



3rd Quarter Report

MARCH 31, 2011



The Leading Peroxide Company



Sitara Peroxide
Limited

Company Information

Board of Directors

Chairman

Haji Bashir Ahmed

Chief Executive Officer

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)

Syed Sarfraz Habib

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

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

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

Head Office & Project Location

26-Km Sheikhpura Road, Faisalabad.

Ph: 041-4364031-33

Directors' Review

On the behalf of the Board of Directors of Sitara Peroxide Limited, we are pleased to present unaudited condensed interim financial statements of the Company for nine months ended March 31, 2011.

Financial Results

	Nine months ended March 31	
	2011	2010
	----- (Amount in Rupees) -----	
Net sales	930,338,036	482,618,068
Gross profit / (loss)	375,550,441	(6,039,816)
Operating profit / (loss)	330,393,565	(43,600,137)
Profit / (loss) for the period	134,241,217	(158,832,143)
Earnings / (loss) per share	2.42	(2.88)

By the grace of Almighty Allah, your Company continues its good performance. Despite of several challenges, your company has earned a net profit of Rs. 70.10 Million in the third quarter. Net profit for nine months comes to Rs. 134.2 Million. This was due to increase in sales and reduction of operating expenses.

Future Outlook

Pakistan economy continues to face several challenges like high inflation, abnormal high mark-up rates, severe energy crises specially shortage of natural gas and deteriorating law and order situation. These challenges are putting adverse impact on the economy of the country in general and manufacturing industry in particular.

Management is well aware of the challenges ahead and continuously improving its strategy and taking necessary steps to handle them. Demand of our product is expected to remain strong during last quarter of current year. Your Company is focused to strengthen its relationship with its customers through product quality, competitive pricing and diversification of customers, effective distribution network and efficient use of resources. These factors will, Insha'Allah, increase profitability in coming period.

The Board would like to take this opportunity to express its appreciation for its customers, bankers, employees and other stakeholders for their dedication, support and cooperation through out the period.

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

On behalf of the Board of Directors



IMRAN GHAFLOOR
(Chief Executive Officer)

Faisalabad
April 26, 2011

CONDENSED INTERIM BALANCE SHEET

AS AT MARCH 31, 2011

	March 31, 2011	June 30, 2010
Note	Un-Audited	Audited
	-----Rupees-----	
ASSETS		
Non-current assets		
Property, plant and equipment	5 2,203,119,197	2,259,947,983
Long-term deposits	3,705,000	3,705,000
	2,206,824,197	2,263,652,983
Current assets		
Stores, spare parts and loose tools	70,173,353	65,724,318
Stock-in-trade	304,220,945	254,686,895
Trade debts	18,225,276	56,153,743
Advances	82,580,141	23,837,758
Deposits and short-term prepayments	32,018,106	20,314,143
Advance income tax	14,124,201	29,064,883
Sales tax refundable	30,229,497	30,009,158
Cash and bank balances	10,955,941	4,335,278
	562,527,460	484,126,176
Total assets	2,769,351,657	2,747,779,159
EQUITY AND LIABILITIES		
Share capital and reserves		
Issued, subscribed and paid up share capital 55,100,000 Ordinary shares of Rs. 10 each fully paid in cash	551,000,000	551,000,000
Accumulated losses	(171,064,437)	(331,307,527)
	379,935,563	219,692,473
Surplus on revaluation of property, plant and equipment	6 494,873,272	520,875,145
Non-current liabilities		
Long-term financing	1,253,594,932	1,353,195,528
Deferred liability: Employee benefits - unfunded	2,793,693	2,418,898
	1,256,388,625	1,355,614,426
Current liabilities		
Trade and other payables	93,836,596	171,920,089
Mark-up accrued on loans	65,361,509	37,989,828
Short-term borrowings	351,807,730	393,791,666
Current portion of long-term financing	127,148,362	47,895,532
	638,154,197	651,597,115
Contingencies and commitments	7	
Total equity and liabilities	2,769,351,657	2,747,779,159

