

Sitara Chemical Industries Limited
Half Year Report
December 31, 2015



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Company Information

Board of Directors

Chairman
Chief Executive Officer
Directors

Mr. Muhammad Khalil
Mr. Muhammad Adrees
Mr. Haseeb Ahmed
Mr. Munib-ul-Haq
Mr. Abdul Awal
Mr. Waheed Akhter Sher
Mr. Muhammad Yousuf Adil

Company Secretary

Mr. Mazhar Ali Khan

Chief Financial Officer

Mr. Anwar-ul-Haq (FCA)

Audit Committee

Chairman
Members

Mr. Abdul Awal
Mr. Muhammad Khalil
Mr. Munib-ul-Haq

Human Resource & Remuneration Committee

Chairman
Members

Mr. Muhammad Khalil
Mr. Muhammad Adrees
Mr. Abdul Awal

Head of Internal Audit

Mr. Zakir Hussain (ACA)

Auditors

Deloitte Yousuf Adil
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
Askari Bank Limited

Website of the Company

www.sitara.com.pk

Registered Office

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

Share Registrar Address

THK Associates (Private) Limited
Ground Floor, State Life Building No.3,
Dr. Zia ud Din Ahmed Road, Karachi-75530

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 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, 2015.

First half of current financial year has witnessed some improvement in geo-political situation and law & order situation, which together with reduced Energy cost have provided breathing space for local industry. Lower discount rates also helped local industry to get bank financing at cheaper rates for new projects and working capital needs. Reduced manufacturing cost has opened the door for export of local products. Under control inflation rate, coupled with enhanced Consumer Purchasing Power will further enhance business activities.

During the first half year, your Company has posted revenue of Rs. 4,626 million compared to Rs. 3,964 million last year corresponding period and profit after tax of Rs. 421 million compared to Rs. 705 million in first half last year. The Earnings per Share for first half 2015 is Rs. 19.65 per share as compared to Rs. 32.90 per share in the same period last year.

Future Outlook:

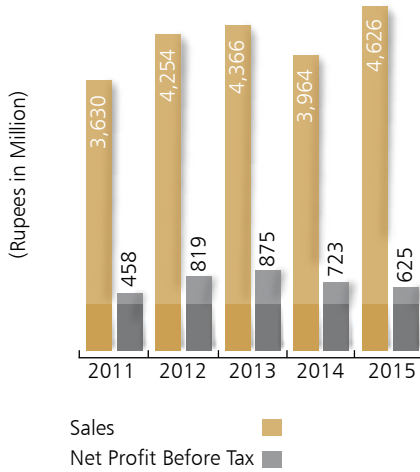
We strongly believe that the recent reduction announced by the Federal Government in Electricity rates, if passed on in shape of subsidy to industries, will play a catalyst role towards economic prosperity in general, accelerate industrialization, and will provide a competitive base for export businesses.

By the grace of Almighty Allah, Establishment of the 35 MW Coal Fired Power Plant is in its final stages and we believe the said project will start its commercial production in start of last quarter of current year. Insha'Allah, uninterrupted supply of Electricity at very affordable price will turn around your company.

Further, we are religiously following the timelines for establishment of the Calcium Chloride Prill Plant. Main components have already arrived and we have completed the required civil/foundation work. We are confident that the project will be completed within the current financial year.

Directors' Review

Graphical history of half yearly sales and net profit before tax is given here under.



For the half year ended December 31.

Muhammad Adrees
Chief Executive Officer
Faisalabad: February 19, 2016

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 (the Company) as at December 31, 2015, the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, and condensed interim statement of changes in equity and notes to the accounts for the six-month 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, 2015 and December 31, 2014 have not been reviewed, as we are required to review only the cumulative figures for the six months ended December 31, 2015.

