

# 2016

**Half Yearly Report December**



## Company Information

## Company Information

<b>Board of Directors</b>	Mrs. Sharmeen Imran Mr. Imran Ghafoor Mr. Muhammad Khalil Mr. Ejaz Hussain Mr. Saim Bin Saeed Mr. Waleed Asif Mr. Yasir Ahmed Awan	<b>(Chairperson) (CEO)</b>
<b>Chief Financial Officer</b>	Mr. Waqas Ashraf (FCA)	
<b>Company Secretary</b>	Mr. Mazhar Ali Khan	
<b>Head of Internal Audit</b>	Mr. Zia-ul-Mustafa	
<b>Audit Committee</b>	Mr. Saim Bin Saeed Mrs. Sharmeen Imran Mr. Waleed Asif Mr. Zia-ul-Mustafa	(Chairman) (Member) (Member) (Secretary)
<b>Human Resource and Remuneration Committee</b>	Mr. Ejaz Hussain Mr. Saim Bin Saeed Mr. Waleed Asif	(Chairman) (Member) (Member)
<b>External Auditors</b>	M/s. Deloitte Yousuf Adil, Chartered Accountants	
<b>Legal Advisor</b>	Sahibzada Waqar Arif	
<b>Registered Office</b>	601-602 Business Centre, Mumtaz Hassan Road, Off. I.I. Chundrigar Road, Karachi-74000. Ph: 021 32401373, 32413944	
<b>Company Website</b>	www.sitaraperoxide.com	
<b>Bankers</b>	Al Baraka Bank (Pakistan) Limited Askari Bank Limited Bank Alfalah Limited Faysal Bank Limited Habib Bank Limited MCB Bank Limited Meezan Bank Limited National Bank Limited Silk Bank Limited Soneri Bank Limited Standard Chartered Bank (Pakistan) Limited Summit Bank Limited United Bank Limited	
<b>Share Registrar</b>	<b>THK Associates (Private) Limited</b> 1st Floor, 40-C, Block-6, P.E.C.H.S, Karachi - 75400. UAN : +92 (21) 111-000-322 Ph: +92 (21) 34168270 Fax: +92 (21) 34168271	
<b>Head Office &amp; Project Location</b>	26 - KM Sheikhpura Road, Faisalabad. Ph : (92 41) 2400900-2, 2400904-5	

## DIRECTORS REVIEW

I, on the behalf of directors, am pleased to present the un-audited condensed financial statements for the half year ended December 31, 2016.

First six months of current financial year was a very challenging period for the Company. Net sales during the period under review remained Rs. 465 million against net sales of Rs. 677 million during the corresponding period of last year. Decrease in sales during the period is due to fall in production during the period. The capacity utilization in current period remained only 61% of the installed capacity against 84% in previous half year period.

However, due to strict management, administration and distribution expenses during the period decreased by 5% and 31% respectively. The Company incurred net loss after tax of Rs. 85.7 million and loss per share of Rs. 1.55.

During second quarter, we witnessed significant improvement in results as compared to first quarter of the current financial year. Net sales in second quarter remained Rs. 275 million against net sales of Rs. 189 million in first quarter. Company earned gross profit of Rs. 14 million against loss of Rs. 45 million. In second quarter, the Company earned net profit after tax of Rs. 4 million as compared to loss of Rs. 89 million in first quarter of current financial year.

In second quarter of current financial year, net sales remained Rs. 275 million against net sales of Rs. 346 million in the comparative period. Capacity utilization remained 72% of the total installed capacity. Cost of sales remained Rs. 262 million against Rs. 302 million and gross profit remained Rs. 14 million against Rs. 44 million in the comparative quarter. Company earned net profit after tax of Rs. 4 million and earning per share of Rs. 0.07 against net loss after tax of Rs. 7.5 million and loss per share of Rs. 0.14 in the comparative quarter.

