



ITTEHAD CHEMICALS LIMITED



Half Yearly Report
December 31, 2012



**ITTEHAD CHEMICALS LIMITED
 CONDENSED INTERIM FINANCIAL STATEMENTS
 FOR THE HALF YEAR ENDED DECEMBER 31, 2012
 (UN-AUDITED)**

CONTENTS

Corporate Information..... 3

Directors’ Report..... 4

Auditors’ Review Report..... 5

Condensed Interim Balance Sheet..... 6

Condensed Interim Profit & Loss Account..... 7

Condensed Interim Statement of Comprehensive Income..... 8

Condensed Interim Cash Flow Statement..... 9

Condensed Interim Statement of Changes in Equity..... 10

Notes to the Condensed Interim Financial Statements..... 11

PAGE INTENTIONALLY LEFT BLANK

Corporate Information

BOARD OF DIRECTORS	<p>Mr. Muhammad Siddique Khatri Mr. Abdul Sattar Khatri Mr. Abdul Ghafoor Khatri Ms. Farhana Abdul Sattar Khatri Mr. Fowad Yousaf Khatri Ms. Rushda Mustafa Mr. Waqas Siddiq Khatri</p>	<p>Chairman & Chief Executive Director Director Director Director Director Director</p>
AUDIT COMMITTEE	<p>Mr. Abdul Ghafoor Khatri Mr. Abdul Sattar Khatri Mr. Fowad Yousaf Khatri</p>	<p>Chairman Member Member</p>
DIRECTOR FINANCE & CFO	Mr. Javed Iqbal	
COMPANY SECRETARY	Mr. Waheed Ashraf	
REGISTERED OFFICE/HEAD OFFICE	<p>39-Empress Road, P.O. Box 1414, Lahore-54000. Tel : 042 - 36306586 - 88 Fax : 042 - 36365697 www.ittehadchemicals.com E-mail: info@ittehadchemicals.com</p>	
PLANT	<p>G.T. Road, Kala Shah Kaku, District Sheikhpura. Ph : 042 - 37950222 -25 Fax : 042 - 37950206</p>	
SHARE REGISTRARS	<p>M/s. Corplink (Pvt.) Limited Corporate and Financial Consultants Wings Arcade, 1-K Commercial, Model Town, Lahore. Ph: 042 - 35839182 Fax: 042 - 35869037</p>	
BANKERS TO THE COMPANY	<p>Askari Bank Limited Allied Bank Limited Al-Barka Bank (Pakistan) Limited Burj Bank Limited Faysal Bank Limited Habib Metro Bank Limited KASB Bank Limited MCB Bank Limited National Bank of Pakistan Pak Libya Holding Co. (Pvt.) Limited Pakistan Kuwait Investment Co. (Pvt.) Limited Pak Brunei Investment Co. (Pvt.) Limited Standard Chartered Bank (Pakistan) Limited Summit Bank Limited The Bank of Punjab United Bank Limited</p>	
AUDITORS	<p>M/s. BDO Ebrahim & Co., Chartered Accountants, 2nd Floor, Block-C, Lakson Square Building No.1, Sarwar Shaheed Road, Karachi. Ph: 021-35683189-35683498 Fax: 021-35684239</p>	
LEGAL ADVISORS	<p>M/s. Tahir Ali Tayebi & Co. 310, Marine Point, Schon Circle, Block 9, Clifton, Karachi. Ph : 021-35370458 Fax : 021-35370459</p>	

Directors' Report

The Directors of your Company take pleasure in presenting the un-audited condensed interim financial statements of the Company for the half year ended December 31, 2012, together with Auditors' Review Report thereon.

