

**Sitara  
Energy  
Limited**

## **Half Year Financial Statements December 2018**



## Sitara Energy Limited

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## 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 duly reviewed by the statutory auditors for the half year ended on December 31, 2018.

### Financial Results:

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

Financial Highlights	July – December 2018	July – December 2017
	Rupees in thousand	Rupees in thousand
Sales – net	<b>731,637</b>	1,258,953
Cost of generation	<b>727,663</b>	1,192,080
Gross profit	<b>3,974</b>	66,873
Gross profit ratio to revenue	<b>0.54%</b>	5.31%
(Loss) after tax	<b>(88,056)</b>	(49,394)
(Loss) per share – Basic & diluted (Rs.)	<b>(4.61)</b>	(2.59)

The sales of the Company during the half year of the current financial year decreased to Rs. 731.637 Million as compared with Rs. 1,258.953 Million during the half year of last financial year. The reason for decrease in sales is lower load demand by Bulk Power Consumers (BPCs) due to rising price of RFO. Moreover, the allocation of system gas and RLNG was in the ratio of 28%:72%. The price of system gas was increased by 30% by SNGPL while price of RLNG was almost double of the price of system gas and was not viable for usage. There was no supply of system gas in December 2018 at all. The most adverse event, which is affecting the operation of the company, is the recent textile package by the government of Pakistan to allow subsidized gas @ \$ 6.5/MMBTU and electricity @ 7.5 Cents/Kwh to textile sector. As a result of the aforesaid adverse circumstances, power plant generated 52,726 MWh of electricity during the half year under review as compared with 112,486 MWh generated during the half year of the last financial year. According, the cost of generation increased abnormally while there was no corresponding increase in tariff by NEPRA. All these factors led to very meagre gross profit.

The net loss for the half year of the current financial year increased to Rs. 88.056 Million as compared with Rs 49.394 Million during the half year of last financial year due to very nominal gross profit. The management of the company took measures to reduce operating expenses while finance cost increased substantially due to rise in SBP policy rate from time to time. The profitability of the company during the financial year 2018-19 will largely depends upon affordable prices of RFO, additional allocation of system gas and increase in tariff by NEPRA

We extend our deep gratitude to all our stakeholders, specially our bankers and suppliers, for their continued support. We appreciate the dedication and hard work of all the employees of the company.

By order of the board



Javed Iqbal  
Chief Executive Officer

Faisalabad:  
February 26, 2019

ستارہ انرجی لمیٹڈ اور اسکی ذیلی کمپنی کا بورڈ آف ڈائریکٹرز، کمپنی کی پہلی ششماہی 31 دسمبر 2018 کی رپورٹ بمطابق عبوری مالیاتی معلومات اور نظر ثانی شدہ بمطابق منیجورٹری آڈیٹر پیش کرتے ہوئے خوشی محسوس کر رہے ہیں

عملیاتی مالی نتائج:

گزشتہ سال کی پہلی ششماہی کے مقابلے میں رواں مالی سال کی پہلی ششماہی کے مالیاتی نتائج حسب ذیل ہیں

مالیاتی اعداد و شمار	جولائی-دسمبر 2018ء	جولائی-دسمبر 2017ء
پاکستانی روپے ہزاروں میں	پاکستانی روپے ہزاروں میں	
فروخت آمدنی	731,637	1,258,953
پیداواری لاگت	727,663	1,192,080
مجموعی منافع	3,974	66,873
آمدنی میں مجموعی منافع کا تناسب	0.54%	5.31%
ٹیکسیشن کے بعد (نقصان) / منافع	(88,056)	(49,394)
نیٹ شیئر (نقصان) / آمدنی	(4.61)	(2.59)
Basic & diluted (Rs.)		

رواں مالی سال کی پہلی ششماہی کی فروخت آمدنی گزشتہ مالی سال کی فروخت آمدنی 1258.953 ملین روپے سے کم ہو کر 731.637 ملین روپے ہو گئی ہے۔ فرس آئل کی بڑھتی ہوئی قیمت کی وجہ سے بڑے بجلی صارفین (BPCS) کی طرف سے کم لوڈ کی طلب فروخت میں کمی کا باعث ہے۔ تاہم سسٹم گیس اور مائع قدرتی گیس (RLNG) میں 28 فیصد 72 فیصد کی تناسب سے مختص ہے۔ SGNPL کی طرف سے سسٹم گیس کی قیمت میں 30% اضافہ ہوا جبکہ سسٹم گیس سے (RLNG) کی قیمت تقریباً ڈبل ہے۔ اور یہ استعمال کے قابل نہیں تھی۔ دسمبر 2018 میں سسٹم گیس کی سپلائی مکمل طور پر نہیں تھی۔ سب سے زیادہ منفی واقعہ گورنمنٹ آف پاکستان کی طرف سے ٹیکسٹائل کی صنعت کے لئے سبسڈائز گیس 6.5 ڈالر پرائم ایم بی ٹی یو اور بجلی میں 7.5 سینٹ پر کلکواٹ آؤز کا کٹنگ کی اجازت دی جو کہ کمپنی کے آپریشن کو متاثر کر رہا ہے منفی حالات کے نتیجے میں پاور پلانٹ نے 52,726 میگا واٹ آؤز پیدا کیے جبکہ اسکے مقابلہ میں پچھلے سال کی پہلی ششماہی میں 112,486 میگا واٹ آؤز پیدا کیے۔ اس کے مطابق پیداواری لاگت میں غیر معمولی اضافہ جبکہ نمبر امیرف (Tariff) میں کوئی متعلقہ اضافہ نہ ہوا۔ ان تمام عوامل کی وجہ سے بہت معمولی مجموعی منافع ہوا۔