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements



CHIEF EXECUTIVE OFFICER



DIRECTOR

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE NINE MONTHS ENDED MARCH 31, 2011

Note	Nine months ended		Quarter ended		
	March 31 2011	March 31 2010	March 31 2011	March 31 2010	
-----Rupees-----					
Sales	8	930,338,036	482,618,068	328,867,068	179,485,128
Cost of sales	9	554,787,595	488,657,884	177,480,496	150,175,395
Gross profit/(loss)		375,550,441	(6,039,816)	151,386,572	29,309,733
Distribution expenses		12,893,260	9,697,244	5,529,712	2,471,765
Administrative expenses		32,139,690	27,403,720	10,815,391	8,955,160
Other operating expenses		123,926	459,357	40,861	-
		45,156,876	37,560,321	16,385,964	11,426,925
Operating profit/(loss)		330,393,565	(43,600,137)	135,000,608	17,882,808
Finance cost		186,923,524	181,398,468	61,578,824	58,180,463
Other Income		(204,877)	-	-	-
Profit / (loss) before taxation		143,674,918	(224,998,605)	73,421,784	(40,297,655)
Provision for taxation					
Income tax		9,433,701	2,561,428	3,319,400	915,325
Deferred taxation		-	(68,727,890)	-	(4,556,979)
Profit/(loss) for the period		134,241,217	(158,832,143)	70,102,384	(36,656,001)
Earning/(loss) per share - basic and diluted	10	2.42	(2.88)	1.26	(0.67)

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements



CHIEF EXECUTIVE OFFICER



DIRECTOR

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE NINE MONTHS ENDED MARCH 31, 2011

	March 31, 2011	March 31, 2010
	-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	143,674,918	(224,998,605)
Adjustments for:		
Depreciation of property, plant and equipment	123,932,982	120,230,686
Gain on disposal of property, plant and equipment	(204,877)	-
Provision for staff retirement benefits	1,593,257	576,063
Finance cost	186,923,524	181,398,468
	<u>312,244,886</u>	<u>302,205,217</u>
	455,919,804	77,206,612
Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(4,449,035)	13,891,206
Stock-in-trade	(49,534,050)	57,136,012
Trade debts	37,928,467	6,379,763
Advances	(58,742,383)	(28,500,116)
Deposits and prepayments	(11,703,963)	(12,078,383)
Other receivables	-	650,238
Increase / (decrease) in current liabilities:		
Trade and other payables	(78,083,493)	30,296,187
	<u>(164,584,457)</u>	<u>67,774,907</u>
Cash generated from operations	291,335,347	144,981,519
Finance cost paid	(159,551,843)	(138,302,909)
Sales tax (paid) / refunded	(220,339)	14,346,887
Employee benefits paid	(1,218,462)	(295,687)
Income tax	5,506,981	(4,176,677)
	<u>(155,483,663)</u>	<u>(128,428,386)</u>
Net cash generated from operating activities	135,851,684	16,553,133
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in property, plant and equipment	(67,399,319)	(43,175,837)
Proceeds from disposal of property, plant and equipment	500,000	4,283,740
Decrease in long term advances	-	28,967
Net cash used in investing activities	<u>(66,899,319)</u>	<u>(38,863,130)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term financing	(20,347,766)	(91,783,740)
Proceeds from long term loan	-	50,000,000
Repayment of director's loan	-	(1,599,467)
Net (decrease)/ increase in short-term borrowings	(41,983,936)	77,334,980
Payment of liabilities against assets subject to finance lease	-	(203,159)
Net cash (used in) / generated from financing activities	<u>(62,331,702)</u>	<u>33,748,614</u>
Increase in cash and cash equivalents	6,620,663	11,438,617
Cash and cash equivalents at beginning of period	4,335,278	6,669,818
Cash and cash equivalents at end of period	<u>10,955,941</u>	<u>18,108,435</u>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements



CHIEF EXECUTIVE OFFICER



DIRECTOR

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2011

	Share capital	Accumulated losses	Total
	-----Rupees-----		
Balance as at July 01, 2009	551,000,000	(181,634,733)	369,365,267
Total comprehensive loss for the period ended March 31, 2010			
Loss for the period	-	(158,832,143)	(158,832,143)
Other comprehensive income	-	-	-
	-	(158,832,143)	(158,832,143)
Incremental depreciation for the period on surplus on revaluation - net of deferred tax	-	22,045,067	22,045,067
Deferred tax relating to incremental depreciation on surplus on revaluation	-	11,870,420	11,870,420
	-	33,915,487	33,915,487
Balance as at March 31, 2010	551,000,000	(318,421,809)	244,448,611
Total comprehensive loss for three months ended June 30, 2010	-	(12,885,718)	(12,885,718)
Balance as at June 30, 2010	551,000,000	(331,307,527)	219,692,473
Total comprehensive profit for the period ended March 31, 2011			
Profit for the period	-	134,241,217	134,241,217
Other comprehensive income	-	-	-
	-	134,241,217	134,241,217
Incremental depreciation charged during the period transferred to accumulated losses	-	33,915,486	33,915,486
Deferred tax relating to incremental depreciation on surplus on revaluation	-	7,913,613	7,913,613
	-	26,001,873	26,001,873
Balance as at March 31, 2011	551,000,000	(171,064,437)	379,935,563

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements



CHIEF EXECUTIVE OFFICER



DIRECTOR

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2011

1. GENERAL INFORMATION

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 since 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.

These condensed interim financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency.

2. STATEMENT OF COMPLIANCE

These condensed interim financial statements are un-audited and is being submitted to the shareholders as required by the Securities and Exchange Commission of Pakistan u/s 245 of the Companies Ordinance, 1984.

These condensed interim financial statements have been prepared in compliance with the requirements of IAS-34 - "Interim Financial Reporting". These condensed interim financial statements do not include all of the information required for full financial statements and should be read in conjunction with the financial statements of the company 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 nine months ended March 31, 2011.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the company for preparation of these condensed interim financial statements are the same as those applied in the preparation of the last audited published financial statements for the financial year ended June 30, 2010.

4. ESTIMATES

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by the management in applying the company accounting policies and the key sources of estimation were same as those applied to the financial statements for the year ended June 30, 2010.

	March 31, 2011 (Un-Audited)	June 30, 2010 (Audited)
-----Rupees-----		

5. PROPERTY PLANT AND EQUIPMENT

Operating assets	5.1	2,147,228,942	2,252,573,230
Capital work-in-progress		55,890,255	7,374,753
		<u>2,203,119,197</u>	<u>2,259,947,983</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - (UN-AUDITED)
 FOR THE NINE MONTHS ENDED MARCH 31, 2011**

	March 31, 2011 (Un-Audited)	June 30, 2010 (Audited)
	-----Rupees-----	
5.1 Operating assets		
Written down value at beginning of the period	2,252,573,230	2,228,698,017
Additions / transfer during the period	18,883,817	195,736,010
	2,271,457,047	2,424,434,027
Deletions during the period	843,200	12,679,569
Less: depreciation charge during the period	123,384,905	159,181,228
	2,147,228,942	2,252,573,230
6. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		
Opening balance	520,875,145	550,347,858
Less: incremental depreciation on revaluation surplus - net of tax		
- Incremental depreciation on surplus on revaluation	33,915,486	45,342,635
- Deferred tax on incremental depreciation	7,913,613	15,869,922
	26,001,873	29,472,713
Balance at the end of period	494,873,272	520,875,145
7. CONTINGENCIES AND COMMITMENTS		
7.1 Contingencies		
Bank guarantee issued by a bank in favour of Sui Northern Gas Pipelines Limited for supply of gas.	40,068,000	40,068,000
7.2 Commitments		
Irrevocable letters of credit for		
- Packing and Raw Materials	101,802,825	66,188,461
- Spares	-	5,261,764
- Equipment	879,209	-
	102,682,034	71,450,225

