

2014

Sitara Chemical Industries Limited
Half Year Report
December 31, 2014



Inspired by
Colors of Nature



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Company Information

Board of Directors

Chairman
Chief Executive Officer
Directors

Mr. Nawaz ul Haq
Mr. Muhammad Adrees
Mr. Imran Ghafoor
Mr. Haseeb Ahmed
Mr. Muhammad Khalil
Mr. Abdul Awal
Mr. Waheed Akhter Sher

Company Secretary

Chief Financial Officer

Mr. Mazhar Ali Khan
Mr. Anwar-ul-Haq (FCA)

Audit Committee

Chairman
Members

Mr. Abdul Awal
Mr. Muhammad Khalil
Mr. Nawaz ul Haq

Human Resource & Remuneration Committee

Chairman
Members

Mr. Imran Ghafoor
Mr. Muhammad Adrees
Mr. Abdul Awal

Head of Internal Audit

Mr. Zakir Hussain (ACA)

Auditors

M/s. M.Yousuf Adil Saleem & Company
Chartered Accountants

Legal Advisor

Mr. Sahibzada Muhammad Arif

Bankers

Meezan Bank Limited
National Bank of Pakistan
Allied Bank Limited
United Bank Limited
Bank Alfalah Limited
Dubai Islamic Bank Pakistan Limited
The Bank of Punjab
MCB Bank Limited
Standard Chartered Bank Pakistan Limited
Al-Baraka Islamic Bank B.S.C. (E.C.)
Faysal Bank Limited
Habib Bank Limited
Burj Bank Limited
Bank Islami Pakistan Limited
Habib Metropolitan Bank Limited
Bank Al-Habib Limited
Soneri Bank Limited
The Bank of Khyber

Website of the Company

www.sitara.com.pk

Registered Office

601-602 Business Centre, Mumtaz Hassan
Road, Karachi-74000

Factories

28/32 KM, Faisalabad - Sheikhpura Road,
Faisalabad.

Directors' Review

In the name of Allah, the most Beneficent, the most Gracious, the most Merciful.

On behalf of Board of director of your Company, I am pleased to present the half year report along with the Reviewed Interim Financial Statements of the company for the six months period ended December 31, 2014.

The overall economic and business conditions during the half year under review remained extremely challenging. Severe energy crises, coupled with unchanged deprived socioeconomic and law & order situation have adversely affected operational results of the corporate sector. Overall, the purchasing power has been adversely impacted.

However, the recent reduction in crude oil prices internationally has resulted in lower electricity cost which has given ray of hope for industrial sector. Results of second quarter show a healthy sign about the long term sustainability of your company and have also proven the vision of management of your company for establishment of Coal Fired Power Plant to secure uninterrupted electricity supply at reduced cost.

Despite all these challenges, during the first half year, your Company recorded revenue of Rs. 3,963 million compared to Rs. 4,365 million last year. Lower volumes also impacted the operational results, which your company, by grace of Almighty Allah, tried to recover through remedial measures including operational efficiencies and improved prices.

Here, we take opportunity to inform that we had recognized the total amount of Rs. 858 million as capital gain on sale of land during 1st quarter. However, on advice of our Auditors M/s M. Yousaf Adil Saleem & Co. Chartered Accountants, we, in these half yearly accounts have discounted the future receipts of said transaction, which resultantly deferred Capital Gain value by Rs. 330 million for future period. However, this deferred capital gain will be credited to income in next 5 years upon receipt of revenue.

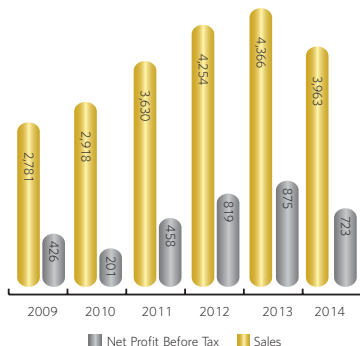
Your Company posted Profit After Tax of Rs. 704.960 million compared to Rs. 601.661 million in first half last year. The Earnings per Share for first half 2014 is Rs. 32.90 per share as compared to Rs. 28.08 per share in same period last year

Future Outlook:

Establishment of the 35 MW Coal Fired Power Plant is our primary objective to secure continuous Electricity at affordable price and your management is working round the clock to ensure timely completion of the Project. Alhamdulillah, we are following religiously the timelines for completion of the Power Project.

