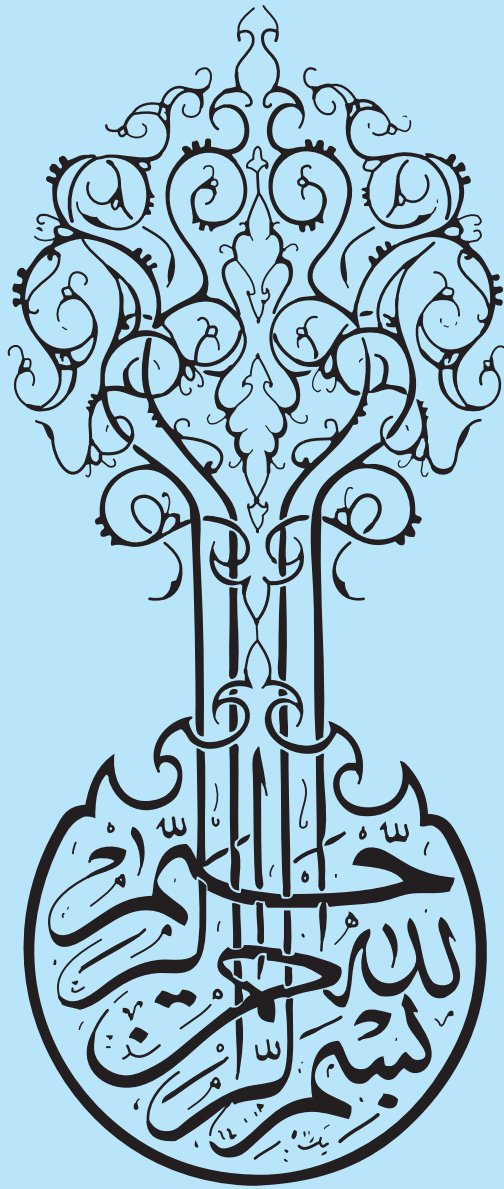


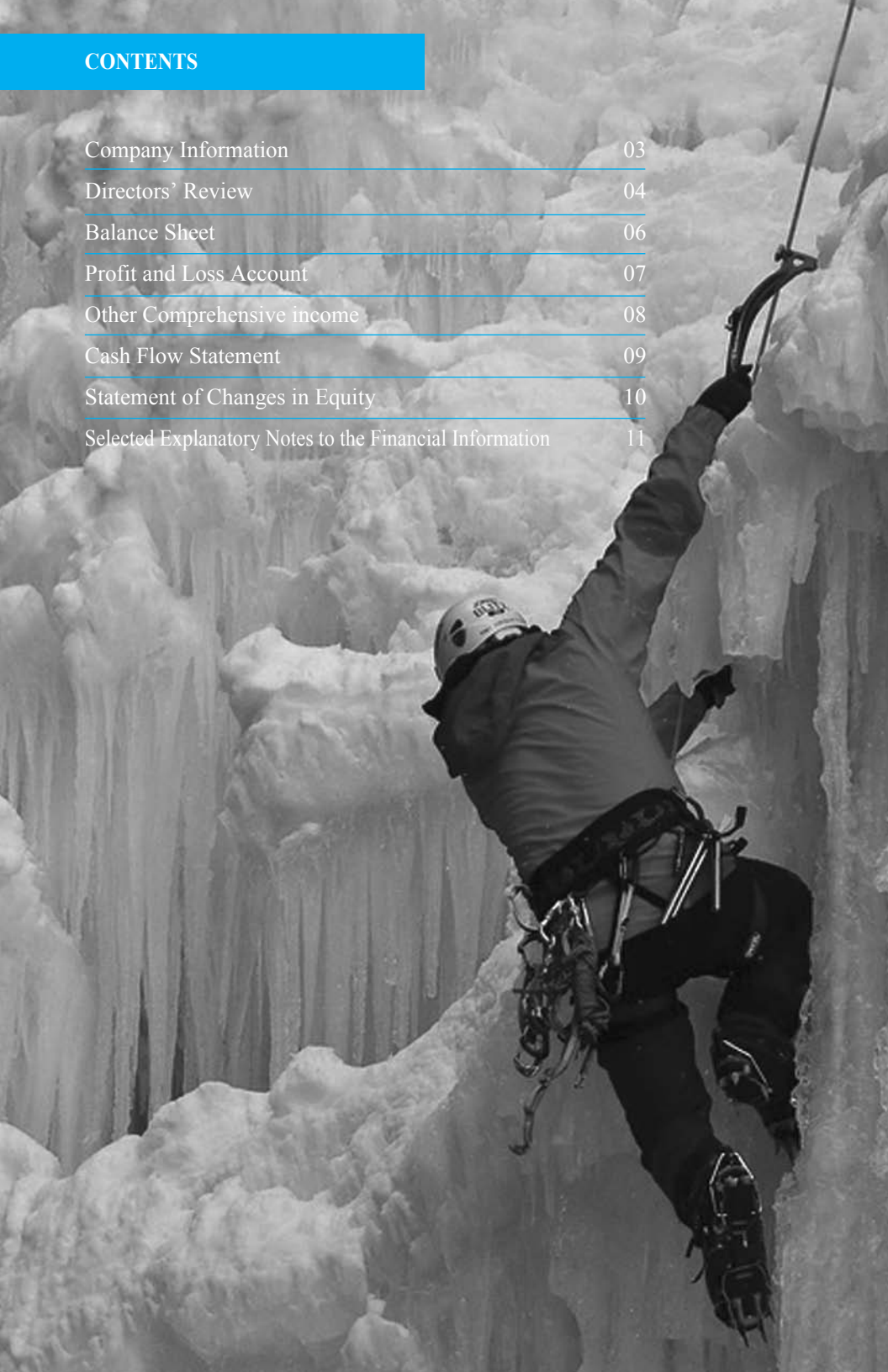
Sitar Chemical Industries Limited
1st Quarter Report
September 30, 2010