By the grace of Almighty Allah, your Company has performed well and succeeded to achieve 17% increase in sales revenue over the corresponding period of last year. During the period under review, your Company has posted net sales of Rs. 2,127.980 million against the sales of Rs. 1,825.071 million for the corresponding period of last year. This increase in sales is mainly due to revision in selling prices of the products as well as better availability of gas supply during the period under review. The gross profit has increased by 116% over the corresponding period and amounts to Rs. 536.513 million. The profit after tax is recorded at Rs. 217.507 million, as against loss after tax of Rs. 21.890 million for the corresponding period of last year, reflecting a tremendous increase of 1,094%. As a consequence the earnings per share (EPS) for the period stands at Rs. 6.04. This is indicative of the management's efforts for improving sales and minimizing the costs.

The coal gasifier plant has become operational, consequently, it helped us to overcome steam production constraints during the gas load-shedding period, which has resultantly increased the Company's profitability.

The key financial figures of the company for the half year ended December 31, 2012 are as follows:

	Half Year ended December 31		Increase %age
	2012	2011	
	-----Rupees in Million-----		
Net Sales	2,127.980	1,825.071	17%
Gross Profit	536.513	248.368	116%
Operating Profit	339.712	79.144	329%
Profit / (Loss) before Tax	269.632	(32.133)	939%
Profit / (Loss) after Tax	217.507	(21.890)	1,094%
Earnings / (Loss) Per Share (Rupees)	6.04	(0.61)	1,090%

Looking forward, despite the challenges being faced in the country, our focus will be to remain profitable on the existing lines of business with the ultimate objective of increasing shareholders' value in long term.

On October 03, 2012 the Honorable Lahore High Court approved the Scheme of Arrangement for merger / amalgamation of Chemi Chloride Industries Limited (CCIL), the wholly owned Subsidiary Company with and into Ittehad Chemicals Limited (ICL), the Holding Company with effect from October 03, 2012. Consequently, CCIL has been merged with and into ICL and the financial statements have been prepared accordingly.

We appreciate the Company's staff for their continuous dedication and support. We also express our gratitude to our shareholders, bankers, customers and suppliers for their continued support and cooperation for the progress and prosperity of the Company.

On behalf of the Board



MUHAMMAD SIDDIQUE KHATRI
CHIEF EXECUTIVE

February 20, 2013
Lahore



Independent Auditors' Report on Review of Condensed Interim Financial Information to the Members

Introduction

We have reviewed the accompanying condensed interim balance sheet of **ITTEHAD CHEMICALS LIMITED** (the "Company") as at December 31, 2012 and 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-month period then ended (here-in-after referred as "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. Our responsibility is to express a conclusion on this interim financial information based on our review.

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 at and for the six months period ended December 31, 2012 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

The figures for the quarter ended December 31, 2012 and December 31, 2011 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

Karachi

Dated: February 20, 2013



BDO Ebrahim & Co.

Chartered Accountants

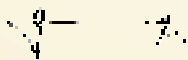
Engagement Partner: Zulfikar Ali Causer

Condensed Interim Balance Sheet (Un-audited)

as at December 31, 2012

		December 31, 2012 (Un-audited)	June 30, 2012 (Audited)
	Note	(Rupees in thousand)	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	7	2,453,862	2,514,774
Capital work in progress	8	69,968	42,942
		<u>2,523,830</u>	<u>2,557,716</u>
Intangible assets		218	121
Goodwill		6,445	6,445
Investment property		71,100	71,100
Long term investments		-	-
Long term deposits		37,622	37,622
		<u>2,639,215</u>	<u>2,673,004</u>
CURRENT ASSETS			
Stores, spares and loose tools		458,185	390,733
Stock in trade		259,125	171,629
Trade debts		554,594	545,363
Loans and advances		58,467	28,676
Trade deposits and short term prepayments		5,744	6,089
Other receivables		18,984	10,355
Tax refunds due from Government		38,796	50,125
Taxation - net		-	12,776
Cash and bank balances		152,199	130,406
		<u>1,546,094</u>	<u>1,346,152</u>
TOTAL ASSETS		<u>4,185,309</u>	<u>4,019,156</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	9.1	750,000	750,000
Issued, subscribed and paid up capital	9.2	360,000	360,000
Unappropriated Profit		957,110	793,603
		<u>1,317,110</u>	<u>1,153,603</u>
SURPLUS ON REVALUATION OF FIXED ASSETS		760,819	760,819
NON CURRENT LIABILITIES			
Long term financing	10	119,861	165,835
Long term diminishing musharaka	11	-	83,333
Long term murabaha	12	-	38,889
Deferred liabilities		323,144	357,819
		<u>443,005</u>	<u>645,876</u>
CURRENT LIABILITIES			
Trade and other payables		700,342	613,433
Mark-up accrued		26,982	37,911
Short term borrowings		524,889	445,758
Current portion of long term liabilities		346,052	361,756
Taxation - net		66,110	-
		<u>1,664,375</u>	<u>1,458,858</u>
CONTINGENCIES AND COMMITMENTS	13	-	-
TOTAL EQUITY AND LIABILITIES		<u>4,185,309</u>	<u>4,019,156</u>

