

Half Yearly RePORT

December
2010



The Leading Peroxide Company





Company information



Board Of Directors

Chairman

Haji Bashir Ahmed

Chief Executive Officer (CEO)

Mr. Imran Ghafoor

Directors

Mr. Javed Iqbal

Mr. Muhammad Adrees

Mr. Muhammad Anis

Mrs. Noureen Javed

Mrs. Sharmeen Imran

Company Secretary

Mr. Mazhar Ali Khan

Chief Financial Officer (CFO)

Mr. Syed Sarfraz Habib - ACA

Audit Committee

Chairman

Mr. Javed Iqbal

Members

Mrs. Sharmeen Imran

Mr. Muhammad Anis

Auditors

M/s. M. Yousuf Adil Saleem & Co.,
Chartered Accountants

Legal Advisor

Mr. Sahibzada Waqar Arif

Registered Office

601-602, Business Centre, Mumtaz
Hasan Road, Karachi-74000
Ph:021-32401373, 32413944

Bankers

Askari Bank Limited

Bank Alfalah Limited

Faysal Bank Limited

Al-Baraka Islamic Bank

Habib Bank Limited

Meezan Bank Limited

National Bank of Pakistan

Standard Chartered Bank

United Bank Limited

Silk Bank Limited

Share Registrar

Noble computer Services (Pvt.) Limited
Mezzanine Floor, House of Habib Building
(Siddiqsons Tower),

3-Jinnah Cooperative Housing Society,
Main Shahrah-e-Faisal, Karachi-75350

Ph: (92-21) 34325482-87

Fax: (92-21) 34325442

Head Office & Project Location

26-Km Sheikhpura Road, Faisalabad.

Ph: 041-4364031-33

DIRECTORS' REVIEW

Your Directors are pleased to present their report together with the condensed interim financial statements reviewed by the statutory auditors for the half year ended December 31, 2010.

Financial Results

	Half year ended December 31		Increase
	2010	2009	
 (Amount in Rupees)		
Net sales	601,387,903	303,132,940	98%
Gross profit/ (loss)	224,080,804	(35,349,548)	734%
Operating profit/ (loss)	195,382,958	(61,482,944)	418%
Profit/ (loss) for the period	64,138,834	(122,176,143)	152%
Earnings/ (loss) per share	1.16	(2.22)	

By the grace of Allah, Mian Muhammad Adrees, director has succeeded in breaking bottle necks of the company. This was only possible through his vast vision, knowledge, management skills and diversified knowledge. After his hectic efforts and sharing his knowledge of leading one of the largest chemical unit, Sitara Chemical Industries Limited, your company has succeeded in overcoming the crises and now the company is on right track. His steps have yielded net profit of Rs. 51.25 Million in the second quarter ended on December 31, 2010. Major steps were as under:-

- Production capacity utilized during the period is 77 percent of installed capacity as against 51 percent of the last corresponding period. Low utilization was mainly due to natural gas shortage. Whereas company had achieved even 100 percent of its installed capacity in a single day when there was no such shortage.
- Total sales value has increased by 98 percent as compared to last corresponding period which clearly shows the strength of the product of the company.
- Fuel and power charges have decreased by almost 15 percent due to its own power generation.
- Margins for your company increased because per metric ton fixed/variable costs decreased due to increased production and better use of resources.

Despite highly challenging business environment, your Company was able to, by the grace of Almighty Allah, remain on track of growth. By maintaining focus on customers needs, your Company was successful in strengthening its market position through better optimization of manufacturing process.

Future Outlook

Pakistan economy continues to face challenges on internal as well as external fronts. Massive energy shortfall, internal security environment, overall persistent inflation, high cost of inputs and high interest rates are the internal challenges to the economy. The external situation is also not optimistic as global economic recovery continues to remain weak. However, lately some signs of improvements are visible in the manufacturing sector.

