



Sitara Chemical Industries Limited
Half Year Report
December 31, 2016



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Company Information

Board of Directors

Chairman
Chief Executive Officer
Directors

Mr. Muhammad Khalil
Mr. Muhammad Adrees
Mr. Haseeb Ahmed
Mr. Waheed Akhter Sher
Mr. Abdul Awal
Mr. Muneeb-ul-Haq
Mr. Ahmad Nawaz

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. Muneeb-ul-Haq

Human Resource & Remuneration Committee

Chairman
Members

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

Head of Internal Audit

Mr. Zakir Hussain (FCA)

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
1st Floor, 40 - C, Block-6, P.E.C.H.S.,
Karachi.

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 of the Company for the half year ended December 31, 2016, together with Auditors' Review Report thereon.

During the period under review, your Company has posted net sales of Rs.4,484 million as against Rs. 4,626 million in the corresponding period of last year, representing a slight decrease of 3% which is due to competitive market dynamics in chemical division of company. However, Profit after tax stood at Rs.504 million during the period under review as against Rs.421 million in the corresponding period last year resulting Earning Per Share (EPS) of Rs.23.53/- as against Rs.19.65/- in the corresponding period of last year. Improvement in bottom line results during the period under review is mainly attributable towards **savings in energy cost owing to induction of 40 MW coal fired power plant.**

Our success history is based upon our determination to stay the course and look forward to understand the environment in which we operate, to organise ourselves to seize opportunities to deliver profitable growth now and in the future. Although we are operating in a challenging and turbulent economic environment, we see it as enthralling time with full of opportunities. We continue to commit ourselves to ambitious financial targets expected by our stakeholders.

Future Outlook:

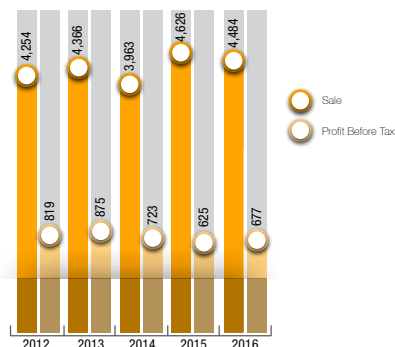
By the Grace of Almighty Allah, self sufficiency in power requirement of the company has been obtained. In line with vision of the Company for diversification, erection of 50 MT Liquid Carbon Dioxide (CO₂ – Food Grade) is in progress which will be completed and plant will be operational during the current financial year in line with our project timelines. By adding this new capacity of LCO₂, your company will not only be one of the largest producer of CO₂ in Pakistan having total installed capacity of 80 MT per day but also have this capacity fully operational round the year.

Company is also procuring a Steam Operated Absorption Chiller in order to provide standby arrangement for the smooth production of Sodium Hypochlorite and Caustic Soda. Negotiation with the foreign vendor in this regard has been completed and LC is being established. Erection and installation of the Chiller will be completed during the current financial year, and it will be made operational during 1st quarter of next financial year (Insha Allah).

We also believe that the recently announced Textile Package by Govt. will give boost to overall business environment of the country.

Acknowledgments:

We take this opportunity to thank our valued business partners and stakeholders for their continued support, trust and assistance for the progress and prosperity of the Company. Company also appreciates its staff for their continuous dedication, commitment and support.



For the half year ended December 31.

Muhammad Adrees
Chief Executive Officer
Faisalabad: February 18, 2017

ڈائریکٹرز رپورٹ

شروع اللہ کے نام سے جو بڑا مہربان اور رحم کرنے والا ہے۔

ستارہ کیمیکلز انڈسٹریز لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے میں 31 دسمبر 2016 کو ختم ہونے والی نصف سال کے غیر آڈٹ شدہ اکاؤنٹس بمعہ آڈیٹرز کی جائزہ رپورٹ پیش کر رہا ہوں۔

