



Half Yearly Report December 31, 2014



ITTEHAD CHEMICALS LIMITED



ITTEHAD CHEMICALS LIMITED

CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2014
(UN-AUDITED)



Contents

Corporate Information	3
Directors' Report	4
Auditors' Review Report	5
Condensed Interim Balance Sheet	6
Condensed Interim Profit and 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 Information	11



Corporate Information

Board of Directors	Mr. Muhammad Siddique Khatri Mr. Abdul Sattar Khatri Mr. Abdul Ghafoor Khatri Ms. Farhana Abdul Sattar Khatri Mr. Waqas Siddiq Khatri Mr. Ahmed Mustafa Mr. Pervaiz Ahmad Khan	Chairman Director/CEO Director Director Director Director Director	Non-Executive Director Executive Director Non-Executive Director Non-Executive Director Executive Director Non-Executive Director Independent Director
Audit Committee	Mr. Ahmed Mustafa Mr. Abdul Ghafoor Khatri Mr. Pervaiz Ahmad Khan	Chairman Member Member	
HR & Remuneration Committee	Mr. Abdul Ghafoor Khatri Mr. Ahmed Mustafa Mr. Waqas Siddiq Khatri	Chairman Member Member	
Chief Financial Officer	Mr. Javed Iqbal		
Company Secretary	Mr. Abdul Mansoor Khan		
Registered Office / Head Office	39-Empress Road, P.O. Box 1414, Lahore-54000 Tel: 042 - 36306586 - 88, Fax: 042 - 36365697 Website: www.ittehadchemicals.com, E-mail: info@ittehadchemicals.com		
Plant	G.T. Road, Kala Shah Kaku, District Sheikhpura Ph: 042 - 37950222-25, Fax: 042 - 37950206		
Shares Registrar	M/s. Corplink (Pvt.) Limited Corporate and Financial Consultants Wings Arcade, 1-K Commercial, Model Town, Lahore Ph: 042 - 35839182, Fax: 042 -35869037		
Bankers	Askari Bank Limited Allied Bank Limited Al-Baraka Bank (Pakistan) Limited Burj Bank Limited Dubai Islamic Bank Faysal Bank Limited Habib Metro Bank Limited KASB Bank Limited MCB Bank Limited National Bank of Pakistan NIB Bank Limited Pak Libya Holding Co. (Pvt.) Limited Pakistan Kuwait Investment Co. (Pvt.) Limited Pak Brunei Investment Co. (Pvt.) Limited Standard Chartered Bank (Pakistan) Limited The Bank of Punjab United Bank Limited		
Auditors	M/s. BDO Ebrahim & Co., Chartered Accountants 2 nd Floor, Block- C, Lakson Square Building No.1 Sarwar Shaheed Road, Karachi Ph: 021 - 35683189, 35683498, Fax: 021 - 35684239		
Legal Advisors	Cornelius, Lane & Mufti Advocates & Solicitors Nawa-e-Waqt House 4 - Shahrah - e - Fatima Jinnah Lahore - 54000		



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, 2014, together with Auditors' Review Report thereon.

During the period under review, the turnover of the Company increased by 2.28% from corresponding period of last year and reached to Rupees 2,040 Million (2013: Rupees 1,994 Million). The cost of sales increased to Rupees 1,779 Million (2013: Rupees 1,519 Million) bringing gross profit to Rupees 261 Million (2013: Rupees 476 Million). Due to significant increase in energy cost which was primarily attributed to shifting of energy source from own generation to WAPDA and inflationary pressure on other inputs, gross profit margin declined to 13% from 24%.

In view of persistent load shedding and inconsistent availability of gas, the capacity utilization of company remained depressed and the fixed costs have to be absorbed by a lower base. Stiff market competition squeezed the margin further in the second quarter. The bottom line showed a net profit of Rupees 8 Million (2013: profit Rupees 158 Million) which yielded earnings per share of Rupees 0.17 (2013: Rupees 3.16 per share).

The company is undertaking CAPEX for multiple projects to enhance fuel efficiency and profitability. The innovative power efficient Plant Ion Exchange Membrane (IEM plant) is anticipated to commence its operations by March / April 2015. Other cost efficient measures like Up-gradation of gas fired power plant are also in pipeline. Company is also considering installation of carbon dioxide plant in FY15 as the demand and margins of carbon dioxide are expected to remain high. Hence, the operational indicators for the future are satisfactory, however financial performance will depend upon a number of external factors.