While we keep pace with market realities, your Company continue to pursue the customer-centered strategies to achieve short term and long term objectives. The management is fully confident that in future, capacity utilization of the plant will improve further that will help in improving the profitability of the Company. The future of your Company, InshAllah, is much bright.

Additionally, your Company assures to bring excellence in product safety and quality as well as maintaining its highest environmental and health standards. I, on the behalf of the Board, have firm belief in our efforts and employees dedication and skills to cope with the challenges. I would also like to thank our valued customers and banks for their continuing support.

Allah may give us the courage to face the challenges ahead. A'meen.

For and on behalf of Board of Directors

Faisalabad
February 21, 2011

IMRAN GHAFOOR
Chief Executive Officer

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE MEMBERS

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Sitara Peroxide Limited** (the Company) as at December 31, 2010, and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof, for the six months 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 for the quarters ended December 31, 2010 and December 31, 2009 have not been reviewed, as we are required to review only the cumulative figures for the six months ended December 31, 2010.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of the person responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the six months ended December 31, 2010 is not prepared in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

M. YOUSUF ADIL SALEEM & CO
(Chartered Accountants)

Multan

Dated: February 21, 2011

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT DECEMBER 31, 2010

		December 31, 2010 (Un-Audited)	June 30, 2010 (Audited)
NoteRupees.....		
ASSETS			
Non-current assets			
		2,237,255,302	2,259,947,983
		3,705,000	3,705,000
		2,240,960,302	2,263,652,983
Current assets			
		72,184,584	65,724,318
		297,285,688	254,686,895
		85,382,728	56,153,743
		26,949,400	23,837,758
		23,047,478	20,314,143
		15,412,177	29,064,883
		39,284,665	30,009,158
		5,453,162	4,335,278
		564,999,882	484,126,176
		2,805,960,184	2,747,779,159
EQUITY AND LIABILITIES			
Share capital and reserves			
		551,000,000	551,000,000
		(252,471,982)	(331,307,527)
		298,528,018	219,692,473
		506,178,434	520,875,145
Non-current liabilities			
		1,332,847,762	1,353,195,528
		2,680,437	2,418,898
		1,335,528,199	1,355,614,426
Current liabilities			
		191,168,484	171,920,089
		67,156,350	37,989,828
		349,331,284	393,791,666
		58,069,415	47,895,532
		665,725,533	651,597,115
		-	-
		2,805,960,184	2,747,779,159

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE SIX MONTHS ENDED DECEMBER 31, 2010

Note	Six months ended		Three months ended		
	December 31	December 31	December 31	December 31	
	2010	2009	2010	2009	
----- Rupees -----					
Sales	10	601,387,903	303,132,940	351,606,315	158,330,750
Cost of sales	11	377,307,099	338,482,488	215,802,270	173,005,145
Gross profit / (loss)		224,080,804	(35,349,548)	135,804,045	(14,674,395)
Distribution cost		7,363,548	7,225,479	4,227,752	2,404,231
Administrative expenses		21,324,298	18,448,560	12,774,441	9,539,625
Other operating expense		-	459,357	-	-
		28,687,846	26,133,396	17,002,193	11,943,856
Operating profit /(loss)		195,392,958	(61,482,944)	118,801,852	(26,618,251)
Finance cost		125,344,700	123,218,005	63,893,842	60,408,127
Other income		(204,877)	-	-	-
Profit /(loss) before taxation		70,253,135	(184,700,949)	54,908,010	(87,026,378)
Provision for taxation	12	6,114,301	(62,524,806)	3,662,868	631,653
Profit /(loss) for the period		64,138,834	(122,176,143)	51,245,142	(87,658,031)
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		64,138,834	(122,176,143)	51,245,142	(87,658,031)
Earnings /(loss) per share - basic and diluted	13	1.16	(2.22)	0.93	(1.59)

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE SIX MONTHS ENDED DECEMBER 31, 2010

