



2013-14



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Company Information

Board of Directors

Chief Executive Officer
Directors

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

Company Secretary

Mr. Mazhar Ali Khan

Chief Financial Officer

Mr. Anwar-ul-Haq (FCA)

Audit Committee

Chairman
Members

Mr. Muhammad Arif
Mr. Muhammad Khalil
Mr. Nawaz ul Haq

Human Resource & Remuneration Committee

Chairman
Members

Mr. Imran Ghafoor
Mr. Muhammad Adrees
Mr. Muhammad Arif

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

Registered Office

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

Factories

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

Directors' Review

All Tribute paid to Almighty Allah who grants us success in our efforts. On the behalf of Board of Directors, I am pleased to present results of half year ended on December 31, 2013.

Net sales of your company for the half year remained Rs. 4,366 million against Rs. 4,254 million for the corresponding periods of the last year registering net increase of Rs. 112 million. Net profit after tax for the reporting period was almost comparable at Rs. 602 million against Rs. 604 million of previous year corresponding period.

First half year under review was full of challenges for Company and even for country as well with unprecedented commodity & energy cost hikes, worst law and order situation, high cost of doing business, devaluation of the Rupee vs all major foreign currencies and debilitating power cuts. Export sale of the company remained under pressure due to geopolitical tensions between India and Pakistan. In difficult times of unstable economy witnessing negative macroeconomics indicators, your company showed resilience and proved again its sustainability by maintaining its sheer performance. Besides these challenges your company has maintained EPS at Rs. 28.08 for half year ended December 31, 2013 against Rs. 28.20 of previous corresponding period.

Future Outlook

With the grace of Almighty Allah your company has signed agreements with a renowned Chinese company Shandong Yangkoan Engineering Design Co Ltd for provision of design, engineering and procurement assistance for setting up 35 MW coal based power plant.

This project will be completed within the time frame of two years and will become another milestone in the history of your Company. Uninterrupted electricity supply at cheaper rates will enable your Company to produce more and add more to the net worth of Company and its shareholders as well.



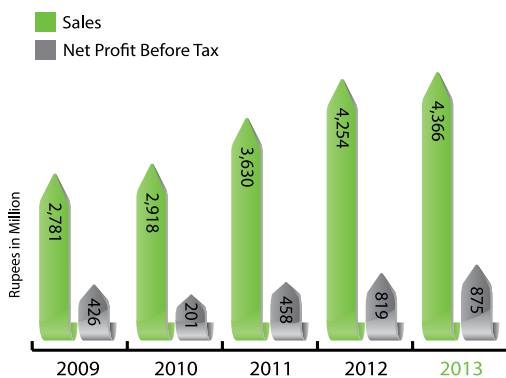
35 MW Coal Fired Power Plant Design Contract Signing Ceremony

Directors' Review

At the end I pray to Almighty Allah for achievements in the past and as well as success in our future plans for further growth.

Acknowledgements

I take this opportunity to thank all our valued stakeholders for their continued trust, patronage, support and guidance.



For the half year Ended December 31,

A comparison of Half Yearly Sales & Net Profit Before Tax with corresponding four previous Half Years.

Muhammad Adrees

Chief Executive Officer

Faisalabad

Dated: February 14, 2014

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, 2013, 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, 2013 and December 31, 2012 have not been reviewed, as we are required to review only the cumulative figures for the six months ended December 31, 2013.

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, 2013 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 14, 2014

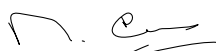
Lahore

Condensed Interim Balance Sheet (Un-Audited)

As at December 31, 2013

	Note	Un-audited December 31, 2013 (Rupees in thousand)	Audited June 30, 2013
NON - CURRENT ASSETS			
Property, plant and equipment	5	5,857,463	6,068,942
Intangible Assets		18,952	19,950
Investment property	6	2,877,052	2,868,379
Long-term investments		65,855	63,431
Long-term loans and advances	7	818,719	819,303
Long-term deposits		110,432	110,432
		9,748,473	9,950,437
CURRENT ASSETS			
Stores, spare parts and loose tools		370,217	336,360
Stock-in-trade		1,695,062	1,010,809
Trade debts	8	1,084,043	936,929
Loans and advances		1,002,785	662,026
Trade deposits and short-term prepayments		27,938	9,613
Other receivables	9	25,083	16,599
Other financial assets		176,876	162,789
Cash and bank balances		388,010	279,535
		4,770,014	3,414,660
		14,518,487	13,365,097
SHARE CAPITAL AND RESERVES			
Share capital	10	214,294	214,294
Reserves		1,399,232	1,385,145
Un-appropriated profits		4,202,859	3,776,186
		5,816,385	5,375,625
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
		1,362,355	1,402,756
NON - CURRENT LIABILITIES			
Long-term financing	11	431,700	734,475
Long-term deposits		3,146	7,946
Deferred liabilities		1,289,972	1,303,385
		1,724,818	2,045,806
CURRENT LIABILITIES			
Trade and other payables	12	2,387,516	1,828,765
Profit / financial charges payable		72,216	70,246
Short term borrowings		1,763,985	1,529,450
Current portion of long term financing		648,925	657,250
Sales tax payable		31,683	32,424
Income tax - net of advance tax		710,604	422,775
		5,614,929	4,540,910
CONTINGENCIES AND COMMITMENTS			
	13	14,518,487	13,365,097

