

Half Yearly Report Decem

2011

Siddiqsons Tin Plate Limited
A Siddiqsons Group Company



Half Yearly Report December,
2011

A Commitment to Prime Quality !

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COMPANY INFORMATION

Board of Directors

Mr. Abdullah Rafi
Mr. Tariq Rafi
Mr. Abdur Rahim
Mr. Ibrahim Shamsi
Mr. Sanaullah Abdullah
Mr. S. Waliullah Shah
Mr. Saturo Oki
Mr. Jean Pierre Gugenheim

Chairman / Chief Executive
Director
Director
Director
Director
Director
Director

Audit Committee

Mr. Ibrahim Shamsi
Mr. Abdullah Rafi
Mr. Sanaullah Abdullah
Mr. Saturo Oki
Mr. M. Javid Ansari

Chairman
Member
Member
Member
Secretary

Chief Financial Officer

Mr. Rashid Khaleeqe

Company Secretary

Mr. M. Javid Ansari

Internal Auditor

Mr. Murtaza Ahmed

Auditors

M. Yousuf Adil Saleem & Company
Chartered Accountants

Bankers

Allied Bank Limited
Dubai Islamic Bank Limited
Habib Metropolitan Bank Limited
Habib Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Soneri Bank Limited
The HSBC Middle East Limited

Legal Advisor

Awan Law Associates
1st Floor, Burhani Terrace,
Bohri Road, Opp. Customs House, Karachi - 74000

Shares Registrar

THK Associates (Private) Limited
Ground Floor, State Life Building # 3
Dr. Ziauddin Ahmed Road, Karachi - 75530
UAN # 111 000 322

Registered Office

D-53, Textile Avenue, S.I.T.E., Karachi - 75700

Plant

Special Industrial Zone Winder, Baluchistan

Web Presence

www.siddiqsonstinplate.com



Siddiqsons Tin Plate Limited
A Siddiqsons Group Company

DIRECTORS' REVIEW

On behalf of the Board of Directors of your Company, I have pleasure to present the financial statements of the Company for the half year ended December 31, 2011.

Operating and Financial Performance:

Sales performance

During the period under review, sales in quantitative term was 13,602 M/tons as compared to 18,802 M/tons respectively during corresponding period last year. Resultant sales revenue was recorded at Rs. 1,330 million as compared to Rs. 1,730 million during the same period last year. In other words sales quantity and sales revenue were remained lower 28% and 23% respectively as compared to corresponding period last year.

Gross profit

Gross profit of the Company was Rs.72 million which was 5.44% of sales revenue as compared to Rs.170 million which was 9.84% in corresponding period last year. Its means that there is 57% downfall in gross profit as compared to same period last year due to higher fixed cost per unit as production decreased by 40% due to power and energy crises which ultimately effected our production and operation.

Net results

The bottom line and net results showed net loss after taxation of Rs.51 million during the period under review as compared to net profit of Rs.8.4 million in the corresponding period last year.

Under review quarter was similar to the last year which was also a very difficult year due to unstable economical, political and law & order situation, for all business houses and as such our Company was no exception. County's unstable economical condition was the major obstacle for low sales.

Economic challenges and Industrial low output due to power shortage in the country were also considerable factors for low sales.

As majority of our raw material is imported from various countries so instability of exchange rate also adversely affected our cost.

Misdeclared tinplate especially from Iran via land route under the garb of scrap, paying no duties at all due to this market is flooded with cheap tinplate hampering our sales badly. However, Company is making all-out efforts to get curtailed import of under-invoiced and misdeclared tinplate.

A huge amount has been blocked in the head of sales tax and income tax refundable due to Governmental taxation policies which also affected our cash flow and resultantly it increased financial cost.

The earning per share was Rs. (0.65) as compared to Rs.0.11 in corresponding period last year is due to above reasons



DIRECTORS' REVIEW

Future Outlooks

We are confident that your company has the potential to remain market leader and would be able to sustain all external and internal pressures by maintaining its history of achieving good results even in the most challenging circumstances.

