

Sitara Chemical Industries Limited
Half Yearly Report
December 31, 2012



bringing chemicals for

Life

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COMPANY INFORMATION

Board of Directors

Chairman
Chief Executive Officer
Directors

Haji Bashir Ahmed
Mr. Muhammad Adrees
Mr. Imran Ghafoor
Mr. Haseeb Ahmed
Mr. Muhammad Khalil
Mr. Ijaz Hussain
Mr. Mazhar Ali Khan

Company Secretary

Mr. Mazhar Ali Khan

Chief Financial Officer

Mr. Anwar-ul-Haq (FCA)

Audit Committee

Chairman
Members

Mr. Imran Ghafoor
Mr. Haji Bashir Ahmed
Mr. Muhammad Khalil

Head of Internal Audit

Mr. Zakir Hussain (ACA)

Auditors

M/s M.Yousuf Adil Saleem & Co.
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
First Habib Bank Modaraba
Saudi Pak Industrial and Agricultural
Investment Co. (Pvt.) Limited
Al-Baraka Islamic Bank B.S.C. (E.C.)
Askari Commercial Bank Limited
Faysal Bank Limited
Habib Bank Limited
Burj Bank Limited
Bank Islami Pakistan Limited
Barclays Bank PLC Pakistan
Pak Oman Investment Company Limited
Silk Bank Limited
Summit Bank Ltd. (formaly Arif Habib Bank Ltd)
Habib Metropolitan Bank Limited
Bank Al-Habib Limited
Soneri Bank Ltd.

Registered Office

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

Factories

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

DIRECTORS' REVIEW

With the grace of Almighty Allah expectations of our stake holders came true and we pleased to share with you the marvelous performance of your Company by presenting the accounts for the half year ended December 31, 2012 and limited review report issued by our Auditors.

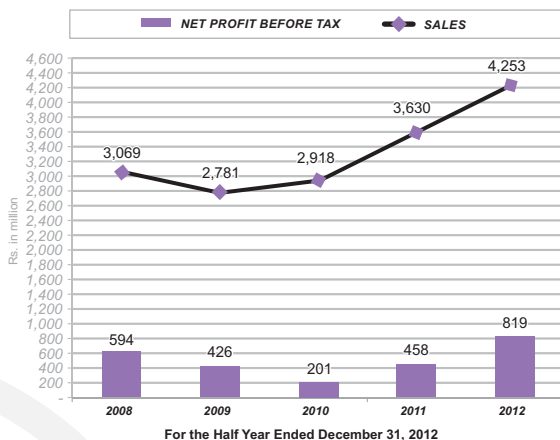
Although sluggish economic growth, deteriorating Pak Rupees VS all major international currencies, inflation, energy crises and worsening law and order situation continued to put challenges to our organization, however, by the great help of Almighty Allah, your Company proved its abilities to cope with uncertain situations through better management, cost controlling and best marketing strategies. Continuity of the efficient stratagem chalked out by the management, collective team efforts of the employees and support of other stake holders whereby every member understands significance of its role are the basic principles we are achieving milestones one after the other.

During the period under review your company achieved Profit before Tax of Rs.819 Millions against Rs. 458 Millions in the corresponding period of last year showing growth of 79% and crossed hypothetical barrier of Rs.600 Millions in Profit after Tax for a Half Year. Net sales Increased by 17% to Rs.4,254 Millions, whereas, in corresponding period same remained Rs.3,630 Millions. Gross profit increased by 26% and computed at Rs.261 Millions. Other major contributing factor was decreased financial cost by Rs.89 Millions in the half year under review. This entire ended at EPS of Rs.28.20 against Rs.14.68 in the corresponding period of the last year.

Future Outlook:

For short term we foresee performance with little further improvement whereas medium term prospects for your Company are looked more promising on the basis of new strategies to cater energy problems, achievement of maximum capacity utilization as well as adding new product facilities in textile division.

