high.



KEY OPERATING AND FINANCIAL DATA
For Six Years from Year 2010-11 to Year 2015-16

	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
Quantitative Data (M. Tons)						
Cement:						
Production	3,340,410	3,005,456	2,753,142	2,715,643	2,648,643	2,844,229
Sales	3,340,324	2,960,501	2,740,901	2,687,911	2,649,092	2,862,665
Sales (Rs. 000)						
Gross Sales	28,890,304	25,393,341	23,263,584	20,671,865	18,677,240	16,708,120
Less:						
Excise Duty	1,194,966	935,201	838,618	820,596	983,313	1,618,710
Sales Tax	4,144,108	3,590,939	3,324,741	2,361,879	2,103,135	1,883,559
Commission	118,534	147,147	131,678	132,014	129,436	132,633
Net Sales	**23,432,696**	**20,720,054**	**18,968,547**	**17,357,376**	**15,461,356**	**13,073,218**
Profitability (Rs. 000)						
Gross Profit/(Loss)	10,022,132	7,495,623	6,522,985	6,045,035	4,014,773	2,175,159
Profit/(Loss) Before Tax	7,117,538	4,500,911	3,590,401	3,162,615	444,066	(1,580,911)
Provision for Income Tax	(2,232,953)	(1,046,616)	(760,227)	62,080	52,128	(188,125)
Profit/(Loss) After Tax	**4,884,585**	**3,454,295**	**2,830,174**	**3,224,695**	**496,194**	**(1,769,036)**
Financial Position (Rs. 000)						
Tangible Fixed Assets-Net	22,822,494	23,720,541	24,705,782	25,630,205	26,774,317	28,203,393
Other Non-Current Assets	721,495	61,571	60,078	59,979	67,571	72,358
	23,543,989	**23,782,112**	**24,765,860**	**25,690,184**	**26,841,888**	**28,275,751**
Current Assets	8,477,707	7,439,205	7,145,445	6,682,906	5,886,085	5,414,365
Current Liabilities	(5,027,065)	(8,144,461)	(7,132,572)	(8,568,551)	(10,604,368)	(10,355,310)
Net Working Capital	3,450,642	(705,256)	12,873	(1,885,645)	(4,718,283)	(4,940,945)
Capital Employed	26,994,631	23,076,856	24,778,733	23,804,539	22,123,605	23,334,806
Less: Non Current Liabilities	(5,657,496)	(5,414,116)	(10,137,641)	(11,981,790)	(12,995,935)	(14,653,399)
Share holders Equity	21,337,135	17,662,740	14,641,092	11,822,749	9,127,670	8,681,407
Represented By: (Rs. 000)						
Share Capital	5,277,340	5,277,340	5,277,340	5,277,340	5,805,603	5,803,458
Reserves & Un-app. Profit	11,472,540	7,634,318	4,472,237	1,493,573	(1,976,742)	(2,670,171)
Share Deposit Money	-	-	-	-	-	-
Surplus on Revaluation of PPE	4,587,255	4,751,082	4,891,515	5,051,836	5,298,809	5,548,120
	21,337,135	17,662,740	14,641,092	11,822,749	9,127,670	8,681,407

STATEMENT OF CASH FLOWS
Direct Method

	2016	2015
	(Rupees in thousand)	
Cash flows from operating activities		
Cash receipts from customers	23,429,829	20,965,963
Cash paid to suppliers and employees	14,713,861	13,975,931
Net Cash generated from operations	8,715,968	6,990,032
Decrease / (Increase) in long term loans to employees	885	(2,073)
Retirement benefits paid	(23,023)	(17,963)
Workers' profit participation fund paid	(89,119)	(71,867)
Taxes paid	(632,781)	(326,386)
Net cash generated from operating activities	7,971,930	6,571,743
Cash flow from investing activities		
Capital expenditure	(1,106,002)	(786,684)
Proceeds from disposal of property, plant and equipment	56,327	70,267
Increase in long term deposits	(809)	(1,045)
Redemption of long term investments	-	1,625
Long term investment	(660,000)	-
Profit on bank deposits received	14,191	15,848
Net cash used in investing activities	(1,696,293)	(699,989)
Cash flow from financing activities		
Drawdown / (repayment) of long term loans from banking companies - secured	771,484	(397,744)
Redemption of redeemable capital - secured	(3,433,011)	(2,854,714)
Repayment of syndicated term finances - secured	(433,500)	(762,500)
Decrease in long term deposits	(120)	(260)
Payment of liabilities against assets subject to finance lease - net	(132,746)	(108,574)
(Repayment) / acquisition of short term borrowings	(1,065,150)	323,981
Finance cost paid	(483,813)	(1,123,209)
Redemption of preference shares	-	(20)
Dividend paid	(1,283,026)	(524,391)
Net cash used in financing activities	(6,059,882)	(5,447,431)
Net increase in cash and cash equivalents	215,755	424,323
Cash and cash equivalents at the beginning of the year	169,012	(255,311)
Cash and cash equivalents at the end of the year	384,767	169,012

Results Reported in Interim Financial Statements and Final Accounts

	Interim Results						Annual Results	
	3 Months Period Ended 30-09-2015		6 Months Period Ended 31-12-2015		9 Months Period Ended 31-03-2016		Year Ended 30-06-2016	
	Rupees ,000	%	Rupees ,000	%	Rupees ,000	%	Rupees ,000	%
Net Turnover	4,965,847		10,860,042		16,935,246		23,432,696	
Gross Profit	1,825,457	36.76%	4,412,946	40.63%	7,013,629	41.41%	10,022,132	42.77%
Operating Profit	1,338,372	26.95%	3,349,792	30.85%	5,319,041	31.41%	7,553,042	32.23%
Net Profit Before Tax	1,152,442	23.21%	3,032,922	27.93%	4,899,130	28.93%	7,117,538	30.37%
Net Profit After Tax	846,729	17.05%	2,341,755	21.56%	3,505,088	20.70%	4,884,585	20.85%
Debt Equity Ratio	4,326,853	24:76	3,411,308	19:81	1,180,566	7:93	1,574,060	9:91
	18,158,805		18,264,399		16,474,059		18,323,940	
Current Ratio	8,196,419	0.95	8,625,738	1.00	8,538,164	1.18	8,477,707	1.69
	8,591,276		8,661,009		7,225,241		5,027,065	

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

3 Months Ended September 30, 2015

Gross Profit Ratio for the 1st Quarter was 36.76% as compared to annual GP of 42.77%, mainly due to lower sales on account of monsoon season.

Operating Profit was 26.95% as compared to 32.23% in annual mainly due to low GP in 1st quarter.

Net Profit Before Tax was 23.21% as compared to annual 30.37%, mainly due to high GP %age in annual and due to reduction in finance cost in annual on account of reduction in mark up due to debt repayments.

Net Profit After Tax was 17.05% as compared to 20.85% in annual due to sale quantitative growth over the year and reduction in finance cost.

Debt Equity Ratio was 24:76 in first quarter as compared to 9:91 in annual, mainly due to early repayments of debt over the year and low profit in first quarter as compared to annual.

Current ratio was 0.95 as compared to annual of 1.69, 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 and spares in transit.

6 Months Ended December 31, 2015

Gross Profit Ratio was 40.63% as compared to annual GP of 42.77%, mainly due to reduction in coal & furnace oil rates in 2nd half year and improved sales performance in last quarter on account of seasonal factors. Further, gross profit ratio increased as compared to first quarter mainly due to reduction in coal prices.

Operating Profit was 30.85% as compared to 32.23% in annual.

Net Profit Before Tax was 27.93% as compared to annual 30.37%, mainly due to high GP %age in annual and due to reduction in coal rates and finance cost in annual.

Net Profit After Tax was 21.56% as compared to 20.85% in annual because of higher provision of income tax at annual on account of absorption of brought forward tax losses.

Debt Equity Ratio was 19:81 in first half year as compared to 9:91 in annual, mainly due to more repayment of debts in annual and more profits in last quarter.

Current ratio was 1.00 as compared to annual of 1.69 mainly due to less current maturity in annual on account of more early repayments of debt and due to decrease in short term borrowings due to effective utilisation of running finance lines.

9 Months Ended March 31, 2016

Gross Profit Ratio was 41.41% as compared to annual GP of 42.77%, mainly due to annual plant maintenance in third quarter resulting in high stores & spares consumption and less utilization of waste heat recovery plant. However, more power generation from own sources on account of reduction in furnace oil prices and reduction in coal rates in international market gave favorable impact on gross profit ratio.

Operating Profit was 31.41% as compared to 32.23% in annual.

Net Profit Before Tax was 28.93% as compared to annual 30.37% mainly due to improved gross profit margin in last quarter on account of better sale performance, low fuel and power cost and reduction in finance cost on account of early debt repayments & reduction in RF lines.

Net Profit After Tax was 20.70% as compared to 20.85% in annual.

Debt Equity Ratio was 7:93 as compared to 9:91 in annual because of repayment of all outstanding debt till 3rd quarter and obtaining a new loan in 4th quarter.

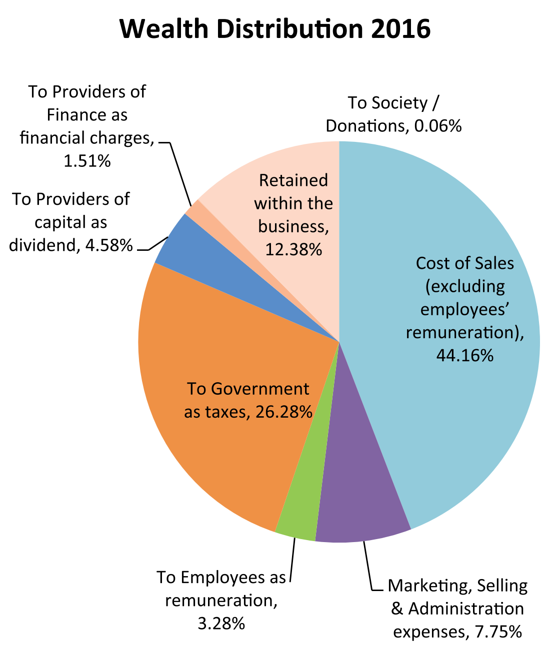
Current ratio was 1.18 as compared to annual of 1.69 due to decrease in short term borrowings and current maturity in annual.

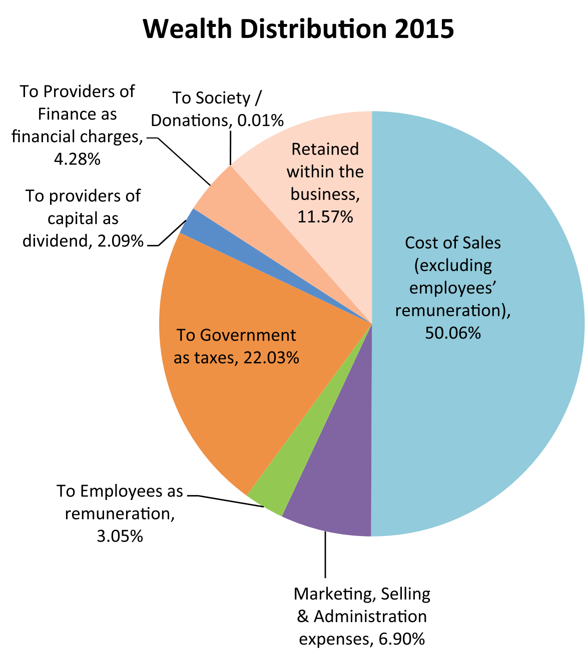
Statement of Value Added and How Distributed

	2016		2015	
	Rs. (000)	% age	Rs. (000)	% age
Wealth Generated				
Sales net of commission & discount	28,771,770	99.87%	25,246,194	99.82%
Other Operating Income	36,396	0.13%	46,173	0.18%
	28,808,166	100.00%	25,292,367	100.00%
Distribution of Wealth				
Cost of Sales (excluding employees' remuneration)	12,722,885	44.16%	12,662,491	50.06%
Marketing, Selling & Administration expenses	2,232,010	7.75%	1,745,245	6.90%
To Employees as remuneration	944,164	3.28%	772,195	3.05%
To Government as taxes	7,572,027	26.28%	5,572,756	22.03%
To providers of capital as dividend	1,319,335	4.58%	527,734	2.09%
To Providers of Finance as financial charges	435,504	1.51%	1,082,639	4.28%
To Society / Donations	16,991	0.06%	2,746	0.01%
Retained within the business	3,565,250	12.38%	2,926,561	11.57%
	28,808,166	100.00%	25,292,367	100.00%

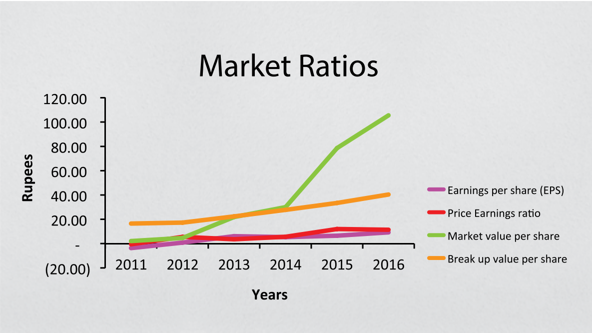
Statement of Charity

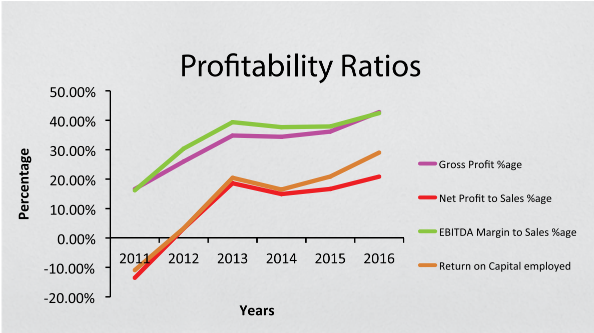
	(Rupees In thousand) 2016	2015
Pakistan Air Force (PAF) Mianwali	1,402	1,403
Donations in the form of cement	993	910
Lahore University of Management Sciences (LUMS)	-	100
Punjab Institute of Cardiology (PIC) Lahore	10,000	-
National Tennis Academy	-	333
Police Line Mianwali	2,600	-
Civil Hospital Mianwali	1,971	-
Bushra Shaheen	25	-
	16,991	2,746

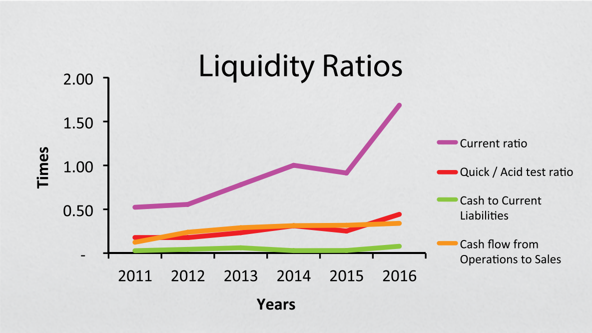


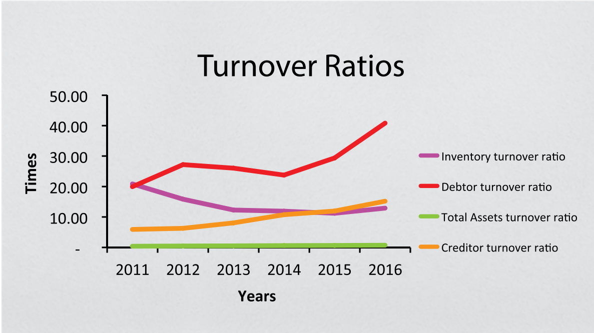


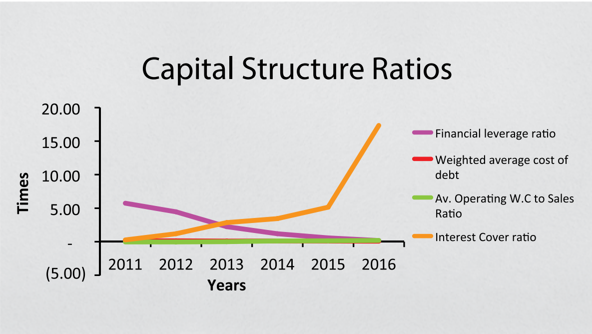
Graphical Presentation - Stakeholders' Information

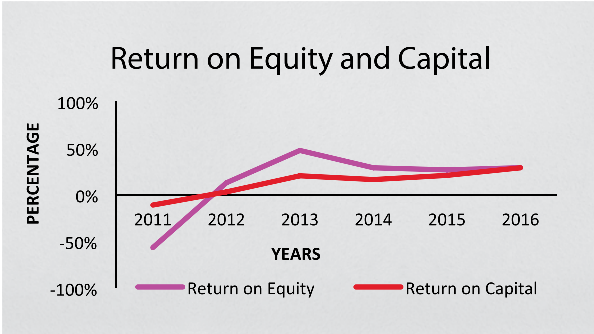


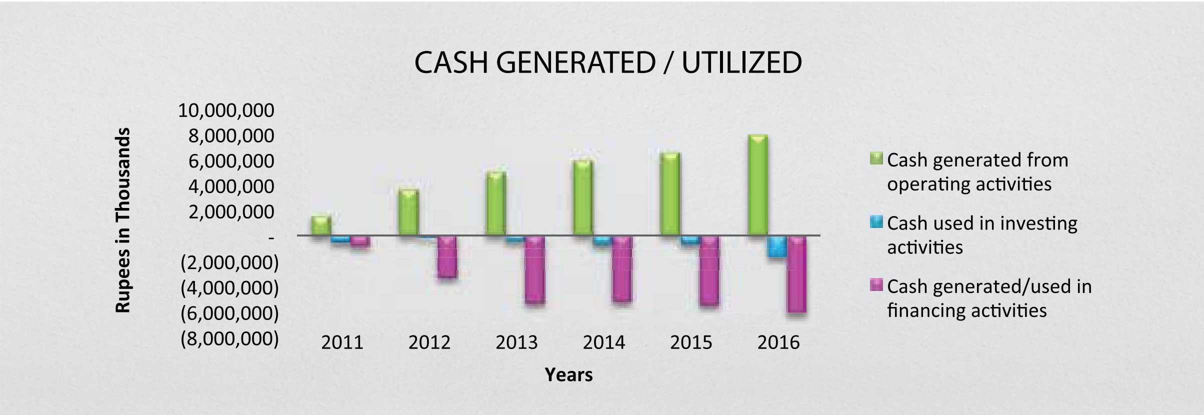




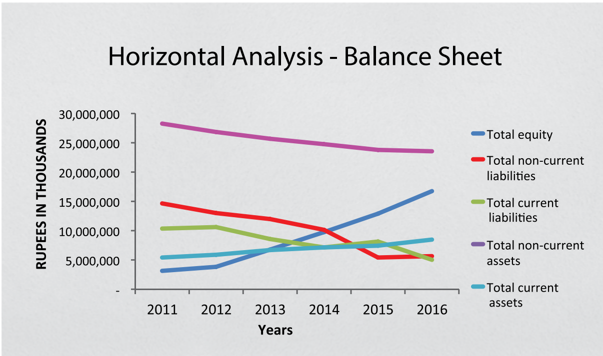


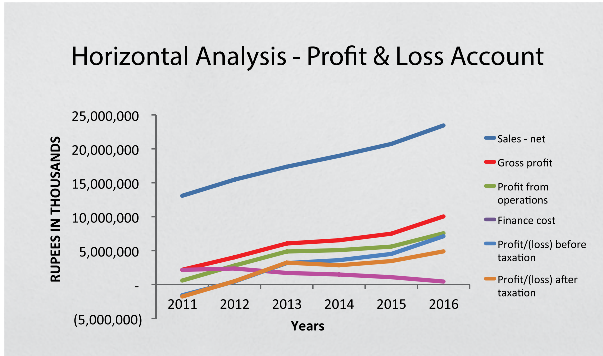


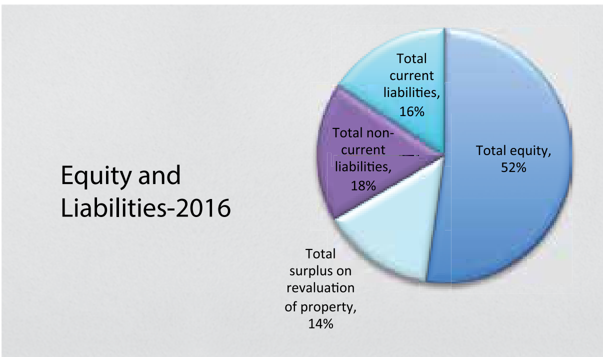


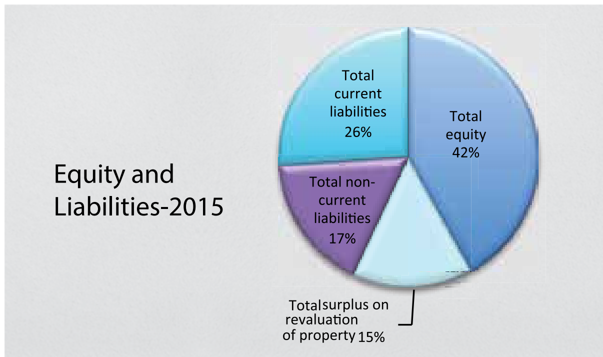


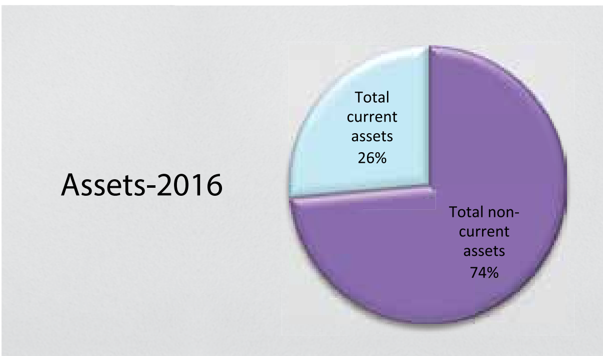
Graphical Presentation - Stakeholders' Information

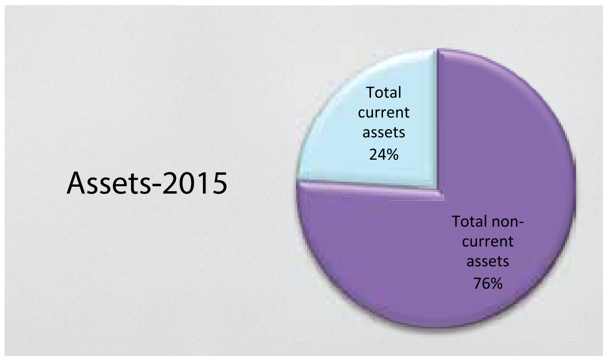


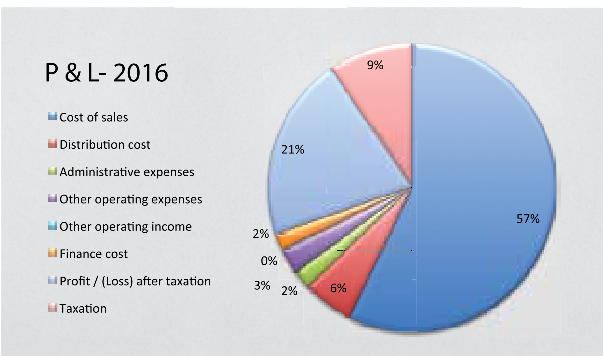


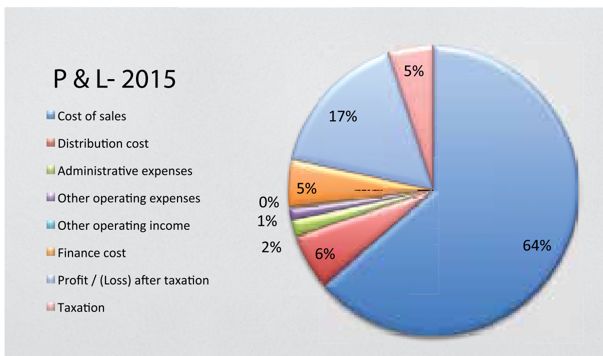












Pattern of Shareholding

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	30-06-2016

4. No. of Shareholders	Size of Holding From	To	Total shares held
1,720	1 -	100	66,517
2,215	101 -	500	676,431
1,218	501 -	1000	989,314
1,690	1001 -	5000	4,069,596
340	5001 -	10000	2,609,062
111	10001 -	15000	1,370,242
66	15001 -	20000	1,224,164
56	20001 -	25000	1,311,242
31	25001 -	30000	879,156
25	30001 -	35000	822,750
19	35001 -	40000	726,087
7	40001 -	45000	299,937
25	45001 -	50000	1,210,462
8	50001 -	55000	419,177
4	55001 -	60000	235,146
7	60001 -	65000	438,480
5	65001 -	70000	343,000
5	70001 -	75000	359,000
6	75001 -	80000	472,768
2	80001 -	85000	165,262
2	85001 -	90000	180,000
2	90001 -	95000	189,000
6	95001 -	100000	600,000
2	100001 -	105000	202,000
2	105001 -	110000	215,138
1	110001 -	115000	111,000
1	115001 -	120000	120,000
1	120001 -	125000	122,500
5	125001 -	130000	634,445
2	130001 -	135000	265,500
5	135001 -	140000	689,830
2	140001 -	145000	286,500
4	145001 -	150000	600,000
5	150001 -	155000	769,336
3	160001 -	165000	489,000
1	165001 -	170000	165,500
1	170001 -	175000	172,000
1	175001 -	180000	180,000
1	180001 -	185000	180,500
1	185001 -	190000	185,500

4. No. of Shareholders	Size of Holding From	To	Total shares held
4	195001 -	200000	800,000
1	205001 -	210000	209,500
2	210001 -	215000	425,191
1	215001 -	220000	217,000
2	225001 -	230000	459,500
2	230001 -	235000	464,500
1	235001 -	240000	240,000
3	245001 -	250000	747,280
3	250001 -	255000	759,480
1	255001 -	260000	260,000
1	270001 -	275000	272,500
1	275001 -	280000	280,000
1	280001 -	285000	280,500
3	285001 -	290000	867,500
2	295001 -	300000	600,000
1	310001 -	315000	314,000
2	315001 -	320000	637,000
1	320001 -	325000	325,000
1	345001 -	350000	346,000
2	360001 -	365000	722,584
1	370001 -	375000	371,795
1	385001 -	390000	387,322
1	395001 -	400000	400,000
1	405001 -	410000	410,000
2	415001 -	420000	836,000
1	425001 -	430000	426,000
2	445001 -	450000	898,000
2	450001 -	455000	906,000
1	455001 -	460000	458,824
2	485001 -	490000	979,500
1	490001 -	495000	491,500
3	495001 -	500000	1,500,000
1	505001 -	510000	506,500
1	550001 -	555000	552,000
1	555001 -	560000	555,500
1	585001 -	590000	586,000
1	590001 -	595000	594,000
1	595001 -	600000	600,000
1	645001 -	650000	649,500
1	655001 -	660000	656,800
1	660001 -	665000	665,000
1	665001 -	670000	670,000
1	735001 -	740000	738,500
1	750001 -	755000	754,000
1	760001 -	765000	764,000
1	785001 -	790000	788,352
1	815001 -	820000	820,000
1	850001 -	855000	850,310
1	890001 -	895000	892,000