زیر جائزہ مدت کے دوران آپ کی کمپنی کی مصنوعات کی فروخت 4,484 ملین روپے رہی جبکہ پچھلے سال اسی عرصہ کے دوران مصنوعات کی فروخت 4,626 ملین روپے تھی، جو کہ کمپنی کے کیمیکل ڈویژن میں مقابلہ مارکیٹ کی وجہ سے 3 فیصد کی معمولی کمی کا سبب بنا۔ تاہم، ٹیکس کے بعد کمایا گیا خالص منافع 504 ملین روپے رہا جبکہ پچھلے سال اسی عرصہ کے دوران یہ منافع 421 ملین روپے تھا۔ جس کے نتیجے میں فی حصص آمدنی 23.53 روپے رہی جبکہ پچھلے سال کے اسی دورانیہ میں 19.65 روپے تھی۔ زیر جائزہ مدت کے دوران، نتائج میں بہتری کی بنیادی وجہ 40 میگا واٹ کوسٹلے پر چلنے والے پاور پلانٹ کی وجہ سے توانائی کی لاگت میں کمی ہے۔

ہماری کامیابی کی تاریخ کی بنیاد راستے پر پُر عزم رہنے اور جس ماحول میں ہم کام کر رہے ہیں اُس پر نظر رکھنے، اور مستقبل میں منافع بخش ترقی کی فراہمی کے مواقع پر قبضہ کرنے کے لیے خود کو منظم کرنے میں ہے۔ اگرچہ ہم ایک مشکل اور ہنگامہ خیز اقتصادی ماحول میں کام کر رہے ہیں، ہم اس وقت کو ترقی کے بھرپور مواقع کے طور پر دیکھتے ہیں۔ ہم اپنے حصہ داران کے متوقع مالی اہداف کے حصول کے لیے کوشش جاری رکھیں گے۔

مستقبل پر نظر

اللہ رب العالمین کے فضل و کرم کے سبب، کمپنی کی بجلی کی ضرورت میں خود کفالت حاصل کر لی گئی ہے۔ کمپنی میں تبدیلی کے ویژن کے مطابق، 50 میٹرک ٹن مائع کاربن ڈائی آکسائیڈ (CO2 فوڈ گریڈ) کی تعمیر کا کام جاری ہے جو کہ موجودہ سال کی مطلوبہ مدت میں مکمل ہو جائے گا اور پلانٹ اپنی پیداوار شروع کر دے گا۔ مائع کاربن ڈائی آکسائیڈ کے اس نئے پیداواری صلاحیت کی وجہ سے آپ کی کمپنی نا صرف کاربن ڈائی آکسائیڈ پیدا کرنے والی پاکستان کی 80 میٹرک ٹن روزانہ کی پیداوار کرنے والی ایک بڑی کمپنی بن جائے گی۔ بلکہ یہ اس سال پیداوار شروع کر دے گی۔

آپ کی کمپنی بھاپ سے چلنے والے ایک عدد چلر کی خریداری کر رہی ہے جو کہ کمپنی کی مصنوعات سوڈیم ہائیپو کلورائیٹ اور کاسٹک سوڈا کی متواتر پیداوار میں مددگار ثابت ہوگا۔ کمپنی اس سلسلے میں غیر ملکی فروخت کنندگان سے مذاکرات کر چکی ہے اور LCR کھلنے جاری ہے۔ چلر کی تنصیب اور تعمیر کا کام موجودہ سال میں مکمل ہو جائے گا اور آئندہ مالی سال کی پہلی سہ ماہی کے دوران آپریشنل بھی ہو جائے گا (انشاء اللہ)۔

ہم یہ بھی یقین رکھتے ہیں کہ حال ہی میں حکومت نے جس ٹیکسٹائل پیکج کا اعلان کیا ہے اس سے ملک کی مجموعی طور پر کاروباری ماحول میں اضافے کو فروغ ملے گا۔

اعتراقات

ہم اس موقع پر اپنے محترم کاروباری شراکت داروں کی مستقل حوصلہ افزائی، مدد اور اعتماد کا شکریہ ادا کرتے ہیں۔ کمپنی اپنے ملازمین کی مستقل مزاجی و محنت لگن اور صلاحیتوں کی معترف ہے اور اس پر فخر کرتی ہے۔

سے

محمد ادریس

چیف ایگزیکٹو آفیسر

فیصل آباد۔ 18 فروری 2017

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, 2016, 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, 2016 have not been reviewed, as we are required to review only the cumulative figures for the six months ended December 31, 2016.