بہت معمولی مجموعی منافع کی وجہ سے پہلی ششماہی کے اختتام پر صافی نقصان 88,056 ملین روپے ہے۔ جبکہ گزشتہ سال کی پہلی ششماہی میں صافی نقصان 49,394 ملین روپے تھا۔ کمپنی کی انتظامیہ آپریشنل لاگت میں کمی کے لئے اقدامات کر رہی ہے۔ جبکہ وقتاً فوقتاً SBP کی پالیسی ریت میں اضافہ ہونے کی وجہ سے فنانس لاگت میں کافی اضافہ ہوا ہے۔ مالی سال 2018-19 کی پہلی ششماہی میں کمپنی کا منافع بہت حد تک فرس آئل کی مناسب قیمتوں پر فراہمی و سسٹم گیس میں اضافی کو مختص کرنے اور پمپ کی طرف سے ٹیرف میں اضافہ ہے۔

ہم اپنے تمام سٹیک ہولڈرز خصوصاً ہمارے بنک اور سپلائرز (Suppliers) کی مسلسل تہدول سے حمایت پر انکے قدردان ہیں۔ ہم کمپنی کے تمام عملی سخت محنت اور لگن پر انکے مشکور ہیں۔

بجکم بورڈ



جادو اقبال  
چیف ایگزیکٹو آفیسر

فیصل آباد

26 فروری 2019ء

**INDEPENDENT AUDITOR'S REVIEW REPORT****To the members of Sitara Energy Limited****Report on review of Condensed Interim Financial Statements****Introduction**

We have reviewed the accompanying condensed interim statement of financial position of Sitara Energy Limited (The Company) as at December 31, 2018 and the related condensed interim statement of profit or loss, condensed interim statement of other comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to the financial statements for the half year then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss and condensed interim statement of other comprehensive income for the quarters ended December 31, 2018 and 2017 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2018.

**Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's report is Hamid Masood.

RSM AVAIS HYDER LIAQUAT NAUMAN  
CHARTERED ACCOUNTANTS

Place: Faisalabad

Dated: February 26, 2019

# Statement of Financial Position

## SITARA ENERGY LIMITED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED) AS AT DECEMBER 31, 2018

	(Un-audited) December 31, 2018	(Audited) June 30, 2018
Note	..... Rupees in '000'	.....

	(Un-audited) December 31, 2018	(Audited) June 30, 2018
Note	..... Rupees in '000'	.....

### EQUITY AND LIABILITIES

#### 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
Reserves		
Capital reserve - Share premium	143,190	143,190
Revenue reserves		
General reserve	970,000	970,000
Unappropriated profit	480,887	568,943
	1,784,997	1,873,053

#### NON-CURRENT LIABILITIES

Long term financing	3	86,713	-
Liabilities against assets subject to finance lease	4	-	-

#### CURRENT LIABILITIES

Trade and other payables		666,727	714,561
Unclaimed dividend		3,708	3,708
Interest / mark up payable		34,605	29,641
Short term bank borrowings		1,101,855	1,058,327
Current portion of			
Long term financing	3	62,834	-
Liabilities against assets			
subject to finance lease	4	1,191	2,461
Provision for taxation - income tax		761	-
		1,871,681	1,808,698

#### CONTINGENCIES

AND COMMITMENTS	5	-	-
		3,743,391	3,681,751

### ASSETS

#### NON-CURRENT ASSETS

Property, plant and equipment	6	1,506,688	1,536,251
Investment property	7	27,651	29,107
Investment in subsidiary		49,995	49,995
Long term deposits		511	511
		1,584,845	1,615,864

#### CURRENT ASSETS

Stores, spares and loose tools	280,230	280,259
Stock of oil and lubricants	82,446	43,140
Trade debts	830,564	755,558
Loans and advances	666,018	676,394
Deposits and prepayments	39,059	36,068
Other receivables	54,503	97,850
Tax refunds		
due from Government	186,304	156,025
Cash and bank balances	8 19,422	20,594
	2,158,546	2,065,887

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

**SITARA ENERGY LIMITED**  
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2018**

		Half year ended December 31,		Quarter ended December 31,	
		2018	2017	2018	2017
<b>Note</b>		Rupees in '000'			
Sales - net	9	731,637	1,258,953	279,122	676,006
Cost of generation	10	727,663	1,192,080	299,228	648,308
Gross profit		3,974	66,873	(20,106)	27,698
Other income		19,202	6,018	17,924	1,755
		23,176	72,891	(2,182)	29,453
Operating expenses		41,513	59,541	22,210	30,391
Finance cost		67,165	62,744	36,309	31,551
		108,678	122,285	58,519	61,942
(Loss) for the period before taxation		(85,502)	(49,394)	(60,701)	(32,489)
Provision for taxation	11	2,554	-	-	-
(Loss) for the period		(88,056)	(49,394)	(60,701)	(32,489)
(Loss) per share -					
Basic and diluted (Rupees)		(4.61)	(2.59)	(3.18)	(1.70)