4. No. of Shareholders	Size of Holding From	To	Total shares held
1	915001 -	920000	917,500
1	970001 -	975000	972,800
1	1015001 -	1020000	1,017,500
1	1020001 -	1025000	1,025,000
1	1025001 -	1030000	1,027,000
1	1070001 -	1075000	1,075,000
1	1195001 -	1200000	1,200,000
1	1200001 -	1205000	1,204,134
1	1225001 -	1230000	1,228,495
1	1355001 -	1360000	1,356,500
1	1470001 -	1475000	1,471,500
1	1585001 -	1590000	1,588,500
1	1700001 -	1705000	1,702,000
1	1730001 -	1735000	1,735,000
1	1845001 -	1850000	1,847,001
1	1850001 -	1855000	1,852,500
1	2195001 -	2200000	2,200,000
1	2260001 -	2265000	2,261,000
1	2400001 -	2405000	2,404,809
1	2420001 -	2425000	2,424,621
1	2480001 -	2485000	2,483,800
1	2675001 -	2680000	2,677,385
1	2745001 -	2750000	2,746,000
1	2980001 -	2985000	2,981,500
1	3175001 -	3180000	3,178,500
1	3505001 -	3510000	3,510,000
1	3550001 -	3555000	3,550,969
1	3565001 -	3570000	3,567,100
1	3610001 -	3615000	3,614,492
1	3645001 -	3650000	3,645,408
1	4170001 -	4175000	4,174,150
1	4360001 -	4365000	4,363,200
1	4520001 -	4525000	4,520,500
1	4675001 -	4680000	4,678,500
1	5535001 -	5540000	5,539,200
1	5795001 -	5800000	5,800,000
1	6125001 -	6130000	6,126,834
1	7445001 -	7450000	7,445,500
1	9145001 -	9150000	9,148,500
1	9735001 -	9740000	9,736,000
1	11085001 -	11090000	11,086,500
1	14305001 -	14310000	14,306,622
1	15995001 -	16000000	15,996,636
1	16950001 -	16955000	16,954,865
1	291410001 -	291415000	291,410,425
7,723			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
		1,899,399	**0.3600**
5.2	Associated Companies, undertakings and related parties		
	Kohinoor Textile Mills Ltd.	291,410,425	55.2192
	Zimpex (Pvt) Ltd.	1,706	0.0003
		291,412,131	**55.2195**
5.3	NIT and ICP		
	National Bank of Pakistan, Trustee Deptt.	13,097	0.0025
	Investment Corporation of Pakistan	6,200	0.0012
		19,297	**0.0037**
5.4	Banks, Development Financial Institutions, Non-banking Financial Institutions	**2,772,609**	**0.5254**
5.5	Insurance Companies	**7,784,500**	**1.4751**
5.6	Modarabas and Leasing Companies	**3,960**	**0.0007**

5.6.1 Mutual Funds

CDC - TRUSTEE AKD INDEX TRACKER FUND	51,000
CDC - TRUSTEE AL MEEZAN MUTUAL FUND	917,500
CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	200,000
CDC - TRUSTEE ALFALAH GHP INCOME MULTIPLIER FUND - MT	3,000
CDC - TRUSTEE ASKARI HIGH YIELD SCHEME - MT	141,500
CDC - TRUSTEE FAYSAL ASSET ALLOCATION FUND	46,500
CDC - TRUSTEE FAYSAL BALANCED GROWTH FUND	44,000
CDC - TRUSTEE FAYSAL MTS FUND - MT	13,000
CDC - TRUSTEE FAYSAL SAVINGS GROWTH FUND - MT	69,500
CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	23,500
CDC - TRUSTEE FIRST HABIB STOCK FUND	70,500
CDC - TRUSTEE HBL ISLAMIC ASSET ALLOCATION FUND	95,000
CDC - TRUSTEE HBL PF EQUITY SUB FUND	42,500

Categories of Shareholders	Shares Held	Percentage of Capital
5.6.1 Mutual Funds		
CDC - TRUSTEE KSE MEEZAN INDEX FUND	254,700	
CDC - TRUSTEE MCB PAKISTAN ISLAMIC STOCK FUND	300,000	
CDC - TRUSTEE MEEZAN BALANCED FUND	280,000	
CDC - TRUSTEE MEEZAN ISLAMIC FUND	4,520,500	
CDC - TRUSTEE NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND	101,000	
CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND	738,500	
CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - I	23,000	
CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - II	71,500	
CDC - TRUSTEE NAFA ISLAMIC STOCK FUND	280,500	
CDC - TRUSTEE NAFA MULTI ASSET FUND	130,500	
CDC - TRUSTEE NAFA STOCK FUND	272,500	
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	249,746	
CDC - TRUSTEE NIT INCOME FUND - MT	145,000	
CDC - TRUSTEE PICIC INCOME FUND - MT	234,000	
CDC - TRUSTEE PIML ISLAMIC EQUITY FUND	120,000	
CDC - TRUSTEE PIML STRATEGIC MULTI ASSET FUND	139,000	
CDC - TRUSTEE PIML VALUE EQUITY FUND	83,000	
CDC-TRUSTEE FIRST HABIB ISLAMIC BALANCED FUND	37,000	
CDC-TRUSTEE HBL ISLAMIC STOCK FUND	217,000	
CDC-TRUSTEE NAFA ASSET ALLOCATION FUND	165,500	
CDC-TRUSTEE NAFA SAVINGS PLUS FUND - MT	24,000	
CDC-TRUSTEE PAK. INT. ELEMENT ISLAMIC ASSET ALLOCATION FUND	180,000	
GROWTH MUTUAL FUND LIMITED	110	
MCBFSL - TRUSTEE NAFA INCOME FUND - MT	46,000	
	10,330,556	1.9575
5.7 Shareholders holding Five Percent or more voting interest in the Company Refer to 5.2 above	-	-
5.8 General Public		
Individuals	44,113,209	8.3590
Foreign Investors	159,892,837	30.2980
5.9 Executive(s)	1	-
5.10 Public Sector Companies and Corporations	1,230,505	0.2331
5.11 Joint Stock Companies	7,404,403	1.4030

Categories of Shareholders	Shares Held	Percentage of Capital
5.12 Others		
AKHUWAT	7,000	
ARTAL RESTAURANT INT LTD. EMP. P.F	500	
CDC - TRUSTEE NAFA ISLAMIC PENSION FUND EQUITY ACCOUNT	46,500	
CDC - TRUSTEE NAFA PENSION FUND EQUITY SUB-FUND ACCOUNT	45,500	
CDC - TRUSTEE PAKISTAN PENSION FUND - EQUITY SUB FUND	100,000	
CDC-TRUSTEE PAKISTAN ISLAMIC PENSION FUND - EQUITY SUB FUND	80,000	
LSE FINANCIAL SERVICES LIMITED	5,700	
MANAGING COMMITTEE GHAZALI EDUCATION TRUST	440	
TRUSTEE ARTAL RESTAURANTS INTS EMP. P.F	1,000	
TRUSTEE KARACHI PARSI ANJUMAN TRUST FUND	4,000	
TRUSTEE LEVER BROTHERS EMPLOYEES	5,000	
TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST	7,488	
TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	213,391	
TRUSTEE THALL LIMITED- EMPLOYEES RETIREMENT BENEFIT FUND	2,000	
TRUSTEE-MILLAT TRACTORS LTD. EMPLOYEES PENSION FUND	19,000	
TRUSTEES HOMMIE&JAMSHED NUSSERWANJEE C.T	50,000	
TRUSTEES OF FFC EMPLOYEES PROVIDENT FUND	71,000	
TRUSTEES PAK BRUNEI INVESTMENT COMPANY LTD. EMPLOYEES PF	4,000	
TRUSTEES WAH NOBEL P. LTD. MANG.STAFF PF	20,000	
TRUSTEE-THE CRESCENT TEXTILE MILLS LTD EMPL. PROVIDENT FUND	172,000	
TRUSTEE-THE KOT ADDU POWER CO. LTD. EMPLOYEES PENSION FUND	16,000	
	870,519	0.1650
Grand Total:	527,733,926	100.000

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

Name of Company: **Maple Leaf Cement Factory Limited**

Year Ended: **June 30, 2016**

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 5.19 of listing regulations of Pakistan Stock Exchange Limited 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

The Independent Director meets the criteria of independence under clause 5.19.1(b) of the CCG.

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 broker of a stock exchange, has been declared as a defaulter by that stock exchange.

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

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

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

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

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

9. The Board had arranged Orientation Courses for its Directors during the preceding years 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 Pakistan Stock Exchange.

10. There were no new appointments of the CFO, Company Secretary and Head of Internal Audit during the year, however, all such appointments including their remuneration and terms and conditions of employment are duly approved by the Board.

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

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

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

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

15. The Board has formed an Audit Committee comprising of four non-executive directors including independent director.

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

17. The Board has formed an HR & Remuneration Committee comprising of three 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.

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

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

For and on behalf of the Board

Lahore:
September 05, 2016

(Sayeed Tariq Saigol)
Chief Executive

This disclosure is being added as per requirement of Securities and Exchange Commission of Pakistan vide SRO 924(1) / 2015, dated 09 September 2015.

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

Telephone + 92 (42) 3579 0901-6
Fax + 92 (42) 3579 0907
Internet www.kpmg.com.pk

Review Report to the Members on the 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 2016 to comply with the requirements of Listing Regulations of the Pakistan Stock Exchange Limited 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 under taken at arm's length price or not.

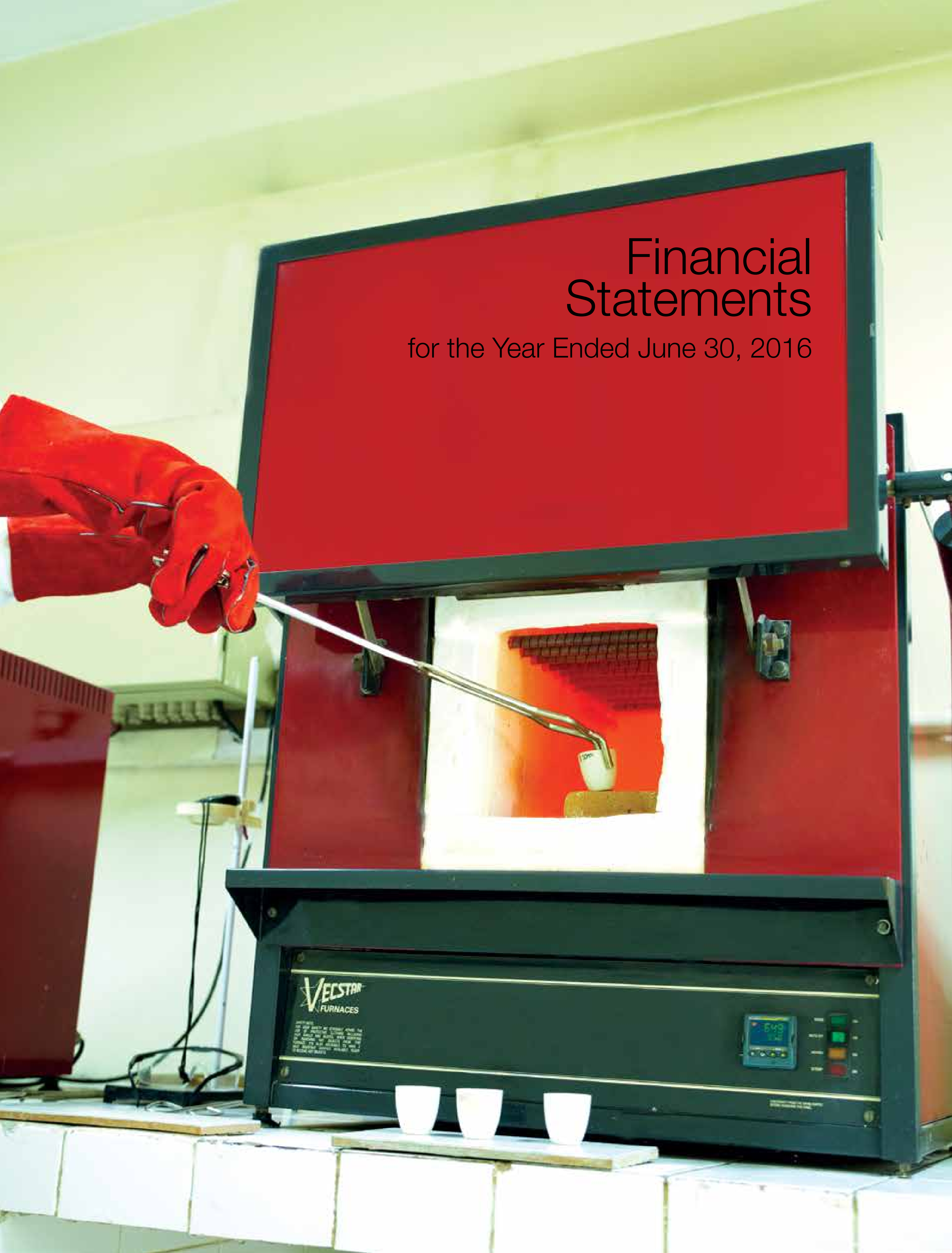
Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 30 June 2016.

Lahore
Date: 05 September 2016

KPMG Taseer Hadi & Co
Chartered Accountants
(M. Rehan Chughtai)

Financial Statements

for the Year Ended June 30, 2016



میپل لیف

MAPLE LEAF CEMENT

ایکدم

SOLID

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

Telephone + 92 (42) 3579 0901-6
Fax + 92 (42) 3579 0907
Internet www.kpmg.com.pk

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed unconsolidated balance sheet of Maple Leaf Cement Factory Limited ("the Company") as at 30 June 2016 and the related unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

b) in our opinion:

    i) the unconsolidated balance sheet and unconsolidated profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the change as stated in note 3.1 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 unconsolidated balance sheet, unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated 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 2016 and of the profit, its cash flows and changes in equity for the year then ended; and

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

Lahore

Date: 05 September 2016

KPMG Taseer Hadi & Co.
Chartered Accountants
(M. Rehan Chughtai)

UNCONSOLIDATED BALANCE SHEET
AS AT JUNE 30, 2016

	Note	2016	2015
		(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 share capital	5	5,277,340	5,277,340
Capital reserves	6	2,058,137	2,058,137
Accumulated profits		9,414,403	5,576,181
		16,749,880	12,911,658
SURPLUS ON REVALUATION OF FIXED ASSETS - NET OF TAX	7	4,587,255	4,751,082
NON - CURRENT LIABILITIES			
Long term loans from banking companies - secured	8	927,298	38,114
Redeemable capital - secured	9	-	1,933,011
Syndicated term finance - secured	10	-	-
Liabilities against assets subject to finance lease - secured	11	479,243	628,230
Long term deposits	12	6,499	6,619
Deferred taxation	13	4,124,673	2,698,454
Retirement benefits	14	119,783	109,688
		5,657,496	5,414,116
CURRENT LIABILITIES			
Current portion of:			
- Long term loans from banking companies - secured	8.8	-	117,143
- Redeemable capital - secured	9	-	1,500,000
- Syndicated term finance - secured	10	-	433,500
- Liabilities against assets subject to finance lease - secured	11	167,519	128,819
Trade and other payables	15	3,193,583	3,163,873
Accrued profit / interest / mark-up	16	36,807	108,132
Provision for taxation - net	17	204,245	137,252
Short term borrowings	18	1,424,911	2,555,742
		5,027,065	8,144,461
CONTINGENCIES AND COMMITMENTS	19		
		32,021,696	31,221,317

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

	Note	2016	2015
		(Rupees in thousand)	
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	20	22,822,494	23,720,541
Long term investment	21	660,000	-
Long term loans to employees - secured	22	5,628	6,513
Long term deposits	23	55,867	55,058
		23,543,989	23,782,112
CURRENT ASSETS			
Stores, spare parts and loose tools	24	5,383,750	4,184,545
Stock-in-trade	25	872,820	1,206,573
Trade debts	26	576,861	570,571
Loans and advances	27	805,167	985,251
Short term investment	28	12,000	10,530
Short term deposits and prepayments	29	71,594	88,969
Accrued profit	30	1,582	963
Refunds due from Government	31	16,797	16,797
Other receivables	32	342,662	130,606
Cash and bank balances	33	394,474	244,400
		8,477,707	7,439,205
		32,021,696	31,221,317

CHIEF EXECUTIVE OFFICER

DIRECTOR

UNCONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016	2015
		(Rupees in thousand)	
Sales - net	34	23,432,696	20,720,054
Cost of goods sold	35	(13,410,564)	(13,224,431)
Gross profit		10,022,132	7,495,623
Distribution cost	36	(1,359,896)	(1,313,696)
Administrative expenses	37	(485,959)	(381,363)
Other charges	38	(659,631)	(263,187)
		(2,505,486)	(1,958,246)
Other income	39	36,396	46,173
Profit from operations		7,553,042	5,583,550
Finance cost	40	(435,504)	(1,082,639)
Profit before taxation		7,117,538	4,500,911
Taxation	41	(2,232,953)	(1,046,616)
Profit after taxation		4,884,585	3,454,295
		-----------Rupees-----------	
Earnings per share - basic and diluted	42	9.26	6.55

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
	(Rupees in thousand)	
Profit after taxation	4,884,585	3,454,295
Other comprehensive income		
Items that will not be reclassified to profit and loss account:		
Other comprehensive income - transferred to equity		
Remeasurement of defined benefit liability	2,185	(22,638)
Related tax	(544)	6,713
	1,641	(15,925)
Other comprehensive income - not transferred to equity		
Surplus on revaluation of fixed assets	-	95,013
Deferred tax liability on revaluation of fixed assets	-	(24,682)
	-	70,331
Total comprehensive income for the year	4,886,226	3,508,701

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

UNCONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016	2015
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		7,117,538	4,500,911
Adjustments for:			
Depreciation	20.4	1,817,658	1,772,554
Reversal of provision against doubtful debts	39	(3,423)	(5,157)
Provision for slow moving stores reversed		-	(41,033)
Provision for Workers' Profit Participation Fund	15.3	386,524	236,324
Provision for Workers' Welfare Fund		126,052	-
Stock-in-trade written off	35	13,072	68,685
Bad debts written off		-	27,714
Loss on disposal of property, plant and equipment	38	130,064	24,117
Gain on re-measurement of short term investments at fair value	39	(1,470)	(3,750)
Retirement benefits		35,303	25,359
Finance cost	40	435,504	1,082,639
Profit on bank deposits	39	(14,810)	(14,459)
Cash generated from operations before working capital changes		10,042,012	7,673,904
Effect on cash flow due to working capital changes			
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(1,199,205)	(370,709)
Stock-in-trade		320,681	(123,798)
Trade debts		(2,867)	245,909
Loans and advances		180,084	(77,742)
Short term deposits and prepayments		17,375	(15,289)
Other receivables		(212,056)	(32,637)
		(895,988)	(374,266)
Decrease in current liabilities			
Trade and other payables		(430,056)	(309,606)
		(1,326,044)	(683,872)
Net cash generated from operations		8,715,968	6,990,032
Decrease / (Increase) in long term loans to employees		885	(2,073)
Retirement benefits paid		(23,023)	(17,963)
Workers' Profit Participation Fund paid		(89,119)	(71,867)
Taxes paid		(632,781)	(326,386)
Net cash generated from operating activities		7,971,930	6,571,743
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(1,106,002)	(786,684)
Proceeds from disposal of property, plant and equipment		56,327	70,267
Increase in long term deposits		(809)	(1,045)
Redemption of long term investment		-	1,625
Long term investment		(660,000)	-
Profit on bank deposits received		14,191	15,848
Net cash used in investing activities		(1,696,293)	(699,989)
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown / (repayment) of long term loans from banking companies - secured		771,484	(397,744)
Redemption of redeemable capital - secured		(3,433,011)	(2,854,714)
Repayment of syndicated term finances - secured		(433,500)	(762,500)
Decrease in long term deposits		(120)	(260)
Payment of liabilities against assets subject to finance lease - net		(132,746)	(108,574)
(Repayment) / acquisition of short term borrowings		(1,065,150)	323,981
Finance cost paid		(483,813)	(1,123,209)
Redemption of preference shares		-	(20)
Dividend paid		(1,283,026)	(524,391)
Net cash used in financing activities		(6,059,882)	(5,447,431)
Net increase in cash and cash equivalents		215,755	424,323
Cash and cash equivalents at beginning of the year		169,012	(255,311)
Cash and cash equivalents at end of the year	43	384,767	169,012

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2016

	Share Capital	Capital Reserves			Revenue Reserves	Total Equity
		Share premium	Capital redemption reserve	Sub-total	Accumulated profits	
	(Rupees in thousand)					
At 30 June 2014	5,277,340	1,529,874	528,263	2,058,137	2,414,100	9,749,577
Total comprehensive income for the year						
Profit for the year ended 30 June 2015	-	-	-	-	3,454,295	3,454,295
Other comprehensive income for the year ended 30 June 2015	-	-	-	-	(15,925)	(15,925)
	-	-	-	-	3,438,370	3,438,370
Transfer of incremental depreciation from surplus on revaluation of fixed assets - net of tax	-	-	-	-	244,644	244,644
Reversal of revaluation surplus on disposal of fixed assets - net of tax	-	-	-	-	6,801	6,801
Transaction with owners of the Company						
Interim cash dividend @ Re. 1 per share for the year ended 30 June 2015	-	-	-	-	(527,734)	(527,734)
At 30 June 2015	5,277,340	1,529,874	528,263	2,058,137	5,576,181	12,911,658
Total comprehensive income for the year						
Profit for the year ended 30 June 2016	-	-	-	-	4,884,585	4,884,585
Other comprehensive income for the year ended 30 June 2016	-	-	-	-	1,641	1,641
	-	-	-	-	4,886,226	4,886,226
Transfer of incremental depreciation from surplus on revaluation of fixed assets - net of tax	-	-	-	-	261,564	261,564
Reversal of revaluation surplus on disposal of fixed assets - net of tax	-	-	-	-	9,767	9,767
Transaction with owners of the Company						
Final cash dividend @ Re. 1 per share for the year ended 30 June 2015	-	-	-	-	(527,734)	(527,734)
Interim cash dividend @ Rs. 1.5 per share for the year ended 30 June 2016	-	-	-	-	(791,601)	(791,601)
At 30 June 2016	5,277,340	1,529,874	528,263	2,058,137	9,414,403	16,749,880

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

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 listed on Pakistan Stock Exchange. The registered office of the Company is situated at 42-Lawrence Road, Lahore, Pakistan. The cement factory is located at Iskanderabad District Mianwali in the province of Punjab. The principal activity of the Company is production and sale of cement. The Company is a subsidiary of Kohinoor Textile Mills Limited ("the Holding Company").

2. BASIS OF PREPARATION

2.1 Separate financial statements

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

The Company has the following long term investment:

	2016	2015
	(Direct holding percentage)	
Subsidiary Company		
Maple Leaf Power Limited	100	-

2.2 Statement of compliance

These unconsolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of the 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.

2.3 Basis of measurement

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

- certain financial instruments at fair value;
- certain property, plant and equipment at revalued amounts; and
- recognition of employee retirement benefits at present value.

2.4 Functional and presentation currency

These unconsolidated financial statements have been prepared in Pak Rupees ("Rs.") which is the Company's functional currency.

2.5 Use of estimates and judgments

The preparation of unconsolidated 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 unconsolidated financial statements or where judgment was exercised in application of accounting policies are as follows:

2.5.1 Property, plant and equipment

The Company reviews the useful lives and residual values of property, plant and equipment on regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment 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 Stock-in-trade

The Company reviews the carrying amount of stock-in-trade on a regular basis. Carrying amount of stock-in-trade is adjusted where the net realizable value is below the cost. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

2.5.4 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.

2.5.5 Employee benefits

The Company operates approved funded gratuity scheme covering all its full time 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.

2.5.6 Impairment

The management of the Company reviews carrying amounts of its assets including receivables and advances and cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

2.5.7 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.

2.5.8 Provisions and contingencies

The Company reviews the status of all pending litigations and claims against the Company. Based on the judgment and the advice of the legal advisors for the estimated financial outcome, appropriate disclosure or provision is made. 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.

2.5.9 Revaluation of property, plant and equipment

Revaluation of property, plant and equipment is carried out by an independent professional valuer. Revalued amounts of non-depreciable items are determined by reference to local market values and that of depreciable items are determined by reference to present depreciated replacement values.

The frequency of revaluations depends upon the changes in fair values of the items of property, plant and equipment being revalued. When the fair value of a revalued asset differs materially from its carrying amount, a further revaluation is required. Such frequent revaluations are unnecessary for items of property, plant and equipment with only insignificant changes in fair value. Instead, it may be necessary to revalue the item only every three or five years.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these unconsolidated financial statements are set out below. Except for a change as mentioned in note 3.1, the policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 During the year the Company has adopted IFRS 13 'Fair Value Measurement' which became effective for the financial periods beginning on or after 1 January 2015. IFRS 13 'Fair Value Measurement' establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair values as the prices that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 Financial Instruments Disclosures. As a result, the Company has included the additional disclosure in this regard in note 48.5 to the unconsolidated financial statements. In accordance with the transitional provisions of IFRS 13, the Company has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Notwithstanding the above, the change has no such significant impacts on the measurements of the Company's financial assets and liabilities. The Company has also adopted IFRS 10 'Consolidated Financial Statements', IFRS 11 'Joint Arrangements', IFRS 12 'Disclosure of Interest in Other Entities which became applicable from 1 January, 2015, as per the adoption status of IFRS in Pakistan. The application of IFRS 10,IFRS 11 and IFRS 12 did not have any impact on the unconsolidated financial statements of the Company.

3.2 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 full time 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 unconsolidated 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.

Remeasurements 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 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 unconsolidated 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 unconsolidated profit and loss account. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

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.

3.3 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 comprehensive income or equity, in which case it is included in unconsolidated comprehensive income or equity.

3.4 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 unconsolidated 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 unconsolidated 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.

3.5 Property, plant and equipment

3.5.1 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. Increase in the carrying amount arising on revaluation is credited to 'Revaluation of fixed assets' and the same is dealt in accordance with section 235 of the Companies Ordinance, 1984. Surplus on revaluation is booked by restating gross carrying amounts of respective assets being revalued, proportionately to the change in their carrying amounts due to revaluation. The accumulated depreciation at the date of revaluation is also adjusted to equal difference between gross carrying amounts and the carrying amounts of the assets after taking into account accumulated impairment losses. The surplus on revaluation of fixed assets to the extent of the annual incremental depreciation based on the revalued carrying amount of the asset and the depreciation based on the assets' original cost is transferred annually to retained earnings net of related deferred tax. Upon disposal, any revaluation reserve relating to the particular assets being sold is transferred to retained earnings. All transfers to / from surplus on revaluation of fixed assets account are net of applicable deferred income tax.

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 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 unconsolidated profit and loss account.

Depreciation is calculated at the rates specified in note 20.1 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 the month in which the addition / deletion is made.

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.

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

3.5.2 Intangible assets

Intangible asset is stated at cost less accumulated amortization for finite intangible asset 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.

Finite intangible assets are amortized using straight-line method over a period of usage. 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 unconsolidated 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. Reversal of impairment loss is recognized in profit and loss account except in the case of available for sale instruments where the reversal is included in unconsolidated other comprehensive income.

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 unconsolidated 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

Investment in equity instruments of subsidiary

Investment in subsidiary company is measured at cost as per the requirements of IAS 27 "Separate Financial Statements". However, at subsequent reporting dates, the Company reviews the carrying amount of the investment and its recoverability to determine whether there is an indication that such investment has suffered an impairment loss. If any such indication exists the carrying amount of the investment is adjusted to the extent of impairment loss. Impairment losses are recognized as an expense in unconsolidated profit and loss account. Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in unconsolidated profit and loss account.

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 in unconsolidated profit and loss account.

3.8 Loans and receivables

Loans and receivables are recognized initially at fair value, plus attributable transaction costs. Subsequent to initial recognition, loans and receivables are stated at amortized cost with any difference between cost and redemption value being recognized in the unconsolidated profit and loss account over the period of the investments on an effective yield method less impairment loss, if any.

3.9 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.

3.10 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
Packing 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.

3.11 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 looses 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 unconsolidated 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.

3.12 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.

3.13 Trade debts

Trade debts are stated initially at the fair value, subsequent to initial recognition, these are stated at their amortized cost as reduced by appropriate provision for impairment. Known impaired receivables are written off, while receivables considered doubtful are fully provided for.

