

Sixth Sense Update

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MAPLE LEAF SUKUK: Restructuring in the Offing?

Maple Leaf Cement Factory announced a meeting of the Board of Directors on April 5, 2010 to discuss the restructuring of long term loans and the proposal of further issue of shares. Maple Leaf Cement Factory and its parent company Kohinoor Maple Leaf Group will undergo restructuring with a possibility of an increase in equity for the companies.

Maple Leaf Sukuk issue was offered in the fiscal year ending June 2008 with a par value of PKR8bn to assist in replacement of conventional debt with Shariah Compliant Financing. The tenor of the Sukuk issue is 6 years with 2 years grace period and carries a profit at 6M KIBOR + 170bps.

As at Dec09, outstanding debt for the company stands at PKR17.5bn. Offering semi annual payments, the first principle payment was originally due in June 2010. Maple Leaf Cement Factory defaulted on its Dec09 coupon payment of PKR617mn.

As reported in the December 2009 Financial Statements, the severe downturn in the cement sector has forced the company to seek a restructuring of its long term Sukuk and syndicated loan arrangements. While this restructuring was scheduled to come into effect by March 2010, this has been delayed.

Provided the restructuring is successfully implemented, it is possible that coupon payments will be moved forward and the tenor of the Sukuk would increase beyond the six year mark. Fixed income funds that have provided for the company's bonds are likely to benefit in the event that the restructuring goes through.

Funds holding Maple Leaf Sukuk as at Dec09

Fund Name	Fund Type	Dec-09
PKR mn		PKRmn
AKD IF	Income Fund	8
AHI PIF	Income Fund	9
ASKARI IF	Income Fund	149
BMA CSF	Income Fund	101
HBL IF	Income Fund	27
JS IF	Income Fund	217
KASB LF	Income Fund	111
KASB IIF	Islamic Income Fund	31
MCB DCF	Income Fund	266
MEEZAN IIF	Islamic Income Fund	240
NAFA CF	Income Fund	340
NAFA IIF	Islamic Income Fund	23
PO AIIF	Islamic Income Fund	17
UBL GIF	Income Fund	285
UBL IIF	Islamic Income Fund	81

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