Graphical history of sales and net profit before tax is given hereunder:




MUHAMMAD ADREES
(CHIEF EXECUTIVE OFFICER)

Faisalabad: January 31, 2013

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of Sitara Chemical Industries Limited as at December 31, 2012, 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, 2012 and December 31, 2011 have not been reviewed, as we are required to review only the cumulative figures for the six months ended December 31, 2012.

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 on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters 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, 2012 is not prepared in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

M. Jounaidi Saleh

Chartered Accountants
Engagement Partner :
Talat Javed

Date: January 31, 2013
Lahore

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

AS AT DECEMBER 31, 2012

	Note	December 31, 2012 Un-Audited (Rupees in thousand)	June 30, 2012 Audited (Rupees in thousand)
NON - CURRENT ASSETS			
Property, plant and equipment	4	6,307,670	6,339,937
Investment property	5	2,823,189	2,820,036
Long-term investments		57,039	67,608
Long-term loans and advances	6	837,466	827,493
Long-term deposits		110,312	110,297
		10,135,676	10,165,371
CURRENT ASSETS			
Stores, spare parts and loose tools		365,365	366,962
Stock-in-trade		1,116,039	902,721
Trade debts	7	1,227,040	796,203
Loans and advances		293,307	132,415
Trade deposits and short-term prepayments		7,718	6,680
Other receivables	8	37,074	9,079
Other financial assets		138,180	116,179
Advance income tax		167,467	305,188
Cash and bank balances		269,942	79,862
		3,622,132	2,715,289
		13,757,808	12,880,660
SHARE CAPITAL AND RESERVES			
Share capital	9	214,294	214,294
Reserves		1,359,602	1,338,984
Un-appropriated profits		3,324,153	2,849,608
		4,898,049	4,402,886
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
		1,420,262	1,466,066
NON - CURRENT LIABILITIES			
Long-term financing	10	993,126	1,334,776
Long-term deposits		12,200	12,200
Deferred liabilities		1,600,230	1,385,030
		2,605,556	2,732,006
CURRENT LIABILITIES			
Trade and other payables	11	2,341,808	1,522,591
Profit / financial charges payable		75,071	92,938
Short term borrowings		1,651,512	1,544,904
Current portion of long term financing		735,800	862,779
Sales tax payable		29,750	16,069
Income tax - net of advance tax		-	240,421
		4,833,941	4,279,702
CONTINGENCIES AND COMMITMENTS			
	12	13,757,808	12,880,660

The annexed selected notes 1 to 21 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, 2012

	Note	Six months ended		Three months ended	
		December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
		(Rupees in thousand)			
Sales - net	13	4,253,528	3,629,686	2,113,627	1,910,989
Cost of sales	14	2,978,139	2,615,423	1,533,215	1,313,365
Gross profit		1,275,389	1,014,263	580,412	57,624
Other operating income		22,166	16,809	18,216	8,608
		1,297,555	1,031,072	598,628	606,232
Distribution cost		55,821	56,533	20,380	27,867
Administrative expenses		85,311	107,110	36,275	52,610
Other operating expenses		50,333	56,496	17,641	41,132
Finance cost		271,598	360,346	125,859	174,960
Share of loss / (profit) of associates - net of tax		15,339	(8,024)	15,096	(5,703)
		478,402	572,461	215,251	290,866
Profit before taxation		819,153	458,611	383,377	315,366
Provision for taxation	15	214,907	144,092	79,901	100,232
Profit after taxation		604,246	314,519	303,476	215,134
Earnings per share - basic and diluted(Rupees)	16	28.20	14.68	14.16	10.04

The annexed selected notes 1 to 21 form an integral part of this condensed interim financial information.