3.14 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 and ability to settle on a net basis, or realize the asset and settle the liability simultaneously.

3.15 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand, running finance and cash at banks.

3.16 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.

3.17 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 unconsolidated profit and loss account.

3.18 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 unconsolidated profit and loss account in the period in which these are incurred.

3.19 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.

3.20 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.

3.21 Dividend distribution

Dividend is recognized as a liability in the period in which it is declared.

3.22 Mark-up bearing borrowings

Mark-up bearing borrowings are recognized initially at cost representing the fair value of consideration received less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at original cost less subsequent repayments, while the difference between the original recognized amounts (as reduced by periodic payments) and redemption value is recognized in the unconsolidated profit and loss account over the period of borrowings on an effective rate basis. The borrowing cost on qualifying asset is included in the cost of related asset.

4. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2016:

- 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 amortization 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 unconsolidated financial statements.

- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 – Consolidated financial statements and IAS 28 – Investments in Associates and Joint Ventures) [effective for annual periods beginning on or after 1 January 2016) clarifies (a) which subsidiaries of an investment entity are consolidated; (b) exemption to present consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity; and (c) how an entity that is not an investment entity should apply the equity method of accounting for its investment in an associate or joint venture that is an investment entity. The amendments are not likely to have an impact on Company's unconsolidated financial statements.

- Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2016) clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. The amendments are not likely to have an impact on Company's unconsolidated financial statements.

- Amendment to IAS 27 'Separate financial statements' (effective for annual periods beginning on or after 1 January 2016) allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate unconsolidated financial statements. The amendment is not likely to have an impact on the Company's unconsolidated 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. The amendments are not likely to have an impact on Company's unconsolidated financial statements.

- Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after 1 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments are not likely to have an impact on the Company's unconsolidated financial statements.

- Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of unconsolidated financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

- Amendments to IFRS 2 - Share-based Payment clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognised for new and outstanding awards. The amendments are not likely to have an impact on Company's unconsolidated financial statements.

Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.

- IFRS 7 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify when servicing arrangements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety are in the scope of its disclosure requirements. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim unconsolidated financial statements for all interim periods.

- IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

- IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim unconsolidated financial statements and disclosed elsewhere should be cross referred.

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

		Note	2016	2015
			(Rupees in thousand)	

5. SHARE CAPITAL

5.1 Authorized share capital

Number of shares				
600,000,000	(2015: 600,000,000) ordinary shares of Rs. 10 each		6,000,000	6,000,000
100,000,000	(2015: 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 share capital

Number of shares				
290,359,856	(2015: 290,359,856) ordinary shares of Rs. 10 each fully paid in cash		2,903,599	2,903,599
35,834,100	(2015: 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	(2015: 46,069,400) ordinary shares of Rs. 10 each issued as fully paid bonus shares		460,694	460,694
153,846,153	(2015: 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	(2015: 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

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 a conversion rate of 1.2296.

5.3 The Holding Company holds 291,410,425 (2015: 291,410,425) ordinary shares, which represents 55.22% (2015: 55.22%) of total ordinary issued, subscribed and paid-up share capital of the Company.

5.4 Zimpex (Private) Limited, an associated undertaking, holds 1,706 (2015: 1,706) ordinary shares of the Company.

	Note	2016	2015
		(Rupees in thousand)	
6. CAPITAL RESERVES			
Capital redemption reserve	6.1	528,263	528,263
Share premium reserve	6.2	1,529,874	1,529,874
		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.

	2016	2015
	(Rupees in thousand)	
7. SURPLUS ON REVALUATION OF FIXED ASSETS - NET OF TAX		
Gross surplus		
At beginning of the year	6,345,722	6,608,146
Surplus on revaluation of fixed assets during the year	-	95,013
Less:		
Effect of disposal of fixed assets	(13,005)	(9,668)
Transferred to accumulated profits in respect of incremental depreciation charge for the year	(348,288)	(347,769)
At end of the year	5,984,429	6,345,722
Deferred tax liability on revaluation surplus		
At beginning of the year	1,594,640	1,716,631
Tax on surplus during the year	-	24,682
Effect of disposal of fixed assets	(3,238)	(2,867)
Incremental depreciation charged on related assets	(86,724)	(103,124)
Effect of change in tax rate	-	(40,682)
Effect of change in proportion of local and export sales	(107,504)	-
At end of the year	1,397,174	1,594,640
	4,587,255	4,751,082

7.1 The Company's freehold land, buildings on freehold land, roads, bridges and railway sidings and plant and machinery were revalued by Arif Evaluators, an independent valuer not connected with the Company and approved by Pakistan Banks' Association (PBA) in "any amount" category, at 22 June 2015. 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	2016	2015
		(Rupees in thousand)	
8. LONG TERM LOANS FROM BANKING COMPANIES - SECURED			
Habib Bank Limited - term loan	8.2	-	27,519
Islamic Corporation for the Development of Private Sector ("ICD") - deferred mark-up loan	8.3	-	10,595
Askari Bank Limited - Term Finance	8.4	500,000	-
Bank of Punjab - Demand Finance	8.5	183,140	-
MCB Bank Limited - Demand Finance	8.6	122,079	-
National Bank of Pakistan - Demand Finance	8.7	122,079	-
		927,298	38,114

8.1 These are interest / mark-up based loans from conventional banks.

		2016	2015
		(Rupees in thousand)	
8.2 Habib Bank Limited - term loan			
At beginning of the year		137,599	495,359
Less: Payment made during the year		(137,599)	(357,760)
		-	137,599
Less: Current maturity presented under current liabilities	8.8	-	(110,080)
At end of the year		-	27,519

This has been fully repaid during the year.

	Note	2016	2015
		(Rupees in thousand)	
8.3 Islamic Corporation for the Development of Private Sector ("ICD") - deferred mark-up loan			
At beginning of the year		17,658	24,004
Less: Payments made during the year		(18,215)	(7,069)
		(557)	16,935
Exchange loss during the year		557	723
		-	17,658
Less: Current maturity presented under current liabilities	8.8	-	(7,063)
At end of the year		-	10,595

This has been fully repaid during the year.

8.4 Askari Bank Limited - Term Finance

During current financial year, the Company entered into term finance agreement with Askari Bank Limited for Rs. 500 million. As per terms of the agreement, the tenor of loan is seven (7) years including two (2) years grace period.

The principal shall be repaid in twenty (20) equal, consecutive, quarterly installments of Rs. 25 million from 04 June 2018 to 04 March 2023.

This facility carries mark-up rate at 3 months KIBOR+125 bps per annum to be paid quarterly in arrears.

This facility will be secured against 1st joint pari passu hypothecation charge and equitable mortgage charge of Rs. 667 million over all present and future plant and machinery and land and building respectively of cement unit-II. Disbursement has been made in tranches against ranking charge on all present and future plant and machinery of the Company that shall be upgraded / replaced by aforesaid charge within 180 days from 1st draw down.

Personal guarantees also provided by Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors) duly supported by net worth statements.

8.5 Bank of Punjab - Demand Finance

During current financial year, the Company entered into demand finance agreement with The Bank of Punjab for Rs. 1,500 million. The tenor of loan is seven (7) years including 24 months grace period. Disbursement shall be made in tranches during the availability period as per terms of the agreement.

The principal shall be repaid in twenty (20) equal, consecutive, quarterly installments of Rs. 75 million each starting from 25 June 2018 to 25 March 2023. Prepayment can be made after two (2) years of completion of draw down, with a 30 days prior notice to the lenders without early payment penalty.

This facility carries mark-up rate at 3 months KIBOR+125 bps per annum to be paid quarterly in arrears.

This facility will be secured against 1st joint pari passu hypothecation charge and equitable mortgage charge over all present and future fixed assets of the Company with 25% margin. It is also secured by lien over import documents.

A floating charge on fixed assets of Maple Leaf Power Limited shall be registered with 25% margin, before establishment of LCs, which shall be upgraded to 1st joint pari passu, once all the assets are reached project site and ready for installation.

Personal guarantees by Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors) duly supported by net worth statements and cross corporate guarantee of the Company and Maple Leaf Power Limited (MLPL) has also been provided.

8.6 MCB Bank Limited - Demand Finance

During current financial year, the Company entered into demand finance agreement with MCB Bank Limited for Rs. 1,000 million. The tenor of loan is seven (7) years including grace period of 18 months. Disbursement shall be made in tranches during the availability period as per terms of the agreement.

The principal shall be repaid in twenty two (22) equal, consecutive, quarterly installments of Rs. 45.45 million each starting from 14 October 2017 to 14 Jan 2023. Prepayment can be made after two (2) years with a 30 days prior notice.

This facility carries mark-up rate at 3 months KIBOR+115 bps per annum to be paid quarterly in arrears.

This facility will be secured against 1st joint pari passu hypothecation charge and equitable mortgage charge over all present and future fixed assets of the Company with 25% margin.

Personal guarantees also provided by Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors) duly supported by net worth statements.

8.7 National Bank of Pakistan - Demand Finance

During current financial year, the Company entered into demand finance agreement with National Bank of Pakistan for Rs. 1,000 million. The tenor of loan is seven (7) years including two (2) years grace period. Disbursement shall be made in tranches during the availability period as per terms of the agreement.

Principal shall be repaid in twenty (20) equal quarterly installments of Rs. 50 million each starting from 30 April 2018 to 30 January 2023.

This facility carries mark-up rate at 3 months KIBOR+125 bps per annum to be paid quarterly in arrears.

This facility will be secured against 1st joint pari passu hypothecation charge and equitable mortgage charge over all present and future fixed assets of the Company amounting to Rs. 1,334 million. Disbursement is being made in tranches against ranking charge of Rs. 1334 million over all present and future fixed assets of the Company that shall be upgraded / replaced by aforesaid charge within 120 days from 1st draw down.

Personal guarantees also provided by Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors).

	Note	2016	2015
		(Rupees in thousand)	
8.8 Current portion of long term loans from banking companies - secured			
Habib Bank Limited - term loan facility	8.2	-	110,080
Islamic Corporation for the Development of Private Sector ("ICD") - deferred mark-up loan	8.3	-	7,063
		-	117,143

9. REDEEMABLE CAPITAL - SECURED

		2016	2015
Islamic Sukuk Certificates under Musharika agreement			
At beginning of the year		3,433,011	6,183,000
Add: Transferred from HSBC Bank Middle East Limited - medium term loan		-	104,725
Less: Sukuk certificates repaid during the year		(3,433,011)	(2,854,714)
		-	3,433,011
Less: Current maturity presented under current liabilities		-	(1,500,000)
At end of the year		-	1,933,011

This has fully been repaid during the year.

10. SYNDICATED TERM FINANCE - SECURED

		2016	2015
At beginning of the year		433,500	1,196,000
Less: Payment made during the year		(433,500)	(762,500)
		-	433,500
Less: Current maturity presented under current liabilities		-	(433,500)
At end of the year		-	-

This has fully been repaid during the year.

11. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - SECURED

	Note	2016	2015
Present value of minimum lease payments	11.1.1	646,762	757,049
Less: Current maturity presented under current liabilities		(167,519)	(128,819)
		479,243	628,230

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:

	2016	2015
	(Rupees in thousand)	
Minimum lease payments:		
Not later than one year	187,683	150,064
Later than one year but not later than five years	496,592	659,777
	684,275	809,841
Less: Finance cost allocated to future period	(37,513)	(52,792)
	646,762	757,049
Less: Current maturity presented under current liabilities	(167,519)	(128,819)
	479,243	628,230

11.1.1 Present value of minimum lease payments

	2016	2015
Not later than one year	167,519	128,819
Later than one year but not later than five years	479,243	628,230
	646,762	757,049

11.2 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. Finance lease liabilities are obtained from conventional leasing companies.

As per terms of restructuring agreement, the outstanding principal amounting to USD 10.67 million is to be repaid in twenty-five instalments. The first instalment amount of USD 0.56 million was paid to ICD on the Effective Date and remaining twenty four quarterly instalments 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

This facility carries mark-up rate at six months USD LIBOR plus a spread of 2.50% per annum. During the current year mark-up has ranged from 2.95% to 3.57% (2015: 2.83% to 2.95%) per annum.

12. LONG TERM DEPOSITS

These represent deposits received from dealers and are being utilized by the Company in accordance with the terms of dealership agreements.

13. DEFERRED TAXATION

	2016	2015
	(Rupees in thousand)	
Deferred tax liability on taxable temporary differences arising in respect of:		
- accelerated tax depreciation on fixed assets	2,809,851	3,168,778
- surplus on revaluation of fixed assets	1,397,174	1,594,640
	4,207,025	4,763,418
Deferred tax asset on deductible temporary differences arising in respect of:		
- unused tax losses	-	(706,403)
- liabilities against assets subject to finance lease	(52,526)	(79,645)
- employees' retirement benefits	(29,826)	(29,287)
- provision for doubtful debts	-	(1,027)
- tax credits under section 113, 113C and 65B of Income Tax Ordinance, 2001 against normal tax charge in future years	-	(1,248,602)
	(82,352)	(2,064,964)
	4,124,673	2,698,454

13.1 Movement in deferred tax balances is as follows:

	2016	2015
At beginning of the year	2,698,454	2,208,403
Recognized in profit and loss account:		
- accelerated tax depreciation on fixed assets	(358,927)	(166,695)
- surplus on revaluation of fixed assets	(89,962)	(105,991)
- unused tax losses	706,403	1,417,957
- liabilities against assets subject to finance lease	27,119	(35,999)
- employees' retirement benefits	(1,083)	(652)
- provision for doubtful debts	1,027	1,334
- tax credits utilized / (tax credits) under section 113, 113C and 65B of Income Tax Ordinance, 2001	1,248,602	(597,190)
	1,533,179	512,764
Recognized in surplus on revaluation of fixed assets		
Effect of change in tax rate	-	(40,682)
Effect of change in proportion of local and export sales	(107,504)	-
Recognized in other comprehensive income:		
- employees' retirement benefits	544	(6,713)
- surplus on revaluation of fixed assets	-	24,682
	4,124,673	2,698,454

		Note	2016	2015
			(Rupees in thousand)	
14.	RETIREMENT BENEFITS			
	Accumulated compensated absences	14.1	57,059	41,138
	Gratuity	14.2	62,724	68,550
			119,783	109,688

14.1 Accumulated compensated absences

	2016	2015
At beginning of the year	41,138	34,421
Provision for the year	23,809	15,184
Less: Payments made during the year	(7,888)	(8,467)
At end of the year	57,059	41,138

14.2 Gratuity

The latest actuarial valuation of the Company's defined benefit plan, was conducted on 30 June 2016 using projected unit credit method. Detail of obligation for defined benefit plan is as follows:

	Note	2016	2015
		(Rupees in thousand)	
The amounts recognized in the balance sheet are as follows:			
Present value of defined benefit obligation	14.2.1	131,316	137,998
Less: Fair value of plan assets	14.2.2	(68,592)	(69,448)
Net liability at end of the year		62,724	68,550
Net liability at beginning of the year		68,550	45,233
Charge to profit and loss account for the year	14.2.3	11,494	10,175
Charge to other comprehensive income for the year	14.2.3	(2,185)	22,638
Less: Contributions made during the year		(15,135)	(9,496)
Net liability at end of the year		62,724	68,550

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

	2016	2015
Present value of defined benefit obligations at beginning of the year	137,998	114,868
Current service cost for the year	5,548	4,809
Interest cost for the year	12,717	14,591
Actuarial (gain) / losses on present value of defined benefit obligations	(9,812)	13,226
Less: Benefits paid during the year	(15,135)	(9,496)
Present value of defined benefit obligation at end of the year	131,316	137,998

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

	2016	2015
	(Rupees in thousand)	
Fair value of plan assets at beginning of the year	69,448	69,635
Contributions made during the year	15,135	9,496
Expected return on plan assets for the year	6,771	9,225
Actuarial loss on plan assets	(7,627)	(9,412)
Less: Benefits paid during the year	(15,135)	(9,496)
Fair value of plan assets at end of the year	68,592	69,448
Fair value of plan assets are as follows:		
NIB Bank including accrued interest	37,000	37,000
NAFA Government Securities Liquid Fund	14,449	13,875
Trust Investment Bank including accrued interest	15,000	15,000
Cash at bank	2,143	3,573
	68,592	69,448

	2016	2015
	(Percentage)	
Plan assets comprise of:		
Equity	21.06%	19.98%
Cash at bank	78.94%	80.02%
	100.00%	100.00%

14.2.3 Charge for the year

	2016	2015
	(Rupees in thousand)	
In profit and loss account		
Current service cost for the year	5,548	4,809
Interest cost for the year	12,717	14,591
Expected return on plan assets for the year	(6,771)	(9,225)
	11,494	10,175
In other comprehensive income		
Actuarial (gain) / losses on retirement benefits - net	(2,185)	22,638
	9,309	32,813

14.2.4 Movement in actuarial gain is as follows:

	2016	2015
	(Rupees in thousand)	
At beginning of the year	-	-
Actuarial loss on plan assets	7,627	9,412
Actuarial (gain) / loss on defined benefit obligation	(9,812)	13,226
	(2,185)	22,638
Un recognized actuarial gain / (loss) on defined benefit obligation recognized in OCI	2,185	(22,638)
	-	-

Actuarial assumptions

The following are the principal actuarial assumptions at 30 June:

	2016	2015
	(Percentage)	
Discount rate used for year end obligations	7.25%	9.75%
Expected return on plan assets	9.75%	9.75%
Expected rate of growth per annum in future salaries	6.25%	8.75%
Expected mortality rate	SLIC 2001-2005 Setback 1 Year	SLIC 2001- 2005 Setback 1 Year
Retirement assumptions	60 Years	60 Years

14.3 The Company expects to charge Rs. 9.62 million to unconsolidated profit and loss account on account of defined benefit plan in 2017.

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 2016 would have been as follows:

	Gratuity	
	Impact on present value of defined benefit obligation	
	Increase	Decrease
	(Rupees in thousand)	
Discount rate + 100 bps	124,305	139,050
Future salary increase + 100 bps	139,050	124,178

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 At 30 June 2016, the weighted average duration of the defined benefit obligation was 6 years (2015: 6 years).

	Note	2016	2015
		(Rupees in thousand)	
15. TRADE AND OTHER PAYABLES			
Trade creditors		713,785	998,898
Bills payable - secured	15.1	53,375	1,170
Accrued liabilities	15.4	488,475	754,320
Advances from customers		246,502	182,349
Security deposits repayable on demand	15.2	54,076	49,958
Contractors' retention money		47,952	24,815
Royalty and Excise Duty payable		31,645	29,002
Payable to Provident Fund Trust		7,791	5,804
Other taxes payable		54,918	47,165
Sales Tax payable - net		332,980	386,416
Excise Duty payable		192,379	189,039
Unclaimed dividend		41,191	4,876
Preference dividend payable		1,013	1,019
Payable to Workers' Profit Participation Fund	15.3	766,299	468,894
Payable to Workers' Welfare Fund		131,539	5,487
Payable against redemption of preference shares		1,519	1,560
Other payables		28,144	13,101
		3,193,583	3,163,873

15.1 These are secured against the securities as detailed in note 18.2 to these unconsolidated financial statements.

15.2 This represents 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.

	2016	2015
	(Rupees in thousand)	
15.3 Payable to Workers' Profit Participation Fund		
At beginning of the year	468,894	304,437
Allocation and interest for the year	386,524	236,324
Less: Paid during the year	(89,119)	(71,867)
At end of the year	766,299	468,894

15.3.1 The outstanding WPPF liability includes Rs. 379.77 million being the left over amount out of the total WPPF liability of Rs. 468.89 million pertaining to the financial year ended 30 June 2012 to 30 June 2015. The amount is payable to the Workers Welfare Fund (WWF) as decided by the Honorable Lahore Court through order dated 04 May 2016.

15.4 This includes Rs. 190.29 million booked on account of Gas Infrastructure Development Cess (GIDC) for the period from September 2014 to December 2015. The Company, along with various other companies has challenged the legality and validity of levy and demand of GIDC in Honorable Lahore High Court which is pending adjudication. However, on a prudent basis, the Company has recorded the GIDC amount for the mentioned period. Further, due to non payment, default surcharge of Rs. 58.90 million for the period from June 2015 to June 2016 has been imposed on the Company, which has not been recorded in these unconsolidated financial statement based on the opinion of legal advisor. The management is hopeful that the Company will not be required to pay the default surcharge.

16. ACCRUED PROFIT / INTEREST / MARK-UP

	2016	2015
	(Rupees in thousand)	
Profit / interest / mark-up accrued on:		
- Long term loans	10,435	16,967
- Redeemable capital	440	23,672
- Syndicated term finances	9	4,381
- Liabilities against assets subject to finance lease	1,224	930
- Short term borrowings	24,699	62,182
	36,807	108,132

16.1 Interest / mark-up accrued on all loans are from conventional banks.

17. PROVISION FOR TAXATION - NET

	2016	2015
	(Rupees in thousand)	
At beginning of the year	137,252	(70,214)
Tax deducted / deposited at source	(332,781)	(154,386)
Advance income tax paid	(300,000)	(172,000)
	(495,529)	(396,600)
Less: Provision for taxation:		
- current	(647,042)	(593,464)
- prior	(52,732)	59,612
	(699,774)	(533,852)
	204,245	137,252

17.1 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.

17.2 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.

17.3 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. The Honorable Lahore High Court has ordered that the tax department be restrained from taking any measures against the Company.

17.4 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").

17.5 Company filed appeals before Appellate Tribunal Inland Revenue [ATIR] against Commissioner Inland Revenue (CIR appeals) order for tax years 2009, 2010 and 2014. The Appellate Tribunal Inland Revenue [ATIR] have accepted all issues except for the issue of apportionment of expenses to dividend income and investment income which was remanded back to the taxation officer. The company has filed an application with the tax department for issuance of appeal effects of aforementioned appellate order. The tax department has assailed the relief granted by CIR(A) to the Company before ATIR and these appeals are pending adjudication. We consider that reasonable grounds exist to support the Company`s position in respect of issues raised and thus out come of aforementioned appeals is expected to be favourable.

17.6 The Additional Commissioner Inland Revenue (ACIR) through a notice u/s 122(9) b/122(5A) of the Income Tax Ordinance 2001 dated 14 May 2016, initiated proceeding against the Company intending to amend the deemed assessment of various issues. Reply has been filed, however no amendment order has yet been passed by ACIR.

17.7 Through notice dated 19 February 2016 issued under section 122 (9) / 122 (5A) of the Income Tax Ordinance 2001, the Company was confronted on the issue of non-charging of Super Tax imposed under section 4B of the Income Tax Ordinance 2001. The subject notice was challenged by the Company through filling a writ petition before Honorable Lahore High Court. Further, Honorable Lahore High Court through its interim order, has directed the department not to pass any order in pursuance of the subject notice.

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 unconsolidated financial statements.

	Note	2016	2015
		(Rupees in thousand)	
18. SHORT TERM BORROWINGS			
Banking and financial institutions:			
- Cash finance and others	18.2	1,398,000	2,468,579
- Running finance	18.2	9,707	75,388
Temporary bank overdrafts - unsecured	18.3	17,204	11,775
		1,424,911	2,555,742

18.1 All loans are interest / mark-up based from conventional banks.

18.2 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 will be expiring on various dates by 30 June 2017.

These facilities carry mark-up at the rates ranging from 4.25 % to 19.00 % (2015: 5.75 % to 24.00 %) per annum payable quarterly.

The Company has unavailed short term funded facilities aggregating Rs. 988 million (2015: 1,407 million) at the year end and the Company has unavailed facilities for opening of letters of credit / guarantee aggregating Rs. 2,938 million (2015: Rs.2,388 million) at the year end.

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

19. CONTINGENCIES AND COMMITMENTS

19.1 Contingencies

19.1.1 The Company has filed writ petitions before the Honorable 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 Honorable Lahore High Court is Rs.10.01 million. No provision has been made in these unconsolidated 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.

19.1.2 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. 37.05 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 Honorable 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 Honorable Sindh High Court, which is pending adjudication. No provision has been made in these unconsolidated 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.

19.1.3 The Federal Board of Revenue (FBR) has filed an appeal before the Honorable Supreme Court of Pakistan against the judgment delivered by the Honorable 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 unconsolidated 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.

19.1.4 The Customs Department has filed an appeal before the Honorable Supreme Court of Pakistan against the judgment of Honorable 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 Honorable Supreme Court of Pakistan. No provision has been made in these unconsolidated 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.

19.1.5 The Company has filed an appeal before the Honorable Supreme Court of Pakistan against the judgment of the Division Bench of the Honorable 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 Honorable Supreme Court consolidated both the appeals and were set aside. Thereafter, law has been challenged in constitution petition in the Honorable Sindh High Court Karachi. Stay has been granted by the Honorable 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.

19.1.6 Competition Commission of Pakistan, vide order dated 27 August 2009, has imposed penalty on twenty 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 Honorable 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 Honorable Lahore High Court. No provision has been made in these unconsolidated 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.

19.1.7 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 unconsolidated 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.

19.1.8 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. 0.59 million relating to import of some machinery vide L/C No. 0176-01-46-518-1201 in terms of SRO 484(1)/92 dated 14 May 1992, and SRO 978(1)/95 dated 04 October 1995. The appeal is pending before the Honorable Lahore High Court. No provision has been made in these unconsolidated 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.

19.1.9 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. 0.81 million was raised against the Company. Appeal was dismissed by Central Excise and Sales Tax Tribunal on 19 May 2009. The Company has filed petition before the Honorable Lahore High Court, which is pending adjudication. A rectification application under section 194 is also pending before the Customs, Federal Excise and Sales Tax Appellate Tribunal beside the customs reference. No provision has been made in these unconsolidated 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.

19.1.10 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 Honorable 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.

19.1.11 The Honorable 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. 377.95 million (2015: Rs. 235.65 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 Honorable Sindh High Court and that the Honorable Lahore High Court had already declared the above amendments unconstitutional via the case reported as 2011 PLD 2643.

19.1.12 Guarantees given by banks on behalf of the Company are of Rs. 463.32 million (2015: Rs. 412.75 million) in favor of Sui Northern Gas Pipeline Limited and Government Institutions.

