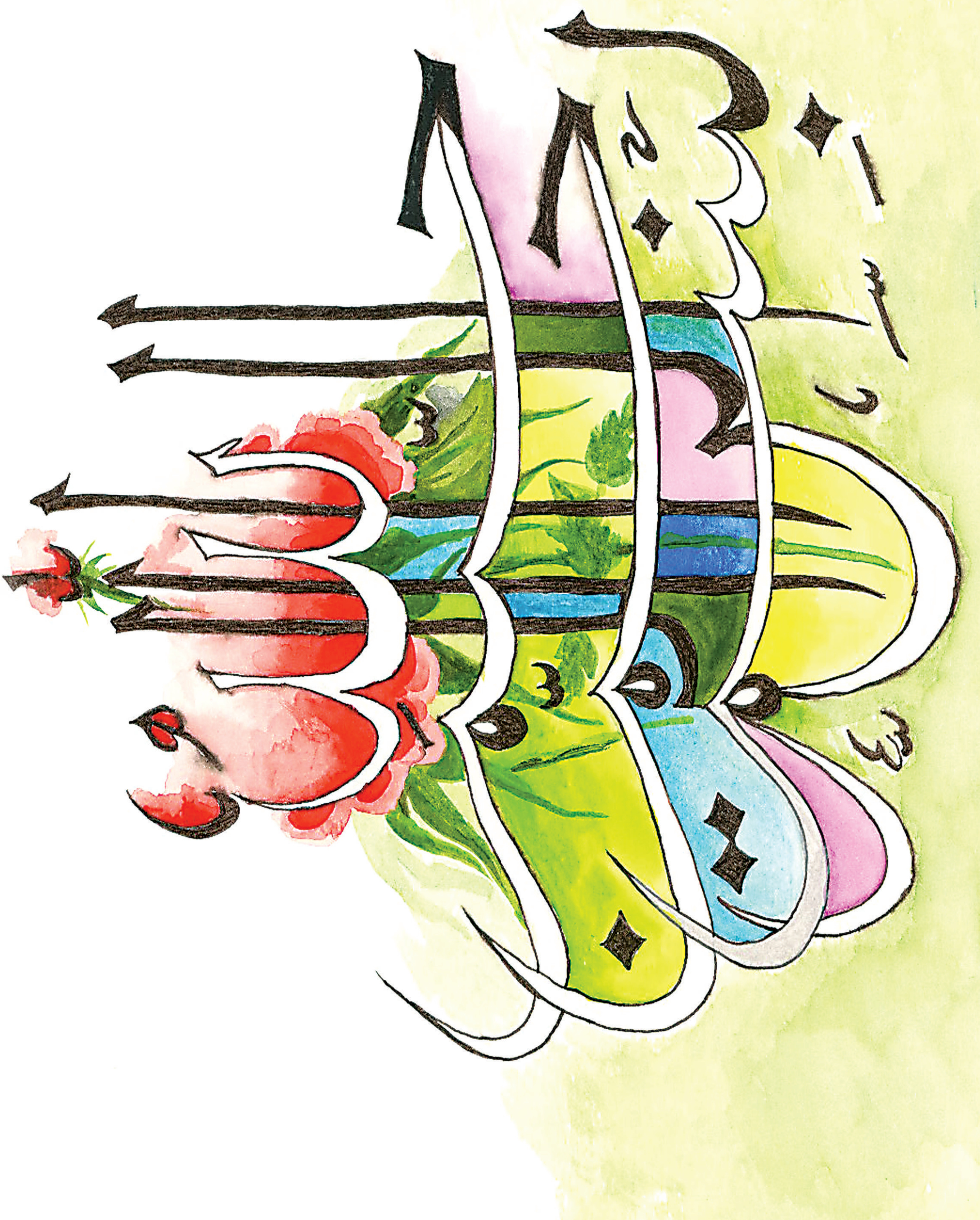


CONTENTS

COMPANY INFORMATION

Board of Directors	
Chairman	Haji Bashir Ahmed
Chief Executive	Mr. Muhammad Adrees
Directors	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 (ACA)
Audit Committee	
Chairman	Mr. Muhammad Anis
Members	Haji Bashir Ahmed
	Mr. Javed 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 Saudi Pak Commercial 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 SME Bank Limited The Royal Bank of Scotland Arif Habib Bank Barclays Bank PLC Pakistan Emirates Global Islamic Bank
Registered Office	601-602, Business Centre, Mumtaz Hasan Road, Karachi-74000
Factories	28/32 K.M., Faisalabad - Sheikhupura Road, Faisalabad.

VISION

Strive to develop and employ innovative technological solutions to add value to business with progressive and proactive approach.

MISSION

Continuing growth and diversification for bottom line results with risks well contained.

CODE OF ETHICS AND BUSINESS PRACTICES

We believe in stimulating and challenging team oriented work environment that encourages, develops and rewards excellence and diligently serve communities, maintaining high standards of moral and ethical values.

NOTICE OF THE TWENTY EIGHTH ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty Eighth Annual General Meeting of Sitara Chemical Industries Limited will be held at Dr. Abdul Qadeer Khan Auditorium, Haji Abdullah Haroon Muslim Gymkhana, Near Shaheen Complex, Aiwan-e-Sadr Road, Karachi, on Thursday, October 29, 2009 at 2:00 p.m. to transact the following business:

Ordinary Business :

1. To confirm the minutes of 27th Annual General Meeting held on October 31, 2008.

2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended June 30, 2009 together with the Reports of the Auditors and Directors thereon.

3. To approve payment of cash dividend @ 75% (Rs.7.50 per share) as recommended by the Directors.

4. To appoint Auditors for the year ending June 30, 2010 and to fix their remuneration.

Special Business :

5. To approve the remuneration of the Working Director of the Company.

6. To transact any other ordinary business of the Company with the permission of the Chair.

By order of the Board

Karachi:
September 28, 2009

MAZHAR ALI KHAN
Company Secretary

NOTES :

i. The Share Transfer Books of the Company will remain closed from October 20, 2009 to October 29, 2009 (both days inclusive).
ii. A member entitled to attend, and vote at this Meeting may appoint another member as his/her Proxy to attend and vote instead of him/her. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the meeting.
iii. The member whose name appears on the register at the close of business on October 19, 2009 will be entitled to cash dividend.
iv. Shareholders who have deposited their shares into Central Depository Company are advised to bring their Computerized National Identity Card alongwith their CDC account number at the meeting venue.
v. Shareholders are advised to notify any change in their addresses.

STATEMENT UNDER SECTION 160(1)(b) OF THE COMPANIES ORDINANCE, 1984:

This statement sets out the material facts concerning the special business to be transacted at the Twenty Eighth Annual General Meeting of the Company to be held on October 29, 2009.

According to Government regulations, Shareholders' approval will be sought for payment of remuneration and the provisions of certain facilities to the Working Director of the Company as recommended by the Board of Directors of the Company. For this purpose it is proposed to pass the following resolution as an ordinary resolution.

"RESOLVED THAT the company hereby authorizes the holding of office of profit and payment as tax free monthly remuneration to Mr. Haseeb Ahmed, Working Director not exceeding Rs. 100,000/- (Rupees One Hundred Thousand Only) for the year ending June 30, 2010 and for subsequent years a sum with an annual increase of upto 25% of the remuneration being paid from time to time, as determined by the Board of Directors.

The Working Director will also be provided company maintained car, leave fare assistance, free medical cover for self and family and other perquisites as per company rules and regulations in force from time to time".

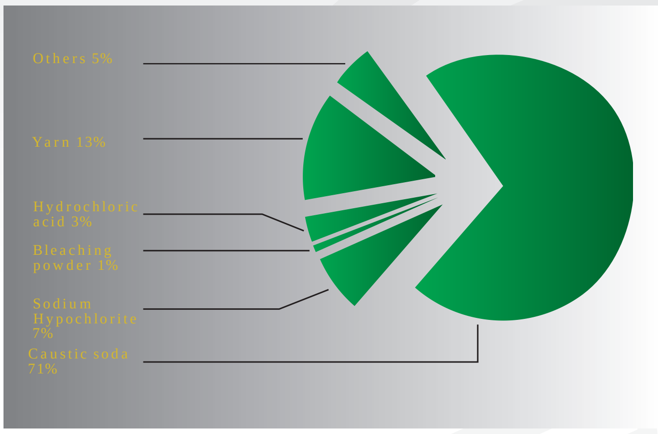
CHAIRMAN STATEMENT

I am pleased to present audited financial statements of the company for the year ended June 30, 2009.

Overall review:

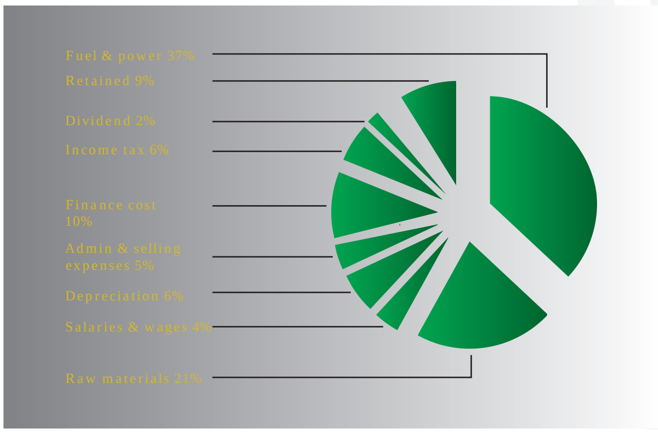
I feel proud in informing you that your company has achieved growth in sales, sustain and retain its profits during the era of global financial crunch A cycle of higher inflation rates and higher rate of financial charges, changed the over all business scenario.

SOURCES OF REVENUE



	Rs. (Million)	%
Caustic soda	4377	71
Sodium hypochlorite	430	7
Bleaching powder	86	1
Hydrochloric acid	172	3
Yarn	811	13
Others	330	5
	6,206	100

APPLICATION OF REVENUE



Fuel & power	2,302	37
Raw materials	1,292	21
Salaries & wages	227	4
Depreciation	397	6
Admin & selling expenses	309	5
Financial charge	605	10
Income tax	357	6
Dividend	153	2
Others	18	-
Retained	546	9
	6,206	100

Financial Performance:

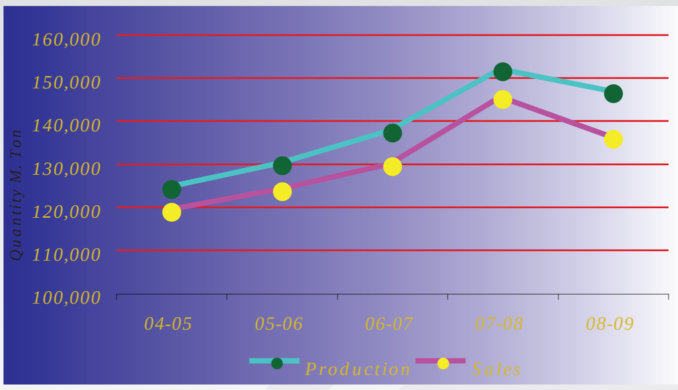
The company's over all turnovers increased to Rs 6.178 billion, with growth of 13% over last year. Its Chemical division sale increased to Rs 5.367 billion i.e. increase of 22% over last year. However textile division's sale reduced to Rs 811 million a decrease by 24% over last year due to prevailing conditions.

Due to increase in electricity rates, cost of sale increased but your management's proactive approach in past paid dividend. Our investment in captive power with improved efficiency was a largest factor in improving gross profit to 31.75% from 28.38% last year. With addition of two new power engines having capacity of 7.8 MW and as a result overall in house electricity generation has been enhanced to 29.6 MW. However, company is also using FESCO supplied power.