Management has therefore made following strategical decisions which are being implemented and will be monitored periodically for achieving our goals:

- Focusing on exploration of new markets in Middle East.
- To make all-out efforts to get curtailed import of under-invoiced material
- Application of correct ITP.
- Removal of anomalies in duty structures and imposition of antidumping duty to allow level playing field.
- To arrange sufficient quantity of all grades of material as per requirement of customers to service their requirement.
- Inventory turnover day has been reduced and it would further improve in coming months which would decrease financial cost.

Acknowledgement

The Directors of the Company would like to take the opportunity to thank the Securities and Exchange Commission of Pakistan, Shareholders, Partners, Customers, Government Authorities, Autonomous bodies and the Financial Institutions for their co-operation & continued support.

The Directors are also pleased to record their appreciation of the valuable and untiring efforts and services rendered by the staff of the Company.

On behalf of the Board of Directors

ABDULLAH RAFI

Chairman

Karachi: February 24, 2012



Siddiqsons Tin Plate Limited
A Siddiqsons Group Company

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Half Yearly Report
December **2011**

AUDITOR'S REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of **SIDDIQSONS TIN PLATE LIMITED** (the Company) as at December 31, 2011, and the related condensed interim profit and loss account, 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 to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed 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 condensed interim financial information based on our review. The figures of the condensed profit and loss account for the quarters ended December 31, 2011 and December 31, 2010 have not been reviewed, as we are required to review only the cumulative figures for the six months ended December 31, 2011.

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 interim financial information consists of making inquiries, primarily of the persons responsible for the 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 condensed interim financial information is not prepared in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants

Engagement Partner

Mushtaq Ali Hirani

Karachi

Dated: February 24, 2012



CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2011

	Note	Unaudited December 31, 2011	Audited June 30, 2011
.....(Rupees).....			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	807,399,486	819,626,981
Long-term deposits		7,559,155	7,559,155
		814,958,641	827,186,136
CURRENT ASSETS			
Stores, spares and loose tools		15,837,617	18,191,429
Stock-in-trade		806,082,324	1,309,838,815
Trade debts		406,573,973	377,254,399
Loans and advances		110,876,379	152,483,213
Trade deposits and short term prepayments		11,342,715	13,234,647
Other receivables		6,463,196	59,727,759
Other financial assets		278,053	342,839
Income tax refundable		72,595,105	48,819,731
Sales tax refundable		81,619,922	-
Cash and bank balances		24,190,795	11,304,883
		1,535,860,079	1,991,197,715
TOTAL ASSETS		2,350,818,720	2,818,383,851
EQUITIES AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised Capital			
120,000,000 Ordinary shares of Rs. 10/- each		1,200,000,000	1,200,000,000
Issued, subscribed and paid-up capital		785,201,270	785,201,270
Unappropriated profit		287,544,434	364,188,578
		1,072,745,704	1,149,389,848
NON-CURRENT LIABILITY			
Deferred liability - taxation		141,514,496	147,440,916
CURRENT LIABILITIES			
Trade and other payables		66,836,804	105,984,282
Interest / mark-up accrued		20,589,485	42,481,532
Short-term advances		-	187,697,068
Short-term borrowings		1,049,132,231	1,182,617,964
Sales tax payable		-	2,772,241
		1,136,558,520	1,521,553,087
CONTINGENCIES AND COMMITMENTS	5		
TOTAL EQUITIES AND LIABILITIES		2,350,818,720	2,818,383,851

The annexed notes form an integral part of these condensed interim financial information

CHIEF EXECUTIVE OFFICER

DIRECTOR



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Half Yearly Report
December 2011