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, 2016 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Deloitte Young & Asif

Chartered Accountants

Engagement Partner: Rana M. Usman Khan

Dated: February 18, 2017

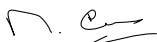
Lahore

Condensed Interim Balance Sheet (Un-Audited)

As at December 31, 2016

		Un-audited December 31, 2016 (Rupees in thousand)	Audited June 30, 2016
	Note		
NON - CURRENT ASSETS			
Property, plant and equipment	5	8,764,103	8,789,143
Intangible assets		13,816	14,543
Investment property	6	2,899,633	2,872,992
Long-term investments		98,114	100,125
Long-term loans and advances		1,266,178	1,265,177
Long-term deposits		110,984	110,858
		13,152,828	13,152,838
CURRENT ASSETS			
Stores, spare parts and loose tools		686,335	413,630
Stock-in-trade		1,647,992	1,103,513
Trade debts	7	1,038,162	1,124,985
Advance sales tax		-	61,214
Loans and advances		1,953,118	1,597,384
Trade deposits and short-term prepayments		31,568	6,580
Other receivables	8	7,316	9,564
Other financial assets	9	117,142	197,069
Cash and bank balances		217,937	188,425
		5,699,570	4,702,364
		18,852,398	17,855,202
SHARE CAPITAL AND RESERVES			
Share capital	10	214,294	214,294
Reserves		1,399,725	1,362,766
Un-appropriated profits		6,252,704	5,958,347
		7,866,723	7,535,407
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
		1,317,366	1,355,695
NON - CURRENT LIABILITIES			
Long-term financing	11	2,092,299	1,655,407
Long-term deposits		15,685	3,885
Deferred liabilities		1,122,003	1,017,941
		3,229,987	2,677,233
CURRENT LIABILITIES			
Trade and other payables	12	2,695,412	2,790,765
Profit / financial charges payable		89,022	82,952
Short term borrowings		2,845,050	2,672,034
Current portion of long term financing		788,653	741,116
Sales tax payable		20,185	-
		6,438,322	6,286,867
CONTINGENCIES AND COMMITMENTS			
	13	18,852,398	17,855,202

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



Muhammad Adrees
Chief Executive Officer



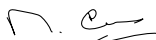
Haseeb Ahmed
Director

Condensed Interim Profit And Loss Account (Un-Audited)

For The Six Months Ended December 31, 2016

		Six months ended		Three months ended	
		December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	Note	(Rupees in thousand)			
Sales - net	14	4,483,659	4,626,471	2,443,255	2,473,513
Cost of sales	15	(3,292,525)	(3,529,317)	(1,801,216)	(1,909,384)
Gross profit		1,191,134	1,097,154	642,039	564,129
Distribution cost		(93,819)	(100,307)	(49,255)	(53,915)
Administrative expenses		(253,592)	(230,930)	(133,656)	(108,943)
Other expenses		(50,235)	(46,303)	(26,979)	(27,566)
Finance cost		(147,519)	(125,153)	(71,881)	(63,885)
		(545,165)	(502,693)	(281,771)	(254,309)
Other Income		36,907	28,674	8,820	18,604
		682,876	623,135	369,088	328,424
Share of (loss) / profit of associates					
- net of tax		(5,474)	1,617	(5,474)	1,617
Profit before taxation		677,402	624,752	363,614	330,041
Provision for taxation	16	(173,162)	(203,755)	(101,050)	(114,700)
Profit after taxation		504,240	420,997	262,564	215,341
Earnings per share - basic and diluted					
(Rupees)	17	23.53	19.65	12.25	10.05

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


Muhammad Adrees
Chief Executive Officer

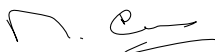

Haseeb Ahmed
Director

Condensed Interim Statement Of Comprehensive Income (Un-Audited)

For The Six Months Ended December 31, 2016

	Six months ended		Three months ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	(Rupees in thousand)			
Profit after taxation	504,240	420,997	262,564	215,341
Other comprehensive income				
Items that may be reclassified subsequently to profit and loss				
Surplus/(Deficit) on re-measurement of available for sale financial assets	32,905	(9,854)	3,279	(4,858)
Reclassification adjustment relating to available for sale financial assets disposed off during the period	4,054	-	4,054	-
Total items that may be reclassified subsequently to profit and loss	36,959	(9,854)	7,333	(4,858)
Items that will not be reclassified subsequently to profit and loss	-	-	-	-
Total comprehensive income for the period	541,199	411,143	269,897	210,483