MUHAMMAD ADREES
(CHIEF EXECUTIVE OFFICER)



HASEEB AHMED
(DIRECTOR)

**CONDENSED INTERIM STATEMENT OF
COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2012**

	Six months ended		Three months ended	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
	(Rupees in thousand)			
Profit after taxation	604,246	314,519	303,476	215,134
Other comprehensive income for the period - net of tax				
Gain on re-measurement of available for sale financial assets	21,291	6,947	21,415	6,814
Gain realized on sale of available for sale financial assets during the period	(206)	(300)	(206)	(92)
Share of other comprehensive income of associate	(467)	(26)	(467)	(8)
	20,618	6,621	20,742	6,714
Total comprehensive income for the period	624,864	321,140	324,218	221,848

The annexed selected notes 1 to 21 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, 2012

	Share Capital	Reserves					Total	
		Capital		Revenue		Total Reserves		
		Share Premium	Reserve on re-measurement of available for sale investments	Share of other comprehensive income of associate	General Reserve			Un-Appropriated Profit
Balance as at July 01, 2011	214,294	97,490	9,717	5	1,225,000	2,239,905	3,572,117	3,786,411
Total comprehensive income	-	-	-	-	-	314,519	314,519	314,519
Profit for the six months ended December 31, 2011	-	-	6,947	-	-	-	6,947	6,947
Gain on re-measurement of available for sale financial assets	-	-	(300)	-	-	-	(300)	(300)
Gain realized on sale of available for sale financial assets during the period	-	-	-	(26)	-	-	(26)	(26)
Share of other comprehensive income of associate	-	-	6,647	(26)	-	314,519	321,140	321,140
Transfer to un-appropriated profit on account of incremental depreciation	-	-	-	-	-	24,945	24,945	24,945
Distribution to owners	-	-	-	-	-	(133,934)	(133,934)	(133,934)
Final dividend for the year ended June 30, 2011	-	-	-	-	-	-	-	-
Balance as at December 31, 2011	214,294	97,490	16,364	(21)	1,225,000	2,445,435	3,784,268	3,998,562
Balance as at July 01, 2012	214,294	97,490	16,494	-	1,225,000	2,849,608	4,188,592	4,402,886
Total comprehensive income	-	-	-	-	-	604,246	604,246	604,246
Profit for the six months ended December 31, 2012	-	-	21,291	-	-	-	21,291	21,291
Gain on re-measurement of available for sale financial assets	-	-	(206)	-	-	-	(206)	(206)
Gain realized on sale of available for sale financial assets during the period	-	-	-	(467)	-	-	(467)	(467)
Share of other comprehensive income of associate	-	-	21,085	(467)	-	604,246	624,864	624,864
Transfer to un-appropriated profit on account of incremental depreciation	-	-	-	-	-	41,734	41,734	41,734
Distribution to owners	-	-	-	-	-	(171,435)	(171,435)	(171,435)
Final dividend for the year ended June 30, 2012	-	-	-	-	-	-	-	-
Balance as at December 31, 2012	214,294	97,490	37,579	(467)	1,225,000	3,324,153	4,683,755	4,898,049

The annexed selected notes 1 to 21 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, 2012

		Six months ended	
	Note	December 31, 2012	December 31, 2011
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating cash flow before working capital changes	19	1,378,075	1,059,309
Changes in working capital			
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		1,597	(79,264)
Stock-in-trade		(213,318)	(176,521)
Trade debts		(430,837)	7,943
Loans and advances		(160,892)	(44,560)
Trade deposits and short-term prepayments		(1,038)	(20,650)
Other receivables		(27,995)	(12,817)
Other financial assets		-	54,951
Decrease in current liabilities			
Trade and other payables		842,434	469,531
		9,951	198,613
Cash generated from operations		1,388,026	1,257,922
Finance cost paid		(289,465)	(367,581)
Employee benefits paid		(1,408)	(1,173)
Taxes paid		(117,278)	(94,506)
		(408,151)	(463,260)
Net cash from operating activities		979,875	794,662
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(251,203)	(106,117)
Proceeds from disposal of property, plant and equipment		2,441	4,250
Available for sale investments - net		38	1,432
Purchase of investment property		(3,153)	(2,250)
Long-term loans and advances		(9,973)	(18,790)
Long term deposits		(15)	(134)
Interest received		-	5,871
Dividend income received		5,526	4,278
Net cash used in investing activities		(256,339)	(111,460)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of long-term financing		(468,629)	(524,080)
Short term financing - net		106,608	319,992
Long term deposits		-	11,230
Dividend paid		(171,435)	(42,605)
Net cash used in financing activities		(533,456)	(235,463)
Net increase in cash and cash equivalents		190,080	447,739
Cash and cash equivalents at beginning of period		79,862	140,777
Cash and cash equivalents at end of the period		269,942	588,516