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, 2013

		Six months ended		Three months ended	
		December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
		(Rupees in thousand)			
	Note				
Sales - net	14	4,365,750	4,253,528	2,184,531	2,113,627
Cost of sales	15	3,022,857	2,978,139	1,463,524	1,533,215
Gross profit		1,342,893	1,275,389	721,007	580,412
Other income		34,070	22,166	22,337	18,216
		<u>1,376,963</u>	<u>1,297,555</u>	<u>743,344</u>	<u>598,628</u>
Distribution cost		68,333	55,821	33,899	20,380
Administrative expenses		171,382	85,311	123,180	36,275
Other expenses		65,711	50,333	35,210	17,641
Finance cost		199,857	271,598	101,471	125,859
Share of (profit) / loss of associates					
- net of tax		(3,525)	15,339	872	15,096
		<u>501,758</u>	<u>478,402</u>	<u>294,632</u>	<u>215,251</u>
Profit before taxation		875,205	819,153	448,712	383,377
Provision for taxation	16	273,544	214,907	133,106	79,901
Profit after taxation		<u>601,661</u>	<u>604,246</u>	<u>315,606</u>	<u>303,476</u>
Earnings per share -					
basic and					
diluted (Rupees)	17	<u>28.08</u>	<u>28.20</u>	<u>14.73</u>	<u>14.16</u>

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, 2013

	Six months ended		Three months ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	(Rupees in thousand)			
Profit after taxation	601,661	604,246	315,606	303,476
Other comprehensive income for the period - net of tax				
Gain on re-measurement of available for sale financial assets	14,087	21,291	20,622	21,415
Loss realized on sale of available for sale financial assets during the period	-	(206)	-	(206)
Share of other comprehensive Loss of associate	-	(467)	-	(467)
	14,087	20,618	20,622	20,742
Total comprehensive income for the period	615,748	624,864	336,228	324,218

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, 2013

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		
Rupees in thousand							
214,294	97,490	16,494	-	1,225,000	284,608	4,188,592	4,402,886
-	-	-	-	-	604,246	604,246	604,246
-	-	21,291	-	-	-	21,291	21,291
-	-	(206)	-	-	-	(206)	(206)
-	-	-	(467)	-	-	(467)	(467)
-	-	21,085	(467)	-	604,246	624,864	624,864
-	-	-	-	-	41,734	41,734	41,734
-	-	-	-	-	(171,435)	(171,435)	(171,435)
214,294	97,490	37,579	(467)	1,225,000	3,324,153	4,683,755	4,898,049
214,294	97,490	62,655	-	1,225,000	3,776,186	5,161,331	5,375,625
-	-	-	-	-	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)	(214,294)	(214,294)
214,294	97,490	76,724	-	1,225,000	4,202,859	5,602,091	5,816,385

Balance as at July 01, 2012

Total comprehensive income

Profit for the six months ended December 31, 2012

Gain on re-measurement of available for sale financial assets

Gain/Loss realized on sale of available for sale financial assets during the period

Share of other comprehensive Loss of associate

Transfer to un-appropriated profit on account of incremental depreciation

Distribution to owners

Final dividend for the year ended June 30, 2012

Balance as at December 31, 2012

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

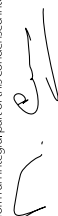
Transfer to un-appropriated profit on account of incremental depreciation - net

Distribution to owners

Final dividend for the year ended June 30, 2013

Balance as at December 31, 2013

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



Muhammad Adrees
Chief Executive Officer

Stara Chemical Industries Limited



Haseeb Ahmed
Director

Condensed Interim Cash Flow Statement (Un-Audited)