Directors' Review

Your company has also entered into an agreement with M/s Nivoba BV, Netherland for establishment of Calcium Chloride Prill Plant. We have secured the financial arrangements and LCs for procurement of the plant will be established shortly.



For the half year Ended December 31,

Muhammad Adrees
Chief Executive Officer
Faisalabad: February 16, 2015

Independent Auditors' Report to the Members on Review of Interim Financial Information to the Members

Introduction

We have reviewed the accompanying condensed interim balance sheet of Sitara Chemical Industries Limited as at December 31, 2014, and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six months period then ended (here-in-after referred to as "the interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2014 and December 31, 2013 have not been reviewed, as we are required to review only the cumulative figures for the six months ended December 31, 2014.


Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of the person responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards in Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters in that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the six months ended December 31, 2014 is not prepared in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants



Engagement Partners: Talat Javed

Dated: February 16, 2015

Multan

Condensed Interim Balance Sheet (Un-Audited)

As at December 31, 2014

	Note	Un-audited December 31, 2014 (Rupees in thousand)	Audited June 30, 2014
NON - CURRENT ASSETS			
Property, plant and equipment	5	5,588,054	5,765,296
Intangible Assets		17,057	17,955
Investment property	6	2,670,536	3,004,815
Long-term investments		101,879	68,280
Long-term loans and advances	7	1,668,636	817,876
Long-term deposits		110,433	110,433
		10,156,595	9,784,655
CURRENT ASSETS			
Stores, spare parts and loose tools		419,307	401,165
Stock-in-trade		1,120,551	881,711
Trade debts	8	1,002,005	1,262,558
Loans and advances		644,043	413,259
Trade deposits and short-term prepayments		14,084	8,567
Other receivables	9	5,071	5,901
Other financial assets		187,411	191,827
Cash and bank balances		299,636	436,767
		3,692,108	3,601,755
		13,848,703	13,386,410
SHARE CAPITAL AND RESERVES			
Share capital	10	214,294	214,294
Reserves		1,403,871	1,410,102
Un-appropriated profits		4,965,348	4,477,693
		6,583,513	6,102,089
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
		1,309,023	1,347,410
NON - CURRENT LIABILITIES			
Long-term financing	11	509,736	566,070
Long-term deposits		11,737	6,386
Deferred liabilities		1,140,285	1,203,821
		1,661,758	1,776,277
CURRENT LIABILITIES			
Trade and other payables	12	1,811,254	1,690,648
Profit / financial charges payable		66,177	60,466
Short term borrowings		1,879,609	1,682,644
Current portion of long term financing		527,682	690,279
Sales tax payable		9,687	36,597
		4,294,409	4,160,634
CONTINGENCIES AND COMMITMENTS			
	13	13,848,703	13,386,410

The annexed selected notes 1 to 22 form an integral part of this condensed interim financial information.


Muhammad Adrees
 Chief Executive Officer


Haseeb Ahmed
 Director

Condensed Interim Profit and Loss Account (Un-Audited) For The Six Months Ended December 31, 2014

		Six months ended		Three months ended	
		December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Note		(Rupees in thousand)			
Sales - net	14	3,963,961	4,365,750	1,919,195	2,184,531
Cost of sales	15	3,257,512	3,022,857	1,453,940	1,463,524
Gross profit		706,449	1,342,893	465,255	721,007
Other income		563,922	34,070	18,489	22,337
		1,270,371	1,376,963	483,744	743,344
Distribution cost		109,731	68,333	58,103	33,899
Administrative expenses		219,534	171,382	152,333	123,180
Other expenses		68,405	65,711	5,670	35,210
Finance cost		183,182	199,857	93,466	101,471
"Share of (profit) / loss of associates - net of tax"		(33,599)	(3,525)	(31,776)	872
		547,253	501,758	277,796	294,632
Profit before taxation		723,118	875,205	205,948	448,712
Provision for taxation	16	18,158	273,544	1,939	133,106
Profit after taxation		704,960	601,661	204,009	315,606
Earnings per share - basic and diluted (Rupees)	17	32.90	28.08	9.52	14.73

The annexed selected notes 1 to 22 form an integral part of this condensed interim financial information.