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, 2016

Share Capital	Reserves					Total Reserves	Total
	Share Premium	Reserve on re-measurement of available for sale investments	Remeasurement on post retirement benefits obligation net of tax	General Reserve	Un-appropriated Profit		
Rupees in thousand							
214,294	97,490	47,024	(5,933)	1,225,000	5,314,313	6,677,894	6,892,188
-	-	-	-	-	420,997	420,997	420,997
-	-	-	-	-	-	-	-
-	-	(9,854)	-	-	-	(9,854)	(9,854)
-	-	(9,854)	-	-	420,997	411,143	411,143
-	-	-	-	-	33,839	33,839	33,839
-	-	-	-	-	(192,865)	(192,865)	(192,865)
214,294	97,490	37,170	(5,933)	1,225,000	5,576,284	6,930,011	7,144,305
214,294	97,490	46,642	(6,366)	1,225,000	5,958,347	7,321,113	7,535,407
-	-	-	-	-	504,240	504,240	504,240
-	-	-	-	-	-	-	-
-	-	36,959	-	-	-	36,959	36,959
-	-	36,959	-	-	504,240	541,199	541,199
-	-	-	-	-	36,555	36,555	36,555
-	-	-	-	-	-	-	-
-	-	-	-	-	(246,438)	(246,438)	(246,438)
214,294	97,490	83,601	(6,366)	1,225,000	6,252,704	7,652,429	7,866,723

Balance as at July 01, 2015 - audited

Total comprehensive income

Profit for the six months ended December 31, 2015

Remeasurement of post retirement benefits - net of tax

Loss on re-measurement of available for sale financial assets

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

Transactions with owners

Final dividend for the year ended June 30, 2015

@ Rs. 9 per share

Balance as at December 31, 2015

Balance as at July 01, 2016 - audited

Balance as at July 01, 2016 - audited

Total comprehensive income

Profit for the six months ended December 31, 2016

Remeasurement 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 - net of tax

Transactions with owners

Final dividend for the year ended June 30, 2016

@ Rs. 11.50 per share

Balance as at December 31, 2016

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



Haseeb Ahmed
Director



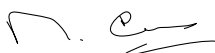
Muhammad Adrees
Chief Executive Officer

Condensed Interim Cash Flow Statement (Un-Audited)

For The Six Months Ended December 31, 2016

	Note	Six months ended	
		December 31, 2016	December 31, 2015
(Rupees in thousand)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating cash flow before working capital changes	20	1,079,948	985,427
Changes in working capital			
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(272,705)	(47,681)
Stock-in-trade		(544,479)	(700,661)
Trade debts		86,823	65,806
Advance sales tax		61,214	18,019
Loans and advances		(302,118)	266,606
Trade deposits and short-term prepayments		(24,988)	(18,808)
Other receivables		2,248	4,862
Increase / (decrease) in current liabilities			
Trade and other payables		(83,816)	188,841
		(1,077,821)	(223,016)
Cash generated from operations		2,127	762,411
Finance cost paid		(141,449)	(105,795)
Employee benefits paid		(4,105)	(1,659)
Taxes paid		(120,921)	(255,862)
Profit received		7,158	8,942
		(259,317)	(354,374)
Net cash (used in) / generated from operating activities		(257,190)	408,037
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(242,012)	(1,925,040)
Proceeds from disposal of property, plant and equipment		4,933	1,253
Proceeds from available for sale investments - net		121,052	49,670
Purchase of investment property		(29,137)	(130,491)
Long term Deposits paid		(126)	-
Long-term loans and advances		(1,001)	(1,575)
Dividend income received		2,539	4,045
Net cash used in investing activities		(143,752)	(2,002,138)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term financing - net		484,429	1,004,679
Short term financing - net		173,016	682,890
Long term deposits		11,800	(134)
Dividend paid		(238,791)	(186,973)
Net cash from financing activities		430,454	1,500,462
Net increase / (decrease) in cash and cash equivalents		29,512	(93,639)
Cash and cash equivalents at beginning of the period		188,425	256,977
Cash and cash equivalents at end of the period		217,937	163,338

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, 2016

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 - Sheikhupura 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 trading of 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, 2016 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, 2016. Comparative balance sheet is extracted from annual audited financial statements for the year ended June 30, 2016 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, 2015.
- 2.3 The condensed interim financial information is un-audited. However, a limited scope review has been performed by statutory auditor of the Company in accordance with 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 June 30, 2016.