For The Six Months Ended December 31, 2013

	Note	Six Months ended	
		December 31, 2013	December 31, 2012
(Rupees in thousand)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating cash flow before working capital changes	20	1,329,031	1,378,075
Changes in working capital			
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(33,857)	1,597
Stock-in-trade		(684,253)	(213,318)
Trade debts		(147,114)	(430,837)
Loans and advances		(192,314)	(160,892)
Trade deposits and short-term prepayments		(18,325)	(1,038)
Other receivables		(8,484)	(27,995)
Decrease in current liabilities			
Trade and other payables		556,417	842,434
		(527,930)	9,951
Cash generated from operations		801,101	1,388,026
Finance cost paid		(197,887)	(289,465)
Employee benefits paid		(794)	(1,408)
Taxes paid		(148,445)	(117,278)
Profit received		11,407	-
		(335,719)	(408,151)
Net cash from operating activities		465,382	979,875
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(61,578)	(251,203)
Proceeds from disposal of property, plant and equipment		2,033	2,441
Available for sale investments - net		-	38
Purchase of investment property		(9,311)	(3,153)
Long-term loans and advances		584	(9,973)
Long term deposits		-	(15)
Dividend income received		5,427	5,526
Net cash used in investing activities		(62,845)	(256,339)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of long-term financing		(311,100)	(468,629)
Short term financing - net		234,535	106,608
Long term deposits		(4,800)	-
Dividend paid		(212,697)	(171,435)
Net cash used in financing activities		(294,062)	(533,456)
Net increase in cash and cash equivalents		108,475	190,080
Cash and cash equivalents at beginning of period		279,535	79,862
Cash and cash equivalents at end of the period		388,010	269,942

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

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

For The Six Months Ended December 31, 2013

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, 2013 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, 2013. Comparative balance sheet is extracted from annual audited financial statements for the year ended June 30, 2013 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, 2012.
- 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 the audited annual financial statements for the year ended June 30, 2013.

- 3.1 **Change in accounting policy due to the application of amendments in IAS 19 'Employee benefits'**

IAS 19 (revised) - 'Employee Benefits' effective for annual periods beginning on or after 01 January 2013 amends the accounting for employee benefits. The standard requires immediate recognition of past service cost and also replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount

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

For The Six Months Ended December 31, 2013

rate, measured at the beginning of the year. Further, a new term "re-measurements" has been introduced. This is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost. The standard requires "re-measurements" to be recognized in the balance sheet immediately, with a charge or credit to Other Comprehensive Income in the periods in which they occur.

Amendments to IAS 19 'Employee Benefits' are applicable to the Company from July 1, 2013, and are required to be applied retrospectively if material, however, the Company has decided to apply the amendments in the annual financial statements for the year ending June 30, 2014 as the impact of application is considered immaterial.

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, 2013.

Note	December 31, 2013	June 30, 2013
	Un-audited	Audited
	(Rupees in thousand)	

5 PROPERTY, PLANT AND EQUIPMENT

Operating assets	5.1	5,731,225	5,959,053
Capital work-in-progress		126,238	109,889
		<u>5,857,463</u>	<u>6,068,942</u>

5.1 Operating assets

Opening written down value	5,959,053	6,061,686
Additions during the period / year:		

Building on freehold land - Mills	-	62,426
Plant and machinery	39,830	397,218
Grid station and electric installation	-	34
Factory equipment	1,170	4,011
Electric equipment	1,027	3,478
Office equipment	1,161	2,790
Furniture and fittings	1,050	4,096
Vehicles	991	20,302
	<u>45,229</u>	<u>494,355</u>

Written down value of operating assets disposed off during the period / year	(2,336)	(19,096)
Depreciation charged during the period / year	<u>(270,721)</u>	<u>(577,892)</u>
	<u>5,731,225</u>	<u>5,959,053</u>

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

For The Six Months Ended December 31, 2013

	Note	December 31, 2013	June 30, 2013
		Un-audited	Audited
(Rupees in thousand)			
6 INVESTMENT PROPERTY			
Land	6.1	2,869,349	2,864,413
Building		7,703	3,966
		<u>2,877,052</u>	<u>2,868,379</u>
6.1 Land-at cost			
Balance at beginning of the period / year		2,864,413	2,815,630
Acquisitions		4,936	48,783
Balance at end of the period / year		<u>2,869,349</u>	<u>2,864,413</u>
Building - at cost			
Cost		13,035	13,035
Acquisitions		4,375	-
		<u>17,410</u>	<u>13,035</u>
Accumulated Depreciation:			
At the beginning of the period / year		9,069	8,629
For the period / year		638	440
At the end of the period / year		9,707	9,069
Written down value at the end of the period / year		<u>7,703</u>	<u>3,966</u>

- 6.2** The fair value of the investment property as at December 31, 2013 is not materially different with the value as at June 30, 2013 i.e. Rs. 2,920 million.