JCR-VIS has reaffirmed the medium to long-term entity rating of Ittehad Chemicals Limited (ICL) at 'A-' (Single A Minus) and short-term entity rating at 'A-2' (A-Two). Outlook on the assigned rating is 'Stable' as announced on December 22, 2014.

The Board is thankful to the valuable Members, Customers, Banks and Government departments for their trust, confidence, persistent support and patronage and would like to place on record its gratitude to all the Employees of the company for their contribution, dedication and hard work.

February 20, 2015
Lahore

For and on behalf of the Board

Muhammad Siddique Khatri
Chairman



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, 2014 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 condensed interim financial information 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 a 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.

The figures for the quarters ended December 31, 2014 and December 31, 2013 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.

BDO Ebrahim & Co
Chartered Accountants
Engagement Partner: Oasim E Causer

KARACHI
DATED: February 20, 2015



Condensed Interim Balance Sheet as at December 31, 2014

		(Un-audited) December 31, 2014	(Audited) June 30, 2014
	Note	— (Rupees in thousand) —	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	6	2,438,374	2,484,852
Operating fixed assets	7	790,262	371,876
Capital work in progress		<u>3,228,636</u>	<u>2,856,728</u>
Intangible assets		14,846	16,904
Investment property		82,800	82,800
Long term deposits		41,488	40,558
		<u>3,367,770</u>	<u>2,996,990</u>
CURRENT ASSETS			
Stores and spares		502,615	527,608
Stock in trade		213,485	283,871
Trade debts		526,798	609,505
Loans and advances		66,083	73,751
Trade deposits and short term prepayments		7,626	7,219
Tax refunds due from Government		31,831	31,145
Taxation - net		41,533	26,211
Cash and bank balances		157,309	145,024
		<u>1,547,280</u>	<u>1,704,334</u>
TOTAL ASSETS		<u><u>4,915,050</u></u>	<u><u>4,701,324</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	8.1	1,000,000	1,000,000
Issued, subscribed and paid up capital	8.2	500,000	500,000
Unappropriated Profit		999,022	1,040,602
		<u>1,499,022</u>	<u>1,540,602</u>
SURPLUS ON REVALUATION OF FIXED ASSETS		760,819	760,819
NON CURRENT LIABILITIES			
Long term financing	9	356,732	208,361
Long term diminishing musharaka	10	479,178	365,586
Deferred liabilities		322,838	335,306
		<u>1,158,748</u>	<u>909,253</u>
CURRENT LIABILITIES			
Trade and other payables		627,757	436,909
Mark-up accrued		62,551	33,281
Short term borrowings		734,371	930,622
Current portion of long term liabilities		71,782	89,838
		<u>1,496,461</u>	<u>1,490,650</u>
CONTINGENCIES AND COMMITMENTS	11	-	-
TOTAL EQUITY AND LIABILITIES		<u><u>4,915,050</u></u>	<u><u>4,701,324</u></u>

The annexed notes from 1 to 16 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, 2014**

	Note	Half year ended December 31,		Quarter ended December 31,	
		2014	2013	2014	2013
—— (Rupees in thousand) ——					
Sales - net		2,040,462	1,994,947	1,079,007	1,119,410
Cost of sales	12	(1,779,390)	(1,518,787)	(975,834)	(851,180)
Gross profit		261,072	476,160	103,173	268,230
Selling and distribution expenses		(127,275)	(97,194)	(58,848)	(49,745)
General and administrative expenses		(71,842)	(83,519)	(33,817)	(42,548)
Other operating expenses		(1,928)	(17,398)	256	(10,051)
Other operating income		7,185	9,333	1,849	3,543
		(193,860)	(188,778)	(90,560)	(98,801)
Operating profit		67,212	287,382	12,613	169,429
Financial charges		(60,123)	(65,030)	(25,718)	(37,041)
Profit before taxation		7,089	222,352	(13,105)	132,388
Taxation		1,331	(64,449)	6,811	(30,256)
Profit / (loss) after taxation		8,420	157,903	(6,294)	102,132
Earnings per share - basic and diluted (Rupees)	13	0.17	3.16	(0.13)	2.04

The annexed notes from 1 to 16 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, 2014**