The losses incurred in first half of the current financial year are result of fall in production. Letter of credit has been established for import of key catalyst and necessary equipment. Catalyst is expected to arrive at the end of February 2017. After addition of catalyst to production process in third quarter, we are confident of achieving 80% of our installed production capacity; and after installation of equipment, production capacity is expected to reach 90% of installed capacity.

Management of your Company is positive about future business of outlook. Demand of hydrogen peroxide is expected to remain strong in future. We are confident of much improved financial performance in second half of current financial year.

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

On behalf of Board of Directors



## Directors Review

## ڈائریکٹر جائزہ

میں کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے 31 دسمبر 2016 کو اختتام پذیر ہونے والی پہلی ششماہی نتائج آپ کی خدمت میں پیش کرنا چاہوں گا۔

حالیہ مالی سال کے پہلے چھ ماہ کمپنی کے لیے چیلنجز سے بھرپور رہے۔ اس عرصے میں کمپنی کا نیٹ ریونیو 465 ملین روپے رہا جبکہ گزشتہ مالی سال کے اسی عرصے میں نیٹ ریونیو 677 ملین روپے تھا۔ اس عرصے میں فروخت میں کمی کی وجہ کم پیداوار رہی۔ حالیہ چھ ماہ میں کمپنی نے اپنی کل پیداواری استعداد کا صرف 61 فیصد حاصل کیا جبکہ گزشتہ سال کے اسی عرصہ میں یہ شرح 84 فیصد تھی۔

تاہم سخت نظم و ضبط کے باعث اس مدت میں کمپنی کے ایڈمنسٹریٹیشن اور ڈسٹریبیویشن کے اخراجات میں بالترتیب 5 فیصد اور 31 فیصد کمی ہوئی۔ کمپنی کا کل خسارہ 85.7 ملین روپے اور فی حصص خسارہ 1.55 روپے رہا۔

تاہم حالیہ مالی سال کی دوسری سہ ماہی کے نتائج میں اس کی پہلی سہ ماہی کے نتائج سے نمایاں طور پر بہتر رہے۔ دوسری سہ ماہی میں نیٹ آمدن 275 ملین روپے جبکہ پہلی سہ ماہی میں صرف 189 ملین روپے رہی۔ کمپنی کا گراس نفع 14 ملین روپے رہا جبکہ پہلی سہ ماہی میں 45 ملین روپے کا گراس خسارہ تھا۔ دوسری سہ ماہی میں کمپنی نے 4 ملین روپے کا خالص نفع کمایا جبکہ اسی مالی سال کی پہلی سہ ماہی میں 89 ملین روپے کے خسارے کا سامنا تھا۔

حالیہ مالی سال کی دوسری سہ ماہی میں کمپنی کی خالص فروخت 275 ملین روپے رہی جبکہ گزشتہ مالی سال کی اسی مدت میں خالص فروخت 346 روپے رہی۔ دوسری سہ ماہی میں کمپنی پیداوار اسکی پیداواری استعداد کا 72 فیصد رہی۔ حالیہ دوسری سہ ماہی میں کاسٹ آف سیلز 262 ملین روپے اور گراس منافع 14 ملین روپے رہا جبکہ گزشتہ سال کی دوسری مدت میں یہ بالترتیب 302 ملین روپے اور 44 ملین روپے تھے۔ حالیہ مالی سال کی دوسری سہ ماہی میں خالص نفع 4 ملین روپے اور فی حصص منافع 0.07 روپے رہا جو گزشتہ سال کی اسی مدت میں بالترتیب 7.5 ملین روپے اور 0.14 روپے تھے۔

حالیہ چھ ماہ میں خسارے کی بنیادی وجہ پیداوار میں ہونے والی کمی رہی۔ اہم کیٹا لسٹ اور ضروری آلات کی درآمد کے لیے ایل سی کھل چکی ہے۔ کیٹا لسٹ کی آمد فروری کے آخر میں متوقع ہے۔ ہمیں یقین کے حالیہ سال کی تیسری سہ ماہی میں نئے کیٹا لسٹ کے باعث ہم اپنی کل پیداواری استعداد کا 80 فیصد حاصل کر لیں گے۔ جبکہ درآمد شدہ آلات کی تنصیب کے بعد پیداواری استعداد 90 فیصد تک پہنچ جائے گی۔