Spirit of
Innovation



CONTENTS

Company Information	03
Directors' Review	04
Balance Sheet	06
Profit and Loss Account	07
Other Comprehensive income	08
Cash Flow Statement	09
Statement of Changes in Equity	10
Selected Explanatory Notes to the Financial Information	11



COMPANY INFORMATION

Board of Directors

Chairman	Haji Bashir Ahmed
Chief Executive Directors	Mr. Muhammad Adrees Mr. Javed Iqbal Mr. Muhammad Anis Mr. Imran Ghafoor Mr. Haseeb Ahmed Mr Muhammad Khalil Mr. Rashid Zahir (Nominee Director of Saudi Pak Industrial and Agricultural Investment Co. (Pvt.) Ltd.)

Company Secretary Mr. Mazhar Ali Khan

Chief Financial Officer Mr. Anwar-ul-Haq (FCA)

Audit Committee

Chairman	Mr. Muhammad Anis
Members	Haji Bashir Ahmed Mr. Javaid Iqbal
Head of Internal Audit	Mr. Muhammad Yameen (FCA)

Auditors M/s M.Yousuf Adil Saleem & Co.
Chartered Accountants

Legal Advisor Mr.Sahibzada Muhammad Arif

Bankers Meezan Bank Limited
National Bank of Pakistan
Allied Bank Limited
United Bank Limited
Bank Alfalah Limited
Dubai Islamic Bank Pakistan Limited
The Bank of Punjab
MCB Bank Limited
Standard Chartered Bank
First Habib Bank Modaraba
Saudi Pak Industrial and Agricultural Investment Co. (Pvt.) Limited
Silk Bank Limited
Al-Baraka Islamic Bank B.S.C. (E.C.)
Askari Commercial Bank Limited
Faysal Bank Limited
Habib Bank Limited
Dawood Islamic Bank Limited
Bank Islami Pakistan Limited
Royal Bank of Scotland
Summit Bank Ltd. (formaly Arif Habib Bank Limited)
Barclays Bank PLC Pakistan
Emirates Global Islamic Bank
Soneri Bank Ltd.
Habib Metropolitan Bank Ltd
Pak Oman Investment Company Ltd

Registered Office 601-602 Business Centre, Mumtaz Hasan Road,
Karachi-74000

Factories 28/32 KM, Faisalabad - Sheikhpura Road,
Faisalabad.

On behalf of the Board of Directors of Sitara Chemical Industries Limited, we are pleased to present the Unaudited Condensed Interim Financial Statements of the Company for the First Quarter (1Q) ended September 30, 2010.

