

**COMPANY INFORMATION**

| | |
|------------------------------|---|
| CHIEF EXECUTIVE DIRECTORS | Sardar Mahmood Sadiq Mr. Shahid Aziz (NIT Nominee) Sardar Ayaz Sadiq Mr. Fayaz Ahmed Khan Mr. Iftikhar Ahmed Khan Mrs. Mona Mahmood Mrs. Reema Ayaz |
| COMPANY SECRETARY | Mr. Niaz Ahmed Chughtai |
| AUDITORS | Aslam Malik & Co. Chartered Accountants |
| BANKERS | Allied Bank of Pakistan Ltd. Askari Commercial Bank Ltd. |
| LEGAL ADVISORS | Mr. Javaid Iqbal Malik, Advocate |
| HEAD OFFICE/SHARE DEPARTMENT | 127/II, C Block, Model Town Lahore. Ph: (042) 35856488, 35856489 Fax: (042) 35856489 E-Mail : sarchem@brain.net.pk Web Site: www.sardarchem.com |
| REGISTERED OFFICE/ FACTORY | Plot. NO. 29-B, Road No. 01 Gadoon Amazai, industrial Estate, Topi, Ganduf Road, Swabi (NWFP) Ph: (0938) 270792, 270439, 270539 Fax: (0938) 270791 |

**DIRECTORS' REPORT TO THE SHAREHOLDERS**

The Board of Directors of SARDAR CHEMICAL INDUSTRIES LIMITED are pleased to present their report along with un-audited financial statements for the half year ended on December 31, 2014, subject to limited review of the Auditors of the Company.

SUMMARY OF RESULTS FOR THE HALF YEAR ARE AS UNDER:

| | <u>2013</u> | <u>2014</u> |
|-------------------------------|------------------------------|-------------|
| | <u>(Rupees in thousands)</u> | |
| Sales-Net | 87,831 | 100,369 |
| Cost & Expenditures | 86,041 | 99,708 |
| Profit/(Loss) before Taxation | 1,790 | 661 |
| Profit/(Loss) after Taxation | 1,163 | 430 |

There was an increase of 14% in net sales as compared to the previous half year ended on 31-12-2013 but there is decrease of 63% in the profit after taxation as compared to the last half year. This was due to un predictable increase in prices of our raw materials due to environmental issue worldwide for control of pollution. Due to this campaign many raw materials producing industries were closed down and some other were closed for making hazard free production or to shift the factories to safe place with controlled pollution production. These reasons caused the shortage of raw materials worldwide. The main suppliers of our raw materials took opportunity and increased the prices of raw materials. The present government had taken some financial steps and controls the price of US dollar, due to this positive policy we cannot pass on the burden of extra cost of raw materials to our customers and born by ourselves which upset badly our financial results.

The past six months were not good for the industrial production due to energy crises and law and order situation in the country. However, the management is ready to face all these problems to put the Company on profitable.

FUTURE PROSPECTS

The Company will continue to focus on quality products meeting with the international standards and remedial measure will be taken to put the company on the path of profitability with consistency in production and supply.

ACKNOWLEDGEMENT

The Board is pleased to acknowledge the loyalty and efforts of the management, staff and workers of the Company.

For and on behalf of the Board

Lahore

February 27, 2015

Sardar Mahmood Sadiq

Chief Executive



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

Introduction

We have reviewed the accompanying condensed interim Balance Sheet of **Sardar Chemical Industries Limited** (The Company) as at December 31, 2014 and the related condensed interim Profit & Loss Account, condensed interim statement of comprehensive income, condensed interim Cash flow Statement and condensed interim Statement of Changes in Equity together with the Notes forming part thereof (here-in-after referred to as the "interim financial information") for the six months period then ended. Management is responsible for the preparation and presentation of the 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.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410. "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" A review of the 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, 2014 is not prepared, in all material respect, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

The figures for the three months period ended December 31, 2014 and December 31, 2013 in the interim financial information have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the six months period ended December 31, 2014.