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER



**SITARA ENERGY LIMITED**  
**CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2018**

Half year ended		Quarter ended	
December 31,		December 31,	
2018	2017	2018	2017
----- Rupees in '000' -----			

(Loss) for the period	(88,056)	(49,394)	(60,701)	(32,489)
Other comprehensive income	-	-	-	-
Total comprehensive (loss) for the period	(88,056)	(49,394)	(60,701)	(32,489)

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

**SITARA ENERGY LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2018**

	Half year ended December 31,	
	2018	2017
	Rupees in '000'	
<b>a) CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) for the period before taxation	(85,502)	(49,394)
Adjustments for :		
Depreciation of property, plant and equipment	16,390	19,244
Depreciation of investment property	1,455	1,617
Provision for staff retirement benefits	1,089	1,468
(Gain) on disposal of operating assets	(16,577)	(2,583)
Finance cost	67,165	62,744
Operating cash flows before working capital changes	(15,980)	33,096
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	29	(10,389)
Stock of oil and lubricants	(39,306)	20,753
Trade debts	(75,006)	(282,804)
Loans and advances	9,090	(54,896)
Deposits and prepayments	(2,989)	(5,945)
Tax refunds due from government - sales tax	(29,104)	(42,061)
Other receivables	43,347	(1,726)
(Decrease) / increase in current liabilities		
Trade and other payables	(47,911)	80,052
	(141,850)	(297,016)
Cash (used in) operating activities	(157,830)	(263,920)
Staff retirement benefits paid	(1,013)	(1,262)
Finance cost paid	(62,201)	(60,968)
Income tax paid	(1,683)	(1,718)
Net cash (used in) operating activities	(222,727)	(327,868)
<b>b) CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions in property, plant and equipment	-	(11,562)
Proceeds from disposal of operating assets	29,750	12,900
Net cash generated from investing activities	29,750	1,338
<b>c) CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of :		
Liabilities against assets subject to finance lease	(1,270)	(1,269)
Increase in Long term financing - net	149,547	-
Increase in short term bank borrowings - net	43,528	421,835
Dividend paid	-	(47)
Net cash generated from financing activities	191,805	420,519
Net (decrease) / increase in cash and cash equivalents (a+b+c)	(1,172)	93,989
Cash and cash equivalents at the beginning of the period	20,594	62,481
Cash and cash equivalents at the end of the period	19,422	156,470

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

**SITARA ENERGY LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 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 - (Audited)	190,920	143,190	970,000	650,800	1,620,800	1,954,910
Total comprehensive (loss) for the period						
(Loss) for the period	-	-	-	(49,394)	(49,394)	(49,394)
Other comprehensive income	-	-	-	-	-	-
	-	-	-	(49,394)	(49,394)	(49,394)
Balance as at December 31, 2017 - (Un-audited)	190,920	143,190	970,000	601,406	1,571,406	1,905,516
Total comprehensive (loss) for the period						
(Loss) for the period	-	-	-	(32,463)	(32,463)	(32,463)
Other comprehensive income	-	-	-	-	-	-
	-	-	-	(32,463)	(32,463)	(32,463)
Balance as at June 30, 2018 - (Audited)	190,920	143,190	970,000	568,943	1,538,943	1,873,053
Total comprehensive (loss) for the period						
(Loss) for the period	-	-	-	(88,056)	(88,056)	(88,056)
Other comprehensive income	-	-	-	-	-	-
	-	-	-	(88,056)	(88,056)	(88,056)
Balance as at December 31, 2018 - (Un-audited)	190,920	143,190	970,000	480,887	1,450,887	1,784,997

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

**SITARA ENERGY LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 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 on May 30, 2017) and is listed on Pakistan stock exchange. 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** These condensed interim 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**

**2.1.1** These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017

**2.1.2** Where the provision of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**2.1.3** These condensed interim financial statements are unaudited but subject to limited scope review by the auditors, as required under section 237 of Companies Act, 2017 and should be read in conjunction with audited annual financial statements of the Company 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, interpretations and amendments to approved accounting standards which are mandatory for the Company's accounting periods beginning on or after July 1, 2018 but are considered not to be relevant or have any significant effect on the Company's financial reporting, except as mentioned below:

**IFRS 15 – Revenue from Contracts with Customers**

IFRS 15 replaces the previous revenue standards: IAS 18 'Revenue', IAS 11 'Construction Contracts, and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition with a comprehensive framework based on core principle that an entity should recognise revenue representing the transfer of promised goods or services under separate performance obligations under the contract to customer at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The changes laid down by this standard do not have any significant impact on these condensed interim financial statements of the company.

### **IFRS 9 – Financial Instruments**

This standard replaces guidance in IAS 39 'Financial Instruments: Recognition and Measurement'. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

The changes laid down by this standard do not have any significant impact on these condensed interim financial statements of the company.