The annexed notes from 1 to 19 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR




Condensed Interim Profit And Loss Account (Un-audited)

for the half year ended December 31, 2012

Note	Half year ended December 31, 2012		Quarter ended December 31, 2011	
	2012	2011	2012	2011
(Rupees in thousand).....			
Sales - net	2,127,980	1,825,071	1,057,827	923,358
Cost of sales	14 (1,591,467)	(1,576,703)	(823,184)	(826,788)
Gross profit	536,513	248,368	234,643	96,570
Selling and distribution expenses	(117,659)	(112,738)	(63,084)	(56,796)
General and administrative expenses	(68,900)	(59,525)	(33,575)	(32,302)
Other operating expenses	(19,988)	(1,063)	(7,501)	426
Other operating income	9,746	4,102	7,428	2,697
	(196,801)	(169,224)	(96,732)	(85,975)
Operating profit	339,712	79,144	137,911	10,595
Financial charges	(70,080)	(111,277)	(34,583)	(53,876)
Profit / (loss) before taxation	269,632	(32,133)	103,328	(43,281)
Taxation	(52,125)	10,243	(7,869)	16,618
Profit / (loss) after taxation	217,507	(21,890)	95,459	(26,663)
Earnings per share - basic and diluted (Rupees)	16 6.04	(0.61)	2.65	(0.74)

The annexed notes from 1 to 19 form an integral part of these financial statements.

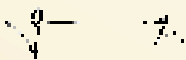

CHIEF EXECUTIVE


DIRECTOR

Condensed Interim Statement of Comprehensive Income (Un-audited)
for the half year ended December 31, 2012

	Half year ended December 31, Quarter ended December 31,			
	2012	2011	2012	2011
 (Rupees in thousand).....			
Profit / (loss) for the period	217,507	(21,890)	95,459	(26,663)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income / (loss) for the period	<u>217,507</u>	<u>(21,890)</u>	<u>95,459</u>	<u>(26,663)</u>

The annexed notes from 1 to 19 form an integral part of these financial statements.


CHIEF EXECUTIVE



DIRECTOR



Condensed Interim Cash Flow Statement (Un-audited)
for the half year ended December 31, 2012