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, 2016.

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

For The Six Months Ended December 31, 2016

		Un-audited December 31, 2016 (Rupees in thousand)	Audited June 30, 2016
5	PROPERTY, PLANT AND EQUIPMENT		
	Operating assets	8,525,093	5,307,233
	Capital work-in-progress	239,010	3,481,910
		<u>8,764,103</u>	<u>8,789,143</u>
5.1	Operating assets		
	Opening written down value	5,307,233	5,439,242
	Additions during the period / year:		
	Freehold land	6,942	29,339
	Buildings on freehold land - Mills	820,445	66,496
	Plant and machinery	1,981,275	64,839
	Grid station and electric installations	-	33
	Containers and cylinders	-	32
	Factory equipment	1,646	3,419
	Electric equipment	664,754	16,036
	Office equipment	2,649	6,139
	Furniture and fittings	2,941	1,321
	Vehicles	4,260	10,525
		<u>3,484,912</u>	<u>198,179</u>
	Revaluation surplus	-	166,348
	WDV of disposed off during the period / year	(3,567)	(3,863)
	Depreciation charged during the period / year	(263,485)	(492,673)
		<u>8,525,093</u>	<u>5,307,233</u>

- 5.2** The Company follows the revaluation model. Revaluation of land, buildings and plant & machinery was carried out by Hamid Mukhtar & Company (Private) Ltd., independent valuer not connected with the Company and is on panel of Pakistan Banks' Association as 'Any Amount' asset valuer. 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 at June 30, 2016 resulted in a further surplus of Rs. 166 million. Out of the total revaluation surplus of Rs. 1,491 million, Rs. 1,263 million net of tax (June 30, 2016: Rs. 1,299 million) remains undepreciated as at December 31, 2016.

Details of the Company's revalued assets and information about fair value hierarchy, as at December 31, 2016 are as follows:

	Level 1	Level 2	Level 3	Total
	----- (Rupees in thousand) -----			
Land - freehold	-	680,373	-	680,373
Buildings on freehold land	-	1,302,751	-	1,302,751
Plant and machinery	-	5,622,502	-	5,622,502

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

For The Six Months Ended December 31, 2016

		Un-audited December 31, 2016 (Rupees in thousand)	Audited June 30, 2016
6 INVESTMENT PROPERTY	Note		
Land	6.1	2,848,242	2,819,105
Buildings	6.2	51,391	53,887
		<u>2,899,633</u>	<u>2,872,992</u>
6.1 Land - at cost			
Balance at beginning of the period / year		2,819,105	2,657,058
Acquisitions		29,137	162,047
Disposal		-	-
Balance at end of the period / year		<u>2,848,242</u>	<u>2,819,105</u>
6.2 Building - at cost			
Cost		77,921	77,921
Acquisitions		-	-
		<u>77,921</u>	<u>77,921</u>
Accumulated depreciation:			
At the beginning of the period / year		24,034	18,516
For the period / year		2,496	5,518
At the end of the period / year		<u>26,530</u>	<u>24,034</u>
Written down value at the end of the period / year		<u>51,391</u>	<u>53,887</u>
7 TRADE DEBTS			
These include receivable from related parties amounting to Rs.5,824 thousand (June 30, 2016: Rs.3,927 thousand).			
8 OTHER RECEIVABLES			
These include receivable from related parties amounting to Rs.5,547 thousand (June 30, 2016: Rs. 5,362 thousand).			
9 OTHER FINANCIAL ASSETS		Un-audited December 31, 2016 (Rupees in thousand)	Audited June 30, 2016
Available for sale securities			
Listed equity securities			
Fair Value at July 01		197,069	201,065
Addition in Investment		-	300
		<u>197,069</u>	<u>201,365</u>
Sale / Disposal		112,833	2,033
		<u>84,236</u>	<u>199,332</u>
Gain / (Deficit) on remeasurement of available for sale financial assets during the period / year		32,906	(2,263)
	9.1	<u>117,142</u>	<u>197,069</u>