#### **2.2.2 Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant**

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2018 are considered not to be relevant for the Company's financial statements and hence have not been detailed here.

#### **2.2.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant**

The following is the new standard, amendment to existing approved accounting standards and new interpretations that will be effective for the periods beginning on or after July 1, 2019 that may have an impact on the financial statements of the Company.

IFRS 16 'Leases' - IFRS 16 replaces the previous lease standard: IAS 17 Leases. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases.

The management is in the process of assessing the impact of changes laid down by these standards on its financial statements.

### **2.3 Basis of preparation**

These condensed interim financial statements have 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 these condensed interim financial statements 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 these financial statements are 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 these condensed interim financial statements 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.

	(Un-Audited) December 31, 2018	(Audited) June 30, 2018
Note	----- Rupees in '000' -----	

## 3. Long term financing

### Secured

#### From banking company

#### Under mark up arrangement

#### Demand finance I

3.1

49,547

-

#### Demand finance II

3.2

100,000

-

#### Less: Current portion

#### Installments due

4,167

-

#### Payable within one year

58,667

-

86,713

-

- 3.1** It is secured against registered token mortgage of Rs. 4.3 million, equitable mortgage charge on property owned by a director of the company and first exclusive charge by way of equitable mortgage, 10% token registered mortgage against property owned by the company. It is further secured by personal guarantee of directors of the Company. It is repayable in 12 equal quarterly installments commenced from December 31, 2018 and ending on September 30, 2021. It is subject to mark up at the rate of 3 months KIBOR plus 4.20% per annum. A rebate of 2.20% per annum would be allowed in case of repayment of first three installments within five days of due date.

Effective rate of mark up charged during the year is 14.75% per annum.

- 3.2** It is secured against joint pari passu charge over current assets of the Company. It is further secured against first charge over fixed assets and by personal guarantee of chief executive of the Company. It is repayable in 12 quarterly installments commencing from January 1, 2019 and ending on September 30, 2021. It is subject to mark up at the rate of 3 months KIBOR plus 2.00% per annum.

	(Un-Audited) December 31, 2018	(Audited) June 30, 2018
Note	----- Rupees in '000' -----	
<b>4. Liabilities against assets subject to finance lease</b>		
Opening balance	-	5,055
Paid / adjusted during the period / year	(1,270)	(2,594)
Current portion	1,191	2,461
	-	-
<b>5. CONTINGENCIES AND COMMITMENTS</b>		
<b>Contingencies</b>		
There are no significant changes in contingent liabilities since the date of published audited financial statements for the year ended June 30, 2018, except the following		
Demand of late payment surcharge charged by SNGPL on non payment of gas Infrastructure development cess has not been acknowledged. The charge is challenged before The Sindh High Court on October 13, 2015. The management is of the view that surcharge can only be levied on willful default, non payment of principal amount of GIDC is due to stay order granted by court of competent jurisdiction therefore LPS could not be charged. No provision of late payment surcharge has been made as the appeals against levy of GIDC are pending before the court of law.	142,606,005	105,261,143
<b>Commitments</b>		
Under letters of credit for stores and spares	-	8,255

		(Un-Audited) December 31, 2018	(Audited) June 30, 2018
	Note	----- Rupees in '000' -----	
<b>6. Property, plant and equipment</b>			
Operating assets	6.1	889,908	906,298
Capital work in progress		141,607	141,607
Non-operating land		475,173	488,346
		<u>1,506,688</u>	<u>1,536,251</u>
<b>6.1 Operating assets</b>			
Book value at beginning of period / year		906,298	943,679
Additions during the period / year		-	24,626
Disposals during the period / year		-	(26,016)
Depreciation charged during the period / year		(16,390)	(35,991)
		<u>889,908</u>	<u>906,298</u>
<b>7. Investment property</b>			
Cost		42,400	42,400
Accumulated depreciation		(14,749)	(13,293)
Net book value		<u>27,651</u>	<u>29,107</u>
<b>7.1 Reconciliation of written down value for the period / year</b>			
Book value at beginning of period / year		29,107	32,341
Depreciation charged during the period / year		(1,455)	(3,234)
		<u>27,652</u>	<u>29,107</u>
<b>8. Cash and bank balances</b>			
Cash in hand		15,222	14,409
Cash at banks			
In current accounts		4,200	6,185
		<u>19,422</u>	<u>20,594</u>



		(Un-audited) Half year ended December 31,		(Un-audited) Quarter ended December 31,	
		2018	2017	2018	2017
Note		(Rupees in '000')			
<b>9. Sales - net</b>					
Electricity		802,595	1,419,836	302,835	758,007
Steam		11,129	15,924	3,794	11,848
		813,724	1,435,760	306,629	769,855
Less: Sales tax		(78,547)	(168,679)	(26,262)	(89,521)
		735,177	1,267,081	280,367	680,334
Less: Electricity duty		(3,540)	(8,128)	(1,245)	(4,328)
		731,637	1,258,953	279,122	676,006
<b>10. Cost of generation</b>					
Cost of gas, oil and lubricants	10.1	656,987	1,093,190	268,787	598,344
Salaries, wages and benefits		26,026	38,060	11,732	19,082
Retirement benefits		736	993	335	503
Stores, spares and loose tools		18,571	28,989	7,554	15,966
Insurance		1,961	3,022	930	1,495
Repairs and maintenance		3,030	4,485	1,233	1,591
Depreciation		12,859	15,146	5,542	7,145
Other		7,493	8,195	3,115	4,182
		727,663	1,192,080	299,228	648,308
<b>10.1 Cost of gas, oil and lubricants</b>					
Gas		309,294	363,761	93,036	164,244
Oil and lubricants		347,693	729,429	175,751	434,100
		656,987	1,093,190	268,787	598,344
<b>11. Provision for taxation</b>					
Current					
For the period	11.1	761	-	-	-
For prior period		1,793	-	-	-
		2,554	-	-	-