Muhammad Adrees
Chief Executive Officer


Haseeb Ahmed
Director

Condensed Interim Statement of Other Comprehensive Income (Un-Audited)

For The Six Months Ended December 31, 2014

	Six months ended		Three months ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	(Rupees in thousand)			
Profit after taxation	704,960	601,661	204,009	315,606
Items that may be reclassified subsequently to profit and loss				
Gain on re-measurement of available for sale financial assets	(4,415)	14,087	3,669	20,622
Total items that may be reclassified subsequently to profit and loss	(4,415)	14,087	3,669	20,622
Items that will not be reclassified subsequently to profit and loss				
Remeasurement of post retirement benefits obligation	(2,711)	-	-	-
Impact of deferred tax	895	-	-	-
	(1,816)	-	-	-
Total comprehensive income for the period	698,729	615,748	207,678	336,228

The annexed selected notes 1 to 22 form an integral part of this condensed interim financial information.



Muhammad Adrees
Chief Executive Officer



Haseeb Ahmed
Director

Condensed Interim Statement of Changes in
Equity (Un-Audited)
For The Six Months Ended December 31, 2014

	Share Capital	Reserves					Total Reserves	Total
		Capital		Revenue				
		Share Premium	Reserve on re-measurement of available for sale investments	Re-measurement on post retirement benefits obligation net of tax	General Reserve	Un-appropriated Profit		
Rupees in thousand								
	214,294	97,490	62,655	(3,050)	1,225,000	3,750,780	5,132,875	5,347,169
	-	-	-	-	-	601,661	601,661	601,661
	-	-	14,087	-	-	-	14,087	14,087
	-	-	14,087	-	-	601,661	615,748	615,748
	-	-	-	-	-	39,306	39,306	39,306
	-	-	-	-	-	-	-	-
	214,294	97,490	76,742	(3,050)	1,225,000	4,391,747	5,787,929	6,002,233
	214,294	97,490	91,692	(4,080)	1,225,000	4,477,693	5,887,795	6,102,089
	-	-	-	(1,816)	-	704,960	703,144	703,144
	-	-	(4,415)	-	-	-	(4,415)	(4,415)
	-	-	(4,415)	(1,816)	-	704,960	698,729	698,729
	-	-	-	-	-	7,704	7,704	7,704
	-	-	-	-	-	(225,009)	(225,009)	(225,009)
	214,294	97,490	87,277	(5,896)	1,225,000	4,965,348	6,369,219	6,583,513

Balance as at July 01, 2013	
Total comprehensive income	
Profit for the six months ended December 31, 2013	
"Gain on re-measurement of available for sale financial assets"	
Transfer to un-appropriated profit on account of incremental depreciation	
Distribution to owners	
Final dividend for the year ended June 30, 2013	
Balance as at December 31, 2013	
Balance as at July 01, 2014	
Total comprehensive income	
Profit for the six months ended December 31, 2014	
"Gain on re-measurement of available for sale financial assets"	
Transfer to un-appropriated profit on account of incremental depreciation - net	
Distribution to owners	
Final dividend for the year ended June 30, 2014	
Balance as at December 31, 2014	

The annexed selected notes 1 to 22 form an integral part of this condensed interim financial information.


Muhammad Adrees
Chief Executive Officer


Haseeb Ahmed
Director

Condensed Interim Cash Flow Statement (Un-Audited)

