

**Sitara
Energy
Limited**

**Quarterly Financial Statements
September 2018
(Un-Audited)**



Sitara Energy Limited

Company Information	02
Director Report	03
Condensed Interim Statement of Financial Position	05
Condensed Interim Statement of Profit or Loss Account	06
Condensed Interim Statement of Comprehensive Income	07
Condensed Interim Statement of Cash Flow Statement	08
Condensed Interim Statement of Changes in Equity	09
Condensed Interim Financial Information	10

Consolidated Accounts

(Sitara Energy Ltd and Its Subsidiary Company)

Condensed Interim Consolidated Statement of Financial Position	15
Condensed Interim Consolidated Statement of Profit or Loss Account	16
Condensed Interim Consolidated Statement of Comprehensive Income	17
Condensed Interim Consolidated Statement of Cash Flow Statement	18
Condensed Interim Consolidated Statement of Changes in Equity	19
Consolidated Condensed Interim Financial Information	20

Board of Directors

Ms. Noureen Javed (Chairperson)
Mr. Javed Iqbal (Chief Executive Officer)
Mr. Abdullah Javed
Mr. Mukhtar A. Sheikh
Mr. Rana M. Arshad Iqbal
Ms. Haniah Javed
Mr. Mubashir Ahmed Zareen

Chief Financial Officer

Mr. Ijaz A. Babar - FCA

Company Secretary

Mr. Mazhar Ali Khan

Legal Advisor

Sahibzada Muhammad Arif

Share Registrar

THK Associates (Private) Limited
1st Floor, 40-C, Block-6,
P.E.C.H.S, Karachi - 75400.
UAN : +92 (21) 111-000-322
Ph: +92 (21) 34168270
Fax: +92 (21) 34168271
E-mail: aa@thk.com.pk

Registered Office

601-602 Business Centre, Mumtaz Hassan Road,
Karachi – 74000

Plant

33 K.M., Sheikhpura Road, Faisalabad

Audit Committee

Mr. Rana M. Arshad Iqbal (Chairman)
Ms. Haniah Javed
Ms. Noureen Javed

Human Resource & Remuneration Committee

Mr. Mukhtar Ahmad Sheikh (Chairman)
Mr. Rana M. Arshad Iqbal
Ms. Noureen Javed

Auditors

M/s. RSM Avais Hyder Liaquat Nauman
(Chartered Accountants)

Bankers

Standrad Chartered Bank (Pak) Limited
Albaraka Bank (Pakistan) Limited
National Bank of Pakistan
First Women Bank Limited
Bank Alfalah Limited
Faysal Bank Limited
The Bank of Punjab
MCB Bank Limited
United Bank Limited
Meezan Bank Limited
Allied Bank Limited
Silk Bank Limited
Askari Bank Limited
Summit Bank Limited
Habib Bank Limited

Website

<http://www.sitara.pk>

DIRECTORS' REVIEW

The Board of Directors of Sitara Energy Limited (the Company) is pleased to present their report together with the Condensed Interim Financial Information and its subsidiary for the first quarter ended September 30, 2018.

Financial Results:

The financial results for the first quarter of the current financial year, in comparison with the first quarter of the last year, are as under:-

Financial Highlights	July – September 2018	July – September 2017
	Rupees in thousand	Rupees in thousand
Sales – net	452,515	582,947
Cost of generation	428,435	543,772
Gross profit	24,080	39,175
Gross profit ratio to revenue	5.32%	6.72%
(Loss) after tax	(24,801)	(16,905)
(Loss) per share – Basic & diluted (Rs.)	(1.30)	(0.89)

The sales of the Company is Rs. 452.515 Million during the first quarter of the current financial year in comparison with Rs. 582,947 Million during the first quarter of the last financial year. The main reason for decrease in sales is lower load demand by Bulk Power Consumers (BPCs). During the first quarter of the current financial year, the Company generated 34,108 MWh of electricity as compared with 53,034 MWh generated during the first quarter of the last financial year.

The net loss for the first quarter of the current financial year is Rs. 24.801 Million as compared with Rs. 16.905 Million during the first quarter of last financial year. The main reasons for the losses are the increasing prices of fuels without any corresponding increase in tariff.

The profitability of the company during the current financial year 2018-19 will largely depends upon affordable prices of fuels and increase in tariff by the NEPRA/Government. The Company is taking all the measures for reduction in cost to keep the losses at the minimum.

We extend our heartiest gratitude to all our lenders and suppliers for their continuous support in difficult time and dedicated work by the management and all the employees in the larger interest of the Company.