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

For The Six Months Ended December 31, 2016

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 financial assets which are carried at fair value:

	Un-audited December 31, 2016			Audited June 30, 2016		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	(Rupees in thousand)			(Rupees in thousand)		
Financial assets - at fair value						
Available for sale						
Listed equity securities	117,142	-	-	197,069	-	-
	<u>117,142</u>	<u>-</u>	<u>-</u>	<u>197,069</u>	<u>-</u>	<u>-</u>

There were no transfers between levels during the period / year.

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

The carrying value of all other financial assets and liabilities reflected in the condensed interim financial information approximates their fair values.

10. SHARE CAPITAL

Un-audited December 31, 2016	Audited June 30, 2016		Un-audited December 31, 2016	Audited June 30, 2016
.....No of shares.....			(Rupees in thousand)	
		Authorized		
		Ordinary shares of Rs. 10 each		
40,000,000	40,000,000	Class "A"	400,000	400,000
20,000,000	20,000,000	Class "B"	200,000	200,000
		Issued, subscribed and paid up		
		Class "A" ordinary shares of Rs. 10/- each		
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.

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

For The Six Months Ended December 31, 2016

Un-audited
December 31,
2016
(Rupees in thousand)

Audited
June 30,
2016

11 LONG-TERM FINANCING

Opening balance	2,396,523	1,138,358
Obtained during the period / year	834,115	1,538,522
	3,230,638	2,676,880
Less: Re-paid during the period / year	349,686	280,357
	2,880,952	2,396,523
Less: current portion	788,653	741,116
	2,092,299	1,655,407

12 TRADE AND OTHER PAYABLES

12.1 These include Murabaha payable amounting to Rs. 811,690 thousand (June 30, 2016: Rs. 731,032 thousand). The aggregate unavailed facilities available to the Company from banking companies amounted to Rs. 1,492 million (June 30, 2016: Rs.1,196 million). These are subject to profit margin ranging from 6.73% to 7.89% (June 30, 2016: 6.79% to 10.00%) 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,
2016
(Rupees in thousand)

Audited
June 30,
2016

13 CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

Guarantees issued by banks on behalf of the Company

185,559 186,459

13.2 Commitments

Outstanding letters of credit for raw material and spares

442,774 301,573

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

For The Six Months Ended December 31, 2016

	Six months ended		Three months ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	(Rupees in thousand)			
14. SALES - NET				
Local	5,391,044	5,558,570	2,924,039	2,963,966
Export	13,304	4,372	13,304	4,372
	5,404,348	5,562,942	2,937,343	2,968,338
Less: Commission and discount	248,675	237,709	129,912	120,725
Sales tax	672,014	698,762	364,176	374,100
	920,689	936,471	494,088	494,825
	4,483,659	4,626,471	2,443,255	2,473,513
15. COST OF SALES				
Raw material consumed	890,163	958,113	509,859	478,623
Fuel and power	1,402,031	2,225,210	643,113	977,641
Salaries, wages and benefits	187,437	166,031	106,580	85,445
Factory overheads	751,964	487,017	490,866	261,820
	3,231,595	3,836,371	1,750,418	1,803,529
Work-in-process				
Opening stock	9,671	8,102	10,939	7,385
Closing stock	(9,445)	(7,351)	(9,445)	(7,351)
	226	751	1,494	34
Cost of goods manufactured	3,231,821	3,837,122	1,751,912	1,803,563
Finished goods				
Opening stock	652,710	479,954	641,310	893,580
Closing stock	(592,006)	(787,759)	(592,006)	(787,759)
	60,704	(307,805)	49,304	105,821
	3,292,525	3,529,317	1,801,216	1,909,384