For The Six Months Ended December 31, 2014

		Six months ended	
		December 31, 2014	December 31, 2013
	Note	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating cash flow before working capital changes	20	605,116	1,329,031
Changes in working capital			
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(18,142)	(33,857)
Stock-in-trade		(238,840)	(684,253)
Trade debts		260,553	(147,114)
Loans and advances		(230,784)	(192,314)
Trade deposits and short-term prepayments		(5,517)	(18,325)
Other receivables		830	(8,484)
Increase in current liabilities			
Trade and other payables		120,606	556,417
		(111,294)	(527,930)
Cash generated from operations		493,822	801,101
Finance cost paid		(177,471)	(197,887)
Employee benefits paid		(1,124)	(794)
Taxes paid		(163,944)	(148,445)
Profit received		8,091	11,407
		(334,448)	(335,719)
Net cash (used) / from operating activities		159,374	465,382
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(84,131)	(61,578)
Proceeds from disposal of property, plant and equipment		6,303	2,033
Purchase of investment property		(825,355)	(9,311)
Disposal of investment property		1,684,531	-
Long-term loans and advances		(850,760)	584
Dividend income received		6,649	5,427
Net cash from / (used) in investing activities		(62,763)	(62,845)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of long-term financing		(218,931)	(311,100)
Short term financing - net		196,965	234,535
Long term deposits		-	(4,800)
Dividend paid		(211,776)	(212,697)
Net cash used in financing activities		(233,742)	(294,062)
Net (decrease) / increase in cash and cash equivalents		(137,131)	108,475
Cash and cash equivalents at beginning of the period		436,767	279,535
Cash and cash equivalents at end of the period		299,636	388,010

The annexed selected notes 1 to 22 form an integral part of this condensed interim financial information.



Muhammad Adrees
Chief Executive Officer



Haseeb Ahmed
Director

Selected Explanatory Notes to the Condensed Interim Financial Information (Un-Audited)

For The Six Months Ended December 31, 2014

1 LEGAL STATUS AND OPERATIONS

- 1.1 Sitara Chemical Industries Limited ("the Company") was incorporated in Pakistan on September 08, 1981 as a public limited company under Companies Act, 1913 (now Companies Ordinance, 1984). The company is currently listed on all Stock Exchanges in Pakistan. The principal activities of the Company are operation of Chlor Alkali plant and yarn spinning unit. The registered office of the Company is situated at 601-602, Business Centre, Mumtaz Hasan Road, Karachi, in the province of Sindh and the manufacturing facilities are located at 28/32 K.M., Faisalabad - Sheikhpura Road, Faisalabad, in the province of Punjab.

The Company is currently organized into two operating divisions and these divisions are the basis on which the Company reports its primary segment information.

Principal business activities are as follows:

Chemical Division	Manufacturing of caustic soda and allied products
Textile Division	Manufacturing of yarn and fabric

- 1.2 This condensed interim financial information is presented in Pak Rupee, which is the Company's functional and presentation currency.

2 BASIS OF PREPARATION

- 2.1 This condensed interim financial information of the Company for the six months period ended December 31, 2014 has been prepared in accordance with the International Accounting Standard - 34 "Interim Financial Reporting" provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.
- 2.2 This condensed interim financial information should be read in conjunction with annual audited financial statements for the year ended June 30, 2014. Comparative balance sheet is extracted from annual audited financial statements for the year ended June 30, 2014 whereas comparative profit and loss account, comparative statement of changes in equity and comparative cash flow statement are stated from un-audited condensed interim financial information for the six months ended on December 31, 2013.
- 2.3 This condensed interim financial information is un-audited. However, a limited scope review has been performed by the statutory auditors of the Company in accordance with the clause (xxi) of the Code of Corporate Governance and they have issued their review report thereon.

3 ACCOUNTING POLICIES AND ESTIMATES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of audited annual financial statements for the year ended June 30, 2014.

4 ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. However, actual results may differ from these estimates.

During the preparation of this condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that were applied to the audited annual financial statements for the year ended June 30, 2014.

Selected Explanatory Notes to the Condensed Interim Financial Information (Un-Audited)