Business Review

Productions during the 1Q 2010 were Caustic Soda 25K, Hydrochloric Acid 37k, Sodium Hypochlorite 7K, M Tons and Yarn 20/s 2,615,346Kgs. The plants operated at 50%, 70%, 43% and 104% of rated capacities respectively. Low production and high cost was caused by non availability of Power and Sui Gas. Textile operations and business has been improved due to efficient demand of spinning yarn by China.

Company 1Q 2010 Sales, net profit before tax and net profit after tax were Rs 1,410 million, Rs 101 million and Rs 62 million comparing to 1Q 2009 Rs 1,365million, Rs261million and Rs 163 million respectively.

Future Outlook

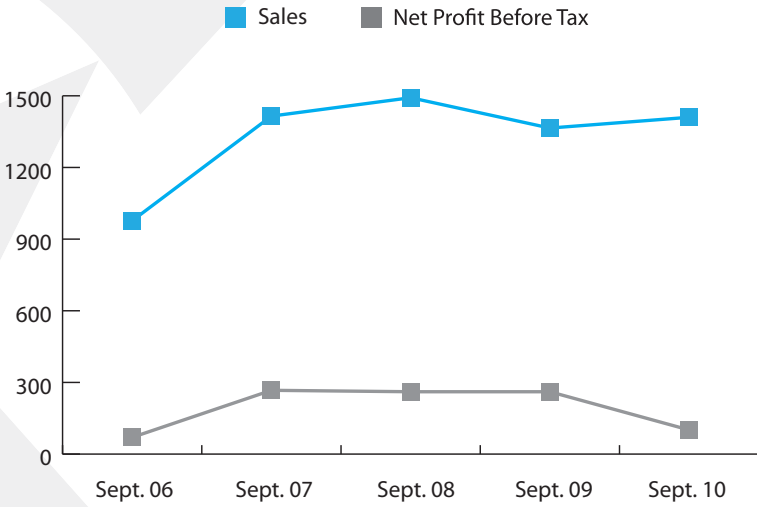
Caustic soda demand will be strong for the rest of the year, we are expecting that overall business, especially textile sector will boom, as season for the printing processing has been started. The Company is determined to boost its relationship with its customers through product quality, competitive pricing and efficient distribution network.


Acknowledgement

In the end we would like to thank all our stakeholders for their continued support.

A comparison of quarterly Sales & net profit before tax with corresponding five previous quarters

	Sep, 06	Sep, 07	Sep, 08	Sep, 09	Sep, 10
Sales	977	1,415	1,492	1,365	1,410
Net Profit Before Tax	70	267	261	261	101




 MUHAMMAD ADREES
 (CHIEF EXECUTIVE OFFICER)
 Faisalabad: October 19, 2010


 HASEEB AHMED
 (DIRECTOR)

**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT SEPTEMBER 30, 2010**

	Note	September 30, 2010 Un-Audited (Rupees in thousands)	June 30, 2010 Audited
NON-CURRENT ASSETS			
Property, plant and equipment	4	5,602,285	5,675,577
Investment Property	5	2,725,576	2,724,588
Long term investment		85,509	85,509
Long term loan and advances		12,828	6,341
Long term deposits		38,965	38,965
		8,465,163	8,530,980
CURRENT ASSETS			
Stores, spares and loose tools		284,755	290,379
Stock in trade		502,566	502,292
Trade debts		445,330	433,457
Loans and advances		67,663	58,938
Trade deposits and short term prepayments		6,838	15,416
Other receivables		24,486	12,154
Other financial asset		259,756	201,857
Tax refundable from government		98,248	122,015
Cash and bank balance		422,936	142,970
		2,112,578	1,779,478
CURRENT LIABILITIES			
Trade and other payable		863,873	591,685
Profit / finance charges payable		96,775	89,010
Short term borrowing		700,000	662,000
Current portion of non-current liabilities		809,583	785,808
Taxation		-	-
Income tax - net of advance tax		-	-
Sales tax		-	-
		2,470,231	2,128,503
WORKING CAPITAL		(357,653)	(349,025)
TOTAL CAPITAL EMPLOYED		8,107,510	8,181,955
NON-CURRENT LIABILITIES			
Long term financing	6	2,616,393	2,735,240
Long term deposits		7,816	8,806
Deferred Liabilities		1,114,568	1,132,938
		3,738,777	3,876,984
CONTINGENCIES AND COMMITMENTS			
	7	3,738,777	3,876,984
		4,368,733	4,304,971
REPRESENTED BY:			
SHARE CAPITAL AND RESERVES			
Authorised			
40,000,000 "A" class ordinary share of Rs. 10 each		400,000	400,000
20,000,000 "B" class ordinary share of Rs. 10 each		200,000	200,000
Issued, subscribed and paid up			
Reserves		1,340,119	1,338,554
Unappropriated profit		1,893,763	1,817,708
		3,437,972	3,360,352
Surplus on revaluation of property plant and equipment		930,761	944,619
		4,368,733	4,304,971

