



Half Yearly Report December

2018

Board of Directors	Mrs. Sharmeen Imran Mr. Imran Ghafoor Mr. Ejaz Hussain Mr. Muhammad Asif Pasha Mr. Waleed Asif Mr. Yasir Ahmed Awan Mr. Saim Bin Saeed	Chairperson Chief Executive Officer Non-executive Director Non-executive Director Non-executive Director Non-executive Director Independent Director
Chief Financial Officer	Mr. Kamran Zahoor	
Company Secretary	Mr. Mazhar Ali Khan	
Head of Internal Audit	Mr. Zia-ul-Mustafa	
Audit Committee	Mr. Saim Bin Saeed Mrs. Sharmeen Imran Mr. Waleed Asif Mr. Zia-ul-Mustafa	Chairman Member Member Secretary
Human Resource and Remuneration Committee	Mr. Ejaz Hussain Mr. Saim Bin Saeed Mr. Waleed Asif	Chairman Member Member
External Auditors	M/s. Deloitte Yousuf Adil, Chartered Accountants	
Legal Advisor	Sahibzada Waqar Arif	
Registered Office	601-602 Business Centre, Mumtaz Hassan Road, Off. I.I. Chundrigar Road, Karachi-74000. Ph: 021 32401373, 32413944	
Company Website	www.sitaraperoxide.com	
Bankers	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 Soneri Bank Limited Standard Chartered Bank (Pakistan) Limited Summit Bank Limited United Bank Limited JS Bank Limited	
Share Registrar	THK Associates (Private) Limited 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	
Head Office & Project Location	26 - KM Sheikhpura Road, Faisalabad. Ph : (92 41) 2400900-2, 2400904-5	

DIRECTOR'S REVIEW

Dear shareholders,

On behalf of the Board, I am pleased to present the un-audited financial statements for the six months ended December 31, 2018.

Financial Results

	Half year ended December 31	
	2018	2017
 Rupees	
Sales-net	1,032,624,941	483,014,953
Gross profit / (loss)	316,545,411	(61,431,243)
Operating profit/ (loss)	251,650,881	(115,486,428)
Profit / (loss) before tax	246,381,714	(149,891,832)
Profit / (loss) after tax	184,076,850	(127,626,268)
Earnings per share	3.34	(2.32)

Your Company has witnessed a financial turnaround in first half of financial year 2018-19. In past years, Hydrogen Peroxide (H₂O₂) industry witnessed highly competitive business environment and escalating cost of production.

During first half of current financial year, capacity utilization of plant has remained 80% as against only 62% in comparative period of previous financial year. Company achieved net sales of Rs. 1,033 million against sale of Rs. 483 million in comparative period; showing an overwhelming increase of 114%. Increase in net sales is result of increased volume of quantity sold and increase in prices in international market in the period under review. Company earned gross profit of Rs. 317 million and net profit after tax of Rs. 184 million in six months under review against gross loss of Rs. 61 million and net loss after tax of Rs. 128 million in comparative period. The net profit after tax is attributed to increase in international prices, higher capacity utilization of plant and improvement in all areas of operations, cost reduction initiatives and competitive market strategies. Earnings per share in first six months remained Rs. 3.34 as against loss per share of Rs. 2.32 during comparative period.

During second quarter of current financial year, the Company witnessed significant improvement in its financial results as compared to comparative quarter of the previous financial year. Net sales in second quarter remained Rs. 487 million against net sales of Rs. 235 million in comparative quarter and Company earned gross profit of Rs. 118 million against gross loss of Rs. 26 million. In second quarter of current financial year, the Company earned net profit after tax of Rs. 44 million and earnings per share remained Rs. 0.80 as against net loss of Rs. 46 million and loss per share of Rs. 0.83 respectively.

Future Outlook

To maintain our higher capacity utilization, management has decided to import a batch of Palladium catalyst. Shipment is expected to arrive in last quarter of current financial year.

Owing to exporter friendly measures of government, we are expecting stronger demand of Hydrogen Peroxide in coming days due to rise in consumption of textile sectors. We are focused to benefit from this expected rise in demand by strengthening our relationship with customers through product quality, competitive pricing and effective distribution network.

