

Sitara Chemical Industries Limited
Third Quarter Report
March 31, 2014



2013-14



Contents

02	Company Information
03	Directors' Review
04	Condensed Interim Balance Sheet (Un-Audited)
05	Condensed Interim Profit and Loss Account (Un-Audited)
06	Condensed Interim Statement of Other Comprehensive Income (Un-Audited)
07	Condensed Interim Statement of Changes in Equity (Un-Audited)
08	Condensed Interim Cash Flow Statement (Un-Audited)
09	Selected Explanatory Notes to the Condensed Interim Financial Information (Un-Audited)

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 - Sheikhpura Road, Faisalabad.

Directors' Review

In the name of Allah, the Most Beneficent, the Most Gracious, the Most Merciful

On behalf of the Board of Directors of Sitara Chemical Industries Limited, I am pleased to present the un-audited Condensed Interim Financial Statements for the Third Quarter ended March 31, 2014.

During the first nine months of Financial Year 2014, your Company posted revenue of Rs. 6,657 millions, against Rs. 6,091 millions in same period of last year. Cumulative profit after tax for the reporting period of nine months remained Rs. 746 millions against Rs. 756 millions of previous year corresponding period, whereas EPS remained Rs. 34.80 of current reporting period against Rs. 35.30 of previous year corresponding period.

Current year 2014 is proving a challenging year, with prolonging energy crisis, adverse security environment, Pak Rupee currency appreciation and slowdown in textile industry demand due to unexpected weather conditions and reduction of textile exports owing to currency appreciation. Notwithstanding, all above, management of your company continued its efforts, aggressive business strategy of growth and diversification and achieved volume growth during the nine months of 2013-14 compared to similar period in the last year. The volumetric growth could not be resulted in same growth in net margins due to higher energy cost and competitive environment. However, market share of your Company improved and management was able to get comparable results with previous year.

Future Outlook:

Management of your Company is assertively working on 35 MW coal fired power plant. LC's for provision of Engineering, Drawing and Package was established in favour of Shandong Yangkoan Engineering Design Co. Ltd. in February 2014. Formal kick off meeting was held in mid of March 2014 at head office of Shandong Engineering Company at Jinan, Republic of China. Tender documents are being floated to different renowned Chinese equipment suppliers. Hopefully, equipment suppliers will be short listed in start of next month. **Alhamdulillah** your Company has signed MOU with MCB Bank Limited, Meezan Bank Limited and United Bank Limited for financing arrangements of Rs. 2.00 billion +10%. We are quite confident that LCs for main equipments i.e. Boiler, Turbine and Generator (BTG) will be established before end of this financial year.

Historical quarterly sales and net profit before tax is given hereunder:



Acknowledgements

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

Muhammad Adrees
Chief Executive Officer
Faisalabad: April 25, 2014

Condensed Interim Balance Sheet (Un-Audited)

As at March 31, 2014

	Note	Un-audited March 31, 2014	Audited June 30, 2013
(Rupees in thousand)			
NON - CURRENT ASSETS			
Property, plant and equipment	5	5,782,280	6,068,942
Intangible Assets		18,454	19,950
Investment property	6	2,918,874	2,868,379
Long-term investments		69,808	63,431
Long-term loans and advances		820,023	819,303
Long-term deposits		110,433	110,432
		9,719,872	9,950,437
CURRENT ASSETS			
Stores, spare parts and loose tools		410,985	336,360
Stock-in-trade		1,297,495	1,010,809
Trade debts		1,295,929	936,929
Loans and advances		791,656	662,026
Trade deposits and short-term prepayments		13,231	9,613
Other receivables		25,148	16,599
Other financial assets		192,064	162,789
Cash and bank balances		299,971	279,535
		4,326,479	3,414,660
		<u>14,046,351</u>	<u>13,365,097</u>
SHARE CAPITAL AND RESERVES			
Share capital	7	214,294	214,294
Reserves		1,414,417	1,385,145
Un-appropriated profits		4,366,654	3,776,186
		5,995,365	5,375,625
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
		1,342,231	1,402,756
NON - CURRENT LIABILITIES			
Long-term financing	8	295,537	734,475
Long-term deposits		3,746	7,946
Deferred liabilities		1,231,514	1,303,385
		1,530,797	2,045,806
CURRENT LIABILITIES			
Trade and other payables		2,649,961	1,828,765
Profit / financial charges payable		79,167	70,246
Short term borrowings		1,388,565	1,529,450
Current portion of long term financing		636,138	657,250
Sales tax payable		43,946	32,424
Income tax		380,181	422,775
		5,177,958	4,540,910
CONTINGENCIES AND COMMITMENTS			
	9	<u>14,046,351</u>	<u>13,365,097</u>