Date: February 27, 2015

Place: Lahore

(Aslam Malik & Co.)
Chartered Accountants
Mohammad Aslam Malik



INTERIM CONDENSED BALANCE SHEET (UN-AUDITED)

| | (Un-audited) Dec 31, 2014 Rupees | (Audited) June 30, 2014 Rupees |
|---|--|--------------------------------------|
| CAPITAL AND LIABILITIES | | |
| SHARE CAPITAL AND RESERVES | | |
| Authorised: | | |
| 10,000,000 (2014:10,000,000) Ordinary Shares of Rs. 10/- each. | <u>100,000,000</u> | <u>100,000,000</u> |
| Issued, Subscribed and Paid-up: | | |
| 6,000,000 (2014: 6,000,000) Ordinary shares of Rs.10/-each fully paid in cash | 60,000,000 | 60,000,000 |
| Share premium | 30,000,000 | 30,000,000 |
| Un-appropriated Profit / (loss) | <u>17,411,047</u> | <u>16,981,120</u> |
| | 107,411,047 | 106,981,120 |
| NON-CURRENT LIABILITIES | | |
| OBLIGATION UNDER FINANCE LEASE | 5,026,917 | 6,465,487 |
| DEFERRED TAXATION | | |
| CURRENT LIABILITIES | 415,834 | 415,834 |
| Current maturity of long term obligation | 1,365,667 | 1,492,373 |
| Short term finance | 31,023,675 | 23,963,186 |
| Creditors, accrued and other liabilities | 10,127,978 | 16,542,490 |
| Provision for taxation | 3,469,121 | 3,237,622 |
| Markup Accrued | 905,947 | 704,365 |
| | 46,892,388 | 45,940,036 |
| | <u>159,746,186</u> | <u>159,802,477</u> |

The annexed notes form an integral part of these financial statements.

Chief Executive



AS AT DECEMBER 31, 2014

| | (Un-audited) Dec 31,2014 Rupees | (Audited) June 30,2014 Rupees |
|---|---------------------------------------|-------------------------------------|
| ASSETS | | |
| NON-CURRENT ASSETS | | |
| Property: Plant and Equipment | 23,074,944 | 24,765,664 |
| LONG TERM DEPOSITS | 1,740,700 | 2,482,300 |
| CURRENT ASSETS | | |
| Stores, spares & loose tools | 658,716 | 514,203 |
| Stock in trade | 32,440,900 | 23,999,689 |
| Trade debts | 67,811,470 | 77,910,748 |
| Advances, deposits, prepayments & other receivables | 871,046 | 771,369 |
| Tax due from Government | 27,785,470 | 23,594,993 |
| Cash & bank balances | 5,362,940 | 5,763,511 |
| | 134,930,542 | 132,554,513 |
| | 159,746,186 | 159,802,477 |

Director

INTERIM CONDENSED PROFIT AND LOSS ACCOUNT
FOR THE HALF-YEAR ENDED DECEMBER 31, 2014

| | (UN-AUDITED) Half Year Ended | | Quarter Ended | |
|--------------------------------|---------------------------------|---------------------------|---------------------------|---------------------------|
| | 31 Dec. 2014 Rupees | 31 Dec. 2013 Rupees | 31 Dec. 2014 Rupees | 31 Dec. 2013 Rupees |
| Sales | 100,368,652 | 87,831,115 | 47,510,031 | 48,765,843 |
| Cost of Sales | 84,488,531 | 70,905,754 | 40,038,062 | 39,561,904 |
| Gross Profit | 15,880,121 | 16,925,361 | 7,471,969 | 9,203,939 |
| OPERATING EXPENSES | | | | |
| Administrative | 8,589,470 | 8,359,649 | 4,521,091 | 4,392,475 |
| Selling and distribution | 4,312,535 | 4,616,300 | 2,202,557 | 2,341,423 |
| Other Operating Expenses | 28,053 | 30,451 | 28,053 | 12,586 |
| Other Operating Income | -- | (428,154) | -- | (428,154) |
| | 12,930,058 | 12,578,246 | 6,751,701 | 6,318,330 |
| Operating Profit/(Loss) For | | | | |
| The period | 2,950,063 | 4,347,115 | 720,268 | 2,885,609 |
| Finance Cost | 2,288,637 | 2,557,488 | 1,147,943 | 1,323,952 |
| Profit/ (Loss) before taxation | 661,426 | 1,789,627 | (427,675) | 1,561,657 |
| Taxation | 231,499 | 626,369 | 149,686 | 546,579 |
| Profit/ (loss)for the period | 429,927 | 1,163,258 | (277,989) | 1,015,078 |
| Earning/(loss) per share | 0.07 | 0.19 | (0.05) | 0.17 |