Plant Capacity Expansion

Efforts for capacity expansion from 30,000 tons per annum to 43,200 tons per annum are well on their way. In this regard, the Company has completed and signed formal agreement with the technology providers. Moreover, negotiations with vendors for the supply of plant and machinery are in advanced stages and Letter of Credits shall be established by the mid of March 2019. Therefore, expansion process will, hopefully, be completed till end of the current calendar year.

The Board would like to take this opportunity to express its appreciation to all stakeholders for their continuous confidence in us.

We pray Almighty Allah to give us the ability to face the future challenges.

On behalf of Board of Directors



IMRAN GHAFOR
Chief Executive Officer

Faisalabad
February 20, 2019

ڈائریکٹرز جائزہ

محترم حصص داران

میں بورڈ کی جانب سے، آپ کی خدمت میں 31 دسمبر کو ختم ہونے والے چھ ماہ کے غیر مختص شدہ اکاؤنٹس پیش کرنا چاہوں گا۔

مالی جائزہ

	2018	2017	
خالص فروخت	483,014,953	1,032,624,941	
خام نفع/(خسارہ)	(61,431,243)	316,545,411	
آپریٹنگ نفع/(خسارہ)	(115,486,428)	251,650,881	
قبل از ٹیکس نفع/(خسارہ)	(149,891,832)	246,381,714	
بعد از ٹیکس نفع/(خسارہ)	(127,626,268)	184,076,850	
فی حصص منافع بنیادی	(2.32)	3.34	

آپ کی کمپنی نے مالی سال 2018-19 کے پہلے چھ ماہ کے دوران بہترین مالی کارکردگی کا مظاہرہ کیا۔ گزشتہ سالوں کے دوران H2O2 کی صنعت کو شدید کاروباری مسابقت اور بڑھتی ہوئی پیداواری لاگت کا سامنا رہا۔

حالیہ مالی سال کے پہلے چھ ماہ کے دوران، پلانٹ کی پیداواری بلکل استعداد کا 80% فیصد رہی جو گزشتہ مالی سال کے اسی عرصہ میں صرف 62% تھی۔ کمپنی نے 1,033 ملین روپے کی خالص فروخت کی جو گزشتہ مدت میں 483 ملین روپے رہی تھی۔ کمپنی کی خالص فروخت میں 114% کا اضافہ ہوا۔ اضافے کی بنیادی وجہ زیادہ مقدار میں H2O2 کی فروخت اور بین الاقوامی منڈی میں قیمتوں میں اضافہ تھا۔ حالیہ چھ ماہ کے دوران 317 ملین روپے کا خام نفع اور 184 ملین روپے کا خالص نفع حاصل ہوا جبکہ گزشتہ مالی سال کے اسی عرصے میں کمپنی کو 61 ملین روپے کا خام خسارہ اور 128 ملین روپے کا خالص خسارہ ہوا تھا۔ خالص منافع میں اضافے کی وجوہات میں بین الاقوامی قیمتوں میں اضافہ، پلانٹ کی پیداواری میں اضافہ، آرٹھیٹل معاملات میں باعموم بہتری، لاگت میں کمی اور بہترین مارکیٹنگ حکمت عملی شامل ہیں۔ حالیہ چھ ماہ کے دوران فی حصص منافع 3.34 روپے رہا جبکہ گزشتہ مدت میں فی حصص خسارہ 2.32 روپے ہوا۔

حالیہ مالی سال کی دوسری سہ ماہی کے دوران گزشتہ سہ ماہی کی نسبت کمپنی کی مالی کارکردگی میں نمایاں بہتری دیکھنے میں آئی۔ دوسری سہ ماہی کے دوران خالص آمدن 487 ملین روپے رہی جبکہ گزشتہ مالی سال کی دوسری سہ ماہی میں خالص آمدن 235 ملین روپے تھی۔ دوسری سہ ماہی کے دوران کمپنی کو 118 ملین روپے کا خام نفع ہوا جبکہ گزشتہ مدت میں 26 ملین روپے کا خسارہ رہا۔ جبکہ اسی مدت میں کمپنی کو 44 ملین روپے کا خالص نفع اور فی حصص نفع 0.80 روپے رہا جبکہ گزشتہ مالی سال کے دوسری سہ ماہی میں 46 ملین روپے کا خالص خسارہ اور 0.83 روپے کا فی حصص خسارہ ہوا۔