	Half year ended December 31,	
	2012	2011
	(Rupees in thousand)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	269,632	(32,133)
Adjustments for items not involving movement of funds:		
Depreciation	92,647	94,083
Amortization of intangible assets	93	66
Provision for gratuity	5,281	2,840
Gain on sale of fixed assets	(6,688)	(149)
Gain on foreign exchange	(1,268)	(1,537)
Bad debts written off	741	2,796
Financial charges	70,080	111,277
Net cash flow before working capital changes	430,518	177,243
Decrease / (increase) in current assets		
Stores, spares and loose tools	(67,452)	(16,787)
Stock in trade	(87,496)	46,678
Trade debts	(8,704)	(55,452)
Loans and advances	(29,791)	(4,840)
Trade deposits and short term prepayments	345	3,060
Other receivables	(8,629)	-
Tax refunds due from the Government	(18,737)	(13,871)
	(220,464)	(41,212)
(Decrease) / increase in current liabilities		
Trade and other payables	80,519	229,386
Cash generated from operations	290,573	365,417
Income taxes paid	18,076	(25,024)
Gratuity paid	(1,205)	(606)
Financial charges paid	(81,009)	(118,004)
Net cash inflow from operating activities	226,435	221,783
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to operating fixed assets - net	(24,396)	(2,213)
Additions to capital work in progress	(54,726)	(72,303)
Additions to intangible assets	(190)	-
Proceeds from sale of operating fixed assets	27,048	160
Long term deposits	-	(2,340)
Net cash (used in) investing activities	(52,264)	(76,696)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term financing	(61,678)	(56,685)
Repayment of long term diminishing musharaka	(83,333)	(83,334)
Repayment of long term murabaha	(38,889)	(38,888)
Dividend paid	(47,609)	(17,994)
Short term borrowings	79,131	52,369
Net cash (outflow) from financing activities	(152,378)	(144,532)
Net increase in cash and cash equivalents	21,793	555
Cash and cash equivalents at the beginning of the period	130,406	117,434
Cash and cash equivalents at the end of the period	152,199	117,989

The annexed notes from 1 to 19 form an integral part of these financial statements.


CHIEF EXECUTIVE

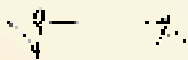

DIRECTOR

Condensed Interim Statement of Changes in Equity (Un-audited)

for the half year ended December 31, 2012

	Share Capital	Unappropriated profit	Total
	----- (Rupees in thousand) -----		
Balance as at July 01, 2011	360,000	651,100	1,011,100
Final cash dividend 2011: Re. 0.50 per share	-	(18,000)	(18,000)
Total Comprehensive (loss) for the period	-	(21,890)	(21,890)
Balance as at December 31, 2011	<u>360,000</u>	<u>611,210</u>	<u>971,210</u>
Transfer from surplus on revaluation of fixed assets on account of disposal of freehold land	-	642	642
Total Comprehensive income for the period	-	181,751	181,751
Balance as at June 30, 2012	<u>360,000</u>	<u>793,603</u>	<u>1,153,603</u>
Final cash dividend 2012: Re. 1.50 per share	-	(54,000)	(54,000)
Total Comprehensive loss for the period	-	217,507	217,507
Balance as at December 31, 2012	<u><u>360,000</u></u>	<u><u>957,110</u></u>	<u><u>1,317,110</u></u>

The annexed notes from 1 to 19 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR

Notes to the Condensed Interim Financial Statements (Un-audited)

for the half year ended December 31, 2012

1 LEGAL STATUS AND NATURE OF BUSINESS

Ittehad Chemicals Limited (the Company) was incorporated on September 28, 1991 to takeover the assets of Ittehad Chemicals and Ittehad Pesticides under a Scheme of Arrangement dated June 18, 1992 as a result of which the Company became a wholly owned subsidiary of Federal Chemical and Ceramics Corporation (Private) Limited. The Company was privatized on July 03, 1995 when 90% of the shares were transferred to the buyer.

The Company was listed on Karachi Stock Exchange on April 14, 2003 when sponsors of the Company offered 25% of the issued, subscribed and paid up shares of the Company to the general public.

The registered office of the Company is situated at 39, Empress Road, Lahore. The Company is engaged in the business of manufacturing and selling caustic soda and other allied chemicals.

2 MERGER OF WHOLLY OWNED SUBSIDIARY

The Honorable Lahore High Court approved the Scheme of Arrangement for merger / amalgamation of Chemi Chloride Industries Limited (CCIL) wholly owned subsidiary, with the Company effective from October 03, 2012. Consequently, CCIL has been merged with the Company and these financial statements have been prepared in accordance with the said merger scheme.