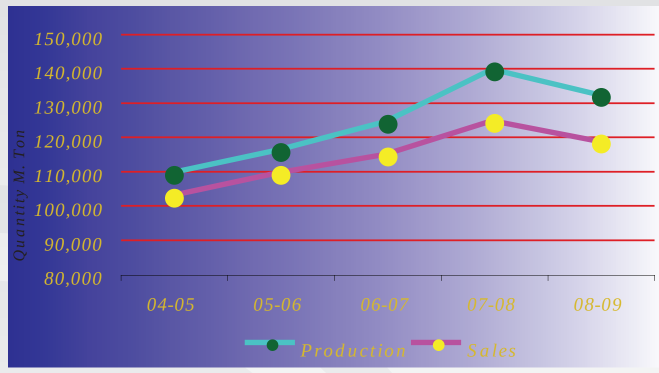
PRODUCTION AND SALES ANALYSIS

CHEMICAL AND TEXTILE DIVISION

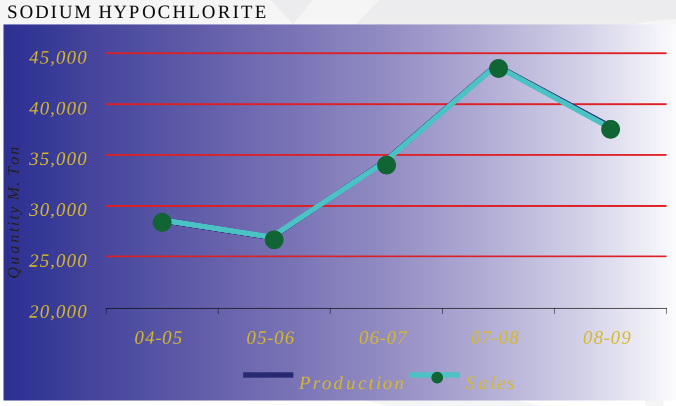
CAUSTIC SODA



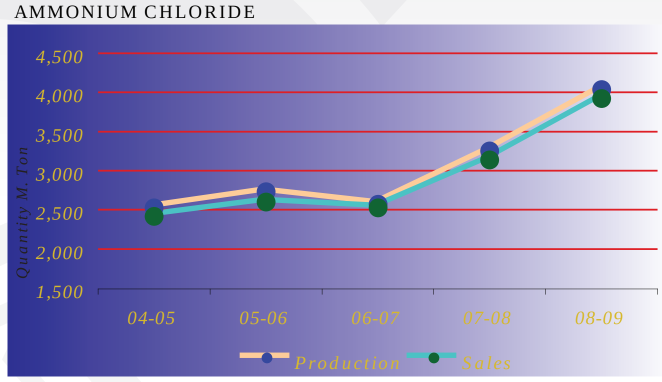
HYDROCHLORIC ACID



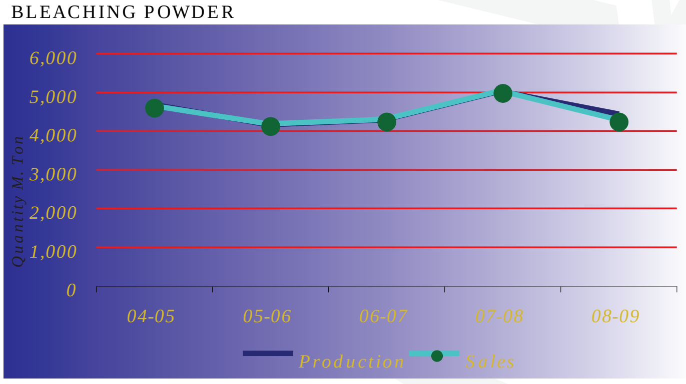
SODIUM HYPOCHLORITE



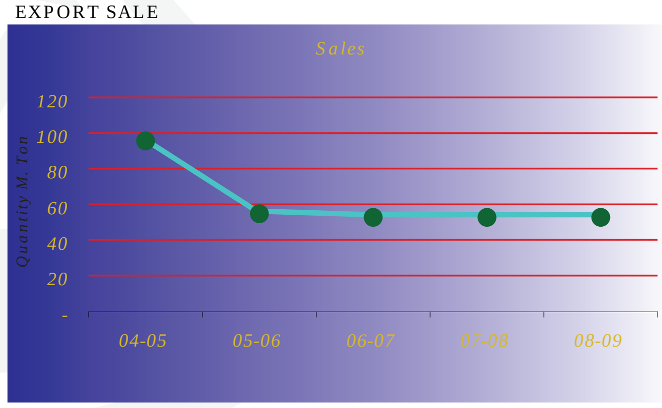
AMMONIUM CHLORIDE



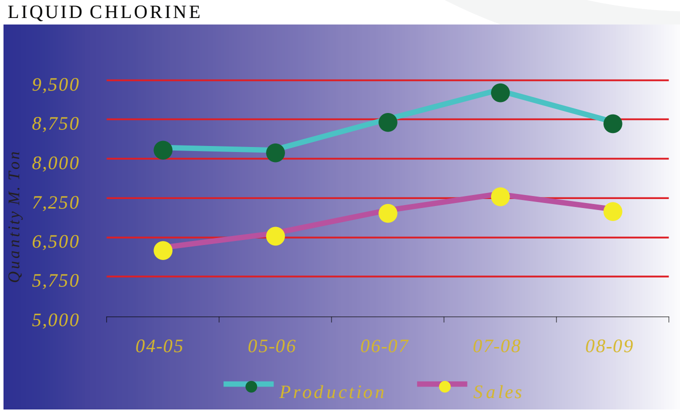
BLEACHING POWDER



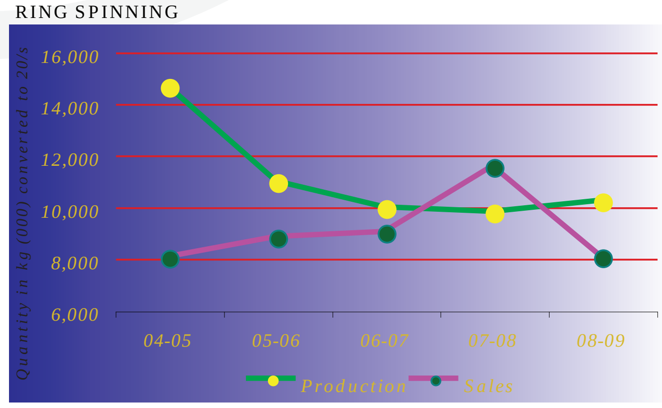
EXPORT SALE



LIQUID CHLORINE



RING SPINNING



Net profit before tax and financial charges showing healthy increase of 24% over last year from Rs.1.287 billion to Rs. 1.593 billion. But net profit before tax remains marginally high from last year i.e. Rs. 988 million against Rs. 919 million due to unprecedented rise in financial charges i.e. Rs. 605 million from Rs. 368 million, an increase of 64%. Basically this increase in financial charges is attributable to higher financial cost paid to the banks and financial institutions due to increase in the rate of financial charges during financial crunch.

During the year export increased to Rs.75 million an increase of 19% over last year.

Current ratio improved to 0.91 from 0.79, Debt:Equity 41:59 reflect health of your company.

Director Financial Operations and Global Sales Mr. Haseeb Ahmad (5th form left) with top management of SCIL and XOMOX in the exhibition (ACHEMA-2009).

Research and Development: (R&D)

Research and development (R&D) activities continued during the year and improved many processes to improve quality and cost effectiveness. Specific teams are working on preventive maintenance to improve productivity and energy conservation. Equipments added to achieve these objectives. R&D team paying special attention to projects, attract carbon credits.

Human Resource: (HR)

Your company policies attempt to attract and retain excellent human resource as management believes that HR is the back bone of any institution. As usual 818 in-house and outside training courses conducted for employees during the year.

Hajj draws announcements for Hijri 1430

Prize distribution ceremony at conclusion of Sports Gala 2009

SCIL fulfilling social responsibility through opening of new health and education centre.

Fire fighting training.

Health, Safety and Environment: (HSE)

As you know your company is ISO 9001:2008 and 14001:2004 certified and pay specific attention to achieve its basic objectives. HSE committee of the company meets every 15 days and visit different plants. Committee observations are cleared by relevant staff members in given time. Company visitors are requested to comment about HSE and we always welcome feedback from visitors. It is consistently communicated to employees that only through (HSE) an institution may produce quality and management is proud to report that employees have responded positively.

Corporate matters:

SECP required certain information for the year ended June 30, 2007 as required; the Company provided full information with necessary explanations. However, on October 30, 2008 the Executive Director (Enforcement) of SECP passed an order under section 231 of the Companies Ordinance, 1984 for inspection of Company's books and records. The Company has filed suit with honourable Sindh High Court challenging the validity of said order. The matter is pending adjudication.

Finance and Accounts professionals.

Future Outlook:

The Pakistan economy in general and Textile sector in particular has started improvements as a result of global procurements orders. Inflation is being controlled and it is expected that it will show further improvement; in turn industries may start using its capacities. Energy shortage/load shedding and security issues may compromise current macro indicators improvements. Positive indications are coming from North America and EU which may help export oriented industries.

Under construction view of beautiful mosque at SCIL plant.

Company has planned BMR of caustic soda liquid of 135 M.tons capacities to replace one of its existing caustic soda plant for which order is placed and it is expected that it will be operational during 2009-10. It will help in reducing electricity consumption per ton. With an eye on export, company has planned a new plant of CSP with 100 tons capacity. It is expected that Ammonium Chloride and Nitrous Oxide plants will start production in 2009-10.

Currently domestic caustic soda market has become more competitive. Your company is ready to face these challenges of new business environment.

Company is aggressively looking at new export markets to earn more margins in current circumstances.

Acknowledgements:

I sincerely thank all stakeholders in achieving company position as leader of Pakistan market.

Date: September 28, 2009
Faisalabad

Haji Bashir Ahmed
Chairman

DIRECTORS' REPORT

Gentlemen,

The Directors have pleasure in submitting their report and audited accounts of the Company for the year ended June 30, 2009.

PROFIT AND LOSS ACCOUNT	Rupees
Net profit for the year after tax before WPPF	683,361,831
Workers' Profit Participation Fund	(52,906,790)
Net profit for the year	630,455,041
Incremental depreciation including deferred tax	68,809,731
Un-appropriated profit brought forward	746,864,723
Amount available for appropriation	1,446,129,495
Appropriations:	
Proposed cash dividend @ Rs. 7.50 per share	(153,067,193)
Un-appropriated profit carried forward	1,293,062,302
Earnings per share - basic and diluted	30.89

STAFF RETIREMENT BENEFITS

Company has maintained recognized provident fund, based on audited accounts as at June 30, 2009 Value of investment thereof was Rs. 21,999,033

Employees of Textile Division are entitled to gratuity as per law and appropriate provision has been made in accordance with IAS-19 in the accounts.

BOARD OF DIRECTORS

The Board comprises of four executive and four non-executive directors. The non-executive directors are independent to management. The Board has delegated day-to-day operations of the Company to the Chief Executive. I would like to place on record my appreciation and gratitude to the Board of Directors, for guidance and support to the management.

BOARD OF DIRECTORS' MEETING

During the year five board meetings were held and attended as follows:

	Name of Director	Meetings Attended
1.	Haji Bashir Ahmed	5
2.	Mr. Muhammad Adrees	5
3.	Mr. Javed Iqbal	3
4.	Mr. Muhammad Anis	4
5.	Mr. Imran Ghafoor	5
6.	Mr. Haseeb Ahmed	5
7.	Mr. Muhammad Khalil	2
8.	Mrs. Rukhsana Adrees (Ex-Director)	2
9.	Mr. Rashid Zahir (Nominee Director)	1

Leave of absence was granted to directors, who could not attend any of the Board meetings.

CORPORATE GOVERNANCE

Statement on Compliance of Corporate Governance is annexed.

PATTERN OF SHAREHOLDING

The pattern of shareholding of the Company is annexed along with trading in shares of the Company by its Directors, CEO, CFO and Company Secretary.

AUDITORS

The existing auditors M/s M. Yousuf Adil Saleem & Company, Chartered Accountants, shall retire on the conclusion of 28th Annual General Meeting. Being eligible, they have offered themselves for re-appointment as Auditors of the Company to hold office from conclusion of the 28th Annual General Meeting until the conclusion of 29th Annual General Meeting. The Audit Comittee has recommended the appointment of aforesaid M/s M. Yousuf Adil Saleem & Company, as external auditors for the year ending June 30, 2010. The external auditors have been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP) and the firm and all its partners are in compliance with the International Fedration of Accountants' Guidelines on Code of Ethics, as adopted by the ICAP.

CONTRIBUTION TO NATIONAL EXCHEQUER

During the year, the Company's contribution to the national exchequer amounted to Rs. 1,154 million in respect of payments toward sales tax and income tax. This does not include the import duties, withholding tax deducted by the company from employees, suppliers and contractors and deposited into the treasury.

ACKNOWLEDGMENT

On behalf of Board, I would like to express profound gratitude to our customers (business partners), dedicated employees and dynamic management for their excellent support, committed efforts and strong leadership, which have enabled Sitara to achieve decent results for the year 2009 despite heavy odds. Our thanks also go to the financial institutions and shareholders for their continued support, which is key to the success of the Company.

For and on behalf of the
BOARD OF DIRECTORS

Date: September 28, 2009
Faisalabad

MUHAMMAD ADREES
Chief Executive Officer

CORPORATE GOVERNANCE

Statement of Directors' Responsibilities

Board of Directors is mindful of its responsibilities and duties under legal and corporate framework. The Board defines and establishes Company's overall objectives and directions and monitors status thereof. Short term and long term plans and business performance targets are set by Chief Executive under overall policy framework of the Board.

There has been non-material departure from the best practices of the Corporate Governance, as detailed in the Listing Regulations.

Presentation of Financial Statements

The financial statements prepared by the management of the Company, fairly present its state of affairs, the results of its operations, cash flows and changes in equity.

Books of Account

Company has maintained proper books of account.

Accounting Policies

Appropriate accounting policies have been consistently applied, in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

Application of International Accounting Standards

International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.

Internal Control System

System of internal control is sound in design and has been effectively implemented and monitored.

Going Concern

There is no doubt about the Company's ability to continue as a going concern.

Audit Committee

Audit Committee was established to assist Board in discharging its responsibilities for Corporate Governance, Financial Reporting and Corporate Control. The Committee consists of three members.

PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2009

	Number	Shares Held	%
Associated Companies, Undertaking and Related Parties	-	-	-
NIT & ICP			
National Bank of Pakistan - Trustee Department Investment Corporation of Pakistan	4	733,503	3.59
Directors, CEO & their Spouse and Minor Children			
Haji Bashir Ahmed	1	550	0.00
Mr. Muhammad Adrees	1	12,515,252	61.33
Mr. Javed Iqbal	1	11,000	0.05
Mr. Muhammad Anis	1	2,200	0.01
Mr. Imran Ghafoor	1	2,200	0.01
Mr. Haseeb Ahmed	1	4,400	0.02
Mrs. Rukhsana Adrees	1	592,519	2.91
Mr. Muhammad Khalil	1	500	0.00
			-
Executive	-	-	-
Public Sector Companies and Corporation	-	-	-
Bank, Development Finance Institutions,	12	1,963,324	9.62
Non Banking Finance Institutions, Insurance Companies, Modarabas & Mutual Funds.			
Foreign Investors	3	325,227	1.59
Investment Companies	2	580,244	2.84
Co-Operative Societies	1	5,500	0.03
Charitable Trusts	-	-	-
Shareholders holding ten Percent or more voting interest in the Company	-	-	- -
Individuals	1764	2,981,339	14.61
Joint Stock Companies, others, etc.	28	169,701	0.83
Others	13	521,500	2.56
	1,835	20,408,959	100.00

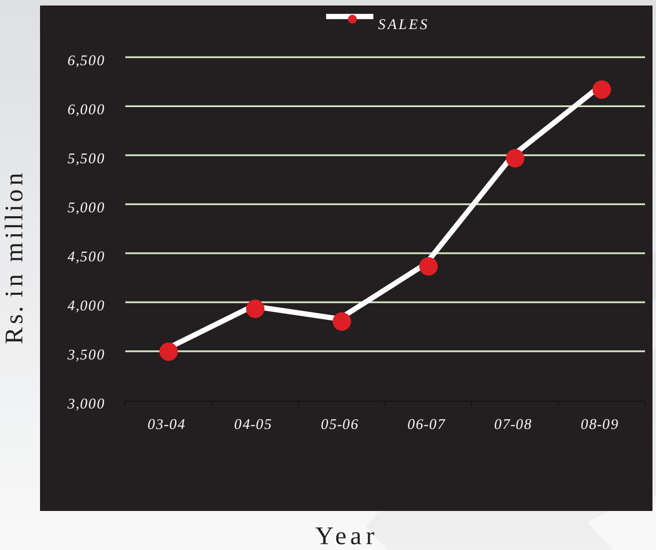
Detail of purchase / sale of shares by Directors, Company Secretary, Head of Internal Audit Department, Chief Financial Officer and their spouses / minor children during 2008-2009.

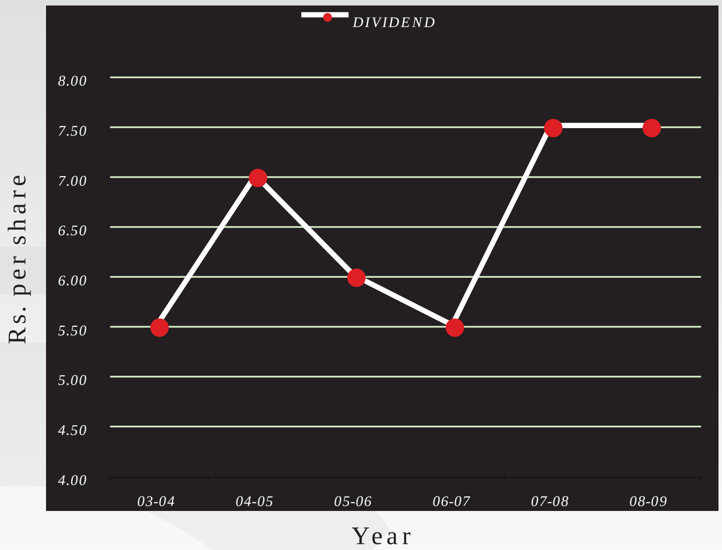
Name	Purchase	Sale
Mr. Muhammad Khalil	500	

PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2009

Number of Shareholders	Shareholding From	Shareholding To	Total Number of Shares
802	1	100	27,323
611	101	500	160,564
140	501	1,000	100,171
178	1,001	5,000	396,249
31	5,001	10,000	220,068
18	10,001	15,000	220,302
7	15,001	20,000	126,067
6	20,001	25,000	140,510
4	25,001	30,000	110,133
5	30,001	35,000	159,687
1	35,001	40,000	39,490
1	40,001	45,000	43,000
3	45,001	50,000	147,110
4	50,001	55,000	207,657
1	55,001	60,000	57,300
1	60,001	65,000	62,460
1	65,001	70,000	66,900
2	75,001	80,000	153,200
3	80,001	85,000	248,122
1	85,001	90,000	87,670
1	110,001	115,000	112,120
3	115,001	120,000	346,500
1	165,001	170,000	168,410
1	175,001	180,000	177,200
1	270,001	275,000	275,000
1	295,001	300,000	298,875
1	320,001	325,000	323,200
1	575,001	580,000	579,900
1	590,001	595,000	592,519
1	680,001	685,000	682,080
1	700,001	705,000	702,600
1	860,001	865,000	861,320
1	12,515,001	12,520,000	12,515,252
1835			20,408,959