The annexed selected notes 1 to 19 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 Nine Months Ended March 31, 2014

	Note	Nine months ended		Quarter ended	
		March 31, 2014	March 31, 2013 (Rupees in thousand)	March 31, 2014	March 31, 2013
Sales - net	10	6,657,476	6,090,523	2,291,726	1,836,995
Cost of sales	11	4,905,441	4,291,754	1,882,584	1,313,616
Gross profit		1,752,035	1,798,769	409,142	523,379
Other income		61,764	22,501	27,694	355
		1,813,799	1,821,270	436,836	523,714
Distribution cost		121,507	104,651	53,174	48,830
Administrative expenses		258,030	231,046	86,648	145,735
Other expenses		84,824	70,322	19,113	19,989
Finance cost		306,845	382,583	106,988	110,985
Share of profit of associates - net of tax		(7,953)	(9,915)	(4,428)	(25,254)
		763,253	778,687	261,495	300,285
Profit before taxation		1,050,546	1,042,583	175,341	223,429
Provision for taxation	12	304,733	286,142	31,189	71,235
Profit after taxation		745,813	756,441	144,152	152,194
Earnings per share - basic and diluted (Rupees)	13	34.80	35.30	6.73	7.10

The annexed selected notes 1 to 19 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 Nine Months Ended March 31, 2014

	Nine months ended		Quarter ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Profit after taxation	745,813	756,441	144,152	152,194
(Rupees in thousand)				
Other comprehensive income for the period - net of tax				
Gain on re-measurement of available for sale financial assets	29,272	21,927	15,185	636
(Loss)/Income realized on sale of available for sale financial assets during the period	-	(98)	-	108
Total comprehensive income for the period	<u>775,085</u>	<u>778,270</u>	<u>159,337</u>	<u>152,938</u>

The annexed selected notes 1 to 19 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 Nine Months Ended March 31, 2014

	Reserves						Total
	Capital			Revenue			
	Share Premium	Reserve on re-measurement of available for sale investments	Share of other comprehensive income of associate	General Reserve	Un-appropriated Profit	Total Reserves	
214,294	97,490	16,494	-	1,225,000	2,849,608	4,188,592	4,402,886
Rupees in thousand							
-	-	-	-	-	756,441	756,441	756,441
-	-	21,927	-	-	-	21,927	21,927
-	-	(98)	-	-	-	(98)	(98)
-	-	21,829	-	-	756,441	778,270	778,270
-	-	-	-	-	59,471	59,471	59,471
-	-	-	-	-	(171,435)	(171,435)	(171,435)
214,294	97,490	38,323	-	1,225,000	3,494,085	4,854,898	5,069,192
214,294	97,490	62,655	-	1,225,000	3,776,186	5,161,331	5,375,625
-	-	-	-	-	745,813	745,813	745,813
-	-	29,272	-	-	-	29,272	29,272
-	-	29,272	-	-	745,813	775,085	775,085
-	-	-	-	-	58,949	58,949	58,949
-	-	-	-	-	(214,294)	(214,294)	(214,294)
214,294	97,490	91,927	-	1,225,000	4,366,654	5,781,071	5,995,365

