

Half Yearly Report

December 2017



Company Information

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 Alfarah 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	
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 Sheikhupura 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, 2017.

First six months of current financial year was a very challenging period for the Company. Net sales during the period under review remained Rs. 483 million against net sales of Rs. 465 million during the corresponding period of last year. Sales during the period remained low due to lower production during the period. The capacity utilization in current period remained 62% of the installed capacity against 61% in comparative half year period. Cost of sales in first six months remained Rs. 543.7 million against Rs. 496 million in the comparative six months resulting in increase of 9%. Rise in cost of sales is due to increase tariff of liquefied natural gas.

Administration and distribution expenses incurred during the period increased by 8% and 3% respectively whereas finance cost decreased by 4%. The Company incurred net loss after tax of Rs. 126.7 million and loss per share of Rs. 2.30.

During second quarter, we witnessed slight improvement in financial results as compared to first quarter of the current financial year. Net sales in second quarter remained Rs. 234 million against net sales of Rs. 248 million in first quarter. Company incurred gross loss of Rs. 25 million against gross loss of Rs. 35 million in first quarter of current financial year.

In second quarter of current financial year, net sales remained Rs. 234 million against net sales of Rs. 275 million in the comparative period of last financial year. Capacity utilization remained 64% as against 72% of the total installed capacity in comparative period. Cost of sales remained Rs. 260 million against Rs. 262 million and gross loss remained Rs. 25 million against gross profit of Rs. 14 million in the comparative quarter. Company has incurred net loss after tax of Rs. 45 million and loss per share of Rs. 0.81 against net profit after tax of Rs. 2 million and loss per share of Rs. 0.04 in the comparative quarter of previous financial year.

The losses incurred in first half of the current financial year are result of low capacity utilization. Letter of credit has been established for import of key catalyst. Catalyst has arrived after the end of period under review. After addition of catalyst in production process in third quarter, we are confident of achieving 85% of our installed production capacity and much improved financial results in coming days.

Management of your Company is positive about future business of outlook. Both demand and prices of hydrogen peroxide are expected to remain strong in near 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



Faisalabad
February 24, 2018

IMRAN GHAFOOR
Chief Executive Officer

ڈائریکٹر راویو

میں کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے 31 دسمبر 2017 کو ختم ہونے والی شماہی کے مالی نتائج آپ کی خدمت میں پیش کرنا چاہوں گا۔

حالیہ مالی سال کے پہلے چھ ماہ کمپنی کے لئے چینجز سے بھر پور عرصہ رہا۔ اس مدت میں کمپنی کی نیٹ فروخت 483 4 ملین روپے رہی جبکہ گزشتہ مالی سال کی اسی مدت میں نیٹ فروخت 465 4 ملین روپے رہی تھی۔ فروخت کے کم رہنے کی نیادی وجہ رہا اس مدت میں بیداری میں کمی۔ پہلی شماہی کے دوران پیداواری استعداد 62.6% رہی جو گزشتہ مالی سال کی پہلی شماہی میں 61% تھی۔ حالیہ شماہی میں بیداواری لگت 437.7 4 ملین روپے رہی جو گزشتہ مالی سال کی اسی مدت میں 496 4 ملین روپے تھی۔ بیداواری لگت میں 19% اضافہ ہوا۔ جس کی وجہ LNG کے ٹیرف میں اضافہ تھا۔

انتظاری اور ڈسٹریبوشن اخراجات میں حالیہ شماہی میں با ترتیب 8% اور 6% اضافہ ہوا جبکہ قرضوں پر سود کی مدد میں 4% کی ہوئی۔ کمپنی کو بعد از ٹکس 126.7 4 ملین روپے اور فنی حصہ 2.30 کے خارے کا سامنا کرنا پڑا۔

سال روواں کی دوسری سماں ہی کے مالی نتائج سالی روواں کی پہلی سماں سے قدرے بہتر رہے۔ دوسری سماں میں خالص فروخت 234 4 ملین روپے رہی جو پہلی سماں میں 248 4 ملین روپے تھی۔ دوسری سماں میں 25 4 ملین کا گراس خسارہ بہ جو پہلی سماں میں 35 4 ملین روپے تھا۔