KEY FINANCIAL DATA



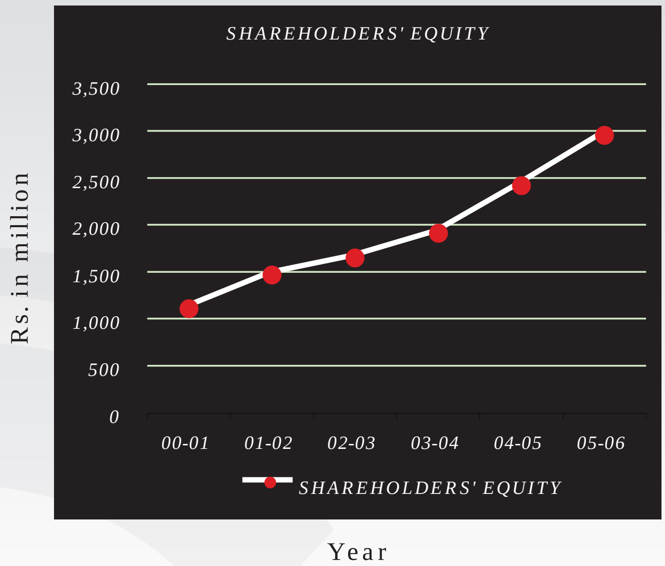


Operating results (Rs. '000')	2009	2008	2007	2006	2005	2004
Sales	6,178,399	5,449,570	4,374,052	3,811,890	3,942,391	3,506,148
Gross profit	1,961,755	1,555,284	1,084,380	705,118	900,387	630,018
Operating profit	1,601,620	1,289,140	864,763	509,613	707,561	488,299
Profit before tax	987,894	919,300	536,916	358,222	487,637	370,649

Financial ratios

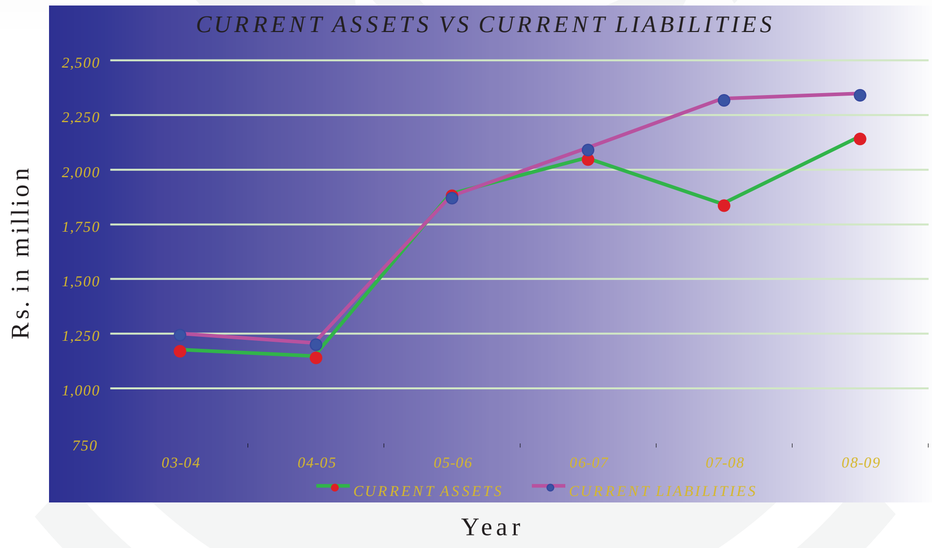
Gross Profit %	31.75	28.38	24.79	18.50	22.84	17.97
Operating Profit %	25.92	23.53	19.77	13.37	17.95	13.93
Profit before tax %	15.99	16.78	12.27	9.40	12.37	10.57
Earnings per share - Basic (Rs,)	30.89	30.49	18.28	14.36	15.93	12.86
Book value per share - (Rs.)	145.13	118.87	98.93	89.36	79.40	60.21
Cash Dividend Per Share - (Rs.)	7.50	7.50	5.50*	6.00	7.00	5.50
Inventory turn over (times)	14	18	12	16	24	25
Current ratio	0.91:1	0.79:1	0.98:1	1.18:1	1.14:1	1.12:1
Fixed assets turn over (times)	1.29	1.23	1.52	2.53	2.07	1.87
Price earning ratio	5.05	8.27	8.71	8.01	7.14	6.62
Return to capital employed %	13	15	15	10	20	21
Debt : equity	41:59	55:45	57:43	51:49	37:63	29:71

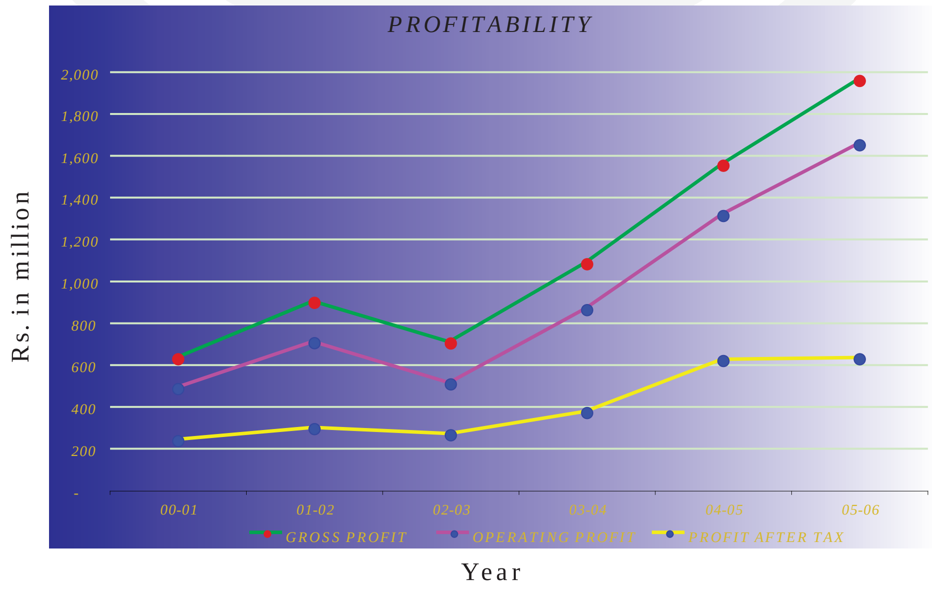
*10% bonus share was given alongwith cash dividend.



Assets employed	2009	2008	2007 (Rupees '000')	2006	2005	2004
Property, Plant and equipment	5,137,619	4,824,079	3,270,894	2,818,335	1,830,827	1,730,510
Investment property	2,705,805	1,255,842	688,531	636,407	611,861	131,936
Long Term Investment						
advances and deposits	126,659	669,954	375,663	32,328	36,995	15,873
Current assets	2,143,328	1,838,853	2,049,482	1,883,405	1,142,525	1,173,026
Current liabilities	(2,343,211)	(2,319,046)	(2,092,801)	(1,872,650)	(1,203,098)	(1,246,895)
	7,770,200	6,269,682	4,291,769	3,497,825	2,419,110	1,804,450
Financed by						
Ordinary capital	204,090	204,090	185,536	185,536	185,536	185,536
Reserves	2,757,899	2,221,939	1,736,681	1,472,356	1,287,644	931,535
Shareholders' equity	2,961,989	2,426,029	1,922,217	1,657,892	1,473,180	1,117,071
Surplus on revaluation	1,006,548	1,075,358	-	-	-	106,394
Long term & deferred liabilities	3,801,663	2,768,295	2,369,552	1,839,933	945,930	580,985
	7,770,200	6,269,682	4,291,769	3,497,825	2,419,110	1,804,450


MARKET PRICE AS ON JUNE30
Rs. per share
300
250
200
150
100
50
-
00-01
01-02
02-03
03-04
04-05
05-06
06-07
07-08
08-09
MARKET PRICE AS ON JUNE30


CURRENT ASSETS VS CURRENT LIABILITIES
Rs. in million
2,500
2,250
2,000
1,750
1,500
1,250
1,000
750
03-04
04-05
05-06
06-07
07-08
08-09
CURRENT ASSETS
CURRENT LIABILITIES
Year


PROFITABILITY
Rs. in million
2,000
1,800
1,600
1,400
1,200
1,000
800
600
400
200
-
00-01
01-02
02-03
03-04
04-05
05-06
GROSS PROFIT
OPERATING PROFIT
PROFIT AFTER TAX
Year

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The statement is being presented to comply with the Code of Corporate Governance as contained in the listing regulations of Stock Exchanges.

Company has applied the principles contained in the Code in the following manner:

1. The company encourages representation of independent non-executive directors and director representing minority interests on its Board of Directors. However, at present the Board includes four executive and four non-executive directors and no directors representing minority shareholder.

2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this company.

3. All the directors of the company are registered as tax payers and none of them has defaulted in payment of any loan to a banking company, or a DFI or an NBFC or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. If a casual vacancy occurs in the Board that will be filled up by the directors within 30 days thereof.

5. The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all directors and employees of the company.

6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman or CEO (in case of absence of Chairman) and the Board meet at least once in every quarter. Written notices of the Board meetings, along with agenda were circulated at least seven days before the meetings. The working papers were circulated seven days before the meeting. The minutes of the meetings were appropriately recorded and circulated.

9. The Board arranged an orientation course for its directors to apprise them of their duties and responsibilities.

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO.

11. The director's report has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirement of the Code.

15. The Board has formed an audit committee. It comprises three members, majority of them are non-executive directors.

16.The meetings of the audit committee held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

17.The Board has set-up an effective internal audit function.

18.The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

19.The statutory auditors or the person associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regards.

20.We confirm that all other material principles contained in the Code have been complied with.

21. The related party transactions have been placed before the audit committee and approved by the board of directors to comply with the requirements of listing regulation number 37 of the Karachi Stock Exchange (Guarantee) Limited."

MUHAMMAD ADREES CHIEF EXECUTIVE OFFICER	IMRAN GHAFOOR DIRECTOR

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of SITARA CHEMICAL INDUSTRIES LIMITED (“the company”) to comply with the relevant Listing Regulations of Karachi, Lahore and Islamabad Stock Exchanges in Pakistan where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Sub-Regulation (xiii) of Listing Regulations 37 notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires the Company to place before the Board of Directors for their cosideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance.

Date: September 28, 2009
Lahore

M. YOUSUF ADIL SALEEM & CO.
CHARTERED ACCOUNTANTS

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of SITARA CHEMICAL INDUSTRIES LIMITED ("the company") as at June 30, 2009 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion-

(i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

(ii) the expenditure incurred during the year was for the purpose of the Company's business; and

(iii)the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with the approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2009 and of the profit, its cash flows and changes in equity for the year then ended; and

(d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

M. YOUSUF ADIL SALEEM & CO.
CHARTERED ACCOUNTANTS

Date: September 28, 2009
Lahore

HAFIZ MOHAMMAD YOUSUF
Engagement Partner

BALANCE SHEET AS AT JUNE 30, 2009

	Note	2009 Rupees	2008 Rupees
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	3	5,137,619,082	4,824,079,425
Investment property	4	2,705,804,900	1,255,841,661
Long-term investments	5	77,035,999	88,081,892
Long-term loans and advances	6	10,657,699	542,906,320
Long-term deposits	7	38,965,450	38,965,450
CURRENT ASSETS			
Stores, spare parts and loose tools	8	265,575,916	333,535,521
Stock-in-trade	9	773,761,522	526,915,795
Trade debts	10	663,921,122	563,788,198
Loans and advances	11	56,556,607	148,109,374
Trade deposits and short-term prepayments	12	22,492,557	8,818,690
Other receivables	13	12,147,808	8,317,612
Other financial assets	14	54,708,026	8,425,510
Cash and bank balances	15	294,164,537	240,942,737
		2,143,328,095	1,838,853,437
		10,113,411,225	8,588,728,185

The annexed notes from 1 to 42 form an integral part of these financial statements.

MUHAMMAD ADREES
CHIEF EXECUTIVE OFFICER

BALANCE SHEET AS AT JUNE 30, 2009

	Note	2009 Rupees	2008 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized			
40,000,000 "A" class ordinary shares of Rs. 10 each		400,000,000	400,000,000
20,000,000 "B" class ordinary shares of Rs. 10 each		200,000,000	200,000,000
Issued, subscribed and paid up	16	204,089,590	204,089,590
Reserves	17	1,311,769,902	1,322,007,545
Unappropriated profits		1,446,129,495	899,931,916
		2,961,988,987	2,426,029,051
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	18	1,006,548,026	1,075,357,757
NON-CURRENT LIABILITIES			
Long-term financing	19	2,785,751,983	1,797,673,176
Long-term deposits	20	12,315,729	12,942,874
Deferred liabilities	21	1,003,595,790	957,679,334
CURRENT LIABILITIES			
Trade and other payables	22	1,770,840,997	1,878,483,567
Profit / financial charges payable	23	106,663,318	37,425,936
Current portion of:			
long term financing	19	415,091,267	248,841,883
long term murabaha		-	19,438,047
Taxation			
- income tax - net of advance tax		46,848,662	116,915,760
- sales tax		3,766,466	17,940,800
		2,343,210,710	2,319,045,993
CONTINGENCIES AND COMMITMENTS	24		
		10,113,411,225	8,588,728,185

IMRAN GHAFOOR
DIRECTOR

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2009

	Note	2009 Rupees	2008 Rupees
Sales-net	25	6,178,399,033	5,479,570,069
Cost of sales	26	4,216,643,662	3,924,285,790
Gross profit		1,961,755,371	1,555,284,279
Other operating income	27	27,419,688	64,557,333
		1,989,175,059	1,619,841,612
Distribution cost	28	68,292,101	71,549,434
Administrative expenses	29	240,361,887	168,728,675
Other operating expenses	30	78,900,914	90,423,247
Finance cost	31	604,981,196	368,094,645
Share of loss of associates - net of tax	5	8,744,825	1,745,441
		1,001,280,923	700,541,442
Profit before taxation		987,894,136	919,300,170
Provision for taxation	32	357,439,095	296,954,801
Profit for the year		630,455,041	622,345,369
Earnings per share - basic and diluted	33	30.89	30.49

The annexed notes from 1 to 42 form an integral part of these financial statements.

MUHAMMAD ADREES
CHIEF EXECUTIVE OFFICER

IMRAN GHAFOOR
DIRECTOR

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2009

	Share Capital	Reserves								Total
		Capital Reserves				Revenue Reserves		Total Reserves		
		Share premium	Takaful reserves	Reserve for bonus shares	Others (Note 14)	General Reserve	Unappro--priated Profit			
					Rupees					
Balance as at June 30, 2007	185,535,990	97,490,410	50,000,000	-	5,410,718	1,175,000,000	322,145,951	1,650,047,079		1,835,583,069
Changes in equity for the year 2007										
Available for sale investment										
Valuation losses taken to equity	-	-	-	-	(482,865)	-	-	(482,865)		(482,865)
Transferred to profit and loss on sale	-	-	-	-	(5,410,718)	-	-	(5,410,718)		(5,410,718)
Net expense recognized directly in equity	-	-	-	-	(5,893,583)	-	-	-(5,893,583)		(5,893,583)
Profit for the year	-	-	-	-	-	-	622,345,369	622,345,369		622,345,369
Total recognized income and expense for the year	-	-	-	-	(5,893,583)	-	622,345,369	616,451,786		616,451,786
Final dividend for the year ended June 30, 2007 @ Rs.5.50 per share	-	-	-	-	-	-	(102,044,794)	(102,044,794)		(102,044,794)
Transfer to reserve for issue of bonus shares	-	-	-	18,553,600	-	-	(18,553,600)	-		-
Issue of bonus shares @ 10% of ordinary shares	18,553,600	-	-	(18,553,600)	-	-	-	(18,553,600)		-
Transfer to unappropriated profit on account of incremental depreciation	-	-	-	-	-	-	76,038,990	76,038,990		76,038,990
Transfer of takaful reserve to general reserve	-	-	(50,000,000)	-	-	50,000,000	-	-		-
Balance as at June 30, 2008	204,089,590	97,490,410	-	-	(482,865)	1,225,000,000	899,931,916	2,221,939,461		2,426,029,051
Changes in equity for the year 2008										
Available for sale investment										
Valuation losses taken to equity	-	-	-	-	(10,237,643)	-	-	(10,237,643)		(10,237,643)
Net expense recognized directly in equity	-	-	-	-	(10,237,643)	-	-	(10,237,643)		(10,237,643)
Profit for the year	-	-	-	-	-	-	630,455,041	630,455,041		630,455,041
Total recognized income and expense for the year	-	-	-	-	(10,237,643)	-	630,455,041	620,217,398		620,217,398
Final dividend for the year ended June 30, 2008 @ Rs.7.50 per share	-	-	-	-	-	-	(153,067,193)	(153,067,193)		(153,067,193)
Transfer to unappropriated profit on account of incremental depreciation	-	-	-	-	-	-	68,809,731	68,809,731		68,809,731
Balance as at June 30, 2009	204,089,590	97,490,410	-	-	(10,720,508)	1,225,000,000	1,446,129,495	2,757,899,397		2,961,988,987

The annexed notes from 1 to 42 form an integral part of these financial statements.

