Maple Leaf Cement Factory Limited

42-Lawrence Road, Lahore (PAKISTAN)
Phones: 042-36278904-5 **Fax:** 042-36368721

CONFIDENTIAL & SEALED

PUCARS / Courier
MLCF/BM/P&L/19
September 19, 2019

The General Manager,
Pakistan Stock Exchange Limited
Stock Exchange Building,
Stock Exchange Road,
Karachi

Subject: Financial Results for the Year Ended June 30, 2019

We have to inform you that the Board of Directors of Maple Leaf Cement Factory Limited (the "Company") in their Meeting held on **Thursday, September 19, 2019 at 3:30 PM** at 42-Lawrence Road, Lahore, the Registered Office of the Company, recommended the following :-

Cash Dividend

A final Cash Dividend for the year ended June 30, 2019 at Re. 0.5 per share i.e. 5%.

Right Shares

The Board has recommended to issue 85% Right Shares of Rs. 10/- each at a price of Rs.12/- per share (inclusive of premium of Rs.2/- per share) in proportion of 85 shares for every 100 shares held. **These Right Shares shall not qualify for the above declared dividend. Detailed papers for Right Issue are being attached herewith separately.**

Any other price-sensitive information:

Special Business:

The Board of Directors has approved investment upto Rs.1,500 million as loans / advances to Kohinoor Textile Mills Limited (KTML), a holding company of the Company, to meet the working capital requirements of KTML, subject to approval of the shareholders of the Company under Section 199 of the Companies Act, 2017. A similar nature of reciprocal facility of loans / advances of Rs. 1,500 million for working capital requirements of the Company would be recommended by the Board of KTML subject to approval of the shareholders of KTML.

The Board of Directors has approved increase in Authorised Share Capital of the Company from Rs. 9,000,000,000 divided into 900,000,000 Shares of Rs. 10/- each, comprising 800,000,000 Ordinary and 100,000,000 Preference Shares to Rs.15,000,000,000 divided into 1,500,000,000 Shares of Rs. 10/- each, comprising 1,400,000,000 Ordinary and 100,000,000 Preference Shares of Rs. 10/- each.

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The audited consolidated financial results of the Company are as follows:-

	Year Ended	
	30.06.2019	**30.06.2018**
	(Rupees in thousand)	
Sales - net	**26,005,944**	25,684,164
Cost of sales	**(19,944,348)**	(17,652,193)
Gross profit	**6,061,596**	8,031,971
Distribution cost	**(933,244)**	(736,142)
Administrative expenses	**(741,081)**	(739,264)
Other charges	**(548,748)**	(693,815)
	(2,223,073)	(2,169,221)
Other income	**51,626**	63,036
Profit from operations	**3,890,149**	5,925,786
Finance cost	**(1,231,011)**	(589,946)
Profit before taxation	**2,659,138**	5,335,840
Taxation	**(198,877)**	(763,035)
Profit after taxation	**2,460,261**	4,572,805
	--- Rupees ---	
Earnings per share - *basic and diluted*	**4.14**	7.92

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The audited un-consolidated financial results of the Company are as follows:-

	Year Ended	
	30.06.2019	**30.06.2018**
	(Rupees in thousand)	
Sales - net	**26,005,944**	25,699,113
Cost of sales	**(21,088,864)**	(18,676,562)
Gross profit	**4,917,080**	7,022,551
Distribution cost	**(933,244)**	(736,142)
Administrative expenses	**(733,607)**	(730,551)
Other charges	**(456,493)**	(572,436)
	(2,123,344)	(2,039,129)
Other income	**42,997**	55,935
Profit from operations	**2,836,733**	5,039,357
Finance cost	**(1,172,557)**	(644,121)
Profit before taxation	**1,664,176**	4,395,236
Taxation	**(198,877)**	(763,035)
Profit after taxation	**1,465,299**	3,632,201
	--- Rupees ---	
Earnings per share - *basic and diluted*	**2.47**	6.29

(The above disclosure will suffice requirements of Section 96 and 131 of the Securities Act, 2015.)

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The Annual General Meeting (AGM) of the Company will be held on **Saturday, October 26, 2019 at 11:00 AM** at 42-Lawrence Road, Lahore, the Registered Office of the Company.

The Share Transfer Books of the Company will be closed from October 19, 2019 to October 26, 2019 (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 18, 2019 will be considered in time for the purpose of cash dividend, entitlement of Righ Issue and to determine voting rights of the shareholders for attending the meeting.

The Annual Report of the Company will be transmitted through PUCARS atleast 21 days before holding of Annual General Meeting and three copies of printed accounts.