Balance as at July 01, 2012

Total comprehensive income

Profit for the nine months ended March 31, 2013
 Gain on re-measurement of available for sale financial assets
 (Loss) realized on sale of available for sale financial assets during the period

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 March 31, 2013
 Balance as at July 01, 2013

Total comprehensive income

Profit for the nine months ended March 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, 2013
 Balance as at March 31, 2014

The annexed selected notes 1 to 19 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 Nine Months Ended March 31, 2014

	Note	Nine Months Ended	
		March 31, 2014	March 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating cash flow before working capital changes	16	1,750,098	1,828,045
Changes in working capital			
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(74,625)	(22,435)
Stock-in-trade		(286,686)	(186,342)
Trade debts		(359,000)	(56,238)
Loans and advances		(308,001)	4,251
Trade deposits and short-term prepayments		(3,618)	(1,199)
Other receivables		(8,549)	(18,473)
Other financial assets		-	(22,022)
Decrease in current liabilities			
Trade and other payables		820,066	361,103
		<u>(220,413)</u>	<u>58,645</u>
Cash generated from operations		1,529,685	1,886,690
Finance cost paid		(297,924)	(409,345)
Employee benefits paid		(2,185)	(2,657)
Taxes paid		(244,404)	(165,983)
Profit received		14,462	5,319
		<u>(530,051)</u>	<u>(572,666)</u>
Net cash from operating activities		<u>999,634</u>	<u>1,314,024</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(132,647)	(262,089)
Proceeds from disposal of property, plant and equipment		4,955	2,869
Purchase of investment property		(50,793)	(8,255)
Long-term loans and advances		(720)	6,299
Long term deposits		(1)	(50)
Sales tax payable		11,522	15,003
Dividend income received		6,788	5,526
Net cash used in investing activities		<u>(160,896)</u>	<u>(240,697)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of long-term financing		(460,050)	(689,663)
Short term financing - net		(140,885)	(21,602)
Long term deposits		(4,200)	28,901
Dividend paid		(213,167)	(171,435)
Net cash used in financing activities		<u>(818,302)</u>	<u>(853,799)</u>
Net increase in cash and cash equivalents		<u>20,436</u>	<u>219,528</u>
Cash and cash equivalents at beginning of period		279,535	79,862
Cash and cash equivalents at end of the period		<u>299,971</u>	<u>299,390</u>

The annexed selected notes 1 to 19 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 Nine Months Ended 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 nine months months ended March 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, 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 nine months ended on March 31, 2013.

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 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 rate, measured at the beginning of the year.

Further, a new term "remeasurements" 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 "remeasurements" to be recognised 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.

Selected Explanatory Notes to the Condensed Interim Financial Information (Un-Audited) For The Nine Months Ended 31, 2014

	Note	March 31, 2014 Un-audited	June 30, 2013 Audited
5. PROPERTY, PLANT AND EQUIPMENT		(Rupees in thousand)	
Operating assets	5.1	5,672,519	5,959,053
Capital work-in-progress		109,761	109,889
		<u>5,782,280</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		124,491	397,218
Grid station and electric installation		-	34
Factory equipment		1,472	4,011
Electric equipment		2,462	3,478
Office equipment		1,533	2,790
Furniture and fittings		1,083	4,096
Vehicles		1,734	20,302
		132,775	494,355
Written down value of operating assets -disposed off during the period / year		(11,920)	(19,096)
Depreciation charged during the period / year		(407,389)	(577,892)
		<u>5,672,519</u>	<u>5,959,053</u>
		Un-audited March 31, 2014	Audited June 30, 2013
6. INVESTMENT PROPERTY	Note	(Rupees in thousand)	
Land	6.1	2,915,206	2,864,413
Building		3,668	3,966
		<u>2,918,874</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		50,793	48,783
Balance at end of the period / year		<u>2,915,206</u>	<u>2,864,413</u>
Building - at cost			
Cost		13,035	13,035
Acquisitions		-	-
		13,035	13,035
Accumulated Depreciation:			
At the beginning of the period / year		9,069	8,629
For the period / year		298	440
At the end of the period / year		9,367	9,069
Written down value at the end of the period / year		<u>3,668</u>	<u>3,966</u>

