



ITTEHAD CHEMICALS LIMITED

Half Yearly Report
December 31, 2013





ITTEHAD CHEMICALS LIMITED
Condensed Interim Financial Statements
for the half year ended December 31,2013
(Unaudited)

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 Statements	11

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Corporate Information

BOARD OF DIRECTORS	Mr. Muhammad Siddique Khatri Mr. Abdul Sattar Khatri Mr. Abdul Ghafoor Khatri Ms. Farhana Abdul Sattar Khatri Mr. Fowad Yousaf Khatri Mr. Waqas Siddiq Khatri Mr. Ahmed Mustafa	Chairman & Chief Executive Director Director Director Director Director Director
AUDIT COMMITTEE	Mr. Abdul Ghafoor Khatri Mr. Abdul Sattar Khatri Mr. Fowad Yousaf Khatri	Chairman Member Member
HUMAN RESOURCE & REMUNERATION COMMITTEE	Mr. Fowad Yousaf Khatri Mr. Abdul Ghafoor Khatri Mr. Muhammad Siddique Khatri	Chairman Member Member
CHIEF FINANCIAL OFFICER	Mr. Javed Iqbal	
COMPANY SECRETARY	Mr. Waheed Ashraf	
REGISTERED OFFICE/HEAD OFFICE	39-Empress Road, P.O. Box 1414, Lahore-54000. Tel : 042 - 36306586 - 88, Fax: 042 - 36365697 www.ittehadchemicals.com E-mail: info@ittehadchemicals.com	
PLANT	G.T. Road, Kala Shah Kaku, District Sheikhpura. Ph : 042 - 37950222-25, Fax : 042 - 37950206	
SHARE REGISTRARS	M/s. Corplink (Pvt.) Limited Corporate and Financial Consultants Wings Arcade, 1-K Commercial, Model Town, Lahore. Ph: 042 - 35839182, Fax: 042 - 35869037	
BANKERS TO THE COMPANY	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 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 Summit Bank 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	M/s. Tahir Ali Tayebi & Co. C-23/l, Block-4, Clifton, Karachi. Ph : 021-35370458 Fax : 021-35370459	



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, 2013, together with Auditors' Review Report thereon.

During the period under review, your Company has posted net sales of Rs. 1,994.947 million against the sales of Rs. 2,127.980 million for the corresponding period of last year, representing a decrease of 6%. The gross profit has decreased by 11% over the corresponding period of last year and amounts to Rs. 476.160 million. The profit before tax for the period under review is Rs. 222.352 million as compared to profit before tax of Rs. 269.632 million for the corresponding period of last year. Profit after tax has decreased to Rs. 157.903 million as compared to Rs. 217.507 million for the last year denoting a decrease of 27%. As a consequence the Earnings per share (EPS) for the period stands at Rs. 3.16 as compared to Rs. 4.35 for the corresponding period of last year. Decline in profitability during the period under review as compared to the corresponding period of last year is due to increase in energy cost and stiff market competition, which resultantly reduced the sales and trimmed down the profit margins of the Company.

The key financial figures of the company for the half year ended December 31, 2013 are as follows:

	Half Year ended December 31		Increase / (Decrease) %age
	2013	2012	
—Rupees in Million—			
Net Sales	1,994.947	2,127.980	(6%)
Gross Profit	476.160	536.513	(11%)
Operating Profit	287.382	339.712	(15%)
Profit before Tax	222.352	269.632	(18%)
Profit after Tax	157.903	217.507	(27%)
Earnings Per Share (Rupees)	3.16	Restated 4.35	(27%)

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

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, 2014
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, 2013 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 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, 2013 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

The figures for the quarters ended December 31, 2013 and December 31, 2012 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, 2014