By order of the board

Faisalabad:
October 26, 2018



Javed Iqbal
Chief Executive Officer

ستارہ انرجی کا بورڈ آف ڈائریکٹرز اور اسکے ذیلی ادارے کی پہلی سہ ماہی 30 ستمبر 2018ء کی ملخص عبوری مالیاتی معلومات پیش کرتے ہوئے خوشی محسوس کر رہا ہے۔

مالی نتائج:

گزشتہ سال کی پہلی سہ ماہی کے مقابلے میں رواں مالی سال کی پہلی سہ ماہی کے مالیاتی نتائج حسب ذیل ہیں۔

مالیاتی اعداد و شمار	جولائی - ستمبر 2018ء	جولائی - ستمبر 2017ء
	پاکستانی روپے ہزاروں میں	پاکستانی روپے ہزاروں میں
فروخت آمدنی	452,515	582,947
پیداواری لاگت	428,435	543,772
مجموعی منافع	24,080	39,175
آمدنی میں مجموعی منافع کا تناسب	5.32%	6.72%
ٹیکسیشن کے بعد (نقصان)	(24,801)	(16,905)
نی شبیر (نقصان) Basic & diluted (Rs.)	(1.30)	(0.89)

رواں مالی سال کی پہلی سہ ماہی کی فروخت آمدنی 452,515 ملین روپے ہے۔ جبکہ گزشتہ مالی سال کی فروخت آمدنی 582,947 ملین روپے تھی۔ اس کی بڑی وجہ (BPCs) بلک پاور کنزیومر کی طرف سے کم لوڈ کی طلب ہے۔ زیر جائزہ مدت کے دوران کمپنی نے تمام معیارات کی تکمیل کرتے ہوئے گزشتہ مالی سال کی پہلی سہ ماہی میں پیدا ہونے والے 53,034 میگا واٹ آورز کی نسبتاً 34,108 میگا واٹ آورز پیدا کیے۔

پہلی سہ ماہی کے اختتام پر صافی نقصان 24,801 ملین روپے ہے جبکہ گزشتہ مالی سال کی پہلی سہ ماہی میں صافی نقصان 16,905 ملین روپے تھا نقصان زیادہ ہونے کی بڑی وجہ فیول کی قیمتوں میں اضافہ ہے جبکہ اسکے مقابلہ میں ٹیرف (Tariff) میں اضافہ کا نہ ہونا ہے۔

مالی سال 2018-19 میں کمپنی کا منافع بہت حد تک فیول (Fuel) کی مناسب قیمتوں پر فراہمی اور نیپرا (Neptra) کی طرف سے ٹیرف (Tariff) میں اضافہ ہے۔ کمپنی نقصان کو کم کرنے کے لیے اخراجات میں کمی کے اقدامات کر رہی ہے۔

ہم اپنے تمام قرض دہندہ اور سپلائرز کی مشکل وقت میں اور انتظامیہ اور عملہ کی ادارے کے مفاد میں دینی دلچسپی اور سخت محنت پر انکے دل و جان سے مشکور ہیں۔

بحکم بورڈ



جاوید اقبال
چیف ایگزیکٹو آفیسر

فیصل آباد

26 اکتوبر 2018ء

Condensed Interim Statement of Financial Position (Unaudited) As at September 30, 2018

	(Un-audited) September 30, 2018	(Audited) June 30, 2018
Note Rupees in '000'	

	(Un-audited) September 30, 2018	(Audited) June 30, 2018
Note Rupees in '000'	

SHARE CAPITAL AND RESERVES

Authorised capital		
30,000,000 ordinary shares of Rs. 10/- each	300,000	300,000
Issued, subscribed and paid up capital	190,920	190,920
Capital reserve - share premium	143,190	143,190
Revenue reserves		
General reserve	970,000	970,000
Unappropriated profit	544,142	568,943
	1,848,252	1,873,053

NON-CURRENT LIABILITIES

Liabilities against assets subject to finance lease	-	-
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CURRENT LIABILITIES

Trade and other payables	673,688	714,561
Unclaimed dividend	3,708	3,708
Interest / mark up payable	29,969	29,641
Short term bank borrowings	1,107,049	1,058,327
Current portion of:		
Liabilities against assets subject to finance lease	1,921	2,461
Provision for taxation - income tax	-	-
	1,816,335	1,808,698

**CONTINGENCIES AND
COMMITMENTS**

3	-	-
	3,664,587	3,681,751

NON-CURRENT ASSETS

Property, plant and equipment	4 1,527,168	1,536,250
Investment property	28,379	29,107
Investment in subsidiary	49,995	49,995
Long term deposits	511	511
	1,606,053	1,615,863

CURRENT ASSETS

Stores, spares and loose tools	286,009	280,259
Stock of oil and lubricants	59,010	43,140
Trade debts	731,244	755,558
Loans and advances	641,728	676,394
Deposits and prepayments	42,368	36,068
Other receivables	104,260	97,850
Tax refunds due from Government	167,392	156,025
Cash and bank balances	26,523	20,594
	2,058,534	2,065,888