Scope of Review

We conducted our review in accordance with 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 persons 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 period ended December 31, 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Deloitte Young & Adil

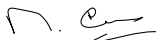
Chartered Accountants
Engagement Partner: Rana M. Usman Khan
Dated: February 19, 2016
Lahore

Condensed Interim Balance Sheet (Un-Audited)

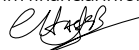
As at December 31, 2015

		Un-audited December 31, 2015 (Rupees in thousand)	Audited June 30, 2015
	Note		
NON - CURRENT ASSETS			
Property, plant and equipment	5	7,471,088	5,790,536
Intangible assets		15,352	16,160
Investment property	6	2,844,180	2,716,463
Long-term investments		99,751	99,192
Long-term loans and advances		1,266,634	1,265,059
Long-term deposits		110,433	110,433
		11,807,438	9,997,843
CURRENT ASSETS			
Stores, spare parts and loose tools		428,060	380,379
Stock-in-trade		1,418,121	717,460
Trade debts	7	1,121,272	1,187,078
Advance sales tax		6,598	24,617
Loans and advances		1,405,200	1,659,000
Trade deposits and short-term prepayments		26,586	7,778
Other receivables	8	6,865	11,727
Other financial assets	9	141,542	201,065
Cash and bank balances		163,338	256,977
		4,717,582	4,446,081
		16,525,020	14,443,924
SHARE CAPITAL AND RESERVES			
Share capital	10	214,294	214,294
Reserves		1,353,727	1,363,581
Un-appropriated profits		5,576,284	5,314,313
		7,144,305	6,892,188
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
		1,270,799	1,305,696
NON - CURRENT LIABILITIES			
Long-term financing	11	1,610,026	858,001
Long-term deposits		9,787	9,921
Deferred liabilities		1,046,610	1,084,464
		2,666,423	1,952,386
CURRENT LIABILITIES			
Trade and other payables	12	2,316,522	2,121,585
Profit / financial charges payable		74,584	55,226
Short term borrowings		2,519,376	1,836,486
Current portion of long term financing		533,011	280,357
		5,443,493	4,293,654
CONTINGENCIES AND COMMITMENTS			
	13		
		16,525,020	14,443,924

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, 2015

	Note	Six months ended		Three months ended	
		December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
		(Rupees in thousand)			
Sales - net	14	4,626,471	3,963,961	2,473,513	1,919,195
Cost of sales	15	(3,529,317)	(3,257,512)	(1,909,384)	(1,453,940)
Gross profit		1,097,154	706,449	564,129	465,255
Distribution cost		(100,307)	(109,731)	(53,915)	(58,103)
Administrative expenses		(230,930)	(219,534)	(108,943)	(152,333)
Other expenses		(46,303)	(68,405)	(27,566)	(5,670)
Finance cost		(125,153)	(183,182)	(63,885)	(93,466)
		(502,693)	(580,852)	(254,309)	(309,572)
Other income		28,674	563,922	18,604	18,489
		623,135	689,519	328,424	174,172
Share of Profit of associates - net of tax		1,617	33,599	1,617	31,776
Profit before taxation		624,752	723,118	330,041	205,948
Provision for taxation	16	(203,755)	(18,158)	(114,700)	(1,939)
Profit after taxation		420,997	704,960	215,341	204,009
Earnings per share - basic and diluted (Rupees)	17	19.65	32.90	10.05	9.52

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


Muhammad Adrees
Chief Executive Officer

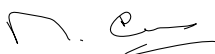

Haseeb Ahmed
Director

Condensed Interim Statement Of Comprehensive Income (Un-Audited)

For The Six Months Ended December 31, 2015

	Six months ended		Three months ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	(Rupees in thousand)			
Profit after taxation	420,997	704,960	215,341	204,009
Other comprehensive income				
Items that may be reclassified subsequently to profit and loss				
Gain/(Loss) on re-measurement of available for sale financial assets	(9,854)	(4,415)	(4,858)	3,669
Total items that may be reclassified subsequently to profit and loss	(9,854)	(4,415)	(4,858)	3,669
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	411,143	698,729	210,483	207,678

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, 2015

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		
214,294	97,490	91,692	1,225,000	4,477,693	5,887,795	6,102,089
-	-	-	(4,080)	-	704,960	704,960
-	-	-	(1,816)	-	(1,816)	(1,816)
-	-	(4,415)	(1,816)	-	(4,415)	(4,415)
-	-	(4,415)	(1,816)	-	704,960	698,729
-	-	-	-	-	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
214,294	97,490	47,024	(5,933)	1,225,000	5,314,313	6,677,894
-	-	-	-	-	420,997	420,997
-	-	-	-	-	-	-
-	-	(9,854)	-	-	(9,854)	(9,854)
-	-	(9,854)	-	-	420,997	411,143
-	-	-	-	-	33,839	33,839
-	-	-	-	-	(192,865)	(192,865)
214,294	97,490	37,170	(5,933)	1,225,000	5,576,284	6,930,011