19.1.13 Contingencies relating to tax matters are disclosed in note 17 to these unconsolidated financial statements.

	Note	2016	2015
		(Rupees in thousand)	
19.2 Commitments			
19.2.1 in respect of:			
- capital expenditure		94,606	11,373
- irrevocable letters of credit for spare parts		1,204,256	811,809
		1,298,862	823,182

20. PROPERTY, PLANT AND EQUIPMENT

	Note	2016	2015
Operating fixed assets	20.1	22,399,800	23,604,525
Capital work-in-progress - at cost	20.6	422,694	116,016
		22,822,494	23,720,541
Movement in capital work-in-progress - at cost			
At beginning of the year		116,016	44,446
Additions during the year		603,478	288,200
Less: Transfers during the year	20.2	(296,800)	(216,630)
At end of the year	20.6	422,694	116,016

20.1 Operating fixed assets

	Cost / Revalued amount					Depreciation				Net book value at 30 June 2016
	At 01 July 2015	Additions	Disposals	At 30 June 2016	Rate	At 01 July 2015	For the year	Disposals	At 30 June 2016	
	Rupees in thousand				Percentage	Rupees in thousand				
Owned										
Freehold land										
- cost	56,810	-	-	56,810	-	-	-	-	-	56,810
- surplus on revaluation	373,286	-	-	373,286	-	-	-	-	-	373,286
	430,096	-	-	430,096		-	-	-	-	430,096
Buildings on freehold land										
- cost	4,550,741	217,969	(21,140)	4,747,570	5 - 10	1,826,601	198,789	(19,286)	2,006,104	2,741,466
- surplus on revaluation	303,364	-	(196)	303,168	5 - 10	70,589	12,869	(65)	83,393	219,775
	4,854,105	217,969	(21,336)	5,050,738		1,897,190	211,658	(19,351)	2,089,497	2,961,241
Roads, bridges and railway sidings										
- cost	95,583	1,344	-	96,927	5 - 10	71,968	2,432	-	74,400	22,527
- surplus on revaluation	3,854	-	-	3,854	5 - 10	1,715	210	-	1,925	1,929
	99,437	1,344	-	100,781		73,683	2,642	-	76,325	24,456
Plant and machinery										
- cost	24,740,485	467,222	(305,350)	24,902,357	5 - 20	11,007,926	1,190,546	(134,241)	12,064,231	12,838,126
- surplus on revaluation	7,312,566	-	(17,706)	7,294,860	5 - 20	1,576,969	335,113	(4,832)	1,907,250	5,387,610
	32,053,051	467,222	(323,056)	32,197,217		12,584,895	1,525,659	(139,073)	13,971,481	18,225,736
Furnitures, fixtures and equipment	304,288	64,800	(188)	368,900	10 - 30	162,861	26,173	(165)	188,869	180,031
Quarry equipment	197,795	-	(12,772)	185,023	20	173,444	4,869	(12,705)	165,608	19,415
Vehicles	171,091	47,989	(6,673)	212,407	20	75,356	23,484	(6,340)	92,500	119,907
Share of joint assets (note 19.3)	6,000	-	-	6,000	10	4,587	139	-	4,726	1,274
	38,115,863	799,324	(364,025)	38,551,162		14,972,016	1,794,624	(177,634)	16,589,006	21,962,156
Leased										
Plant and machinery										
- cost	679,676	-	-	679,676	5	220,923	22,938	-	243,861	435,815
- surplus on revaluation	2,852	-	-	2,852	5	927	96	-	1,023	1,829
	682,528	-	-	682,528		221,850	23,034	-	244,884	437,644
2016	38,798,391	799,324	(364,025)	39,233,690		15,193,866	1,817,658	(177,634)	16,833,890	22,399,800
Intangible assets	49,634	-	-	49,634	33	49,634	-	-	49,634	-
2016	49,634	-	-	49,634		49,634	-	-	49,634	-

	Cost / Revalued amount							Depreciation						
	At 01 July 2014	Adjustment due to revaluation surplus	Additions	Transfers	Disposals	At 30 June 2015	Rate	At 01 July 2014	Adjustment due to revaluation surplus	For the year	Transfers	Disposals	At 30 June 2015	Net book value at 30 June 2015
	Rupees in thousand						Percentage	Rupees in thousand						
Owned														
Freehold land														
- cost	56,810	-	-	-	-	56,810	-	-	-	-	-	-	-	56,810
- surplus on revaluation	370,715	2,571	-	-	-	373,286	-	-	-	-	-	-	-	373,286
	427,525	2,571	-	-	-	430,096		-	-	-	-	-	-	430,096
Buildings on freehold land														
- cost	4,455,087	-	126,368	-	(30,714)	4,550,741	5 - 10	1,652,560	-	192,337	-	(18,296)	1,826,601	2,724,140
- surplus on revaluation	268,193	36,094	-	-	(923)	303,364	5 - 10	44,578	14,080	12,124	-	(193)	70,589	232,775
	4,723,280	36,094	126,368	-	(31,637)	4,854,105		1,697,138	14,080	204,461	-	(18,489)	1,897,190	2,956,915
Roads, bridges and railway sidings														
- cost	94,129	-	1,454	-	-	95,583	5 - 10	69,518	-	2,450	-	-	71,968	23,615
- surplus on revaluation	3,092	762	-	-	-	3,854	5 - 10	939	564	212	-	-	1,715	2,139
	97,221	762	1,454	-	-	99,437		70,457	564	2,662	-	-	73,683	25,754
Plant and machinery														
- cost	24,154,093	-	466,063	280,000	(159,671)	24,740,485	5 - 20	9,855,355	-	1,163,779	81,065	(92,273)	11,007,926	13,732,559
- surplus on revaluation	7,214,003	112,266	-	-	(13,703)	7,312,566	5 - 20	1,202,340	43,963	335,431	-	(4,765)	1,576,969	5,735,597
	31,368,096	112,266	466,063	280,000	(173,374)	32,053,051		11,057,695	43,963	1,499,210	81,065	(97,038)	12,584,895	19,468,156
Furnitures, fixtures and equipment	251,258	-	61,982	-	(8,952)	304,288	10 - 30	150,404	-	19,214	-	(6,757)	162,861	141,427
Quarry equipment	197,795	-	-	-	-	197,795	20	167,356	-	6,088	-	-	173,444	24,351
Vehicles	126,339	-	59,247	-	(14,495)	171,091	20	70,531	-	16,615	-	(11,790)	75,356	95,735
Share of joint assets (note 19.3)	6,000	-	-	-	-	6,000	10	4,430	-	157	-	-	4,587	1,413
	37,197,514	151,693	715,114	280,000	(228,458)	38,115,863		13,218,011	58,607	1,748,407	81,065	(134,074)	14,972,016	23,143,847
Leased														
Plant and machinery														
- cost	959,676	-	-	(280,000)	-	679,676	5	277,843	-	24,145	(81,065)	-	220,923	458,753
- surplus on revaluation	-	2,852	-	-	-	2,852	5	-	925	2	-	-	927	1,925
	959,676	2,852	-	(280,000)	-	682,528		277,843	925	24,147	(81,065)	-	221,850	460,678
2015	38,157,190	154,545	715,114	-	(228,458)	38,798,391		13,495,854	59,532	1,772,554	-	(134,074)	15,193,866	23,604,525
Intangible assets	49,634	-	-	-	-	49,634	33	49,634	-	-	-	-	49,634	-
2015	49,634	-	-	-	-	49,634		49,634	-	-	-	-	49,634	-

20.2 Additions in operating fixed assets include transfers from capital work-in-progress amounting to Rs. 296.80 million (2015: Rs. 216.63 million).

20.3 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.

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

	Note	2016	2015
		(Rupees in thousand)	
Cost of sales	35	1,784,695	1,743,560
Administrative expenses	37	32,963	28,994
		1,817,658	1,772,554

20.5 Disposal of Property, plant and equipment

Particulars	Cost	Accumulated Depreciation	Net Book Value	Sale Value	Gain / (Loss)	Mode of Disposal	Particulars of Purchaser
	(----------- Rupees in thousand				-----------)		
Plant and machinery							
Retainer plate	3,466	451	3,015	393	(2,622)	Auction	Imtiaz Traders
Side line, Rrotor for Pfister, Shut off gate, gripper assembly and chain strands set	6,221	2,482	3,739	488	(3,251)	Auction	Imtiaz Traders
Roller	9,664	2,798	6,866	895	(5,971)	Auction	Imtiaz Traders
Shaft	1,477	327	1,150	150	(1,000)	Auction	Imtiaz Traders
Service Stage	4,112	539	3,573	466	(3,107)	Auction	Imtiaz Traders
Hammer	1,403	190	1,213	158	(1,055)	Auction	Imtiaz Traders
Chain strand	3,481	437	3,044	397	(2,647)	Auction	Imtiaz Traders
Hose assembly, Seal ring and Gear wheel	513	64	449	59	(390)	Auction	Imtiaz Traders
Bearing	214	27	187	24	(163)	Auction	Imtiaz Traders
Sundries	4,038	564	3,474	453	(3,021)	Auction	Imtiaz Traders
Rrotor for Pfister, gripper assembly and chain strands set	2,004	963	1,041	539	(502)	Auction	Muhammad Mushtaq
Shoval	6,920	4,053	2,867	1,483	(1,384)	Auction	Muhammad Mushtaq
Cylinder	756	296	460	238	(222)	Auction	Muhammad Mushtaq
Transformer	6,222	2,319	3,903	3,300	(603)	Auction	S.N International Lahore
Side line, Shut off gate and gripper assembly	32,942	11,640	21,302	3,824	(17,478)	Auction	S.N International Lahore
Retainer plate	6,060	2,856	3,204	589	(2,615)	Auction	S.N International Lahore
Inlet sector	8,979	3,980	4,999	1,306	(3,693)	Auction	S.N International Lahore
Cylinder	10,402	2,376	8,026	988	(7,038)	Auction	S.N International Lahore
Gear box	3,873	1,569	2,304	1,011	(1,293)	Auction	S.N International Lahore
Wearing segments	10,795	4,352	6,443	2,829	(3,614)	Auction	S.N International Lahore
Compressor	7,739	2,382	5,357	363	(4,994)	Auction	S.N International Lahore
Testing equipment	11,502	4,040	7,462	747	(6,715)	Auction	S.N International Lahore
Hose assembly, Seal ring and gear wheel	4,050	1,918	2,132	180	(1,952)	Auction	S.N International Lahore
Carbide	35,945	23,075	12,870	1,295	(11,575)	Auction	S.N International Lahore
Majkor	28,900	18,732	10,168	1,018	(9,150)	Auction	S.N International Lahore
Air blaster	7,634	1,260	6,374	731	(5,643)	Auction	S.N International Lahore
Roller	1,143	256	887	102	(785)	Auction	S.N International Lahore
Normal element	3,731	1,949	1,782	204	(1,578)	Auction	S.N International Lahore
Rollers	6,747	5,128	1,619	186	(1,433)	Auction	S.N International Lahore
Shaft	2,319	257	2,062	123	(1,939)	Auction	S.N International Lahore
Bearing	5,168	1,339	3,829	536	(3,293)	Auction	S.N International Lahore
Sluice Assembly	9,763	1,047	8,716	520	(8,196)	Auction	S.N International Lahore
Sundries	25,227	12,701	12,526	1,278	(11,248)	Auction	S.N International Lahore
Shut off gate, gripper assembly and chain strands set	11,843	3,990	7,853	4,301	(3,552)	Insurance Claim	EFU General Insurance Ltd.
Majkor	27,656	15,573	12,083	6,617	(5,466)	Insurance Claim	EFU General Insurance Ltd.
Hammer	3,587	1,057	2,530	1,386	(1,144)	Insurance Claim	EFU General Insurance Ltd.
Air blaster complete	2,017	627	1,390	761	(629)	Insurance Claim	EFU General Insurance Ltd.
Wearing segments	3,698	985	2,713	1,486	(1,227)	Insurance Claim	EFU General Insurance Ltd.
Sundries	845	474	371	201	(170)	Insurance Claim	EFU General Insurance Ltd.
	323,056	139,073	183,983	41,625	(142,358)		

Particulars	Cost	Accumulated Depreciation	Net Book Value	Sale Value	Gain / (Loss)	Mode of Disposal	Particulars of Purchaser
	(----------- Rupees in thousand				-----------)		
Vehicles							
Toyota Corolla	1,316	1,160	156	911	755	Auction	Mr. Malik Adnan Waheed
	1,316	1,160	156	911	755		
Buildings on freehold land							
Hostel rooms and offices	6,325	5,974	351	4,282	3,931	Auction	Maqsood Brothers Faisalabad
Offices and shed	4,030	3,448	582	58	(524)	Auction	S.N International Lahore
Wash room parts of Packing plant	807	142	665	67	(598)	Auction	S.N International Lahore
Hostel rooms	378	327	51	400	349	Auction	Malik Mehar Muhammad Naveed & Brothers
Old packing plant building (OW)	2,285	2,226	59	718	659	Auction	Maqsood Brothers Faisalabad
Burner platform	1,900	1,831	69	7	(62)	Auction	S.N International Lahore
RCC shed	1,136	998	138	14	(124)	Auction	S.N International Lahore
	16,861	14,946	1,915	5,546	3,631		
Quarry equipment							
Libherr Buldozer	10,649	10,585	64	50	(14)	Auction	M/s Hassan Khan & Co.
	10,649	10,585	64	50	(14)		
Other assets having book value below Rs. 50,000	12,143	11,870	273	8,195	7,922		
	12,143	11,870	273	8,195	7,922		
2016	364,025	177,634	186,391	56,327	(130,064)		
2015	228,458	134,074	94,384	70,267	(24,117)		

20.6 Capital work-in-progress - at cost

	2016	2015
	(Rupees in thousand)	
Civil Works	320,396	97,880
Plant and machinery	5,171	5,171
Advances to suppliers against:		
- civil works	77,702	-
- furniture and fixtures	11,043	-
- plant and machinery	794	9,788
- vehicles	1,891	3,177
- others	5,697	-
	422,694	116,016

	Note	2016	2015
		(Rupees in thousand)	
21. LONG TERM INVESTMENT			
Investment in Maple Leaf Power Limited - Unquoted	21.1	660,000	-
		660,000	-

21.1 During the year the Company has formulated a wholly owned subsidiary company "Maple Leaf Power Limited", a public unlisted company. The Company holds 100% (30 June 2015: Nil) shares in the Maple Leaf Power Limited.

	Note	2016	2015
		(Rupees in thousand)	
22. LONG TERM LOANS TO EMPLOYEES - SECURED			
House building		3,261	3,677
Vehicles		2,553	2,628
Others		3,977	4,096
		9,791	10,401
Less: Current portion presented under current assets	27	(4,163)	(3,888)
		5,628	6,513

22.1 These loans are secured against employees' retirement benefits and carry interest at the rates ranging from 6% to 12% per annum (30 June 2015: 6% to 12 % per annum). These loans are recoverable in 30 to 120 monthly instalments.

22.2 This includes loan to executives amounting to Rs. 2.58 million (2015: Rs. 2.75 million). Further, no amount was due from Directors and Chief Executive at end of the year (2015: Nil).

23. LONG TERM DEPOSITS

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

	Note	2016	2015
		(Rupees in thousand)	
24. STORES, SPARE PARTS AND LOOSE TOOLS			
Stores	24.1	2,806,644	1,978,793
Spare parts		2,524,619	2,162,443
Loose tools		52,487	43,309
		5,383,750	4,184,545

24.1 Stores include items in transit amounting to Rs. 1,257.04 million (2015: Rs. 710.14 million).

	Note	2016	2015
		(Rupees in thousand)	
25. STOCK-IN-TRADE			
Raw material		38,793	38,975
Packing material		168,590	141,816
Work-in-process		395,257	697,357
Finished goods		283,252	397,110
		885,892	1,275,258
Less: Cement stock written off		(13,072)	(68,685)
		872,820	1,206,573
26. TRADE DEBTS			
Considered good			
Export - secured	26.1	46,947	67,655
Local - unsecured	26.2	529,914	502,916
		576,861	570,571
Considered doubtful			
Local - unsecured		-	3,423
		576,861	573,994
Less: Provision for doubtful trade debts		-	(3,423)
		576,861	570,571

26.1 These are secured against letters of credit.

26.2 This includes balance of Rs. 11.99 million (2015: Nil) receivable from Maple Leaf Power Limited against sale of cement.

	Note	2016	2015
		(Rupees in thousand)	
27. LOANS AND ADVANCES			
Advances - unsecured, considered good			
- Employees	27.1	39,587	19,897
- Suppliers	27.2	761,417	961,466
		801,004	981,363
Current portion of long term loans to employees	22	4,163	3,888
		805,167	985,251

27.1 This includes loan to executives amounting to Rs. 10.58 million (2015: Rs. 1.26 million). Further, there are no loans due from Directors and Chief Executive at end of the year (2015: Nil).

27.2 This includes an amount of Rs. 318.55 million (2015: Rs. 698.54 million) advanced to Ministry of Railways for transportation of coal and cement.

	Note	2016	2015
		(Rupees in thousand)	
28. SHORT TERM INVESTMENT			
Investment at fair value through profit or loss - listed securities			
Next Capital Limited: 1,500,000 (2015: 1,500,000) ordinary shares of Rs. 10 each Market value Rs. 8.00 per share (2015: Rs. 7.02 per share)			
Cost			
At beginning and end of the year		15,000	15,000
Unrealized fair value loss			
At beginning of the year		4,470	8,220
Fair value gain for the year	39	(1,470)	(3,750)
At end of the year		3,000	4,470
Fair value at 30 June		12,000	10,530

29. SHORT TERM DEPOSITS AND PREPAYMENTS

	2016	2015
Margin against:		
- letters of credit	9,353	6,891
- bank guarantees	59,229	59,104
Prepayments	1,890	21,852
Security deposits	1,122	1,122
	71,594	88,969

30. ACCRUED PROFIT

This represents profit accrued on deposits and PLS bank accounts at the rates ranging from 2.50% to 5.87% (2015: 3.92% to 5.87%) per annum.

	Note	2016	2015
		(Rupees in thousand)	
31. REFUNDS DUE FROM GOVERNMENT			
Sales tax and customs duty	31.1	16,797	16,797

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

32. OTHER RECEIVABLES

	Note	2016	2015
		(Rupees in thousand)	
Due from the Holding Company - unsecured	32.1	21,311	26,730
Due from the Subsidiary Company - unsecured	32.1	189,515	-
Others		131,836	103,876
		342,662	130,606

32.1 These carry interest at 1% (2015: 1%) in addition to the average borrowing rate of the Company.

33. CASH AND BANK BALANCES

	Note	2016	2015
		(Rupees in thousand)	
- Cash in hand in local currency		11,222	2,290
- Cash in hand in foreign currency		473	-
		11,695	2,290
Cash at bank:			
Current accounts:			
- foreign currency		3,206	9,838
- local currency	33.1	233,206	116,307
		236,412	126,145
Deposit accounts	33.2	146,367	115,965
		382,779	242,110
		394,474	244,400

33.1 These include deposits amounting to Rs. 12.32 million (2015: Rs. 6.02 million) placed under an arrangement permissible under Shariah.

33.2 These carry return at 2.50% to 5.87% (2015: 3.92% to 5.87%) per annum. These include deposits amounting to Rs. 100.50 million (2015: Rs.72.76 million) placed under an arrangement permissible under Shariah. Remaining balances represents deposits with conventional banks.

34. SALES - NET

	2016	2015
	(Rupees in thousand)	
Gross local sales	25,607,553	21,961,340
Less:		
Federal Excise Duty	(1,194,966)	(935,201)
Sales Tax	(4,144,108)	(3,590,939)
Discount	(166,723)	(110,917)
Commission	(118,534)	(147,147)
	(5,624,331)	(4,784,204)
Net local sales	19,983,222	17,177,136
Export sales	3,449,474	3,542,918
	23,432,696	20,720,054

	Note	2016	2015
		(Rupees in thousand)	
35. COST OF GOODS SOLD			
Raw materials consumed	35.1	834,337	789,966
Packing materials consumed		1,458,266	1,352,557
Fuel		4,032,659	4,329,330
Power and associated costs		2,650,949	2,780,386
Stores, spare parts and loose tools consumed		929,224	1,026,194
Salaries, wages and other benefits	35.2	687,679	561,940
Rent, rates and taxes		26,254	27,163
Insurance		53,172	55,964
Repairs and maintenance		385,427	381,607
Depreciation	20.4	1,784,695	1,743,560
Vehicles running and maintenance		79,326	83,882
Cement stock written off		13,072	68,685
Other expenses	35.3	128,231	135,643
		13,063,291	13,336,877
Work in process:			
At beginning of the year		697,357	697,455
At end of the year		(395,257)	(697,357)
		302,100	98
Cost of goods manufactured		13,365,391	13,336,975
Finished goods:			
At beginning of the year		328,425	284,566
At end of the year		(283,252)	(397,110)
		45,173	(112,544)
Cost of goods sold		13,410,564	13,224,431

35.1 Raw materials consumed

	2016	2015
At beginning of the year	38,975	56,085
Add: Purchases made during the year	834,155	772,856
	873,130	828,941
Less: At end of the year	38,793	38,975
	834,337	789,966

35.2 Salaries, wages and other benefits expense includes contribution to provident fund trust amounting to Rs. 27.27 million (2015: Rs. 20.46 million) and gratuity and compensated absence amounting to Rs. 8.37 million (2015: Rs. 18.62 million).

35.3 Other expenses include housing colony expenses aggregating to Rs. 67.35 million (2015: Rs. 70.51 million).

36. DISTRIBUTION COST

	Note	2016 (Rupees in thousand)	2015 (Rupees in thousand)
Salaries, wages and other benefits	36.1	93,677	77,217
Travelling and conveyance		54,730	55,880
Vehicle running and maintenance		13,009	11,607
Postage, telephone and fax		5,769	7,969
Printing, stationery and office supplies		3,415	1,940
Entertainment		6,799	4,145
Repair and maintenance		2,359	3,140
Advertisement and sale promotions		140,451	59,776
Freight and forwarding		1,027,561	1,076,787
Other expenses		12,126	15,235
		1,359,896	1,313,696

36.1 Salaries, wages and other benefits expense includes contribution to Provident Fund Trust amounting to Rs. 3.57 million (2015: Rs. 2.60 million) and gratuity and compensated absence amounting to Rs. 0.41 million (2015: Rs. 2.76 million).

37. ADMINISTRATIVE EXPENSES

	Note	2016 (Rupees in thousand)	2015 (Rupees in thousand)
Salaries, wages and other benefits	37.1	162,808	133,038
Travelling		82,578	29,830
Vehicle running and maintenance		23,511	19,759
Postage, telephone and fax		17,888	12,056
Printing, stationery and office supplies		22,057	15,578
Entertainment		30,782	18,016
Repair and maintenance		14,395	14,353
Legal and professional charges	37.2	27,373	24,826
Depreciation	20.4	32,963	28,994
Rent, rates and taxes		227	998
Bad debts written off		-	27,714
Other expenses		71,377	56,201
		485,959	381,363

37.1 Salaries, wages and other benefits expense includes contribution to Provident Fund Trust amounting to Rs. 6.64 million (2015: Rs. 5.49 million) and gratuity and compensated absence amounting to Rs. 2.71 million (2015: Rs. 3.98 million).

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

	2016 (Rupees in thousand)	2015 (Rupees in thousand)
Annual statutory audit	1,200	1,200
Interim audit and other certification	1,458	350
Out of pocket expenses	375	200
	3,033	1,750

37.3 The Company has shared expenses aggregating Rs. 14.97 million (2015: Rs. 16.98 million) on account of combined offices with the Holding Company. These expenses have been recorded in respective account.

38. OTHER CHARGES

	Note	2016	2015
		(Rupees in thousand)	
Donation	38.1	16,991	2,746
Workers' Profit Participation Fund (WPPF)		386,524	236,324
Workers' Welfare Fund (WWF)		126,052	-
Loss on disposal of property, plant and equipment		130,064	24,117
		659,631	263,187

38.1 Donations for the year have been given to:

	2016	2015
Pakistan Air Force (PAF) Mianwali	1,402	1,403
Miscellaneous donations in the form of cement	993	910
Lahore University of Management Sciences (LUMS)	-	100
Punjab Institute of Cardiology (PIC) Lahore	10,000	-
National Tennis Academy	-	333
Police Line Mianwali	2,600	-
Civil Hospital Mianwali	1,971	-
Bushra Shaheen	25	-
	16,991	2,746

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

39. OTHER INCOME

	Note	2016	2015
		(Rupees in thousand)	
Income from financial assets			
Profit on bank deposits	39.1	14,810	14,459
Interest on advances to the Holding and Subsidiary companies		11,609	-
Unrealized gain on re-measurement of short term investment		1,470	3,750
Reversal of provision against doubtful debts		3,423	5,157
Profit on long term investment		-	324
		31,312	23,690
Income from non-financial assets			
Sale of scrap		2,186	19,226
Miscellaneous		2,898	3,257
		5,084	22,483
		36,396	46,173

39.1 This includes profit earned on deposits under an arrangements which are permissible under Shariah amounting to Rs. 3.65 million (2015: Rs. 4.24 million). The remaining profit relates to interest / markup based arrangement from conventional banks.

40. FINANCE COST

	Note	2016	2015
		(Rupees in thousand)	
Profit / interest / mark up on:			
- Long term loans and finances		19,694	60,199
- Redeemable capital		180,382	521,232
- Syndicated term finances		12,334	97,548
- Liabilities against assets subject to finance lease		23,860	16,561
- Short term borrowings	40.1	136,248	288,001
		372,518	983,541
Exchange loss - net	40.2	27,635	47,564
Bank and other charges		35,351	51,534
		435,504	1,082,639

40.1 This includes interest expense Nil (2015: Rs. 0.29 million) on amount due to the Holding Company.

40.2 This represents exchange loss incurred on actual currency transactions.

41. TAXATION

	2016	2015
	(Rupees in thousand)	
Income tax		
- current	647,042	593,464
- prior	52,732	(59,612)
	699,774	533,852
Deferred	1,533,179	512,764
	2,232,953	1,046,616

41.1 Tax charge reconciliation

Numerical reconciliation between tax expense and accounting profit:

	2016	2015
Profit before taxation	7,117,538	4,500,911
Applicable tax rate as per Income Tax Ordinance, 2001	32%	33%
Tax on accounting profit	2,277,612	1,485,301
Effect of final tax regime	(236,102)	(275,876)
Change in proportion of local and export sales	(74,414)	339,410
Super tax	213,125	-
Tax rate adjustment	-	(305,015)
Effect of prior year adjustment	52,732	(197,204)
	2,232,953	1,046,616

41.2 The Finance Act, 2015 introduced a new tax under Section 5A of the Income Tax Ordinance, 2001 on every public company other than a scheduled bank or modaraba, that derives profits for tax year and does not distribute cash dividend within six months of the end of said tax year or distribute dividends to such an extent that its reserves, after such distribution, are in excess of 100% of its paid up capital. However, this tax on undistributed reserves is not applicable to a public company which distributes profit equal to either 40 percent of its after tax profits or 50% of its paid up capital, whichever is less, within six months of the end of the tax year.

As explained in note 53 to the unconsolidated financial statements, the Board of Directors in their meeting held on September 05, 2016 has recommended sufficient cash dividend for the year ended 30 June 2016 which complies with the above stated requirements. Accordingly, no provision for tax on undistributed reserves has been recognized in these unconsolidated financial statements for the year ended 30 June 2016.

42. EARNINGS PER SHARE - BASIC AND DILUTED

42.1 Basic earnings per share

	Unit	2016	2015
Profit after taxation	Rupees in '000	4,884,585	3,454,295
Weighted average number of ordinary shares	No. of shares in '000	527,734	527,734
	Rupees	9.26	6.55

There is no dilution effect on the basic earnings per share.

43. CASH AND CASH EQUIVALENTS

	Note	2016 (Rupees in thousand)	2015 (Rupees in thousand)
Short term running finance	18	(9,707)	(75,388)
Cash and bank	33	394,474	244,400
		384,767	169,012

44. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties comprise of the Holding Company, subsidiary company, associated companies, directors, key management personnel, employee benefits fund and other companies where directors have significant influence.

Details of transactions and balances with related parties except those disclosed else where in these unconsolidated financial statements are as follows:

Holding company (Kohinoor Textile Mills Limited)	2016 (Rupees in thousand)	2015 (Rupees in thousand)
Sale of goods and services	25,297	28,579
Markup charged during the year	1,230	-
Balance at the year end - receivable	21,311	26,730
Dividend paid	728,526	306,410

	2016	2015
	(Rupees in thousand)	
Wholly owned subsidiary company (Maple Leaf Power Limited)		
Sale of goods and services	20,901	-
Markup charged during the year	10,378	-
Expenses incurred on behalf of subsidiary company	33,743	-
Net amount disbursed during the year	136,488	-
Balance at the year end - receivable	201,510	-
Key management personnel		
Remuneration and other benefits	312,388	198,793
Other related parties		
Dividend paid	4,738	1,894
Post employment benefit plans		
Contributions to Provident Fund Trust	82,494	67,721
Balance of Provident Fund Trust	7,791	5,804
Payments to Employees Gratuity Fund Trust	15,135	9,496
Balance of Employees Gratuity Fund Trust	62,724	68,550

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

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

	2016				
			Directors		
	Chairman	Chief Executive	Executive	Non-Executive	Executives
	(------------------------- Rupees in thousand			-----------------------)	
Short term benefits					
Managerial remuneration	12,960	9,360	6,806	-	162,680
House rent	1,920	480	509	-	59,632
Medical	-	-	52	-	3,527
Conveyance	-	1,473	452	-	21,396
Utilities	1,120	120	254	-	13,232
	16,000	11,433	8,073	-	260,467
Post employment benefits					
Contribution to Provident Fund Trust	1,072	852	509	-	13,982
	17,072	12,285	8,582	-	274,449
Numbers	1	1	1	5	148

	2015				
	Directors				
	Chairman	Chief Executive	Executive	Non-Executive	Executives
	(------------------------ Rupees in thousand -----------------------)				
Short term benefits					
Managerial remuneration	7,776	9,360	5,202	-	98,340
House rent	1,152	480	385	-	34,346
Medical	-	-	82	-	2,640
Conveyance	-	1,152	467	-	17,333
Utilities	672	120	193	-	8,660
	9,600	11,112	6,329	-	161,319
Post employment benefits					
Contribution to Provident Fund Trust	643	852	385	-	8,553
	10,243	11,964	6,714	-	169,872
Numbers	1	1	1	5	97

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

45.2 Aggregate amount charged in these unconsolidated financial statements in respect of meeting fee paid to Directors aggregated to Rs. 0.19 million (2015: Rs. 0.17 million).