مستقبل کا جائزہ

بلند پیداواری استعداد کو برقرار رکھنے کیلئے، کمپنی نے پلاڈیم کیمائلسٹ کا ایک ہیج ڈرام کرنے کا فیصلہ کیا ہے جس کی آمد حالیہ مالی سال کی آخری سہ ماہی تک متوقع ہے۔

حکومت کے برآمد کنندگان کیلئے مثبت اقدامات کے باعث ہم پر امید ہیں کہ آنے والے دنوں میں نیگٹسٹل سیکٹر میں H2O2 کی کھپت بلند سطح پر رہے گی۔ کھپت میں متوقع اضافے سے فائدہ اٹھانے کیلئے ہم کیسوں میں اور اسکے لئے اپنے صارفین سے پراڈکٹ کو اپنی، مسابقتی قیمت اور تقسیم کار کے بہترین نظام کے ذریعے اپنے تعلقات کو مزید مستحکم بنا رہے ہیں۔

پلانٹ کی توسیع

پیداواری استعداد کو 30,000 ٹن سالانہ سے 43,200 ٹن سالانہ تک بڑھانے کیلئے ہماری کاوشیں جاری ہیں۔ اس حوالے سے کمپنی کا ٹیکنالوجی فراہم کنندہ سے معاہدہ حتمی شکل پا چکا ہے اور اس پر مدخل ہو چکے ہیں۔ علاوہ ازیں، پلانٹ اور مشینری کی فراہمی کے حوالے سے فراہم کنندگان سے معاملات حتمی مراحل میں ہیں۔ جبکہ LCC مارچ کے وسط تک مکمل جانے کی گنجائش ہے، تاہم توسیع کے عمل کی تکمیل حالیہ کیلنڈر سال کے اختتام تک متوقع ہے۔

اس موقع پر بورڈ تمام سٹیک ہولڈرز کا خصوصی شکریہ ادا کرتے ہیں جنہوں نے ہم پر مسلسل اپنا اعتماد برقرار رکھا۔

ہم اللہ تعالیٰ سے دعا گو ہیں کہ وہ ہمیں مستقبل کے تمام چیلنجز کا سامنا کرنے کی استطاعت عطا فرمائے۔



عمران غفور
چیف ایگزیکٹو آفیسر

فروری 2019
فیصل آباد

INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF SITARA PEROXIDE LIMITED ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim statement of financial position **Sitara Peroxide Limited** (the Company) as at December 31, 2018, the related condensed interim statement of profit and loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cashflows and notes to the financial statements for the six months period then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures of the condensed interim statement of profit and loss and the condensed interim statement of comprehensive income for the three month ended December 31, 2018 and related comparative information have not been reviewed, as we are required to review only the cumulative figures for the six month period ended December 31, 2018.

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 condensed interim financial statements 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 condensed interim financial statements as at December 31, 2018 and for the six month period then ended, is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is Rana M. Usman Khan.

Chartered Accountants

Place: Lahore

Dated: February 20, 2019

Condensed Interim Statement of Financial Position (Un-audited) as at December 31, 2018

		December 31, 2018 (Un-Audited)	June 30, 2018 (Audited)
	Note	----- Rupees -----	-----
ASSETS			
Non - current assets			
Property, plant and equipment	4	2,634,405,224	2,730,109,461
Long term advances and deposits		39,905,000	4,205,000
		<u>2,674,310,224</u>	<u>2,734,314,461</u>
Current assets			
Stores, spare parts and loose tools		91,774,999	85,883,377
Stock in trade		586,978,102	485,788,968
Trade debts		107,168,048	105,041,642
Advances		204,598,843	211,413,806
Deposits and short term prepayments		76,080,466	38,714,472
Sales tax refundable		133,533,254	82,893,919
Cash and bank balances		3,133,081	1,634,358
		<u>1,203,266,793</u>	<u>1,011,370,542</u>
TOTAL ASSETS		<u><u>3,877,577,017</u></u>	<u><u>3,745,685,003</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital	5	551,000,000	551,000,000
Un-appropriated profit / (accumulated loss)		8,126,247	(223,264,696)
Surplus on revaluation of property, plant and equipment	6	1,375,809,693	1,423,123,786
		<u>1,934,935,940</u>	<u>1,750,859,090</u>
Non - current liabilities			
Long term financing	7	289,308,893	324,992,874
Deferred liabilities		534,946,883	516,481,942
Deferred mark-up		139,446,746	158,058,094
		<u>963,702,522</u>	<u>999,532,910</u>
Current liabilities			
Trade and other payables	8	359,780,266	376,134,502
Accrued markup		99,712,735	88,754,937
Short term borrowings		307,407,871	315,411,872
Current portion of long term financing	7	167,089,570	198,463,981
Provision for taxation		44,948,113	16,527,711
		<u>978,938,555</u>	<u>995,293,003</u>
Contingencies and commitments	9		
TOTAL EQUITY AND LIABILITIES		<u><u>3,877,577,017</u></u>	<u><u>3,745,685,003</u></u>