آپ کی کمپنی کی مینجمنٹ مستقبل کے حوالے سے پر امید ہے۔ ہائیڈروجن پراکسائیڈ کی طلب مستقبل میں مستحکم رہنے کی توقع ہے۔ ہمیں یقین ہے کہ حالیہ مالی سال کے آنے والے چھ ماہ کے مالی نتائج بہت بہتر ہوں گے۔

میں تمام بورڈ ممبران کی جانب سے کمپنی کے تمام سٹیک ہولڈرز، انوسٹرز اور ملازمین کے تہہ دل سے شکر یہ ادا کرنا چاہوں گا۔

بورڈ ممبران کی جانب سے



عمران غفور  
چیف ایگزیکٹو آفیسر

فیصل آباد

20 فروری 2017

## AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

### Introduction

We have reviewed the accompanying condensed interim balance sheet of **Sitara Peroxide 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, condensed interim statement of changes in equity and notes to the accounts 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 and condensed interim statement of comprehensive income for the quarters ended December 31, 2016 and December 31, 2015 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 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.

### Chartered Accountants

#### Engagement Partner:

Rana M. Usman Khan

Dated: February 20, 2017

Lahore

## Balance Sheet

## Condensed Interim Balance Sheet as at December 31, 2016

	Note	December 31, 2016 (Un-Audited)	June 30, 2016 (Audited)
		Rupees	
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, plant and equipment	4	2,058,025,444	2,146,156,501
Long term advances and deposits		3,705,000	3,705,000
		<u>2,061,730,444</u>	<u>2,149,861,501</u>
<b>Current assets</b>			
Stores, spare parts and loose tools		80,985,922	86,619,713
Stock in trade		409,077,704	430,789,976
Trade debts		91,525,506	47,636,412
Advances		161,006,052	161,045,552
Deposits and short term prepayments		52,016,668	55,463,500
Other Receivables		6,347,920	21,520,274
Sales tax refundable		183,644,923	167,998,496
Cash and bank balances		18,251,722	35,860,754
		<u>1,002,856,417</u>	<u>1,006,934,677</u>
<b>Total assets</b>		<u><b>3,064,586,861</b></u>	<u><b>3,156,796,178</b></u>
<b>EQUITY AND LIABILITIES</b>			
Share capital	5	551,000,000	551,000,000
Accumulated losses		(239,487,419)	(181,156,913)
		<u>311,512,581</u>	<u>369,843,087</u>
<b>Surplus on revaluation of property, plant and equipment</b>	6	847,389,533	874,735,751
<b>Non - current liabilities</b>			
Long term financing	7	290,323,896	416,307,440
Deferred liabilities		253,762,015	291,065,230
Deferred mark-up		233,393,338	222,664,458
		<u>777,479,249</u>	<u>930,037,128</u>
<b>Current liabilities</b>			
Trade and other payables	8	435,986,991	388,312,573
Accrued markup		11,551,597	12,650,909
Short term borrowings		354,571,512	272,102,937
Current portion of long term financing		321,355,268	295,829,966
Provision for taxation		4,740,130	13,283,827
		<u>1,128,205,498</u>	<u>982,180,212</u>
<b>Contingencies and commitments</b>	9		
<b>Total equity and liabilities</b>		<u><b>3,064,586,861</b></u>	<u><b>3,156,796,178</b></u>

The annexed selected notes 1 to 18 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE OFFICER