Selected Explanatory Notes to the Condensed Interim Financial Information (Un-Audited) For The Nine Months Ended 31, 2014

7. SHARE CAPITAL

Un-audited March 31, 2014	Audited June 30, 2013		Un-audited March 31, 2014	Audited June 30, 2013
.....No of shares.....			(Rupees in thousand)	
<u>40,000,000</u>	<u>40,000,000</u>	Authorized		
<u>20,000,000</u>	<u>20,000,000</u>	Class 'A' ordinary shares of Rs. 10/- each	<u>400,000</u>	<u>400,000</u>
		Class 'B' ordinary shares of Rs. 10/- each	<u>200,000</u>	<u>200,000</u>
		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	19,850	19,850
		arrangement for amalgamation		
<u>21,429,407</u>	<u>21,429,407</u>		<u>214,294</u>	<u>214,294</u>

8. LONG-TERM FINANCING

	(Rupees in thousand)	
Opening balance	1,391,725	2,197,555
Obtained during the period / year	-	196,874
	<u>1,391,725</u>	<u>2,394,429</u>
Less: paid during the period / year	460,050	1,002,704
	<u>931,675</u>	<u>1,391,725</u>
Less: current portion	636,138	657,250
	<u>295,537</u>	<u>734,475</u>

9. CONTINGENCIES AND COMMITMENTS

9.1 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>182,560</u>	<u>135,551</u>

9.2 Commitments

Outstanding letters of credit for raw material and spares	<u>91,097</u>	<u>75,509</u>
---	---------------	---------------

Selected Explanatory Notes to the Condensed Interim Financial Information (Un-Audited) For The Nine Months Ended 31, 2014

	Nine months ended		Quarter ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
10. SALES - NET	(Rupees in thousand)			
Local	7,688,277	6,561,471	2,662,660	2,161,543
Export	84,604	487,829	4,954	12,555
	<u>7,772,881</u>	<u>7,049,300</u>	<u>2,667,614</u>	<u>2,174,098</u>
Less: Commission and discount	230,995	204,203	71,075	93,411
Sales tax	884,410	754,574	304,813	243,692
	<u>1,115,405</u>	<u>958,777</u>	<u>375,888</u>	<u>337,103</u>
	<u><u>6,657,476</u></u>	<u><u>6,090,523</u></u>	<u><u>2,291,726</u></u>	<u><u>1,836,995</u></u>
11. COST OF SALES				
Raw material consumed	1,533,253	1,182,820	438,322	321,199
Fuel and power	2,450,300	2,156,724	707,119	660,284
Salaries, wages and benefits	198,477	203,042	65,028	21,737
Factory overheads	725,019	695,878	247,290	193,188
	<u>4,907,049</u>	<u>4,238,464</u>	<u>1,457,759</u>	<u>1,196,408</u>
Work-in-process				
Opening stock	48,731	45,909	11,610	54,903
Closing stock	(9,540)	(47,529)	(9,540)	(47,529)
	<u>39,191</u>	<u>(1,620)</u>	<u>2,070</u>	<u>7,374</u>
Cost of goods manufactured	4,946,240	4,236,844	1,459,829	1,203,782
Finished goods				
Opening stock	448,709	314,401	1,024,263	390,028
Purchases	197,266	-	85,266	(20,703)
Closing stock	(686,774)	(259,491)	(686,774)	(259,491)
	<u>(40,799)</u>	<u>54,910</u>	<u>422,755</u>	<u>109,834</u>
	<u><u>4,905,441</u></u>	<u><u>4,291,754</u></u>	<u><u>1,882,584</u></u>	<u><u>1,313,616</u></u>
12. PROVISION FOR TAXATION				
Current - for the period	420,438	337,712	92,351	104,053
Prior year	(40,257)	23,987	-	-
Deferred	(75,448)	(75,557)	(61,162)	(32,818)
	<u>304,733</u>	<u>286,142</u>	<u>31,189</u>	<u>71,235</u>