Note	Half year ended December 31,		Quarter ended December 31,	
	2014	2013	2014	2013
	— (Rupees in thousand) —			
Profit / (loss) for the period	8,420	157,903	(6,294)	102,132
Other comprehensive income for the period	-	-	-	-
Total comprehensive income / (loss) for the period	<u>8,420</u>	<u>157,903</u>	<u>(6,294)</u>	<u>102,132</u>

The annexed notes from 1 to 16 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, 2014

	Half year ended December 31,	
	2014	2013
	(Rupees in thousand)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	7,089	222,352
Adjustments for items not involving movement of funds:		
Depreciation	87,827	88,078
Amortization of intangible assets	2,058	2,615
Provision for gratuity	9,974	5,549
Gain on sale of fixed assets	(743)	(442)
Gain on foreign exchange	(4,916)	(5,252)
Bad debts written off	781	1,098
Financial charges	60,123	65,030
Net cash flow before working capital changes	162,193	379,028
Decrease / (increase) in current assets		
Stores and spares	24,993	(55,921)
Stock in trade	70,386	(99,783)
Trade debts	86,842	(5,288)
Loans and advances	7,668	(17,627)
Trade deposits and short term prepayments	(407)	(1,526)
Other receivables	-	(29,010)
Tax refunds due from the Government	2,063	(48,810)
Increase / (decrease) in current liabilities	191,545	(257,965)
Trade and other payables	190,718	(350,848)
Cash generated / (used in) from operations	544,456	(229,785)
Income taxes paid	(38,287)	(28,683)
Gratuity paid	(894)	(1,812)
Financial charges paid	(68,136)	(60,449)
Net cash generated / (used in) from operating activities	437,139	(320,729)
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to operating fixed assets - net	(11,283)	(6,304)
Additions to capital work in progress	(413,193)	(80,677)
Proceeds from sale of operating fixed assets	2,767	540
Long term deposits	(930)	(590)
Net cash used in investing activities	(422,639)	(87,031)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term financing	178,732	117,000
Repayment of long term financing	(48,417)	(45,973)
Proceeds from long term diminishing musharaka	113,592	-
Repayment of long term diminishing musharaka	-	(83,333)
Repayment of long term murabaha	-	(38,889)
Dividend paid	(49,871)	(35,307)
Short term borrowings	(196,251)	491,910
Net cash (outflow) / inflow from financing activities	(2,215)	405,408
Net increase / (decrease) in cash and cash equivalents	12,285	(2,352)
Cash and cash equivalents at the beginning of the period	145,024	180,671
Cash and cash equivalents at the end of the period	157,309	178,319

The annexed notes from 1 to 16 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, 2014**

	Share Capital	Unappropriated profit (Rupees in thousand)	Total
Balance as at July 01, 2013	360,000	1,016,226	1,376,226
Transactions with owners:			
Final cash dividend 2013: Re. 1 per share	-	(36,000)	(36,000)
Bonus shares issued during the period	140,000	(140,000)	-
	140,000	(176,000)	(36,000)
Total Comprehensive income for the period	-	157,903	157,903
Balance as at December 31, 2013	500,000	998,129	1,498,129
Total Comprehensive income for the period	-	42,473	42,473
Balance as at June 30, 2014	500,000	1,040,602	1,540,602
Transactions with owners:			
Final cash dividend 2014: Re. 1 per share	-	(50,000)	(50,000)
Total Comprehensive income for the period	-	8,420	8,420
Balance as at December 31, 2014	<u>500,000</u>	<u>999,022</u>	<u>1,499,022</u>

The annexed notes from 1 to 16 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR



Notes to the Condensed Interim Financial Information (Un-audited) for the half year ended December 31, 2014

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 BASIS OF PREPARATION

2.1 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, 2014 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, 2014.

2.2 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.

2.3 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.



3 SIGNIFICANT ACCOUNTING POLICIES

3.1 The standards, amendments and interpretations of approved accounting standards that became effective during the period do not have a significant impact on the Company's condensed interim financial information.

4 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.

5 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, 2014.