DIRECTOR

## Profit and Loss Account

## Condensed Interim Profit and Loss Account (Un-audited) for the Six Months Ended December 31, 2016

	Note	Six months ended		Three months ended	
		December 31 2016	December 31 2015	December 31 2016	December 31 2015
----- Rupees -----					
Sales - net	10	464,674,542	677,185,975	275,390,386	345,984,983
Cost of sales	11	(496,048,189)	(601,786,993)	(261,527,518)	(301,744,795)
Gross (Loss)/ profit		(31,373,647)	75,398,982	13,862,868	44,240,188
Distribution cost		12,051,284	15,862,220	7,225,081	8,510,695
Administrative expenses		37,865,589	39,644,630	18,595,491	19,755,862
Other expenses		1,347,300	868,185	1,347,300	868,185
Finance cost		37,143,319	48,083,797	18,626,033	22,793,414
		(88,407,492)	(104,458,832)	(45,793,905)	(51,928,156)
Other income	12	476,629	35,807,100	182,611	418,109
(Loss)/ Profit before taxation		(119,304,510)	6,747,250	(31,748,426)	(7,269,859)
Provision for taxation	13	33,627,786	(3,948,706)	35,561,455	(229,618)
(Loss)/ Profit for the period		(85,676,724)	2,798,544	3,813,029	(7,499,477)
(Loss)/ Earnings per share					
- basic and diluted	14	(1.55)	0.05	0.07	(0.14)

The annexed selected notes 1 to 18 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE OFFICER



DIRECTOR

## Statement of Comprehensive Income

**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 -----			
(Loss)/ Profit for the period	(85,676,724)	2,798,544	3,813,029	(7,499,477)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	(85,676,724)	2,798,544	3,813,029	(7,499,477)

The annexed selected notes 1 to 18 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE OFFICER



DIRECTOR



## Cash Flow Statement

## 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 -----	
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) / profit before taxation	(119,304,510)	6,747,250
Adjustments for:		
Depreciation of property, plant and equipment	90,536,260	91,133,733
Loss/(Gain) on sale of property, plant and equipment	1,347,300	(450,000)
Profit on bank deposit	(476,629)	(520,082)
Provision for staff retirement gratuity	2,896,880	2,580,422
Finance cost	37,143,319	48,083,798
	131,447,130	140,827,871
Operating cash flow before working capital changes	12,142,620	147,575,121
Changes in working capital	16	32,396,168
Cash generated from operations	44,538,788	152,272,671
Finance cost paid	(27,513,751)	(43,611,125)
Staff retirement gratuity paid	(1,832,178)	(950,567)
Income taxes paid - net	(11,536,349)	(20,855,713)
	(40,882,278)	(65,417,405)
<b>Net cash generated from operating activities</b>	<b>3,656,510</b>	<b>86,855,266</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(11,252,503)	(294,927)
Proceeds from sale of property, plant and equipment	7,500,000	450,000
Profit received on bank deposits	476,629	520,081
<b>Net cash (used in)/ generated from investing activities</b>	<b>(3,275,874)</b>	<b>675,154</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of long-term financing	(100,458,243)	(103,456,618)
Short term financing - net	82,468,575	29,498,499
Payment of finance lease liabilities	-	(345,021)
<b>Net cash used in financing activities</b>	<b>(17,989,668)</b>	<b>(74,303,140)</b>
<b>Net (decrease)/ increase in cash and cash equivalents (A+B+C)</b>	<b>(17,609,032)</b>	<b>13,227,280</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>35,860,754</b>	<b>6,378,894</b>
<b>Cash and cash equivalents at end of the period</b>	<b>18,251,722</b>	<b>19,606,174</b>

The annexed selected notes 1 to 18 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE OFFICER