**11.1** The profits and gains derived by the Company 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 except scrap sale and rental income which is subject to tax under normal tax regime.

**12. 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, key management personnel and post employment benefit plan. Significant transactions with related parties are as follows:-

Name of the related party	Relationship and Percentage	Transactions during the year	Half year ended December 31,	
			2018	2017
			----- Rupees in '000' -----	
Sitara International (Private) Limited	Subsidiary Company by holding 99.99% shares (2017 : 99.99%)	Loan given	-	62,460
		Loan received	-	5,000
Sitara Fabrics Limited	Associated company by virtue of common directorship	Sale of Electricity	64,207	67,477
Sitara Chemtek (Private) Limited	Associated company by virtue of common directorship	Sale of Electricity	1,949	164
Sitara Spinning Mills Limited	Related party by virtue of section 208 - c (v)	Sale of Electricity	127,967	122,067
Sitara Energy Limited Staff Provident Fund Trust	Other related party	Contribution for the period	1,089	1,468

**13. DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements were authorised for issue on February 26, 2019 by the Board of Directors of the Company.

**14. GENERAL**

**14.1** Provisions for taxation made in these condensed interim financial statements are subject to adjustment in annual financial statements.

**14.2** There is no unusual item included in these condensed interim financial statements which is affecting equity, liabilities, assets, (loss), comprehensive (loss) or cash flows of the Company.

**14.3** Figures have been rounded off to the nearest thousand of Rupees except (loss) per share which is in Rupees.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

# Consolidated Statement of Financial Position

## SITARA ENERGY LIMITED AND ITS SUBSIDIARY COMPANY CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2018

	(Un-audited) December 31, 2018	(Audited) June 30, 2018
Note	..... Rupees in '000' .....	

	(Un-audited) December 31, 2018	(Audited) June 30, 2018
Note	..... Rupees in '000' .....	

### EQUITY AND LIABILITIES

#### 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
Reserves		
Capital reserve		
Share premium	143,190	143,190
Revenue reserves		
General reserve	970,000	970,000
Unappropriated profit	479,889	567,998
	1,783,999	1,872,108
Non-controlling interest	7	7
	1,784,006	1,872,115

#### NON-CURRENT LIABILITIES

Long term financing	4	86,713	-
Liabilities against assets subject to finance lease	5	-	-

#### CURRENT LIABILITIES

Trade and other payables		667,645		715,642
Unclaimed dividend		3,708		3,708
Interest / mark up payable		34,605		29,641
Short term bank borrowings		1,101,855		1,058,327
Current portion of :				
Long term financing	4	62,834		-
Liabilities against assets				
subject to finance lease	5	1,191		2,461
Provision for taxation - income tax		761		-
		1,872,599		1,809,779

#### CONTINGENCIES

AND COMMITMENTS	6	-	-
		3,743,318	3,681,894

### ASSETS

#### NON-CURRENT ASSETS

Property, plant and equipment	7	1,506,714	1,536,278
Investment Property	8	27,651	29,107
Long term deposits		511	511
		1,534,876	1,565,896

#### CURRENT ASSETS

Stores, spares and loose tools	280,230	280,259
Stocks	545,826	443,116
Investment property	-	63,403
Trade debts	830,564	755,558
Loans and advances	9 215,768	226,249
Deposits and prepayments	39,059	36,068
Other receivables	54,503	97,851
Tax refunds		
due from Government	187,456	157,076
Cash and bank balances	10 55,036	56,418
	2,208,442	2,115,998

The annexed notes form an integral part of these condensed interim consolidated financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

**SITARA ENERGY LIMITED AND ITS SUBSIDIARY COMPANY**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2018**

	Note	Half year ended December 31		Quarter ended December 31	
		2018	2017	2018	2017
		Rupees in '000'			
Sales - net	11	731,637	1,258,953	279,122	676,006
Cost of generation	12	727,663	1,192,080	299,228	648,308
Gross profit		3,974	66,873	(20,106)	27,698
Other income		19,202	6,018	17,924	1,755
		23,176	72,891	(2,182)	29,453
Operating expenses		41,566	59,981	22,345	30,526
Finance cost		67,165	62,745	36,309	31,551
		108,731	122,726	58,654	62,077
(Loss) for the period before taxation		(85,555)	(49,835)	(60,836)	(32,624)
Provision for taxation	13	2,554	-	-	-
(Loss) for the period		(88,109)	(49,835)	(60,836)	(32,624)
Attributable to:					
Shareholders of the Parent		(88,109)	(49,835)	(60,836)	(32,624)
Non-controlling interest		-	-	-	-
		(88,109)	(49,835)	(60,836)	(32,624)
(Loss) per share - Basic and diluted					
Attributable to shareholders of the Parent (Rupees)		(4.61)	(2.61)	(3.19)	(1.71)