	Note	(Un-audited) December 31, 2014	(Audited) June 30, 2014
(Rupees in thousand)			
6 OPERATING FIXED ASSETS			
Opening net book value (NBV)		2,484,852	2,495,976
Additions (at cost) during the period / year	6.1	43,373	171,336
		2,528,225	2,667,312
Disposals (at NBV) during the period / year	6.2	(2,024)	(652)
Depreciation charged during the period / year		(87,827)	(181,808)
		(89,851)	(182,460)
Closing net book value (NBV)		2,438,374	2,484,852
6.1 Details of additions (at cost) during the period / year are as follows:			
Land		-	30
Building		2,691	5,451
Plant and machinery		27,879	150,127
Other equipment		9,311	4,688
Furniture and fixtures		96	1,207
Office and other equipment		211	2,513
Vehicles		3,185	7,320
		43,373	171,336
6.2 Details of disposals (at NBV) during the period / year are as follows:			
Vehicles		2,024	652
		2,024	652
7 CAPITAL WORK IN PROGRESS			
Building		1,561	2,255
Plant and machinery		788,701	369,621
		790,262	371,876

7.1 An amount of Rs. 32.089 million (June 30, 2014: Rs. 102.419 million) has been transferred to operating fixed assets during the period.

	(Un-audited) December 31, 2014	(Audited) June 30, 2014
	— (Rupees in thousand) —	
8 SHARE CAPITAL		
8.1 Authorized share capital		
75,000,000 (June 30, 2014: 75,000,000) ordinary shares of Rs. 10/- each	750,000	750,000
25,000,000 (June 30, 2014: 25,000,000) preference shares of Rs. 10/- each	250,000	250,000
	<u>1,000,000</u>	<u>1,000,000</u>
8.2 Issued, subscribed and paid up share capital		
100,000 (June 30, 2014: 100,000) ordinary shares of Rs. 10/- each fully paid in cash	1,000	1,000
24,900,000 (June 30, 2014: 24,900,000) ordinary shares of Rs. 10/- each issued for consideration other than cash	249,000	249,000
25,000,000 (June 30, 2014: 25,000,000) fully paid bonus shares of Rs. 10/- each	250,000	250,000
	<u>500,000</u>	<u>500,000</u>
9 LONG TERM FINANCING		
From banking companies and financial institutions - secured		
Balance as at July 01	293,389	165,834
Obtained during the period / year	178,732	217,000
Repayments made during the period / year	(48,417)	(89,445)
	<u>423,704</u>	<u>293,389</u>
From directors and others - unsecured		
Balance as at July 01	4,810	4,810
	<u>428,514</u>	<u>298,199</u>
Current portion shown under current liabilities	(71,782)	(89,838)
	<u>356,732</u>	<u>208,361</u>
10 LONG TERM DIMINISHING MUSHARAKA		
From banking companies and financial institutions - secured		
Balance as at July 01	365,586	83,333
Obtained during the period / year	113,592	365,586
Repayments made during the period / year	-	(83,333)
	<u>479,178</u>	<u>365,586</u>
11 CONTINGENCIES AND COMMITMENTS		
11.1 Contingent liabilities		
a) The Company has 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, 2014: 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 department had filed an appeal before Appellate Tribunal Inland Revenue. The Hon'ble ATIR (Appellate Tribunal Inland Revenue) remanded the case back to the Commissioner (Appeals) Zone-1 to pass a speaking order. The Company expects a favorable outcome of the proceedings. However, if the case is decided against the Company, it may result in tax payable of Rs. 12.069 million.

- b) 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 challenged the same before Commissioner Inland Revenue (Appeals) who partially set aside and partially decided against the Company. The Company has filed an appeal before Appellate Tribunal Inland Revenue against the said order. The Company expects a favorable outcome of the proceedings. However, if the case is decided against the Company, it may result in tax payable of Rs. 18.737 million.
- c) Additional Commissioner has passed an order u/s 122(5A) of the Income Tax Ordinance, 2001 adding back tax credit u/s 65B of the Income Tax Ordinance, 2001 on Balancing, Modernization, and Replacement and tax credit on donations for tax year 2012. Tax amounting to Rs. 12.570 million has been assessed. The Company has challenged the case before Commissioner Inland Revenue (Appeals) who has decided it against us. The Company has filed appeal before Appellate Tribunal Inland Revenue. The Company expects a favorable outcome of the proceedings. However, if the case is decided against the Company, it may result in tax payable of Rs. 12.570 million.
- d) The Company is facing claims, launched 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. 2.903 million (June 30, 2014: Rs. 4.219 million) against these claims.
- e) Letters of guarantee outstanding as at December 31, 2014 were Rs. 228.720 million (June 30, 2014: Rs. 213.007 million).