DIRECTOR

## Changes In Equity

**Condensed Interim Statement of Changes In Equity (Un-audited)  
for the Six Months Ended December 31, 2016**

	Share capital	Accumulated losses	Total
	..... Rupees .....		
<b>Balance as at July 01, 2015 (audited)</b>	551,000,000	(253,678,095)	297,321,905
Profit for the six months ended December 31, 2015	-	2,798,544	2,798,544
Other comprehensive income for the six months ended December 31, 2015	-	-	-
Total comprehensive income	-	2,798,544	2,798,544
Transfer to accumulated losses on account of incremental depreciation - net of tax	-	26,949,896	26,949,896
<b>Balance as at December 31, 2015</b>	<u>551,000,000</u>	<u>(223,929,655)</u>	<u>327,070,345</u>
<b>Balance as at July 01, 2016 (audited)</b>	551,000,000	(181,156,913)	369,843,087
Loss for the six months ended December 31, 2016	-	(85,676,724)	(85,676,724)
Other comprehensive income for the six months ended December 31, 2016	-	-	-
Total comprehensive income	-	(85,676,724)	(85,676,724)
Transfer to accumulated losses on account of incremental depreciation - net of tax	-	27,346,218	27,346,218
<b>Balance as at December 31, 2016</b>	<u>551,000,000</u>	<u>(239,487,419)</u>	<u>311,512,581</u>

The annexed selected notes 1 to 18 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE OFFICER



DIRECTOR

## Notes to the Financial

### **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 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 Pakistan Stock Exchange Limited. 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 (H<sub>2</sub>O<sub>2</sub>).

#### **2 BASIS OF PREPARATION**

**2.1** This condensed interim financial information of the Company for the six month 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 comprehensive income, 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** 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 Pakistan Stock Exchange rules and they have issued their review report thereon.

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

#### **3 ACCOUNTING POLICIES AND ESTIMATES**

**3.1** The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements for the year ended June 30, 2016.

## Notes to the Financial

(Un-Audited)                      (Audited)  
 December 31,                      June 30,  
 2016                                      2015  
 ----- Rupees -----

**4 PROPERTY PLANT AND EQUIPMENT**

Opening carrying value	2,146,156,501	2,327,432,515
Additions during the period / year:		
Electric installations	2,119,360	277,757
Plant and machinery	9,039,950	-
Vehicles	93,193	736,234
	11,252,503	1,013,991
Disposal during the period / year	(8,847,300)	-
	2,148,561,704	2,328,446,506
Depreciation charged during the period / year	(90,536,260)	(182,290,005)
	<u>2,058,025,444</u>	<u>2,146,156,501</u>

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

The revaluation performed in 2014 resulted in a further surplus of Rs. 861 million. Out of the total revaluation surplus of Rs. 1,628 million, Rs. 847 million net of tax (June 2016: Rs. 874 million) remains undepreciated as at December 31, 2016.

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

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

## Notes to the Financial

	Level 1	Level 2	Level 3	Total
	----- Rupees -----			
Land	-	197,304,000	-	197,304,000
Building	-	293,210,449	-	293,210,449
Plant and Machinery	-	1,706,330,018	-	1,706,330,018
Electric Installation	-	117,687,456	-	117,687,456
Factory Equipment	-	2,831,748	-	2,831,748

4.2 Had there been no revaluation, the net book value of the revalued assets would have been as follows.

	Note	(Un-Audited) December 31, 2016	(Audited) June 30, 2016
		----- Rupees -----	
Land		41,997,852	41,997,852
Building		93,785,206	101,872,073
Plant and Machinery		681,211,601	754,209,295
Electric Installation		18,735,517	33,658,706
Factory Equipment		1,093,887	2,135,358

## 5 SHARE CAPITAL

### Authorized

60,000,000 (June 30, 2016: 60,000,000)  
ordinary shares of Rs. 10 each

600,000,000

600,000,000

### Issued, subscribed and paid up

55,100,000 (June 30, 2016: 55,100,000)  
ordinary shares of Rs. 10 each

551,000,000

551,000,000

## 6 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

Balance at beginning of the period / year  
Transfer to accumulated losses in respect of  
incremental depreciation charged during  
the period / year - net of deferred tax

874,735,751

929,428,187

6.1

(27,346,218)

(54,692,436)

847,389,533

874,735,751

### 6.1 Incremental depreciation charged during the period / year

Charge of the period / year  
Less: deferred tax liability relating to  
incremental depreciation