3,664,587	3,681,751
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The annexed notes form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

Condensed Interim Statement of Profit or Loss Account (Unaudited) For the First Quarter ended September 30, 2018

		Quarter ended September 30, 2018	Quarter ended September 30, 2017
	Note Rupees in '000'	
Sales - net	5	452,515	582,947
Cost of generation	6	428,435	543,772
Gross profit		24,080	39,175
Other operating income		1,278	4,263
		25,358	43,438
Operating expenses		19,303	29,150
Finance cost		30,856	31,193
		50,159	60,343
(Loss) for the period before taxation		(24,801)	(16,905)
Provision for taxation		-	-
(Loss) for the period		(24,801)	(16,905)
(Loss) per share - Basic and diluted		(1.30)	(0.89)

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

Condensed Interim Statement of Comprehensive Income (Unaudited) For the First Quarter ended September 30, 2018

	Quarter ended September 30, 2018	Quarter ended September 30, 2017
	Rupees in '000'	
(Loss) for the period	(24,801)	(16,905)
Other comprehensive income for the period	-	-
Total comprehensive (loss) for the period	(24,801)	(16,905)

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

Condensed Interim Statement of Cash Flow Statement (Unaudited) For the First Quarter ended September 30, 2018

	Quarter ended September 30, 2018	Quarter ended September 30, 2017
	Rupees in '000'	
a) CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) for the period before taxation	(24,801)	(16,905)
Adjustments for :		
Depreciation of property, plant and equipment	9,082	10,024
Depreciation of investment property	728	809
Provision for staff retirement benefits	579	738
Gain on disposal of :		
Property, plant and equipment	-	(2,583)
Finance cost	30,856	31,193
Operating cash flows before working capital changes	16,444	23,276
Changes in working capital		
(Increase) / Decrease in current assets		
Stores, spares and loose tools	(5,750)	(4,475)
Stock of oil and lubricants	(15,870)	133,281
Trade debts	24,314	(93,397)
Loans and advances	34,270	(30,793)
Deposits and prepayments	(6,300)	(8,825)
Other receivables	(6,410)	224
Tax refund due from government- Sales tax	(11,367)	(712)
(Decrease) / Increase in current liabilities		
Trade and other payables	(40,255)	(53,185)
	(27,368)	(57,882)
Cash (used in) operating activities	(10,924)	(34,606)
Income tax paid	(395)	(757)
Staff retirement benefits paid	(407)	(466)
Finance cost paid	(30,527)	(30,651)
Net cash (used in) operating activities	(42,253)	(66,480)
b) CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in property, plant and equipment	-	(15,815)
Proceeds from disposal of :		
Property, plant and equipment	-	12,900
Net cash (used in) investing activities	-	(2,915)
c) CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of:		
Liabilities against assets subject to finance lease	(540)	(628)
Increase in short term bank borrowings - net	48,722	79,530
Net cash generated from financing activities	48,182	78,902
Net increase / (decrease) in cash and cash equivalents (a+b+c)	5,929	9,507
Cash and cash equivalents at the beginning of the period	20,594	62,481
Cash and cash equivalents at the end of the period	26,523	71,988

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

Condensed Interim Statement of Changes in Equity (Unaudited) For the First Quarter ended September 30, 2018

	Issued, subscribed and paid up capital	Capital reserve Share premium	Revenue reserve			Total
			General reserve	Unappropriated profit	Sub total	
	Rupees in '000'					
Balance as at July 01, 2017	190,920	143,190	970,000	650,800	1,620,800	1,954,910
Total comprehensive (loss) for the period						
(Loss) for the period	-	-	-	(16,905)	(16,905)	(16,905)
Other comprehensive income	-	-	-	-	-	-
	-	-	-	(16,905)	(16,905)	(16,905)
Balance as at September 30, 2017	190,920	143,190	970,000	633,895	1,603,895	1,938,005
Total comprehensive (loss) for the period						
(Loss) for the period	-	-	-	(64,952)	(64,952)	(64,952)
Other comprehensive income	-	-	-	-	-	-
	-	-	-	(64,952)	(64,952)	(64,952)
Balance as at June 30, 2018	190,920	143,190	970,000	568,943	1,538,943	1,873,053
Total comprehensive (loss) for the period						
(Loss) for the period	-	-	-	(24,801)	(24,801)	(24,801)
Other comprehensive income	-	-	-	-	-	-
	-	-	-	(24,801)	(24,801)	(24,801)
Balance as at September 30, 2018	190,920	143,190	970,000	544,142	1,514,142	1,848,252

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

Selected Explanatory Notes to the Condensed Interim Financial Information (Unaudited) For The First Quarter Ended September 30, 2018