Yours faithfully,
For Maple Leaf Cement Factory Limited

MAPLE LEAF CEMENT FACTORY LIMITED

(Muhammad Ashraf)
Company Secretary

- **The Director / HOD** Fax # 051-9100440
  Surveillance, Supervision and Enforcement Department
  Securities and Exchange Commission of Pakistan
  NIC Building, 63-Jinnah Avenue, Blue Area,
  Islamabad

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The General Manager,
Pakistan Stock Exchange Ltd,
Stock Exchange Building,
Stock Exchange Road,
Karachi.

PUCARS / Courier
MLCF/BM/R-7
September 19, 2019

Material Information – Declaration of Right Shares

Dear Sir,

In accordance with the requirements of applicable provisions of the Securities Act, 2015 and PSX Rule Book, we are pleased to inform you that the Board of Directors of **Maple Leaf Cement Factory Limited** (the "Company") in their meeting held on **Thursday, September 19, 2019** at 3:30 PM at its Registered Office, 42-Lawrence Road, Lahore, in order to reduce current debt levels and to improve debt/equity leverage, has recommended to issue 85% Right Shares by offering 504,645,566 Right Shares of Rs.10/- each to the existing ordinary shareholders of the Company at a price of Rs. 12/- per share (including premium of Rs. 2/- per share) in proportion of 85 Right Shares for every 100 ordinary shares held. The Right Shares shall rank pari passu with the existing shares in all respect.

In this respect, the Share Transfer Books of the Company will be closed from **October 19. 2019 to October 26, 2019** (both days inclusive) to determine the entitlement of Right Shares. Physical transfers / CDS Transaction IDs received at the Company's Share Registrar, M/s. Vision Consulting Limited, 3-C, LDA Flats, First Floor, Lawrence Road, Lahore, at the close of business on October 18, 2019 will be treated in time for the purpose of entitlement of Right Shares to the transferees.

We also enclose herewith the following information / documents: -

a) Purpose or justification of right issue, justification of issue at premium, use of proceeds, benefits to the Company & Shareholders and underlying risks, if any, **(Annexure "A").**

b) Certified true copy of the Board Resolutions dated September 19, 2019 **(Annexure "B").**

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MAPLE LEAF CEMENT FACTORY LIMITED

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c) Draft copy of Notice for Right Issue and Book Closure to the shareholders prior to its being insertion in newspapers **(Annexure "C")**.

d) Statutory Auditors' Certificate towards free reserves per ordinary share of Rs. 10 each as at 30 June 2019

Financial projections for five years duly approved by the Board of Directors and statement by the Board towards requirements of the Companies Act, 2017 and the Companies (further issue of shares) Regulations, 2018 shall be submitted within prescribed time period.

This will also suffice the requirement of Section 96 and 131 of the Securities Act, 2015.

You may please inform the TRE Certificate Holders of the Exchange accordingly.

We trust that the information provided above would suffice your requirements. However, we shall be glad to provide any further information should you so require.

Yours faithfully,
For Maple Leaf Cement Factory Limited

MAPLE LEAF CEMENT FACTORY LIMITED

(Muhammad Ashraf)
Company Secretary

Encl. As above

CC:

The Director / HOD,
Surveillance, Supervision and Enforcement Department,
Securities and Exchange Commission of Pakistan
NIC Building, 63-Jinnah Avenue, Blue Area,
Islamabad

Maple Leaf Cement Factory Limited

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ANNEXURE "A"

PURPOSE & JUSTIFICAITON OF THE RIGHT ISSUE

In order to reduce current debt levels and to improve debt/equity leverage, the Board of Directors has decided to raise a sum of Rs. 6,056 million through right issue. This will help the Company to mitigate the adverse impact on profitability on account of rising interest costs.

Therefore, it is being proposed to issue 85% Right Shares by offering 504,645,566 Right Shares of Rs. 10/- each to the existing ordinary shareholders of the Company at a price of Rs. 12/- per share (including premium of Rs. 2/- per share) in proportion of 85 Right Shares for every 100 ordinary shares held.

JUSTIFICAITON OF THE RIGHT ISSUE AT PREMIUM

The premium charged over the par value is in line with the market practice prevailing for last two years and keeping in view the lucrative breakup value of Company's shares based on audited accounts for the year ended June 30, 2019.

USE OF PROCEEDS, BENEFIT TO THE COMPANY & SHAREHOLDERS

The proceeds of 85% Right Shares will augment the Company's liquidity resulting in reduction in debt burden. This will support the Company to maintain an optimum level of debt and will also result in increase in profit available for distribution to the shareholders by way of dividend and to meet any future capital expenditures. This proposed increase in profitability will enhance the expected returns to the valued shareholders of the Company.