The annexed selected notes from 1 to 19 form an integral part of this condensed interim financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

Condensed Interim Statement of Profit or Loss (Un-audited) for the Six Months Period Ended December 31, 2018

	Note	Six months ended		Three months ended	
		December 31 2018	December 31 2017	December 31 2018	December 31 2017
----- Rupees -----					
Sales - net	10	1,032,624,941	483,014,953	486,884,787	234,587,586
Cost of sales	11	(716,079,530)	(544,446,196)	(368,439,459)	(260,685,644)
Gross profit/ (loss)		316,545,411	(61,431,243)	118,445,328	(26,098,058)
Distribution cost		16,163,820	12,470,454	8,658,537	6,874,298
Administrative expenses		48,730,710	41,584,731	25,214,398	21,799,889
Other expenses		19,337,503	-	19,337,503	-
Finance cost		47,265,754	35,609,371	27,000,263	17,182,610
		(131,497,787)	(89,664,556)	(80,210,701)	(45,856,797)
Other income	12	61,334,090	1,203,967	61,207,236	853,699
Profit/ (loss) before taxation		246,381,714	(149,891,832)	99,441,863	(71,101,156)
Provision for taxation	13	(62,304,864)	22,265,564	(55,384,584)	25,441,601
Profit/ (loss) for the period		184,076,850	(127,626,268)	44,057,279	(45,659,555)
Earnings per share - basic					
and diluted	14	3.34	(2.32)	0.80	(0.83)

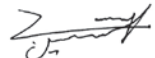
The annexed selected notes from 1 to 19 form an integral part of this condensed interim financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

Condensed Interim Statement of Comprehensive Income (Un Audited) for the Six Months Period Ended December 31, 2018

	Six months ended		Three months ended	
	December 31 2018	December 31 2017	December 31 2018	December 31 2017
	----- Rupees -----			
Profit/ (loss) for the period	184,076,850	(127,626,268)	44,057,279	(45,659,555)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	184,076,850	(127,626,268)	44,057,279	(45,659,555)

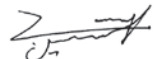
The annexed selected notes from 1 to 19 form an integral part of this condensed interim financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

Condensed Interim Statement of Cash Flows (Un-audited) for the Six Months Period Ended December 31, 2018

Note	Six months ended	
	December 31, 2018	December 31, 2017
	----- Rupees -----	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/ (loss) before taxation	246,381,714	(149,891,832)
Adjustments for:		
Depreciation of property, plant and equipment	111,266,238	90,410,908
Gain on sale of property, plant and equipment	(1,000,000)	-
Profit on bank deposit	(142,148)	(192,202)
Provision for staff retirement gratuity	3,062,723	3,062,723
Finance cost	47,265,754	35,609,371
	160,452,567	128,890,800
Operating cash flow before working capital changes	406,834,281	(21,001,032)
Changes in working capital	16 (204,541,791)	116,679,981
Cash generated from operations	202,292,490	95,678,949
Finance cost paid	(54,919,304)	(43,879,402)
Staff retirement gratuity paid	(1,954,533)	(1,606,366)
Income taxes (paid)/ refund - net	(18,737,684)	4,037,192
	(75,611,521)	(41,448,576)
Net cash generated from operating activities	126,680,969	54,230,373
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(15,562,001)	-
Proceeds from sale of property, plant and equipment	1,000,000	-
Profit received on bank deposits	142,148	192,202
Increase in long term deposits	(35,700,000)	-
Net cash (used in)/ generated from investing activities	(50,119,853)	192,202
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of long-term financing	(67,058,392)	(41,536,986)
Short term financing - net	(8,004,001)	(12,670,263)
Net cash used in financing activities	(75,062,393)	(54,207,249)
Net increase in cash and cash equivalents (A+B+C)	1,498,723	215,326
Cash and cash equivalents at beginning of period	1,634,358	4,761,969
Cash and cash equivalents at end of the period	3,133,081	4,977,295