1. STATUS AND ACTIVITIES

- 1.1** Sitara Energy Limited (the Company) is incorporated in Pakistan as a public limited Company under the Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act 2017) and is listed on Pakistan Stock Exchange Limited. The main object of the Company is generation and distribution of electricity. The registered office of the Company is situated at 601-602 Business Centre, Mumtaz Hasan Road, Karachi in the province of Sindh. The project is located at Tehsil Jaranwala, District Faisalabad in the province of Punjab.
- 1.2** The Company is implementing expansion project comprising electricity generation capacity of 21 MW.
- 1.3** This condensed interim financial information is presented in Pak Rupee, which is the Company's functional and presentation currency.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

- 2.1.1** This condensed interim financial information has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Act, 2017. In case where the requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed.
- 2.1.2** This condensed interim financial information is unaudited and is being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act 2017).
- 2.1.3** This condensed interim financial information does not include all the information required for complete set of financial statements, and should be read in conjunction with the Company's published audited financial statements for the year ended June 30, 2018.

2.2 Application of new and revised International Financial Reporting Standards

2.2.1 Standards, amendments to standards and interpretations becoming effective in current period

There are certain new standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations that became effective during the period and are mandatory for accounting periods of the Company beginning on or after July 01, 2018 but are considered not to be relevant or not to have any significant effect on the Company's operations. The new standards, amendments and IFRIC interpretations that are relevant to the operations of the Company are disclosed in the published audited financial statements for the year ended June 30, 2018.

2.2.2 Standards, amendments to standards and interpretations becoming effective in future periods

There are other new standards, amendments and IFRIC interpretations that are mandatory for accounting periods of the Company beginning on or after July 01, 2018 but are considered not to be relevant or not to have any significant effect on the Company's operations. The new standards, amendments and IFRIC interpretations that are relevant to the operations of the Company are disclosed in the published audited financial statements for the year ended June 30, 2018.

2.3 Basis of preparation

This condensed interim financial information has been prepared under the "historical cost convention".

2.4 Accounting policies and methods of computation

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the published audited financial statements for the year ended June 30, 2018.

2.5 Estimates, judgments and risk management policies

2.5.1 The preparation of condensed interim financial information in conformity with approved accounting standards, as applicable in Pakistan, requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income 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 the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on amounts recognized in this condensed interim financial information are the same as those disclosed in the published audited financial statements for the year ended June 30, 2018.

2.5.2 Risk management policies and procedures are consistent with those disclosed in the published audited financial statements for the year ended June 30, 2018.

3. CONTINGENCIES AND COMMITMENTS

Contingencies

There are no significant changes in contingent liabilities since the date of published audited financial statements for the year ended June 30, 2018.

	(Un-Audited) September 30, 2018	(Audited) June 30, 2018
Note	----- Rupees in '000' -----	

Commitments

Under letters of credit for stores and spares - 8,255

4. Property, plant and equipment

Operating assets	4.1	897,215	906,298
Capital work in progress		141,607	141,607
Non-operating land		488,346	488,346
		<u>1,527,168</u>	<u>1,536,251</u>

4.1 Operating fixed assets

Book value at beginning of period / year		906,298	943,679
Add: Addition during the period / year	4.1.1	-	24,626
Less: Transfer / disposal during the period / year		-	(26,016)
Depreciation charge during the period / year		(9,082)	(35,991)
		<u>897,215</u>	<u>906,298</u>

4.1.1 Additions to operating fixed assets, during the period / year were as follow

Building on freehold land	-	4,085
Electric Installations	-	2,207
Electric appliances	-	326
Office equipment	-	429
Vehicles	-	17,579
	<u>-</u>	<u>24,626</u>

5. Sales - net

	Quarter ended September 30, 2018	Quarter September 30, 2017
	Rupees in '000'	
Electricity	499,760	661,829
Steam	7,335	4,076
	507,095	665,905
Less: Sales tax	(52,285)	(79,158)
	454,810	586,747
Less: Electricity duty	(2,295)	(3,800)
	452,515	582,947

6. Cost of generation

Cost of fuel, oil and lubricants	216,258	295,329
Cost of gas	171,942	199,517
Salaries and wages and benefits	14,294	18,978
Staff retirement benefits	401	490
Stores, spares and loose tools	11,017	13,023
Insurance	1,031	1,527
Repairs and maintenance	1,797	2,894
Depreciation	7,317	8,001
Other	4,378	4,013
	428,435	543,772

7. AGGREGATE TRANSACTIONS WITH RELATED PARTIES

The Company in the normal course of business carries out transactions with various related parties which comprise of subsidiary, associated undertakings, directors, key management personnel and post employment benefit plan. Significant transactions with related parties are as follows:-

Relationship with the Company	Nature of transaction	Quarter ended September 30, 2018	Quarter ended September 30, 2017
		Rupees in '000'	
Associated Companies	Sale of electricity	95,338	77,348
Other Related Party			
Staff Provident Fund Trust	Contribution for the period	579	739

8. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial report was authorised for issue on October 26, 2018 by the Board of Directors of the Company.