The annexed notes form an integral part of these condensed interim consolidated financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

# Consolidated Statement of other Comprehensive Income

## SITARA ENERGY LIMITED AND ITS SUBSIDIARY COMPANY CONDENSED INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	Half year ended December 31		Quarter ended December 31	
	2018	2017	2018	2017
	----- Rupees in '000' -----			
(Loss) for the period	(88,109)	(49,835)	(60,836)	(32,624)
Other comprehensive income for the period	-	-	-	-
Total comprehensive (loss) for the period	(88,109)	(49,835)	(60,836)	(32,624)
Attributable to:				
Shareholders of the Parent	(88,109)	(49,835)	(60,836)	(32,624)
Non-controlling interest	-	-	-	-
	(88,109)	(49,835)	(60,836)	(32,624)

The annexed notes form an integral part of these condensed interim consolidated financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

# Consolidated Cash Flow Statement

## SITARA ENERGY LIMITED AND ITS SUBSIDIARY COMPANY CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	Half year ended December 31,	
	2018	2017
	Rupees in '000'	
<b>a) CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) for the period before taxation	(85,555)	(49,835)
Adjustments for :		
Depreciation of property, plant and equipment	16,392	19,246
Depreciation of investment property	1,455	1,617
Provision for staff retirement benefits	1,089	1,468
(Gain) on disposal of operating assets	(16,577)	(2,583)
Finance cost	67,166	62,745
Operating cash flows before working capital changes	(16,030)	32,658
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	29	(10,389)
Stocks	(39,306)	20,753
Trade debts	(75,006)	(282,804)
Loans and advances	9,090	(22,992)
Deposits and prepayments	(2,989)	(5,945)
Tax refunds due from Government	(29,104)	(42,061)
Other receivables	43,347	(1,726)
Increase in current liabilities		
Trade and other payables	(48,070)	80,082
	(142,009)	(265,082)
Cash (used in) operating activities	(158,039)	(232,424)
Income tax paid	(1,683)	(1,718)
Staff retirement benefits paid	(1,013)	(1,262)
Finance cost paid	(62,202)	(60,969)
Net cash (used in) operating activities	(222,937)	(296,373)
<b>b) CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions in property, plant and equipment	-	(11,562)
Proceeds from disposal of :		
Operating assets	29,750	12,900
Net cash generated from investing activities	29,750	1,338
<b>c) CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of :		
Liabilities against assets subject to finance lease	(1,270)	(1,269)
Increase in Long term financing - net	149,547	-
Increase in short term bank borrowings - net	43,528	421,835
Dividend paid	-	(47)
Net cash generated from financing activities	191,805	420,519
Net (decrease) / increase in cash and cash equivalents (a+b+c)	(1,382)	125,484
Cash and cash equivalents at the beginning of the period	56,418	66,328
Cash and cash equivalents at the end of the period	55,036	191,812

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

# Consolidated Statement of Changes in Equity

## SITARA ENERGY LIMITED AND ITS SUBSIDIARY COMPANY CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	Issued, subscribed and paid up capital	Capital reserve  Share premium	Revenue reserve			Total	Non controlling interest
			General reserve	Unappropriated profit	Sub total		
	----- Rupees in '000' -----						
Balance as at July 01, 2017 - (Audited)	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	-	-	-	(49,835)	(49,835)	(49,835)	-
Other comprehensive income	-	-	-	-	-	-	-
	-	-	-	(49,835)	(49,835)	(49,835)	-
Balance as at December 31, 2017 - (Un-audited)	190,920	143,190	970,000	601,617	1,571,617	1,905,727	7
Total comprehensive (loss) for the period							
(Loss) / profit for the period	-	-	-	(33,619)	(33,619)	(33,619)	-
Other comprehensive income	-	-	-	-	-	-	-
	-	-	-	(33,619)	(33,619)	(33,619)	-
Balance as at June 30, 2018 - (Audited)	190,920	143,190	970,000	567,998	1,537,998	1,872,108	7
Transaction with owners:							
Total comprehensive (loss) for the period							
(Loss) for the period	-	-	-	(88,109)	(88,109)	(88,109)	-
Other comprehensive income	-	-	-	-	-	-	-
	-	-	-	(88,109)	(88,109)	(88,109)	-
Balance as at December 31, 2018 - (Un-audited)	190,920	143,190	970,000	479,889	1,449,889	1,783,999	7

The annexed notes form an integral part of these condensed interim consolidated financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

**SITARA ENERGY LIMITED AND ITS SUBSIDIARY COMPANY  
NOTES TO THE CONDENSED INTERIM  
CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2018**

**1. GROUP STATUS AND ACTIVITIES**

- 1.1** The Group consists of Sitara Energy Limited (the Parent) and Sitara International (Private) Limited (the Subsidiary).