The rental income earned by the Company from its investment property amounted to Rs. 3.059 million (June 30, 2013: Rs. 8.217 million).

7 LONG-TERM LOANS AND ADVANCES

These include loans and advances to related parties amounting to Rs. 816.126 million (June 30, 2013: Rs. 816.126 million).

8 TRADE DEBTS

These include receivable from related parties amounting to Rs. 77.010 million (June 30, 2013: Rs. 60.368 million).

9 OTHER RECEIVABLES

These include receivable from related parties amounting to Rs. 24.841 million (June 30, 2013: Rs. 5.844 million). These related party receivables include a receivable from Sitara Developers (Private) Limited amounting Rs. 19.500 million (June 30, 2013: Nil).

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

For The Six Months Ended December 31, 2013

10 SHARE CAPITAL

Un-audited December 31, 2013No of shares.....	Audited June 30, 2013		Un-audited December 31, 2013 (Rupees in thousand)	Audited June 30, 2013
		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 does 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.

11 LONG-TERM FINANCING

	Un-audited December 31, 2013 (Rupees in thousand)	Audited June 30, 2013
Opening balance	1,391,725	2,197,555
Obtained during the period / year	-	196,874
	1,391,725	2,394,429
Less: paid during the period / year	311,100	1,002,704
	1,080,625	1,391,725
Less: current portion	648,925	657,250
	431,700	734,475

12 TRADE AND OTHER PAYABLES

12.1 These include Murabaha payable amounting to Rs. 1,200.483 million (June 30, 2013: Rs. 816.302 million). The aggregate un-availed facilities available to the Company from commercial banks amounted to Rs. 899.800 million (June 30, 2013: Rs. 1,407 million). These are subject to profit margin ranging from 9.89% to 11.55% (June 30, 2013: 11.04% to 11.83%) 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.

	Un-audited December 31, 2013	Audited June 30, 2013
13 CONTINGENCIES AND COMMITMENTS		(Rupees in thousand)
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	146,371	135,551
13.2 Company has not recognized gas infra structure development cess amounting to Rs.47.774 million pursuant to the interim order passed by divisional bench of Islamabad High Court.		
13.3 Commitments		
Outstanding letters of credit for raw material and spares	82,457	75,509

	Six months ended		Three months ended	
	December 31 2013	December 31 2012	December 31 2013	December 31 2012
14 SALES - NET				
	(.....Rupees in thousand.....)			
Local	5,025,617	4,399,928	2,529,658	2,244,391
Export	79,650	475,274	11,606	189,645
	5,105,267	4,875,202	2,541,264	2,434,036
Less: Commission and discount	159,920	110,792	74,212	58,010
Sales tax	579,597	510,882	282,521	262,399
	739,517	621,674	356,733	320,409
	4,365,750	4,253,528	2,184,531	2,113,627

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

For The Six Months Ended December 31, 2013

	Six months ended		Three months ended	
	December 31 2013	December 31 2012	December 31 2013	December 31 2012
15 COST OF SALES (.....Rupees in thousand.....)				
Raw material consumed	1,094,931	861,621	407,634	416,962
Fuel and power	1,743,181	1,496,440	879,228	753,844
Salaries, wages and benefits	133,449	181,305	38,320	99,380
Factory overheads	477,729	502,690	254,566	276,100
	<u>3,449,290</u>	<u>3,042,056</u>	<u>1,579,748</u>	<u>1,546,286</u>
Work-in-process				
Opening stock	48,731	45,909	34,051	45,236
Closing stock	(11,610)	(54,903)	(11,610)	(54,903)
	<u>37,121</u>	<u>(8,994)</u>	<u>22,441</u>	<u>(9,667)</u>
Cost of goods manufactured	3,486,411	3,033,062	1,602,189	1,536,619
Finished goods				
Opening stock	448,709	314,401	781,517	365,920
Purchases	112,000	20,703	104,081	20,703
Closing stock	(1,024,263)	(390,027)	(1,024,263)	(390,027)
	<u>(463,554)</u>	<u>(54,923)</u>	<u>(138,665)</u>	<u>(3,404)</u>
	<u>3,022,857</u>	<u>2,978,139</u>	<u>1,463,524</u>	<u>1,533,215</u>