BDO Ebrahim & Co.
Chartered Accountants
Engagement Partner: Qasim E. Causer




Condensed Interim Balance Sheet (Unaudited)

as at December 31, 2013

	Note	December 31, 2013 (Unaudited) (Rupees in thousand)	June 30, 2013 (Audited)
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	6	2,418,274	2,495,976
Capital work in progress	7	96,339	19,833
		<u>2,514,613</u>	<u>2,515,809</u>
Intangible assets		19,518	22,133
Investment property		73,800	73,800
Long term investments		-	-
Long term deposits		39,850	39,260
		<u>2,647,781</u>	<u>2,651,002</u>
CURRENT ASSETS			
Stores, spares and loose tools		502,341	446,420
Stock in trade		373,659	273,876
Trade debts		617,968	608,526
Loans and advances		68,963	51,336
Trade deposits and short term prepayments		8,633	7,107
Other receivables		39,424	10,414
Tax refunds due from Government		73,580	19,221
Taxation - net		-	21,085
Cash and bank balances		178,319	180,671
		<u>1,862,887</u>	<u>1,618,656</u>
TOTAL ASSETS		<u><u>4,510,668</u></u>	<u><u>4,269,658</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	8.1	<u>1,000,000</u>	<u>750,000</u>
Issued, subscribed and paid up capital	8.2	500,000	360,000
Unappropriated Profit		998,129	1,016,226
		<u>1,498,129</u>	<u>1,376,226</u>
SURPLUS ON REVALUATION OF FIXED ASSETS		760,819	760,819
NON CURRENT LIABILITIES			
Long term financing	9	145,472	76,390
Long term diminishing musharaka	10	-	-
Long term murabaha	11	-	-
Deferred liabilities		329,104	334,697
		<u>474,576</u>	<u>411,087</u>
CURRENT LIABILITIES			
Trade and other payables		481,291	831,447
Mark-up accrued		28,225	23,644
Short term borrowings		1,141,869	649,959
Current portion of long term liabilities		96,199	216,476
Taxation - net		29,560	-
		<u>1,777,144</u>	<u>1,721,526</u>
CONTINGENCIES AND COMMITMENTS	12	-	-
TOTAL EQUITY AND LIABILITIES		<u><u>4,510,668</u></u>	<u><u>4,269,658</u></u>

The annexed notes from 1 to 17 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR




Condensed Interim Profit and Loss Account (Unaudited)

for the half year ended December 31, 2013

	Note	Half year ended December 31,		Quarter ended December 31,	
		2013	2012	2013	2012
----- (Rupees in thousand) -----					
Sales - net		1,994,947	2,127,980	1,119,410	1,057,827
Cost of sales	13	(1,518,787)	(1,591,467)	(851,180)	(823,184)
Gross profit		476,160	536,513	268,230	234,643
Selling and distribution expenses		(97,194)	(117,659)	(49,745)	(63,084)
General and administrative expenses		(83,519)	(68,900)	(42,548)	(33,575)
Other operating expenses		(17,398)	(19,988)	(10,051)	(7,501)
Other operating income		9,333	9,746	3,543	7,428
		(188,778)	(196,801)	(98,801)	(96,732)
Operating profit		287,382	339,712	169,429	137,911
Financial charges		(65,030)	(70,080)	(37,041)	(34,583)
Profit before taxation		222,352	269,632	132,388	103,328
Taxation		(64,449)	(52,125)	(30,256)	(7,869)
Profit after taxation		157,903	217,507	102,132	95,459
			Restated		Restated
Earnings per share - basic and diluted (Rupees)	14	3.16	4.35	2.04	1.91

The annexed notes from 1 to 17 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR



Condensed Interim Statement of Comprehensive Income (Unaudited)

for the half year ended December 31, 2013

	Half year ended December 31,		Quarter ended December 31,	
	2013	2012	2013	2012
	----- (Rupees in thousand) -----			
Profit for the period	157,903	217,507	102,132	95,459
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>157,903</u>	<u>217,507</u>	<u>102,132</u>	<u>95,459</u>

The annexed notes from 1 to 17 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR



Condensed Interim Cash Flow Statement (Unaudited)

for the half year ended December 31, 2013

	Half year ended December 31,	
	2013	2012
	(Rupees in thousand)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	222,352	269,632
Adjustments for items not involving movement of funds:		
Depreciation	88,078	92,647
Amortization of intangible assets	2,615	93
Provision for gratuity	5,549	5,281
Gain on sale of fixed assets	(442)	(6,688)
Gain on foreign exchange	(5,252)	(1,268)
Bad debts written off	1,098	741
Financial charges	65,030	70,080
Net cash flow before working capital changes	379,028	430,518
Decrease / (increase) in current assets		
Stores, spares and loose tools	(55,921)	(67,452)
Stock in trade	(99,783)	(87,496)
Trade debts	(5,288)	(8,704)
Loans and advances	(17,627)	(29,791)
Trade deposits and short term prepayments	(1,526)	345
Other receivables	(29,010)	(8,629)
Tax refunds due from the Government	(48,810)	(18,737)
	(257,965)	(220,464)
(Decrease) / increase in current liabilities		
Trade and other payables	(350,848)	80,519
Cash (used in) / generated from operations	(229,785)	290,573
Income taxes paid	(28,683)	18,076
Gratuity paid	(1,812)	(1,205)
Financial charges paid	(60,449)	(81,009)
Net cash (used in) / generated from operating activities	(320,729)	226,435
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to operating fixed assets - net	(6,304)	(24,396)
Additions to capital work in progress	(80,677)	(54,726)
Additions to intangible assets	-	(190)
Proceeds from sale of operating fixed assets	540	27,048
Long term deposits	(590)	-
Net cash used in investing activities	(87,031)	(52,264)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term financing	117,000	-
Repayment of long term financing	(45,973)	(61,678)
Repayment of long term diminishing musharaka	(83,333)	(83,333)
Repayment of long term murabaha	(38,889)	(38,889)
Dividend paid	(35,307)	(47,609)
Short term borrowings	491,910	79,131
Net cash inflow / (outflow) from financing activities	405,408	(152,378)
Net (decrease) / increase in cash and cash equivalents	(2,352)	21,793
Cash and cash equivalents at the beginning of the period	180,671	130,406
Cash and cash equivalents at the end of the period	178,319	152,199

The annexed notes from 1 to 17 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR



Condensed Interim Statement of Changes in Equity (Unaudited)

for the half year ended December 31, 2013

	Share capital	Unappropriated profit	Total
	----- (Rupees in thousand) -----		
Balance as at July 01, 2011	360,000	793,603	1,153,603
Transactions with owners:			
Final cash dividend 2012: Re. 1.50 per share	-	(54,000)	(54,000)
Total Comprehensive income for the period	-	217,507	217,507
Balance as at December 31, 2012	360,000	957,110	1,317,110
Transactions with owners:			
Interim cash dividend 2013: Re. 0.50 per share	-	(18,000)	(18,000)
Total Comprehensive income for the period	-	77,116	77,116
Balance as at June 30, 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)	-
Total Comprehensive income for the period	-	157,903	157,903
Balance as at December 31, 2013	<u>500,000</u>	<u>998,129</u>	<u>1,498,129</u>

The annexed notes from 1 to 17 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR



Notes to the Condensed Interim Financial Statements (Unaudited)

for the half year ended December 31, 2013

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 whollyowned 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, 2013 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, 2013.

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, 2013.