'The annexed selected notes from 1 to 19 form an integral part of this condensed interim financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

Condensed Interim Statement of Changes In Equity (Un-audited) for the Six Months Period Ended December 31, 2018

	Share capital	Accumulated losses	Surplus on revaluation of property, plant and equipment	Total
----- Rupees -----				
Balance as at July 01, 2017 (audited)	551,000,000	(213,606,545)	-	337,393,455
Loss for the six months ended December 31, 2017	-	(127,626,268)	-	(127,626,268)
Other comprehensive income for the six months ended December 31, 2017	-	-	631,615,655	631,615,655
Total comprehensive income	-	(127,626,268)	631,615,655	503,989,387
Transfer to accumulated losses on account of incremental depreciation - net of tax	-	27,742,540	(27,742,540)	-
Balance as at December 31, 2017 - Un-audited	<u>551,000,000</u>	<u>(313,490,273)</u>	<u>603,873,115</u>	<u>841,382,842</u>
Balance as at July 01, 2018 (audited)	551,000,000	(223,264,696)	1,423,123,786	1,750,859,090
Profit for the six months ended December 31, 2018	-	184,076,850	-	184,076,850
Other comprehensive income for the six months ended December 31, 2018	-	-	-	-
Total comprehensive income	-	184,076,850	-	184,076,850
Transfer to unappropriated profit on account of incremental depreciation - net of tax	-	47,314,093	(47,314,093)	-
Balance as at December 31, 2018 - Un-audited	<u>551,000,000</u>	<u>8,126,247</u>	<u>1,375,809,693</u>	<u>1,934,935,940</u>

The annexed selected notes from 1 to 19 form an integral part of this condensed interim financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

Selected Explanatory Notes to the Condensed Interim Financial Information (Un-audited) for the Six Months Period Ended December 31, 2018

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 (now the Companies Act, 2017). 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 Sheikhupura Road, Faisalabad in the province of Punjab. The principal activity of the Company is manufacturing and sale of hydrogen peroxide (H₂O₂).

2 BASIS OF PREPARATION

- 2.1** These condensed interim financial statements of the Company for the six months period ended December 31, 2018 have been prepared in accordance with the International Accounting Standard - 34 "Interim Financial Reporting" provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed.
- 2.2** Securities and Exchange Commission of Pakistan (SECP), through SRO 1007(I)/2017, dated October 4, 2017, had notified IFRS 9 "Financial Instruments", replacing the International Accounting Standard (IAS) 39 "Financial Instruments: Recognition and Measurement" with effect from reporting periods starting July 1, 2018 which has further been deferred for the half year ended December 31, 2018, through SRO 229 (I)/2019 dated February 15, 2019. Accordingly the requirements of IFRS 9 have not been considered in the preparation of these condensed interim financial statements.
- 2.3** These condensed interim financial Statements should be read in conjunction with annual audited financial statements for the year ended June 30, 2018. Comparative statement of financial position is extracted from annual audited financial statements for the year ended June 30, 2018 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 statements for the six months ended on December 31, 2017.
- 2.4** These condensed interim financial statements is un-audited. However, a limited scope review has been performed by the statutory auditors of the Company in accordance with section 237 of Companies Act 2017 and they have issued their review report thereon.
- 2.5** These condensed interim financial statments is presented in Pak Rupee, which is the Company's functional and presentation currency.

3 ACCOUNTING POLICIES AND ESTIMATES

The significant accounting policies and methods of computation adopted in preparation of

these condensed interim financial statements are the same as those applied in preparation of the annual audited financial statements of the Company for the year ended June 30, 2018 except as disclosed hereunder.

3.1 Changes in accounting standards

The following changes in accounting standards have taken place effective from July 01, 2018:

3.1.1 IFRS 15 - Revenue from contracts with customers

IFRS 15 - Revenue from contracts with customers (IFRS 15) replaced various standards and guidance including 'IAS 18 - Revenue'. IFRS 15 provides a single, principles-based approach to the recognition of revenue from all contracts with customers and focuses on the identification of performance obligations in a contract and requires revenue to be recognized when or as those performance obligations in a contract are satisfied.