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2011

 Six Months Three Months	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
	(July - December)		(October - December)	
(Rupees).....			
Sales - net	1,330,801,286	1,730,300,210	596,022,735	882,518,085
Cost of goods sold	6 (1,258,377,703)	(1,559,954,816)	(574,210,312)	(795,778,610)
Gross profit	72,423,583	170,345,394	21,812,423	86,739,475
Other operating income	5,889,541	4,906,479	2,708,732	2,541,688
	78,313,124	175,251,873	24,521,155	89,281,163
Distribution cost	8,195,986	10,032,896	5,205,224	5,321,241
Administrative expenses	36,494,176	32,216,753	19,682,456	16,714,684
Other operating expenses	24,082,333	9,287,905	22,064,360	(688,305)
Finance cost	53,561,756	84,431,711	31,023,019	56,409,235
	(122,334,251)	(135,969,265)	(77,975,059)	(77,756,855)
(Loss) / profit before taxation	(44,021,127)	39,282,608	(53,453,904)	11,524,308
Provision for taxation	(7,365,697)	(30,852,325)	(17,911)	(20,579,150)
(Loss) / Profit for the period	(51,386,824)	8,430,283	(53,471,815)	(9,054,842)
Other comprehensive income	-	-	-	-
Total comprehensive income	(51,386,824)	8,430,283	(53,471,815)	(9,054,842)
Earnings per share - Basic and diluted	(0.65)	0.11	(0.68)	(0.12)

The annexed notes form an integral part of these condensed interim financial information



CONDENSED INTERIM CASH FLOW STATEMENT (Unaudited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2011

..... Six Months

December 31 2011	December 31 2010
(July - December)	
.....(Rupees).....	

A. CASH FLOWS FROM OPERATING ACTIVITIES

(Loss) / profit before taxation	(44,021,127)	39,282,608
Adjustments for:		
Depreciation of property, plant and equipment	19,468,551	20,702,009
Doubtful debts written off	711,968	-
Gain on disposal of property, plant and equipment	(4,354,249)	-
Liabilities written back	(640,000)	-
Unrealized loss / (gain) on investments	64,786	(566,332)
Dividend income	-	(371,295)
Gain on sale of investment	-	(3,186,102)
Finance cost	53,561,756	84,431,711
Operating cash flows before movement in working capital	24,791,685	140,292,599
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	2,353,812	(2,135,250)
Stock-in-trade	503,756,491	(252,640,294)
Trade debts	(30,031,542)	(241,317,390)
Loans and advances	4,504,298	(22,282,964)
Trade deposits and short term prepayments	1,891,932	1,834,691
Other receivables	53,264,563	2,178,901
Sales tax refundable	(84,392,163)	(26,036,900)
Increase / (decrease) in current liabilities		
Trade and other payables	(39,268,286)	8,106,343
	412,079,105	(532,292,863)
Cash generated from / (used in) operations	436,870,790	(392,000,264)
Taxes refund / (paid)	35,045	(61,733,314)
Finance cost paid	(75,453,803)	(46,662,703)
Net cash from / (used in) operating activities	361,452,032	(500,396,281)



..... Six Months

December 31	December 31
2011	2010
(July - December)	
.....(Rupees).....	

B. CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from disposal of property, plant and equipment	5,240,000	-
Purchase of property, plant and equipment	(8,126,807)	(7,960,939)
Purchase of investments	-	(3,456,105)
Disposal of investments	-	33,275,882
Long term deposits paid	-	28,750
Dividend received	-	1,483,420
Net cash (used in) / from investing activities	(2,886,807)	23,371,008

C. CASH FLOWS FROM FINANCING ACTIVITIES

Short term bank borrowings (repaid) / obtained - net	(338,128,298)	182,952,804
Short term advances obtained	38,406,377	-
Short term advances repaid	(226,103,445)	-
Dividend paid	(24,496,512)	(58,890,094)
Net cash (used in) / from financing activities	(550,321,878)	124,062,710

Net decrease in cash and cash equivalents (A+B+C) **(191,756,653)** (352,962,563)

Cash and cash equivalents at beginning of the period **(268,275,182)** 24,580,034

Cash and cash equivalents at end of the period **(460,031,835)** (328,382,529)

CASH AND CASH EQUIVALENT

Cash and bank balances	24,190,795	19,034,647
Running finance	(484,222,630)	(347,417,176)
	(460,031,835)	(328,382,529)

The annexed notes form an integral part of these condensed interim financial information