	Note	December 31, 2013 (Unaudited) (Rupees in thousand)	June 30, 2013 (Audited)
6 OPERATING FIXED ASSETS			
Opening net book value (NBV)		2,495,976	2,514,774
Additions (at cost) during the period / year	6.1	10,474	206,101
		<u>2,506,450</u>	<u>2,720,875</u>
Disposals (at NBV) during the period / year	6.2	(98)	(41,204)
Depreciation charged during the period / year		(88,078)	(183,695)
		<u>(88,176)</u>	<u>(224,899)</u>
Closing net book value (NBV)		<u>2,418,274</u>	<u>2,495,976</u>
6.1 Details of additions (at cost) during the period / year are as follows:			
Land		30	7,225
Building		-	9,728
Plant and machinery		4,170	156,760
Other equipment		542	5,135
Furniture and fixtures		116	771
Office and other equipment		1,501	13,433
Vehicles		4,115	13,049
		<u>10,474</u>	<u>206,101</u>
6.2 Details of disposals (at NBV) during the period / year are as follows:			
Plant and machinery		-	37,672
Office and other equipment		-	88
Vehicles		98	3,444
		<u>98</u>	<u>41,204</u>
7 CAPITAL WORK IN PROGRESS			
Building		1,186	858
Plant and machinery		95,153	18,975
		<u>96,339</u>	<u>19,833</u>

7.1 An amount of Rs. 4.170 million (June 30, 2013: Rs. 178.321 million) has been transferred to operating fixed assets during the period.



	December 31, 2013 (Unaudited)	June 30, 2013 (Audited)
	(Rupees in thousand)	
8 SHARE CAPITAL		
8.1 Authorized share capital		
75,000,000 (June 30, 2013: 50,000,000) ordinary shares of Rs. 10/- each	750,000	500,000
25,000,000 (June 30, 2013: 25,000,000) preference shares of Rs. 10/- each	250,000	250,000
	<u>1,000,000</u>	<u>750,000</u>
8.2 Issued, subscribed and paid up share capital		
100,000 (June 30, 2013: 100,000) ordinary shares of Rs. 10/- each fully paid in cash	1,000	1,000
24,900,000 (June 30, 2013: 24,900,000) ordinary shares of Rs. 10/- each issued for consideration other than cash	249,000	249,000
25,000,000 (June 30, 2013: 11,000,000) fully paid bonus shares of Rs. 10/- each	250,000	110,000
	<u>500,000</u>	<u>360,000</u>
9 LONG TERM FINANCING		
From banking companies and financial institutions - secured		
Balance as at July 01	165,834	272,336
Obtained during the period / year	117,000	-
Repayments made during the period / year	(45,973)	(106,502)
	<u>236,861</u>	<u>165,834</u>
From directors and others - unsecured		
Balance as at July 01	4,810	10,810
Repayments made during the period / year	-	(6,000)
	<u>4,810</u>	<u>4,810</u>
	241,671	170,644
Current portion shown under current liabilities	(96,199)	(94,254)
	<u>145,472</u>	<u>76,390</u>
10 LONG TERM DIMINISHING MUSHARAKA		
From banking companies and financial institutions - secured		
Balance as at July 01	83,333	250,000
Repayments made during the period / year	(83,333)	(166,667)
	-	83,333
Current portion shown under current liabilities	-	(83,333)
	<u>-</u>	<u>-</u>
11 LONG TERM MURABAHA		
From banking companies - secured		
Balance as at July 01	38,889	116,667
Repayments made during the period / year	(38,889)	(77,778)
	-	38,889
Current portion shown under current liabilities	-	(38,889)
	<u>-</u>	<u>-</u>



12 CONTINGENCIES AND COMMITMENTS

12.1 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, 2013: 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. 19.964 million to the national exchequer.
- 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. 4.422 million (June 30, 2013: Rs. 4.422 million) against these claims.
- e) Letters of guarantee outstanding as at December 31, 2013 were Rs. 212.787 million (June 30, 2013: Rs. 215.786 million).

12.2 Commitments

Commitments as on December 31, 2013 were as follows:

- a) Against letters of credit amounting to Rs. 423.770 million (June 30, 2013: Rs. 27.943 million).
- b) Against purchase of land amounting to Rs. 1.838 million (June 30, 2013: Rs 1.838 million).