46. CAPACITY AND PRODUCTION

	Capacity		Actual Production	
	2016	2015	2016	2015
	---------------------- Metric tons ----------------------			
Clinker	3,360,000	3,360,000	3,092,793	2,824,854

Lower capacity utilization of cement plant is due to gap between demand and supply of cement. The capacity of plant has been determined on the basis of 300 days.

47. OPERATING SEGMENT

Information about operating segment

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

Geographical information

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

	2016	2015
	(Percentage)	
Geographical area		
Asia	97.84%	96.56%
Africa	2.16%	3.44%
	100.00%	100.00%

All assets of the Company as at 30 June 2016 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.

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:

	2016	2015
	(Rupees in thousand)	
Financial asset at fair value through profit and loss account		
Short term investments	12,000	10,530
Loans and receivables		
Security deposits	55,867	55,058
Trade debts	576,861	570,571
Long term loans to employees	9,791	10,401
Short term deposits	69,704	67,117
Accrued profit	1,582	963
Other receivables	262,061	49,410
Bank balances	382,779	242,110
	1,358,645	995,630
	1,370,645	1,006,160

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:

	2016	2015
	(Rupees in thousand)	
Customers	576,861	570,571
Banking companies and financial institutions	451,361	308,105
Others	342,423	127,484
	1,370,645	1,006,160

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. 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			2016	2015
	Short term	Long term	Agency	(Rupees in thousand)	
Banks					
Bank balances					
Allied Bank Limited	A1+	AA+	PACRA	64,120	5,293
Askari Bank Limited	A1+	AA+	PACRA	21,950	5
Bank Al-Habib Limited	A1+	AA+	PACRA	55,081	77,991
Bank Alfalah	A1+	AA	PACRA	14,870	10,583
BankIslami Pakistan Limited	A1+	A+	PACRA	100,495	72,741
Bank of Punjab	A1+	AA-	PACRA	12,322	513
Burj Bank Limited	A-2	BBB+	JCR-VIS	741	9
Dubai Islamic Bank Pakistan Limited	A-1	A+	JCR-VIS	9	741
Faysal Bank Limited	A1+	AA	PACRA	369	764
Habib Bank Limited	A-1+	AAA	JCR-VIS	1,435	299
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	1,459	12,953
KASB Bank Limited	-	-	-	5	16
Meezan Bank Limited	A-1+	AA	JCR-VIS	663	1,933
MCB Bank Limited	A1+	AAA	PACRA	41,130	6,970
National Bank of Pakistan	A1+	AAA	PACRA	22,887	4,234
NIB Bank Limited	A1+	AA-	PACRA	34,768	27,983
Silk Bank Limited	A-2	A-	JCR-VIS	9	494
Soneri Bank Limited	A1+	AA-	PACRA	1,265	1,402
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	5,352	3,827
Summit Bank Limited	A-1	A-	JCR-VIS	25	72
United Bank Limited	A-1+	AAA	JCR-VIS	2,924	12,287
UMicro finance Bank Limited	A-2	A-	JCR-VIS	899	1,000
				382,779	242,110
Margin against bank guarantees					
Allied Bank Limited	A1+	AA+	PACRA	1,700	1,700
United Bank Limited	A-1+	AAA	JCR-VIS	31,214	31,214
Summit Bank Limited	A-1	A-	JCR-VIS	12,792	12,792
Trust Investment Bank	-	-	-	5,344	5,344
Soneri Bank Limited	A1+	AA-	PACRA	5,000	5,000
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	1,964	1,964
NIB Bank Limited	A1+	AA-	PACRA	1,215	1,090
				59,229	59,104

	Rating			2016	2015
	Short term	Long term	Agency	(Rupees in thousand)	
Margin against letters of credit					
Soneri Bank Limited	A1+	AA-	PACRA	-	1
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	2,877	6,649
Allied Bank Limited	A1+	AA+	PACRA	4,050	241
NIB Bank Limited	A1+	AA-	PACRA	2,426	-
				9,353	6,891

48.1.3(b) Counterparties without external credit ratings

These include customers which are counter parties to local and foreign trade debts against sale of cement. Out of gross trade debts of Rs. 576.86 million (2015: Rs. 573.99 million), trade debts that are subject to credit risk amount to Rs. 529.91 million (2015: Rs. 502.92 million). The analysis of ages of trade debts of the Company as at the reporting date is as follows:

	2016		2015	
	Gross	Impairment	Gross	Impairment
	(Rupees in thousand)			
The aging of trade debts at the reporting date is:				
Not past due	268,857	-	300,876	-
Past due 1 to 30 days	191,652	-	146,844	-
Past due 30 to 150 days	18,965	-	57,737	-
Past due 150 days	97,387	-	68,537	3,423
	576,861	-	573,994	3,423

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 includes balance amounting to Rs. 11.994 million (2015: Nil) from Maple Leaf Power Limited outstanding since June 2016.

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 18.2 to these unconsolidated 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 exchange rates and exclude the impact of netting agreements.

	2016				
	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	Above 5 years
	(Rupees in thousand)				
Non-derivative financial liabilities					
Long term loans from banking companies	927,298	1,296,963	69,060	892,426	335,477
Liabilities against assets subject to finance lease	646,762	684,275	188,196	496,079	-
Long term deposits	6,499	6,499	-	6,499	-
Trade and other payables	1,437,321	1,437,321	1,437,321	-	-
Accrued profit / interest / mark-up	36,807	36,807	36,807	-	-
Short term borrowings	1,424,911	1,424,911	1,424,911	-	-
	4,479,598	4,886,776	3,156,295	1,395,004	335,477

	2015				
	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	Above 5 years
	(Rupees in thousand)				
Non-derivative financial liabilities					
Long term loans from banking companies	155,257	167,505	128,799	38,706	-
Redeemable capital	3,433,011	3,760,573	1,754,490	2,006,083	-
Syndicated term finances	433,500	455,029	455,029	-	-
Liabilities against assets subject to finance lease	757,049	809,841	152,270	657,571	-
Long term deposits	6,619	6,619	-	6,619	-
Trade and other payables	1,855,521	1,855,521	1,855,521	-	-
Accrued profit / interest / mark-up	108,132	108,132	108,132	-	-
Short term borrowings	2,555,742	2,555,742	2,555,742	-	-
	9,304,831	9,718,962	7,009,983	2,708,979	-

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.

	2016					
	GBP	CHF	EURO	USD	YEN	RUPEES
	---------- in thousand ----------					
Assets						
Trade debts	-	-	-	449	-	46,947
Cash and bank	2	-	-	33	-	3,680
	2	-	-	482	-	50,627
Liabilities						
Liabilities against assets subject to finance lease	-	-	-	(6,177)	-	(646,762)
Creditors and bills payables	-	-	(23)	-	-	(2,670)
Net balance sheet exposure	2	-	(23)	(5,695)	-	(598,805)
Off balance sheet items						
Outstanding letters of credit	-	55	5,547	5,283	-	1,204,256
Net exposure	2	55	5,524	(412)	-	605,451

	2015					
	GBP	CHF	EURO	USD	YEN	RUPEES
	---------- in thousand ----------					
Assets						
Trade debts	-	-	-	667	-	67,655
Cash at bank	-	-	-	97	-	9,838
	-	-	-	764	-	77,493
Liabilities						
Liabilities against assets subject to finance lease	-	-	-	(7,444)	-	(757,049)
Creditors and bills payables	-	-	(23)	-	-	(2,617)
Net balance sheet exposure	-	-	(23)	(6,680)	-	(682,173)
Off balance sheet items						
Outstanding letters of credit	-	(1,485)	(1,899)	(4,188)	(8,600)	(811,809)
Net exposure	-	(1,485)	(1,922)	(10,868)	(8,600)	(1,493,982)

48.3.1(b) Exchange rates applied during the year

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

	2016		
	Reporting date spot rate		Average rate
	Buying	Selling	for the year
CHF	116.64	106.85	97.88
EURO	116.08	116.31	115.61
USD	104.50	104.70	104.50
YEN	1.017	1.019	0.901
GBP	140.12	140.39	152.24

	2015		
	Reporting date spot rate		Average rate
	Buying	Selling	for the year
CHF	109.42	109.64	107.68
EURO	113.57	113.79	121.10
USD	101.50	101.70	101.51
YEN	0.829	0.821	0.883

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 at the balance sheet. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Profit	
	2016	2015
	(Rupees in thousand)	
EURO	(268)	(21,870)
USD	(59,627)	(110,528)
YEN	-	(705)
CHF	-	(16,282)
GBP	28	-
	(59,867)	(149,385)

48.3.1(d) Currency risk management

Since the maximum amount exposed to currency risk is only 2.81% (2015: 3.86%) 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 unconsolidated financial statements. The Company's interest / mark-up bearing financial instruments as at the reporting date are as follows:

		2016		2015	
		Financial assets	Financial liabilities	Financial assets	Financial liabilities
	Note	----------- Rupees in thousand -----------			
Non-derivative financial instruments					
Short term borrowings - ERF	18	-	1,398,000	-	1,348,000
Bank balances at PLS accounts	33	146,367	-	115,965	-
		146,367	1,398,000	115,965	1,348,000

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

		2016		2015	
		Financial assets	Financial liabilities	Financial assets	Financial liabilities
	Note	----------- Rupees in thousand -----------			
Non-derivative financial instruments					
Long term loans	8	-	927,298	-	155,257
Redeemable capital	9	-	-	-	3,433,011
Syndicated term finances	10	-	-	-	433,500
Liabilities against assets subject to finance lease	11	-	646,762	-	757,049
Short term borrowings	18	-	9,707	-	1,195,967
		-	1,583,767	-	5,974,784

The related profit / mark-up / interest rates for fixed rate financial instruments are indicated in the related notes to the unconsolidated 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 2015.

	Profit	
	2016	2015
	(Rupees in thousand)	
Increase of 100 basis points		
Variable rate instruments	(15,838)	(59,748)
Decrease of 100 basis points		
Variable rate instruments	15,838	59,748

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 Company's significant borrowings are based on 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:

	2016	2015
	(Rupees in thousand)	
Investment in equity securities	12,000	10,530

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	
	2016	2015
	(Rupees in thousand)	
Short term investment at fair value through profit and loss account		
Effect of increase	1,200	1,053
Effect of decrease	(1,200)	(1,053)

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 value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Company is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).

- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).

- Unobservable inputs for the asset or liability (level 3).

48.5 Financial instruments-fair values

The additional disclosures due to the adoption of IFRS 13 Fair value measurement are as follows :

	Note	Carrying Amount				Fair Value		
		Fair Value through Income Statement	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
		- - - - - - - - - - - - - - - - - Rupees in thousand - - - - - - - - - - - - - - - - -						
On-Balance sheet financial instruments								
30 June 2016								
Financial assets measured at fair value								
Short term investments		12,000	-	-	12,000	12,000	-	-
		12,000	-	-	12,000	12,000	-	-
Financial assets not measured at fair value								
Cash and bank balances		-	394,474	-	394,474	-	-	-
Long term loans to employees		-	9,791	-	9,791	-	-	-
Short term deposits		-	69,704	-	69,704	-	-	-
Other receivables		-	262,061	-	262,061	-	-	-
Accrued profit		-	1,582	-	1,582	-	-	-
Long term deposits		-	55,867	-	55,867	-	-	-
Trade debts - unsecured, considered good		-	576,861	-	576,861	-	-	-
	48.6	-	1,370,340	-	1,370,340	-	-	-
Financial liabilities measured at fair value		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
Financial liabilities not measured at fair value								
Long term finances		-	-	927,298	927,298	-	-	-
Liabilities against assets subject to finance lease		-	-	646,762	646,762	-	-	-
Trade and other payables		-	-	1,437,321	1,437,321	-	-	-
Short term borrowing		-	-	1,424,911	1,424,911	-	-	-
Long term deposits		-	-	6,499	6,499	-	-	-
Accrued mark up		-	-	36,807	36,807	-	-	-
	48.6	-	-	4,479,598	4,479,598	-	-	-

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

Freehold land, buildings on freehold land, roads, bridges and railway sidings, plant and machinery have been carried at revalued amounts determined by professional valuers (level 3 measurement) based on their assessment of the market values as disclosed in note 7.1. The valuations are conducted by the valuation experts appointed by the Company. The valuation experts used a market based approach to arrive at the fair value of the Company's properties. For revaluation of freehold land fair market value was assessed through inquiries to real estate agents and property dealers in near vicinity of freehold land. Different valuation methods and exercises were adopted according to experience, location and other usage of freehold land. Valuer had also considered all relevant factors as well. In case of buildings on freehold land, roads, bridges and railway sidings, construction specifications were noted for each building and structure and new construction rates are applied according to construction specifications for current replacement values. After determining current replacement values, depreciation was calculated to determine the current assessed market value. For revaluation of plant and machinery, suppliers and different cement plant consultants in Pakistan and abroad were contacted to collect information regarding current prices of comparable cement plant to determine current replacement value. Fair depreciation factor for each item is applied according to their physical condition, usage and maintenance. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these financial statements.

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	2016	2015
Total debt	Rupees in '000	2,998,971	7,334,559
Less: Cash and bank balances		394,474	244,400
Net debt		2,604,497	7,090,159
Total Equity	Rupees in '000	16,749,880	12,911,658
Total capital employed	Rupees in '000	19,354,377	20,001,817
Gearing	Percentage	13.46%	35.45%

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.

50. PROVIDENT FUND TRUST

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

	Un-audited 2016	Audited 2015
	(Rupees in thousand)	
Size of the fund - total assets	502,058	473,432
Cost of investments made	467,708	449,328
Percentage of investments made	97.70%	97.58%
Fair value of investments	490,489	461,985

The break-up of fair value of investments is:

	2016		2015	
	Rs. in thousand	Percentage	Rs. in thousand	Percentage
Shares in quoted securities	84,710	17.27%	79,734	17.26%
Bank balances	9,495	1.94%	8,710	1.89%
Term deposit receipts	130,000	26.50%	130,000	28.14%
Government securities	212,919	43.41%	193,974	41.99%
Mutual funds	53,365	10.88%	49,567	10.73%
	490,489	100.00%	461,985	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.

51. NUMBER OF EMPLOYEES

The total and average number of employees of the Company during the year and as at 30 June 2016 and 2015 respectively are as follows:

	2016	2015
Average number of employees during the year	1,104	1,072
Total number of employees as at 30 June	1,150	1,107

52. NON ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors of the Company in its meeting held on September 05, 2016 has proposed a final cash dividend of Rs. 2.50 per share, for the year ended 30 June 2016, for approval of the members in the Annual General Meeting to be held on October 31, 2016.

53. DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on September 05, 2016.

54. GENERAL

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

Consolidated Financial Statements

for the Year Ended June 30, 2016

DIRECTORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

The Directors are pleased to present the audited consolidated financial statements of Maple Leaf Cement Factory Limited (the Holding Company) and its wholly owned subsidiary company, Maple Leaf Power Limited (collectively referred to as group) for the year ended 30 June 2016.

GROUP RESULTS

The Group has earned gross profit of Rupees 10,013 million during the year under review. The Group made after tax profit of Rupees 4,843 million. The comparative year results depict the results of only Holding Company as subsidiary was incorporated on 15 October 2015.

The overall group financial results are as follows:

	30 June 2016	30 June 2015
	(Rupees in million)	
Sales	23,416	20,720
Gross Profit	10,013	7,496
Profit from operations	7,511	5,584
Financial charges	436	1,083
Net Profit after tax	4,843	3,454
	(Rupees)	
Earnings per share – Basic and diluted	9.18	6.55

SUBSIDIARY COMPANY

MAPLE LEAF POWER LIMITED (MLPL)

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

ACKNOWLEDGEMENT

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

For and on behalf of the Board

Sayeed Tariq Saigol
Chief Executive Officer

Lahore
05 September 2016

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

Telephone + 92 (42) 3579 0901-6
Fax + 92 (42) 3579 0907
Internet www.kpmg.com.pk

AUDITORS' REPORT TO THE MEMBERS ON CONSOLIDATED FINANCIAL STATEMENTS

We have audited the annexed consolidated financial statements comprising consolidated Balance Sheet of Maple Leaf Cement Factory Limited ("the Holding Company") and its subsidiary Company as at 30 June 2016 and the related consolidated Profit and Loss Account, consolidated Statement of Comprehensive Income, consolidated Cash Flow Statement and consolidated Statement of Changes in Equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of Maple Leaf Cement Factory Limited and its subsidiary company. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of Maple Leaf Cement Factory Limited and its subsidiary company as at 30 June 2016 and the results of their operations for the year then ended.

Lahore

Date: 05 September 2016

KPMG Taseer Hadi & Co.
Chartered Accountants
(M. Rehan Chughtai)

CONSOLIDATED BALANCE SHEET
AS AT JUNE 30, 2016

	Note	2016	2015
		(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 share capital	5	5,277,340	5,277,340
Capital reserves	6	2,058,137	2,058,137
Accumulated profits		9,372,617	5,576,181
		16,708,094	12,911,658
SURPLUS ON REVALUATION OF FIXED ASSETS - NET OF TAX	7	4,587,255	4,751,082
NON - CURRENT LIABILITIES			
Long term loans from banking companies - secured	8	927,298	38,114
Redeemable capital - secured	9	-	1,933,011
Syndicated term finance - secured	10	-	-
Liabilities against assets subject to finance lease - secured	11	479,243	628,230
Long term deposits	12	6,499	6,619
Deferred taxation	13	4,124,673	2,698,454
Retirement benefits	14	119,783	109,688
		5,657,496	5,414,116
CURRENT LIABILITIES			
Current portion of:			
- Long term loans from banking companies - secured	8.8	-	117,143
- Redeemable capital - secured	9	-	1,500,000
- Syndicated term finance - secured	10	-	433,500
- Liabilities against assets subject to finance lease - secured	11	167,519	128,819
Trade and other payables	15	3,218,749	3,163,873
Accrued profit / interest / mark-up	16	36,807	108,132
Provision for taxation - net	17	203,316	137,252
Short term borrowings	18	1,424,911	2,555,742
		5,051,302	8,144,461
CONTINGENCIES AND COMMITMENTS	19		
		32,004,147	31,221,317

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

	Note	2016	2015
		(Rupees in thousand)	
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	20	23,618,926	23,720,541
Long term loans to employees - secured	21	5,628	6,513
Long term deposits	22	55,867	55,058
		23,680,421	23,782,112
CURRENT ASSETS			
Stores, spare parts and loose tools	23	5,383,750	4,184,545
Stock-in-trade	24	872,820	1,206,573
Trade debts	25	564,866	570,571
Loans and advances	26	805,167	985,251
Short term investment	27	12,000	10,530
Short term deposits and prepayments	28	71,594	88,969
Accrued profit	29	1,857	963
Refunds due from Government	30	16,797	16,797
Other receivables	31	153,147	130,606
Cash and bank balances	32	441,728	244,400
		8,323,726	7,439,205
		32,004,147	31,221,317

CHIEF EXECUTIVE OFFICER

DIRECTOR

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016	2015
		(Rupees in thousand)	
Sales - net	33	23,416,196	20,720,054
Cost of goods sold	34	(13,403,591)	(13,224,431)
Gross profit		10,012,605	7,495,623
Distribution cost	35	(1,359,896)	(1,313,696)
Administrative expenses	36	(508,262)	(381,363)
Other charges	37	(659,631)	(263,187)
		(2,527,789)	(1,958,246)
Other income	38	26,466	46,173
Profit from operations		7,511,282	5,583,550
Finance cost	39	(435,530)	(1,082,639)
Profit before taxation		7,075,752	4,500,911
Taxation	40	(2,232,953)	(1,046,616)
Profit after taxation		4,842,799	3,454,295
		-----------Rupees-----------	
Earnings per share - basic and diluted	40.3	9.18	6.55

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
	(Rupees in thousand)	
Profit after taxation	4,842,799	3,454,295
Other comprehensive income		
Items that will not be reclassified to profit and loss account:		
Other comprehensive income - transferred to equity		
Remeasurement of defined benefit liability	2,185	(22,638)
Related tax	(544)	6,713
	1,641	(15,925)
Other comprehensive income - not transferred to equity		
Surplus on revaluation of fixed assets	-	95,013
Deferred tax liability on revaluation of fixed assets	-	(24,682)
	-	70,331
Total comprehensive income for the year	4,844,440	3,508,701

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016	2015
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		7,075,752	4,500,911
Adjustments for:			
Depreciation	20.4	1,817,803	1,772,554
Reversal of provision against doubtful debts	38	(3,423)	(5,157)
Provision for slow moving stores reversed		-	(41,033)
Provision for Workers' Profit Participation Fund	15.3	386,524	236,324
Provision for Workers' Welfare Fund		126,052	-
Stock-in-trade written off	34	13,072	68,685
Bad debts written off		-	27,714
Loss on disposal of property, plant and equipment	37	130,064	24,117
Gain on re-measurement of short term investments at fair value	38	(1,470)	(3,750)
Retirement benefits		35,303	25,359
Finance cost	39	435,530	1,082,639
Profit on bank deposits	38	(15,258)	(14,459)
Cash generated from operations before working capital changes		9,999,949	7,673,904
Effect on cash flow due to working capital changes			
(Increase) / decrease in current assets:			
Stores, spare parts and loose tools		(1,199,205)	(370,709)
Stock-in-trade		320,681	(123,798)
Trade debts		9,128	245,909
Loans and advances		180,084	(77,742)
Short term deposits and prepayments		17,375	(15,289)
Other receivables		(22,541)	(32,637)
		(694,478)	(374,266)
Decrease in current liabilities:			
Trade and other payables		(404,890)	(309,606)
		(1,099,368)	(683,872)
Net cash generated from operations		8,900,581	6,990,032
Decrease / (increase) in long term loans to employees		885	(2,073)
Retirement benefits paid		(23,023)	(17,963)
Workers' Profit Participation Fund paid		(89,119)	(71,867)
Taxes paid		(633,710)	(326,386)
Net cash generated from operating activities		8,155,614	6,571,743
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(1,902,579)	(786,684)
Proceeds from disposal of property, plant and equipment		56,327	70,267
Increase in long term deposits		(809)	(1,045)
Redemption of long term investment		-	1,625
Profit on bank deposits received		14,364	15,848
Net cash used in investing activities		(1,832,697)	(699,989)
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown / (repayment) of long term loans from banking companies - secured		771,484	(397,744)
Redemption of redeemable capital - secured		(3,433,011)	(2,854,714)
Repayment of syndicated term finances - secured		(433,500)	(762,500)
Decrease in long term deposits		(120)	(260)
Payment of liabilities against assets subject to finance lease - net		(132,746)	(108,574)
(Repayment) / acquisition of short term borrowings		(1,065,150)	323,981
Finance cost paid		(483,839)	(1,123,209)
Redemption of preference shares		-	(20)
Dividend paid		(1,283,026)	(524,391)
Net cash used in financing activities		(6,059,908)	(5,447,431)
Net increase in cash and cash equivalents		263,009	424,323
Cash and cash equivalents at beginning of the year		169,012	(255,311)
Cash and cash equivalents at end of the year	41	432,021	169,012

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2016

	Share Capital	Capital Reserves			Revenue Reserves	Total Equity
		Share premium	Capital redemption reserve	Sub-total	Accumulated profits	
	(Rupees in thousand)					
At 30 June 2014	5,277,340	1,529,874	528,263	2,058,137	2,414,100	9,749,577
Total comprehensive income for the year						
Profit for the year ended 30 June 2015	-	-	-	-	3,454,295	3,454,295
Other comprehensive income for the year ended 30 June 2015	-	-	-	-	(15,925)	(15,925)
	-	-	-	-	3,438,370	3,438,370
Transfer of incremental depreciation from surplus on revaluation of fixed assets - net of tax	-	-	-	-	244,644	244,644
Reversal of revaluation surplus on disposal of fixed assets - net of tax	-	-	-	-	6,801	6,801
Transaction with owners of the Group						
Interim cash dividend @ Re. 1 per share for the year ended 30 June 2015	-	-	-	-	(527,734)	(527,734)
At 30 June 2015	5,277,340	1,529,874	528,263	2,058,137	5,576,181	12,911,658
Total comprehensive income for the year						
Profit for the year ended 30 June 2016	-	-	-	-	4,842,799	4,842,799
Other comprehensive income for the year ended 30 June 2016	-	-	-	-	1,641	1,641
	-	-	-	-	4,844,440	4,844,440
Transfer of incremental depreciation from surplus on revaluation of fixed assets - net of tax	-	-	-	-	261,564	261,564
Reversal of revaluation surplus on disposal of fixed assets - net of tax	-	-	-	-	9,767	9,767
Transaction with owners of the Group						
Final cash dividend @ Re. 1 per share for the year ended 30 June 2015	-	-	-	-	(527,734)	(527,734)
Interim cash dividend @ Rs. 1.5 per share for the year ended 30 June 2016	-	-	-	-	(791,601)	(791,601)
At 30 June 2016	5,277,340	1,529,874	528,263	2,058,137	9,372,617	16,708,094

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

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

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of the 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 consolidated financial statements have been prepared under the historical cost convention except for the following:

- certain financial instruments at fair value;
- certain property, plant and equipment at revalued amounts; and
- recognition of employee retirement benefits at present value.

2.3 Functional and presentation currency

These consolidated financial statements have been prepared in Pak Rupees ("Rs.") which is the Group's functional currency.

2.4 Use of estimates and judgments

The preparation of consolidated 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 Group's consolidated financial statements or where judgment was exercised in application of accounting policies are as follows:

2.4.1 Property, plant and equipment

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

2.4.2 Stores, spare parts and loose tools

The Group 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.

2.4.3 Stock-in-trade

The Group reviews the carrying amount of stock-in-trade on a regular basis. Carrying amount of stock-in-trade is adjusted where the net realizable value is below the cost. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

2.4.4 Provision for doubtful debts, advances and other receivables

The Group 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.

2.4.5 Employee benefits

The Group operates approved funded gratuity scheme covering all its full time 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.

2.4.6 Impairment

The management of the Group reviews carrying amounts of its assets including receivables and advances and cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

2.4.7 Taxation

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

The Group 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.

2.4.8 Provisions and contingencies

The Group reviews the status of all pending litigations and claims against the Group. Based on the judgment and the advice of the legal advisors for the estimated financial outcome, appropriate disclosure or provision is made. 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.

2.4.9 Revaluation of property, plant and equipment

Revaluation of property, plant and equipment is carried out by an independent professional valuer. Revalued amounts of non-depreciable items are determined by reference to local market values and that of depreciable items are determined by reference to present depreciated replacement values.