Balance as at July 01, 2014 - audited

Total comprehensive income

Profit for the six months ended December 31, 2014

Re-measurement of post retirement benefits - net of tax

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, 2014

Balance as at December 31, 2014

Balance as at July 01, 2015 - audited

Total comprehensive income

Profit for the six months ended December 31, 2015

Re-measurement of post retirement benefits - net of tax

(Loss)/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, 2015

Balance as at December 31, 2015

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, 2015

	Note	Six months ended	
		December 31, 2015	December 31, 2014
(Rupees in thousand)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating cash flow before working capital changes	20	985,427	605,116
Changes in working capital (Increase) / decrease in current assets			
Stores, spare parts and loose tools		(47,681)	(18,142)
Stock-in-trade		(700,661)	(238,840)
Trade debts		65,806	260,553
Advance sales tax		18,019	-
Loans and advances		266,606	(230,784)
Trade deposits and short-term prepayments		(18,808)	(5,517)
Other receivables		4,862	830
Increase in current liabilities			
Trade and other payables		188,841	120,606
		(223,016)	(111,294)
Cash generated from operations		762,411	493,822
Finance cost paid		(105,795)	(177,471)
Employee benefits paid		(1,659)	(1,124)
Taxes paid		(255,862)	(163,944)
Profit received		8,942	8,091
		(354,374)	(334,448)
Net cash generated from operating activities		408,037	159,374
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,925,040)	(84,131)
Proceeds from disposal of property, plant and equipment		1,253	6,303
Proceeds from available for sale investments - net		49,670	-
Purchase of investment property		(130,491)	(825,355)
Disposal of investment property		-	1,684,531
Long-term loans and advances		(1,575)	(850,760)
Dividend income received		4,045	6,649
Net cash used in investing activities		(2,002,138)	(62,763)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipt / (payment) of long-term financing - net		1,004,679	(218,931)
Short term financing - net		682,890	196,965
Long term deposits		(134)	-
Dividend paid		(186,973)	(211,776)
Net cash generated from / (used in) financing activities		1,500,462	(233,742)
Net decrease in cash and cash equivalents		(93,639)	(137,131)
Cash and cash equivalents at beginning of the period		256,977	436,767
Cash and cash equivalents at end of the period		163,338	299,636

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, 2015

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 Pakistan Stock Exchange. 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, 2015 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, 2015. Comparative balance sheet is extracted from annual audited financial statements for the year ended June 30, 2015 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, 2014.
- 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 and the significant judgements made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied in the preparation of the financial statements as at and for the year ended 30 June 2015.

- 3.1 Certain new IFRSs and amendments to existing IFRSs are effective for periods beginning on or after July 01, 2015, which do not have any impact on thus condensed interim financial information except for IFRS 13 “Fair Value Measurement”.

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. However, it does not change the requirements regarding which items should be measured or disclosed at fair value. The scope of IFRS 13 is broad; it applies to both financial instruments and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. The application of this standard does not have any impact on this condensed interim financial information except certain additional disclosures as given in notes 5.2 and 9.1.

Selected Explanatory Notes To The Condensed Interim Financial Information (Un-Audited)

For The Six Months Ended December 31, 2015

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 past 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, 2015.

		Un-audited December 31, 2015	Audited June 30, 2015
		(Rupees in thousand)	
5	PROPERTY, PLANT AND EQUIPMENT		
	Operating assets	5,249,061	5,439,242
	Capital work-in-progress	2,222,027	351,294
		<u>7,471,088</u>	<u>5,790,536</u>
5.1	Operating assets		
	Opening written down value	5,439,242	5,707,991
	Additions during the period / year:		
	Building on freehold land - Mills	5,408	19,713
	Plant and machinery	27,814	215,580
	Grid station and electric installation	-	6
	Containers and cylinders	32	-
	Factory equipment	1,023	3,646
	Electric equipment	4,615	10,905
	Office equipment	4,589	3,859
	Furniture and fittings	1,251	1,698
	Vehicles	9,575	9,914
		<u>54,307</u>	<u>265,321</u>
	Written down value of operating assets disposed off during the period / year	(338)	(12,810)
	Write off /transfer -net	-	(892)
	Depreciation charged during the period / year	<u>(244,150)</u>	<u>(520,368)</u>
		<u>5,249,061</u>	<u>5,439,242</u>

