



Nine Months
Report
March 31,
2013

COMPANY INFORMATION

Haji Bashir Ahmed (Chairman)
Mr. Imran Ghafoor (CEO)
Mr. Muhammad Adrees
Mrs. Sharmeen Imran
Mr. Muhammad Asif Pasha
Mr. Muhammad Khalil
Mr. Waleed Asif

Board of Directors

Mr. Waqas Ashraf (ACA)

Chief Financial Officer

Mr. Mazhar Ali Khan

Company Secretary

Mr. Muhammad Khalil (Chairman)
Mrs. Sharmeen Imran (Member)
Mr. Waleed Asif (Member)

Audit Committee

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

Auditors

Sahibzada Waqar Arif

Legal Advisor

601-602, Business Centre, Mumtaz
Hasan Road, Karachi-74000
Ph:(92-21) 32401373, 32413944

Registered Office

Askari Bank Limited
Bank Alfalah Limited
Al-Baraka Islamic Bank Limited
Habib Bank Limited
Meezan Bank Limited
National Bank Limited
Standard Chartered Bank (Pakistan) Limited
United Bank Limited
Faysal Bank Limited
Silk Bank Limited
Summit Bank Limited
MCB Bank Limited
Soneri Bank Limited

Bankers

THK Associates (Private) Limited

Ground Floor, State Life Building No. 3,
Dr. Ziauddin Ahmed Road, Karachi, 75530
P.O. Box No. 8533
UAN : +92 (21) 111-000-322
Fax: +92 (21) 35655595,

Share Registrar

26-Km Sheikhpura Road, Faisalabad.
Ph: (92-41) 4364031-33

Head Office & Project Location

DIRECTORS' REVIEW

DIRECTORS' REVIEW TO THE SHAREHOLDERS

ON UN-AUDITED INTERIM FINANCIAL INFORMATION FOR THE PERIOD ENDED MARCH 31, 2013

We take pleasure in presenting un-audited financial statements of the Company for third quarter and nine months period ended March 31, 2013.

Prevailing energy crises in the country is continuously affecting the manufacturing sector of economy. In January 2013, supply of natural gas to whole Punjab industry had been suspended. As natural gas is used as raw material, the Company had been forced to take shut down of manufacturing facility. However, plant took start-up in February as soon as the supply of natural gas had been restored and capacity utilization remained around average 90% of installed capacity for next two months.

Revenue during the nine months ended 31 March 2013 remained 788 million showing an increase of 7% over the same period last year. Growth in revenue is attributed to higher volume of product sold during the current period. Capacity utilization remained 72% of the installed capacity which is higher than the corresponding period of last year. Company posted loss after tax of 60 million for the period. In third quarter of the current financial year, the Company registered turnover of 254 million; showing increase of 32% as compared to same period of last financial year. The gross profit during the third quarter remained 55.5 million as against 1.6 million in the same quarter of last year. The net loss after tax decreased to 15 million from loss of 76 million in the previous quarter.

Demand of hydrogen peroxide is expected to rise in coming months and the management of the Company is confident to close the current financial year with encouraging bottom line, Insha'Allah. Management of your company is affectively undertaking research and development activities for improvement of cost by reducing consumptions and also to establish some alternative raw material for natural gas to overcome the shortage of natural gas in future. Furthermore, management is also working on production and sale of by-products to improve the revenue of your company. Going forward, management of the company plans to continue to maintain its focus on safe and stable plant operations coupled with improving operational efficiencies across all aspects of the business. The objective will be to reap optimal economic benefits of the integrated operations.

I, on the behalf of Board, would like to show my gratitude towards our all stakeholders and investors.