سال روواں کی دوسری سماں میں خالص فروخت 234 4 ملین روپے رہی جو گزشتہ مالی سال کی دوسری سماں میں 275 4 ملین روپے تھی۔ کمپنی نے اپنی پیداواری استعداد کا 64% بیداوار حاصل کی جبکہ تقابلی مدت میں 72% ہدف بیداواری لگت 260 4 ملین روپے رہی جبکہ تقابلی عرصے کے دوران بیداواری لگت 262 4 ملین روپے تھی۔ حالیہ سماں میں گراس خسارہ 25 4 ملین روپے تھا جبکہ تقابلی سماں میں 14 4 ملین کا منافع ہوا تھا۔ حالیہ سماں میں کمپنی کو 45 4 ملین روپے کا خسارہ ہوا جبکہ فنی حصہ خسارہ 0.81 روپے رہا جبکہ تقابلی سماں میں 2 4 ملین روپے کا خالص فنع اور فنی حصہ 0.04 روپے کا فنع ہوا تھا۔

حالیہ مالی سال کے پہلے چھ ماہ کے دوران خسارہ کی نیادی وجہ کم بیداواری۔ اہم کیا لاث کی خیراری کیلئے ایل سی کھوی جا چکی جبکہ پہلی شماہی کے خاتمے کے بعد نیا کیا لاث آ جکا ہے۔ جسکے بعد ہم بیداواری استعداد کا 85% ہدف حاصل کرنے کیلئے پر امید ہیں۔ جس سے تیسری سماں کے مالی نتائج میں نمایاں بہتری متوقع ہے۔

کمپنی انتظامیہ مستقبل کے کاروباری موقع کے حوالے سے پر امید ہے۔ H_2O کی طلب اور قیمتیں مستقل قریب کے دوران بلند رہنے کی امید ہے جسکے باعث سال کی دوسری شماہی میں مالی نتائج بہتر ہیں گے۔

بورڈ کی طرف سے میں کمپنی کے تمام سیکیک ہولڈرز، انویٹرزا اور ملازمین کے تہہ دل سے مشکور ہوں۔
اللہ ہمیں در پیش چینجز سے نہ رہ آ رہا ہوئے کی بہت عطا فرمائے۔ آمین

بورڈ ممبر ان کی جانب سے



عمران غور
چیف ایگزیکیوٹیو فائسر

فیصل آباد

24 فروری 2018

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, 2017, 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, 2017 have not been reviewed, as we are required to review only the cumulative figures for the six months ended December 31, 2017.

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, 2017 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 24, 2018
Lahore

Balance Sheet

Condensed Interim Balance Sheet as at December 31, 2017

Note	December 31, 2017 (Un-Audited)	June 30, 2017 (Audited)	
		Rupees	
ASSETS			
Non - current assets			
Property, plant and equipment	1,898,846,707	1,989,257,614	
Long term advances and deposits	3,705,000	3,705,000	
	1,902,551,707	1,992,962,614	
Current assets			
Stores, spare parts and loose tools	85,117,587	84,984,312	
Stock in trade	410,511,080	468,637,071	
Trade debts	70,460,297	88,821,845	
Advances	185,336,160	180,591,777	
Deposits and short term prepayments	40,597,533	57,944,376	
Sales tax refundable	81,657,476	91,384,235	
Cash and bank balances	4,977,295	4,761,969	
	878,657,428	977,125,586	
TOTAL ASSETS	2,781,209,135	2,970,088,200	
EQUITY AND LIABILITIES			
Equity			
Share capital	551,000,000	551,000,000	
Accumulated losses	(313,490,273)	(213,606,545)	
	237,509,727	337,393,455	
Surplus on revaluation of property, plant and equipment	791,508,131	819,250,671	
Non - current liabilities			
Long term financing	35,000,000	155,765,725	
Deferred liabilities	216,122,952	243,118,116	
Deferred mark-up	228,597,525	246,041,890	
	479,720,477	644,925,731	
Current liabilities			
Trade and other payables	404,511,406	371,654,842	
Accrued markup	27,060,975	17,886,641	
Short term borrowings	318,236,950	330,907,213	
Current portion of long term financing	516,475,512	437,246,773	
Provision for taxation	6,185,957	10,822,874	
	1,272,470,800	1,168,518,343	
Contingencies and commitments	9		
TOTAL EQUITY AND LIABILITIES	2,781,209,135	2,970,088,200	

The annexed selected notes from 1 to 20 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

Condensed Interim Profit and Loss Account (Un-audited) for the Six Months Ended December 31, 2017