	December 31, 2010 (Un-Audited)	June 30, 2010 (Audited)
Rupees.....	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	70,253,135	(184,700,949)
Adjustments for:		
Depreciation	82,570,657	79,181,953
Gain on sale of property, plant and equipment	(204,877)	-
Provision for staff retirement gratuity	1,062,171	576,063
Finance cost	125,344,700	123,218,005
	208,772,651	202,976,021
	279,025,786	18,275,072
Working capital changes		
Decrease / (Increase) in current assets		
Stores, spare parts and loose tools	(6,460,266)	12,680,681
Stock-in-trade	(42,598,793)	54,981,884
Trade debts	(29,228,985)	6,569,107
Advances	(3,111,642)	(21,162,380)
Deposits and prepayments	(2,733,335)	(676,858)
Other receivables	-	650,238
Decrease / (Increase) in current liabilities		
Trade and other payables	19,248,395	12,027,093
	(64,884,626)	65,069,765
Cash generated from operations	214,141,160	83,344,837
Finance cost paid	(96,178,178)	(123,395,190)
Sales tax refunded/(paid)	(9,275,507)	13,753,147
Staff retirement gratuity paid	(800,632)	(133,156)
Income taxes paid	7,538,405	(6,008,384)
	(98,715,912)	(115,783,583)
Net cash from / (used in) operating activities	115,425,248	(32,438,746)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to property, plant and equipment	(60,173,099)	(37,028,686)
Proceeds from disposal of property, plant and equipment	500,000	4,283,740
Decrease in long-term advances	-	28,967
	(59,673,099)	(32,715,979)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term financing	(10,173,883)	(5,883,207)
Net (decrease) / increase in short-term borrowings	(44,460,382)	72,164,628
Payment of liabilities against assets subject to finance lease	-	(134,719)
Net cash (used in) / from financing activities	(54,634,265)	66,146,702
Net Increase in cash and cash equivalents (A+B+C)	1,117,884	991,977
Cash and cash equivalents at beginning of period	4,335,278	6,669,818
Cash and cash equivalents at end of period	5,453,162	7,661,795

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE SIX MONTHS ENDED DECEMBER 31, 2010

	Share capital	Accumulated losses	Total
 Rupees		
Balance as at June 30, 2009	551,000,000	(181,634,733)	369,365,267
Total comprehensive income for the six months ended December 31, 2009			
Loss for the period	-	(122,176,143)	(122,176,143)
Other comprehensive income	-	-	-
	-	(122,176,143)	(122,176,143)
Incremental depreciation for the period transferred to accumulated losses - net of deferred tax	-	22,610,325	22,610,325
Balance as at December 31, 2009	551,000,000	(281,200,551)	269,799,449
Balance as at June 30, 2010	551,000,000	(331,307,527)	219,692,473
Total comprehensive income for the six months ended December 31, 2010			
Profit for the period	-	64,138,834	64,138,834
Other comprehensive income	-	-	-
	-	64,138,834	64,138,834
Incremental depreciation for the period transferred to accumulated losses - net of deferred tax	-	14,696,711	14,696,711
Balance as at December 31, 2010	551,000,000	(252,471,982)	298,528,018

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE OFFICER

DIRECTOR

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS ENDED DECEMBER 31, 2010

1. GENERAL INFORMATION

- 1.1 Sitara Peroxide Limited ("the Company") is limited by shares, incorporated in Pakistan on March 08, 2004 as a public limited company under the Companies Ordinance, 1984. The Company is listed on Karachi Stock Exchange from July 23, 2007. The registered office of the Company is situated at 601-602, Business Centre, Mumtaz Hassan Road, Karachi in the province of Sindh and the manufacturing facilities are located at 26 KM Sheikhpura Road, Faisalabad in the province of Punjab. The principal activity of the Company is manufacturing and sale of hydrogen peroxide (H₂O₂).
- 1.2 This condensed interim financial information is presented in Pak Rupees, which is the Company's functional and presentation currency.