Selected Explanatory Notes to the Condensed Interim Financial Information (Un-Audited) For The Nine Months Ended 31, 2014

	Nine months ended		Quarter ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
13. EARNINGS PER SHARE - BASIC AND DILUTED				
Profit for the period	745,813	756,441	144,152	152,194
Weighted average number of ordinary shares outstanding during the period	21,429	21,429	21,429	21,429
Earnings per share (Rupees)	<u>34.80</u>	<u>35.30</u>	<u>6.73</u>	<u>7.10</u>

14. 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:

	Nature of transactions	Nine months ended	
		March 31, 2014	March 31, 2013
Relationship with the Company		(Rupees in thousand)	
Associated Undertakings	Sales	153,858	67,496
	Purchases	69,682	59,205
	Organizational expenses recovered	700	827
	Organizational expenses paid	503	486
	Donation	7,130	4,849
Key Management Personnel	Remuneration to Executives	67,026	63,967

Selected Explanatory Notes to the Condensed Interim Financial Information (Un-Audited) For The Nine Months Ended 31, 2014

Nine Months ended	
March 31, 2014	March 31, 2013

15.2 Reconciliations of reportable segments are as follows

(Rupees in thousand)

Revenue

Total revenue for reportable segments	<u>6,657,476</u>	<u>6,090,523</u>
Profit for the period		
Total profit for reportable segments	1,374,618	1,463,551
Unallocated corporate income / (expenses)		
Other income	61,764	22,501
Administrative expenses	(2,120)	(479)
Other expenses	(84,824)	(70,322)
Finance cost	(306,845)	(382,583)
Share of profit of associates - net of tax	7,953	9,915
Profit before taxation	<u>1,050,546</u>	<u>1,042,583</u>
	Un-audited March 31, 2014	Audited June 30, 2013

Assets

(Rupees in thousand)

Total assets for reportable segments	10,196,234	9,554,789
Other unallocated corporate assets	3,850,117	3,810,308
Entity's assets	<u>14,046,351</u>	<u>13,365,097</u>

Liabilities

Total liabilities for reportable segments	1,249,134	938,777
Other unallocated corporate liabilities	12,797,217	12,426,320
Entity's liabilities	<u>14,046,351</u>	<u>13,365,097</u>

15.3 The Company has no reportable geographical segment.

Selected Explanatory Notes to the Condensed Interim Financial Information (Un-Audited) For The Nine Months Ended 31, 2014

	Nine Months ended	
	March 31, 2014	March 31, 2013
16. OPERATING CASH FLOW BEFORE WORKING CAPITAL CHANGE	(Rupees in thousand)	
Profit before taxation	1,050,546	1,042,583
Adjustments for:		
Depreciation on property, plant and equipment	407,389	425,723
Depreciation on investment property	298	330
Amortization on intangible assets	1,496	-
Finance cost	306,845	382,583
Share of profit of associates companies - net of tax	(7,953)	(9,915)
Loss / (gain) on disposal of property, plant and equipment - net	6,965	(1,471)
Exchange (gain)/loss	-	(3,239)
Gain on sale of available for sale investments	-	(206)
Provision for employee benefits	5,762	2,502
Dividend income	(6,788)	(5,526)
Profit on bank deposits	(14,462)	(5,319)
	<u>699,552</u>	<u>785,462</u>
	<u>1,750,098</u>	<u>1,828,045</u>

17. 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 April 25, 2014.

18. RE-ARRANGEMENT AND RECLASSIFICATION

Re-arrangement and reclassification has been made in this condensed interim financial information for better presentation. These have no financial impact on net-profit of the company

19. GENERAL

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



Sitara Chemical Industries Limited

601-602 Business Centre, Mumtaz Hassan Road,
Off. I.I Chundrigar Road, Karachi-74000
Tel: 021-32420620, 32413944

Designed & Produced by: **ASTRAL HATCH INC.** 051-8430659