MUHAMMAD ADREES
CHIEF EXECUTIVE OFFICER

IMRAN GHAFOOR
DIRECTOR

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2009

	Note	2009 Rupees	2008 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		987,894,136	919,300,170
Adjustments for:			
Depreciation on property, plant and equipment		412,745,366	416,078,439
Depreciation on investment property		671,618	1,316,245
Impairment loss on investment in associated company		8,659,254	568,246
Finance cost		604,981,196	368,094,645
Share of loss of associates - net of tax		8,744,825	1,745,441
(Gain) / loss on disposal of property, plant and equipment		(1,650,245)	18,097,445
Gain on disposal of investment property		-	(35,948,978)
Gain on sale of available for sale investments		-	(6,861,232)
Exchange gain		(918,011)	(224,853)
Provision for employee benefits		2,543,303	2,217,391
Provision for doubtful debts		431,539	1,121,516
Profit on bank deposits		(9,962,946)	(6,994,024)
Dividend income		(54,001)	-
Operating cash flows before changes in working capital		2,014,086,034	1,678,510,451
Working capital changes	39	(320,257,220)	187,883,009
Cash generated from operations		1,693,828,814	1,866,393,460
Finance cost paid		(535,743,814)	(388,297,285)
Employee benefits paid		(2,179,414)	(1,967,256)
Taxes paid		(396,127,960)	(109,402,923)
Profit received on bank deposits		9,661,786	6,454,021
		(924,389,402)	(493,213,443)
Net cash from operating activities		769,439,412	1,373,180,017

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2009

	Note	2009 Rupees	2008 Rupees
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		5,041,298	20,327,159
Proceeds from disposal of investment property		-	41,507,287
Proceeds from disposal of available for sale investments		-	8,849,762
Purchases of property, plant and equipment		(729,676,076)	(451,764,359)
Purchases of long term investments		(8,692,339)	(15,000,000)
Purchase of available for sale investments		(56,520,159)	(8,908,375)
Purchase of investment property		(1,450,634,857)	(574,184,694)
Long-term loans and advances		532,248,621	(281,598,847)
Long-term deposits		-	(5,400)
Dividend received		2,388,154	-
Net cash used in investing activities		(1,705,845,358)	(1,260,777,467)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term financing		1,420,000,000	1,300,000,000
Payment of long-term financing		(265,671,809)	(1,274,877,735)
Payment of long-term murabaha		(19,438,047)	(38,876,084)
Repayment of takaful reserve to TFC holders		-	(8,873,824)
Long term deposits		(627,145)	236,771
Dividend paid		(144,635,253)	(101,763,467)
Net cash from / (used) in financing activities		989,627,746	(124,154,339)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		53,221,800	(11,751,789)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		240,942,737	252,694,526
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	15	294,164,537	240,942,737

The annexed notes from 1 to 42 form an integral part of these financial statements.

MUHAMMAD ADREES
CHIEF EXECUTIVE OFFICER

IMRAN GHAFOOR
DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

1 GENERAL INFORMATION

1.1 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 Karachi, Lahore and Islamabad stock exchanges. 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 - Sheikhupura Road, Faisalabad, in the province of Punjab.

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

Principal business activities are as follows:

Chemical Division	Manufacturing of caustic soda and allied products
Textile Division	Manufacturing of yarn

1.2 The financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

In the current year, the Company has adopted all new Standards and Interpretations issued by the International Accounting Standards Board ("the IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB and as notified by the Securities and Exchange Commission of Pakistan that are relevant to its operations and effective for the Company's accounting period beginning on July 01, 2008. The adoption of these new Standards and Interpretations has resulted in changes to the Company's accounting policies in the following areas:

IFRS 7 'Financial Instruments; Disclosures' (effective from April 28, 2008) requires extensive disclosures about the significance of financial instruments for the Company's financial position and performance, and quantitative and qualitative disclosures on the nature and extent of risks. These requirements incorporate many of the requirements previously in IAS 32 - Financial Instruments : Presentation. The Company has adopted this standard from the financial year beginning July 01, 2008 and its initial application has led to extensive disclosures in the Company's financial statements.

2.2 NEW ACCOUNTING STANDARDS AND IFRS INTERPRETATIONS THAT ARE NOT YET EFFECTIVE

The following International Financial Reporting Standards and Interpretations as notified by the Securities and Exchange Commission of Pakistan are only effective for accounting periods, beginning on or after the date mentioned below:

IFRS 8 'Operating Segments' (effective from January 01, 2009) replaces IAS 14 and requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The expected impact is still being assessed in detail by management, but it appears likely that the number of reportable segments, as well as the manner in which the segments are reported, will change in a manner that is consistent with the internal reporting provided to the chief operating decision-maker.

IFRIC 15 - Agreements for the Construction of Real Estate (effective for annual periods beginning on or after 01 January 2009). It is applicable for accounting for revenue and associated expenses by entities undertaking the construction of real estate directly or through sub-contractors. The Interpretation clarifies situations in which the relevant contract is to be treated either as a contract for providing goods, providing services or construction contract under IAS 11. Since the Company is not engaged in providing real estate services, the initial adoption of this Interpretation is unlikely to affect its financial statements.

IFRIC 16 - Hedges of a Net Investment in a Foreign Operation (annual periods beginning on or after 01 October 2008). This Interpretation applies to an entity that hedges the foreign currency risk arising from its net investments in foreign operations and wishes to qualify for hedge accounting in accordance with IAS 39. The adoption of this standard is not expected to affect the financial statements of the Company as it has no foreign investments.

IFRIC 17 - Distributions of Non-cash Assets to Owners (effective for annual periods beginning on or after 01 July 2009). This Interpretation deals with the situations when transfer of non-cash assets qualify for as dividends and the accounting treatment of distribution of such assets. This Interpretation is likely to affect the financial statements in case the entity decides to declare specie dividend to its shareholders.

IFRIC 18 - Transfer of Assets from Customers (effective for annual periods beginning on or after 01 July 2009). IFRIC 18 is applied in situations where the customer transfers an item of property, plant and equipment or provides cash to acquire or construct such item and the entity must then use the item either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services, or to do both. The Company does not have any such assets and therefore, the adoption of this interpretation is unlikely to affect its financial statements.

2.3 STANDARDS AND INTERPRETATIONS TO EXISTING STANDARDS THAT ARE EFFECTIVE AND NOT RELEVANT FOR THE COMPANY'S OPERATIONS

The following standards and interpretations to existing standards have been published and are mandatory for the Company's accounting year beginning on July 01, 2008 but are not relevant for the Company's operations:

IFRIC 12 'Service Concession Agreements' (effective from January 01, 2008) applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services. Since the Company is not involved in public sector services, the implementation of this interpretation is unlikely to affect its financial statements.

IFRIC 13 'Customer Loyalty Programs' (effective from July 01, 2008) clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement in using fair values. The Company is not offering any such incentive to its customers.

2.4 Basis of preparation

These financial statements have been prepared under the "historical cost convention", modified by:

- revaluation of certain property, plant and equipment
- long-term investments valued on equity method
- financial instruments at fair value
- recognition of certain employee retirement benefits at present value

The principal accounting policies adopted are set out below :

2.5 Property, plant and equipment

Property, plant and equipment except free hold land, building on freehold land, plant & machinery and capital work-in-progress are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Building on freehold land and plant and machinery are stated at revalued amount less accumulated depreciation and accumulated impairment losses, if any. Freehold land is stated at revalued amount. Capital work-in-progress is stated at cost less impairment in value, if any. Cost includes borrowing cost as referred in note 2.21.

Assets' residual values, if significant and their useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

When significant parts of an item of property, plant and equipment have different useful lives, they are recognized as separate items of property, plant and equipment.

Repair and maintenance costs are charged to income during the year in which they are incurred.

Depreciation is charged to income applying the reducing balance method at the rates specified in note 3 to these financial statements.

Depreciation on additions and disposals during the year is charged on the basis of proportionate period of use.
Gains or losses on disposal of assets, if any, are recognized as and when incurred.

Surplus arising on revaluation is credited to surplus on revaluation of property, plant and equipment. The surplus on revaluation of property, plant and equipment to the extent of incremental depreciation charged on the related assets is transferred by the Company to its unappropriated profit.

Capital work-in-progress

All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when these assets are available for use.

2.6 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is valued using the cost method i.e. at cost less any accumulated depreciation and any identified impairment loss.

Depreciation on buildings is charged to income on reducing balance method at the rate of 10% per annum. Depreciation on additions to investment property is charged from the month in which a property is acquired or capitalized while no depreciation is charged for the month in which the property is disposed off.

2.7 Investments

Regular way purchase or sale of investments

All purchases and sales of investments are recognized using trade date accounting. Trade date is the date that the Company commits to purchase or sell the investment.

Investment in associates

Associates are all entities over which the Company has significant influence, but not control, generally accompanying a shareholding of 20% or more of the voting rights.

These investments are initially recognized at cost and are subsequently valued using equity method less impairment losses, if any.

Available for sale

Investment securities held by the Company which may be sold in response to needs for liquidity or changes in interest rates or equity prices are classified as available for sale. These investments are initially recognized at fair value plus transaction cost and subsequently remeasured at fair value. The investments for which quoted market price is not available, are measured at costs as it is not possible to apply any other valuation methodology. Gains and losses arising from remeasurement at fair value is recognized directly in the equity under fair value reserve until sold, collected, or otherwise disposed off at which time, the cumulative gain or loss previously recognized in equity is included in profit and loss account.

Derecognition

All investments are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

2.8 Stores, spare parts and loose tools

These are valued at lower of cost and net realizable value less allowance for the obsolete and slow moving items. Cost is determined using moving average method. Items in transit are valued at cost comprising invoice value and other charges incurred thereon, upto balance sheet date.

Net realizable value represents estimated selling price in the ordinary course of business, less estimated cost of completion and estimated cost necessary to make the sales.

2.9 Stock-in-trade

These are valued at lower of cost and net realizable value. Cost is determined as follows:

Raw and packing materials	Weighted average cost except for those in transit which are stated at invoice price plus other charges paid thereon up to the balance sheet date
Work-in-process:	
Chemical Product	- Prime cost
Textile Product	- Average manufacturing cost
Finished goods	- Average manufacturing cost
Waste	- Net realizable value

Prime cost represent average manufacturing cost less factory overhead.

Net realizable value represents estimated selling price in the ordinary course of business, less estimated cost of completion and estimated cost necessary to make the sale.

2.10 Trade debts and other receivables

Trade debts and other receivables are carried at original invoice amount less an estimate made for doubtful receivables based on review of outstanding amounts at the year end. Balances considered bad and irrecoverable are written off when identified.

2.11 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, balances with banks, highly liquid short-term investments that are convertible to known amount of cash and are subject to insignificant risk of change in value, and short-term running finance under mark-up arrangements.

2.12 Impairment

The Company assesses at each balance sheet date whether there is any indication that assets except deferred tax assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the amount that would have been determined (net of depreciation and amortization) had no impairment loss been recognized. Reversal of impairment loss is recognized as income.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

2.13 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of liability for at least 12 months after the balance sheet date.

2.14 Employee Benefit Costs

Defined contribution plan - Chemical division

The Company operates an approved funded contributory provident fund scheme for all its employees eligible for benefit. Equal monthly contributions are made by the Company and employees at the rate from 6.5% to 8.33% of basic salary depending upon the length of service of an employee. The Company's contribution to the fund is charged to profit and loss account for the year.

Defined benefit plan - Textile division

The Company operates an unfunded gratuity scheme for all those permanent employees who have completed minimum qualifying period of service as defined under the respective scheme. Provision is made to cover the obligation under scheme on the basis of actuarial valuation and is charged to income. The most recent Actuarial Valuation was carried out at June 30, 2009 using "Projected Unit Credit Method".

The amount recognized in the balance sheet represents the present value of defined benefit obligation as adjusted for unrecognized actuarial gains and losses.

Cumulative net unrecognized actuarial gains and losses at the end of previous year which exceeds 10% of the present value of the Company's gratuity are amortized over the average expected remaining lives of employees.

2.15 Trade and other payables

Liabilities for trade and other amounts payable are measured at cost which is the fair value of the consideration to be paid in future for goods and services received whether billed to the Company or not.

2.16 Provisions

Provisions are recognized when the Company has a present, legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

2.17 Taxation

Current

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemption available, if any. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

Deferred

Deferred income tax is provided using the liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of Technical Release – 27 of Institute of Chartered Accountants of Pakistan.

Deferred income tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

2.18 Dividend and other appropriations

Dividend is recognized as a liability in the year in which it is approved. Appropriations of profits are reflected in the statement of changes in equity in the year in which such appropriations are made.

2.19 Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and derecognized when the Company loses control of the contractual rights that comprise the financial asset and in case of financial liability when the obligation specified in the contract is discharged, cancelled or expired.

Other particular recognition methods adopted by the Company are disclosed in the individual policy statements associated with each item of financial instruments.

2.20 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods provided in the normal course of business.

- Sales of goods are recognized when goods are delivered and title has passed.
- Export rebate is recognized on accrual basis at the time of making the export sale.
- Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.
- Dividend income from investments is recognized when the shareholders' rights to receive payment have been established.

2.21 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

2.22 Foreign Currencies

Transactions in currencies other than Pakistani Rupee are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date except where forward exchange contracts have been entered into for repayment of liabilities, in that case, the rates contracted for are used.

Gains and losses arising on retranslation are included in net profit or loss for the period.

2.23 Segment Reporting

A segment is a distinguishable component within a Company that is engaged in providing products (business segment), which is subject to risks and rewards that are different from those of other segments.

Segment information is being prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company.

2.24 Related party transactions

Transactions with related parties are priced on arm's length basis. Prices for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods and services sold in an economically comparable market to a buyer unrelated to the seller.

2.25 Off setting of financial assets and financial liabilities

A financial asset and financial liability is offset and the net amount is reported in the balance sheet if the Company has a legal enforceable right to set off the transaction and also intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

2.26 Critical accounting estimates and judgment

The preparation of financial statements in conformity with IFRS's requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, incomes and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised.