2. BASIS OF PREPARATION

- 2.1 This condensed interim financial report of the Company for the six months period ended December 31, 2010 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and 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, 2010. Comparative balance sheet is extracted from annual audited financial statements for the year ended June 30, 2010, 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, 2009.
- 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 report are same as those applied in preparation of the financial statements for the year ended June 30, 2010.

4. PROPERTY PLANT AND EQUIPMENT

		December 31, 2010 (Un-Audited)	June 30, 2010 (Audited)
	NoteRupees.....	
Operating assets	4.1	2,182,113,676	2,252,573,230
Capital work-in-progress	4.2	55,141,626	7,374,753
		2,237,255,302	2,259,947,983
4.1 Operating assets			
Written down value at beginning of the period / year		2,252,573,230	2,228,698,017
Additions / transfers during the period:			
Land - freehold		-	-
Building on freehold land		-	20,439,528
Plant and machinery		11,442,394	158,821,303
Electric installations		94,145	12,701,780
Laboratory equipment		-	-
Factory equipment		-	251,700
Office equipment		43,000	2,147,202
Furniture and fixtures		221,438	137,777
Vehicles		605,249	1,236,720
		12,406,226	195,736,010

	December 31, 2010 (Un-Audited)	June 30, 2010 (Audited)
Rupees.....	
Written down value of assets disposed during the period		
Plant and machinery	-	3,552,150
Vehicles	295,123	6,918,032
	295,123	10,470,182
Less: Depreciation charge for the period	82,570,657	161,390,615
Written down value at end of the period	<u>2,182,113,676</u>	<u>2,252,573,230</u>
4.2 Capital work-in-progress		
Advances for fixed assets	55,141,626	7,374,753
	<u>55,141,626</u>	<u>7,374,753</u>
5. ADVANCE INCOME TAX		
Balance at beginning of period	29,064,883	25,350,428
Add: paid during the period	4,108,923	12,347,930
	33,173,806	37,698,358
Less: adjusted during the period		
Adjusted / refund received during the period	11,647,328	4,889,191
Provision for taxation	6,114,301	3,744,284
Balance at end of period	<u>15,412,177</u>	<u>29,064,883</u>
6. SHARE CAPITAL		
Authorized		
60,000,000 (June 30, 2009: 60,000,000) ordinary shares of Rs. 10 each	<u>600,000,000</u>	<u>600,000,000</u>
Issued, subscribed and paid up		
55,100,000 (June 30, 2010: 55,100,000) ordinary shares of Rs. 10 each	<u>551,000,000</u>	<u>551,000,000</u>
7. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		
Balance at beginning of period / year	520,875,145	550,347,858
Less: Incremental depreciation charged during the period transferred to accumulated losses	22,610,324	45,342,635
-deferred tax liability relating to incremental depreciation	(7,913,613)	(15,869,922)
	14,696,711	29,472,713
Balance at the end of period / year	<u>506,178,434</u>	<u>520,875,145</u>

December 31, 2010
(Un-Audited)

June 30, 2010
(Audited)

.....Rupees.....

Note

8. LONG-TERM FINANCING

**From banking companies - secured
Under diminishing musharaka arrangements**

Balance at beginning of period / year	1,312,500,000	1,400,000,000
Paid during the period / year	-	(87,500,000)
Current portion	-	-
Balance at the end of period / year	1,312,500,000	1,312,500,000

8.1

Under diminishing musharaka arrangements

Balance at beginning of period / year	81,391,060	85,674,800
Paid during the period / year	(10,173,883)	(4,283,740)
Current portion	(50,869,415)	(40,695,532)
Balance at the end of period	20,347,762	40,695,528

8.2

From a director - unsecured

Balance at beginning of period / year	7,200,000	7,200,000
Current portion	(7,200,000)	(7,200,000)
Balance at the end of period / year	-	-

8.3

From Chief Executive Officer - Unsecured

Balance at beginning of period / year	-	1,599,467
Paid during the period / year	-	(1,599,467)
Balance at the end of period / year	-	-
	<u>1,332,847,762</u>	<u>1,353,195,528</u>