The annexed selected notes 1 to 21 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, 2012

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

- 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, 2012 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, 2012. Comparative balance sheet is extracted from annual audited financial statements for the year ended June 30, 2012 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, 2011.
- 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

- 3.1** 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 the financial statements for the year ended June 30, 2012.

4. PROPERTY, PLANT AND EQUIPMENT

Note	December 31, 2012 Un-Audited (Rupees in thousand)	June 30, 2012 Audited
Operating assets	5,990,827	6,061,686
Capital work-in-progress	316,843	278,251
	<u>6,307,670</u>	<u>6,339,937</u>

**SELECTED EXPLANATORY NOTES TO THE CONDENSED
INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2012**

	Note	December 31, 2012 Un-Audited (Rupees in thousand)	June 30, 2012 Audited
4.1 Operating assets			
Opening written down value		6,061,686	5,210,179
Additions during the period / year:			
Freehold land		-	43,440
Building on freehold land - Mills		4,842	101,095
Plant and machinery		197,767	1,164,768
Factory equipment		1,342	5,437
Electric equipment		1,366	1,454
Office equipment		1,158	797
Furniture and fittings		387	594
Vehicles		5,749	24,620
		212,611	1,342,205
Written down value of operating assets disposed off during the period / year		(1,282)	(23,153)
Depreciation charged during the period / year		(282,188)	(467,545)
		5,990,827	6,061,686
5 INVESTMENT PROPERTY			
Land	5.1	2,819,005	2,815,630
Building		4,184	4,406
		2,823,189	2,820,036
5.1 Land - at cost			
Balance at beginning of the period / year		2,815,630	1,571,960
Acquisitions		3,375	65,670
Add : classified as held for sale reclassified as investment property		-	1,178,000
Balance at end of the period / year		2,819,005	2,815,630
Building - at cost			
Cost		13,035	13,035
Accumulated Depreciation:			
At the beginning of the period / year		8,629	8,139
For the period / year		222	490
At the end of the period / year		8,851	8,629
Written down value at the end of the period / year		4,184	4,406

5.2 The fair value of the investment property as at December 31, 2012 is not materially different with the value as at June 30, 2012 i.e. Rs. 2,831 million.

The rental income earned by the Company from its investment property amounted to Rs. 1.401 million (June 30, 2012 : Rs. 5.217 million). Direct operating expenses arising on the investment property in the period amounted to Rs. Nil (June 30, 2012 : Rs. Nil).

6 LONG-TERM LOANS AND ADVANCES

These include loans and advances to related parties amounting to Rs. 817.477 million (June 30, 2012 : Rs. 816.126 million).

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTHS ENDED DECEMBER 31, 2012

7 TRADE DEBTS

These include receivable from related parties amounting to Rs. 51.731 million (June 30, 2012 : Rs. 36.731 million).

8 OTHER RECEIVABLES

These include receivable from related parties amounting to Rs. 19.029 million (June 30, 2012 : Rs. 4.270 million). These related party receivables include a receivable from Sitara Developers (Private) Limited amounting Rs. 15 million (June 30, 2012 : Nil) under mark-up arrangement. Mark-up is charged at the rate of 13.965%.