As a result of merger of CCIL with the Company on the above mentioned effective date, the result of both entities have been combined for the purpose of preparation of these financial statements. Since the merger is between two companies under common control, International Financial Reporting Standard IFRS 3 - Business Combinations is not applicable. The financial statement items of the Company and CCIL for all periods presented are included in these financial statements as if they had been combined from the beginning of the earliest period presented. Accordingly, comparatives are restated and have been extracted from Company's audited financial statements for the year ended 30 June, 2012.

3 BASIS OF PREPARATION

3.1 Statement of compliance

These condensed interim financial statements are unaudited but subject to limited scope review by auditors and are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984.

These condensed interim financial statements of the Company for the six months period ended December 31, 2012 have been prepared in accordance with the requirements of International Accounting Standard - 34 "Interim Financial Reporting" and 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 disclosures made in these condensed interim financial statements have been limited in accordance with the requirements of International Accounting Standard - 34 "Interim Financial Reporting". They do not include all the information and disclosures made in the annual published financial statements and should be read in conjunction with the financial statements of the Company for the year ended June 30, 2012.

3.2 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention, except for the recognition of certain staff retirement benefits at present value.

These condensed interim financial statements have been prepared following accrual basis of accounting except for cash flow information.

3.3 Functional and presentation currency

These condensed interim financial statements have been presented in Pak Rupees, which is the functional and presentation currency of the Company.

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted and methods of computation followed in the preparation of these condensed interim financial statements are same as those applied for the preceding annual financial statements for the year ended June 30, 2012. The Following standards, amendments and interpretations of approved accounting standards became effective during the period, however, these do not have a significant impact on the Company's condensed interim financial statements:

IAS 1 - Presentation of Financial Statements
IAS 12 - Income Taxes

5 TAXATION

Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

6 ESTIMATES

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the financial statements for the year ended June 30, 2012.

		December 31, 2012 (Un-audited)	June 30, 2012 (Audited)
	Note	(Rupees in thousand)	
7 OPERATING FIXED ASSETS			
Opening book value (NBV)		2,514,774	2,498,639
Additions (at cost) during the period / year	7.1	52,095	266,633
		<u>2,566,869</u>	<u>2,765,272</u>
Disposals (at NBV) during the period / year	7.2	(20,360)	(55,948)
Depreciation charged during the period / year		(92,647)	(194,550)
		<u>(113,007)</u>	<u>(250,498)</u>
Closing net book value (NBV)		<u>2,453,862</u>	<u>2,514,774</u>

7.1 Details of additions (at cost) during the period / year are as follows:

Land	-	12,902
Building	-	691
Plant and machinery	3,1664	235,942
Other equipment	4,725	6,805
Furniture and fixtures	584	220
Office and other equipment	7,491	5,393
Vehicles	7,631	4,680
	<u>52,095</u>	<u>266,633</u>

7.2 Details of disposals (at NBV) during the period / year are as follows:

Land	-	12,000
Plant and machinery	17,046	43,329
Office and other equipment	49	-
Vehicles	3,265	619
	<u>20,360</u>	<u>55,948</u>

	December 31, 2012 (Un-audited)	June 30, 2012 (Audited)
	(Rupees in thousand)	
8 CAPITAL WORK IN PROGRESS		
Plant and machinery	66,468	39,442
Intangible Assets	3,500	3,500
	<u>69,968</u>	<u>42,942</u>
8.1 An amount of Rs. 27.700 million (June 30, 2012: Rs. 236.148 million) has been transferred to operating fixed assets during the period.		
9 SHARE CAPITAL		
9.1 Authorized share capital		
50,000,000 (June 30, 2012: 50,000,000) ordinary shares of Rs. 10/- each	500,000	500,000
25,000,000 (June 30, 2012: 25,000,000) preference shares of Rs. 10/- each	250,000	250,000
	<u>750,000</u>	<u>750,000</u>
9.2 Issued, subscribed and paid up share capital		
100,000 (June 30, 2012: 100,000) ordinary shares of Rs. 10/- each fully paid in cash	1,000	1,000
24,900,000 (June 30, 2012: 24,900,000) ordinary shares of Rs. 10/- each issued for consideration other than cash	249,000	249,000
11,000,000 (June 30, 2012: 11,000,000) fully paid bonus shares of Rs. 10/- each	110,000	110,000
	<u>360,000</u>	<u>360,000</u>
10 LONG TERM FINANCING		
From banking companies and financial institutions - secured		
Balance as at July 01	272,336	385,201
Repayments made during the period / year	(55,678)	(112,865)
	216,658	272,336
From directors and others - unsecured		
Balance as at July 01	10,810	10,810
Repayments made during the period / year	(6,000)	-
	4,810	10,810
	221,468	283,146
Current portion shown under current liabilities	(101,607)	(117,311)
	<u>119,861</u>	<u>165,835</u>
11 LONG TERM DIMINISHING MUSHARAKA		
From banking companies and financial institutions - secured		
Balance as at July 01	250,000	416,667
Repayments made during the period / year	(83,333)	(166,667)
	166,667	250,000
Current portion shown under current liabilities	(166,667)	(166,667)
	<u>-</u>	<u>83,333</u>