Significant areas requiring the use of management estimates in these financial statements relate to the useful life of depreciable assets, provision for doubtful receivables and slow moving inventory. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

	Note	2009 Rupees	2008 Rupees
3 PROPERTY, PLANT AND EQUIPMENT			
Operating Assets	3.1	4,851,601,851	4,577,112,041
Capital work-in-progress	3.7	286,017,231	246,967,384
		5,137,619,082	4,824,079,425

3.1 Operating Assets

Description	COST / REVALUATION				ACCUMULATED DEPRECIATION			Book value as at June 30, 2009	Annual rate of depreciation %
	As at July 01, 2008	Additions/ (disposals)	Revaluation increase	As at June 30, 2009	As at July 01, 2008	Charge for the year / (Accumulated depreciation on disposals)	As at June 30, 2009		
	.... Rupees								
Company owned									
Freehold land	560,573,137	24,690,877	-	584,921,924	-	-	-	584,921,924	
		(342,090)							
Building on freehold land:									
Mill	724,712,175	104,495,510	-	829,207,685	277,826,419	44,717,204	322,543,623	506,664,062	10
Head office	12,238,041	-	-	12,238,041	8,044,173	419,387	8,463,560	3,774,481	10
Plant and machinery	4,705,848,943	496,528,976	-	5,202,377,919	1,369,427,333	335,112,092	1,704,539,425	3,497,838,494	10
Grid station and electric installation	168,524,722	7,767	-	168,532,489	80,709,933	8,781,479	89,491,412	79,041,077	10
Containers and cylinders	34,732,089	35,525,359	-	70,257,448	22,380,617	1,244,881	23,625,498	46,631,950	10
Factory equipment	32,768,322	4,960,477	-	37,672,651	14,076,269	1,978,580	16,019,267	21,653,384	10
		(56,148)	-	-	-	(35,582)			
Electric equipment	19,678,862	5,137,582	-	24,470,492	10,210,469	1,038,828	11,003,471	13,467,021	10
		(345,952)				(245,826)			
Office equipment	35,813,054	2,353,046	-	36,458,905	15,269,365	2,139,844	16,268,482	20,190,423	10
		(1,707,195)				(1,140,727)			
Furniture and fittings	12,277,470	2,560,348	-	14,721,542	5,347,738	822,398	6,104,978	8,616,564	10
		(116,276)				(65,158)			
Vehicles	130,030,047	14,366,287	-	135,863,126	56,792,505	16,490,673	67,060,655	68,802,471	20
		(8,533,208)				(6,222,522)			
2009	6,437,196,862	690,626,229	-	7,116,722,222	1,860,084,821	412,745,366	2,265,120,371	4,851,601,851	
		(11,100,869)				(7,709,815)			

For Comparative period

Description	COST / REVALUATION				ACCUMULATED DEPRECIATION			Book value as at June 30, 2008	Annual rate of depreciation %
	As at July 01, 2007	Additions/ (disposals)	Revaluation increase	As at June 30, 2008	As at July 01, 2007	Charge for the year / (Accumulated depreciation on disposals)	As at June 30, 2008		
	Rupees								
Company owned									
Freehold land	109,331,084	65,148,500	386,093,553	560,573,137	-	-	-	560,573,137	
Building on freehold land:									
Mill	484,114,502	125,127,471	92,957,428	700,987,299	242,175,197	36,604,455	277,826,419	423,160,880	10
		(1,212,102)				(953,233)			
Head office	35,962,917	-	-	35,962,917	7,578,187	465,986	8,044,173	27,918,744	10
Plant and machinery	3,644,010,278	215,288,335	1,076,873,196	4,705,848,943	1,211,122,561	351,626,827	1,369,427,333	3,336,421,610	10
		(230,322,866)				(193,322,055)			
Grid station and electric installation	161,032,492	7,492,230	-	168,524,722	71,721,344	8,988,589	80,709,933	87,814,789	10
Containers and cylinders	34,467,070	437,100	-	34,732,089	21,164,963	1,346,321	22,380,617	12,351,472	10
		(172,081)				(130,667)			
Factory equipment	29,887,973	3,074,213	-	32,768,322	12,393,104	1,838,177	14,076,269	18,692,053	10
		(193,864)				(155,012)			
Electric equipment	17,555,869	2,122,993	-	19,678,862	9,320,502	889,967	10,210,469	9,468,393	10
Office equipment	28,548,452	7,264,602	-	35,813,054	13,632,105	1,637,260	15,269,365	20,543,689	10
Furniture and fittings	10,917,856	1,359,614	-	12,277,470	4,646,492	701,246	5,347,738	6,929,732	10
Vehicles	92,378,441	43,477,294	-	130,030,047	49,553,924	11,979,611	56,792,505	73,237,542	20
		(5,825,688)				(4,741,030)			
2008	4,648,206,934	470,792,352	1,555,924,177	6,437,196,862	1,643,308,379	416,078,439	1,860,084,821	4,577,112,041	
		(237,726,601)				(199,301,997)			

	Note	2009 Rupees	2008 Rupees

3.2 Depreciation for the year has been allocated as under:

	Note	2009 Rupees	2008 Rupees
Cost of Sale	26	396,814,080	404,112,559
Administrative expenses	29	15,931,286	11,965,880
		412,745,366	416,078,439

3.3 The Company had revalued its freehold land, building and plant & machinery in June 30, 2008 by Hamid Mukhtar & Company (Pvt) Ltd, independent valuers not connected with the Company. The basis used for the revaluation of these property plant and equipment were as follows:

Land Valuation

Fair market rate of the land was assessed through inquiries in the vicinity of land and information obtained through property dealers of the area.

Building Valuation

New construction value (new replacement value of each item of the buildings) was arrived at by looking at the condition of the buildings, valuer applied 3% per annum depreciation on “Written Down Value” basis to arrive at fair depreciated market value on “Going Concern” basis.

Machinery Valuation (Textile)

Inquiries were made in market to obtain prevalent replacement values of similar local and imported machinery items.

Machinery Valuation (Chemical)

Capitalized cost of the plant and machinery each year since its commissioning was taken as basis for revaluation. This cost has been escalated because of exchange rate increases. An average inflation rate in international prices with due consideration on the increase in international prices of the metals like mild steel, copper etc. has then been applied to arrive at an “Escalation Rate Factor”, which has been instrumental for arriving at “New Replacement Values”.

Depreciation due to usage has been applied on all assets of machinery at 7.50% per annum on Written down Value basis to arrive at a fair Present/Depreciated Market Value of the assets.

3.4 The revaluation surplus, net of deferred tax, is credited to surplus on revaluation of property, plant and equipment.

3.5 Had there been no revaluation the cost, accumulated depreciation and book value of revalued assets as at June 30, 2009 would have been as follows:

	Cost	Accumulated Depreciation	Book Value
	Rupees		
Land	198,828,371	-	198,828,371
Building on free hold land	748,488,298	313,345,272	435,143,026
Plant and Machinery	4,125,504,723	1,499,933,519	2,625,571,204
2009	5,072,821,392	1,813,278,791	3,259,542,601
2008	4,447,448,119	1,538,314,863	2,909,133,256

3.6 The following assets were disposed off during the year:

Description	Cost	Accumulated depreciation	Carrying value	Sale Proceed	Mode of disposal	Particulars of buyer
	.... Rupees					
Vehicles						
Honda Civic FDZ-138	1,272,184	1,006,995	265,189	550,000	Negotiation	Muhammad Abad Ul Haq S/O M.Zahoor Ul Haq Bajawa House# A-17 Batala Colony Zafar Ali Road Faisalabad.
Car Honda City FSB-3638	844,764	567,405	277,359	570,000	Negotiation	Tarfia Tahir W/O Tahir Javaid Choudry House#P821 Ch#207 R.B Faisalabad.
Car Honda Odyssey LRQ-313	3,883,842	2,624,434	1,259,408	750,000	Negotiation	Zeshan Ali Nooran M/S Noorani Industries (Pvt.) Ltd. Sumandri Road Faisalabad.
Suzuki Bolan FSG-397	378,793	218,064	160,729	288,800	Negotiation	Muhammad Kashif S/O Zahoor Ahmad Ch#9/1 A-L Aktar ababd Tehsil Renalakhurad Okara.
Toyota Corolla FDZ-59	1,248,550	941,157	307,393	740,000	Negotiation	Mr.Ilyas Ahmed s/o Bashir Ahmed Chk # 105 G.B. Bhangain
Electric Equipments						
Honda Generator	98,325	39,452	58,873	30,000	Negotiation	Mr.Yousaf Ali S/O Mr.Noor Ali House# B/20 Plot #522/405 Nara Heights Business Recorder Road Karachi.
Photocopier 645/4532 Gestetner	373,750	143,783	229,967	25,000	Exchange	Gestetner Hascombe Business solutions(PVT)Limited Standard Chartered Bank Building Railway Road Faisalabad.
Land						
6k-15m Land(Main Tract 25k-15m At 97 R.B	342,090	-	342,090	1,687,498	Negotiation	Aslam Chemical Industries Ltd 32 Km Sheikhupura Road Faisalabad.
Others						
Aggregate of other items of property, plant and equipment with individual book value not exceeding Rs. 50,000	2,658,571	2,168,525	490,046	400,000	Scrap	
2009	11,100,869	7,709,815	3,391,054	5,041,298		
2008	237,726,601	199,301,997	38,424,604	20,327,159		

		Note	2009 Rupees	2008 Rupees
3.7	Capital work-in-progress			
	Civil work		66,422,462	86,694,295
	Plant and machinery including in transit		92,118,022	105,368,822
	Advance for property, plant and equipment		127,476,747	54,904,267
			286,017,231	246,967,384
4	INVESTMENT PROPERTY			
	Land	4.1	2,699,760,341	1,249,125,484
	Building	4.2	6,044,559	6,716,177
			2,705,804,900	1,255,841,661
4.1	Land-at cost			
	Balance at beginning of year		1,249,125,484	674,940,790
	Acquisitions during the year		1,450,634,857	574,184,694
	Balance at end of year		2,699,760,341	1,249,125,484
4.2	Building			
	Cost			
	At beginning of year		13,035,566	23,724,876
	Less: disposals		-	10,689,310
	At end of year		13,035,566	13,035,566
	Accumulated depreciation			
	At beginning of year		6,319,389	10,134,145
	For the year	29	671,618	1,316,245
	Less: adjustment for disposal		-	5,131,001
			671,618	(3,814,756)
	At end of year		6,991,007	6,319,389
	Written down value at end of year		6,044,559	6,716,177

The fair value of the investment property as at June 30, 2009 is Rs. 3,028 million (2008: Rs. 2,506 million). The fair value has been arrived at on the basis of a valuation carried out by Khan Associates, independent valuers not connected with the Company. The valuation was arrived at by reference to market evidence of transaction price for similar items.

The rental income earned by the Company from its investment property amounted to Rs. 4.448 million (2008: Rs. 9.098 million). Direct operating expenses arising on the investment property in the period amounted to Rs. 0.536 million (2008 : Rs. 0.909 million).

		Note	2009 Rupees	2008 Rupees
5	LONG TERM INVESTMENTS			
	Investments in associates	5.1	72,035,999	83,081,892
	Other Investment	5.2	5,000,000	5,000,000
			77,035,999	88,081,892

	Ownership Interest 2009 %	Ownership Interest 2008 %	2009 Rupees	2008 Rupees
5.1 Investments in associates				
Investment in associates - listed companies				
Sitara Energy Limited (5.1.1)	4.89	4.89	19,644,227	27,122,699
Sitara Peroxide Limited (5.1.2)	6.36	5.45	31,519,959	28,978,984
			51,164,186	56,101,683
Investment in associate - unlisted companies / partnerships				
Takaful Pakistan Limited (5.1.3)	10.00	10.00	20,871,813	26,980,209
			72,035,999	83,081,892

The Company holds less than 20 percent of the voting power in above companies, however, the Company exercises significant influence by virtue of common directorship with the associates.

	Note	2009 Rupees	2008 Rupees
5.1.1 Sitara Energy Limited			
Cost of 933,661 (2008: 933,661) fully paid ordinary shares of Rs.10/- each		23,274,442	23,274,442
Share of post acquisition profits		15,124,066	11,609,131
		38,398,508	34,883,573
Dividend received during the year		(2,334,153)	-
Accumulated impairment losses		(16,420,128)	(7,760,874)
		19,644,227	27,122,699

Summarised financial information in respect of the Company's associate is set out below:

	As at March 31, 2009 Rupees	As at March 31, 2008 Rupees
Total assets	3,594,533,000	3,376,302,000
Total liabilities	(2,561,398,000)	(2,365,864,000)
Net assets	1,033,135,000	1,010,438,000
Company's share of net assets	50,520,302	49,410,418
Market value per share	21.04	29.05

	Twelve Months ended March 31, 2009	Nine Months ended March 31, 2008
Revenue	2,956,326,403	1,541,149,000
Profit for the period	71,880,046	46,940,000
Company's share of associate's profit for the year	3,514,934	2,295,366

Due to non availability of annual financial statements of associate at the date of authorisation for issue of these financial statements, equity method has been applied on latest available un-audited financial statements for nine months ended March 31, 2009 and for the quarter ended June 30, 2008.

	Note	2009 Rupees	2008 Rupees
5.1.2 Sitara Peroxide Limited			
Cost of 3,500,000 (2008: 3,000,000) fully paid ordinary shares of Rs.10/- each		38,692,338	30,000,000
Share of post acquisition loss		(7,172,379)	(1,021,016)
		31,519,959	28,978,984

5.1.2.1 During the year the Company has acquired further 500,000 fully paid ordinary shares of Rs. 10 each.

Summarised financial information in respect of the Company's associate is set out below:

	As at March 31, 2009 Rupees	As at March 31, 2008 Rupees
Total assets	2,223,427,000	2,046,255,000
Total liabilities	(1,819,751,000)	(1,544,801,000)
Net assets	403,676,000	501,454,000
Company's share of net assets	25,673,794	27,329,243
Market value per share	20.27	64.90

	Twelve Months ended March 31, 2009	Nine months ended March 31, 2008
Revenue	605,407,240	143,196,000
Loss for the period	(106,963,061)	(17,767,000)
Company's share of associate's Loss for the year	(6,151,363)	(1,021,016)

Due to non availability of annual financial statements of associate at the date of authorisation for issue of these financial statements, equity method has been applied on latest available un-audited financial statements for nine months ended March 31, 2009 and for the quarter ended June 30, 2008.

	2009 Rupees	2008 Rupees
5.1.3 Takaful Pakistan Limited		
Cost of 3,000,000 (2008: 3,000,000) fully paid ordinary shares of Rs.10/- each	30,000,000	30,000,000
Share of post acquisition loss	(9,128,187)	(3,019,791)
	20,871,813	26,980,209

	Note	2009 Rupees	2008 Rupees

Summarised financial information in respect of the Company's associate is set out below:

Total assets		544,882,758	440,156,438
Total liabilities		(340,785,492)	(199,363,917)
Net assets		204,097,266	240,792,521
Company's share of net assets		20,409,727	24,079,252
Net contribution		-	42,941,883
Profit / (loss) for the period		(61,083,960)	(30,197,913)
Company's share of associate's Loss for the year		(6,108,396)	(3,019,791)

Equity method has been applied on latest available (un-audited) financial statements for the half year ended June 30, 2009 and (un-audited) financial statements for the half year ended December 31, 2008.

5.2 Other Investment

Available for sale - at cost			
Unlisted Company			
Dawood Family Takaful Limited			
500,000 (2008: 500,000) fully paid ordinary shares of Rs.10/- each		5,000,000	5,000,000

6 LONG TERM LOANS AND ADVANCES

Loans and advances to related parties	6.1	849,903	1,815,447
Other advances	6.2	9,807,796	541,090,873
		10,657,699	542,906,320

6.1 Loans and advances to related parties

Considered good			
Secured			
Executives	6.1.1	86,647	206,651
Staff	6.1.2	1,786,890	2,769,774
Unsecured			
Staff		121,550	128,350
		1,995,087	3,104,775
Less: Current portion Shown in current assets		1,145,184	1,289,328
	6.1.3	849,903	1,815,447

6.1.1 Loans and advances to executives represent car loans given as per the Company's policy and are secured by way of registration of vehicles in the name of the Company. Reconciliation of carrying amount for current year is as under:

At beginning of year		206,651	681,281
Add: disbursed during the year		220,000	150,000
Less: repayments during the year		340,004	624,630
At end of year		86,647	206,651

6.1.2 These are secured by way of registration of vehicles in the name of the Company.

6.1.3 The maximum aggregate amount due at the end of any month during the year was Rs. 2.989 million (2008 : Rs. 2.769 million).