39,632,200

79,264,400

(12,285,982)

(24,571,964)

27,346,218

54,692,436

## Notes to the Financial

		(Un-Audited) December 31, 2016	(Audited) June 30, 2016
	Note	----- Rupees -----	
<b>7 LONG-TERM FINANCING</b>			
<b>Secured - from financial institutions</b>			
<b>Under sukuk arrangements</b>			
Balance at beginning of the period / year		634,359,626	826,864,283
Less: paid during the period / year		(84,902,687)	(192,504,657)
Less: current portion		(284,021,935)	(258,496,633)
Balance at the end of period / year	7.1	265,435,004	375,862,993
<b>Under mark-up arrangements</b>			
Balance at beginning of the period / year		77,777,780	112,958,334
Less: paid during the period / year		(15,555,556)	(35,180,554)
Less: current portion		(37,333,332)	(37,333,333)
Balance at the end of period / year		24,888,892	40,444,447
		<u>290,323,896</u>	<u>416,307,440</u>

**7.1** During 2008 the Company had issued privately placed diminishing Musharaka based SUKUK certificates arranged by consortium of financial institutions through trustee, amounting to Rs. 1,400 million. Due to financial difficulties, the Company was unable to comply with the prevailing repayment arrangements and negotiated with the investors to reschedule the repayment arrangements for the outstanding amount of Rs. 1,243 million payable under this arrangement. Accordingly, on February 19, 2012 the Company entered into second supplemental agreement which is effective from February 19, 2012. The major terms and conditions of the second supplemental agreement are given below:

**Profit Rate:**

According to the revised terms of the loan agreement, profit rate is 1 Month KIBOR + 1% p.a. (KIBOR to be reset on monthly basis).

**Rental / Profit Payment:**

Each year, rental / profit payments will be made for six months at the rate of 1 Month KIBOR. The 1% spread for the first six months and the rental / profit for the remaining six months shall be deferred to be paid in 12 equal installments after repayment of entire principal.

**Principal:**

The principal will be repaid in seven years period in 80 monthly installments started from July 19, 2012.

**Call Option:**

The Company has a call option in accordance with terms and conditions of the entire amount or partial amount in the event it has free cash flows available. The Company shall use at least 70% of its free cash flows, if available, in exercising the call option.

## Notes to the Financial

**Security:**

First Joint Pari Passu charge on the fixed assets of the company through equitable mortgage of land & building and Hypothecation charge on plant & machinery with a margin of 25%. First exclusive charge over fixed assets of the company for PKR 1,866.667 million, pledge over 10 million shares of SPL in the name of sponsors, and personal guarantees of Chief Executive Officer and three directors of the company.

**Other conditions:**

The Company is required not to declare any dividend during the entire tenor of the SUKUK issue.

- 8 These include Rs. 91,419,774 ( June 30, 2016: Rs. 86,145,423) payable to associated undertakings.

(Un-Audited) December 31, 2016	(Audited) June 30, 2016
----- Rupees -----	

**9 CONTINGENCIES AND COMMITMENTS****9.1 Contingencies**

Bank guarantees issued by Faysal Bank Limited in favor of Sui Northern Gas Pipelines Limited for supply of Gas