RISK FACTORS

Right Issue of the Company is being made at a price which is less than current share price in the market and hence there is no major investment risk associated with the Right Issue. Normal risks associated with the business will remain. The Company is well placed in the market with proven track record which will help to mitigate such risk factors.

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ANNEXURE "B"

ABSTRACT FROM MINUTES OF THE BOARD OF DIRECTORS' MEETING HELD ON THURSDAY, SEPTEMBER 19, 2019 AT 03:30 PM AT ITS REGISTERED OFFICE, 42-LAWRENCE ROAD, LAHORE

"**Resolved** that, pursuant to requirement of provisions of Section 83 of the Companies Act, 2017, approval of the Board be and is hereby accorded to offer 504,645,566 Right Shares in proportion of 85 ordinary right shares for every 100 shares held (@85%) of Rs.10/- each at a price of Rs. 12/- per share (inclusive of premium of Rs. 2/- per share) through letters of offer to the existing shareholders of the Company.

Resolved further that purpose of right issue, justification of issue at premium, benefits to the Company, use of funds, risks associated with the Issue and financial projections for five years be and are hereby approved.

Resolved further that Executive Director Finance of the Company be and is hereby **singly** authorized to approach Statutory Auditors of the Company for obtaining certificate of free reserves based on audited unconsolidated financial statements for the year ended June 30, 2019 pursuant to requirement of the Companies (further issue of shares) Regulations, 2018 and for onward submission to the Securities and Exchange Commission of Pakistan and Pakistan Stock Exchange Limited.

Resolved further that the Company be and is hereby authorized to close its share transfer books from October 19, 2019 to October 26, 2019 (both days inclusive) to determine entitlement for offering right shares to the existing shareholders of the Company and the Company Secretary be and is hereby authorized to announce book closure dates alongwith publication of notices in newspapers.

Resolved further that the Company Secretary be and is hereby authorized to prepare right issue plan, make any amendment therein and get formal approval of the same from Pakistan Stock Exchange Limited.

Resolved further that the Chief Executive Officer or the Company Secretary be and are hereby authorized **singly** to take any and all necessary steps for issuance of letters of offer under Section 83 of the Companies Act, 2017 (the "Act"). and related information alongwith terms and conditions therein, get signatures under the Act and file the requisite returns/ notices in the Company Registration Office and / or to the Securities and Exchange Commission of Pakistan and Pakistan Stock Exchange Limited, as the case may be.

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Certified True Copy
For Maple Leaf Cement Factory Limited

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Resolved further that the Chief Executive Officer and / or the Group Director Finance be and are hereby authorized **singly** to approach any bank or banks for appointment as bankers to the right issue in order to collect the right subscription money against right shares and to open an account with any bank or banks so appointed and give instructions for transfer of proceeds from right subscription to the Company's Account.

Resolved further that Mr. Waleed Tariq Saigol, Director and / or the Group Director Finance be and are hereby **singly** authorized to appoint consultants and potential underwriters, finalize terms and conditions and sign underwriting agreements and settle/ finalize fees, commission, take up commission and third party expenses and/or any other expenses relating to the Right Issue.

Resolved further that the Chief Executive Officer and / or Company Secretary be and are hereby authorized **singly/ jointly** to take all necessary actions as required by the Central Depository Company of Pakistan Limited (the "CDC") including but not limited to induction of the offer for right shares and right shares in Central Depository System of the CDC and in this connection to sign all requisite applications, forms, documents, undertakings and other papers on behalf of the Company.

Resolved further that the Chief Executive Officer and / or Company Secretary be and are hereby **singly / jointly** authorized to allot / credit right shares and file returns as required by SECP / Stock Exchange / CDC alongwith Auditors' Certificate or any other authority.

Resolved further that the Chief Executive Officer be and is hereby authorized to allot un-subscribed portion of the right issue, if any, to the underwriters in accordance with covenants of the underwriting agreement(s).

Resolved further that fractional entitlements, if any, will be consolidated in the name of the Company Secretary (under trust) and be sold in the Stock Exchange and proceeds thereof will be distributed to the members in accordance with their entitlements."

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Certified True Copy
For Maple Leaf Cement Factory Limited

Company Secretary

ANNEXURE "C"

MAPLE LEAF CEMENT FACTORY LIMITED

KMLG

Kohinoor Maple Leaf Group

Registered Office: 42-Lawrence Road, Lahore.
Tel. 042-36278904-05, Fax # 042-36368721

NOTICE OF RIGHT ISSUE & BOOK CLOSURE

Members are hereby notified that the Board of Directors of Maple Leaf Cement Factory Limited (the "Company") in their meeting held on September 19, 2019 has decided to issue further capital by offering 85% Ordinary Right Shares of Rs. 10/- each at a price of Rs. 12/- per share (inclusive of premium of Rs. 2/- per share) in proportion of 85 Ordinary Right Shares for every 100 Ordinary Shares held.