The annexed notes from 1 to 17 form an integral part of the interim financial information.



MUHAMMAD ADREES
(CHIEF EXECUTIVE OFFICER)

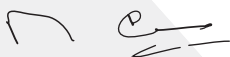


HASEEB AHMED
(DIRECTOR)

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2010**

	For The Quarter September 30, 2010	September 30, 2009
	(Rupees in thousands)	
Sales	1,409,818	1,365,006
Cost of goods sold	(1,095,411)	(889,687)
Gross profit	<u>314,407</u>	<u>475,319</u>
Other operating income	13,292	5,753
	<u>327,699</u>	<u>481,072</u>
Distribution cost	(13,504)	(14,069)
Administrative expenses	(49,127)	(50,087)
Other operating expenses	(7,477)	(19,359)
Operating profit	<u>257,591</u>	<u>397,557</u>
Finance cost	(156,702)	(136,348)
Net profit for the period before taxation	<u>100,889</u>	<u>261,209</u>
Taxation	(38,691)	(98,564)
Net profit for the period after taxation	<u><u>62,198</u></u>	<u><u>162,645</u></u>
Earnings per share - Basic (Rupees)	<u>3.05</u>	<u>7.97</u>

The annexed notes from 1 to 17 form an integral part of the interim financial information.



MUHAMMAD ADREES
(CHIEF EXECUTIVE OFFICER)



HASEEB AHMED
(DIRECTOR)

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2010**

	September 30, 2010	September 30, 2009
	(Rupees in thousands)	
Profit after taxation	62,198	162,645
Other comprehensive income for the period - net of tax		
Gain / (loss) on re-measurement of available for sale financial assets	1,566	12,736
Losses realized on sale of available for sale financial assets during the period	-	42
Incremental depreciation - net of deferred tax	13,858	15,483
	15,424	28,261
Total comprehensive income for the period	<u>77,622</u>	<u>190,906</u>

The annexed notes from 1 to 17 form an integral part of the interim financial information.



MUHAMMAD ADREES
(CHIEF EXECUTIVE OFFICER)




HASEEB AHMED
(DIRECTOR)

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2010**

	Note	September 30, 2010 (Rupees in thousands)	September 30, 2009 (Rupees in thousands)
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating cash flows before changes in working capital	14	382,614	487,764
Changes in working capital			
Decrease/ (Increase) in Stores, spare parts and loose tools		5,624	19,594
Decrease/ (Increase) in Stock-in-trade		(273)	(216,065)
Decrease/ (Increase) in Trade debts		(11,069)	7,865
Decrease/ (Increase) in Loans and advances		(8,725)	(333,897)
Decrease/ (Increase) in Trade deposits and prepayments		8,578	(6,255)
Decrease/ (Increase) in Other receivables		(12,332)	(7,905)
(Decrease)/ Increase in Trade and other payables		(34,847)	446,850
		(53,045)	(89,813)
Cash generated from operations		329,569	397,951
Finance cost paid		(148,937)	(161,486)
Employee benefits paid		(477)	729
Income Taxes paid		(33,872)	(45,921)
		(183,287)	(206,678)
Net cash flows from operating activities		146,282	191,273
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds of property, plant and equipment		1,454	1,718
Purchases of investment of property		-	500
Purchase of investment held for sale		(52,797)	17,196
Purchase of available for sale investments		(56,333)	(997)
Long-term loans and advances		(1,125)	(1,328)
Profit on deposits		(6,487)	1,889
Dividend income received		-	32
Long term deposits		(115,288)	19,010
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of long-term financing		(206,733)	(141,781)
Proceed from Long-term finance		111,662	-
Short term financing - net		357,070	(47,996)
Long term deposits		(990)	-
Dividend paid		(12,036)	-
Net cash from financing activities		248,972	(189,777)
Net increase / (decrease) in cash and cash equivalents		279,967	20,506
Cash and cash equivalents at beginning of period		142,970	294,165
Cash and cash equivalents at end of the period		422,936	314,671

The annexed notes from 1 to 17 form an integral part of the interim financial information.