53,538,000	53,538,000
------------	------------

**9.2 Commitments**

Irrevocable letters of credit

16,686,319	30,848,717
16,686,319	30,848,717

## Notes to the Financial

	Six months ended		Three months ended	
	December 31 2016	December 31 2015	December 31 2016	December 31 2015
----- Rupees -----				
<b>10 SALES - NET</b>				
Local sales	474,771,225	686,043,171	280,813,450	352,422,531
Less: Commission and discount	(10,096,683)	(18,623,316)	(5,423,064)	(8,448,188)
	464,674,542	667,419,855	275,390,386	343,974,343
Export sales	-	9,766,120	-	2,010,640
	464,674,542	677,185,975	275,390,386	345,984,983
<b>11 COST OF SALES</b>				
Raw material consumed	66,401,928	84,619,525	32,447,592	45,627,541
Fuel and power	182,281,675	186,146,087	102,684,822	91,949,304
Packing material consumed	69,132,241	107,439,419	38,711,283	53,335,982
Salaries, wages and benefits	37,877,196	34,655,279	18,363,633	16,880,022
Factory overheads	119,304,481	115,054,283	55,469,223	64,037,628
	474,997,521	527,914,593	247,676,553	271,830,477
Work-in-process				
Opening stock	433,639,504	433,639,504	423,785,269	423,190,744
Closing stock	(410,011,132)	(418,451,304)	(410,011,132)	(418,451,304)
	23,628,372	15,188,200	13,774,137	4,739,440
Cost of goods manufactured	498,625,893	543,102,793	261,450,690	276,569,917
Finished goods				
Opening stock	817,024	6,120,813	3,471,556	6,946,491
Closing stock	(3,394,728)	(6,431,613)	(3,394,728)	(6,431,613)
	(2,577,704)	(310,800)	76,828	514,878
Cost of goods sold - own manufactured products	496,048,189	542,791,993	261,527,518	277,084,795
Outside purchases	-	58,995,000	-	24,660,000
	496,048,189	601,786,993	261,527,518	301,744,795

**12 OTHER INCOME**

This includes Mark-up on Saving Account amounting to Rs. 476,628.



## Notes to the Financial

	Six months ended		Three months ended	
	December 31	December 31	December 31	December 31
	2016	2015	2016	2015

----- Rupees -----

**13 PROVISION FOR TAXATION**

Current - for the period	4,740,130	7,250,376	2,806,461	3,531,288
Deferred	(38,367,916)	(3,301,670)	(38,367,916)	(3,301,670)
	<u>(33,627,786)</u>	<u>3,948,706</u>	<u>(35,561,455)</u>	<u>229,618</u>

**14 EARNINGS PER SHARE - BASIC AND DILUTED**

(Loss)/ Profit for the period	(85,676,724)	2,798,544	3,813,029	(7,499,477)
Weighted average number of ordinary shares outstanding during the period	55,100,000	55,100,000	55,100,000	55,100,000
(Loss)/ Earnings per share	<u>(1.55)</u>	<u>0.05</u>	<u>0.07</u>	<u>(0.14)</u>

**15 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 transactions	Six months ended	
		December 31 2016	December 31 2015
		(Un-Audited)	
		----- Rupees -----	
Associated companies	Organizational charges charged	423,945	445,431
	Purchases	3,010,965	8,514,017
	Sales	-	241,313
Key Management Personnel	Loan obtained from Chief Executive Officer	80,000,000	-
	Remuneration and other benefits	20,502,332	17,156,763
Employee benefit plan	Payment during the period	1,832,179	950,567

## Notes to the Financial

## Six months ended

December 31 2016	December 31 2015
----- Rupees -----	

**16 CHANGES IN WORKING CAPITAL****(Increase) / decrease in current assets**

Stores, spare parts and loose tools	5,633,791	1,282,728
Stock-in-trade	21,712,272	43,430,087
Trade debts	(43,889,094)	(27,159,708)
Advances	(1,707,978)	(27,232,101)
Deposits and short term prepayments	3,446,832	(23,717,563)
Other receivables	15,172,354	-
Sales tax refundable	(15,646,427)	(17,020,366)
Increase in current liability		
Trade and other payables	47,674,418	55,114,473
	<u>32,396,168</u>	<u>4,697,550</u>

**17 DATE OF AUTHORIZATION FOR ISSUE**

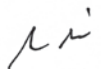
This condensed interim financial information has been approved by the Board of Directors of the Company and authorized for issue on February 20, 2017.

**18 GENERAL**

Figures have been rounded off to the nearest Rupee.



CHIEF EXECUTIVE OFFICER



DIRECTOR





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