Note	Six months ended		Three months ended	
	December 31	December 31	December 31	December 31
	2017	2016	2017	2016
----- Rupees -----				
Sales - net	10	483,014,953	464,674,542	234,587,586
Cost of sales	11	(544,446,196)	(496,048,189)	(260,685,644)
Gross (loss) / profit		(61,431,243)	(31,373,647)	(26,098,058)
Distribution cost		12,470,454	12,051,284	6,874,298
Administrative expenses		41,584,731	37,865,589	21,799,889
Other expenses		-	1,347,300	-
Finance cost		35,609,371	37,143,319	17,182,610
		(89,664,556)	(88,407,492)	(45,856,797)
Other income	12	1,203,967	476,629	853,699
Loss before taxation		(149,891,832)	(119,304,510)	(71,101,156)
Provision for taxation	13	22,265,564	33,627,786	25,441,601
(Loss)/Profit for the period		(127,626,268)	(85,676,724)	(45,659,555)
(Loss)/Earnings per share				
- basic and diluted	14	(2.32)	(1.55)	(0.83)
				0.07

The annexed selected notes from 1 to 20 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

Statement of Comprehensive Income

Condensed Interim Statement of Comprehensive Income (Un Audited) for the Six Months Ended December 31, 2017

	Six months ended		Three months ended	
	December 31 2017	December 31 2016	December 31 2017	December 31 2016
	Rupees			
(Loss)/Profit for the period	(127,626,268)	(85,676,724)	(45,659,555)	3,813,029
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	(127,626,268)	(85,676,724)	(45,659,555)	3,813,029

The annexed selected notes from 1 to 20 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

Condensed Interim Cash Flow Statement (Un-audited) for the Six Months Ended December 31, 2017

Note	Six months ended	
	December 31, 2017	December 31, 2016
	Rupees	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(149,891,832)	(119,304,510)
Adjustments for:		
Depreciation of property, plant and equipment	90,410,908	90,536,260
Loss on sale of property, plant and equipment	-	1,347,300
Profit on bank deposit	(192,202)	(476,629)
Provision for staff retirement gratuity	3,062,723	2,896,880
Finance cost	35,609,371	37,143,319
	128,890,800	131,447,130
Operating cash flow before working capital changes	(21,001,032)	12,142,620
Changes in working capital	116,679,981	32,396,168
Cash generated from operations	95,678,949	44,538,788
Finance cost paid	(43,879,402)	(27,513,751)
Staff retirement gratuity paid	(1,606,366)	(1,832,178)
Income taxes refund/(paid) - net	4,037,192	(11,536,349)
	(41,448,576)	(40,882,278)
Net cash generated from operating activities	54,230,373	3,656,510
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	-	(11,252,503)
Proceeds from sale of property, plant and equipment	-	7,500,000
Profit received on bank deposits	192,202	476,629
Net cash generated/(used in) from investing activities	192,202	(3,275,874)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of long-term financing	(41,536,986)	(100,458,243)
Short term financing - net	(12,670,263)	82,468,575
Net cash used in financing activities	(54,207,249)	(17,989,668)
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	215,326	(17,609,032)
Cash and cash equivalents at beginning of period	4,761,969	35,860,754
Cash and cash equivalents at end of the period	4,977,295	18,251,722

The annexed selected notes from 1 to 20 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

Changes In Equity

Condensed Interim Statement of Changes In Equity (Un-audited) for the Six Months Ended December 31, 2017

	Share capital	Accumulated losses	Total
..... Rupees			
Balance as at July 01, 2016 (audited)	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 (Loss)	-	(85,676,724)	(85,676,724)
Transfer to accumulated losses on account of incremental depreciation - net of tax	-	27,346,218	27,346,218
Balance as at December 31, 2016	551,000,000	(239,487,419)	311,512,581
Balance as at July 01, 2017 (audited)	551,000,000	(213,606,545)	337,393,455
Profit 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	-	-	-
Total comprehensive income	-	(127,626,268)	(127,626,268)
Transfer to accumulated losses on account of incremental depreciation - net of tax	-	27,742,540	27,742,540
Balance as at December 31, 2017	551,000,000	(313,490,273)	237,509,727

The annexed selected notes from 1 to 20 form an integral part of this condensed interim financial information.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

Selected Explanatory Notes to the Condensed Interim Financial Information (Un-audited) for the Six Months Ended December 31, 2017

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 Sheikhupura Road, Faisalabad in the province of Punjab. The principal activity of the Company is manufacturing and sale of hydrogen peroxide (H_2O_2).

2 BASIS OF PREPARATION

2.1 This condensed interim financial information of the Company for the six months period ended December 31, 2017 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.