The Company has determined that the adoption of IFRS 15 does not have any impact on the reported revenue of the Company for the period ended December 31, 2018.

		(Un-Audited) December 31, 2018	(Audited) June 30, 2018
	Note	----- Rupees -----	
4 PROPERTY, PLANT AND EQUIPMENT			
Operating assets	4.1	2,616,605,224	2,722,609,462
Advance against capital work in progress		17,800,000	7,500,000
		<u>2,634,405,224</u>	<u>2,730,109,462</u>
4.1 Operating assets			
Opening carrying value		2,722,609,462	1,989,257,615
Additions during the period / year:			
Electric installations		-	114,035
Vehicles		5,262,000	-
		5,262,000	114,035
Net book value of assets disposed off during the period / year		-	-
		2,727,871,462	1,989,371,650
Depreciation charged during the period / year		(111,266,238)	(180,323,961)
Effect of revaluation of property, plant and equipment opening		-	913,561,773
		<u>2,616,605,224</u>	<u>2,722,609,462</u>

- 4.2 The Company follows the revaluation model. Revaluation of Land, building and plant and machinery was carried out by MYK Associates (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 on June 30, 2018 resulted in a further surplus of Rs. 913 million. Out of the total revaluation surplus of Rs. 2,542 million, Rs. 1,376 million net of tax (June 2018: Rs. 1,423 million) remains undepreciated as at December 31, 2018.

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.

	Level 1	Level 2	Level 3	Total
----- Rupees -----				
Land	-	246,630,000	-	246,630,000
Building	-	199,543,226	-	199,543,226
Plant and machinery	-	2,122,571,217	-	2,122,571,217

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

	(Un-Audited) December 31, 2018	(Audited) June 30, 2018
----- Rupees -----		
Land	41,997,852	41,997,852
Building	77,611,473	81,654,906
Plant and machinery	535,080,861	571,605,191

5 SHARE CAPITAL

Authorized

60,000,000 ordinary shares of Rs. 10 each

600,000,000

600,000,000

Issued, subscribed and paid up

55,100,000 ordinary shares of Rs. 10 each

551,000,000

551,000,000

	(Un-Audited) December 31, 2018	(Audited) June 30, 2018
Note	----- Rupees -----	
6 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		
	1,423,123,786	819,250,671
Balance at beginning of the period / year		
Revaluation surplus created during the period / year	-	913,561,773
Surplus on revaluation of property, plant and equipment - adjustment due to change in tax rate	-	10,729,336
Relevant deferred tax liability	-	(264,932,914)
Revaluation surplus created during the period / year - net of tax	-	659,358,195
Transfer to accumulated losses in respect of incremental depreciation charged during the period / year - net of deferred tax	6.1 (47,314,093)	(55,485,080)
	<u>1,375,809,693</u>	<u>1,423,123,786</u>
6.1 Incremental depreciation charged during the period / year		
Charge of the period / year	66,639,568	79,264,400
Less: deferred tax liability relating to incremental depreciation	(19,325,475)	(23,779,320)
	<u>47,314,093</u>	<u>55,485,080</u>
7 LONG-TERM FINANCING		
Secured - from financial institutions		
Under sukuk arrangements		
Balance at beginning of the period / year	504,790,184	549,456,939
Less: paid during the period / year	(57,725,059)	(44,666,755)
Less: current portion	(157,756,232)	(179,797,310)
Balance at the end of period / year	289,308,893	324,992,874
Under mark-up arrangements		
Balance at beginning of the period / year	18,666,671	43,555,559
Less: paid during the period / year	(9,333,333)	(24,888,888)
Less: current portion	(9,333,338)	(18,666,671)
Balance at the end of period / year	-	-
	<u>289,308,893</u>	<u>324,992,874</u>

Notes to the Financial Statements

2018

8 TRADE AND OTHER PAYABLES

These include Rs. 5,5290,017 (June 30, 2018 : Rs. Nil) payable to associated company.