For The Six Months Ended December 31, 2014

	Note	December 31, 2014 Un-audited (Rupees in thousand)	June 30, 2014 Audited
5 PROPERTY, PLANT AND EQUIPMENT			
Operating assets	5.1	5,493,988	5,707,992
Capital work-in-progress		94,066	57,304
		<u>5,588,054</u>	<u>5,765,296</u>
5.1 Operating assets			
Opening written down value		5,707,992	5,959,053
Additions during the period / year:			
Building on freehold land - Mills		546	15,123
Plant and machinery		35,112	248,486
Grid station and electric installation		-	-
Containers and cylinders		-	29,452
Factory equipment		1,624	2,275
Electric equipment		961	20,455
Office equipment		287	2,104
Computer equipments		1,092	-
Furniture and fittings		291	1,902
Vehicles		7,456	8,160
		<u>47,369</u>	<u>327,957</u>
Written down value of operating assets disposed off during the period / year		(2,460)	(24,978)
Depreciation charged during the period / year		<u>(258,913)</u>	<u>(554,040)</u>
		<u>5,493,988</u>	<u>5,707,992</u>
	Note	December 31, 2014 Un-audited (Rupees in thousand)	June 30, 2014 Audited
6 INVESTMENT PROPERTY			
Land	6.1	2,608,098	2,939,295
Building		62,438	65,520
		<u>2,670,536</u>	<u>3,004,815</u>
6.1 Land - at cost			
Balance at beginning of the period / year		2,939,295	2,864,413
Disposal	6.1.1	(1,156,552)	-
Acquisitions		825,355	74,882
Balance at end of the period / year		<u>2,608,098</u>	<u>2,939,295</u>
Building - at cost			
Cost		77,921	13,036
Acquisitions		-	64,885
		<u>77,921</u>	<u>77,921</u>
Accumulated Depreciation:			
At the beginning of the period / year		12,401	9,070
For the period / year		3,082	3,331
At the end of the period / year		<u>15,483</u>	<u>12,401</u>
Written down value at the end of the period / year		<u>62,438</u>	<u>65,520</u>

Selected Explanatory Notes to the Condensed Interim Financial Information (Un-Audited)

For The Six Months Ended December 31, 2014

6.1.1 During the period, the company sold its land property of 1,474 Kanals situated at 199 RB, Sheikhpura Road, Faisalabad to a Society through an agreement dated July 3, 2014.

6.2 The fair value of the investment property as at December 31, 2014 is not materially different with the value as at June 30, 2014.

The rental income earned by the Company from its investment property amounted to Rs. 10,769 thousand (June 30, 2014: Rs. 11,732 thousand).

7 LONG-TERM LOANS AND ADVANCES

These include loans and advances to related parties amounting to Rs. Nil (June 30, 2014: Rs. 816,126 thousand).

8 TRADE DEBTS

These include receivable from related parties amounting to Rs. 9,293 thousand (June 30, 2014: Rs. 68,824 thousand).

9 OTHER RECEIVABLES

These include receivable from related parties amounting to Rs. 5,755 thousand (June 30, 2014: Rs. 5,532 thousand). These related party receivables include a receivable from Sitaraperoxide Limited amounting Rs. 4,780 thousand (June 30, 2014: 4,678 thousand).

10 SHARE CAPITAL

Un-audited December 31, 2014	Audited June 30, 2014		Un-audited December 31, 2014	Audited June 30, 2014
.....No of shares.....			(Rupees in thousand)	
		Authorized		
40,000,000	40,000,000	Class 'A' ordinary shares of Rs. 10/- each	400,000	400,000
20,000,000	20,000,000	Class 'B' ordinary shares of Rs. 10/- each	200,000	200,000
		Issued, subscribed and paid up		
		"A" class ordinary shares of Rs. 10/- each		
		fully paid		
8,640,000	8,640,000	- fully paid in cash	86,400	86,400
10,804,398	10,804,398	- issued as fully paid bonus shares	108,044	108,044
1,985,009	1,985,009	- issued as fully paid under scheme of arrangement for amalgamation	19,850	19,850
21,429,407	21,429,407		214,294	214,294

10.1 Class "B" ordinary shares do not carry any voting rights.

10.2 No shares are held by any associated Company or related party.

10.3 The Company has no reserved shares under options and sales contracts.

Selected Explanatory Notes to the Condensed Interim Financial Information (Un-Audited)

For The Six Months Ended December 31, 2014

	December 31, 2014 Un-audited (Rupees in thousand)	June 30, 2014 Audited
11 LONG-TERM FINANCING		
Opening balance	1,256,349	1,391,725
Obtained during the period / year	83,844	500,000
	<u>1,340,193</u>	<u>1,891,725</u>
Less: paid during the period / year	302,775	635,376
	<u>1,037,418</u>	<u>1,256,349</u>
Less: current portion	527,682	690,279
	<u>509,736</u>	<u>566,070</u>