The Companies Act, 2017 was enacted on May 30, 2017 and came into force at once. Subsequently, the Securities and Exchange Commission of Pakistan (SECP) has notified through Circular No. 23 dated October 04, 2017 that companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Therefore, this condensed interim financial information has been prepared under the Companies Ordinance, 1984 as notified through the Circular No. 17/2017 dated October 06, 2017 issued by the Institute of Chartered Accountants of Pakistan.

2.2 This condensed interim financial information should be read in conjunction with annual audited financial statements for the year ended June 30, 2017. Comparative balance sheet is extracted from annual audited financial statements for the year ended June 30, 2017 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, 2016.

2.3 Standards, amendments and interpretations to published approved accounting standards

There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Company's accounting period beginning on or after July 01, 2018. None of these amendments are expected to have a significant effect on this condensed interim financial information of the Company except for IFRS 9: Financial Instruments, which will replace IAS 39: Financial Instruments: Recognition and Measurement of Financial assets and Financial liabilities and IFRS 15: Revenue from Contract with Customers , which will replace IAS 18: Revenue. The

Securities and Exchange Commission of Pakistan (SECP) has notified that IFRS 9 and IFRS 15 would be applicable for periods beginning on or after July 01, 2018. Management is in a process of determining impact of the said standards on the future financial statements.

2.4 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 and they have issued their review report thereon.

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, 2017.

(Un-Audited)	(Audited)
December 31,	June 30,
2017	2016

----- Rupees -----

4 PROPERTY PLANT AND EQUIPMENT

Opening carrying value	1,989,257,615	2,146,156,501
Additions during the period / year:		
Electric installations	-	2,259,760
Plant and machinery	-	30,136,668
Vehicles	-	93,193
	-	32,489,621
Disposal during the period / year	-	(14,745,500)
	<u>1,989,257,615</u>	<u>2,163,900,622</u>
Depreciation charged during the period / year	(90,410,908)	(174,643,008)
	<u>1,898,846,707</u>	<u>1,989,257,614</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. 791.5 million net of tax (June 2017: Rs. 819 million) remains undepreciated as at December 31, 2017.

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, 2017 are as follows.

	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)		(Audited)
	December 31, 2017	June 30, 2017	
	Rupees		
Land	41,997,852	41,997,852	
Building	85,698,340	89,741,773	
Plant and machinery	608,129,520	644,653,850	
Electric installation	3,711,198	11,155,295	
Factory equipment	70,375	591,111	

5 SHARE CAPITAL

Authorized

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

600,000,000

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

551,000,000

6 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

Balance at beginning of the period / year

819,250,671

874,735,751

Transfer to accumulated losses in respect of
incremental depreciation charged during the

(27,742,540)

(55,485,080)

period / year - net of deferred tax

6.1

791,508,131

819,250,671

Note	(Un-Audited) December 31, 2017	(Audited) June 30, 2017
	----- Rupees -----	
6.1 Incremental depreciation charged during the period / year		
Charge of the period / year	39,632,200	79,264,400
Less: deferred tax liability relating to incremental depreciation	<u>(11,889,660)</u>	<u>(23,779,320)</u>
	<u>27,742,540</u>	<u>55,485,080</u>

7 LONG-TERM FINANCING

Secured - from financial institutions

Under sukuk arrangements

Balance at beginning of the period / year	549,456,939	634,359,626
Less: paid during the period / year	<u>(28,828,963)</u>	<u>(84,902,687)</u>
Less: current portion	<u>(485,627,976)</u>	<u>(396,802,325)</u>
Balance at the end of period / year	7.1 , 7.2 35,000,000	152,654,614

Under mark-up arrangements

Balance at beginning of the period / year	43,555,559	77,777,780
Less: paid during the period / year	<u>(12,444,444)</u>	<u>(34,222,221)</u>
Less: current portion	<u>(31,111,115)</u>	<u>(40,444,448)</u>
Balance at the end of period / year	7.3 - 35,000,000	3,111,111 155,765,725

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 Repayment:

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.

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.

7.2 The Company is facing liquidity shortfall due to continued malfunctioning of its production process and consequently, the Company could not make timely repayment of monthly installments during the period. The management is in discussions for rescheduling/deferral of the installments over due with the Sukuk holders and negotiations are expected to be concluded successfully. The current portion includes the instalments contractually due in the next financial year and the installments over due amounting Rs. 255,192,972 .

7.3 The Company has not paid last three monthly installments of loan under markup arrangement for the period ended December 31, 2017, therefore current portion includes the instalments contractually due in the next financial year and the installments over due amounting Rs. 9,333,333.