The frequency of revaluations depends upon the changes in fair values of the items of property, plant and equipment being revalued. When the fair value of a revalued asset differs materially from its carrying amount, a further revaluation is required. Such frequent revaluations are unnecessary for items of property, plant and equipment with only insignificant changes in fair value. Instead, it may be necessary to revalue the item only every three or five years.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these consolidated financial statements are set out below. Except for a change as mentioned in note 3.1, the policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 During the year the Group has adopted IFRS 13 'Fair Value Measurement' which became effective for the financial periods beginning on or after 1 January 2015. IFRS 13 'Fair Value Measurement' establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair values as the prices that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 Financial Instruments Disclosures. As a result, the Group has included the additional disclosure in this regard in note 46.5 to the consolidated financial statements. In accordance with the transitional provisions of IFRS 13, the Group has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Notwithstanding the above, the change has no such significant impacts on the measurements of the Group's financial assets and liabilities. The Group has also adopted IFRS 10 'Consolidated Financial Statements', IFRS 11 'Joint Arrangements', IFRS 12 'Disclosure of Interest in Other Entities which became applicable from 1 January, 2015, as per the adoption status of IFRS in Pakistan. The application of IFRS 10,IFRS 11 and IFRS 12 did not have any impact on the consolidated financial statements of the Group.

3.2 Basis of consolidation

3.2.1 Subsidiary

The financial statements of the Subsidiary Company have been consolidated on a line-by-line basis and the carrying values of the investments held by the Holding Company have been eliminated against the shareholders' equity in the Subsidiary Company.

The financial statements of the subsidiaries are prepared for the same reporting year as the Holding Company, using consistent accounting policies.

All intragroup balances, transactions, income and expenses and profits and losses resulting from intragroup transactions that are recognised in assets, have been eliminated in full.

3.3 Employee benefits

Defined contribution plan

The Group operates a defined contributory approved Provident Fund Trust for all its employees. Equal monthly contributions are made both by the Group 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 Group operates approved funded gratuity scheme for all its full time 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 consolidated profit and loss account.

The Group'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 Group, 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.

Remeasurements 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 Group 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 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 consolidated 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 consolidated profit and loss account. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Liability for employees' compensated absences

The Group 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.

3.4 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 comprehensive income or equity, in which case it is included in consolidated comprehensive income or equity.

3.5 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 consolidated profit and loss account, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs.

Rentals payable under operating leases are charged to consolidated 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.

3.6 Property, plant and equipment

3.6.1 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. Increase in the carrying amount arising on revaluation is credited to 'Revaluation of fixed assets' and the same is dealt in accordance with section 235 of the Companies Ordinance, 1984. Surplus on revaluation is booked by restating gross carrying amounts of respective assets being revalued, proportionately to the change in their carrying amounts due to revaluation. The accumulated depreciation at the date of revaluation is also adjusted to equal difference between gross carrying amounts and the carrying amounts of the assets after taking into account accumulated impairment losses. The surplus on revaluation of fixed assets to the extent of the annual incremental depreciation based on the revalued carrying amount of the asset and the depreciation based on the assets' original cost is transferred annually to retained earnings net of related deferred tax. Upon disposal, any revaluation reserve relating to the particular assets being sold is transferred to retained earnings. All transfers to / from surplus on revaluation of fixed assets account are net of applicable deferred income tax.

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 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 consolidated profit and loss account.

Depreciation is calculated at the rates specified in note 20.1 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 the month in which the addition / deletion is made.

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.

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

3.6.2 Intangible assets

Intangible asset is stated at cost less accumulated amortization for finite intangible asset 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.

Finite intangible assets are amortized using straight-line method over a period of usage. 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.

3.7 Impairment

3.7.1 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 consolidated 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. Reversal of impairment loss is recognized in profit and loss account except in the case of available for sale instruments where the reversal is included in consolidated other comprehensive income.

3.7.2 Non-financial assets

The carrying amount of the Group'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 consolidated 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.

3.8 Investments

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 in consolidated profit and loss account.

3.9 Loans and receivables

Loans and receivables are recognized initially at fair value, plus attributable transaction costs. Subsequent to initial recognition, loans and receivables are stated at amortized cost with any difference between cost and redemption value being recognized in the consolidated profit and loss account over the period of the investments on an effective yield method less impairment loss, if any.

3.10 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.

3.11 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
Packing 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.

3.12 Financial instruments

Financial assets and liabilities are recognized when the Group becomes a party to contractual provisions of the instrument and de-recognized when the Group looses 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 consolidated 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.

3.13 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 Group.

3.14 Trade debts

Trade debts are stated initially at the fair value, subsequent to initial recognition, these are stated at their amortized cost as reduced by appropriate provision for impairment. Known impaired receivables are written off, while receivables considered doubtful are fully provided for.

3.15 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 and ability to settle on a net basis, or realize the asset and settle the liability simultaneously.

3.16 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand, running finance and cash at banks.

3.17 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group 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 Group's right to receive the dividend is established; and
- Interest income is recognized as and when accrued on effective interest method.

3.18 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 consolidated profit and loss account.

3.19 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 consolidated profit and loss account in the period in which these are incurred.

3.20 Provisions

Provisions are recognized when the Group 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.

3.21 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group 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 Group that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

3.22 Dividend distribution

Dividend is recognized as a liability in the period in which it is declared.

3.23 Mark-up bearing borrowings

Mark-up bearing borrowings are recognized initially at cost representing the fair value of consideration received less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at original cost less subsequent repayments, while the difference between the original recognized amounts (as reduced by periodic payments) and redemption value is recognized in the consolidated profit and loss account over the period of borrowings on an effective rate basis. The borrowing cost on qualifying asset is included in the cost of related asset.

4. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2016:

- 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 amortization 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 the Group’s consolidated financial statements.

- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 – Consolidated financial statements and IAS 28 – Investments in Associates and Joint Ventures) (effective for annual periods beginning on or after 1 January 2016) clarifies (a) which subsidiaries of an investment entity are consolidated; (b) exemption to present consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity; and (c) how an entity that is not an investment entity should apply the equity method of accounting for its investment in an associate or joint venture that is an investment entity. The amendments are not likely to have an impact on the Group’s consolidated financial statements.

- Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11 ‘Joint Arrangements’ (effective for annual periods beginning on or after 1 January 2016) clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. The amendments are not likely to have an impact on the Group’s consolidated financial statements.

- Amendment to IAS 27 ‘Separate financial statements’ (effective for annual periods beginning on or after 1 January 2016) allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendment is not likely to have an impact on the Group’s consolidated 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 Group 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. The amendments are not likely to have an impact on the Group's consolidated financial statements.

- Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after 1 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments are not likely to have an impact on the Group's consolidated financial statements.

- Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of consolidated financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

- Amendments to IFRS 2 - Share-based Payment clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and / or measurement of these arrangements and potentially the timing and amount of expense recognised for new and outstanding awards. The amendments are not likely to have an impact on the Group's consolidated financial statements.

Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.

- IFRS 7 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify when servicing arrangements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety are in the scope of its disclosure requirements. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim consolidated financial statements for all interim periods.

- IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

- IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim consolidated financial statements and disclosed elsewhere should be cross referred.

The above amendments are not likely to have an impact on the Group's consolidated financial statements.

5. SHARE CAPITAL

5.1 Authorized share capital

Number of shares		Note	2016 (Rupees in thousand)	2015 (Rupees in thousand)
600,000,000	(2015: 600,000,000) ordinary shares of Rs. 10 each		6,000,000	6,000,000
100,000,000	(2015: 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 share capital

Number of shares		Note	2016	2015
290,359,856	(2015: 290,359,856) ordinary shares of Rs. 10 each fully paid in cash		2,903,599	2,903,599
35,834,100	(2015: 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	(2015: 46,069,400) ordinary shares of Rs. 10 each issued as fully paid bonus shares		460,694	460,694
153,846,153	(2015: 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	(2015: 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

5.2.1 During the financial year ended 30 June 2011, Group 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 Group, after complying with all procedural requirements in this respect.

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

5.3 The Ultimate Holding Company holds 291,410,425 (2015: 291,410,425) ordinary shares, which represents 55.22% (2015: 55.22%) of total ordinary issued, subscribed and paid-up share capital of the Group.

5.4 Zimpex (Private) Limited, an associated undertaking, holds 1,706 (2015: 1,706) ordinary shares of the Group.

	Note	2016	2015
		(Rupees in thousand)	
6. CAPITAL RESERVES			
Capital redemption reserve	6.1	528,263	528,263
Share premium reserve	6.2	1,529,874	1,529,874
		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 Group only for the purpose specified in section 83(2) of the Companies Ordinance, 1984.

	2016	2015
	(Rupees in thousand)	
7. SURPLUS ON REVALUATION OF FIXED ASSETS - NET OF TAX		
Gross surplus		
At beginning of the year	6,345,722	6,608,146
Surplus on revaluation of fixed assets during the year	-	95,013
Less:		
Effect of disposal of fixed assets	(13,005)	(9,668)
Transferred to accumulated profits in respect of incremental depreciation charge for the year	(348,288)	(347,769)
At end of the year	5,984,429	6,345,722
Deferred tax liability on revaluation surplus		
At beginning of the year	1,594,640	1,716,631
Tax on surplus during the year	-	24,682
Effect of disposal of fixed assets	(3,238)	(2,867)
Incremental depreciation charged on related assets	(86,724)	(103,124)
Effect of change in tax rate	-	(40,682)
Effect of change in proportion of local and export sales	(107,504)	-
At end of the year	1,397,174	1,594,640
	4,587,255	4,751,082

7.1 The Group's freehold land, buildings on freehold land, roads, bridges and railway sidings and plant and machinery were revalued by Arif Evaluators, an independent valuer not connected with the Group and approved by Pakistan Banks' Association (PBA) in "any amount" category, at 22 June 2015. 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	2016	2015
		(Rupees in thousand)	
8. LONG TERM LOANS FROM BANKING COMPANIES - SECURED			
Habib Bank Limited - term loan	8.2	-	27,519
Islamic Corporation for the Development of Private Sector ("ICD") - deferred mark-up loan	8.3	-	10,595
Askari Bank Limited - Term Finance	8.4	500,000	-
Bank of Punjab - Demand Finance	8.5	183,140	-
MCB Bank Limited - Demand Finance	8.6	122,079	-
National Bank of Pakistan - Demand Finance	8.7	122,079	-
		927,298	38,114

8.1 These are interest / mark-up based loans from conventional banks.

	Note	2016	2015
		(Rupees in thousand)	
8.2 Habib Bank Limited - term loan			
At beginning of the year		137,599	495,359
Less: Payment made during the year		(137,599)	(357,760)
		-	137,599
Less: Current maturity presented under current liabilities	8.8	-	(110,080)
At end of the year		-	27,519

This has been fully repaid during the year.

	Note	2016	2015
		(Rupees in thousand)	
8.3 Islamic Corporation for the Development of Private Sector ("ICD") - deferred mark-up loan			
At beginning of the year		17,658	24,004
Less: Payments made during the year		(18,215)	(7,069)
		(557)	16,935
Exchange loss during the year		557	723
		-	17,658
Less: Current maturity presented under current liabilities	8.8	-	(7,063)
At end of the year		-	10,595

This has been fully repaid during the year.

8.4 Askari Bank Limited - Term Finance

During current financial year, the Group entered into term finance agreement with Askari Bank Limited for Rs. 500 million. As per terms of the agreement, the tenor of loan is seven (7) years including two (2) years grace period.

The principal shall be repaid in twenty (20) equal, consecutive, quarterly installments of Rs. 25 million from 04 June 2018 to 04 March 2023.

This facility carries mark-up rate at 3 months KIBOR+125 bps per annum to be paid quarterly in arrears.

This facility will be secured against 1st joint pari passu hypothecation charge and equitable mortgage charge of Rs. 667 million over all present and future plant and machinery and land and building respectively of cement unit-II. Disbursement has been made in tranches against ranking charge on all present and future plant and machinery of the Group that shall be upgraded / replaced by aforesaid charge within 180 days from 1st draw down.

Personal guarantees also provided by Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors) duly supported by Net Worth Statements.

8.5 Bank of Punjab - Demand Finance

During current financial year, the Group entered into demand finance agreement with The Bank of Punjab for Rs. 1,500 million. The tenor of loan is seven (7) years including 24 months grace period. Disbursement shall be made in tranches during the availability period as per terms of the agreement.

The principal shall be repaid in twenty (20) equal, consecutive, quarterly installments of Rs. 75 million each starting from 25 June 2018 to 25 March 2023. Prepayment can be made after two (2) years of completion of draw down, with a 30 days prior notice to the lenders without early payment penalty.

This facility carries mark-up rate at 3 months KIBOR+125 bps per annum to be paid quarterly in arrears.

This facility will be secured against 1st joint pari passu hypothecation charge and equitable mortgage charge over all present and future fixed assets of the Group with 25% margin. It is also secured by lien over import documents.

A floating charge on fixed assets of Maple Leaf Power Limited shall be registered with 25% margin, before establishment of LCs, which shall be upgraded to 1st joint pari passu, once all the assets are reached project site and ready for installation.

Personal guarantees by Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors) duly supported by net worth statements and cross corporate guarantee of the Group and Maple Leaf Power Limited (MLPL) has also been provided.

8.6 MCB Bank Limited - Demand Finance

During current financial year, the Group entered into demand finance agreement with MCB Bank Limited for Rs. 1,000 million. The tenor of loan is seven (7) years including grace period of 18 months. Disbursement shall be made in tranches during the availability period as per terms of the agreement.

The principal shall be repaid in twenty two (22) equal, consecutive, quarterly installments of Rs. 45.45 million each starting from 14 October 2017 to 14 Jan 2023. Prepayment can be made after two (2) years with a 30 days prior notice.

This facility carries mark-up rate at 3 months KIBOR+115 bps per annum to be paid quarterly in arrears.

This facility will be secured against 1st joint pari passu hypothecation charge and equitable mortgage charge over all present and future fixed assets of the Group with 25% margin.

Personal guarantees also provided by Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors) duly supported by net worth statements.

8.7 National Bank of Pakistan - Demand Finance

During current financial year, the Group entered into demand finance agreement with National Bank of Pakistan for Rs. 1,000 million. The tenor of loan is seven (7) years including two (2) years grace period. Disbursement shall be made in tranches during the availability period as per terms of the agreement.

Principal shall be repaid in twenty (20) equal quarterly installments of Rs. 50 million each starting from 30 April 2018 to 30 January 2023.

This facility carries mark-up rate at 3 months KIBOR+125 bps per annum to be paid quarterly in arrears.

This facility will be secured against 1st joint pari passu hypothecation charge and equitable mortgage charge over all present and future fixed assets of the Group amounting to Rs. 1,334 million. Disbursement is being made in tranches against ranking charge of Rs. 1334 million over all present and future fixed assets of the Group that shall be upgraded / replaced by aforesaid charge within 120 days from 1st draw down.

Personal guarantees also provided by Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors).

	Note	2016	2015
		(Rupees in thousand)	
8.8 Current portion of long term loans from banking companies - secured			
Habib Bank Limited - term loan facility	8.2	-	110,080
Islamic Corporation for the Development of Private Sector ("ICD") - deferred mark-up loan	8.3	-	7,063
		-	117,143

9. REDEEMABLE CAPITAL - SECURED

	Note	2016	2015
Islamic Sukuk Certificates under Musharika agreement			
At beginning of the year		3,433,011	6,183,000
Add: Transferred from HSBC Bank Middle East Limited - medium term loan		-	104,725
Less: Sukuk certificates repaid during the year		(3,433,011)	(2,854,714)
		-	3,433,011
Less: Current maturity presented under current liabilities		-	(1,500,000)
At end of the year		-	1,933,011

This has fully been repaid during the year.

10. SYNDICATED TERM FINANCE - SECURED

	Note	2016	2015
At beginning of the year		433,500	1,196,000
Less: Payment made during the year		(433,500)	(762,500)
		-	433,500
Less: Current maturity presented under current liabilities		-	(433,500)
At end of the year		-	-

This has fully been repaid during the year.

11. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - SECURED

	Note	2016	2015
Present value of minimum lease payments	11.1.1	646,762	757,049
Less: Current maturity presented under current liabilities		(167,519)	(128,819)
		479,243	628,230

Taxes, repair and insurance costs are borne by the Group. The Group 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:

	2016	2015
	(Rupees in thousand)	
Minimum lease payments:		
Not later than one year	187,683	150,064
Later than one year but not later than five years	496,592	659,777
	684,275	809,841
Less: Finance cost allocated to future period	(37,513)	(52,792)
	646,762	757,049
Less: Current maturity presented under current liabilities	(167,519)	(128,819)
	479,243	628,230

11.1.1 Present value of minimum lease payments

	2016	2015
Not later than one year	167,519	128,819
Later than one year but not later than five years	479,243	628,230
	646,762	757,049

11.2 The Group 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. Finance lease liabilities are obtained from conventional leasing companies.

As per terms of restructuring agreement, the outstanding principal amounting to USD 10.67 million is to be repaid in twenty-five instalments. The first instalment amount of USD 0.56 million was paid to ICD on the Effective Date and remaining twenty four quarterly instalments 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

This facility carries mark-up rate at six months USD LIBOR plus a spread of 2.50% per annum. During the current year mark-up has ranged from 2.95% to 3.57% (2015: 2.83% to 2.95%) per annum.

12. LONG TERM DEPOSITS

These represent deposits received from dealers and are being utilized by the Group in accordance with the terms of dealership agreements.

	2016	2015
	(Rupees in thousand)	
13. DEFERRED TAXATION		
Deferred tax liability on taxable temporary differences arising in respect of:		
- accelerated tax depreciation on fixed assets	2,809,851	3,168,778
- surplus on revaluation of fixed assets	1,397,174	1,594,640
	4,207,025	4,763,418
Deferred tax asset on deductible temporary differences arising in respect of:		
- unused tax losses	-	(706,403)
- liabilities against assets subject to finance lease	(52,526)	(79,645)
- employees' retirement benefits	(29,826)	(29,287)
- provision for doubtful debts	-	(1,027)
- tax credits under section 113, 113C and 65B of Income Tax Ordinance, 2001 against normal tax charge in future years	-	(1,248,602)
	(82,352)	(2,064,964)
	4,124,673	2,698,454

13.1 Movement in deferred tax balances is as follows:

	2016	2015
At beginning of the year	2,698,454	2,208,403
Recognized in profit and loss account:		
- accelerated tax depreciation on fixed assets	(358,927)	(166,695)
- surplus on revaluation of fixed assets	(89,962)	(105,991)
- unused tax losses	706,403	1,417,957
- liabilities against assets subject to finance lease	27,119	(35,999)
- employees' retirement benefits	(1,083)	(652)
- provision for doubtful debts	1,027	1,334
- tax credits utilized / (tax credits) under section 113, 113C and 65B of Income Tax Ordinance, 2001	1,248,602	(597,190)
	1,533,179	512,764
Recognized in surplus on revaluation of fixed assets		
Effect of change in tax rate	-	(40,682)
Effect of change in proportion of local and export sales	(107,504)	-
Recognized in other comprehensive income:		
- employees' retirement benefits	544	(6,713)
- surplus on revaluation of fixed assets	-	24,682
	4,124,673	2,698,454

	Note	2016	2015
		(Rupees in thousand)	
14. RETIREMENT BENEFITS			
Accumulated compensated absences	14.1	57,059	41,138
Gratuity	14.2	62,724	68,550
		119,783	109,688

14.1 Accumulated compensated absences

		2016	2015
At beginning of the year		41,138	34,421
Provision for the year		23,809	15,184
Less: Payments made during the year		(7,888)	(8,467)
At end of the year		57,059	41,138

14.2 Gratuity

The latest actuarial valuation of the Group's defined benefit plan, was conducted on 30 June 2016 using projected unit credit method. Detail of obligation for defined benefit plan is as follows:

	Note	2016	2015
		(Rupees in thousand)	
The amounts recognized in the balance sheet are as follows:			
Present value of defined benefit obligation	14.2.1	131,316	137,998
Less: Fair value of plan assets	14.2.2	(68,592)	(69,448)
Net liability at end of the year		62,724	68,550
Net liability at beginning of the year		68,550	45,233
Charge to profit and loss account for the year	14.2.3	11,494	10,175
Charge to other comprehensive income for the year	14.2.3	(2,185)	22,638
Less: Contributions made during the year		(15,135)	(9,496)
Net liability at end of the year		62,724	68,550

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

		2016	2015
Present value of defined benefit obligations at beginning of the year		137,998	114,868
Current service cost for the year		5,548	4,809
Interest cost for the year		12,717	14,591
Actuarial (gain) / losses on present value of defined benefit obligations		(9,812)	13,226
Less: Benefits paid during the year		(15,135)	(9,496)
Present value of defined benefit obligation at end of the year		131,316	137,998

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

	2016	2015
	(Rupees in thousand)	
Fair value of plan assets at beginning of the year	69,448	69,635
Contributions made during the year	15,135	9,496
Expected return on plan assets for the year	6,771	9,225
Actuarial loss on plan assets	(7,627)	(9,412)
Less: Benefits paid during the year	(15,135)	(9,496)
Fair value of plan assets at end of the year	68,592	69,448

Fair value of plan assets are as follows:

	2016	2015
NIB Bank including accrued interest	37,000	37,000
NAFA Government Securities Liquid Fund	14,449	13,875
Trust Investment Bank including accrued interest	15,000	15,000
Cash at bank	2,143	3,573
	68,592	69,448

Plan assets comprise of:

	2016	2015
	(Percentage)	
Equity	21.06%	19.98%
Cash at bank	78.94%	80.02%
	100.00%	100.00%

14.2.3 Charge for the year

	2016	2015
	(Rupees in thousand)	
In profit and loss account		
Current service cost for the year	5,548	4,809
Interest cost for the year	12,717	14,591
Expected return on plan assets for the year	(6,771)	(9,225)
	11,494	10,175
In other comprehensive income		
Actuarial (gain) / losses on retirement benefits - net	(2,185)	22,638
	9,309	32,813

	2016	2015
	(Rupees in thousand)	
14.2.4 Movement in actuarial gain is as follows:		
At beginning of the year	-	-
Actuarial loss on plan assets	7,627	9,412
Actuarial (gain) / loss on defined benefit obligation	(9,812)	13,226
	(2,185)	22,638
Un recognized actuarial gain / (loss) on defined benefit obligation recognized in OCI	2,185	(22,638)
	-	-

Actuarial assumptions

The following are the principal actuarial assumptions at 30 June:

	2016	2015
	(Percentage)	
Discount rate used for year end obligations	7.25%	9.75%
Expected return on plan assets	9.75%	9.75%
Expected rate of growth per annum in future salaries	6.25%	8.75%
Expected mortality rate	SLIC 2001-2005 Setback 1 Year	SLIC 2001- 2005 Setback 1 Year
Retirement assumptions	60 Years	60 Years

14.3 The Group expects to charge Rs. 9.62 million to consolidated profit and loss account on account of defined benefit plan in 2017.

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 2016 would have been as follows:

	Gratuity	
	Impact on present value of defined benefit obligation	
	Increase	Decrease
	(Rupees in thousand)	
Discount rate + 100 bps	124,305	139,050
Future salary increase + 100 bps	139,050	124,178

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 At 30 June 2016, the weighted average duration of the defined benefit obligation was 6 years (2015: 6 years).

	Note	2016	2015
		(Rupees in thousand)	
15. TRADE AND OTHER PAYABLES			
Trade creditors		738,684	998,898
Bills payable - secured	15.1	53,375	1,170
Accrued liabilities	15.4	488,775	754,320
Advances from customers		246,502	182,349
Security deposits repayable on demand	15.2	54,076	49,958
Contractors' retention money		52,375	24,815
Royalty and Excise Duty payable		31,645	29,002
Payable to Provident Fund Trust		7,791	5,804
Other taxes payable		71,222	47,165
Sales Tax payable - net		312,220	386,416
Excise Duty payable		192,379	189,039
Unclaimed dividend		41,191	4,876
Preference dividend payable		1,013	1,019
Payable to Workers' Profit Participation Fund	15.3	766,299	468,894
Payable to Workers' Welfare Fund		131,539	5,487
Payable against redemption of preference shares		1,519	1,560
Other payables		28,144	13,101
		3,218,749	3,163,873

15.1 These are secured against the securities as detailed in note 18.2 to these consolidated financial statements.

15.2 This represents security deposits received from distributors and contractors of the Group. Distributors and contractors have given the Group a right to utilize deposits in ordinary course of business.

	2016	2015
	(Rupees in thousand)	
15.3 Payable to Workers' Profit Participation Fund		
At beginning of the year	468,894	304,437
Allocation and interest for the year	386,524	236,324
Less: Paid during the year	(89,119)	(71,867)
At end of the year	766,299	468,894

15.3.1 The outstanding WPPF liability includes Rs. 379.77 million being the left over amount out of the total WPPF liability of Rs. 468.89 million pertaining to the financial year ended 30 June 2012 to 30 June 2015. The amount is payable to the Workers Welfare Fund (WWF) as decided by the Honorable Lahore Court through order dated 04 May 2016.

15.4 This includes Rs. 190.29 million booked on account of Gas Infrastructure Development Cess (GIDC) for the period from September 2014 to December 2015. The Group, along with various other companies has challenged the legality and validity of levy and demand of GIDC in Honorable Lahore High Court which is pending adjudication. However, on a prudent basis, the Group has recorded the GIDC amount for the mentioned period. Further, due to non payment, default surcharge of Rs. 58.90 million for the period from June 2015 to June 2016 has been imposed on the Group, which has not been recorded in these consolidated financial statements based on the opinion of legal advisor. The management is hopeful that the Group will not be required to pay the default surcharge.

16. ACCRUED PROFIT / INTEREST / MARK-UP

	2016	2015
	(Rupees in thousand)	
Profit / interest / mark-up accrued on:		
- Long term loans	10,435	16,967
- Redeemable capital	440	23,672
- Syndicated term finances	9	4,381
- Liabilities against assets subject to finance lease	1,224	930
- Short term borrowings	24,699	62,182
	36,807	108,132

16.1 Interest / mark-up accrued on all loans are from conventional banks.

17. PROVISION FOR TAXATION - NET

	2016	2015
	(Rupees in thousand)	
At beginning of the year	137,252	(70,214)
Tax deducted / deposited at source	(333,710)	(154,386)
Advance income tax paid	(300,000)	(172,000)
	(496,458)	(396,600)
Less: Provision for taxation:		
- current	(647,042)	(593,464)
- prior	(52,732)	59,612
	(699,774)	(533,852)
	203,316	137,252

17.1 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 Group 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 Group. The appeal order has not yet been issued by the tax department in this respect.

17.2 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 Group has contested the rectification order in appeal before the ATIR, which has not been taken up for hearing to date.

17.3 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. The Honorable Lahore High Court has ordered that the tax department be restrained from taking any measures against the Group.

17.4 Through Order-In-Original No. 10/2011 dated 30 July 2011, Group'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 Group, 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 Group before the ATIR.

17.5 Group filed appeals before the ATIR against Commissioner Inland Revenue (CIR appeals) order for tax years 2009, 2010 and 2014. The ATIR have accepted all issues except for the issue of apportionment of expenses to dividend income and investment income which was remanded back to the taxation officer. The Group has filed an application with the tax department for issuance of appeal effects of aforementioned appellate order. The tax department has assailed the relief granted by CIR(A) to the Group before ATIR and these appeals are pending adjudication. We consider that reasonable grounds exist to support the Group`s position in respect of issues raised and thus out come of aforementioned appeals is expected to be favourable.

17.6 The Additional Commissioner Inland Revenue (ACIR) through a notice u/s 122(9) b/122(5A) of the Income Tax Ordinance 2001 dated 14 May 2016, initiated proceeding against the Group intending to amend the deemed assessment of various issues. Reply has been filed, however no amendment order has yet been passed by ACIR.