9. GENERAL

- 9.1** No provision for taxation has been made in this condensed Interim financial report as the profits and gains derived by the Company from electric power generation project are exempt from levy of Income tax.
- 9.2** There is no unusual item included in this condensed interim financial report which is affecting liabilities, assets, profit, cash flows or equity of the Company.
- 9.3** Figures have been rounded off to the nearest thousand of Rupees.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

Consolidated Statement of Financial Position

Condensed Interim Consolidated Statement of Financial Position (Unaudited) As at September 30, 2018

	(Un-audited) September 30, 2018	(Audited) June 30, 2018		(Un-audited) September 30, 2018	(Audited) June 30, 2018
Note	Rupees in '000'		Note	Rupees in '000'	
SHARE CAPITAL AND RESERVES			NON-CURRENT ASSETS		
Authorised capital 30,000,000 ordinary shares of Rs. 10/- each	300,000	300,000	Property, plant and equipment	5 1,527,194	1,536,278
			Investment property	28,379	29,107
			Long term deposits	511	511
				1,556,084	1,565,896
Issued, subscribed and paid up capital	190,920	190,920			
Capital reserve - share premium	143,190	143,190			
Revenue reserves					
General reserve	970,000	970,000			
Unappropriated profit	543,196	567,998			
	1,847,306	1,872,108			
Non-controlling interest	7	7			
	1,847,313	1,872,115			
NON-CURRENT LIABILITIES					
Liabilities against assets subject to finance lease	-	-			
	-	-			
CURRENT LIABILITIES			CURRENT ASSETS		
Trade and other payables	674,581	715,642	Stores, spares and loose tools	286,009	280,259
Unclaimed dividend	3,708	3,708	Stock	458,987	443,116
Interest / mark up payable	29,969	29,641	Investment Property	63,403	63,403
Short term bank borrowings	1,107,049	1,058,327	Trade debts	731,244	755,558
Current portion of:			Loans and advances	191,583	226,249
Liabilities against assets subject to finance lease	1,921	2,461	Deposits and prepayments	42,368	36,068
			Other receivables	104,260	97,851
Provision for taxation - income tax	-	-	Tax refunds due from Government	168,444	157,076
	1,817,228	1,809,779	Cash and bank balances	62,159	56,418
				2,108,457	2,115,998
CONTINGENCIES AND COMMITMENTS					
4	-	-			
	3,664,541	3,681,894		3,664,541	3,681,894

The annexed notes form an integral part of this condensed interim consolidated financial information.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

Condensed Interim Consolidated Statement of Profit or Loss Account (Unaudited)
For the First Quarter ended September 30, 2018

		Quarter ended September 30, 2018	Quarter ended September 30, 2017
	Note	Rupees in '000'	
Sales - net	6	452,515	582,947
Cost of generation and sales	7	428,435	543,772
Gross profit		24,080	39,175
Other operating income		1,278	4,263
		25,358	43,438
Operating expenses		19,304	29,455
Finance cost		30,856	31,194
		50,160	60,649
(Loss) for the period before taxation		(24,802)	(17,211)
Provision for taxation		-	-
(Loss) for the period		(24,802)	(17,211)
Attributable to:			
Shareholders of the Parent		(24,802)	(17,211)
Non-controlling interest		-	-
		(24,802)	(17,211)
(Loss) per share - Basic and diluted		(1.30)	(0.90)

The annexed notes form an integral part of this condensed interim consolidated financial information.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

Condensed Interim Consolidated Statement of Comprehensive Income (Unaudited)
For the First Quarter ended September 30, 2018

	Quarter ended September 30, 2018	Quarter ended September 30, 2017
	Rupees in '000'	
(Loss) for the period	(24,802)	(17,211)
Other comprehensive income for the period	-	-
Total comprehensive (loss) for the period	(24,802)	(17,211)
Attributable to:		
Shareholders of the Parent	(24,802)	(17,211)
Non-controlling interest	-	-
	(24,802)	(17,211)

The annexed notes form an integral part of this condensed interim consolidated financial information.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

Condensed Interim Consolidated Statement of Cash Flow Statement (Unaudited)
For the First Quarter ended September 30, 2018