MUHAMMAD ADREES
 (CHIEF EXECUTIVE OFFICER)


HASEEB AHMED
 (DIRECTOR)

	Reserves					Total Reserves	Total
	Capital		Revenue				
	Share Capital	Share Premium	Others	Share of other comprehensive income of associates	General Reserve		
(.....Rupees in thousand							
Balance as at June 30, 2009	204,090	97,490	(10,721)	1,446,130	1,225,000	1,446,130	2,757,899
Total comprehensive income	-	-	-	-	-	162,644	162,644
Profit for the quarter ended September 30, 2009	-	-	12,778	-	-	15,483	28,261
Other comprehensive income for the three months ended September 30, 2009	-	-	12,778	-	-	178,127	190,905
Balance as at September 30, 2009	204,090	97,490	2,057	1,624,257	1,225,000	1,624,257	3,152,894
Total comprehensive income	-	-	(11,155)	-	-	300,073	300,073
Profit for the nine months ended June 30, 2010	-	-	(11,155)	-	-	46,446	35,291
Other comprehensive income for the nine months ended June 30, 2010	-	-	(11,155)	-	-	346,519	335,364
Share of other comprehensive income of associate	-	-	25,160	-	-	25,160	25,160
Final dividend for the year ended June 30, 2009 @ Rs. 7.50 per share	-	-	-	-	(153,067)	(153,067)	(153,067)
Balance as at June 30, 2010	204,090	97,490	(9,098)	25,160	1,225,000	1,817,709	3,156,262
Total comprehensive income	-	-	-	-	-	62,198	62,198
Profit for the nine months ended March 31, 2010	-	-	1,565	-	-	13,857	15,422
Other comprehensive income for the nine months ended March 31, 2010	-	-	1,565	-	-	76,055	77,620
Balance as at September 30, 2010	204,090	97,490	(7,533)	25,160	1,225,000	1,893,764	3,233,882

The annexed notes from 1 to 17 form an integral part of the interim financial information.



MUHAMMAD ADREES (CHIEF EXECUTIVE OFFICER)



HASEEB AHMED (DIRECTOR)

1. Legal status operations

- 1.1 The condensed interim financial information is un-audited. This interim financial information is being submitted to the share holder Sitara Chemical Industries Limited ("the Company") was incorporated in Pakistan on September 08, 1981 as a public limited company under Companies Act, 1913 (now Companies Ordinance, 1984). The company is currently listed on all Stock Exchanges in Pakistan. The principal activities of the Company are operation of Chlor Alkali plant and yarn spinning unit. The registered office of the Company is situated at 601-602, Business Centre, Mumtaz Hasan Road, Karachi, in the province of Sindh and the manufacturing facilities are located at 28/32 K.M., Faisalabad - Sheikhpura Road, Faisalabad, in the province of Punjab.

The Company is currently organized into two operating divisions and these divisions are the basis on which the Company reports its primary segment information.

Chemical Division: Manufacturing of caustic soda and allied products

Textile Division: Manufacturing of yarn

- 1.2 This condensed interim financial information is presented in Pak Rupee, which is the Company's functional and presentation currency.

2. Basis Of Preparation

- 2.1 This condensed interim financial information has been prepared in accordance with the directives issued by the Securities and Exchange Commission of Pakistan and is in compliance with the International Accounting Standard - 34 "Interim Financial Reporting" and is being submitted to shareholders as required by section 245 of the Companies Ordinance, 1984.

- 2.2 This condensed interim financial information should be read in conjunction with annual audited financial statements for the year ended June 30, 2010. Comparative balance sheet is extracted from annual audited financial statements for the year ended June 30, 2010 whereas comparative profit and loss account, comparative statement of changes in equity and comparative cash flow statement are stated from un-audited condensed interim financial information for the three months ended September 30, 2009.