- 5.2** The Company follows the revaluation model. Revaluation of Land, building and plant & machinery was carried out by Hamid Mukhtar & Company (Private) Ltd, independent valuer not related to the Company. Hamid Mukhtar & Company (Private) Ltd is on panel of Pakistan Banks Association as 'Any Amount' asset valuator. It is also on panel of State Bank of Pakistan and possesses appropriate qualification and recent experience in the fair value measurements in the relevant locations. The fair value was determined using the comparable price method after performing detailed enquiries and verification from various estate agents, brokers and builders keeping in view the location of the property/project, condition, size, utilization, and other relevant factors.

The revaluation performed in 2012 resulted in a further surplus of Rs. 904 million. Out of the total revaluation surplus of Rs. 1,374 million, Rs. 1,213 million net of tax (June 2015: Rs. 1,246 million) remains undepreciated as at December 31, 2015.

Since the date of last revaluation, there has been no material change in the market factors that derive fair value of these properties, therefore, management believes that the carrying value of these assets approximate its fair market value.

Selected Explanatory Notes To The Condensed Interim Financial Information (Un-Audited)

For The Six Months Ended December 31, 2015

Details of the Company's revalued assets and information about fair value hierarchy, as at December 31, 2015 are as follows.

	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Land - freehold	-	625,816	-	625,816
Building on freehold land	-	475,733	-	475,733
Plant and machinery	-	3,875,128	-	3,875,128

	Note	Un-audited December 31, 2015	Audited June 30, 2015
(Rupees in thousand)			
6 INVESTMENT PROPERTY			
Land	6.1	2,787,549	2,657,058
Building	6.2	56,631	59,405
		2,844,180	2,716,463
6.1 Land - at cost			
Balance at beginning of the period / year		2,657,058	2,939,295
Disposal		-	(1,156,552)
Acquisitions		130,491	874,315
Balance at end of the period / year		2,787,549	2,657,058
6.2 Building - at cost			
Cost		77,921	77,921
Acquisitions		-	-
		77,921	77,921
Accumulated Depreciation:			
At the beginning of the period / year		18,516	12,401
For the period / year		2,774	6,115
At the end of the period / year		21,290	18,516
Written down value at the end of the period / year		56,631	59,405

7. TRADE DEBTS

These include receivable from related parties amounting to Rs. 39,504 thousand (June 30, 2015: Rs. 65,315 thousand).

8. OTHER RECEIVABLES

These include receivable from related parties amounting to Rs. 6,353 thousand (June 30, 2015: Rs. 6,243 thousand). These related party receivables include a receivable from Sitara peroxide Limited amounting to Rs. 5,095 thousand (June 30, 2015: 4,988 thousand).

9. OTHER FINANCIAL ASSETS

		Un-audited December 31, 2015	Audited June 30, 2015
(Rupees in thousand)			
Available for sale securities			
Listed equity securities	9.1	89,478	99,032
Mutual funds	9.1	52,064	102,033
		141,542	201,065

Selected Explanatory Notes To The Condensed Interim Financial Information (Un-Audited)

For The Six Months Ended December 31, 2015

9.1 FAIR VALUE OF FINANCIAL INSTRUMENTS

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the Company's financial assets which are carried at fair value:

	Un-audited December 31, 2015			Audited June 30, 2015		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets - at fair value	(Rupees in thousand)			(Rupees in thousand)		
Available for sale						
Listed equity securities	89,478	-	-	99,032	-	-
Mutual funds	52,064	-	-	102,033	-	-
	<u>141,542</u>	<u>-</u>	<u>-</u>	<u>201,065</u>	<u>-</u>	<u>-</u>

There were no transfers between levels during the year/period

There were no changes in valuation techniques during the year/period

The fund has not disclosed the fair values of all other financial assets and liabilities as their carrying amounts are reasonable approximation of their fair values.