Chief Executive

Director



**INTERIM CONDENSED STATEMENT OF CASH FLOW (UN-AUDITED)
AS AT DECEMBER 31, 2014**

| | DEC 31,2014 Rupees | DEC 31,2013 Rupees |
|---|-----------------------|-----------------------|
| Cash flow from operating activities: | | |
| Cash generated from operation | (597,723) | 8,984,552 |
| Financial charges paid | (2,087,055) | (2,455,349) |
| Long term deposits | (3,952,607) | (2,541,869) |
| Tax paid | (6,039,662) | (4,997,218) |
| Net cash inflow from operating activities | (6,637,385) | 3,987,334 |
| Cash flow from investing activities: | | |
| Long Term Deposits | 741,600 | |
| Sale proceeds of assets disposed off | | 500,000 |
| Net Cash (outflow) from investing activities | 741,600 | 500,000 |
| | (5,895,785) | 4,487,334 |
| Cash from financing activities | | |
| (Repayment)/ proceeds of lease obligation | (1,565,275) | (1,089,179) |
| (Repayment)/ proceeds of short term finances | 7,060,489 | (3,165,736) |
| Net cash (out flow) / inflow from activities | 5,495,214 | (4,254,915) |
| Net increase/ (Decrease) in cash and cash Equivalents | (400,571) | 232,419 |
| Cash and cash Equivalents at beginning of the period | 5,763,511 | 5,089,803 |
| Cash and cash Equivalents at end of the period | 5,362,940 | 5,322,222 |
| CASH GENERATED FROM OPERATION | | |
| Profit/(Loss) before taxation | 661,426 | 1,789,627 |
| Add/(Less) adjustment of non-Cash items. | | |
| Depreciation. | 1,690,720 | 2,021,780 |
| Financial Charges | 2,288,637 | 2,557,488 |
| (Profit)/ Loss on sale of fixed assets | | (428,154) |
| | 3,979,357 | 4,151,114 |
| Profit before working capital changes | 4,640,783 | 5,940,741 |
| Effect of cash flow due to working capital change | | |
| (Increase) /Decrease in store, spare and loose tools | (144,513) | (203,519) |
| (Increase) /Decrease in stock in trade | (8,441,211) | 4,501,061 |
| (Increase) /Decrease in trade debts | 10,099,278 | (2,115,872) |
| | (99,677) | 643,188 |
| (Increase)/Decrease in advances, deposit and Prepayments | | |
| Increase/(Decrease)in creditors accrued and other liabilities | (6,652,383) | 218,953 |
| | (5,238,506) | 3,043,811 |
| | (597,723) | 8,984,552 |

Chief Executive

Director



**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
AS AT 31 DECEMBER 2014**

| | Share Capital | Share Premium | Un-appropriated Profit/ Profit/ (Accumulated Loss) | Rupees Total |
|------------------------------------|---------------|---------------|--|-----------------|
| Balance at | | | | |
| 30 th June 2013 | 60,000,000 | 30,000,000 | 12,806,193 | 102,806,193 |
| Profit/(Loss) for the period ended | | | | |
| 31 Dec. 2013 | -- | -- | 1,163,258 | 1,163,258 |
| Balance at | | | | |
| 31 Dec. 2013 | 60,000,000 | 30,000,000 | 13,969,451 | 103,969,451 |
| Profit/(Loss) for the period ended | | | | |
| 30 June 2014 | -- | -- | 3,011,669 | 3,011,669 |
| Balance at | | | | |
| 30 June 2014 | 60,000,000 | 30,000,000 | 16,981,120 | 106,981,120 |
| Profit/(Loss) for the period ended | | | | |
| 31 Dec. 2014 | -- | -- | 429,927 | 429,927 |
| Balance at | | | | |
| 31 Dec. 2014 | 60,000,000 | 30,000,000 | 17,411,047 | 107,411,047 |

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
HALF YEAR ENDED DECEMBER 31, 2014**

- The half yearly un-audited accounts but subject to limited scope review by the auditors are being submitted to the share holders under section 245 of the company ordinance 1984.
- Accounting policies adopted for the preparation of the half yearly accounts are the same as those applied in the preparation of the audited annual published accounts of the company as on 30/06/2014.
- These accounts have been prepared in compliance with the requirement of international accounting standard IAS 34 "Interim Financial Reporting". Previous year's figures have been rearranged wherever necessary, for the purposes of comparison.

Chief Executive

Director