	Note	2009 Rupees	2008 Rupees
6.2 Other advances			
Advances - Considered good			
Advance for investment property		9,807,796	541,090,873

7 LONG-TERM DEPOSITS

		2009 Rupees	2008 Rupees
Security deposits:			
Electricity		38,910,050	38,910,050
Others		55,400	55,400
		38,965,450	38,965,450

8 STORES, SPARE PARTS AND LOOSE TOOLS

		2009 Rupees	2008 Rupees
Stores		111,777,273	105,279,547
Spare parts:			
In hand		151,413,410	179,490,871
In transit		1,607,164	47,583,998
		153,020,574	227,074,869
Loose tools		778,069	1,181,105
		265,575,916	333,535,521

9 STOCK-IN-TRADE

		2009 Rupees	2008 Rupees
Raw and packing material		301,765,933	340,440,010
Work-in-process		26,291,098	28,470,059
Finished goods		440,133,922	151,734,633
Waste		5,570,569	6,271,093
		773,761,522	526,915,795

9.1 Stock-in-trade includes pledged stock with banks amounting to Rs. 174.566 million (2008 : Rs.184.634 million).

10 TRADE DEBTS

	Note	2009 Rupees	2008 Rupees
Related parties – considered good			
Sitara Fabrics Limited		1,472	2,965
Sitara Textile Industries Limited		15,549,360	19,549,494
Sitara Spinning Mills Limited		68,936	6,092
Sitara Peroxide Limited		453,480	433,666
Sitara Energy Limited		218,623	-
	10.1	16,291,871	19,992,217
Others			
Considered good			
Secured			
Foreign		465,469	8,333,427
Unsecured			
Local		647,163,782	535,462,554
Considered doubtful			
Unsecured		2,785,415	3,804,573
		650,414,666	547,600,554
Less: Provision for doubtful debts	10.5	(2,785,415)	(3,804,573)
		647,629,251	543,795,981
		663,921,122	563,788,198

10.1 These are recoverable in ordinary course of business. For related party receivables terms please refer note 2.24

10.2 Trade receivables are non-interest bearing and relates to different products being sold on credit to customers. The credit period allowed on these products are generally on fifteen (15) days terms fordealers and twenty five (25) days terms for institutions.

10.3 The Company has provided fully for all receivables over three years because historical experience is such that receivables that are past due beyond three years are generally not recoverable. Trade debts between one year and three years are provided for based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

10.4 Before accepting any new customer, the Company makes its own survey to assess the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed once a year. Of the trade debts balance at the end of the year, Rs 16.760 million (2008: Rs. 7.500 million) is due from M/S Pakistan Pta, the company's largest customer. There are no other customers who represent more than 2.60% of the total balance of trade receivables.

10.5 Movement in provision for doubtful debt

	2009	2008
	Rupees	Rupees
At beginning of year	3,804,573	2,683,057
Impairment losses recognised	1,167,015	1,121,516
Amount recovered during the year	(2,186,173)	-
At end of year	2,785,415	3,804,573

10.5.1 In determining the recoverability of a trade debt, the Company considers any change in the credit quality of the trade debt from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further provision required in excess of the allowance for doubtful debts.

		Note	2009 Rupees	2008 Rupees
11	LOANS AND ADVANCES			
	Considered good			
	Loans:			
	Executive - related party		140,000	-
	Employees other than executives - related parties		131,252	320,225
	Current portion of long-term loans and advances	6	1,145,184	1,289,328
			1,416,436	1,609,553
	Advances:			
	For expenses		5,896,309	6,405,202
	Letters of credit fee, margin and expenses		25,658,902	117,208,568
	Suppliers and contractors		23,584,960	22,886,051
	Considered doubtful - advances			
	For expenses		49,203	5,068,789
	For land		-	2,392,980
	For suppliers and contractors		1,401,494	-
	Provision for doubtful advances	35.1.3	(1,450,697)	(7,461,769)
			-	-
			56,556,607	148,109,374
12	TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
	Trade deposits		6,461,243	7,906,241
	Short-term prepayments		16,031,314	912,449
			22,492,557	8,818,690
13	OTHER RECEIVABLES			
	Unsecured - Considered good:			
	Related parties	13.1	5,211,873	5,452,182
	Export rebate		-	169,396
	Insurance claim		5,193,945	725,660
	Others		1,741,990	1,970,374
			12,147,808	8,317,612

13.1 It represents the following balances due from related parties:

	2009 Rupees	2008 Rupees
Aziz Fatima Trust Hospital	404,573	406,988
Sitara Spinning Mills Limited	1,110,793	854,650
Sitara Fabrics Limited	90,795	94,387
Sitara Peroxide Limited	1,262,815	997,152
Sitara Textile Industries Limited	1,608,909	1,249,774
Sitara Trade and Services	3,908	2,901
Sitara Developers (Pvt) Limited	730,080	1,846,330
	5,211,873	5,452,182

13.1.1 These represent common nature expenses, of joint facilities, borne on behalf of related parties.

	Note	2009 Rupees	2008 Rupees
14 OTHER FINANCIAL ASSETS			
Available-for-sale-at fair value			
Investments at cost			
At beginning of year		8,908,375	1,988,530
Add: acquired during the year		56,520,159	8,908,375
-			
Less: sold during the year		-	1,988,530
At end of year	14.1	65,428,534	8,908,375
Gain/(loss)			
At beginning of year		(482,865)	5,410,718
Gain realised during the year on sale of investments		-	5,410,718
Net loss transferred to equity		(10,237,643)	(482,865)
At end of year		(10,720,508)	(482,865)
		54,708,026	8,425,510

14.1 Available for sale investments include followings:

	2009 Rupees	2008 Rupees
Listed Companies- Cost		
-Ittehad Chemicals Limited		
36,000 (2008 : 36,000) fully paid ordinary shares of Rs.10/- each	1,245,848	1,245,848
-Al-Meezan Investment Bank Limited		
344,533 (2008 : 235,000) fully paid ordinary s hares of Rs.10/- each	8,555,756	7,662,527
-Nimir Industrial Chemical Limited		
2,000,000 (2008 : Nil) fully paid ordinary shares of Rs.10/- each	4,986,387	-
-Engro Polymer & Chemical Limited		
350,000 (2008 : Nil) fully paid ordinary shares of Rs.10/- each	7,886,322	-
-Descon Oxychem Limited		
1,000,076 (2008 : Nil) fully paid ordinary shares of Rs.10/- each	9,142,146	-
-D.G Khan Cement Company Limited		
60,000 (2008 : Nil) fully paid ordinary shares of Rs.10/- each	1,700,139	-
-Fauji Cement Company Limited		
200,000 (2008 : Nil) fully paid ordinary shares of Rs.10/- each	1,356,269	-
-Fauji Fertilizer Bin Qasim Limited		
50,000 (2008 : Nil) fully paid ordinary shares of Rs.10/- each	885,677	-
-Lafarge Pakistan Cement Limited		
200,000 (2008 : Nil) fully paid ordinary shares of Rs.10/- each	590,116	-

	Note	2009 Rupees	2008 Rupees
-Maple Leaf Cement Factory Limited 200,000 (2008 : Nil) fully paid ordinary shares of Rs.10/- each		898,178	-
-Nimir Resins Limited 50,000 (2008 : Nil) fully paid ordinary shares of Rs.10/- each		162,532	-
-Oil & Gas Development Company Limite 20,000 (2008 : Nil) fully paid ordinary shares of Rs.10/- each		1,560,912	-
-Pace (Pakistan) Limited 300,000 (2008 : Nil) fully paid ordinary shares of Rs.10/- each		1,815,360	-
-Picic Growth Fund 100,000 (2008 : Nil) fully paid ordinary shares of Rs.10/- each		870,173	-
-Pakistan Oilfield Limited 105,000 (2008 : Nil) fully paid ordinary shares of Rs.10/- each		15,884,124	-
-Pakistan Petroleum Limited 2,500 (2008 : Nil) fully paid ordinary shares of Rs.10/- each		474,970	-
-Pakistan Telecommunication Limited 400,000 (2008 : Nil) fully paid ordinary shares of Rs.10/- each		6,633,322	-
-Telecard Limited 128,500 (2008 : Nil) fully paid ordinary shares of Rs.10/- each		244,198	-
-Worldcall Telecom limited 200,000 (2008 : Nil) fully paid ordinary shares of Rs.10/- each		536,105	-
		65,428,534	8,908,375

15 CASH AND BANK BALANCES

	Note	2009 Rupees	2008 Rupees
Cash in hand		7,445,030	7,326,925
Cash at banks			
On current accounts		44,715,074	50,368,009
On PLS-saving accounts	15.1	242,004,433	183,247,803
		286,719,507	233,615,812
		294,164,537	240,942,737

15.1 Effective mark-up rate in respect of deposit accounts range from 5.65% to 7.93% (2008 : 2.91% to 5.86%) per annum.

16 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL:

2009	2008		2009	2008
Number of Shares			Rupees	Rupees
8,640,000	8,640,000	"A" class ordinary shares of Rs. 10/- each fully paid in cash	86,400,000	86,400,000
9,783,950	9,783,950	- issued as fully paid bonus shares	97,839,500	97,839,500
1,985,009	1,985,009	- issued as fully paid under scheme of arrangement for amalgamation	19,850,090	19,850,090
20,408,959	20,408,959		204,089,590	204,089,590

16.1 Reconciliation of number of ordinary shares of Rs 10/- each.

	2009	2008
	Number of Shares	
At beginning of year	20,408,959	18,553,599
Issued during the year as bonus shares	-	1,855,360
At end of year	20,408,959	20,408,959

16.2 No shares are held by any associated Company or related party.

16.3 The Company has no reserved shares under options and sales contracts.

17 RESERVES

	Note	2009 Rupees	2008 Rupees
Capital			
Share Premium		97,490,410	97,490,410
Other reserves	17.1	(10,720,508)	(482,865)
Revenue			
General Reserve	17.2	1,225,000,000	1,225,000,000
		1,311,769,902	1,322,007,545

17.1 Other Reserves

	2009	2008
Fair value reserve on available for sale investments		
Valuation (losses) / gains taken to equity	(10,720,508)	4,927,853
Transferred to profit or Loss on sale	-	(5,410,718)
	(10,720,508)	(482,865)

17.1.1 Fair value reserve represents the unrealised gain on remeasurement of available for sale investments at fair value and is not available for distribution. This amount will be transferred to profit and loss account on the derecognition or impairment of investments.

17.2 The general reserve is used from time to time to transfer profits from retained profits. There is no policy of regular transfer.

	Note	2009 Rupees	2008 Rupees
18 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
Surplus on revaluation of property, plant and equipment at beginning of year		1,075,357,757	-
Surplus arose during the year on property, plant and equipment		-	1,555,924,177
Transfer to unappropriated profit in respect of incremental depreciation charged during the year – (net of deferred tax)	18.1	68,809,731	76,038,990
Deferred tax liability on surplus arose during the year		-	404,527,430
		68,809,731	480,566,420
Surplus on revaluation of property, plant and equipment at end of year		1,006,548,026	1,075,357,757

	Note	2009 Rupees	2008 Rupees
18.1 Incremental depreciation charged during the year transferred to unappropriated profit		105,284,757	116,983,062
Less: Deferred tax liability relating to incremental depreciation		36,475,026	40,944,072
		68,809,731	76,038,990

19 LONG TERM FINANCING

	Note	2009 Rupees	2008 Rupees
Secured			
From banking companies and other financial institution			
Diminishing Musharka	19.2	1,128,043,650	307,048,176
Redeemable capital (issued to various institutions and individuals)	19.3	1,242,708,333	1,490,625,000
Term finance	19.4	415,000,000	-
		2,785,751,983	1,797,673,176

19.1 The aggregate unavailed long term financing facilities available amounted to Nil (2008: Nil)

19.1 Diminishing Musharika
From financial institutions - secured

Description	Note	Profit	Security	Repayment	2009 Rupees	2008 Rupees
The Bank of Punjab	19.2.1	Average six months KIBOR plus 150 basis points payable on quarterly basis. KIBOR will be set three working days prior-to each quarterly period.	First pari passu charge of Rs. 494 million over specific fixed assets of Chemical Division.	Repayable in 20 equal quarterly installments commenced from January 01, 2006 and ending on October 01, 2010.	162,392,850	234,567,450
Meezan Bank Limited	19.2.1	Six months KIBOR plus 2% per annum payable on quarterly basis.	Exclusive charge over imported plant of Chemical Division purchased through this facility.	Repaid during the year	37,247,209	61,825,344
Meezan Bank Limited	19.2.1	Three months KIBOR plus 1.25 % with a floor of 10.0 % and ceiling of 20.0 % payable on quarterly basis.	First specific and exclusive charge over Calcium Chloride Plant & Chlorinated Parafin Wax Plant.	Repayable in 16 quarterly installments commenced from September 28, 2009 and ending on June 28, 2013.	200,000,000	200,000,000
National bank of Pakistan	19.2.1	Three months KIBOR plus 2.5 % per annum payable on quarterly basis.	Exclusive charge by way of hypothecation over specific fixed assets of all the project assets of 7.56 MW Gas fired power project with 25% margin	Repayable in 12 quarterly installments commencing from July 06, 2010 and ending on July 05, 2013	215,000,000	-
Faysal Bank Limited	19.2.1	Three months KIBOR plus 2.5 % per annum payable on quarterly basis.	First specific and exclusive charge amounting to Rs. 850 million over Membrane Unit-3.	Repayable in 20 quarterly installments commencing from September 29, 2010 and ending on June 29, 2015.	220,000,000	-
Faysal Bank Limited	19.2.1	Three months KIBOR plus 2.5 % per annum payable on quarterly basis.	First specific and exclusive charge amounting to Rs. 850 million over Membrane -III.	This bridge finance facility will be made part of syndicated Diminishing Musharka facility amounting to Rs. 650 million being arranged by Faysal Bank as Faysal bank share in the syndicate with in 7 months from June 17, 2009.	250,000,000	-
Standard Chartered Bank (Pakistan) Limited	19.2.1	Three months KIBOR plus 2.5 % per annum payable on quarterly basis.	Specific and exclusive charge on existing setup of Membrane - II plant comprising commencing from September 24, 2010 of 06 Electrolizers and its allied accessories. Specific and exclusive charge on Caustic Solidification Plant - II.	Repayment in 16 quarterly installments commence from September 24, 2010 and ending on June 24, 2014.	275,000,000	-
					1,359,640,059	496,392,794
Less: Paid during the year					109,421,809	96,752,735
Current portion					122,174,600	92,591,883
					231,596,409	189,344,618
					1,128,043,650	307,048,176

19.2.1 Effective rate of profit for the year is ranging from 10.25% to 15.90% per annum (2008 : 11.53% to 12.56% per annum).

19.3 Redeemable capital

Participatory - Secured

Description	Note	Profit	Security	Repayment	2009 Rupees	2008 Rupees
1st Tranche	19.3.1	Rental payments shall be calculated to provide return equivalent to bench mark rate plus incremental rental and service agency charges incurred by the trustee during the previous quarter. Bench mark rate is defined as 3 months KIBOR and incremental rental is defined as margin of 1.70% plus servicing agency expenses. Bench mark plus margin will be subject to floor of 2% and a cap of 28% per annum.	Exclusive and specific hypothecation charge in respect of Musharka assets which include all fixed assets of BMR and expansion of 210 MTD Caustic Soda Plant at 32 Km Faisalabad - Sheikhupura Road, Faisalabad and to the extent of beneficial rights of certificate holders.	Repaid	-	1,100,000,000
2nd Tranche	19.3.1	Rental payments shall be calculated to provide return equivalent to bench mark rate plus incremental rental and service agency charges incurred by the trustee during the previous quarter. Bench mark rate is defined as 3 months KIBOR and incremental rental is defined as margin of 1.70% plus servicing agency expenses. Bench mark plus margin will be subject to floor of 2% and a cap of 28% per annum.	Exclusive and specific hypothecation charge in respect of Musharka assets which includes gas fired Power Generation Plant located at Caustic Soda Plant at 32 Km Faisalabad - Sheikhupura Road, Faisalabad	Repayable in 16 equal quarterly installments commenced from March 04, 2008 and ending on December 04, 2011.	546,875,000	625,000,000
3rd Tranche	19.2.1	Rental payments shall be calculated to provide return equivalent to bench mark rate plus incremental rental and service agency charges incurred by the trustee during the previous quarter. Bench mark rate is defined as 3 months KIBOR and incremental rental is defined as margin of 1.00% plus servicing agency expenses.	Exclusive and specific hypothecation charge in respect of Musharka assets which include all fixed assets of BMR and expansion of 210 MTD Caustic Soda Plant at 32 Km Faisalabad - Sheikhupura Road, Faisalabad and to the extent of beneficial rights of certificate holders.	Repayable in 12 equal quarterly installments commenced from April 02, 2010 and ending on January 2, 2013.	1,100,000,000	1,100,000,000
					1,646,875,000	2,825,000,000
Less: Paid during the year					156,250,000	1,178,125,000
Current portion					247,916,667	156,250,000
					404,166,667	1,334,375,000
					1,242,708,333	1,490,625,000

19.3.1 Effective rate of profit for the year was from 14.55% to 15.21% per annum (2008 : from 10.98% to 12.08% per annum).