	Quarter ended September 30, 2018	Quarter ended September 30, 2017
	Rupees in '000'	
a) CASH FLOWS FROM OPERATING ACTIVITIES		
(loss) for the period before taxation	(24,802)	(17,211)
Adjustments for :		
Depreciation of property, plant and equipment	9,083	10,025
Depreciation of investment property	728	809
Provision for staff retirement benefits	579	738
Gain on disposal of :		
Property, plant and equipment	-	(2,583)
Finance cost	30,856	31,193
Operating cash flows before working capital changes	16,444	22,971
Changes in working capital		
(Increase) / Decrease in current assets		
Stores, spares and loose tools	(5,750)	(4,475)
Stocks	(15,870)	133,281
Trade debts	24,314	(93,397)
Loans and advances	34,270	1,111
Deposits and prepayments	(6,300)	(8,825)
Other receivables	(6,410)	224
Tax refund due from government- Sales tax	(11,367)	(712)
(Decrease) / Increase in current liabilities		
Trade and other payables	(40,443)	(53,186)
	(27,556)	(25,979)
Cash (used in) operating activities	(11,112)	(3,008)
Income tax paid	(395)	(757)
Staff retirement benefits paid	(407)	(466)
Finance cost paid	(30,527)	(30,651)
Net cash (used in) operating activities	(42,441)	(34,882)
b) CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in property, plant and equipment	-	(15,815)
Proceeds from disposal of :		
Property, plant and equipment	-	12,900
Net cash (used in) investing activities	-	(2,915)
c) CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of:		
Liabilities against assets subject to finance lease	(540)	(628)
Increase in short term bank borrowings - net	48,722	79,530
Net cash generated from financing activities	48,182	78,902
Net increase / (decrease) in cash and cash equivalents (a+b+c)	5,741	41,105
Cash and cash equivalents at the beginning of the period	56,418	66,328
Cash and cash equivalents at the end of the period	62,159	107,433

The annexed notes form an integral part of this condensed interim consolidated financial information.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

Consolidated Statement of Changes In Equity

Condensed Interim Consolidated Statement of Changes in Equity (Unaudited) For the First Quarter ended September 30, 2018

	Capital and reserves						Non-Controlling Interest
	Issued, subscribed and paid up capital	Capital Reserve	Revenue Reserves			Total	
		Share Premium	General Reserve	Unappropriated profit	Sub total		
	----- Rupees in '000' -----						
Balance as at July 01, 2017	190,920	143,190	970,000	651,452	1,621,452	1,955,562	7
Total comprehensive (loss) for the period							
(Loss) for the period	-	-	-	(17,211)	(17,211)	(17,211)	-
Other comprehensive income	-	-	-	-	-	-	-
	-	-	-	(17,211)	(17,211)	(17,211)	-
Balance as at September 30, 2017	190,920	143,190	970,000	634,241	1,604,241	1,938,351	7
Total comprehensive (loss) for the period							
(Loss) for the period	-	-	-	(66,243)	(66,243)	(66,243)	-
Other comprehensive income	-	-	-	-	-	-	-
	-	-	-	(66,243)	(66,243)	(66,243)	-
Balance as at June 30, 2018	190,920	143,190	970,000	567,998	1,537,998	1,872,108	7
Total comprehensive (loss) for the period							
(Loss) for the period	-	-	-	(24,802)	(24,802)	(24,802)	-
Other comprehensive income	-	-	-	-	-	-	-
	-	-	-	(24,802)	(24,802)	(24,802)	-
Balance as at September 30, 2018	190,920	143,190	970,000	543,196	1,513,196	1,847,306	7

The annexed notes form an integral part of this condensed interim consolidated financial information.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

Selected Explanatory Notes to the Condensed Interim Financial Information (Unaudited) For The First Quarter Ended September 30, 2018

1. GROUP STATUS AND ACTIVITIES

- 1.1** The Group consists of Sitara Energy Limited (the Parent) and Sitara International (Private) Limited (the Subsidiary).
- 1.2** The Parent is incorporated in Pakistan as a public limited company under the Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act 2017) and is listed on Pakistan stock exchange Limited. The main object of the Parent is generation and distribution of electricity. The registered office of the Parent is situated at 601-602 Business centre, Mumtaz Hasan Road, Karachi in the province of Sindh. The project is located at Tehsil Jaranwala, District Faisalabad in the province of Punjab.

The Subsidiary is incorporated in Pakistan as a private limited company under the Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act 2017). The principal activities of the Subsidiary is trading in textile goods / machinery and real estate business. The registered office of the Subsidiary is situated at 601-602 Business centre, Mumtaz Hasan Road, Karachi in the province of Sindh.

- 1.3** The financial statements are presented in Pak Rupee, which is the Group's functional and presentation currency.

2. BASIS OF CONSOLIDATION

The financial statements of the Parent and Subsidiary are combined on a line by line basis. The financial statements of the Subsidiary are consolidated from the date on which more than 50% voting rights are transferred to or power to control the Subsidiary is established and are excluded from consolidation from the date of disposal or reduction of control.

All intra-company balances, transactions and resulting unrealised profits, if any, are eliminated.