12 TRADE AND OTHER PAYABLES

- 12.1 These include Murabaha payable amounting to Rs 624,998 thousand (June 30, 2014: Rs 698,587 thousand). The aggregate unavailed facilities available to the Company from banking companies amounted to Rs. 760,200 thousand (June 2014: Rs. 1,474,000 thousand). These are subject to profit margin ranging from 10.77% to 11.20% (June 2014: 10.48% to 11.27%) per annum and are secured against joint pari-passu charge over present and future current assets of the chemical division and pledge of stocks and charge over present and future current assets of the textile division.

	December 31, 2014 Un-audited (Rupees in thousand)	June 30, 2014 Audited
13 CONTINGENCIES AND COMMITMENTS		
13.1 Contingencies		
"Sales tax demand not acknowledged in view of pending appeals"	3,398	3,398
"Suppliers' claim not acknowledged in view of pending case in Civil Court"	890	890
Guarantees issued by banks on behalf of the Company	<u>180,408</u>	<u>179,509</u>
13.2 Commitments		
Outstanding letters of credit for Coal Power Project raw material and spares	<u>542,460</u>	<u>36,466</u>

Selected Explanatory Notes to the Condensed Interim Financial Information (Un-Audited)

For The Six Months Ended December 31, 2014

	Six months ended		Three months ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
(Rupees in thousand)				
14 SALES - NET				
Local	5,325,574	5,025,617	2,907,904	2,529,658
Export	17,149	79,650	11,769	11,606
	5,342,723	5,105,267	2,919,673	2,541,264
Less: Commission and discount	210,022	159,920	113,770	74,212
Sales tax	1,168,740	579,597	886,708	282,521
	1,378,762	739,517	1,000,478	356,733
	3,963,961	4,365,750	1,919,195	2,184,531
15 COST OF SALES				
Raw material consumed	995,000	1,094,931	558,165	407,634
Fuel and power	1,952,407	1,743,181	929,388	879,228
Salaries, wages and benefits	133,183	133,449	29,220	38,320
Factory overheads	443,417	477,729	191,448	254,566
	3,524,007	3,449,290	1,708,221	1,579,748
Work-in-process				
Opening stock	10,254	48,731	11,189	34,051
Closing stock	(9,225)	(11,610)	(9,225)	(11,610)
	1,029	37,121	1,964	22,441
Cost of goods manufactured	3,525,036	3,486,411	1,710,185	1,602,189
Finished goods				
Opening stock	465,875	448,709	477,154	781,517
Purchases	-	112,000		104,081
Closing stock	(733,399)	(1,024,263)	(733,399)	(1,024,263)
	(267,524)	(463,554)	(256,245)	(138,665)
	3,257,512	3,022,857	1,453,940	1,463,524
16. PROVISION FOR TAXATION				
Current - for the period	80,703	328,087	63,427	146,590
Prior year	4,805	(40,257)	4,805	(40,257)
Deferred	(67,350)	(14,286)	(66,293)	26,773
	18,158	273,544	1,939	133,106
17. EARNINGS PER SHARE - BASIC AND DILUTED				
Profit for the period	704,960	601,661	204,009	315,606
Weighted average number of ordinary shares outstanding during the period	21,429	21,429	21,429	21,429
Earnings per share (Rupees)	32.90	28.08	9.52	14.73

Selected Explanatory Notes to the Condensed Interim Financial Information (Un-Audited)

For The Six Months Ended December 31, 2014

18. TRANSACTIONS WITH RELATED PARTIES - UN-AUDITED

The related parties comprise of associated undertakings, staff retirement benefit plans, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Nature and description of significant related party transactions along with monetary values are as follows

		Six months ended	
		December 31, 2014	December 31, 2013)
Relationship with the Company	Nature of transactions	(Rupees in thousand)	
Associated Undertakings	Sales	33,915	122,381
	Purchases	-	36,672
	Organizational expenses recovered	9,866	206
	Organizational expenses paid	2,786	1,219
	Adjustment of advance for investment property	816,127	-
	Donation	12,276	6,393
Key Management Personnel	Remuneration to Executives	53,449	34,963
	Post-employment benefits	2,711	3,426