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 on May 30, 2017) and is listed on Pakistan stock exchange. 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 (the Repealed Ordinance). The principal activity 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.

- 1.2** These consolidated condensed interim financial statements are presented in Pak Rupee, which is the Group's functional and presentation currency.

**2. BASIS OF CONSOLIDATION**

These condensed interim consolidated financial statements includes the condensed interim financial statements of Sitara Energy Limited and its Subsidiary Sitara International (Private) Limited. The condensed interim consolidated financial statements of the Parent and Subsidiary are combined on a line by line basis.

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

Non-controlling 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** These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of :

- International Accounting Standard (IAS) 34, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017



**3.1.2** Where the provision of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**3.1.3** These condensed interim financial statements are unaudited but subject to limited scope review by the auditors, as required under section 237 of Companies Act, 2017 and should be read in conjunction with audited annual financial statements of the Company for the year ended December 31, 2018.

**3.1.4** These condensed interim consolidated financial statements do 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, interpretations and amendments to approved accounting standards which are mandatory for the Company's accounting periods beginning on or after July 1, 2018 but are considered not to be relevant or have any significant effect on the Company's financial reporting, except as mentioned below:

#### **IFRS 15 – Revenue from Contracts with Customers**

IFRS 15 replaces the previous revenue standards: IAS 18 'Revenue', IAS 11 'Construction Contracts, and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition with a comprehensive framework based on core principle that an entity should recognise revenue representing the transfer of promised goods or services under separate performance obligations under the contract to customer at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The changes laid down by this standard do not have any significant impact on these condensed interim consolidated financial statements of the company.

#### **IFRS 9 – Financial Instruments**

This standard replaces guidance in IAS 39 'Financial Instruments: Recognition and Measurement'. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

The changes laid down by this standard do not have any significant impact on these condensed interim consolidated financial statements of the company.

### **3.2.2 Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant**

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2018 are considered not to be relevant for the Company's financial statements and hence have not been detailed here.

### **3.2.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant**

The following is the new standard, amendment to existing approved accounting standards and new interpretations that will be effective for the periods beginning on or after July 1, 2019 that may have an impact on the financial statements of the Company.

IFRS 16 'Leases' - IFRS 16 replaces the previous lease standard: IAS 17 Leases. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases.

The management is in the process of assessing the impact of changes laid down by these standards on its financial statements.

### **3.3 Basis of preparation**

These condensed interim consolidated financial statements have been prepared under the "historical cost convention" except short term investment property and investments which are stated at their fair value.

### **3.4 Accounting policies and methods of computation**

The accounting policies and methods of computation adopted in the preparation of these condensed interim consolidated financial statements 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 statements 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 statements 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.

## Consolidated Statement of Comprehensive Income

		(Un-Audited) December 31, 2018	(Audited) June 30, 2018
Note		----- Rupees in '000' -----	
<b>4. Long term financing</b>			
Secured			
From banking company			
Under mark up arrangement			
Demand finance I	4.1	49,547	-
Demand finance II	4.2	100,000	-
Less: Current portion			
Installments due		4,167	-
Payable within one year		58,667	-
		86,713	-

- 4.1** It is secured against registered token mortgage of Rs. 4.3 million, equitable mortgage charge on property owned by director of the Parent and first exclusive charge by way of equitable mortgage, 10% token registered mortgage against property owned by the Parent. It is further secured by personal guarantee of directors of the Parent. It is repayable in 12 equal quarterly installments commenced from December 31, 2018 and ending on September 30, 2021. It is subject to mark up at the rate of 3 months KIBOR plus 4.20% per annum. A rebate of 2.20% per annum would be allowed in case of repayment of first three installments within five days of due date.

Effective rate of mark up charged during the year is 14.75% per annum.

- 4.2** It is secured against joint pari passu charge over current assets of the Parent. It is further secured against first charge over fixed assets and by personal guarantee of chief executive of the Parent. It is repayable in 12 quarterly installments commencing from January 1, 2019 and ending on September 30, 2021. It is subject to mark up at the rate of 3 months KIBOR plus 2.00% per annum.

		(Un-Audited) December 31, 2018	(Audited) June 30, 2018
Note		----- Rupees in '000' -----	
<b>5. Liabilities against assets subject to finance lease</b>			
Opening balance		-	5,055
Paid / adjusted during the period / year		(1,270)	(2,594)
Current portion		1,191	2,461
		-	-

		(Un-Audited) December 31, 2018	(Audited) June 30, 2018
Note		----- Rupees in '000' -----	
<b>6. CONTINGENCIES AND COMMITMENTS</b>			
<b>Contingencies</b>			
There are no significant changes in contingent liabilities since the date of published audited financial statements for the year ended June 30, 2018, except the following			
Demand of late payment surcharge charged by SNGPL on non payment of gas Infrastructure development cess amounting Rs. 37,344,862/- has not been acknowledged. The charge is challenged before The Sindh High Court on October 13, 2015 . The management is of the view that surcharge can only be levied on willful default, non payment of principal amount of GIDC is due to stay order granted by court of competent jurisdiction therefore LPS could not be charged. No provision of late payment surcharge has been made as the appeals against levy of GIDC are pending before the court of law.		142,606,005	105,261,143
<b>Commitments</b>			
Under letters of credit for stores and spares		-	8,255
Under agreement for purchase of land		7,209	7,209
<b>7. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating assets	7.1	889,934	906,325
Capital work in progress		141,607	141,607
Non-operating land		475,173	488,346
		1,506,714	1,536,278