9. SHARE CAPITAL

December 31, 2012 Un-Audited No of shares	June 30, 2012 Audited		December 31, 2012 Un-Audited (Rupees in thousand)	June 30, 2012 Audited
40,000,000	40,000,000	Authorized		
20,000,000	20,000,000	A class ordinary shares of Rs. 10/- each	400,000	400,000
		B class ordinary shares of Rs. 10/- each	200,000	200,000
		Issued, subscribed and paid up		
8,640,000	8,640,000	"A" class ordinary shares of Rs. 10/- each fully paid	86,400	86,400
10,804,398	10,804,398	- fully paid in cash	108,044	108,044
1,985,009	1,985,009	- issued as fully paid bonus shares	19,850	19,850
21,429,407	21,429,407	- issued as fully paid under scheme of arrangement for amalgamation	214,294	214,294

9.1 No share is held by any associated Company or related party.

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

9.3 The reconciliation of "A" class ordinary shares is as follows:

	No of shares	
Opening balance	21,429,407	21,429,407
Add: shares issued during the period / year	-	-
Closing balance	21,429,407	21,429,407
	December 31, 2012 Un-Audited (Rupees in thousand)	June 30, 2012 Audited
Opening balance	2,197,556	2,764,277
Obtained during the period / year	-	400,000
	2,197,556	3,164,277
Less: paid during the period / year	468,630	966,721
	1,728,926	2,197,556
Less: current portion	735,800	862,780
	993,126	1,334,776

11 TRADE AND OTHER PAYABLES

11.1 This includes Rs. 16.13 million (June 30, 2012 : Rs. Nil) due to associated undertakings.

11.2 These include Murabaha payable amounting to Rs. 1,154.715 million (June 30, 2012: Rs. 721.655 million). The aggregate un-availed facilities available to the Company from commercial banks amounted to Rs. 846.27 million (June 30, 2012 : Rs. 1,109 million). These are

**SELECTED EXPLANATORY NOTES TO THE CONDENSED
INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2012**

subject to profit margin ranging from 11.13% to 12.28% (June 30, 2012 : 12.51% to 14.10%) 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, 2012 Un-Audited (Rupees in thousand)	June 30, 2012 Audited
12 CONTINGENCIES AND COMMITMENTS		
12.1 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	135,551	-
12.2 Commitments		
Outstanding letters of credit for raw material and spares	118,798	19,784

	Six months ended		Three months ended	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
	(Rupees in thousand)			
13 SALES - NET				
Local	4,399,928	4,003,066	2,244,391	2,116,696
Export	475,274	182,581	189,645	93,021
	4,875,202	4,185,647	2,434,036	2,209,717
Less: Commission and discount	110,792	88,779	58,010	47,445
Sales tax	510,882	467,182	262,399	251,283
	621,674	555,961	320,409	298,728
	4,253,528	3,629,686	2,113,627	1,910,989
14 COST OF SALES				
Raw material consumed	861,621	725,951	416,962	383,422
Fuel and power	1,496,440	1,283,929	753,844	744,353
Salaries, wages and benefits	181,305	118,391	99,380	57,773
Factory overheads	502,690	383,542	276,100	201,113
	3,042,056	2,511,813	1,546,286	1,386,661
Work-in-process				
Opening stock	45,909	72,439	45,236	66,027
Closing stock	(54,903)	(57,714)	(54,903)	(57,714)
	(8,994)	14,725	(9,667)	8,313
Cost of goods manufactured	3,033,062	2,526,538	1,536,619	1,394,974
Finished goods				
Opening stock	314,401	432,162	365,920	261,668
Purchases	20,703	-	20,703	-
Closing stock	(390,027)	(343,277)	(390,027)	(343,277)
	(54,923)	88,885	(3,404)	(81,609)
	2,978,139	2,615,423	1,533,215	1,313,365