19.4 Term Finance

Description	Note	Profit	Security	Repayment	2009 Rupees	2008 Rupees
Saudi Pak Industrial and Agriculturall Investment Company Limited	19.4.1	Three months KIBOR plus 4 % per annum payable on quarterly basis.	A pari-passu ranking charge by way of hypothecation on present and future current assets with 25% margin which will be upgraded in first pari-passu charge of current assets of the Company with made 25% margin with in 90 days from the date of disbursement.	Repayable in 2 installments of Rs. 200 million each, First such installment will be due on September 16, 2010 and the second installment will be on December 16, 2010.	400,000,000	-
Saudi Pak Industrial and Agricultural Investment Company Limited	19.4.1	Three months KIBOR plus 4 % per annum payable on quarterly basis.	Equitable mortgage of the land measuring 122 Kanals and 12 Marlas situated at Muza Biadanwala, chak 61/R.B. Tehsil Jaranwala, District Faisalabad.	Repayable in 04 quarterly installments commencing from November 14, 2009 and ending on August 14, 2010.	60,000,000	-
					460,000,000	-
Less: Paid during the year					-	-
Current portion					45,000,000	-
					45,000,000	-
					415,000,000	-

19.4.1 Effective rate of profit for the year was from 16.90% to 17.65% per annum.

19.5 The exposure of the Company's borrowings to interest rate changes and the contractual repricing dates at the balance sheet dates are as follows:

	2009 Rupees	2008 Rupees
6 months or less	154,212,300	144,341,455
6 - 12 months	260,878,967	123,938,475
1 - 5 years	2,654,151,983	1,797,673,176
Over 5 years	131,600,000	-
	3,200,843,250	2,065,953,106

19.6 The carrying amount under long term financing is same as fair value.

	Note	2009 Rupees	2008 Rupees
20 LONG-TERM DEPOSITS			
From customers		10,645,729	11,272,874
Others	20.1	1,670,000	1,670,000
		12,315,729	12,942,874

20.1 These represent interest free security deposits received from transporters and are repayable on cancellation or withdrawal of contracts.

	Note	2009 Rupees	2008 Rupees
21 DEFERRED LIABILITIES			
Deferred taxation	21.1	998,389,788	952,837,221
Employee benefit-gratuity	21.2	5,206,002	4,842,113
		1,003,595,790	957,679,334

21.1 Deferred taxation

This comprises the following:

	2009 Rupees	2008 Rupees
Deferred tax liabilities on taxable temporary differences arising in respect of:		
Tax depreciation allowance	673,645,713	589,989,315
Surplus on revaluation of property, plant and equipment	327,108,332	363,583,358
Share in associates post acquisition profits	-	1,346,943
	1,000,754,045	954,919,616
Deferred tax assets on deductible temporary difference arising in respect of:		
Provision for employee benefits	1,803,576	766,774
Provision for doubtful debts	560,681	1,315,621
	2,364,257	2,082,395
	998,389,788	952,837,221

21.2 Employee benefit- Gratuity

The amounts recognized in the profit and loss account against staff gratuity are as follows:

	2009 Rupees	2008 Rupees
Movement in liability		
At beginning of year	4,842,113	4,591,978
Charge for the year	2,543,303	2,217,391
At end of year	(2,179,414)	(1,967,256)
	5,206,002	4,842,113
Balance sheet reconciliation as at June 30		
Present value of unfunded obligation	9,972,027	5,661,547
Unrecognized actuarial losses	(4,766,025)	(819,434)
Net liability recognized in the balance sheet	5,206,002	4,842,113

	Note	2009 Rupees	2008 Rupees
Charge for the year			
Current service cost		1,926,492	1,656,379
Interest cost		566,155	493,136
Net actuarial loss recognized during the year		50,656	67,876
		2,543,303	2,217,391
Principal actuarial assumptions			
Discount rate (Per annum)		13%	10%
Expected rate of increase in salaries (Per annum)		13%	9%
Expected average remaining working lives of employees (years)		4	5

22 TRADE AND OTHER PAYABLES

	Note	2009 Rupees	2008 Rupees
Creditors	22.1	205,342,907	159,937,564
Accrued liabilities	22.2	369,238,655	171,848,691
Advances from customers		27,592,665	51,279,650
Murabaha payable	22.3	1,050,950,193	1,388,701,088
Payable to provident fund - related party	22.4	1,001,599	874,478
Unclaimed dividend		12,529,572	4,097,632
Retentions / security deposits		28,505,838	27,067,602
Withholding tax		2,206,495	2,580,655
Workers' profit participation fund	22.5	53,318,493	49,891,537
Workers' welfare fund		20,104,580	22,204,670
Others		50,000	-
		1,770,840,997	1,878,483,567

22.1 It includes Rs. 78.503 million (2008: Rs. 93.949 million) due to associated undertakings.

22.2 It includes Rs. 67.575 million (2008: Rs. 8.222 million) due to associated undertaking.

22.3 The aggregate unavailed facilities available to the Company from commercial banks amounted to Rs.1,617 million (2008: Rs. 971 million). These are subject to profit margin ranging from 13.73% to 15.79% (2008:10.59% to 12.28%) per annum payable quarterly and are secured against joint pari passu charge over present and future current assets of the chemical division and pledge of stocks and charge over present and future current assets of the textile division.

22.4 This represents contribution of the Company and employees in respect of contribution from last month's salary. Subsequent to year end same was deposited in the provident fund's separate bank account.

22.5 Workers' profit participation fund

	Note	2009 Rupees	2008 Rupees
Workers' profit participation fund	22.5.1	52,906,790	49,552,886
Unclaimed Workers' profit participation fund		411,703	338,651
		53,318,493	49,891,537

	Note	2009 Rupees	2008 Rupees
22.5.1 Worker profit participation fund			
At beginning of year		49,552,886	28,832,534
Less:			
Amount paid to workers on behalf of the fund		27,116,105	9,700,120
Amount deposited in workers' welfare fund		22,436,781	19,132,414
		49,552,886	28,832,534
		-	-
Allocation for the year	30	52,906,790	49,552,886
At the end of year		52,906,790	49,552,886

23 PROFIT / FINANCIAL CHARGES PAYABLE

	2009 Rupees	2008 Rupees
Long-term financing	63,680,379	18,170,455
Murabaha financing	42,982,939	19,255,481
	106,663,318	37,425,936

24 CONTINGENCIES AND COMMITMENTS

24.1 Contingencies

	2009 Rupees	2008 Rupees
Sales tax demand not acknowledged in view of pending appeals	3,398,316	3,398,136
Suppliers' claim not acknowledged in view of pending case in Civil Court	889,867	889,867
Guarantees issued by banks on behalf of the Company	180,549,503	129,132,436

24.2 Commitments

	2009 Rupees	2008 Rupees
Capital expenditure	87,053,843	26,111,595
Outstanding letters of credit for raw material and spares	70,690,732	139,668,856

25. SALES - NET

Segment Information

Segmental results and other information is provided below on the basis of business segment. These segments are:

Chemical division - represents Chlor Alkali plant
Textile division - represents Spinning unit

Revenue	Chemical 2009 Rupees	Chemical 2008 Rupees	Textile 2009 Rupees	Textile 2008 Rupees	Total 2009 Rupees	Total 2008 Rupees
Sales:						
Own products						
Local						
Caustic soda	5,024,880,211	4,237,653,094	-	-	5,024,880,211	4,237,653,094
Sodium hypochlorite	509,576,354	467,069,468	-	-	509,576,354	467,069,468
Bleaching powder	87,530,672	87,364,139	-	-	87,530,672	87,364,139
Liquid chlorine	117,676,873	104,018,908	-	-	117,676,873	104,018,908
Hydrochloric acid	230,570,829	179,559,320	-	-	230,570,829	179,559,320
Ammonium chloride	72,961,127	44,108,449	-	-	72,961,127	44,108,449
Magnesium chloride and others	59,274,717	48,551,917	-	-	59,274,717	48,551,917
Agri chemicals	59,313,524	54,744,466	-	-	59,313,524	54,744,466
Yarn	-	-	806,583,465	1,056,386,655	806,583,465	1,056,386,655
Waste	-	-	5,972,441	12,782,322	5,972,441	12,782,322
Export						
Hydrochloric acid	-	10,812,918	-	-	-	10,812,918
Caustic soda flakes	7,714,860	9,814,061	-	-	7,714,860	9,814,061
Liquid chlorine	7,767,800	14,506,132	-	-	7,767,800	14,506,132
Bleaching powder	11,008,764	10,824,989	-	-	11,008,764	10,824,989
Ammonium chloride	36,346,399	1,057,728	-	-	36,346,399	1,057,728
Others	12,533,959	16,143,005	-	-	12,533,959	16,143,005
	6,237,156,089	5,286,228,594	812,555,906	1,069,168,977	7,049,711,995	6,355,397,571
Less:						
Commission and discount	111,591,088	156,418,018	1,540,704	1,997,288	113,131,792	158,415,306
Excise duty	44,775,341	44,958,733	-	-	44,775,341	44,958,733
Sales tax	713,405,829	672,453,463	-	-	713,405,829	672,453,463
Sales - net	5,367,383,831	4,412,398,380	811,015,202	1,067,171,689	6,178,399,033	5,479,570,069
Result						
Segment result	1,615,786,471	1,261,663,113	39,121,412	54,718,058	1,654,907,883	1,316,381,171
Unallocated income / (expenses)						
Other operating income					27,419,688	64,557,333
Administrative expenses					(1,806,500)	(1,375,000)
Other operating expenses					(78,900,914)	(90,423,247)
Finance cost					(604,981,196)	(368,094,645)
Share of (loss) / profit of associated company					(8,744,825)	(1,745,441)
Profit before taxation					987,894,136	919,300,171
Provision for taxation					357,439,095	296,954,801
Profit after taxation					630,455,041	622,345,370
Other information						
Segment assets	7,888,725,413	6,828,244,193	366,000,440	1,225,100,838	8,254,725,853	8,053,345,031
Unallocated corporate assets					2,792,648,695	1,885,014,426
					11,047,374,548	9,938,359,457
Segment liabilities	562,999,459	338,943,776	849,907,663	1,060,315,961	1,412,907,122	1,399,259,737
Unallocated corporate liabilities					5,362,833,857	5,226,815,930
					6,775,740,979	6,626,075,667
Capital expenditure	690,389,562	415,342,003	236,667	55,450,349	690,626,229	470,792,352
Depreciation	374,301,088	379,029,419	38,444,278	37,049,020	412,745,366	416,078,439

25.1 Inter-segment pricing / sales

There is no purchase and sale between the segments.

	Note	2009 Rupees	2008 Rupees
26 COST OF SALES			
Raw material consumed	26.1	1,291,998,770	1,194,662,435
Fuel and power		2,302,203,271	1,838,817,608
Salaries, wages and benefits	26.2	226,820,677	177,755,100
Stores and spares		193,496,665	118,383,625
Repair and maintenance		30,373,616	35,840,129
Vehicle running and maintenance		25,468,765	15,597,723
Traveling and conveyance		13,241,823	9,070,214
Insurance		12,894,782	11,258,830
Depreciation	3.2	396,814,080	404,112,559
Others		7,115,653	4,531,041
		4,500,428,102	3,810,029,264
Work-in-process			
Opening stock		28,470,059	16,840,840
Closing stock		(26,239,677)	(28,470,059)
		2,230,382	(11,629,219)
Cost of goods manufactured		4,502,658,484	3,798,400,045
Finished stocks			
Opening stock		158,005,726	283,891,471
Closing stock		(445,964,047)	(158,005,726)
		(287,958,321)	125,885,745
Cost of goods sold -own manufactured products		4,214,700,163	3,924,285,790
-Purchased Goods		1,943,499	-
		4,216,643,662	3,924,285,790

26.1 Raw material consumed

	2009 Rupees	2008 Rupees
Opening stock	340,440,010	140,944,051
Purchases	1,273,740,596	1,426,670,270
	1,614,180,606	1,567,614,321
Cost of raw cotton sold	(20,415,903)	(32,511,876)
Closing stock	(301,765,933)	(340,440,010)
	1,291,998,770	1,194,662,435

26.2 Salaries wages and benefits include Rs. 4,002,699 (2008 Rs. 3,089,505) in respect of employee retirement benefits.

	2009 Rupees	2008 Rupees
27 OTHER OPERATING INCOME		
Sale of scrap and waste	10,019,595	3,970,770
Profit on deposits	9,962,946	6,994,024
Rent income	4,341,268	8,304,693
Gain on disposal of property plant and equipment	1,650,245	-
Gain on disposal of investment property	-	35,948,978
Gain realized during the year on sale of investments	-	6,861,232
Exchange gain	918,011	224,853
Dividend income	54,001	-
Others	473,622	2,252,783
	27,419,688	64,557,333

28 DISTRIBUTION COST

	Note	2009 Rupees	2008 Rupees
Staff salaries and benefits	28.1	14,923,775	12,920,499
Freight, octroi and insurance		38,695,791	47,936,753
Advertisement		283,996	832,018
Vehicles running and maintenance		5,947,972	4,213,211
Traveling and conveyance		1,592,173	1,696,094
Postage and telephone		841,008	773,122
Printing and stationery		247,132	301,902
Others		5,760,254	2,875,835
		68,292,101	71,549,434

28.1 Staff salaries and benefits include Rs. 403,371(2008 Rs.392,525) in respect of employee retirement benefits.

29 ADMINISTRATIVE EXPENSES

	Note	2009 Rupees	2008 Rupees
Directors' remuneration		27,103,443	25,527,192
Staff salaries and benefits	29.1	81,114,041	61,573,765
Postage, telephone and telex		3,995,632	3,455,366
Vehicles running and maintenance		8,719,951	6,500,165
Printing and stationery		3,397,867	2,982,022
Electricity		2,551,561	2,118,794
Rent, rates and taxes		1,014,328	629,007
Traveling and conveyance		15,079,570	6,367,504
Advertisement		13,500,023	6,230,064
Books and periodicals		305,468	95,290
Fees and subscription		14,446,638	11,095,005
Legal and professional		1,083,856	1,228,891
Repairs and maintenance		7,698,386	4,105,703
Auditors' remuneration	29.2	1,806,500	1,375,000
Entertainment		5,718,435	2,551,010
Donations	29.3	33,171,684	15,142,228
Insurance		1,679,295	1,535,234
Depreciation	3.2	15,931,286	11,965,880
Depreciation on investment property	4.2	671,618	1,316,245
Provision for bad debts and doubtful advances		431,539	1,121,516
Other		940,766	1,812,794
		240,361,887	168,728,675

29.1 Staff salaries and benefits include Rs. 2.104 million (2008 Rs. 1.981 million) in respect of employee retirement benefits.