Non-controlling interest is that part of the net results of the operations and net assets of the Subsidiary attributable to interest which are not owned by the Parent.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

- 3.1.1** This condensed interim consolidated financial information has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Act, 2017. In case where the requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed.

- 3.1.2** This condensed interim consolidated financial information is unaudited but subject to limited scope review by auditors and is being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act 2017).

3.1.3 This condensed interim consolidated financial information does not include all the information required for complete set of consolidated financial statements, and should be read in conjunction with the Group's published audited consolidated financial statements for the year ended June 30, 2018.

3.2 Application of new and revised International Financial Reporting Standards (IFRSs)

3.2.1 Standards, amendments to standards and interpretations becoming effective in current period

There are certain new standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations that became effective during the period and are mandatory for accounting periods of the Company beginning on or after July 01, 2018 but are considered not to be relevant or not to have any significant effect on the Company's operations. The new standards, amendments and IFRIC interpretations that are relevant to the operations of the Company are disclosed in the published audited consolidated financial statements for the year ended June 30, 2018.

3.2.2 Standards, amendments to standards and interpretations becoming effective in future periods

There are other new standards, amendments and IFRIC interpretations that are mandatory for accounting periods of the Company beginning on or after July 01, 2018 but are considered not to be relevant or not to have any significant effect on the Company's operations. The new standards, amendments and IFRIC interpretations that are relevant to the operations of the Company are disclosed in the published audited consolidated financial statements for the year ended June 30, 2018.

3.3 Basis of preparation

This condensed interim consolidated financial information has been prepared under the "historical cost convention" except investment property and investments which are carried at fair value.

3.4 Accounting policies and methods of computation

The accounting policies and methods of computation adopted in the preparation of this condensed interim consolidated financial information are the same as those applied in the preparation of the published audited consolidated financial statements for the year ended June 30, 2018.

3.5 Estimates, judgments and risk management policies

3.5.1 The preparation of consolidated financial information in conformity with approved accounting standards, as applicable in Pakistan, requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income 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 the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on amounts recognized in this condensed interim consolidated financial information are the same as those disclosed in the published audited consolidated financial statements for the year ended June 30, 2018.

3.5.2 Risk management policies and procedures are consistent with those disclosed in the published audited consolidated financial statements for the year ended June 30, 2018.

4. CONTINGENCIES AND COMMITMENTS

Contingencies

There are no significant changes in contingent liabilities since the date of published audited financial statements for the year ended June 30, 2018.

	(Un-Audited) September 30, 2018	(Audited) June 30, 2018
Note	Rupees in '000'	

Commitments

Under letters of credit for stores and spares	-	8,255
Under agreement for purchase of land	7,209	7,209

5. Property, plant and equipment

Operating assets	5.1	897,241	906,325
Capital work in progress		141,607	141,607
Non-operating land		488,346	488,346
		<u>1,527,194</u>	<u>1,536,278</u>

5.1 Operating fixed assets

Book value at beginning of period / year		906,325	943,710
Add: Addition during the period / year	5.1.1	-	24,626
Less: Transfer / disposal during the period / year		-	(26,017)
Depreciation charge during the period / year		(9,083)	(35,994)
		<u>897,241</u>	<u>906,325</u>

(Un-Audited) September 30, 2018	(Audited) June 30, 2018
----- Rupees in '000' -----	

**5.1.1 Additions to operating fixed assets,
during the period / year were as follow**

Building on freehold land	-	4,085
Electric Installations	-	2,207
Electric appliances	-	326
Office equipment	-	429
Vehicles	-	17,579
	-	24,626

Quarter ended September 30, 2018	Quarter September 30, 2017
----- Rupees in '000' -----	

6. Sales - net

Electricity	499,760	661,829
Steam	7,335	4,076
	507,095	665,905
Less: Sales tax	(52,285)	(79,158)
	454,810	586,747
Less: Electricity duty	(2,295)	(3,800)
	452,515	582,947

7. Cost of generation

Cost of fuel, oil and lubricants	216,258	295,329
Cost of gas	171,942	199,517
Salaries and wages and benefits	14,294	18,978
Staff retirement benefits	401	490
Stores, spares and loose tools	11,017	13,023
Insurance	1,031	1,527
Repairs and maintenance	1,797	2,894
Depreciation	7,317	8,001
Other	4,378	4,013
	428,435	543,772

8. AGGREGATE TRANSACTIONS WITH RELATED PARTIES

The Group in the normal course of business carries out transactions with various related parties which comprise of subsidiary, associated undertakings, directors, key management personnel and post employment benefit plan. Significant transactions with related parties are as follows:-

Relationship with the Company	Nature of transaction	Quarter ended September 30, 2018	Quarter ended September 30, 2017
		----- Rupees in '000' -----	
Associated Companies	Sale of electricity	95,338	77,348
Other Related Party			
Staff Provident Fund Trust	Contribution for the period	579	739

9. DATE OF AUTHORISATION FOR ISSUE

This condensed interim consolidated financial information was authorised for issue on October 26, 2018 by the Board of Directors of the Group.