3. Accounting Policies

The accounting policies adopted in preparation of condensed interim financial statements are the same as those applied in preparation of Audited Annual published financial statements of the company for the year ended June 30, 2010.

	September 30, 2010	June 30, 2010
	(Rupees in thousands)	
4. PROPERTY PLANT AND EQUIPMENT		
Operating assets	5,364,442	5,489,389
Capital work in progress	237,844	186,188
	<u>5,602,286</u>	<u>5,675,577</u>
4.1 Operating assets		
Opening written down value	5,489,389	4,851,602
Additions during the period / year:		
Freehold land	-	-
Building on freehold land - Mills	-	88,092
Plant and machinery	-	920,409
Grid station and electric installation	-	52,568
Factory equipment	69	9,185
Electric equipment	841	2,841
Office equipment	89	2,549
Furniture and fittings	117	1,418
Vehicles	26	10,824
	1,142	1,087,886
Written down value of operating assets disposed off	(1,090)	(14,941)
Depreciation charged during the period / year	(124,999)	(435,158)
	<u>5,364,442</u>	<u>5,489,389</u>
	September 30, 2010	June 30, 2010
	(Rupees in thousands)	
5. INVESTMENT PROPERTY		
Land	2,720,273	2,719,148
Building	5,303	5,440
	<u>2,725,576</u>	<u>2,724,588</u>
5.1 Land - at cost		
Balance at beginning of period	2,719,148	2,699,760
Acquisitions	1,125	19,387
Balance at end of period	<u>2,720,273</u>	<u>2,719,148</u>
6. LONG-TERM FINANCING		
Opening balance	3,521,048	3,200,843
Obtained during the period / year	111,662	1,153,340
	3,632,710	4,354,183
Less: paid during the period / year	(206,733)	(833,135)
	3,425,977	3,521,048
Less: current portion	(809,583)	(785,808)
	<u>2,616,394</u>	<u>2,735,240</u>

		September 30, 2010	June 30, 2010
		(Rupees in thousands)	
7.	CONTINGENCIES AND COMMITMENTS		
	Contingencies		
	Sales tax demand not acknowledged in view of pending appeals	3,398	3,398
	Suppliers' claim not acknowledged in view of pending case in Civil Court	890	890
	Guarantees issued by banks and outstanding	192,684	188,290
	Commitments		
	Contracts for capital expenditure	-	-
	Outstanding letters of credit for: Raw material and spares	16,389	17,390
		September 30, 2010	September 30, 2009
		(Rupees in thousands)	
8.	SALES - NET		
	Local	1,571,986	1,515,718
	Export	11,896	12,237
		1,583,882	1,527,955
	Less: Commission and discount	43,263	27,222
	Sales tax	130,801	135,727
		174,064	162,949
		<u>1,409,818</u>	<u>1,365,006</u>
9.	Cost of goods sold		
	Raw material consumed	352,180	266,470
	Fuel and power	501,588	526,168
	Salaries, wages and benefits	59,473	55,797
	Stores and spares	48,365	29,672
	Repairs and maintenance	18,738	12,989
	Vehicle running and maintenance	5,562	5,696
	Travelling and conveyance	4,130	3,043
	Insurance	3,631	2,540
	Depreciation	121,817	90,713
	Other	2,643	4,827
		1,118,127	997,915
	Work in process		
	Opening stock	22,219	26,291
	Closing stock	(24,177)	(24,043)
		(1,958)	2,248
	Cost of goods manufactured	1,116,169	1,000,163
	Finished stocks		
	Opening stock	211,500	445,964
	Closing stock	(232,258)	(556,440)
		(20,758)	(110,476)
		<u>1,095,411</u>	<u>889,687</u>

	Quarter ended	
	September 30, 2010	September 30, 2009
	(Rupees in thousands)	
10. PROVISION FOR TAXATION		
Current		
- For the period	57,640	105,254
Deferred	(18,949)	(6,690)
	<u>38,691</u>	<u>98,564</u>
11. EARNINGS PER SHARE - BASIC AND DILUTED		
Profit for the period	62,198	162,645
Weighted average number of ordinary shares outstanding during the period	204,090	204,090
Earnings per share (Rupees)	3.05	7.97

12. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated companies, staff retirement benefit plans, directors and key management personnel. Nature and description of significant related party transactions along with monetary values are as follows:

	For The Quarter	
	September 30, 2010	September 30, 2009
	(Rupees in thousands)	
Sales	12,940	11,995
Purchases	876	-
Organizational expenses recovered	854	811
Organizational expenses paid	1,001	24
Power charges paid	282,741	239,318
Donation	2,131	3,502
Remuneration to executive	11,054	18,089

13. SEGMENT REPORTING

The Company has two reportable segments, which offer different products and are managed separately. The following summary describes the operations in each of the reportable segment of the Company.