On behalf of Board of Directors



IMRAN GHAFUOR
Chief Executive Officer

Faisalabad
April 25, 2013

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT MARCH 31, 2013

	Note	(Un-Audited) March 31, 2013	(Audited) June 30, 2012
		----- Rupees -----	
NON-CURRENT ASSETS			
Property, plant and equipment	5	1,874,163,876	2,019,742,050
Long term deposits		46,223,525	46,005,000
		<u>1,920,387,401</u>	<u>2,065,747,050</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		68,046,970	64,599,121
Stock-in-trade		402,257,376	421,915,901
Trade debts		26,385,891	6,884,148
Advances		71,297,471	91,091,075
Deposits and short term prepayments		34,976,972	28,603,582
Sales tax refundable		50,161,180	44,826,923
Cash and bank balances		1,028,227	10,953,312
		<u>654,154,087</u>	<u>668,874,062</u>
		<u>2,574,541,488</u>	<u>2,734,621,112</u>
SHARE CAPITAL AND RESERVES			
Share capital		551,000,000	551,000,000
Accumulated losses		(340,903,936)	(302,450,712)
		<u>210,096,064</u>	<u>248,549,288</u>
Surplus on revaluation of property, plant and equipment		437,590,163	459,635,233
NON-CURRENT LIABILITIES			
Long-term financing		1,055,864,839	938,006,318
Liabilities against assets subject to finance lease		7,998,024	9,059,061
Deferred liabilities		77,547,822	20,118,084
		<u>1,141,410,685</u>	<u>967,183,463</u>
CURRENT LIABILITIES			
Trade and other payables		152,435,558	146,385,445
Accrued markup		24,316,206	79,301,803
Running finance under markup arrangement		387,863,184	447,102,757
Current portion of			
- long term financing		212,878,970	372,942,497
- liabilities against assets subject to finance lease		3,871,266	3,419,029
Provision for income tax		4,079,392	10,101,597
		<u>785,444,576</u>	<u>1,059,253,128</u>
CONTINGENCIES AND COMMITMENTS			
	6	-	-
		<u>2,574,541,488</u>	<u>2,734,621,112</u>

The annexed notes from 1 to 10 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE OFFICER



DIRECTOR

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2013

	Note	Nine months ended		Quarter ended	
		March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
----- Rupees -----					
Sales - net	7	788,165,992	734,804,728	254,133,916	192,591,932
Cost of sales		628,294,373	558,891,013	198,613,663	191,039,216
Gross profit		159,871,619	175,913,715	55,520,253	1,552,716
Other operating income		1,093,154	1,403,010	178,694	1,403,010
		160,964,773	177,316,725	55,698,947	2,955,726
Distribution expenses		27,730,138	15,929,149	7,414,609	5,036,488
Administrative expenses		41,391,966	37,298,153	13,773,532	12,073,238
Other operating expenses		2,120,039	82,004	305,012	-
Finance cost		146,104,647	189,780,568	48,258,731	60,132,776
		217,346,790	243,089,874	69,751,884	77,242,502
Loss before taxation		(56,382,017)	(65,773,149)	(14,052,937)	(74,286,776)
Provision for income tax		4,116,274	7,577,970	1,333,581	2,018,351
Loss for the period		(60,498,291)	(73,351,119)	(15,386,518)	(76,305,127)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period		(60,498,291)	(73,351,119)	(15,386,518)	(76,305,127)
Loss - basic and diluted		(1.10)	(1.33)	(0.28)	(1.38)

The annexed notes from 1 to 10 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE OFFICER



DIRECTOR

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2013

Note	Nine months ended	
	March 31, 2013	March 31, 2012
	----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(56,382,017)	(65,773,149)
Adjustments for:		
Depreciation of property, plant and equipment	128,183,313	124,769,767
Profit on bank deposits	(980,054)	-
Provision for deferred employee benefits	3,120,366	1,486,215
Finance cost	146,104,647	189,780,568
	<u>276,428,272</u>	<u>316,036,550</u>
	220,046,255	250,263,401
Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(3,447,849)	2,609,238
Stock-in-trade	19,658,525	(48,694,144)
Trade debts	(19,501,743)	17,971,762
Advances	23,996,486	12,381,950
Deposits and prepayments	(6,373,390)	5,860,996
Increase / (decrease) in current liabilities:	-	-
Trade and other payables	6,050,113	46,266,257
	<u>20,382,142</u>	<u>36,396,059</u>
Cash generated from operations	240,428,397	286,659,460
Finance cost paid	(144,914,907)	(175,077,396)
Markup paid on finance lease	(1,091,210)	-
Sales tax (paid) / refunded	(5,334,257)	4,792,274
Employee benefits paid	(774,755)	(1,190,807)
Income tax paid	(14,341,364)	(7,382,705)
	<u>(166,456,493)</u>	<u>(178,858,634)</u>
Net cash generated from operating activities	73,971,904	107,800,826
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(23,983,702)	(67,843,139)
Proceeds from suppliers of capital work	41,378,563	-
Profit received on bank deposits	980,054	-
Increase in long term deposits	(218,525)	-
Net cash generated from investing activities	<u>18,156,390</u>	<u>(67,843,139)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long term financing	7,642,758	-
Repayment of long-term financing	(49,847,764)	(30,521,649)
Net decrease in short-term borrowings	(59,239,573)	(16,118,266)
Lease rental paid	(608,800)	-
Net cash used in financing activities	<u>(102,053,379)</u>	<u>(46,639,915)</u>
Decrease in cash and cash equivalents	(9,925,085)	(6,682,228)
Cash and cash equivalents at beginning of period	10,953,312	18,738,913
Cash and cash equivalents at end of period	<u>1,028,227</u>	<u>12,056,685</u>