CHIEF EXECUTIVE OFFICER

DIRECTOR



CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2011

	Issued, subscribed and paid-up capital	Unapprop riated Profit	Total
(Rupees).....		
Balance at July 1, 2010	785,201,270	471,757,931	1,256,959,201
Transactions with owners			
Final Cash dividend for the year ended June 30, 2010 @ Re 0.75/- per share	-	(58,890,095)	(58,890,095)
Comprehensive Income			
Profit for the period ended December 31, 2010	-	8,430,283	8,430,283
Other Comprehensive income	-	-	-
	-	8,430,283	8,430,283
Balance at December 31, 2010	785,201,270	421,298,119	1,206,499,389
Comprehensive Income			
Loss for the period ended June 30, 2011	-	(57,109,541)	(57,109,541)
Other Comprehensive income	-	-	-
	-	(57,109,541)	(57,109,541)
Balance at June 30, 2011	785,201,270	364,188,578	1,149,389,848
Transactions with owners			
Final Cash dividend for the year ended June 30, 2011 @ Re 0.75/- per share	-	(25,257,320)	(25,257,320)
Comprehensive Income			
Loss for the period ended December 31, 2011	-	(51,386,824)	(51,386,824)
Other Comprehensive income	-	-	-
	-	(51,386,824)	(51,386,824)
Balance at December 31, 2011	785,201,270	287,544,434	1,072,745,704

The annexed notes form an integral part of these condensed interim financial information

CHIEF EXECUTIVE OFFICER

DIRECTOR

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2011

1. INTRODUCTION

- 1.1 Siddiqsons Tin Plate Limited (the Company) was incorporated in Pakistan on January 29, 1996 as public company limited by shares under the Companies Ordinance 1984. The shares of the Company are listed at Karachi Stock Exchange. The registered office of the Company is situated at D-53, Textile Avenue, S.I.T.E, Karachi in the province of Sindh and the plant is located at Winder Industrial Estate in the province of Baluchistan. The canning plant is located at Malir, Karachi in the province of Sindh. The principal activity of the company is manufacturing and sale of tin plates, cans and other steel products.
- 1.2 The condensed interim financial information are presented in Pak Rupee which is the company's functional and presentation currency.
- 1.3 The condensed interim financial information have been prepared under the historical cost convention modified by certain financial instruments at fair value.
- 1.4 These condensed interim financial information are unaudited but subject to limited scope review by external auditors of the Company in accordance with the requirements of clause (xxi) of the Code of Corporate Governance and they have issued their review report thereon and are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984 and also presented in accordance with the listing Regulations of Karachi Stock Exchange. These condensed interim financial information have been prepared in accordance with the requirements of the 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.
- 1.5 The accounting policies and methods of computation followed in the preparation of the six month condensed interim financial information are the same as those of the published annual audited financial statements for the year ended June 30, 2011. These condensed interim financial information do not include all of the information required for annual financial statements and therefore should be read in conjunction with the annual audited financial statements of the Company for the year ended June 30, 2011.
- 1.6 The comparative balance sheet presented has been extracted from annual audited financial statements for the year ended June 30, 2011, whereas comparative condensed profit and loss account, condensed cash flow statement and condensed statement of changes in equity are stated from the unaudited condensed interim financial information for the six months ended December 31, 2010.

2. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the condensed interim financial information in conformity with approved accounting standards as applicable in Pakistan for interim financial reporting requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revision to accounting estimates are recognized prospectively commencing from the period of revision.



In preparing this condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key source of estimation and uncertainty were the same as those that applied to the annual audited financial statements as at and for the year ended June 30, 2011.

3. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements as at and for the year ended June 30, 2011.