	December 31, 2012 (Un-audited)	June 30, 2012 (Audited)
	(Rupees in thousand)	
12 LONG TERM MURABAHA		
From banking companies - secured		
Balance as at July 01	116,667	194,444
Repayments made during the period / year	<u>(38,889)</u>	<u>(77,777)</u>
	77,778	116,667
Current portion shown under current liabilities	<u>(77,778)</u>	<u>(77,778)</u>
	<u>-</u>	<u>38,889</u>

13 CONTINGENCIES AND COMMITMENTS

13.1 Contingent liabilities

- a) The taxation authorities have amended the deemed assessment for tax year 2006 by passing an order u/s 122(5A) of the Income Tax Ordinance, 2001. The Company has challenged the same before Commissioner Inland Revenue (Appeals). The Company expect a favorable outcome of the proceedings. However, if the proceedings are finalized against the Company, it may result in tax payable of Rs. 19.964 million to the national exchequer.
- b) The Company has received an assessment order under section 122(5) of the Income Tax Ordinance, 2001 for tax year 2004 as a result of which brought forward losses of the Company have decreased by Rs. 24.849 million (June 30, 2012: Rs. 24.849 million). The Company filed an appeal before Commissioner of Inland revenue (Appeals) Zone-1 against the impugned order who has given certain reliefs to the Company. Both the Company and Income Tax Department has filed an appeal before Appellate Tribunal Inland Revenue. The Hon'ble ATIR (Appellate Tribunal Inland Revenue) has partially decided the case in Company's favour and partially remanded to the taxation officer for fresh proceedings. The Company expect a favorable outcome of the proceedings. However, if the proceedings are finalized against the Company, it may result in tax payable of Rs. 3.114 million.
- c) The Company has also received an order under section 161/205 of the Income Tax Ordinance, 2001 for tax year 2004 creating demand of Rs. 12.069 million (June 30, 2012: Rs. 12.069 million). The Company challenged it before Commissioner of Inland Revenue (Appeals) Zone-1 who decided the case in favour of the Company. The income tax department has filed an appeal before Appellate Tribunal Inland Revenue. The Hon'ble ATIR has remanded the case back to the Commissioner Inland Revenue (Appeals) for passing a speaking order. However, if the proceedings are finalised against the Company, it may result in tax payable of Rs. 12.069 million.
- d) The Company is facing claims, lodged in the labour courts, pertaining to staff retirement benefits. In the event of an adverse decision the Company would be required to pay an amount of Rs. 4.422 million (June 30, 2012: Rs. 2.882 million) against these claims.
- e) Letters of guarantee outstanding as at December 31, 2012 were Rs. 214.018 million (June 30, 2012: Rs. 208.92 million).

13.2 Commitments

Commitments as on December 31, 2012 were as follows:

- a) Against letters of credit amounting to Rs. 42.861 million (June 30, 2012: Rs. 38.241 million).
- b) Against purchase of land amounting to Rs. 1.838 million (June 30, 2012: Rs. 1.838 million).