10. SHARE CAPITAL

Un-audited December 31 2015	Audited June 30 2015		Un-audited December 31, 2015	Audited June 30, 2015
.....No of shares.....			(Rupees in thousand)	
40,000,000	40,000,000	Authorized		
		Class 'A' ordinary shares of Rs. 10/- each	400,000	400,000
<u>20,000,000</u>	<u>20,000,000</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 arrangement for amalgamation	19,850	19,850
<u>21,429,407</u>	<u>21,429,407</u>		<u>214,294</u>	<u>214,294</u>

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 or sales contracts.

Selected Explanatory Notes To The Condensed Interim Financial Information (Un-Audited)

For The Six Months Ended December 31, 2015

	Un-audited December 31, 2015 (Rupees in thousand)	Audited June 30, 2015
11 LONG-TERM FINANCING		
Opening balance	1,138,358	1,256,350
Obtained during the period / year	1,144,882	572,287
	2,283,240	1,828,637
Less: Paid during the period / year	140,203	690,279
	2,143,037	1,138,358
Less: Current portion	533,011	280,357
	1,610,026	858,001

12 TRADE AND OTHER PAYABLES

12.1 These include Murabaha payable amounting to Rs. 654,989 thousand (June 30, 2015: Rs. 624,997 thousand). The aggregate unavailed facilities available to the Company from banking companies amounted to Rs. 837,299 thousand (June 2015: Rs. 1,114,292 thousand). These are subject to profit margin ranging from 7.17% to 10.26% (June 2015: 7.68% to 11.68%) 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, 2015 (Rupees in thousand)	Audited June 30, 2015
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	186,408	180,908
13.2 Commitments		
Outstanding letters of credit for Coal Power Project raw material and spares	151,108	603,071

Selected Explanatory Notes To The Condensed Interim Financial Information (Un-Audited) For The Six Months Ended December 31, 2015

	Six months ended		Three months ended	
	December 31,	December 31,	December 31,	December 31,
	2015	2014	2015	2014
	(Rupees in thousand)			
14. SALES - NET				
Local	5,558,570	5,325,574	2,963,966	2,907,904
Export	4,372	17,149	4,372	11,769
	<u>5,562,942</u>	<u>5,342,723</u>	<u>2,968,338</u>	<u>2,919,673</u>
Less: Commission and discount	237,709	210,022	120,725	113,770
Sales tax	698,762	1,168,740	374,100	886,708
	936,471	1,378,762	494,825	1,000,478
	<u>4,626,471</u>	<u>3,963,961</u>	<u>2,473,513</u>	<u>1,919,195</u>
15. COST OF SALES				
Raw material consumed	958,113	995,000	478,623	558,165
Fuel and power	2,225,210	1,952,407	977,641	929,388
Salaries, wages and benefits	166,031	133,183	85,445	29,220
Factory overheads	487,017	443,417	261,820	191,448
	<u>3,836,371</u>	<u>3,524,007</u>	<u>1,803,529</u>	<u>1,708,221</u>
Work-in-process				
Opening stock	8,102	10,254	7,385	11,189
Closing stock	(7,351)	(9,225)	(7,351)	(9,225)
	751	1,029	34	1,964
Cost of goods manufactured	<u>3,837,122</u>	<u>3,525,036</u>	<u>1,803,563</u>	<u>1,710,185</u>
Finished goods				
Opening stock	479,954	465,875	893,580	477,154
Purchases	-	-	-	-
Closing stock	(787,759)	(733,399)	(787,759)	(733,399)
	<u>(307,805)</u>	<u>(267,524)</u>	<u>105,821</u>	<u>(256,245)</u>
	<u>3,529,317</u>	<u>3,257,512</u>	<u>1,909,384</u>	<u>1,453,940</u>

Selected Explanatory Notes To The Condensed Interim Financial Information (Un-Audited)