The Share Transfer Books of the Company will remain closed from **October 19, 2019 to October 26, 2019** (both days inclusive). Physical transfers / CDS Transaction IDs received at the Company's Share Registrar, M/s. Vision Consulting Limited, 3-C, LDA Flats, First Floor, Lawrence Road, Lahore, at the close of business on October 18, 2019, will be considered in time for entitlement of right shares.

By Order of the Board
(Muhammad Ashraf)
Company Secretary

Lahore: September ___, 2019

MAPLE LEAF CEMENT FACTORY LIMITED

KPMG Taseer Hadi & Co.
Chartered Accountants
351 Shadman-1, Jail Road,
Lahore 54000 Pakistan
+92 (42) 111-KPMGTH (576484), Fax +92 (42) 3742 9907

The Board of Directors
Maple Leaf Cement Factory Limited
42 - Lawrence Road,
Lahore

Our ref LA-IA-342-19

Contact Bilal Ali

19 September 2019

Gentlemen

Maple Leaf Cement Factory Limited ("the Company")
Factual Findings Report with respect to the free reserves per share of the Company as at 30 June 2019

We have performed the procedures agreed with you vide our engagement letter number LA-IA-341-19 dated 19 September 2019 with respect to the free reserve value per share of the Company as at 30 June 2019. Our engagement was undertaken in accordance with the International Standard on Related Services (ISRS) - 4400 "Engagements to Perform Agreed-Upon Procedures Regarding Financial Information" applicable to agreed-upon procedures engagements.

As mentioned in our above referred engagement letter, we were requested to provide our factual findings report related to the free reserves per share of the Company as at 30 June 2019 calculated in accordance with the requirements of regulation 3, clause 2 of Companies (further issue of shares) Regulations, 2018 based on our agreed upon procedures. The procedures that we have performed were solely to assist you in evaluating the fair reserves per share calculated by the management of the Company as at 30 June 2019 and are summarized as follows:

1- Compared the number of issued, subscribed and paid up shares of the Company as mentioned in Annexure 'A' with the audited unconsolidated financial statements of the Company for the year ended 30 June 2019;

2- Compared the amount of accumulated profits and intangible assets of the Company as mentioned in Annexure 'A' with the audited unconsolidated financial statements of the Company for the year ended 30 June 2019; and

3- Recalculated the free reserve per share, as mentioned in Annexure 'A'.

We report our findings below:

a) With respect to item 1, we found the number of issued, subscribed and paid up shares of the Company as mentioned in Annexure 'A' to be in agreement with the audited unconsolidated financial statements of the Company for the year ended 30 June 2019.

kpmg

KPMG Taseer Hadi & Co.

b) With respect to item 2, we found that the amount of accumulated profits and intangible assets of the Company as mentioned in Annexure 'A' to be in agreement with the audited unconsolidated financial statements of the Company for the year ended 30 June 2019.

c) With respect to item 3, we found no exception in the calculation of free reserves per share of the Company as mentioned in Annexure 'A'.

Because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance thereon.

Had we performed additional procedures or had we performed an audit or review of unconsolidated financial statements of the Company in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.

The management of the Company is responsible for sufficiency and appropriateness of the agreed procedures for their purposes and we accept no responsibility with respect to the sufficiency and appropriateness of such procedures. Further, we have no obligation to perform any procedures beyond those agreed.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties other than the Company and the Securities and Exchange Commission of Pakistan. This report relates only to the item specified above and does not extend to any financial statements of the Company, taken as a whole.

It has been assumed that all information and representation provided to us by the management of the Company are genuine without any omission.

Yours sincerely

KPMG Taseer Hadi & Co.

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Annexure 'A'

Free reserves per ordinary share of Rs. 10 each as at 30 June 2019

Based on audited unconsolidated financial statements for the year ended 30 June 2019, we would like to furnish the statement for calculation of free reserves per ordinary share of Rs. 10 each of the Company as follows: -

	Audited 30 June 2019 (Rupees in thousand)
Accumulated profits	15,052,799
Intangible assets	(13,529)
Free reserves	**15,039,270**
	No. of Shares
Number of ordinary shares of Rs. 10 each of the Company in issue as at 30 June 2019	**593,700,666**
	(In Rupees)
Free reserves per ordinary share of Rs. 10 each of the Company	**25.33**

For Maple Leaf Cement Factory Limited

MAPLE LEAF CEMENT FACTORY LIMITED

(Executive Director Finance)

September 19, 2019