



**SITARA  
CHEMICAL  
INDUSTRIES LTD.**



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February 17, 2015

**Mr. Muhammad Ghufan**  
Deputy General Manager  
Karachi Stock Exchange Limited  
Stock Exchange Road,  
Karachi.

**FINANCIAL RESULTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2014**

Dear Sir,

This is with reference to your letter dated February 17, 2015, we would like to state that:

During 1<sup>st</sup> quarter ended September 30, 2014, we, SCIL, have sold our land costing Rs. 1,156.549 million for Rs. 2,015.000 million, and have recognized a Capital Gain of Rs. 858.451 million. Total amount of Capital gain was reported in unaudited results of 1<sup>st</sup> quarter ended September 30, 2014.

As per Sale Agreement, the Sale proceeds will be realized in Five years. We did not account for the time lines and account for the total Capital Gain, as there will be no change in amount and above referred payment period is maximum. The Buyer has the option of early payment with out any financial benefit/discount.

Our Auditors M/s M. Yousaf Adil Saleem & Co. Chartered Accountants, are of the opinion that as the Sale proceeds will be realized in Five years, current present value of the said proceeds should be accounted for to calculate the Capital Gain, as per International Accounting Standards. We accept their advice and discount the Sales proceeds with a discount rate of 10 % pa, which consequently reduced the Capital Gain value by Rs. 330.469 million.

Current unrecognized Capital Gain of Rs. 330.469 million will be accounted for in above referred payment period, in accordance with International Accounting Standards.

***Effect of the Said Adjustment is as Follows:***

Description	Amount (Rupees in Thousands)
Profit after Tax as reported in 1 <sup>st</sup> quarter	831,420
Profit after Tax as reported for 2 <sup>nd</sup> quarter	204,009
Reduction in Capital gain	(330,469)
Profits after Tax as reported for 1 <sup>st</sup> half year	704,960

We hope that above clarification would suffice your query.

Thanking you

Yours truly

For **SITARA CHEMICAL INDUSTRIES LIMITED**

**(MAZHAR ALI KHAN)**  
Company Secretary

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