4. ACQUISITION AND DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

During the period following additions and disposals were made: -

	December 31, 2011		December 31, 2010	
	Additions	Disposals (W.D.V)	Additions / Transfer	Disposals (W.D.V)
(Rupees).....			
Operating fixed assets				
Plant and machinery	655,896	-	48,327,604	-
Factory equipment	-	-	69,390	-
Generators	3,721,608	(872,440)	-	-
Office equipment	478,885	-	120,700	-
Data processing equipment	244,509	-	447,500	-
Furniture and fixtures	68,500	-	282,020	-
Vehicles	680,000	(13,311)	58,200	-
	<u>5,849,398</u>	<u>(885,751)</u>	<u>49,305,414</u>	<u>-</u>
Capital work in progress				
Plant and machinery	2,122,909	-	-	-
Advance for capital expenditure	154,500	-	2,665,567	-
	<u>2,277,409</u>	<u>-</u>	<u>2,665,567</u>	<u>-</u>

5. CONTINGENCIES AND COMMITMENTS

5.1 Contingency

There is no change in contingency as disclosed in the annual audited financial statements for the year ended June 30, 2011.

Unaudited December 31, 2011	Audited June 30, 2011
--	-----------------------------

.....(Rupees).....

5.2 Commitments

Letters of credit for raw material imports

512,427,688

319,647,808

..... Six Months Three Months	
December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
(July - December)		(October - December)	
.....(Rupees).....			

6. COST OF GOODS SOLD

Cost of goods manufactured	6.1	1,331,943,606	1,758,587,461	640,007,853	800,163,102
Finished stocks					
Opening stock		462,151,111	464,756,614	469,919,473	675,327,981
Purchase of finished goods		-	25,451,919	-	9,128,705
Closing Stock		(535,717,014)	(688,841,178)	(535,717,014)	(688,841,178)
		(73,565,903)	(198,632,645)	(65,797,541)	(4,384,492)
		1,258,377,703	1,559,954,816	574,210,312	795,778,610

6.1 Cost of goods manufactured

Raw material	1,220,344,119	1,626,757,308	576,421,143	733,363,696
Salaries, wages and benefits	38,263,962	42,308,584	19,994,534	20,853,216
Stores and spares	7,273,658	4,642,080	6,111,267	1,464,093
Packing material	2,583,084	4,427,780	1,266,699	1,994,529
Power and fuel	34,722,829	49,919,153	21,509,988	31,487,704
Insurance	2,429,544	1,838,021	1,184,801	796,087
Repairs and maintenance	1,989,528	1,764,073	1,178,613	391,205
Rent, rates and taxes	444,900	158,120	444,900	158,120
Vehicles running and maintenance	433,786	445,084	413,603	383,820
Communication	184,189	125,815	66,439	66,885
Travelling and conveyance	2,040,411	2,368,959	1,044,562	1,680,803
Entertainment	87,162	30,305	87,162	24,410
Depreciation	18,033,317	18,465,601	8,047,941	5,953,906
Fabrication and printing	229,206	842,835	229,206	86,652
Other manufacturing overheads	2,883,911	4,493,743	2,006,995	1,457,976
	1,331,943,606	1,758,587,461	640,007,853	800,163,102

7. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, other related group companies, directors of the company, key management personnel and post employment benefit plans. The significant transactions with related parties are as follows: -



	 Six Months	
		December 31 2011	December 31 2010
		(July - December)	
	(Rupees).....	
Relationship with the Company	Nature of Transactions		
Associated Company	Purchase of goods & services	2,336,854	-
	Sale of property, plant and equipment	5,000,000	-
	Payment of dividend	-	9,423,251
	Short-term advances obtained	38,406,377	-
	Short-term advances repaid	226,103,445	-
	Markup accrued on borrowing	1,767,987	-
	Markup paid on borrowing	6,465,808	-
Key management personnel	Short-term employee benefits	13,086,999	7,815,321
	Post-employment benefits	552,956	381,667
Others	Markup charged on advance from Workers' Participation Fund	-	11,659,513
	Markup paid on advance from Workers' Participation Fund	16,900,000	-

8. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial information have been approved and authorized for issue by the Board of Directors of the Company on February 24, 2012.

9. GENERAL

Figures have been rounded off to the nearest Rupee.

CHIEF EXECUTIVE OFFICER

DIRECTOR

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Head Office:

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Plant:

Plot # 5, Special Industrial Zone,
Winder, Distt. Lasbela, LIEDA,
Bluchistan.

<http://www.siddiqsonstinplate.com>