19. SEGMENT REPORTING

The Company has two reportable segments, which offer different products and are managed separately. The following summary describes the operations in each of the reportable segment of the Company;

- Chemical division : Manufacturing of caustic soda and allied products
- Textile division: Manufacturing of yarn and fabric

Selected Explanatory Notes to the Condensed Interim Financial Information (Un-Audited)

For The Six Months Ended December 31, 2014

19.1 Information about operating segments is as follows:

	Chemical Division	Operating segments				Total	Total
		Textile Division					
		Six months ended				December 31, 2014	December 31, 2013
		December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013		
		(Rupees in thousand)					
Revenue from external customers - net	3,262,511	3,385,005	701,450	980,745	3,963,961	4,365,750	
Depreciation on property, plant and equipment	237,674	249,931	20,332	21,457	258,006	271,388	
Segment profit	373,907	1,014,869	3,777	90,080	377,684	1,104,949	
	Un-audited	Audited	Un-audited	Audited	Total	Total	Total
	December 31, 2014	June 30 2014	December 31 2014	June 30 2014	Un-audited December 31 2014	Audited June 30 2014	
	(Rupees in thousand)						
Capital expenditure	42,615	301,312	4,754	26,647	47,369	327,959	
Segment assets	2,691,093	8,445,858	171,275	1,743,911	2,862,368	10,189,769	
Segment liabilities	4,290,988	3,869,430	225,258	356,251	4,516,246	4,225,681	

Selected Explanatory Notes to the Condensed Interim Financial Information (Un-Audited)

For The Six Months Ended December 31, 2014

	Six months ended	
	December 31, 2014	December 31, 2013
	(Rupees in thousand)	

19.2 Reconciliations of reportable segments are as follows:

Revenue

Total revenue for reportable segments	3,963,961	4,365,750
Profit for the period		
Total profit for reportable segments	377,684	1,104,949
Unallocated corporate income / (expenses)		
Other income	563,922	34,070
Administrative expenses	(500)	(1,771)
Other expenses	(68,405)	(65,711)
Finance cost	(183,182)	(199,857)
Share of profit / (loss) of associates - net of tax	33,599	3,525
Profit before taxation	723,118	875,205

Un-audited
December 31,
2014

Audited
June 30,
2014

(Rupees in thousand)

Assets

Total assets for reportable segments	2,862,368	10,189,769
Other unallocated corporate assets	10,986,335	3,196,641
Entity's assets	13,848,703	13,386,410

Liabilities

Total liabilities for reportable segments	4,516,246	4,225,681
Other unallocated corporate liabilities	9,332,457	9,160,729
Entity's liabilities	13,848,703	13,386,410

19.3 The Company has no reportable geographical segment.

Selected Explanatory Notes to the Condensed Interim Financial Information (Un-Audited)

For The Six Months Ended December 31, 2014

Six months ended
December 31, 2014 December 31, 2013
(Rupees in thousand)

20 OPERATING CASH FLOW BEFORE WORKING CAPITAL CHANGES

Profit before taxation

723,118

875,205

Adjustments for:

Depreciation on property, plant and equipment

258,913

270,721

Depreciation on investment property

3,082

638

Provision for doubtful debts

8,994

-

Amortization on intangible assets

898

998

Finance cost

183,182

199,857

Share of profit of associated companies - net of tax

(33,599)

(3,525)

Loss / (gain) on disposal of property, plant and equipment - net

(3,843)

303

Loss on revaluation of available for sale investments

4,416

-

Gain on sale investments property

(527,978)

-

Provision for employee benefits

2,673

1,668

Dividend income

(6,649)

(5,427)

Profit on bank deposits

(8,091)

(11,407)

(118,002)

453,826

605,116

1,329,031

21 DATE OF AUTHORIZATION FOR ISSUE

This interim financial information has been approved by the Board of Directors of the Company and authorized for issue on February 16, 2015.

22 GENERAL

Figures have been rounded to the nearest thousand of "Pak" Rupees, unless otherwise stated.



Muhammad Adrees
Chief Executive Officer



Haseeb Ahmed
Director

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