	2009 Rupees	2008 Rupees

29.2 Auditors' remuneration

	2009 Rupees	2008 Rupees
Annual statutory audit	1,000,000	700,000
Half yearly and CoCG compliance reviews	250,000	110,000
Out of pocket	56,500	10,000
Tax advisory services	500,000	555,000
	1,806,500	1,375,000

29.3 It includes Rs. 22.755 million (2008: Rs. 7.238 million) donated to Aziz Fatima Trust (AFT), Faisalabad which is primarily running a charitable hospital for needy and poor people. Haji Bashir Ahmed, Mr. Muhmmad Adrees, Mr. Javed Iqbal & Mr. Imran Ghafoor, the directors of the Company are also the Trustees of the AFT.

30 OTHER OPERATING EXPENSES

	2009 Rupees	2008 Rupees
Loss on disposal of property, plant and equipment	-	18,097,445
Worker's profit participation fund	52,906,790	49,552,886
Worker's welfare fund	17,334,870	22,204,670
Impairment loss on investment in associated company	8,659,254	568,246
	78,900,914	90,423,247

31 FINANCE COST

	2009 Rupees	2008 Rupees
Long-term financing	313,025,151	224,558,009
Long-term murabaha	403,939	3,640,173
Murabaha payable	283,044,484	131,642,605
Bank charges and commission	8,507,622	8,253,858
	604,981,196	368,094,645

32 PROVISION FOR TAXATION

	2009 Rupees	2008 Rupees
Current		
for the year	303,228,374	320,947,380
for prior years	8,658,154	633,000
Deferred	45,552,567	(24,625,579)
	357,439,095	296,954,801

32.1 Numerical reconciliation between the applicable and effective tax rate

	2009 %	2008 %
Applicable tax rate	35	35
Inadmissible expenses	1	(3)
Tax credit of donations	(1)	(1)
Income taxed at different rates	1	1
Effective tax rate	36	32

33 EARNINGS PER SHARE

- Basic and diluted

There is no dilutive effect on basic earnings per share of the Company, which is computed as follows:

Profit for the year	Rs.	630,455,041	622,345,369
Weighted average number of ordinary Shares outstanding during the year		20,408,959	20,408,959
Earnings per shares	Rs.	30.89	30.49

34 DIVIDEND AND APPROPRIATION

In respect of current year, the directors have proposed to pay final cash dividend of Rs. 153.067 million (2008: Rs.153.067 million) at Rs 7.50 (2008: Rs.7.50) per ordinary share of Rs 10 each for approval of the shareholders at the forthcoming Annual General Meeting. Financial effect of the proposed dividend has not been taken in these financial statements and will be accounted for subsequently in the year approved.

35 FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments:

Liquidity risk
Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes shall be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

35.1 Credit risk and concentration of credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. To manage credit risk the Company maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed.

The Company is exposed to credit risk from its operating activities primarily for local trade debts, sundry receivables and other financial assets.

The Company does not hold collateral as security.
The Company's credit risk exposures are categorized under the following headings:

35.1.1 Counterparties

The Company conducts transactions with the following major types of counterparties:

Trade debts
Trade debts are essentially due from local customers against sale of Yarn, Caustic Soda, Hydrochloric Acid, Agri chemicals and other allied products and from foreign customers against supply of Ammonium Chloride and allied products and the Company does not expect these counterparties to fail to meet their obligations. The majority of sales to the Company's customers are made on specific terms. Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Credit quality of the customer is assessed based on an extensive credit rating. Outstanding customer receivables are regularly monitored and any shipments to foreign customers are generally covered by letters of credit or other form of credit insurance.

Bank and investments

The Company limits its exposure to credit risk by only investing in highly liquid securities and only with counterparties that have a credit rating of at least A1 and A. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations.

35.1.2 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2009 Rupees	2008 Rupees
Trade debts	663,921,122	563,788,198
Loans and advances	29,752,521	29,611,478
Other receivables	12,147,808	8,317,612
Other financial assets	54,708,026	8,425,510
Bank balances	294,164,537	240,942,737
	1,054,694,014	851,085,535

Geographically there is no concentration of credit risk.

	Note	2009 Rupees	2008 Rupees

The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

Chemical - local	628,830,382	418,118,998
Textile - local	31,242,977	134,117,303
Agri chemical - local	3,382,294	3,218,470
	663,455,653	555,454,771

There is no single significant customer in the trade debts of the Company.
The maximum exposure to credit risk for trade debts at the reporting date by type of product was:

Textile	31,242,977	134,117,303
Chemicals	632,212,676	421,337,468
	663,455,653	555,454,771

35.1.3 Impairment losses

The aging of trade receivables at the reporting date was:

	Gross 2009	Impairment 2009	Gross 2008	Impairment 2008
		Rupees		
Not past due	429,919,319	-	393,634,119	-
Past due 0-30 days	78,079,151	-	48,621,436	-
Past due 30-60 days	52,932,322	-	46,379,141	-
Past due 60-90 days	34,805,794	-	27,102,946	-
Over 90 days	70,969,951	2,785,414	51,855,129	3,804,573
	666,706,537	2,785,414	567,592,771	3,804,573

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	Note	2009 Rupees	2008 Rupees
Balance at 1 July		3,804,573	2,683,057
Impairment loss (reversed) / recognized		(1,019,158)	1,121,516
Balance at 30 June		2,785,415	3,804,573

Based on age analysis, relationship with customers and past experience the management does not expect any party to fail to meet their obligations. The management believes that trade debts are considered good and hence no impairment allowance is required in this regard.

The movement in the allowance for impairment in respect of loans and advances during the year was as follows:

	Note		
At beginning of year		7,461,769	7,461,769
Impairment loss recognised		1,450,697	-
Amount written off		(7,461,769)	-
At end of year	11	1,450,697	7,461,769

	Note	2009 Rupees	2008 Rupees

The allowance accounts in respect of trade receivables and loans and advances are used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible; at that point the amount considered irrecoverable is written off against the financial asset directly.

35.2 Liquidity risk management

Liquidity risk reflects the Company's inability in raising funds to meet commitments. Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customer.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note 22.3 to these financial statements is a listing of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

35.2.1 Liquidity and interest risk table

The following table detail the Company's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities under long term financing agreements based on the earliest date on which the Company can be required to pay. For effective markup rate please see note 19.2.1, 19.3.1, 19.4.1 and 23.3 to these financial statements.

Carrying amount and contractual cash flows of trade and other financial liabilities are approximately same.

	2009 Rupees	2008 Rupees
Trade and other Payables		
Maturity upto one year	719,890,804	489,782,479
Short term borrowings		
Maturity upto one year	1,050,950,193	1,388,701,088
Long term financing		
Maturity upto one year	415,091,267	268,279,930
Maturity after one year and upto five years	2,654,151,983	1,797,673,176
Maturity after five years	131,600,000	-
	4,971,684,247	3,944,436,673

35.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

35.3.1 Foreign currency risk management

Pak Rupee (PKR) is the functional currency of the Company and as a result currency exposure arise from transactions and balances in currencies other than PKR. The Company's potential currency exposure comprise;

- Transactional exposure in respect of non functional currency monetary items.
- Transactional exposure in respect of non functional currency expenditure and revenues.

The potential currency exposures are discussed below;

Transactional exposure in respect of non functional currency monetary items

Monetary items, including financial assets and liabilities, denominated in currencies other than the functional currency of the Company are periodically restated to PKR equivalent, and the associated gain or loss is taken to the profit and loss account. The foreign currency risk related to monetary items is managed as part of the risk management strategy.

Transactional exposure in respect of non functional currency expenditure and revenues

Certain operating and capital expenditure is incurred by the Company in currencies other than the functional currency. Certain sales revenue is earned in currencies other than the functional currency of the Company. These currency risks are managed as a part of overall risk management strategy.

Exposure to foreign currency risk

The Company's exposure to foreign currency risk was as follows based on notional amounts:

	2009 US$	2008 US$
Trade debts	5,739	122,550
	5,739	122,550

Commitments outstanding at year end amounted to Rs. 144.503 million (2008: Rs. 165.780 million) relating to letter of credits for import of plant and machinery, stores spare parts and raw material.

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2009	2008	2009	2008
	Rupees		Rupees	
US$ 1	78.82	62.61	81.1	68.0

Sensitivity analysis

A 10 percent strengthening of the Pak Rupee against the USD at June 30, 2009 would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for June 30, 2008.

	2009 Rupees	2008 Rupees
Decrease in profit and loss account	59,664	1,493,911

A 10 percent weakening of the Pak Rupee against the US $ at June 30, 2009 would have had the equal but opposite effect on US $ to the amounts shown above, on the basis that all other variables remain constant.

35.4 Interest rate risk

The interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates. Sensitivity to interest rate risk arises from mismatches of financial assets and liabilities that mature in a given period.

Profile

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was:

	2009	2008	2009	2008
	- - - - - - - % - - - - - - -		- - - - - Rupees - - - - -	
Fixed rate instruments				
Financial assets			-	-
Financial liabilities				
Long term financing	10.25	10.25	-	19,438,047
			-	(19,438,047)

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss therefore, a change in interest rate would not affect profit or loss.

Floating rate instruments				
Financial assets				
Bank balances	5.65% to 7.93%	2.91% to 5.86%	242,004,433	183,247,803
Financial liabilities				
Long term financing	14.55% to17.65%	10.98% to12.08%	2,785,751,983	1,797,673,176
			(2,543,747,550)	(1,614,425,373)

Fair value sensitivity analysis for floating rate instruments

The following table demonstrates the sensitivity to a reasonably possible change in floating interest rates, with all other variables held constant, of the Company's profit before tax (through the impact on floating rate borrowings). There is only an immaterial impact on the Company's equity.

	Increase / Decrease in basis point %	Effect on porfit before tax Rupees
2009		
Short term borrowings	1.25%	15,247,821
Long term financing		32,917,477
		48,165,298
2008		
Short term borrowings	1.25%	17,358,764
Long term financing		25,824,414
		43,183,178

35.5 Equity Price Risk Management

The Company's listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments. The Company's Board of Directors reviews and approves all equity investment decisions.

At the balance sheet date, the exposure to various listed equity securities at fair value was Rs. 54,708,027.

35.6 Determination of fair values

Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction other than in a forced or liquidation sale.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

35.7 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses. The Company manages its capital structure which comprises capital and reserves by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, appropriation of amounts to capital reserves or/and issue new shares.

36 REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the accounts of the year for remuneration including all benefits to Chief Executive, Directors and Executives of the Company were as follows:

	2009			2008		
	Chief Executive	Directors	Executive	Chief Executive	Directors	Executive
	Rupees					
Remuneration	9,200,004	4,000,008	25,548,704	8,500,000	4,850,012	18,272,477
Retirement benefits	-	-	1,175,354	-	-	743,950
Perquisite						
House rent	3,680,004	1,659,996	7,705,740	3,399,996	1,734,996	5,481,746
Utilities	919,992	339,996	2,513,649	849,996	484,992	1,827,190
Medical allowance	-	-	195,752	-	205,000	140,640
Special allowance	-	-	264,019	-	-	185,242
Income tax	1,467,772	1,320,430	-	1,019,887	1,627,475	-
	15,267,772	7,320,430	37,403,218	13,769,879	8,902,475	26,651,245
Number of persons	1	2	31	1	2	21

36.1 The Chief Executive, certain Directors and Executives are provided with free use of Company's cars and telephone.

36.2 Directors have waived their meeting fee.

37 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise holding company, subsidiary and associated undertakings, other related group companies, directors of the company, key management personnel and post employment benefit plans. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables and remuneration of directors and key management personnel is disclosed in note 36. Other significant transactions with related parties are as follows:

Relationship with the Company	Nature of transactions	2009 Rupees	2008 Rupees
Associated Undertakings	Sales	37,498,624	110,371,611
	Purchases	2,747,888	57,751,175
	Organizational expenses recovered	2,325,395	2,987,855
	Organizational expenses paid	142,327	100,752
	Power charges paid	920,176,580	678,978,350
	Purchase of property, plant and equipment	-	53,250,000
	Dividend received	2,334,153	-
	Donation	22,755,060	7,372,831
Key Management personnel	Remuneration to Executive	59,991,420	51,566,553
	Post-employment benefits	6,146,974	5,212,912

All transactions with related parties have been carried out on commercial terms and conditions.

38. PLANT CAPACITY AND PRODUCTION

Chemical Division	Designed Capacity 2009	Designed Capacity 2008	Actual Production 2009	Actual Production 2008	Reason for short fall
	Tons				
Caustic soda	178,200	178,200	146,601	151,695	Due to lack in demand
Sodium hypochloride	66,000	66,500	37,793	43,624	
Bleaching powder	7,500	7,500	4,401	4,984	
Liquid chlorine	9,900	9,000	8,687	9,277	
Hydrochloric acid	180,000	180,000	131,903	139,424	
Ammonium chloride	3,400	3,400	4,048	3,261	Due to increased demand

Textile Division

	2009	2008
Ring Spinning		
Number of spindles installed	22,080	22,080
Number of spindles worked	22,080	22,080
Number of shifts per day	3	3
Installed capacity after conversion into 20/s count (Kgs.)	10,110,166	10,110,166
Actual production of yarn after conversion into 20/s count (Kgs.)	10,234,394	9,807,307

39 WORKING CAPITAL CHANGES

	2009 Rupees	2008 Rupees
(Increase) / decrease in Current Assets		
Decrese / (increase) in stores, spare parts and loose tools	67,959,605	(125,515,490)
Increase in stock-in-trade	(246,845,727)	(85,239,433)
Increase in trade debts	(99,646,452)	(3,597,942)
Decrease / (increase) in loans and advances	91,552,767	(59,598,806)
Incerase in trade deposits and short-term prepayments	(13,673,867)	(2,754,693)
(Incerase) / decrease in other receivables	(3,529,036)	4,001,941
	(204,182,710)	(272,704,423)
(Decrease) / increase in trade and other payables	(116,074,510)	460,587,432
	(320,257,220)	187,883,009

40 RECLASSIFICATION

Corresponding figures have been rearranged and reclassified to reflect more appropriate presentation of events and transactions for the purposes of comparison. Significant reclassifications made are as follows:

From	To	Nature	Amount re-classified Rupees
Advance for investment property	Investment property	Investment property	26,000,000
Loans and advances	Taxation-income tax-net of advance tax	Advances income tax	204,664,629
Revenue Reserves	Provision for deferred taxation	Deferred tax related to Incremental depreciation	40,944,072

41 GENERAL

Figures have been rounded of the nearest Rupee.

42 DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue on 28 September, 2009 by the Board of Directors of the Company.

MUHAMMAD ADREES
CHIEF EXECUTIVE OFFICER

IMRAN GHAFOOR
DIRECTOR

Sitara Chemical Industries Limited

FORM OF PROXY

IMPORTANT

This form of Proxy, in order to be effective, must be deposited duly completed, at the Company's Registered Office at 601-602, Business Centre, Mumtaz Hasan Road, Karachi not less than 48 hours before the time of holding the meeting.

A Proxy must be a member of the Company. Signature should agree with the specimen registered with the company.

Please quote Registered Folio Number/CDC Account Number

I/We ______________________________

of ______________________________

being a member of Sitara Chemical Industries Limited entitled to vote and holder of ______________

ordinary shares, hereby appoint ______________________________

of ______________________________

who is also a member of Company, as my/our proxy in my/our absence to attend and vote for me/us on my/our behalf at the 28th Annual General Meeting of the Company to be held at Dr. Abdul Qadeer Khan Auditorium, Haji Abdullah Haroon Muslim Gymkhana, Near Shaheen Complex, Aiwan-e-Sadr Road, Karachi, on Thursday October 29, 2009 at 2:00 p.m. and at any adjournment thereof.

As witness my/our hand this ______________ day of ______________ 2009

Signed by the said ______________________________ in the presence

of ______________

____
(Member's Signature)

Affix Rs. 5/-

Revenue Stamp which must be cancelled either by signature over it or by some othe means

Place ______________

____
(Witness's Signature)

Date ______________

Sitara Chemical
Industries Limited

AFFIX
CORRECT
POSTAGE

601-602 Business Centre,
Mumtaz Hasan Road,
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