	December 31, 2012 (Un-audited)	June 30, 2012 (Audited)
	(Rupees in thousand)	
c) Ujrah payments under Ijarah financing agreement:		
Not later than one year	43,284	38,014
Later than one year but not later than five years	73,108	95,848
	116,392	133,862

----- (Un-audited) -----

	Half year ended December 31,		Quarter ended December 31,	
	2012	2011	2012	2011
	----- (Rupees in thousand) -----			

14 COST OF SALES

Raw materials consumed	204,316	167,762	114,621	92,931
Other overheads:				
Stores, spares and consumables	100,521	87,166	55,094	46,774
Packing materials consumed	17,495	14,021	9,264	8,292
Salaries, wages and other benefits	135,415	103,627	69,038	53,456
Fuel and power	1,068,250	1,054,431	532,339	594,614
Repair and maintenance	13,110	8,009	7,179	3,296
Rent, rates and taxes	16,925	14,106	8,397	6,936
Insurance	5,413	5,104	2,737	2,551
Depreciation	89,859	92,158	44,904	46,890
Vehicle running expenses	8,225	7,079	4,232	3,471
Postage, printing and stationery	259	325	145	178
Other expenses	500	923	235	485
	1,455,972	1,386,949	733,564	766,943
Opening work in process	12,712	11,449	12,758	12,371
Closing work in process	(13,327)	(16,549)	(13,327)	(16,549)
	(615)	(5,100)	(569)	(4,178)
Cost of goods manufactured	1,659,673	1,549,611	847,616	855,696
Cost of stores traded	11,654	2,689	(5,453)	2,278
Opening stock of finished goods	92,983	128,495	153,864	72,906
Closing stock of finished goods	(172,843)	(104,092)	(172,843)	(104,092)
	(79,860)	24,403	(18,979)	(31,186)
	1,591,467	1,576,703	823,184	826,788

15 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise group companies, other associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties and associated undertakings are given as under:

----- (Un-audited) -----
 Half year ended December 31, Quarter ended December 31,
 2012 2011 2012 2011
 ----- (Rupees in thousand) -----

Relationship with the Company	Nature of transaction				
Associated company	Marketing services charges	14,296	16,527	14,296	8,464
Associated company	Sales of good and services	45	89	-	41
Retirement benefit plans	Contribution to staff retirement benefit plans	139	123	68	62
Key management personnel	Remuneration and other benefits	34,931	32,560	15,674	15,453

16 EARNINGS PER SHARE - BASIC AND DILUTED

Profit / (loss) after taxation - (Rs. in thousand)	<u>217,507</u>	<u>(21,890)</u>	<u>95,459</u>	<u>(26,663)</u>
Weighted average number of ordinary shares - (in thousand)	<u>36,000</u>	<u>36,000</u>	<u>36,000</u>	<u>36,000</u>
Earnings per share - basic and diluted - (Rs.)	<u>6.04</u>	<u>(0.61)</u>	<u>2.65</u>	<u>(0.74)</u>

17 NON ADJUSTING EVENTS

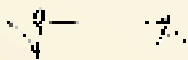
The Board of Directors of the Company has recommended a 5% interim cash dividend in their meeting held on February 20, 2013.

18 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on February 20, 2013 by the Board of Directors of the Company.

19 GENERAL

Amounts have been rounded off to the nearest rupees in thousand unless otherwise stated.


CHIEF EXECUTIVE


DIRECTOR

ICL

Head Office:

39-Empress Road, Lahore 54000, P.O. Box 1414, - Pakistan
PABX: (042) 36306586 - 88 & 36306482 Fax: (042) 36365697
E-mail: info@ittehadchemicals.com
Website: www.ittehadchemicals.com

Works:

G.T. Road, Kala Shah Kaku, Distt. Sheikhpura - Pakistan.
PABX: (042) 37950222 - 25 Fax: (042) 37950206