	December 31, 2013 (Unaudited)	June 30, 2013 (Audited)
	(Rupees in thousand)	
c) Ujrah payments under Ijarah financing agreement:		
Not later than one year	41,401	45,873
Later than one year but not later than five years	30,826	49,359
	72,227	95,232



	----- (Unaudited) -----			
	Half year ended December 31,		Quarter ended December 31,	
	2013	2012	2013	2012
	----- (Rupees in thousand) -----			
13 COST OF SALES				
Raw materials consumed	181,894	204,316	101,502	114,621
Other overheads:				
Stores, spares and consumables	169,725	100,521	126,962	55,094
Packing materials consumed	20,855	17,495	13,730	9,264
Salaries, wages and other benefits	158,182	135,415	78,693	69,038
Fuel and power	921,699	1,068,250	569,988	532,339
Repair and maintenance	17,232	13,110	7,913	7,179
Rent, rates and taxes	23,219	16,925	11,581	8,397
Insurance	5,843	5,413	3,041	2,737
Depreciation	85,136	89,859	42,597	44,904
Vehicle running expenses	10,292	8,225	5,883	4,232
Postage, printing and stationery	431	259	245	145
Other expenses	1,520	500	1,244	235
	<u>1,414,134</u>	<u>1,455,972</u>	<u>861,877</u>	<u>733,564</u>
Opening work in process	25,250	12,712	24,576	12,758
Closing work in process	(22,994)	(13,327)	(22,994)	(13,327)
	2,256	(615)	1,582	(569)
Cost of goods manufactured	<u>1,598,284</u>	<u>1,659,673</u>	<u>964,961</u>	<u>847,616</u>
Cost of stores traded	28,674	11,654	1,476	(5,453)
Opening stock of finished goods	156,198	92,983	149,112	153,864
Closing stock of finished goods	(264,369)	(172,843)	(264,369)	(172,843)
	<u>(108,171)</u>	<u>(79,860)</u>	<u>(115,257)</u>	<u>(18,979)</u>
	<u>1,518,787</u>	<u>1,591,467</u>	<u>851,180</u>	<u>823,184</u>

	----- (Unaudited) -----			
	Half year ended December 31,		Quarter ended December 31,	
	2013	2012	2013	2012
	----- (Rupees in thousand) -----			
14 EARNINGS PER SHARE - BASIC AND DILUTED				
Profit after taxation - (Rs. in thousand)	<u>157,903</u>	<u>217,507</u>	<u>102,132</u>	<u>95,459</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>3.16</u>	<u>4.35</u>	<u>2.04</u>	<u>1.91</u>
		Restated		Restated



There is no dilutive effect on the basic earnings per share of the Company. Number of shares and earnings per share for the half year ended and quarter ended December 31, 2012 have been restated taking the effect of bonus shares at the rate of 38.8888% issued during the current financial period.

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:

		----- (Unaudited) -----			
		Half year ended December 31,		Quarter ended December 31,	
		2013	2012	2013	2012
		----- (Rupees in thousand) -----			
Relationship with the company	Nature of transaction				
Associated company	Marketing services charges	15,482	14,296	7,391	14,296
Associated company	Sales of goods	-	45	-	-
Associated company	Loan received	50,000	-	50,000	-
Retirement benefit plans	Contribution to staff retirement benefit plans	146	139	73	68
Key management personnel	Remuneration and ther benefits	41,118	34,931	22,658	15,674
				December 31, 2013 (Unaudited)	June 30, 2013 (Audited)
		----- (Rupees in thousand) -----			
Relationship with the Company	Nature of outstanding balances				

Associated company	Trade and other payables	6,068	5,534
Associated company	Short term borrowings	47,000	-
Associated company	Long term financing	660	660
Other related parties	Long term financing	4,150	4,150

16 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on February 20, 2014 by the Board of Directors of the Company.

17 GENERAL

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



CHIEF EXECUTIVE



DIRECTOR



ITTEHAD
GROUP

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