8 These include Rs. 83,253,597 (June 30, 2017 : Rs. 79,403,,063) payable to associated undertakings.

(Un-Audited) December 31, 2017	(Audited) June 30, 2017
----- Rupees -----	

9 CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

Guarantees issued by Banks on behalf of the Company

54,640,000	54,640,000
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9.2 Commitments

Irrevocable letters of credit

21,560,000	16,686,319
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Notes to the Financial

	Six months ended		Three months ended	
	December 31	December 31	December 31	December 31
	2017	2016	2017	2016
Rupees				
10 SALES - NET				
Local sales	494,885,583	474,771,225	240,793,618	280,813,450
Less: Commission and discount	(11,870,630)	(10,096,683)	(6,206,032)	(5,423,064)
	483,014,953	464,674,542	234,587,586	275,390,386
11 COST OF SALES				
Raw material consumed	58,389,403	66,401,928	26,784,741	32,447,592
Fuel and power	199,302,107	182,281,675	106,130,735	102,684,822
Packing material consumed	70,724,799	69,132,241	32,089,464	38,711,283
Salaries, wages and benefits	41,111,918	37,877,196	20,502,409	18,363,633
Factory overheads	121,308,923	119,304,481	57,841,340	55,469,223
	490,837,150	474,997,521	243,348,689	247,676,553
Work-in-process				
Opening stock	411,376,825	433,639,504	393,621,040	423,785,269
Closing stock	(375,858,549)	(410,011,132)	(375,858,549)	(410,011,132)
	35,518,276	23,628,372	17,762,491	13,774,137
Cost of goods manufactured	526,355,426	498,625,893	261,111,180	261,450,690
Finished goods				
Opening stock	21,801,453	817,024	3,285,147	3,471,556
Closing stock	(3,710,683)	(3,394,728)	(3,710,683)	(3,394,728)
	18,090,770	(2,577,704)	(425,536)	76,828
Cost of goods sold - own manufactured products	544,446,196	496,048,189	260,685,644	261,527,518

12 OTHER INCOME

This includes mark-up on saving account amounting to Rs. 192,202.

	Six months ended		Three months ended	
	December 31 2017	December 31 2016	December 31 2017	December 31 2016
	Rupees			

13 PROVISION FOR TAXATION

Current - for the period	6,185,957	4,740,130	3,009,920	2,806,461
Deferred	(28,451,521)	(38,367,916)	(28,451,521)	(38,367,916)
	(22,265,564)	(33,627,786)	(25,441,601)	(35,561,455)

14 EARNINGS PER SHARE - BASIC AND DILUTED

(Loss)/ Profit for the period	(127,626,268)	(85,676,724)	(45,659,555)	3,813,029
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	(2.32)	(1.55)	(0.83)	0.07

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:

	Six months ended	
	December 31 2017	December 31 2016
	(Un-Audited)	

Relationship with the Company	Nature of transactions	2017	2016
Associated companies	Organizational charges charged	423,945	445,431
	Purchases	2,885,993	3,010,965
	Sales	43,000,000	-
Key Management Personnel	Loan obtained from Chief Executive Officer	-	80,000,000
	Remuneration and other benefits	23,577,682	20,502,332
Employee benefit plan	Payment during the period	1,606,366	1,832,179

Notes to the Financial

Six months ended	
December 31 2017	December 31 2016
----- Rupees -----	

16 CHANGES IN WORKING CAPITAL

(Increase) / decrease in current assets

Stores, spare parts and loose tools	(133,275)	5,633,791
Stock-in-trade	58,125,991	21,712,272
Trade debts	18,361,548	(43,889,094)
Advances	(20,207,272)	(1,707,978)
Deposits and short term prepayments	17,346,843	3,446,832
Other receivables	-	15,172,354
Sales tax refundable	9,726,759	(15,646,427)
Increase in current liability		
Trade and other payables	33,459,386	47,674,418
	<u>116,679,981</u>	<u>32,396,168</u>

17 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

(Audited) June 30 2017	Availed during the period	Repaid during the period	(Un-audited) December 31
----- Rupees -----			
Long term borrowings	593,012,498	-	(41,536,986)
Short term borrowings	330,907,213	1,326,302,205	(1,338,972,468)
	<u>923,919,711</u>	<u>1,326,302,205</u>	<u>(1,380,509,454)</u>

18 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 24, 2018.

19 GENERAL

Figures have been rounded off to the nearest Rupee.

CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR





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