11.2 Commitments

Commitments as on December 31, 2014 were as follows:

- a) Against letters of credit amounting to Rs. 316.550 million (June 30, 2014: Rs. 133.680 million).
- b) Against purchase of land amounting to Rs. 1.838 million (June 30, 2014: Rs. 1.838 million).

	(Un-audited) December 31, 2014	(Audited) June 30, 2014
	———— (Rupees in thousand) ————	
c) Ujrah payments under Ijarah financing agreement:		
Not later than one year	21,589	34,901
Later than one year but not later than five years	4,843	14,528
	26,432	49,429

Half year ended
December 31,
2014 **2013** **Quarter ended**
December 31,
2014 **2013**
 — (Rupees in thousand) —

12 COST OF SALES

Raw materials consumed	185,238	181,894	96,681	101,502
Other overheads:				
Stores, spares and consumables	114,752	169,725	54,055	126,962
Packing materials consumed	18,066	20,855	8,435	13,730
Salaries, wages and other benefits	172,558	158,182	89,395	78,693
Fuel and power	1,069,448	921,699	628,397	569,988
Repair and maintenance	17,738	17,232	6,760	7,913
Rent, rates and taxes	23,301	23,219	11,658	11,581
Insurance	6,127	5,843	2,933	3,041
Depreciation	85,078	85,136	42,782	42,597
Vehicle running expenses	9,001	10,292	4,430	5,883
Telephone, telex and postage	408	334	199	190
Printing and stationery	81	97	47	55
Other expenses	646	1,520	245	1,244
	<u>1,517,204</u>	<u>1,414,134</u>	<u>849,336</u>	<u>861,877</u>
Opening work in process	29,490	25,250	27,920	24,576
Closing work in process	(31,005)	(22,994)	(31,005)	(22,994)
	<u>(1,515)</u>	<u>2,256</u>	<u>(3,085)</u>	<u>1,582</u>
Cost of goods manufactured	<u>1,700,927</u>	<u>1,598,284</u>	<u>942,932</u>	<u>964,961</u>
Cost of stores traded	20,195	28,674	7,717	1,476
Opening stock of finished goods	179,702	156,198	146,619	149,112
Closing stock of finished goods	(121,434)	(264,369)	(121,434)	(264,369)
	<u>58,268</u>	<u>(108,171)</u>	<u>25,185</u>	<u>(115,257)</u>
	<u><u>1,779,390</u></u>	<u><u>1,518,787</u></u>	<u><u>975,834</u></u>	<u><u>851,180</u></u>
13 EARNINGS PER SHARE - BASIC AND DILUTED				
Profit / loss after taxation - (Rs. in thousand)	<u>8,420</u>	<u>157,903</u>	<u>(6,294)</u>	<u>102,132</u>
Weighted average number of ordinary shares - (in thousand)	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>
Earnings per share - basic and diluted - (Rs.)	<u>0.17</u>	<u>3.16</u>	<u>(0.13)</u>	<u>2.04</u>

There is no dilutive effect on the basic earnings per share of the Company.



14 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:

Transaction with:		Half year ended December 31,		Quarter ended December 31,	
		2014	2013	2014	2013
		— (Rupees in thousand) —			
Relationship with the Company	Nature of transaction				
Associated company	Marketing services charges	9,012	15,482	4,872	7,391
Associated company	Loan received	-	50,000	-	50,000
Retirement Benefit Plans	Contribution to staff retirement benefit plans	164	146	87	73
Key Management Personnel	Remuneration and other benefits	42,764	41,118	17,976	22,658

Period / Year end Balances:		(Un-audited) December 31, 2014	(Audited) June 30, 2014
		— (Rupees in thousand) —	
Relationship with the Company	Nature of outstanding balances		
Associated company	Trade and other payables	6,215	464
Associated company	Short term borrowings	13,500	23,500
Associated company	Long term financing	660	660
Other related parties	Long term financing	4,150	4,150

15 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on February 20, 2015 by the Board of Directors of the Company.

16 GENERAL

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


CHIEF EXECUTIVE


DIRECTOR



ITTEHAD
GROUP

www.ittehadchemicals.com

Registered/Head Office: 39-Empress Road, Lahore-Pakistan. Tel: +92 42 3630 6586-88, Fax: +92 42 3636 5697

Factory: G.T. Road, Kala Shah Kaku, District Sheikhpura-Pakistan. Tel: +92 42 3795 0222-25, Fax: +92 42 3795 0206