16 PROVISION FOR TAXATION

Current - for the period	328,087	233,659	146,590	111,660
Prior year	(40,257)	23,987	(40,257)	23,987
Deferred	(14,286)	(42,739)	26,773	(55,746)
	<u>273,544</u>	<u>214,907</u>	<u>133,106</u>	<u>79,901</u>

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

For The Six Months Ended December 31, 2013

	Six months ended		Three months ended	
	December 31 2013	December 31 2012	December 31 2013	December 31 2012
17 EARNINGS PER SHARE - BASIC AND DILUTED				
Profit for the period	601,661	604,246	315,606	303,476
Weighted average number of ordinary shares outstanding during the period	21,429	21,429	21,429	21,429
Earnings per share (Rupees)	<u>28.08</u>	<u>28.20</u>	<u>14.73</u>	<u>14.16</u>

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:

Relationship with the Company	Nature of transactions	Six months ended	
		December 31 2013	December 31 2012
		(Rupees in thousand)	
Associated Undertakings	Sales	122,381	78,839
	Purchases	36,672	59,205
	Organizational expenses recovered	206	382
	Organizational expenses paid	1,219	1,152
	Donation	6,393	8,016
Key Management Personnel	Remuneration to Executives	34,963	42,836
	Post-employment benefits	3,426	4,205

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

For The Six Months Ended December 31, 2013

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.

19.1 Information about operating segments is as follows:

	Chemical Division		Operating segments Textile Division				Total	
			Six months ended					
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012	December 31, 2012	December 31, 2013	December 31, 2013	December 31, 2012
			(Rupees in thousand)					
Revenue from external customers - net	3,385,005	3,576,454	980,745	677,074		4,365,750		4,253,528
Depreciation on property, plant and equipment	249,931	258,774	21,457	23,636		271,388		282,410
Segment profit	1,014,869	1,081,855	90,080	63,583		1,104,949		1,145,438
	Un-audited December 31, 2013	Audited June 30 2013	Un-audited December 31, 2013	Audited June 30 2013		Total Un-audited December 31, 2013	Total Audited June 30 2013	
Capital expenditure	43,961	485,743	1,268	8,612		45,229		494,355
Segment assets	9,030,076	8,133,981	1,729,377	1,420,808		10,759,453		9,554,789
Segment liabilities	911,023	863,661	148,099	75,116		1,059,122		938,777

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

For The Six Months Ended December 31, 2013

19.2 Reconciliations of reportable segments are as follows:

	Six months ended	
	December 31, 2013	December 31, 2012
	(Rupees in thousand)	
Revenue		
Total revenue for reportable segments	<u>4,365,750</u>	<u>4,253,528</u>
Profit for the period		
Total profit for reportable segments	1,104,949	1,145,438
Unallocated corporate income / (expenses)		
Other income	34,070	22,166
Administrative expenses	(1,771)	(180)
Other expenses	(65,711)	(61,334)
Finance cost	(199,857)	(271,598)
Share of profit / (loss) of associates - net of tax	3,525	(15,339)
Profit before taxation	<u>875,205</u>	<u>819,153</u>
	Un-audited December 31, 2013	Audited June 30, 2013
	(Rupees in thousand)	
Assets		
Total assets for reportable segments	10,759,453	9,554,789
Other unallocated corporate assets	3,759,034	3,810,308
Entity's assets	<u>14,518,487</u>	<u>13,365,097</u>
Liabilities		
Total liabilities for reportable segments	1,059,122	938,777
Other unallocated corporate liabilities	13,459,365	12,426,320
Entity's liabilities	<u>14,518,487</u>	<u>13,365,097</u>

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, 2013

Six months ended	
December 31, 2013	December 31, 2012
(Rupees in thousand)	

20 OPERATING CASH FLOW BEFORE WORKING CAPITAL CHANGES

Profit before taxation	875,205	819,153
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Adjustments for:

Depreciation on property, plant and equipment	270,721	282,188
Depreciation on investment property	638	222
Amortization on intangible assets	998	-
Impairment gain loss on investment in associated company	-	(5,236)
Finance cost	199,857	271,598
Share of (profit) / loss of associated companies - net of tax	(3,525)	15,339
Loss / (gain) on disposal of property, plant and equipment - net	303	(1,159)
Gain on sale of available for sale investments	-	(206)
Provision for employee benefits	1,668	1,702
Dividend income	(5,427)	(5,526)
Profit on bank deposits	(11,407)	-
	453,826	558,922
	<u>1,329,031</u>	<u>1,378,075</u>

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 14, 2014.

22 GENERAL

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



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