(Un-Audited) (Audited)
December 31, June 30,
2018 2018
----- Rupees -----

9 CONTINGENCIES AND COMMITMENTS**9.1 Contingencies**

Guarantees issued by Banks on behalf
of the Company

99,270,865 54,640,000

9.2 Commitments

Irrevocable letters of credit

15,230,936 48,433,880

----- Rupees -----

Six months ended		Three months ended	
December 31	December 31	December 31	December 31
2018	2017	2018	2017

10 SALES - NET

Local sales	1,050,176,485	494,885,583	496,554,100	240,793,618
Less: Commission and discount	(17,551,544)	(11,870,630)	(9,669,313)	(6,206,032)
	1,032,624,941	483,014,953	486,884,787	234,587,586

11 COST OF SALES

Raw material consumed	167,427,468	58,389,403	145,226,379	26,784,741
Fuel and power	340,781,526	199,302,107	173,840,527	106,130,735
Packing material consumed	102,747,246	70,724,799	49,873,057	32,089,464
Salaries, wages and benefits	45,393,503	41,111,918	24,424,607	20,502,409
Factory overheads	144,681,396	121,308,923	80,254,395	57,841,340
	801,031,139	490,837,150	473,618,965	243,348,689
Work-in-process				
- Opening stock	459,183,873	411,376,825	432,173,110	393,621,040
- Closing stock	(522,821,144)	(375,858,549)	(522,821,144)	(375,858,549)
	(63,637,271)	35,518,276	(90,648,034)	17,762,491
Cost of goods manufactured	737,393,868	526,355,426	382,970,931	261,111,180
Finished goods				
- Opening stock	2,679,001	21,801,453	9,461,867	3,285,147
- Closing stock	(23,993,339)	(3,710,683)	(23,993,339)	(3,710,683)
	(21,314,338)	18,090,770	(14,531,472)	(425,536)
Cost of goods sold - own manufactured products	716,079,530	544,446,196	368,439,459	260,685,644

12 OTHER INCOME

This includes mark-up on saving account amounting to Rs. 142,148 (December 2017: Rs. 192,202) and proceeds from sale of catalyst amounting to Rs. 60,058,842 (December 2017: Rs. Nil).

	Six months ended		Three months ended	
	December 31 2018	December 31 2017	December 31 2018	December 31 2017

----- Rupees -----

13 PROVISION FOR TAXATION

Current - for the period	44,474,274	6,185,957	37,553,994	3,009,920
- for prior year	473,839	-	473,839	-
Deferred	17,356,751	(28,451,521)	17,356,751	(28,451,521)
	<u>62,304,864</u>	<u>(22,265,564)</u>	<u>55,384,584</u>	<u>(25,441,601)</u>

14 EARNINGS PER SHARE - BASIC AND DILUTED

(Profit / (Loss) for the period	184,076,850	(127,626,268)	44,057,279	(45,659,555)
Weighted average number of ordinary shares outstanding during the period	55,100,000	55,100,000	55,100,000	55,100,000
Earnings / (Loss) per share	3.34	(2.32)	0.80	(0.83)

15 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated company, directors, key management personnel and post employment benefit plan. 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 2018	December 31 2017

----- Rupees -----

Associated companies	Organizational charges charged	6,944,315	770,562
	Purchases	-	2,885,993
	Short term loan obtained	-	43,000,000
	Short term loan repaid	(31,000,000)	-
	Accrued markup	(7,612,496)	-
Key Management Personnel	Remuneration and other benefits	24,911,611	23,577,682
Employee benefit plan	Payment during the period	1,954,533	1,606,366

15.1 The relationship with Sitara Spinning Mills Limited, an associated company, is based on common directorship.

Six months ended

December 31 2018	December 31 2017
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----- Rupees -----

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

Stores, spare parts and loose tools	(5,891,622)	(133,275)
Stock-in-trade	(101,189,134)	58,125,991
Trade debts	(2,126,406)	18,361,548
Advances	14,133,712	(20,207,272)
Deposits and short term prepayments	(37,365,994)	17,346,843
Sales tax refundable	(50,639,335)	9,726,759

Increase / (decrease) in current liability

Trade and other payables	(21,463,012)	33,459,386
	<u>(204,541,791)</u>	<u>116,679,981</u>

17 FAIR VALUE OF FINANCIAL INSTRUMENTS

The different levels at which the financial instruments are carried 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 fair value of financial instruments is approximately the same as their carrying value.

18 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial statements has been approved by the Board of Directors of the Company and authorized for issue on February 20, 2019.

19 GENERAL


Figures have been rounded off to the nearest rupee.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR



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