17.7 Through notice dated 19 February 2016 issued under section 122 (9) / 122 (5A) of the Income Tax Ordinance 2001, the Group was confronted on the issue of non-charging of Super Tax imposed under section 4B of the Income Tax Ordinance 2001. The subject notice was challenged by the Group through filling a writ petition before Honorable Lahore High Court. Further, Honorable Lahore High Court through its interim order, has directed the department not to pass any order in pursuance of the subject notice.

Based on opinion of the Group'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 consolidated financial statements.

	Note	2016	2015
		(Rupees in thousand)	
18. SHORT TERM BORROWINGS			
Banking and financial institutions:			
- Cash finance and others	18.2	1,398,000	2,468,579
- Running finance	18.2	9,707	75,388
Temporary bank overdrafts - unsecured	18.3	17,204	11,775
		1,424,911	2,555,742

18.1 All loans are interest / mark-up based from conventional banks.

18.2 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 Group, 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 will be expiring on various dates by 30 June 2017.

These facilities carry mark-up at the rates ranging from 4.25 % to 19.00 % (2015: 5.75 % to 24.00 %) per annum payable quarterly.

The Group has unavailed short term funded facilities aggregating Rs. 988 million (2015: 1,407 million) at the year end and the Group has unavailed facilities for opening of letters of credit / guarantee aggregating Rs. 2,938 million (2015: Rs.2,388 million) at the year end.

18.3 This represents temporary overdraft due to cheques issued by the Group at the reporting date.

19. CONTINGENCIES AND COMMITMENTS

19.1 Contingencies

19.1.1 The Group has filed writ petitions before the Honorable Lahore High Court against the legality of judgment passed by the Customs, Excise and Sales Tax Appellate Tribunal whereby the Group was held liable on account of wrongful adjustment of input sales tax on raw materials; the amount involved pending adjudication before the Honorable Lahore High Court is Rs.10.01 million. No provision has been made in these consolidated financial statements in respect of the matter as the management and the Group's legal advisor are confident that the ultimate outcome of this case will be in favor of the Group.

19.1.2 The Group 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 Group amounting to Rs. 12.35 million was rejected and the Group was held liable to pay an amount of Rs. 37.05 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 Group 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 Honorable Lahore High Court, upon the Group's appeal, vide its order dated 06 November 2001 has decided the matter in favor of the Group; however, the Collector of Customs has preferred a petition before the Honorable Sindh High Court, which is pending adjudication. No provision has been made in these consolidated financial statements in respect of the above stated amount as the management and the Group's legal advisor are confident that the ultimate outcome of this case will be in favor of the Group.

19.1.3 The Federal Board of Revenue (FBR) has filed an appeal before the Honorable Supreme Court of Pakistan against the judgment delivered by the Honorable Lahore High Court in favor of the Group in a writ petition. The Group, 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 Group 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 Group as undisputed liability. No provision has been made in these consolidated financial statements in respect of the above stated amount as the management and the Group's legal advisor are confident that the ultimate outcome of this case will be in favor of the Group.

19.1.4 The Customs Department has filed an appeal before the Honorable Supreme Court of Pakistan against the judgment of Honorable 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 Group had paid excess customs duties amounting to Rs. 7.35 million on these trucks. The appeal is pending adjudication before the Honorable Supreme Court of Pakistan. No provision has been made in these consolidated financial statements as the management and the Group's legal advisor are confident that the ultimate outcome of this case will be in favor of the Group.

19.1.5 The Group has filed an appeal before the Honorable Supreme Court of Pakistan against the judgment of the Division Bench of the Honorable 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 Honorable Supreme Court consolidated both the appeals and were set aside. Thereafter, law has been challenged in constitution petition in the Honorable Sindh High Court Karachi. Stay has been granted by the Honorable 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 Group's legal advisor are confident that the ultimate outcome of this case will be in favor of the Group.

19.1.6 Competition Commission of Pakistan, vide order dated 27 August 2009, has imposed penalty on twenty 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 Group. The Commission has alleged that provisions of section 4(1) of the Competition Commission Ordinance, 2007 have been violated. However, after the abeyance of Honorable 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 Group has filed a writ petition no. 15618/2009 before the Honorable Lahore High Court. No provision has been made in these consolidated financial statements as the management and the Group's legal advisor are confident that the ultimate outcome of this case will be in favor of the Group.

19.1.7 The Additional Collector, Karachi has issued show cause notice alleging therein that the Group 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 Group is liable to pay Government dues amounting to Rs. 5.55 million. The Group has submitted reply to the show cause notice and currently proceedings are pending before the Additional Collector. No provision has been made in these consolidated financial statements as the management and the Group's legal advisor are confident that the ultimate outcome of this case will be in favor of the Group.

19.1.8 The customs department has filed an appeal against the judgment dated 19 May 2009, passed in favor of the Group pursuant to which the Group is not liable to pay custom duty amounting to Rs. 0.59 million relating to import of some machinery vide L/C No. 0176-01-46-518-1201 in terms of SRO 484(1)/92 dated 14 May 1992, and SRO 978(1)/95 dated 04 October 1995. The appeal is pending before the Honorable Lahore High Court. No provision has been made in these consolidated financial statements as the management and the Group's legal advisor are confident that the ultimate outcome of this case will be in favor of the Group.

19.1.9 The Group has preferred an appeal against the order in original No. 576/99 dated 18 September 1999, whereby the Group was denied the benefit of SRO 484(1)/92 dated 14 May 1992, and SRO 978(1)/95 dated 04 October 1995. Accordingly the demand of Rs. 0.81 million was raised against the Group. Appeal was dismissed by Central Excise and Sales Tax Tribunal on 19 May 2009. The Group 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 consolidated financial statements as the management and the Group's legal advisor are confident that the ultimate outcome of this case will be in favor of the Group.

19.1.10 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 Group 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 Honorable Lahore High Court. Management and the Group's legal advisor are confident that the ultimate outcome of this case will be in favor of the Group.

19.1.11 The Honorable 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. 377.95 million (2015: Rs. 235.65 million). However, these financial statements does not include any adjustment to this effect since the Group is of the opinion that it does not come under the purview of the order of the Honorable Sindh High Court and that the Honorable Lahore High Court had already declared the above amendments unconstitutional via the case reported as 2011 PLD 2643.

19.1.12 Guarantees given by banks on behalf of the Group are of Rs. 463.32 million (2015: Rs. 412.75 million) in favor of Sui Northern Gas Pipeline Limited and Government Institutions.

19.1.13 Contingencies relating to tax matters are disclosed in note 17 to these consolidated financial statements.

	Note	2016	2015
		(Rupees in thousand)	
19.2 Commitments			
19.2.1 in respect of:			
- capital expenditure		3,561,571	11,373
- irrevocable letters of credit for spare parts		1,204,256	811,809
		4,765,827	823,182
20. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	20.1	22,409,641	23,604,525
Capital work-in-progress - at cost	20.6	1,201,848	116,016
Stores held for capitalization		7,437	-
		23,618,926	23,720,541
Movement in capital work-in-progress - at cost			
At beginning of the year		116,016	44,446
Additions during the year		1,382,632	288,200
Less: Transfers during the year	20.2	(296,800)	(216,630)
At end of the year	20.6	1,201,848	116,016

20.1 Operating fixed assets

	Cost / Revalued amount					Depreciation				Net book value at 30 June 2016
	At 01 July 2015	Additions	Disposals	At 30 June 2016	Rate	At 01 July 2015	For the year	Disposals	At 30 June 2016	
	---- Rupees in thousand ----				Percentage	---- Rupees in thousand ----				
Owned										
Freehold land										
- cost	56,810	-	-	56,810	-	-	-	-	-	56,810
- surplus on revaluation	373,286	-	-	373,286	-	-	-	-	-	373,286
	430,096	-	-	430,096		-	-	-	-	430,096
Buildings on freehold land										
- cost	4,550,741	217,969	(21,140)	4,747,570	5 - 10	1,826,601	198,789	(19,286)	2,006,104	2,741,466
- surplus on revaluation	303,364	-	(196)	303,168	5 - 10	70,589	12,869	(65)	83,393	219,775
	4,854,105	217,969	(21,336)	5,050,738		1,897,190	211,658	(19,351)	2,089,497	2,961,241
Roads, bridges and railway sidings										
- cost	95,583	1,344	-	96,927	5 - 10	71,968	2,432	-	74,400	22,527
- surplus on revaluation	3,854	-	-	3,854	5 - 10	1,715	210	-	1,925	1,929
	99,437	1,344	-	100,781		73,683	2,642	-	76,325	24,456
Plant and machinery										
- cost	24,740,485	471,254	(305,350)	24,906,389	5 - 20	11,007,926	1,190,571	(134,241)	12,064,256	12,842,133
- surplus on revaluation	7,312,566	-	(17,706)	7,294,860	5 - 20	1,576,969	335,113	(4,832)	1,907,250	5,387,610
	32,053,051	471,254	(323,056)	32,201,249		12,584,895	1,525,684	(139,073)	13,971,506	18,229,743
Furnitures, fixtures and equipment	304,288	70,754	(188)	374,854	10 - 30	162,861	26,293	(165)	188,989	185,865
Quarry equipment	197,795	-	(12,772)	185,023	20	173,444	4,869	(12,705)	165,608	19,415
Vehicles	171,091	47,989	(6,673)	212,407	20	75,356	23,484	(6,340)	92,500	119,907
Share of joint assets (note 19.3)	6,000	-	-	6,000	10	4,587	139	-	4,726	1,274
	38,115,863	809,310	(364,025)	38,561,148		14,972,016	1,794,769	(177,634)	16,589,151	21,971,997
Leased										
Plant and machinery										
- cost	679,676	-	-	679,676	5	220,923	22,938	-	243,861	435,815
- surplus on revaluation	2,852	-	-	2,852	5	927	96	-	1,023	1,829
	682,528	-	-	682,528		221,850	23,034	-	244,884	437,644
2016	38,798,391	809,310	(364,025)	39,243,676		15,193,866	1,817,803	(177,634)	16,834,035	22,409,641
Intangible assets	49,634	-	-	49,634	33	49,634	-	-	49,634	-
2016	49,634	-	-	49,634		49,634	-	-	49,634	-

	Cost / Revalued amount							Depreciation						
	At 01 July 2014	Adjustment due to revaluation surplus	Additions	Transfers	Disposals	At 30 June 2015	Rate	At 01 July 2014	Adjustment due to revaluation surplus	For the year	Transfers	Disposals	At 30 June 2015	Net book value at 30 June 2015
	Rupees in thousand						Percentage	Rupees in thousand						
Owned														
Freehold land														
- cost	56,810	-	-	-	-	56,810	-	-	-	-	-	-	-	56,810
- surplus on revaluation	370,715	2,571	-	-	-	373,286	-	-	-	-	-	-	-	373,286
	427,525	2,571	-	-	-	430,096		-	-	-	-	-	-	430,096
Buildings on freehold land														
- cost	4,455,087	-	126,368	-	(30,714)	4,550,741	5 - 10	1,652,560	-	192,337	-	(18,296)	1,826,601	2,724,140
- surplus on revaluation	268,193	36,094	-	-	(923)	303,364	5 - 10	44,578	14,080	12,124	-	(193)	70,589	232,775
	4,723,280	36,094	126,368	-	(31,637)	4,854,105		1,697,138	14,080	204,461	-	(18,489)	1,897,190	2,956,915
Roads, bridges and railway sidings														
- cost	94,129	-	1,454	-	-	95,583	5 - 10	69,518	-	2,450	-	-	71,968	23,615
- surplus on revaluation	3,092	762	-	-	-	3,854	5 - 10	939	564	212	-	-	1,715	2,139
	97,221	762	1,454	-	-	99,437		70,457	564	2,662	-	-	73,683	25,754
Plant and machinery														
- cost	24,154,093	-	466,063	280,000	(159,671)	24,740,485	5 - 20	9,855,355	-	1,163,779	81,065	(92,273)	11,007,926	13,732,559
- surplus on revaluation	7,214,003	112,266	-	-	(13,703)	7,312,566	5 - 20	1,202,340	43,963	335,431	-	(4,765)	1,576,969	5,735,597
	31,368,096	112,266	466,063	280,000	(173,374)	32,053,051		11,057,695	43,963	1,499,210	81,065	(97,038)	12,584,895	19,468,156
Furnitures, fixtures and equipment	251,258	-	61,982	-	(8,952)	304,288	10 - 30	150,404	-	19,214	-	(6,757)	162,861	141,427
Quarry equipment	197,795	-	-	-	-	197,795	20	167,356	-	6,088	-	-	173,444	24,351
Vehicles	126,339	-	59,247	-	(14,495)	171,091	20	70,531	-	16,615	-	(11,790)	75,356	95,735
Share of joint assets (note 19.3)	6,000	-	-	-	-	6,000	10	4,430	-	157	-	-	4,587	1,413
	37,197,514	151,693	715,114	280,000	(228,458)	38,115,863		13,218,011	58,607	1,748,407	81,065	(134,074)	14,972,016	23,143,847
Leased														
Plant and machinery														
- cost	959,676	-	-	(280,000)	-	679,676	5	277,843	-	24,145	(81,065)	-	220,923	458,753
- surplus on revaluation	-	2,852	-	-	-	2,852	5	-	925	2	-	-	927	1,925
	959,676	2,852	-	(280,000)	-	682,528		277,843	925	24,147	(81,065)	-	221,850	460,678
2015	38,157,190	154,545	715,114	-	(228,458)	38,798,391		13,495,854	59,532	1,772,554	-	(134,074)	15,193,866	23,604,525
Intangible assets	49,634	-	-	-	-	49,634	33	49,634	-	-	-	-	49,634	-
2015	49,634	-	-	-	-	49,634		49,634	-	-	-	-	49,634	-

20.2 Additions in operating fixed assets include transfers from capital work-in-progress amounting to Rs. 296.80 million (2015: Rs. 216.63 million).

20.3 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.

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

	Note	2016	2015
		(Rupees in thousand)	
Cost of sales	34	1,784,695	1,743,560
Administrative expenses	36	32,963	28,994
Capital work-in-progress	20.6	145	-
		1,817,803	1,772,554

20.5 Disposal of Property, plant and equipment

Particulars	Cost	Accumulated Depreciation	Net Book Value	Sale Value	Gain / (Loss)	Mode of Disposal	Particulars of Purchaser
	(------------ Rupees in thousand				------------)		
Plant and machinery							
Retainer plate	3,466	451	3,015	393	(2,622)	Auction	Imtiaz Traders
Side line, Rrotor for Pfister, Shut off gate, gripper assembly and chain strands set	6,221	2,482	3,739	488	(3,251)	Auction	Imtiaz Traders
Roller	9,664	2,798	6,866	895	(5,971)	Auction	Imtiaz Traders
Shaft	1,477	327	1,150	150	(1,000)	Auction	Imtiaz Traders
Service Stage	4,112	539	3,573	466	(3,107)	Auction	Imtiaz Traders
Hammer	1,403	190	1,213	158	(1,055)	Auction	Imtiaz Traders
Chain strand	3,481	437	3,044	397	(2,647)	Auction	Imtiaz Traders
Hose assembly, Seal ring and Gear wheel	513	64	449	59	(390)	Auction	Imtiaz Traders
Bearing	214	27	187	24	(163)	Auction	Imtiaz Traders
Sundries	4,038	564	3,474	453	(3,021)	Auction	Imtiaz Traders
Rrotor for Pfister, gripper assembly and chain strands set	2,004	963	1,041	539	(502)	Auction	Muhammad Mushtaq
Shoval	6,920	4,053	2,867	1,483	(1,384)	Auction	Muhammad Mushtaq
Cylinder	756	296	460	238	(222)	Auction	Muhammad Mushtaq
Transformer	6,222	2,319	3,903	3,300	(603)	Auction	S.N International Lahore
Side line, Shut off gate and gripper assembly	32,942	11,640	21,302	3,824	(17,478)	Auction	S.N International Lahore
Retainer plate	6,060	2,856	3,204	589	(2,615)	Auction	S.N International Lahore
Inlet sector	8,979	3,980	4,999	1,306	(3,693)	Auction	S.N International Lahore
Cylinder	10,402	2,376	8,026	988	(7,038)	Auction	S.N International Lahore
Gear box	3,873	1,569	2,304	1,011	(1,293)	Auction	S.N International Lahore
Wearing segments	10,795	4,352	6,443	2,829	(3,614)	Auction	S.N International Lahore
Compressor	7,739	2,382	5,357	363	(4,994)	Auction	S.N International Lahore
Testing equipment	11,502	4,040	7,462	747	(6,715)	Auction	S.N International Lahore
Hose assembly, Seal ring and gear wheel	4,050	1,918	2,132	180	(1,952)	Auction	S.N International Lahore
Carbide	35,945	23,075	12,870	1,295	(11,575)	Auction	S.N International Lahore
Majkor	28,900	18,732	10,168	1,018	(9,150)	Auction	S.N International Lahore
Air blaster	7,634	1,260	6,374	731	(5,643)	Auction	S.N International Lahore
Roller	1,143	256	887	102	(785)	Auction	S.N International Lahore
Normal element	3,731	1,949	1,782	204	(1,578)	Auction	S.N International Lahore
Rollers	6,747	5,128	1,619	186	(1,433)	Auction	S.N International Lahore
Shaft	2,319	257	2,062	123	(1,939)	Auction	S.N International Lahore
Bearing	5,168	1,339	3,829	536	(3,293)	Auction	S.N International Lahore
Sluice Assembly	9,763	1,047	8,716	520	(8,196)	Auction	S.N International Lahore
Sundries	25,227	12,701	12,526	1,278	(11,248)	Auction	S.N International Lahore
Shut off gate, gripper assembly and chain strands set	11,843	3,990	7,853	4,301	(3,552)	Insurance Claim	EFU General Insurance Ltd.
Majkor	27,656	15,573	12,083	6,617	(5,466)	Insurance Claim	EFU General Insurance Ltd.
Hammer	3,587	1,057	2,530	1,386	(1,144)	Insurance Claim	EFU General Insurance Ltd.
Air blaster	2,017	627	1,390	761	(629)	Insurance Claim	EFU General Insurance Ltd.
Wearing segments	3,698	985	2,713	1,486	(1,227)	Insurance Claim	EFU General Insurance Ltd.
Sundries	845	474	371	201	(170)	Insurance Claim	EFU General Insurance Ltd.
	323,056	139,073	183,983	41,625	(142,358)		

Particulars	Cost	Accumulated Depreciation	Net Book Value	Sale Value	Gain / (Loss)	Mode of Disposal	Particulars of Purchaser
	(------------ Rupees in thousand ------------)						
Vehicles							
Toyota Corolla	1,316	1,160	156	911	755	Auction	Mr. Malik Adnan Waheed
	1,316	1,160	156	911	755		
Buildings on freehold land							
Hostel rooms and offices	6,325	5,974	351	4,282	3,931	Auction	Maqsood Brothers Faisalabad
Offices and shed	4,030	3,448	582	58	(524)	Auction	S.N International Lahore
Wash room parts of Packing plant	807	142	665	67	(598)	Auction	S.N International Lahore
Hostel rooms	378	327	51	400	349	Auction	Malik Mehar Muhammad Naveed & Brothers
Old packing plant building (OW)	2,285	2,226	59	718	659	Auction	Maqsood Brothers Faisalabad
Burner platform	1,900	1,831	69	7	(62)	Auction	S.N International Lahore
RCC shed	1,136	998	138	14	(124)	Auction	S.N International Lahore
	16,861	14,946	1,915	5,546	3,631		
Quarry equipment							
Libherr Buldozer	10,649	10,585	64	50	(14)	Auction	M/s Hassan Khan & Co.
	10,649	10,585	64	50	(14)		
Other assets having book value below Rs. 50,000	12,143	11,870	273	8,195	7,922		
	12,143	11,870	273	8,195	7,922		
2016	364,025	177,634	186,391	56,327	(130,064)		
2015	228,458	134,074	94,384	70,267	(24,117)		

20.6 Capital work-in-progress - at cost

	2016	2015
	(Rupees in thousand)	
Civil works	509,042	97,880
Plant and machinery	5,171	5,171
Mechanical works	6,453	-
Electrical works	4,284	-
Other directly attributable costs:		
- security charges	613	-
- salaries and wages	19,123	-
- consultancy	11,249	-
- depreciation	145	-
- others	4,272	-
Advances to suppliers against:		
- civil works	144,544	-
- furniture and fixtures	11,043	-
- electrical items	33,929	-
- plant and machinery	441,832	9,788
- vehicles	1,891	3,177
- others	8,257	-
	1,201,848	116,016

	Note	2016	2015
		(Rupees in thousand)	

21. LONG TERM LOANS TO EMPLOYEES - SECURED

	Note	2016	2015
House building		3,261	3,677
Vehicles		2,553	2,628
Others		3,977	4,096
		9,791	10,401
Less: Current portion presented under current assets	26	(4,163)	(3,888)
		5,628	6,513

21.1 These loans are secured against employees' retirement benefits and carry interest at the rates ranging from 6% to 12% per annum (30 June 2015: 6% to 12 % per annum). These loans are recoverable in 30 to 120 monthly instalments.

21.2 This includes loans to executives amounting to Rs. 2.58 million (2015: Rs. 2.75 million). Further, no amount was due from Directors and Chief Executive at the year end (2015: Nil).

22. LONG TERM DEPOSITS

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

23. STORES, SPARE PARTS AND LOOSE TOOLS

	Note	2016 (Rupees in thousand)	2015
Stores	23.1	2,806,644	1,978,793
Spare parts		2,524,619	2,162,443
Loose tools		52,487	43,309
		5,383,750	4,184,545

23.1 Stores include items in transit amounting to Rs. 1,257.04 million (2015: Rs. 710.14 million).

24. STOCK-IN-TRADE

	2016 (Rupees in thousand)	2015
Raw material	38,793	38,975
Packing material	168,590	141,816
Work-in-process	395,257	697,357
Finished goods	283,252	397,110
	885,892	1,275,258
Less: Cement stock written off	(13,072)	(68,685)
	872,820	1,206,573

		Note	2016	2015
			(Rupees in thousand)	
25.	TRADE DEBTS			
	Considered good			
	Export - secured	25.1	46,947	67,655
	Local - unsecured		517,919	502,916
			564,866	570,571
	Considered doubtful			
	Local - unsecured		-	3,423
			576,866	573,994
	Less: Provision for doubtful trade debts		-	(3,423)
			564,866	570,571

25.1 These are secured against letters of credit.

		Note	2016	2015
26.	LOANS AND ADVANCES			
	Advances - unsecured, considered good			
	- Employees	26.1	39,587	19,897
	- Suppliers	26.2	761,417	961,466
			801,004	981,363
	Current portion of long term loans to employees	21	4,163	3,888
			805,167	985,251

26.1 This includes loan to executives amounting to Rs. 10.58 million (2015: Rs. 1.26 million). Further, there are no loans due from Directors and Chief Executive at end of the year (2015: Nil).

26.2 This includes an amount of Rs. 318.55 million (2015: Rs. 698.54 million) advanced to Ministry of Railways for transportation of coal and cement.

	Note	2016	2015
		(Rupees in thousand)	
27. SHORT TERM INVESTMENT			
Investment at fair value through profit or loss - listed securities			
Next Capital Limited: 1,500,000 (2015: 1,500,000) ordinary shares of Rs. 10 each Market value Rs. 8.00 per share (2015: Rs. 7.02 per share)			
Cost			
At beginning and end of the year		15,000	15,000
Unrealized fair value loss			
At beginning of the year		4,470	8,220
Fair value gain for the year	38	(1,470)	(3,750)
At end of the year		3,000	4,470
Fair value at 30 June		12,000	10,530
28. SHORT TERM DEPOSITS AND PREPAYMENTS			
Margin against:			
- letters of credit		9,353	6,891
- bank guarantees		59,229	59,104
Prepayments		1,890	21,852
Security deposits		1,122	1,122
		71,594	88,969

29. ACCRUED PROFIT

This represents profit accrued on deposits and PLS bank accounts at the rates ranging from 2.50% to 5.87% (2015: 3.92% to 5.87%) per annum.

	Note	2016	2015
		(Rupees in thousand)	
30. REFUNDS DUE FROM GOVERNMENT			
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 Group.

31. OTHER RECEIVABLES

	Note	2016	2015
		(Rupees in thousand)	
Due from the Ultimate Holding Company - unsecured	31.1	21,311	26,730
Others		131,836	103,876
		153,147	130,606

31.1 This carries interest at 1% (2015: 1%) in addition to the average borrowing rate of the Group.

32. CASH AND BANK BALANCES

	Note	2016	2015
		(Rupees in thousand)	
- Cash in hand in local currency		11,222	2,290
- Cash in hand in foreign currency		473	-
		11,695	2,290
Cash at bank:			
Current accounts:			
- foreign currency		3,206	9,838
- local currency	32.1	235,203	116,307
		238,409	126,145
Deposit accounts	32.2	191,624	115,965
		430,033	242,110
		441,728	244,400

32.1 These include deposits amounting to Rs. 12.32 million (2015: Rs. 6.02 million) placed under an arrangement permissible under Shariah.

32.2 These carry return at 2.50% to 5.87% (2015: 3.92% to 5.87%) per annum. These include deposits amounting to Rs. 100.50 million (2015: Rs. 72.76 million) placed under an arrangement permissible under Shariah. Remaining balances represent deposits with conventional banks.

33. SALES - NET

	2016	2015
	(Rupees in thousand)	
Gross local sales	25,591,053	21,961,340
Less:		
Federal Excise Duty	(1,194,966)	(935,201)
Sales Tax	(4,144,108)	(3,590,939)
Discount	(166,723)	(110,917)
Commission	(118,534)	(147,147)
	(5,624,331)	(4,784,204)
Net local sales	19,966,722	17,177,136
Export sales	3,449,474	3,542,918
	23,416,196	20,720,054

34. COST OF GOODS SOLD

	Note	2016	2015
		(Rupees in thousand)	
Raw materials consumed	34.1	827,364	789,966
Packing materials consumed		1,458,266	1,352,557
Fuel		4,032,659	4,329,330
Power and associated costs		2,650,949	2,780,386
Stores, spare parts and loose tools consumed		929,224	1,026,194
Salaries, wages and other benefits	34.2	687,679	561,940
Rent, rates and taxes		26,254	27,163
Insurance		53,172	55,964
Repairs and maintenance		385,427	381,607
Depreciation	20.4	1,784,695	1,743,560
Vehicles running and maintenance		79,326	83,882
Cement stock written off		13,072	68,685
Other expenses	34.3	128,231	135,643
		13,056,318	13,336,877
Work in process:			
At beginning of the year		697,357	697,455
At end of the year		(395,257)	(697,357)
		302,100	98
Cost of goods manufactured		13,358,418	13,336,975
Finished goods:			
At beginning of the year		328,425	284,566
At end of the year		(283,252)	(397,110)
		45,173	(112,544)
Cost of goods sold		13,403,591	13,224,431

34.1 Raw materials consumed

	2016	2015
At beginning of the year	38,975	56,085
Add: Purchases made during the year	827,182	772,856
	866,157	828,941
Less: At end of the year	38,793	38,975
	827,364	789,966

34.2 Salaries, wages and other benefits expense includes contribution to provident fund trust amounting to Rs. 27.27 million (2015: Rs. 20.46 million) and gratuity and compensated absence amounting to Rs. 8.37 million (2015: Rs. 18.62 millio n).

34.3 Other expenses include housing colony expenses aggregating to Rs. 67.35 million (2015: Rs. 70.51 million).

	Note	2016	2015
		(Rupees in thousand)	
35. DISTRIBUTION COST			
Salaries, wages and other benefits	35.1	93,677	77,217
Travelling and conveyance		54,730	55,880
Vehicle running and maintenance		13,009	11,607
Postage, telephone and fax		5,769	7,969
Printing, stationery and office supplies		3,415	1,940
Entertainment		6,799	4,145
Repair and maintenance		2,359	3,140
Advertisement and sale promotions		140,451	59,776
Freight and forwarding		1,027,561	1,076,787
Other expenses		12,126	15,235
		1,359,896	1,313,696

35.1 Salaries, wages and other benefits expense includes contribution to Provident Fund Trust amounting to Rs. 3.57 million (2015: Rs. 2.60 million) and gratuity and compensated absence amounting to Rs. 0.41 million (2015: Rs. 2.76 million).