- Chemical division : Manufacturing of caustic soda and allied products
- Textile division: Manufacturing of yarn

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2010

13.1 Information about operating segments is as follows:

	Chemical Division		Textile Division		Operating segments		Total	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
Revenue from external customers - net	1,043,444	1,131,253	366,373	233,753	1,409,818	1,365,006	1,409,818	1,365,006
Depreciation on property, plant and equipment	117,385	85,646	7,614	8,788	124,999	94,434	124,999	94,434
Segment profit	213,251	379,957	38,668	31,228	251,919	411,185	251,919	411,185
	(Rupees in thousand)							
	Un-audited September 30, 2010	Audited September 30, 2009	Un-audited September 30, 2010	Audited September 30, 2009	Total September 30, 2010	Total September 30, 2009	Total September 30, 2010	Total September 30, 2009
Capital expenditure	1,134	1,087,306	9	581	1,142	1,087,887	1,142	1,087,887
Segment assets	6,788,800	6,639,891	965,165	940,911	7,753,965	7,580,802	7,753,965	7,580,802
Segment liabilities	321,766	341,677	67,393	84,175	389,159	425,852	389,159	425,852
	(Rupees in thousand)							

13.2 Reconciliations of reportable segments are as follows:

Revenue	1,409,818	1,365,006
Entity's revenue	251,920	411,185
Profit for the period	13,292	5,753
Total profit for reportable segments	(144)	(22)
Unallocated corporate income / (expenses)	(7,477)	(19,359)
Other operating income	(156,702)	(136,348)
Administrative expenses		
Other operating expenses		
Finance cost		
Profit before income tax expense	100,889	261,209

	September 30, 2010 Un-Audited	June 30, 2010 Audited
	(Rupees in thousand)	
Assets		
Total assets for reportable segments	7,753,965	7,580,802
Other unallocated corporate assets	2,823,776	2,729,656
Entity's assets	<u>10,577,741</u>	<u>10,310,458</u>
Liabilities		
Total liabilities for reportable segments	389,159	425,852
Other unallocated corporate liabilities	10,188,582	9,884,606
Entity's liabilities	<u>10,577,741</u>	<u>10,310,458</u>

13.3 The Company has no reportable geographical segment.

13.4 There is no sale purchase between segments.

14 OPERATING CASH FLOW BEFORE WORKING CAPITAL CHANGES

	For The Quarter September 30, 2010	September 30, 2009
	(Rupees in thousands)	
Profit before taxation	100,888	261,209
Adjustments for:		
Depreciation on property, plant and equipment	124,999	94,282
Depreciation on investment property	137	152
Impairment loss on investment in associated Company	-	(803)
Finance cost	156,702	136,348
Gain of sale of investment held for sale	-	(833)
Gain on disposal of property, plant and equipment - net	(364)	(70)
Exchange gain	(804)	-
Provision for gratuity	1,056	(600)
Profit on deposits	-	(1,889)
Dividend income	-	(32)
	<u>281,726</u>	<u>226,555</u>
	<u>382,614</u>	<u>487,764</u>

15. DATE OF AUTHORIZATION FOR ISSUE

The quarterly financial information was authorised for issue on September 19, 2010 by the Board of Directors of the Company.

16. RE-ARRANGEMENT AND RECLASSIFICATION

No significant re-arrangement and reclassification has been made in this interim financial information.

17. GENERAL

Figures have been rounded to the nearest thousand of rupees, unless otherwise stated.



MUHAMMAD ADREES
(CHIEF EXECUTIVE OFFICER)



HASEEB AHMED
(DIRECTOR)



**Sitara Chemical
Industires Limited**

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Off. I.I. Chundrigar Road, Karachi -74000
Tel: 021-32420620, 32413944