	Nine months ended		Quarter ended	
	March 31 2011	March 31 2010	March 31 2011	March 31 2010
	(Un-audited)		(Un-audited)	
	-----Rupees-----			
8. SALES - NET				
Local sales	923,679,419	484,433,699	321,261,150	180,991,677
Export sales	22,680,075	6,806,160	12,932,028	1,387,200
	946,359,494	491,239,859	334,193,178	182,378,877
Less: Commission on sales	14,385,671	8,580,291	4,768,335	2,893,749
Less: Trade discount	1,635,787	41,500	557,775	-
	930,338,036	482,618,068	328,867,068	179,485,128

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2011

	Nine months ended		Quarter ended	
	March 31 2011	March 31 2010	March 31 2011	March 31 2010
	(Un-audited)		(Un-audited)	
	-----Rupees-----			
9. COST OF SALES				
Raw material consumed	57,806,493	79,653,152	14,186,248	22,364,758
Fuel and power	137,993,046	117,236,673	48,082,771	45,384,232
Packing material consumed	127,444,180	87,940,512	40,326,290	33,522,459
Stores, spare parts and loose tools consumed	9,691,285	6,073,473	3,854,253	2,029,730
Salaries wages and benefits	23,103,668	21,825,832	7,704,044	7,030,033
Repairs and maintenance	15,125,214	3,833,195	7,224,126	680,815
Insurance	5,294,134	4,681,483	1,765,905	1,650,300
Depreciation	122,671,953	117,741,638	40,942,684	40,192,124
Traveling and conveyance	229,629	364,704	145,656	151,114
Vehicle running and maintenance	649,501	451,750	238,140	168,064
Entertainment	160,682	130,564	130,926	30,066
Others	47,234	42,421	(14,932)	38,229
	500,217,019	439,975,397	164,586,111	153,241,924
Work-in-process				
Balance at beginning of period	203,054,982	206,684,397	197,420,884	210,074,957
Balance at end of period	195,651,534	213,256,458	195,651,534	213,256,458
	7,403,448	(6,572,061)	1,769,350	(3,181,501)
Cost of goods manufactured	507,620,467	433,403,336	166,355,461	150,060,423
Finished goods				
Balance at beginning of period	5,883,994	68,577,564	3,867,302	13,437,988
Purchases	61,247,363	-	27,221,962	-
Balance at end of period	19,964,229	13,323,016	19,964,229	13,323,016
	47,167,128	55,254,548	11,125,035	114,972
Cost of goods sold	554,787,595	488,657,884	177,480,496	150,175,395
Raw material consumed:				
At beginning of period	19,687,589	68,577,564	54,413,969	13,437,988
Purchases - net	92,840,107	24,398,604	14,493,482	22,249,786
	112,527,696	92,976,168	68,907,451	35,687,774
Less: balance at end of period	54,721,203	13,323,016	54,721,203	13,323,016
	57,806,493	79,653,152	14,186,248	22,364,758
10 PROFIT/ (LOSS) PER SHARE - BASIC AND DILUTED				
The calculation of basic earning/ (loss) per share is as follows				
Profit/ (loss)				
Profit/ (loss) after taxation	134,241,217	(158,832,143)	70,102,384	(35,656,001)
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
Profit/ (loss) per share - basic	2.42	(2.88)	1.26	(0.67)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2011

No figure for diluted 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.

11. 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. Significant transactions with related parties are as follows:

Relationship	Nature of transaction	Quarter ended	
		March 31 2011	March 31 2010
		-----Rupees-----	
Associated companies	Organizational expenses charged	333,533	303,990
	Purchases	11,461,083	17,671,145
	Sales	13,231,000	6,527,160
Key management personnel	Loan obtained from Chief Executive Officer	20,000,000	-
	Repayment of loan to Chief Executive Officer	20,000,000	1,599,467
	Mark-up accrued on long term borrowings from Chief Executive Officer	-	27,051
	Employee benefit plan	Remuneration and other benefits paid	10,941,396

12. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements have been approved on April 26, 2011 by the Board of Directors of the Company.

13. RECLASSIFICATION

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

14. GENERAL

Figures have been rounded off to the nearest Rupee.



CHIEF EXECUTIVE OFFICER



DIRECTOR



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