The annexed notes from 1 to 10 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 NINE MONTHS ENDED MARCH 31, 2013**

	Share capital	Accumulated losses	Total
 Rupees		
Balance as at July 01, 2011	551,000,000	(133,209,710)	417,790,290
Total comprehensive income for the period ended March 31, 2012			
Loss for the period	-	(73,351,119)	(73,351,119)
Other comprehensive income	-	-	-
	-	(73,351,119)	(73,351,119)
Incremental depreciation for the period on surplus on revaluation - net of deferred tax	-	33,915,486	33,915,486
Deferred tax relating to incremental depreciation on surplus on revaluation	-	11,870,421	11,870,421
	-	22,045,065	22,045,065
Balance as at March 31, 2012	551,000,000	(184,515,764)	366,484,236
Balance as at July 01, 2012	551,000,000	(302,450,712)	248,549,288
Total comprehensive loss for the period ended March 31, 2013			
Loss for the period	-	(60,498,291)	(60,498,291)
Other comprehensive income	-	-	-
	-	(60,498,291)	(60,498,291)
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	-	11,870,419	11,870,419
		22,045,067	22,045,067
Balance as at March 31, 2013	551,000,000	(340,903,936)	210,096,064

The annexed notes from 1 to 10 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE OFFICER



DIRECTOR

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION - (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2013

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 has been listed on Karachi Stock Exchange since July 23, 2007. 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 Sheikhupura Road, Faisalabad in the province of Punjab. The principal activity of the Company is manufacturing and sale of hydrogen peroxide.

This condensed interim financial information is presented in Pak Rupee, which is the Company's functional and presentation currency.

2. STATEMENT OF COMPLIANCE

This condensed interim financial information is 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.

This condensed interim financial information has been prepared in compliance with the requirements of IAS-34 - "Interim Financial Reporting". This condensed interim financial information does 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, 2012.

Comparative balance sheet is extracted from annual audited financial statements for the year ended June 30, 2012 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, 2012.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the company for preparation of this condensed interim financial information are the same as those applied in the preparation of the last audited published financial statements for the financial year ended June 30, 2012.

4. ESTIMATES

The preparation of condensed interim financial information 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, 2012.



CHIEF EXECUTIVE OFFICER



DIRECTOR

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION - (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2013**

	(Un-Audited) March 31, 2013	(Audited) June 30 2012
----- Rupees -----		
5. PROPERTY PLANT AND EQUIPMENT		
Operating assets	1,867,672,620	1,971,872,231
Capital work-in-progress	6,491,256	47,869,819
	<u>1,874,163,876</u>	<u>2,019,742,050</u>
5.1 Operating assets		
Written down value at beginning of the period	1,971,872,231	2,105,968,706
Additions / transfer during the period	23,983,702	47,099,510
	<u>1,995,855,933</u>	<u>2,153,068,216</u>
Deletions during the period	-	13,964,699
Less: depreciation charge during the period	128,183,313	167,231,286
	<u>1,867,672,620</u>	<u>1,971,872,231</u>

6. CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

Bank guarantee issued by a bank in favour of Sui Northern Gas Pipelines Limited for supply of gas	53,538,000	53,538,000
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6.2 Commitments

Irrevocable letters of credit	44,967,744	83,220,000
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Nine months ended		Three months ended	
March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
----- Rupees -----			

7. SALES - NET

Local sales	820,366,015	739,683,991	260,678,620	192,871,105
Export sales	3,672,036	13,564,116	1,914,066	4,609,245
	<u>824,038,051</u>	<u>753,248,107</u>	<u>262,592,686</u>	<u>197,480,350</u>
Less: Commission on sales	31,384,405	17,427,774	8,185,591	4,603,118
Less: Trade discount	4,487,654	1,015,605	273,179	285,300
	<u>788,165,992</u>	<u>734,804,728</u>	<u>254,133,916</u>	<u>192,591,932</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION - (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2013**

8. 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:

		Nine months ended	
		March 31, 2013	March 31, 2012
	Rupees	
Relationship Associated companies	Nature of transactions		
	Organizational expenses charged	1,072,180	477,263
	Purchases	19,699,013	28,071,401
	Sales	11,578,900	12,450,000
Key management personnel	Loan obtained from Chief Executive Officer	7,642,756	-
	Remuneration and other benefits	11,876,111	10,327,053
Employee benefit plan	Provision for the period	3,120,366	1,321,080
	Payment during the period	774,755	1,190,807

9. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements have been approved on April 25, 2013 by the Board of Directors of the Company.

10. GENERAL

Figures have been rounded off to the nearest Rupee.



CHIEF EXECUTIVE OFFICER



DIRECTOR



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