For The Six Months Ended December 31, 2015

	Six months ended		Three months ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	(Rupees in thousand)			
16 PROVISION FOR TAXATION				
Current - for the period	236,362	80,703	127,047	63,427
Prior year	6,898	4,805	6,898	4,805
Deferred	(39,505)	(67,350)	(19,245)	(66,293)
	<u>203,755</u>	<u>18,158</u>	<u>114,700</u>	<u>1,939</u>
17 EARNINGS PER SHARE - BASIC AND DILUTED				
Profit for the period	420,997	704,960	215,341	204,009
Weighted average number of ordinary shares outstanding during the period	21,429	21,429	21,429	21,429
Earnings per share (Rupees)	<u>19.65</u>	<u>32.90</u>	<u>10.05</u>	<u>9.52</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, 2015	December 31, 2014
		(Rupees in thousand)	
Associated Undertakings	Sales	43,006	33,915
	Purchases	-	-
	Organizational expenses recovered	310	9,866
	Organizational expenses paid	541	2,786
	Settlement of advance for investment property	-	816,127
	Donation	12,120	12,276
Key Management Personnel	Remuneration to Executives	73,468	53,449

Selected Explanatory Notes To The Condensed Interim Financial Information (Un-Audited) For The Six Months Ended December 31, 2015

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	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Revenue from external customers - net	3,952,754	3,262,511	673,717	701,450	4,626,471	3,963,961
Depreciation on property, plant and equipment	222,441	237,674	21,709	20,332	244,150	258,006
Segment profit	786,047	373,907	(20,130)	3,777	765,917	377,684
			Six months ended			
			(Rupees in thousand)			
	Un-audited December 31, 2015	Audited June 30 2015	Un-audited December 31 2015	Audited June 30 2015	Total Un-audited December 31 2015	Total Audited June 30 2015
Capital expenditure	52,196	200,970	2,111	68,308	54,307	269,278
Segment assets	10,726,916	8,455,002	1,590,950	1,508,230	12,317,866	9,963,232
Segment liabilities	1,476,987	1,269,557	160,381	121,035	1,637,368	1,390,592

Selected Explanatory Notes To The Condensed Interim Financial Information (Un-Audited)

For The Six Months Ended December 31, 2015

Six months ended
 December 31, 2015 December 31, 2014
 (Rupees in thousand)

19.2 Reconciliations of reportable segments are as follows:

Revenue

Total revenue for reportable segments

4,626,471 3,963,961

Profit for the period

Total profit for reportable segments

765,917 377,684

Unallocated corporate income / (expenses)

Other income

28,674 563,922

Administrative expenses

- (500)

Other expenses

(46,303) (68,405)

Finance cost

(125,153) (183,182)

Share of profit of associates - net of tax

1,617 33,599

Profit before taxation

624,752 723,118

Un-audited Audited
 December 31, June 30,
 2015 2015
 (Rupees in thousand)

Assets

Total assets for reportable segments

12,317,866 9,963,232

Other unallocated corporate assets

4,207,154 4,480,692

Entity's assets

16,525,020 14,443,924

Liabilities

Total liabilities for reportable segments

1,637,368 1,390,592

Other unallocated corporate liabilities

14,887,652 13,053,332

Entity's liabilities

16,525,020 14,443,924

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, 2015

Six months ended
December 31, 2015 December 31, 2014
 (Rupees in thousand)

20 OPERATING CASH FLOW BEFORE WORKING CAPITAL CHANGES

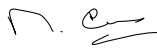
	624,752	723,118
Profit before taxation		
<i>Adjustments for:</i>		
Depreciation on property, plant and equipment	244,150	258,913
Depreciation on investment property	2,774	3,082
Provision for doubtful debts	-	8,994
Amortization on intangible assets	808	898
Finance cost	125,153	183,182
Share of profit of associated companies - net of tax	(1,617)	(33,599)
(Gain) on disposal of property, plant and equipment - net	(916)	(3,843)
(Gain) on sale investments property	-	(523,562)
Provision for employee benefits	3,310	2,673
Dividend income	(4,045)	(6,649)
Profit on bank deposits	(8,942)	(8,091)
	<u>360,675</u>	<u>(118,002)</u>
	<u>985,427</u>	<u>605,116</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 19, 2016.

22 GENERAL

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


 Muhammad Adrees
 Chief Executive Officer


 Haseeb Ahmed
 Director



Sitara Chemical Industries Limited

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