8.1 During the year ended June 30, 2009 the Company had issued privately placed diminishing musharaka based SUKUK certificates (the certificates) arranged by consortium of banks through trustee, amounting to Rs. 1,400 million. In the last year, the Company has entered into the first supplemental musharaka agreement through trustee for redemption of remaining balance amounting to Rs. 1,312 million. The salient terms and conditions are as follows:

Outstanding principal balance is to be redeemed in nineteen equal quarterly instalments commencing from February 19, 2012. During the period, the certificates carried rentals at the rate of three months KIBOR plus 1.10% per annum payable quarterly in arrears. Following pricing mechanism has been agreed for remaining six years of the facility.

Feb 19, 2010 to Feb 19, 2012	Base Rate + 110 bps per annum.
Feb 19, 2012 to Feb 19, 2014	Base Rate + 150 bps per annum.
Feb 19, 2014 to Aug 19, 2016	Base Rate + 200 bps per annum.

(Base rate is the average three months KIBOR).

The Company has a call option in accordance with terms and conditions of the entire amount or partial amount of the issue in multiples of Rs. 140 million. The Company shall utilize at least 80% of its free cashflows, if any, to discharge the above. The Company shall not declare any dividend during the entire tenure of SUKUK issue.

The certificates are secured by first charge on fixed assets of the Company through equitable mortgage of land and building, hypothecation charge on plant and machinery amounting to Rs. 1,866 million and personal guarantees of Chief Executive Officer and one director of the Company.

8.2 This facility had been obtained during the year ended June 30, 2009 from Meezan Bank Limited to finance the purchase of two Gas Gensets. This facility carries mark-up at the rate of three months KIBOR plus 1.75% per annum with floor of 10% and cap of 22% payable quarterly. Tenor of this facility is three years, including grace period of one year. The principal is payable in eight equal quarterly instalments commencing from September 2010. This facility is secured against the specific charge on the purchased asset.

8.3 This is unsecured and interest free loan from a director of the Company. This loan is repayable on demand by the director of the Company.

Note	December 31, 2010 (Un-Audited)	June 30, 2010 (Audited)
Rupees.....	

9. CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

Bank guarantees issued by banks in favour of
Sui Northern Gas Pipelines Limited for supply of gas

40,068,000	40,068,000
<u>40,068,000</u>	<u>40,068,000</u>

9.2 Commitments

Under letters of credit for:

- Packing and raw materials
- Lab equipment
- Stores and spares

24,606,148	66,188,461
12,900	-
-	5,261,764
<u>24,619,048</u>	<u>71,450,225</u>

Note	Six months ended		Three months ended	
	December 31	December 31	December 31	December 31
	2010	2009	2010	2009
----- Rupees -----				
10. SALES - NET				
Local sales	602,418,269	303,442,022	355,683,954	161,386,392
Export sales	9,664,982	5,418,960	1,471,622	2,672,400
	612,083,251	308,860,982	357,155,576	164,058,792
Less: Commission on sales	9,617,336	5,728,042	5,041,773	5,728,042
Less: Trade discount	1,078,012	-	507,488	-
	<u>601,387,903</u>	<u>303,132,940</u>	<u>351,606,315</u>	<u>158,330,750</u>
11. COST OF SALES				
Raw material consumed 11.1	43,620,245	57,288,394	24,430,041	28,819,212
Fuel and power	89,910,275	71,852,441	47,000,708	28,422,022
Packing material consumed	87,117,890	54,418,053	49,105,861	28,311,463
Stores, spare parts and loose tools consumed	5,837,032	4,043,743	2,898,712	2,166,303
Salaries, wages and benefits	15,399,624	14,795,799	7,746,622	7,838,883
Repairs and maintenance	7,901,088	3,152,380	4,641,980	1,531,255
Insurance	3,528,229	3,031,183	1,744,059	-
Depreciation	81,729,269	77,549,513	40,901,994	39,987,153
Traveling and conveyance	83,973	213,590	76,331	114,364
Vehicle running and maintenance	411,361	283,686	168,181	145,027
Entertainment	29,756	100,498	19,194	70,603
Others	62,166	4,192	41,579	4,024
	<u>335,630,908</u>	<u>286,733,472</u>	<u>178,775,262</u>	<u>137,410,309</u>
Work-in-process				
At beginning of period	203,054,982	206,684,397	198,859,390	207,672,693
At end of period	197,420,884	210,074,957	197,420,884	210,074,957
	<u>5,634,098</u>	<u>(3,390,560)</u>	<u>1,438,506</u>	<u>(2,402,264)</u>
Cost of goods manufactured	<u>341,265,006</u>	<u>283,342,912</u>	<u>180,213,768</u>	<u>135,008,045</u>
Finished goods				
At beginning of period	5,883,994	68,577,564	5,430,403	51,435,088
Outside purchases	34,025,401	-	34,025,401	-
At end of period	3,867,302	13,437,988	3,867,302	13,437,988
	<u>36,042,093</u>	<u>55,139,576</u>	<u>35,588,502</u>	<u>37,997,100</u>
Cost of goods sold	<u>377,307,099</u>	<u>338,482,488</u>	<u>215,802,270</u>	<u>173,005,145</u>
11.1 Raw material consumed				
At beginning of period	19,687,589	31,997,549	55,153,116	19,568,804
Purchases - net	78,346,625	52,299,020	23,690,894	36,258,583
	<u>98,034,214</u>	<u>84,296,569</u>	<u>78,844,010</u>	<u>55,827,387</u>
At end of period	54,413,969	27,008,175	54,413,969	27,008,175
	<u>43,620,245</u>	<u>57,288,394</u>	<u>24,430,041</u>	<u>28,819,212</u>

Six months ended		Three months ended	
December 31 2010	December 31 2009	December 31 2010	December 31 2009

----- Rupees -----

12. TAXATION

Current	6,114,301	1,646,103	3,662,868	1,557,546
Deferred	-	(64,170,909)	-	(925,893)
	<u>6,114,301</u>	<u>(62,524,806)</u>	<u>3,662,868</u>	<u>631,653</u>

13. EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED

The calculation of basic earnings per share is based on the following data:

Profit / (loss)

Profit / (loss) after taxation Rupees	64,138,834	(122,176,143)	51,245,142	(87,658,031)
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Number of shares

Weighted average number of ordinary shares in issue during the period

	55,100,000	55,100,000	55,100,000	55,100,000
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Earnings / (loss) per share - basic

Rupees	<u>1.16</u>	<u>(2.22)</u>	<u>0.93</u>	<u>(1.59)</u>
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No figure for diluted earnings / (loss) per share has been presented as the company has not issued any instrument carrying options which would have an impact on earnings per share when exercised.

14. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, directors, key management personnel and post employment benefit plans. The Company in the normal course of business carries out transactions with various related parties. The significant transactions with related parties are as follows:

Relationship with the company	Nature of transaction	December 31, 2010	June 30, 2010
		(Un-Audited)	(Audited)
	Rupees.....	
Associated companies	Organizational expenses charged	568,268	252,246
	Purchases	6,887,131	16,623,486
	Sales	10,201,000	4,275,000
Key management personnel	Loan obtained from Chief Executive Officer	20,000,000	-
	Repayment of loan from Chief Executive Officer	20,000,000	1,599,467
	Mark-up accrued on borrowings from Chief Executive Officer	-	27,051
	Remuneration and other benefits	5,120,898	6,308,297
Employee benefit plan	Paid during the period	800,632	133,156

15. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information has been approved by Board of Directors of the Company and authorized for issue on February 21, 2011.

16. RECLASSIFICATION

Commission on sales has been reclassified to sales from distribution cost.

17. GENERAL

Figures have been rounded off to the nearest PakRupee, unless otherwise stated.

CHIEF EXECUTIVE OFFICER**DIRECTOR**

Half Yearly December RePORT 2010



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