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

For The Six Months Ended December 31, 2016

	Six months ended		Three months ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	(Rupees in thousand)			
16 PROVISION FOR TAXATION				
Current - for the period	68,178	236,362	(49,528)	127,047
Prior year	127	6,898	127	6,898
Deferred	104,857	(39,505)	150,451	(19,245)
	<u>173,162</u>	<u>203,755</u>	<u>101,050</u>	<u>114,700</u>
17 EARNINGS PER SHARE - BASIC AND DILUTED				
Profit for the period	504,240	420,997	262,564	215,341
Weighted average number of ordinary shares outstanding during the period	21,429	21,429	21,429	21,429
Earnings per share (Rupees)	<u>23.53</u>	<u>19.65</u>	<u>12.25</u>	<u>10.05</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, 2016	December 31, 2015
		(Rupees in thousand)	
Associated Undertakings	Sales	2,507	1,854
	Organizational expenses recovered	118	-
	Organizational expenses paid	323	107
	Donation given	3,454	12,120
Key Management Personnel	Remuneration to Executives	81,372	73,468

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

For The Six Months Ended December 31, 2016

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 trading of fabric

19.1 Information about operating segments is as follows:

	Chemical Division		Textile Division		Total	
	December 31, December 31, 2015		Six months ended December 31, December 31, 2015		December 31, December 31, 2016	
	2016	2015	2016	2015	2016	2015
	(Rupees in thousand)					
Revenue from external customers - net	3,817,788	3,952,754	665,871	673,717	4,483,659	4,626,471
Depreciation on property, plant and equipment	241,504	222,441	21,981	21,709	263,485	244,150
Segment profit	846,934	786,047	(3,211)	(20,130)	843,723	765,917
	(Rupees in thousand)					
	Un-audited December 31, 2016	Audited June 30 2016	Un-audited December 31 2016	Audited June 30 2016	Total Un-audited December 31 2016	Total Audited June 30 2016
Capital expenditure	3,484,067	193,923	845	4,255	3,484,912	198,178
Segment assets	12,100,376	11,831,420	2,091,051	1,608,079	14,191,427	13,439,499
Segment liabilities	1,548,884	1,845,224	253,620	123,393	1,802,504	1,968,617

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

For The Six Months Ended December 31, 2016

Six months ended	
December 31, 2016	December 31, 2015
(Rupees in thousand)	

19.2 Reconciliations of reportable segments are as follows:

Revenue

Total revenue for reportable segments

4,483,659	4,626,471
-----------	-----------

Profit for the period

Total profit for reportable segments

843,723	765,917
---------	---------

Unallocated corporate income / (expenses)

Other income

36,907	28,674
--------	--------

Other expenses

(50,235)	(46,303)
----------	----------

Finance cost

(147,519)	(125,153)
-----------	-----------

Share of (loss) / profit of associates - net of tax

(5,474)	1,617
---------	-------

Profit before taxation

677,402	624,752
---------	---------

Un-audited
December 31,
2016

Audited
June 30,
2016

(Rupees in thousand)

Assets

Total assets for reportable segments

14,191,427	13,439,499
------------	------------

Other unallocated corporate assets

4,660,971	4,415,703
-----------	-----------

Entity's assets

18,852,398	17,855,202
------------	------------

Liabilities

Total liabilities for reportable segments

1,802,504	1,968,617
-----------	-----------

Other unallocated corporate liabilities

7,865,805	6,995,483
-----------	-----------

Entity's liabilities

9,668,309	8,964,100
-----------	-----------

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, 2016

Six months ended
December 31, 2016 December 31, 2015
(Rupees in thousand)

20 OPERATING CASH FLOW BEFORE WORKING CAPITAL CHANGES

Profit before taxation	677,402	624,752
Adjustments for:		
Depreciation on property, plant and equipment	263,485	244,150
Depreciation on investment property	2,496	2,774
Gain on sale of available for sale investments	(4,165)	-
Amortization on intangible assets	727	808
Finance cost	147,519	125,153
Share of loss / (profit) of associated companies - net of tax	5,474	(1,617)
Gain on disposal of property, plant and equipment - net	(1,366)	(916)
Reversal of Impairment Loss on investment in associated company	(5,237)	-
Provision for employee benefits	3,310	3,310
Dividend income	(2,539)	(4,045)
Profit on bank deposits	(7,158)	(8,942)
	402,546	360,675
	<u>1,079,948</u>	<u>985,427</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 18, 2017.

22 GENERAL

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



Muhammad Adrees
Chief Executive Officer



Haseeb Ahmed
Director



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