10. GENERAL

- 10.1** No provision for taxation has been made in this condensed interim consolidated financial information as the profits and gains derived by the Parent from electric power generation project are exempt from levy of Income tax under clause (132) of Part-I and clause 11A (v) of Part-IV of the Second Schedule to the Income Tax Ordinance, 2001. Provision for taxation of subsidiary is nil due to current loss during the period.
- 10.2** There is no unusual item included in this condensed interim consolidated financial information which is affecting liabilities, assets, profit, cash flows or equity of the Group.
- 10.3** Figures have been rounded off to the nearest thousand of Rupees except earning per share which is in Rupees



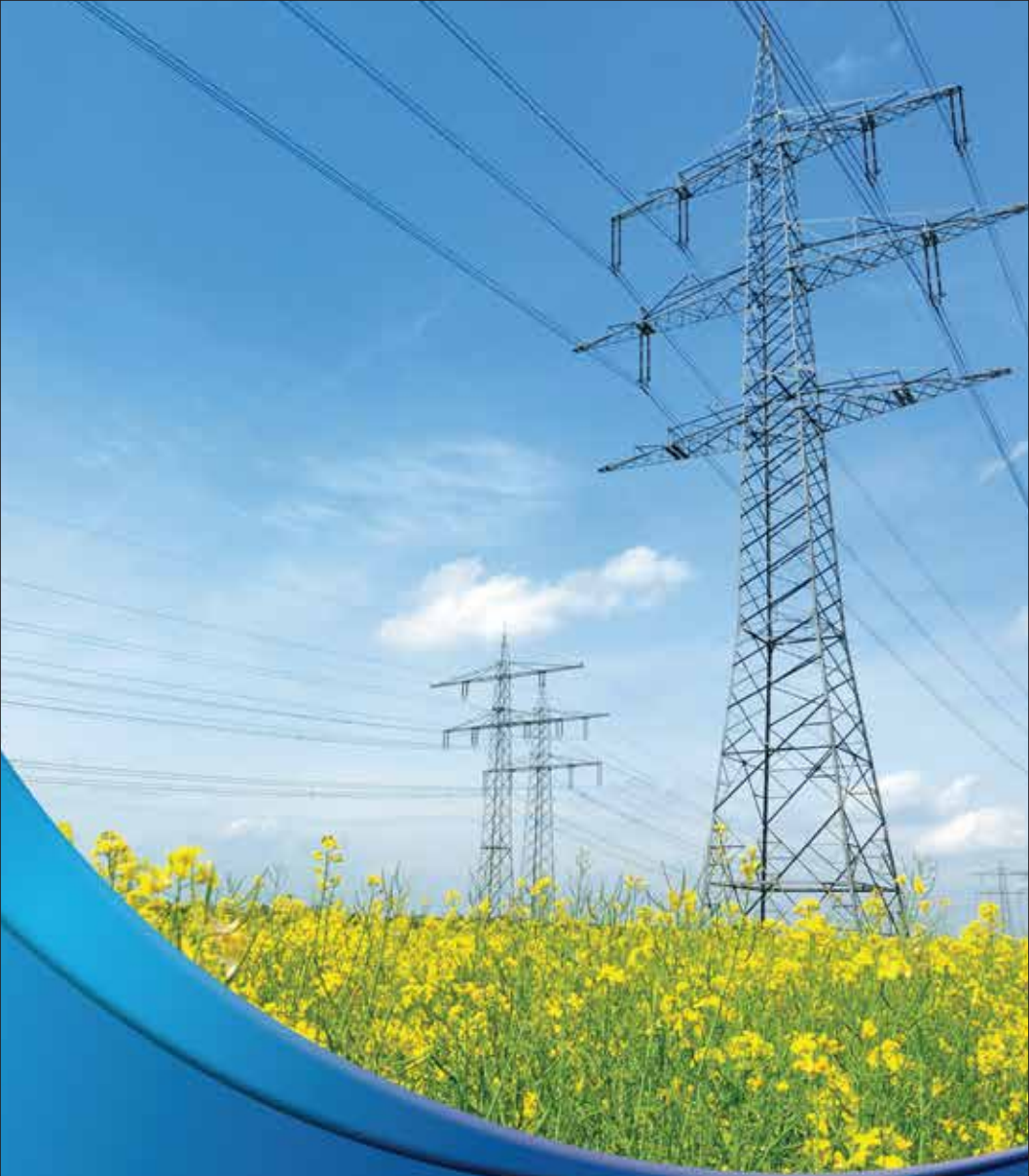
CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER



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