	Note	2016	2015
		(Rupees in thousand)	
36. ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits	36.1	163,858	133,038
Travelling		82,578	29,830
Vehicle running and maintenance		23,511	19,759
Postage, telephone and fax		17,888	12,056
Printing, stationery and office supplies		22,355	15,578
Entertainment		32,585	18,016
Repair and maintenance		14,395	14,353
Legal and professional charges	36.2	46,525	24,826
Depreciation	20.4	32,963	28,994
Rent, rates and taxes		227	998
Bad debts written off		-	27,714
Other expenses		71,377	56,201
		508,262	381,363

36.1 Salaries, wages and other benefits expense includes contribution to Provident Fund Trust amounting to Rs. 6.64 million (2015: Rs. 5.49 million) and gratuity and compensated absence amounting to Rs. 2.71 million (2015: Rs. 3.98 million).

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

	2016	2015
	(Rupees in thousand)	
Annual statutory audit	1,450	1,200
Interim audit and other certification	1,458	350
Out of pocket expenses	425	200
	3,333	1,750

36.3 The Group has shared expenses aggregating Rs. 14.97 million (2015: Rs. 16.98 million) on account of combined offices with the Ultimate Holding Company. These expenses have been recorded in respective account.

37. OTHER CHARGES

	Note	2016 (Rupees in thousand)	2015 (Rupees in thousand)
Donation	37.1	16,991	2,746
Workers' Profit Participation Fund (WPPF)		386,524	236,324
Workers' Welfare Fund (WWF)		126,052	-
Loss on disposal of property, plant and equipment		130,064	24,117
		659,631	263,187

37.1 Donations for the year have been given to:

	2016	2015
Pakistan Air Force (PAF) Mianwali	1,402	1,403
Miscellaneous donations in the form of cement	993	910
Lahore University of Management Sciences (LUMS)	-	100
Punjab Institute of Cardiology (PIC) Lahore	10,000	-
National Tennis Academy	-	333
Police Line Mianwali	2,600	-
Civil Hospital Mianwali	1,971	-
Bushra Shaheen	25	-
	16,991	2,746

37.1.1 None of the Directors of the Group or their spouse have any interest in donees.

38. OTHER INCOME

	Note	2016 (Rupees in thousand)	2015 (Rupees in thousand)
Income from financial assets			
Profit on bank deposits	38.1	15,258	14,459
Interest on advances to the Ultimate Holding Company		1,231	-
Unrealized gain on re-measurement of short term investment		1,470	3,750
Reversal of provision against doubtful debts		3,423	5,157
Profit on long term investment		-	324
		21,382	23,690
Income from non-financial assets			
Sale of scrap		2,186	19,226
Miscellaneous		2,898	3,257
		5,084	22,483
		26,466	46,173

38.1 This includes profit earned on deposits under an arrangements which are permissible under Shariah amounting to Rs. 3.65 million (2015: Rs. 4.24 million). The remaining profit relates to interest / markup based arrangement from conventional banks.

39. FINANCE COST

	Note	2016 (Rupees in thousand)	2015 (Rupees in thousand)
Profit / interest / mark up on:			
- Long term loans and finances		19,694	60,199
- Redeemable capital		180,382	521,232
- Syndicated term finances		12,334	97,548
- Liabilities against assets subject to finance lease		23,860	16,561
- Short term borrowings	39.1	136,248	288,001
		372,518	983,541
Exchange loss - net	39.2	27,635	47,564
Bank and other charges		35,377	51,534
		435,530	1,082,639

39.1 This includes interest expense Nil (2015: Rs. 0.29 million) on amount due to the Ultimate Holding Company.

39.2 This represents exchange loss incurred on actual currency transactions.

40. TAXATION

	2016 (Rupees in thousand)	2015 (Rupees in thousand)
Income tax		
- current	647,042	593,464
- prior	52,732	(59,612)
	699,774	533,852
Deferred		
- current	1,533,179	650,356
- prior	-	(137,592)
	1,533,179	512,764
	2,232,953	1,046,616

40.1 Tax charge reconciliation

Numerical reconciliation between tax expense and accounting profit:

	2016	2015
Profit before taxation	7,075,752	4,500,911
Applicable tax rate as per Income Tax Ordinance, 2001	32%	33%
Tax on accounting profit	2,264,241	1,485,301
Effect of final tax regime	(236,102)	(275,876)
Change in proportion of local and export sales	(74,414)	339,410
Super tax	213,125	-
Tax rate adjustment	-	(305,015)
Effect of prior year adjustment	52,732	(197,204)
Others	13,371	-
	2,232,953	1,046,616

40.2 The Finance Act, 2015 introduced a new tax under Section 5A of the Income Tax Ordinance, 2001 on every public company other than a scheduled bank or modaraba, that derives profits for tax year and does not distribute cash dividend within six months of the end of said tax year or distribute dividends to such an extent that its reserves, after such distribution, are in excess of 100% of its paid up capital. However, this tax on undistributed reserves is not applicable to a public company which distributes profit equal to either 40 percent of its after tax profits or 50% of its paid up capital, whichever is less, within six months of the end of the tax year.

As explained in note 50 to the consolidated financial statements, the Board of Directors in their meeting held on September 05, 2016 has recommended sufficient cash dividend for the year ended 30 June 2016 which complies with the above stated requirements. Accordingly, no provision for tax on undistributed reserves has been recognized in these consolidated financial statements for the year ended 30 June 2016.

40.3 Earnings per share - basic and diluted	Unit	2016	2015
40.3.1 Basic earnings per share			
Profit after taxation	Rupees in '000	4,842,799	3,454,295
Weighted average number of ordinary shares	No. of shares in '000	527,734	527,734
	Rupees	9.18	6.55

41. CASH AND CASH EQUIVALENTS

	Note	2016 (Rupees in thousand)	2015 (Rupees in thousand)
Short term running finance	18	(9,707)	(75,388)
Cash and bank	32	441,728	244,400
		432,021	169,012

42. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties comprise of the Ultimate Holding Company, associated companies, directors, key management personnel, employee benefits fund and other companies where directors have significant influence.

Details of transactions and balances with related parties except those disclosed else where in these consolidated financial statements are as follows:

	2016 (Rupees in thousand)	2015 (Rupees in thousand)
Ultimate Holding company (Kohinoor Textile Mills Limited)		
Sale of goods and services	25,297	28,579
Markup charged during the year	1,230	-
Dividend paid	728,526	306,410
Balance at the year end - receivable	21,311	26,730
Key management personnel		
Remuneration and other benefits	312,388	198,793
Other related parties		
Dividend paid	4,738	1,894
Post employment benefit plans		
Contributions to Provident Fund Trust	82,494	67,721
Balance of Provident Fund Trust	7,791	5,804
Payments to Employees Gratuity Fund Trust	15,135	9,496
Balance of Employees Gratuity Fund Trust	62,724	68,550

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

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

	2016				
	Directors				
	Chairman	Chief Executive	Executive	Non-Executive	Executives
	(------------------------ Rupees in thousand -----------------------)				
Short term benefits					
Managerial remuneration	12,960	9,360	6,806	-	171,769
House rent	1,920	480	509	-	62,549
Medical	-	-	52	-	3,527
Conveyance	-	1,473	452	-	21,396
Utilities	1,120	120	254	-	13,232
	16,000	11,433	8,073	-	272,473
Post employment benefits					
Contribution to Provident Fund Trust	1,072	852	509	-	13,982
	17,072	12,285	8,582	-	286,455
Numbers	1	1	1	5	157

	2015				
	Directors				
	Chairman	Chief Executive	Executive	Non-Executive	Executives
	(------------------------ Rupees in thousand -----------------------)				
Short term benefits					
Managerial remuneration	7,776	9,360	5,202	-	98,340
House rent	1,152	480	385	-	34,346
Medical	-	-	82	-	2,640
Conveyance	-	1,152	467	-	17,333
Utilities	672	120	193	-	8,660
	9,600	11,112	6,329	-	161,319
Post employment benefits					
Contribution to Provident Fund Trust	643	852	385	-	8,553
	10,243	11,964	6,714	-	169,872
Numbers	1	1	1	5	97

43.1 The Chairman, Chief Executive, Directors and some of the Executives are also provided with the Group's maintained cars in accordance with their terms of employment.

43.2 Aggregate amount charged in these consolidated financial statements in respect of meeting fee paid to Directors aggregated to Rs. 0.19 million (2015: Rs. 0.17 million).

44. CAPACITY AND PRODUCTION

	Capacity		Actual Production	
	2016	2015	2016	2015
	------------------- Metric tons ------------------			
Clinker	3,360,000	3,360,000	3,092,793	2,824,854

Lower capacity utilization of cement plant is due to gap between demand and supply of cement. The capacity of plant has been determined on the basis of 300 days.

45. OPERATING SEGMENT

Information about operating segment

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

Geographical information

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

	2016	2015
	(Percentage)	
Geographical area		
Asia	97.84%	96.56%
Africa	2.16%	3.44%
	100.00%	100.00%

All assets of the Group as at 30 June 2016 are located in Pakistan.

46. FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

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

The Group's risk management policies are established to identify and analyze the risks faced by the Group, 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 Group's activities. The Group, 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 Group'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 Group's audit committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. 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.

46.1 Credit risk and concentration of credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. To manage credit risk the Group 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.

46.1.1 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:

	2016	2015
	(Rupees in thousand)	
Financial asset at fair value through profit and loss account		
Short term investments	12,000	10,530
Loans and receivables		
Security deposits	55,867	55,058
Trade debts	564,866	570,571
Long term loans to employees	9,791	10,401
Short term deposits	69,704	67,117
Accrued profit	1,857	963
Other receivables	72,546	49,410
Bank balances	430,033	242,110
	1,204,664	995,630
	1,216,664	1,006,160

46.1.2 Concentration of credit risk

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

	2016	2015
	(Rupees in thousand)	
Customers	564,866	570,571
Banking companies and financial institutions	498,615	308,105
Others	153,183	127,484
	1,216,664	1,006,160

46.1.3 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.

46.1.3(a) Counterparties with external credit ratings

These include banking companies and financial institutions. 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 Group. Following are the credit ratings of counterparties with external credit ratings:

	Rating			2016	2015
	Short term	Long term	Agency	(Rupees in thousand)	
Banks					
Bank balances					
Allied Bank Limited	A1+	AA+	PACRA	64,120	5,293
Askari Bank Limited	A1+	AA+	PACRA	35,251	5
Bank Al-Habib Limited	A1+	AA+	PACRA	55,081	77,991
Bank Alfalah	A1+	AA	PACRA	14,870	10,583
BankIslami Pakistan Limited	A1+	A+	PACRA	100,495	72,741
Bank of Punjab	A1+	AA-	PACRA	14,907	513
Burj Bank Limited	A-2	BBB+	JCR-VIS	741	9
Dubai Islamic Bank Pakistan Limited	A-1	A+	JCR-VIS	9	741
Faysal Bank Limited	A1+	AA	PACRA	369	764
Habib Bank Limited	A-1+	AAA	JCR-VIS	1,435	299
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	1,459	12,953
KASB Bank Limited	-	-	-	5	16
Meezan Bank Limited	A-1+	AA	JCR-VIS	663	1,933
MCB Bank Limited	A1+	AAA	PACRA	62,544	6,970
National Bank of Pakistan	A1+	AAA	PACRA	30,845	4,234
NIB Bank Limited	A1+	AA-	PACRA	36,764	27,983
Silk Bank Limited	A-2	A-	JCR-VIS	9	494
Soneri Bank Limited	A1+	AA-	PACRA	1,265	1,402
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	5,352	3,827
Summit Bank Limited	A-1	A-	JCR-VIS	25	72
United Bank Limited	A-1+	AAA	JCR-VIS	2,924	12,287
UMicro finance Bank Limited	A-2	A-	JCR-VIS	900	1,000
Total				430,033	242,110
Margin against bank guarantees					
Allied Bank Limited	A1+	AA+	PACRA	1,700	1,700
United Bank Limited	A-1+	AAA	JCR-VIS	31,214	31,214
Summit Bank Limited	A-1	A-	JCR-VIS	12,792	12,792
Trust Investment Bank	-	-	-	5,344	5,344
Soneri Bank Limited	A1+	AA-	PACRA	5,000	5,000
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	1,964	1,964
NIB Bank Limited	A1+	AA-	PACRA	1,215	1,090
				59,229	59,104
Margin against letters of credit					
Soneri Bank Limited	A1+	AA-	PACRA	-	1
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	2,877	6,649
Allied Bank Limited	A1+	AA+	PACRA	4,050	241
NIB Bank Limited	A1+	AA-	PACRA	2,426	-
				9,353	6,891

46.1.3(b) Counterparties without external credit ratings

These include customers which are counter parties to local and foreign trade debts against sale of cement. Out of gross trade debts of Rs. 576.86 million (2015: Rs. 573.99 million), trade debts that are subject to credit risk amount to Rs. 517.92 million (2015: Rs. 502.92 million). The analysis of ages of trade debts of the Group as at the reporting date is as follows:

	2016		2015	
	Gross	Impairment	Gross	Impairment
	------------------- (Rupees in thousand) -------------------			
The aging of trade debts at the reporting date is:				
Not past due	268,857	-	300,876	-
Past due 1 to 30 days	191,652	-	146,844	-
Past due 30 to 150 days	18,965	-	57,737	-
Past due 150 days	97,387	-	68,537	3,423
	576,861	-	573,994	3,423

Customer credit risk is managed by each business unit subject to the Group'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.

46.2 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 Group. Management closely monitors the Group'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 Group's short, medium and long-term funding and liquidity management requirements. The Group 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 18.2 to these consolidated financial statements is a listing of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

46.2.1 Exposure to liquidity risk

46.2.1(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 exchange rates and exclude the impact of netting agreements.

	2016				
	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	Above 5 years
	(Rupees in thousand)				
Non-derivative financial liabilities					
Long term loans from banking companies	927,298	1,296,963	69,060	892,426	335,477
Liabilities against assets subject to finance lease	646,762	684,275	188,196	496,079	-
Long term deposits	6,499	6,499	-	6,499	-
Trade and other payables	1,466,943	1,466,943	1,466,943	-	-
Accrued profit / interest / mark-up	36,807	36,807	36,807	-	-
Short term borrowings	1,424,911	1,424,911	1,424,911	-	-
	4,509,220	4,916,397	3,185,917	1,395,004	335,477

	2015				
	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	Above 5 years
	(Rupees in thousand)				
Non-derivative financial liabilities					
Long term loans from banking companies	155,257	167,505	128,799	38,706	-
Redeemable capital	3,433,011	3,760,573	1,754,490	2,006,083	-
Syndicated term finances	433,500	455,029	455,029	-	-
Liabilities against assets subject to finance lease	757,049	809,841	152,270	657,571	-
Long term deposits	6,619	6,619	-	6,619	-
Trade and other payables	1,855,521	1,855,521	1,855,521	-	-
Accrued profit / interest / mark-up	108,132	108,132	108,132	-	-
Short term borrowings	2,555,742	2,555,742	2,555,742	-	-
	9,304,831	9,718,962	7,009,983	2,708,979	-

46.3 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 Group'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.

46.3.1 Currency risk

The Group 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 Group. The functional currency of the Group is Pak Rupee. The currencies in which these transactions are primarily denominated are Euros and US dollars.

46.3.1(a) Exposure to currency risk

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

	2016					
	GBP	CHF	EURO	USD	YEN	RUPEES
	in thousand					
Assets						
Trade debts	-	-	-	449	-	46,947
Cash and bank	2	-	-	33	-	3,680
	2	-	-	482	-	50,627
Liabilities						
Liabilities against assets subject to finance lease	-	-	-	(6,177)	-	(646,762)
Creditors and bills payables	-	-	(23)	-	-	(2,670)
Net balance sheet exposure	2	-	(23)	(5,695)	-	(598,805)
Off balance sheet items						
Outstanding letters of credit	-	55	5,547	28,403	-	3,624,798
Net exposure	2	55	5,524	22,708	-	3,025,993

	2015					
	GBP	CHF	EURO	USD	YEN	RUPEES
	in thousand					
Assets						
Trade debts	-	-	-	667	-	67,655
Cash at bank	-	-	-	97	-	9,838
	-	-	-	764	-	77,493
Liabilities						
Liabilities against assets subject to finance lease	-	-	-	(7,444)	-	(757,049)
Creditors and bills payables	-	-	(23)	-	-	(2,617)
Net balance sheet exposure	-	-	(23)	(6,680)	-	(682,173)
Off balance sheet items						
Outstanding letters of credit	-	(1,485)	(1,899)	(4,188)	(8,600)	(811,809)
Net exposure	-	(1,485)	(1,922)	(10,868)	(8,600)	(1,493,982)

46.3.1(b) Exchange rates applied during the year

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

	2016		
	Reporting date spot rate		Average rate
	Buying	Selling	for the year
CHF	116.64	106.85	97.88
EURO	116.08	116.31	115.61
USD	104.50	104.70	104.50
YEN	1.017	1.019	0.902
GBP	140.12	140.39	152.24

	2015		
	Reporting date spot rate		Average rate
	Buying	Selling	for the year
CHF	109.42	109.64	107.68
EURO	113.57	113.79	121.10
USD	101.50	101.70	101.51
YEN	0.829	0.821	0.883

46.3.1(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 at the balance sheet. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Profit	
	2016	2015
	(Rupees in thousand)	
EURO	(268)	(21,870)
USD	(59,627)	(110,528)
YEN	-	(705)
CHF	-	(16,282)
GBP	28	-
	(59,867)	(149,385)

46.3.1(d) Currency risk management

Since the maximum amount exposed to currency risk is only 2.81% (2015: 3.86%) of the Group'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.

46.3.2 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.

46.3.2(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 consolidated financial statements. The Group's interest / mark-up bearing financial instruments as at the reporting date are as follows:

		2016		2015	
		Financial assets	Financial liabilities	Financial assets	Financial liabilities
	Note	----------- Rupees in thousand -----------			
Non-derivative financial instruments					
Short term borrowings - ERF	18	-	1,398,000	-	1,348,000
Bank balances at PLS accounts	32	191,624	-	115,965	-
		191,624	1,398,000	115,965	1,348,000

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

Fair value sensitivity analysis for fixed rate instruments

The Group 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.

46.3.2(b) Variable rate financial instruments

		2016		2015	
		Financial assets	Financial liabilities	Financial assets	Financial liabilities
	Note	----------- Rupees in thousand -----------			
Non-derivative financial instruments					
Long term loans	8	-	927,298	-	155,257
Redeemable capital	9	-	-	-	3,433,011
Syndicated term finances	10	-	-	-	433,500
Liabilities against assets subject to finance lease	11	-	646,762	-	757,049
Short term borrowings	18	-	9,707	-	1,195,967
		-	1,583,767	-	5,974,784

The related profit / mark-up / interest rates for fixed rate financial instruments are indicated in the related notes to the consolidated 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 2015.

	Profit	
	2016	2015
	(Rupees in thousand)	
Increase of 100 basis points		
Variable rate instruments	(15,838)	(59,748)
Decrease of 100 basis points		
Variable rate instruments	15,838	59,748

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

46.3.2(c) Interest rate risk management

The Group manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The Group's significant borrowings are based on variable rate pricing that is mostly dependent on Karachi Inter Bank Offer Rate ("KIBOR") as indicated in respective notes.

46.3.3 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.

46.3.3(a) Investments exposed to price risk

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

	2016	2015
	(Rupees in thousand)	
Investment in equity securities	12,000	10,530

46.3.3(b) Sensitivity analysis

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

	Equity	
	2016	2015
	(Rupees in thousand)	
Short term investment at fair value through profit and loss account		
Effect of increase	1,200	1,053
Effect of decrease	(1,200)	(1,053)

46.3.3(c) Price risk management

The Group 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.

46.4 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Group is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Group to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).

- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).

- Unobservable inputs for the asset or liability (level 3).

46.5 Financial instruments-fair values

The additional disclosures due to the adoption of IFRS 13 Fair value measurement are as follows :

		Carrying Amount				Fair Value		
	Note	Fair Value through Income Statement	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
		- - - - - - - - - - - - - - - - - Rupees in thousand - - - - - - - - - - - - - - - - -						
On-Balance sheet financial instruments								
30 June 2016								
Financial assets measured at fair value								
Short term investments		12,000	-	-	12,000	12,000	-	-
		12,000	-	-	12,000	12,000	-	-
Financial assets not measured at fair value								
Cash and bank balances		-	441,728	-	441,728	-	-	-
Long term loans to employees		-	9,791	-	9,791	-	-	-
Short term deposits		-	69,704	-	69,704	-	-	-
Other receivables		-	72,546	-	72,546	-	-	-
Accrued profit		-	1,857	-	1,857	-	-	-
Long term deposits		-	55,867	-	55,867	-	-	-
Trade debts - unsecured, considered good		-	564,866	-	564,866	-	-	-
	46.6	-	1,216,359	-	1,216,359	-	-	-
Financial liabilities measured at fair value		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
Financial liabilities not measured at fair value								
Long term finances		-	-	927,298	927,298	-	-	-
Liabilities against assets subject to finance lease		-	-	646,762	646,762	-	-	-
Trade and other payables		-	-	1,466,943	1,466,943	-	-	-
Short term borrowing		-	-	1,424,911	1,424,911	-	-	-
Long term deposits		-	-	6,499	6,499	-	-	-
Accrued mark up		-	-	36,807	36,807	-	-	-
	46.6	-	-	4,509,220	4,509,220	-	-	-

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

Freehold land, buildings on freehold land, roads, bridges and railway sidings, plant and machinery have been carried at revalued amounts determined by professional valuers (level 3 measurement) based on their assessment of the market values as disclosed in note 7.1. The valuations are conducted by the valuation experts appointed by the Group. The valuation experts used a market based approach to arrive at the fair value of the Group's properties. For revaluation of freehold land fair market value was assessed through inquiries to real estate agents and property dealers in near vicinity of freehold land. Different valuation methods and exercises were adopted according to experience, location and other usage of freehold land. Valuer had also considered all relevant factors as well. In case of buildings on freehold land, roads, bridges and railway sidings, construction specifications were noted for each building and structure and new construction rates are applied according to construction specifications for current replacement values. After determining current replacement values, depreciation was calculated to determine the current assessed market value. For revaluation of plant and machinery, suppliers and different cement plant consultants in Pakistan and abroad were contacted to collect information regarding current prices of comparable cement plant to determine current replacement value. Fair depreciation factor for each item is applied according to their physical condition, usage and maintenance. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these consolidated financial statements.

47. 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 Group defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Group'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 Group 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 Group may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

	Unit	2016	2015
Total debt	Rupees in '000	2,998,971	7,334,559
Less: Cash and bank balances		441,728	244,400
Net debt		2,557,243	7,090,159
Total Equity	Rupees in '000	16,708,094	12,911,658
Total capital employed	Rupees in '000	19,265,337	20,001,817
Gearing	Percentage	13.27%	35.45%

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 Group's approach to capital management during the year. The Group is not subject to externally imposed capital requirements.

48. PROVIDENT FUND TRUST

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

	Un-audited 2016	Audited 2015
	(Rupees in thousand)	
Size of the fund - total assets	502,058	473,432
Cost of investments made	467,708	449,328
Percentage of investments made	97.70%	97.58%
Fair value of investments	490,489	461,985

The break-up of fair value of investments is:

	2016		2015	
	Rs. in thousand	Percentage	Rs. in thousand	Percentage
Shares in quoted securities	84,710	17.27%	79,734	17.26%
Bank balances	9,495	1.94%	8,710	1.89%
Term deposit receipts	130,000	26.50%	130,000	28.14%
Government securities	212,919	43.41%	193,974	41.99%
Mutual funds	53,365	10.88%	49,567	10.73%
	490,489	100.00%	461,985	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.

49. NUMBER OF EMPLOYEES

The total and average number of employees of the Group during the year and as at 30 June 2016 and 2015 respectively are as follows:

	2016	2015
Average number of employees during the year	1,122	1,072
Total number of employees as at 30 June	1,180	1,107

50. NON ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors of the Group in its meeting held on September 05, 2016 has proposed a final cash dividend of Rs. 2.50 per share, for the year ended 30 June 2016, for approval of the members in the Annual General Meeting to be held on October 31, 2016.

51. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue by the Board of Directors of the Group in their meeting held on September 05, 2016.

52. GENERAL

Figures in the consolidated 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 56th Annual General Meeting of the Company to be held at its Registered Office, 42-Lawrence Road, Lahore on Monday, October 31, 2016 at 11:00 AM and any adjournment thereof.

As witnessed given under my/our hand(s) ______________ day of October 2016.

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 reach 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

میپل لیف سیمنٹ فیکٹری لمیٹڈ

42-لارنس روڈ، لاہور

تشکیلِ نیابت داری

میں/ہم --

ساکن --

بحیثیت حصہ دار میپل لیف سیمنٹ فیکٹری لمیٹڈ --
(ممبر کا نام)

ساکن -------------------------------- یا بصورت دیگر --------------------
(ممبر کا نام)

ساکن -- کو اپنی جگہ بروز سوموار 31 اکتوبر 2016 کو دن

کے 11:00 بجے رجسٹرڈ آفس 42-لارنس روڈ لاہور میں منعقدہ یا ملتوی ہونے والے 56 ویں اجلاس عام میں شرکت کرنے، بولنے اور ووٹ دینے

کے لیے اپنا نمائندہ مقرر کرتا/کرتی ہوں۔

دستخط ----------------- مورخہ ------ اکتوبر 2016
(ممبر/مجاز افسر)

5 روپے کا رسیدی ٹکٹ
چسپاں کر کے دستخط کریں

گواہان

1. دستخط ---------------------------------- 2. دستخط ----------------------------------

نام ---------------------------------- نام ----------------------------------

شناختی کارڈ نمبر ---------------------------------- شناختی کارڈ نمبر ----------------------------------

پتہ ---------------------------------- پتہ ----------------------------------

حامل عام حصص --------------------

سی ڈی سی کا شراکتی آئی ڈی اور اکاؤنٹ نمبر ------------------ فولیو نمبر ------------------

کمپیوٹرائزڈ شناختی کارڈ نمبر | | | | | | - | | | | | | | | - | |

نوٹس:

(ا) پراکسیز کے مؤثر ہونے کیلئے لازم ہے کہ وہ اجلاس سے 48 گھنٹے قبل بمعہ دستخط گواہان اور رسیدی ٹکٹ کمپنی کو موصول ہو جانی چاہئیں۔

(۲) سی ڈی سی حصص داران اجلاس ہذا میں شرکت کرنے، بولنے اور ووٹ دینے کیلئے اہل ہیں اور اپنی شناخت ثابت کرنے کے لیے اپنے اصلی کمپیوٹرائزڈ قومی شناختی کارڈ/ پاسپورٹ ساتھ لائیں اور پراکسی کی صورت میں اپنے کمپیوٹرائزڈ قومی شناختی کارڈ/ پاسپورٹ کی تصدیق شدہ کاپی ساتھ لگائیں۔ کارپوریٹ ممبر کے نمائندے کی حیثیت سے شرکت کی صورت میں ضروری متعلقہ کاغذات ساتھ لائیں۔

AFFIX
CORRECT
POSTAGE

The Company Secretary

MAPLE LEAF CEMENT FACTORY LIMITED
42-LAWRENCE ROAD, LAHORE
Tel: 042-36278904-05

میپل لیف

ایک دم SOLID

MAPLE LEAF CEMENT

A Kohinoor Maple Leaf Group Company

42-Lawrence Road, Lahore, Pakistan

Design & Produced by: MAKHDOOMS +92-42-35965469