**SELECTED EXPLANATORY NOTES TO THE CONDENSED
INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2012**

	Six months ended		Three months ended	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
(Rupees in thousand)				
15 PROVISION FOR TAXATION				
Current - for the period	233,659	179,691	111,660	118,100
Prior year	23,987	-	23,987	-
Deferred	(42,739)	(35,599)	(55,746)	(17,868)
	<u>214,907</u>	<u>144,092</u>	<u>79,901</u>	<u>100,232</u>
16 EARNINGS PER SHARE - BASIC AND DILUTED				
Profit for the period	604,246	314,519	303,476	215,134
Weighted average number of ordinary shares outstanding during the period	21,429	21,429	21,429	21,429
Earnings per share (Rupees)	<u>28.20</u>	<u>14.68</u>	<u>14.16</u>	<u>10.04</u>

17 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, 2012	December 31, 2011
		(Rupees in thousand)	
Relationship with the Company	Nature of transactions		
Associated Undertakings	Sales	78,839	40,824
	Purchases	59,205	-
	Organizational expenses		
	recovered	382	304,626
	Organizational expenses paid	1,152	306,179
	Power charges paid	-	449,081
	Dividend received	-	934
	Donation	8,016	7,261
	Other receivables	-	15,000
Key Management Personnel	Remuneration to Executives	42,836	43,928
	Post-employment benefits	4,205	3,289

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTHS ENDED DECEMBER 31, 2012

18 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

18.1 Information about operating segments is as follows:

	Operating segments					
	Chemical Division	Textile Division				Total
		Six months ended				
		December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011	

**SELECTED EXPLANATORY NOTES TO THE CONDENSED
INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2012**

		Six months ended	
		December 31, 2012	December 31, 2011
		(Rupees in thousand)	
18.2	Reconciliations of reportable segments are as follows:		
	Revenue		
	Total revenue for reportable segments	4,253,528	3,629,686
	Profit for the period		
	Total profit for reportable segments	1,145,438	851,851
	Unallocated corporate income / (expenses)		
	Other operating income	22,166	16,809
	Administrative expenses	(180)	(1,230)
	Other operating expenses	(61,334)	(56,497)
	Finance cost	(271,598)	(360,346)
	Share of profit / (loss) of associates - net of tax	(15,339)	8,024
	Profit before income tax expense	819,153	458,611
		December 31, 2012	June 30, 2012
		Un-Audited	Audited
		(Rupees in thousand)	
	Assets		
	Total assets for reportable segments	10,220,198	9,229,910
	Other unallocated corporate assets	3,537,610	3,650,750
	Entity's assets	13,757,808	12,880,660
	Liabilities		
	Total liabilities for reportable segments	1,132,076	745,934
	Other unallocated corporate liabilities	12,625,732	12,134,726
	Entity's liabilities	13,757,808	12,880,660

18.3 The Company has no reportable geographical segment.

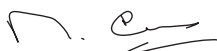
		Six months ended	
		December 31, 2012	December 31, 2011
		(Rupees in thousand)	
19	OPERATING CASH FLOW BEFORE WORKING CAPITAL CHANGES		
	Profit before taxation	819,153	458,611
	Adjustments for:		
	Depreciation on property, plant and equipment	282,188	234,366
	Depreciation on investment property	222	246
	Impairment (gain) / loss on investment in associated company	(5,236)	16,378
	Finance cost	271,598	360,346
	Share of loss / (profit) of associated companies - net of tax	15,339	(8,024)
	(Gain) / loss on disposal of property, plant and equipment - net (1,159)	6,222	
	Gain on sale of available for sale investments	(206)	(593)
	Exchange gain	-	(281)
	Provision for employee benefits	1,702	1,665
	Dividend income	(5,526)	(3,343)
	Profit on bank deposits	-	(6,284)
		558,922	600,698
		1,378,075	1,059,309

20 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 January 31, 2013.

21 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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