		(Un-Audited) December 31, 2018	(Audited) June 30, 2018
Note		Rupees in '000'	
<b>7.1 Operating assets</b>			
	Book value at beginning of period / year	906,325	943,710
	Additions during the period / year	-	24,626
	Disposals during the period / year	-	(26,017)
	Depreciation charged during the period / year	(16,392)	(35,994)
		889,933	906,325
<b>8. Investment property</b>			
	Cost	42,400	42,400
	Accumulated depreciation	(14,749)	(13,293)
	Net book value	27,651	29,107
<b>8.1 Reconciliation of written down value for the period / year</b>			
	Book value at beginning of period / year	29,107	32,341
	Depreciation charged during the period / year	(1,455)	(3,234)
		27,652	29,107
<b>9. Loans and advances</b>	9.1	215,768	226,249
	9.1 It includes advance of Rs. 147.7 million for purchase of land through associated undertakings for development project under joint venture arrangement.		
		(Un-Audited) December 31, 2018	(Audited) June 30, 2018
Note		Rupees in '000'	
<b>10. Cash and bank balances</b>			
	Cash in hand	49,720	49,098
	Cash at banks		
	In current accounts	5,316	7,320
		55,036	56,418

	Note	(Un-audited) Half year ended December 31,		(Un-audited) Quarter ended December 31,	
		2018	2017	2018	2017
		(Rupees in '000')			
<b>11. Sales - net</b>					
Electricity		802,595	1,419,836	302,835	758,007
Steam		11,129	15,924	3,794	11,848
		813,724	1,435,760	306,629	769,855
Less: Sales tax		(78,547)	(168,679)	(26,262)	(89,521)
		735,177	1,267,081	280,367	680,334
Less: Electricity duty		(3,540)	(8,128)	(1,245)	(4,328)
		731,637	1,258,953	279,122	676,006
<b>12. Cost of generation</b>					
Cost of fuel, oil, gas and lubricants	12.1	656,987	1,093,190	268,787	598,344
Salaries, wages and benefits		26,026	38,060	11,732	19,082
Retirement benefits		736	993	335	503
Stores, spares and loose tools		18,571	28,989	7,554	15,966
Insurance		1,961	3,022	930	1,495
Repairs and maintenance		3,030	4,485	1,233	1,591
Depreciation		12,859	15,146	5,542	7,145
Other		7,493	8,195	3,115	4,182
		727,663	1,192,080	299,228	648,308
<b>12.1 Cost of gas, oil and lubricants</b>					
Gas		309,294	363,761	93,036	164,244
Oil and lubricants		347,693	729,429	175,751	434,100
		656,987	1,093,190	268,787	598,344
<b>13. Provision for taxation</b>					
Current					
For the year	13.1	761	-	-	-
		1,793	-	-	-
For prior year's		2,554	-	-	-

## Consolidated Statement of Comprehensive Income

- 13.1** The profits and gains derived by the Company 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 except scrap sale and rental income which is subject to tax under normal tax regime.

### 14. AGGREGATE TRANSACTIONS WITH RELATED PARTIES

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

Name of the related party	Relationship and Percentage	Transactions during the year	(Un-audited) Half year ended December 31,	
			2018	2017
			----- Rupees in '000' -----	
Sitara International (Private) Limited	Subsidiary Company by holding 99.99% shares (2017 : 99.99%)	Loan given	-	62,460
		Loan received	-	5,000
Sitara Fabrics Limited	Associated company by virtue of common directorship	Sale of Electricity	64,207	67,477
Sitara Chemtek (Private) Limited	Associated company by virtue of common directorship	Sale of Electricity	1,949	164
Sitara Spinning Mills Limited	Related party by virtue of section 208 - c (v)	Sale of Electricity	127,967	122,067
Sitara Chemtek (Private) Limited	Associated company by virtue of common directorship	Advance for purchase of land	-	15,460
Sitara Energy Limited Staff Provident Fund Trust	Other related party	Contribution for the period	1,089	1,468

### 15. DATE OF AUTHORISATION FOR ISSUE

These condensed interim consolidated financial statements were authorised for issue on February 26, 2019 by the Board of Directors of the Parent.

### 16. GENERAL

**16.1** Provisions for taxation made in these condensed interim financial statements are subject to adjustment in annual financial statements.

**16.2** There is no unusual item included in these condensed interim consolidated financial statements which is affecting equity, liabilities, assets, (loss), comprehensive (loss) or cash flows of the Group.

**16.3** Prior period figures have been rearranged / regrouped for the purpose of better presentation. Significant rearrangements made is as follows;

Investment property of amounting Rs. 63.403 million has been reclassified to the stock in trade - Land.

**16.4** Figures have been rounded off to the nearest thousand of Rupees except (loss) per share which is in Rupees.



CHIEF EXECUTIVE OFFICER



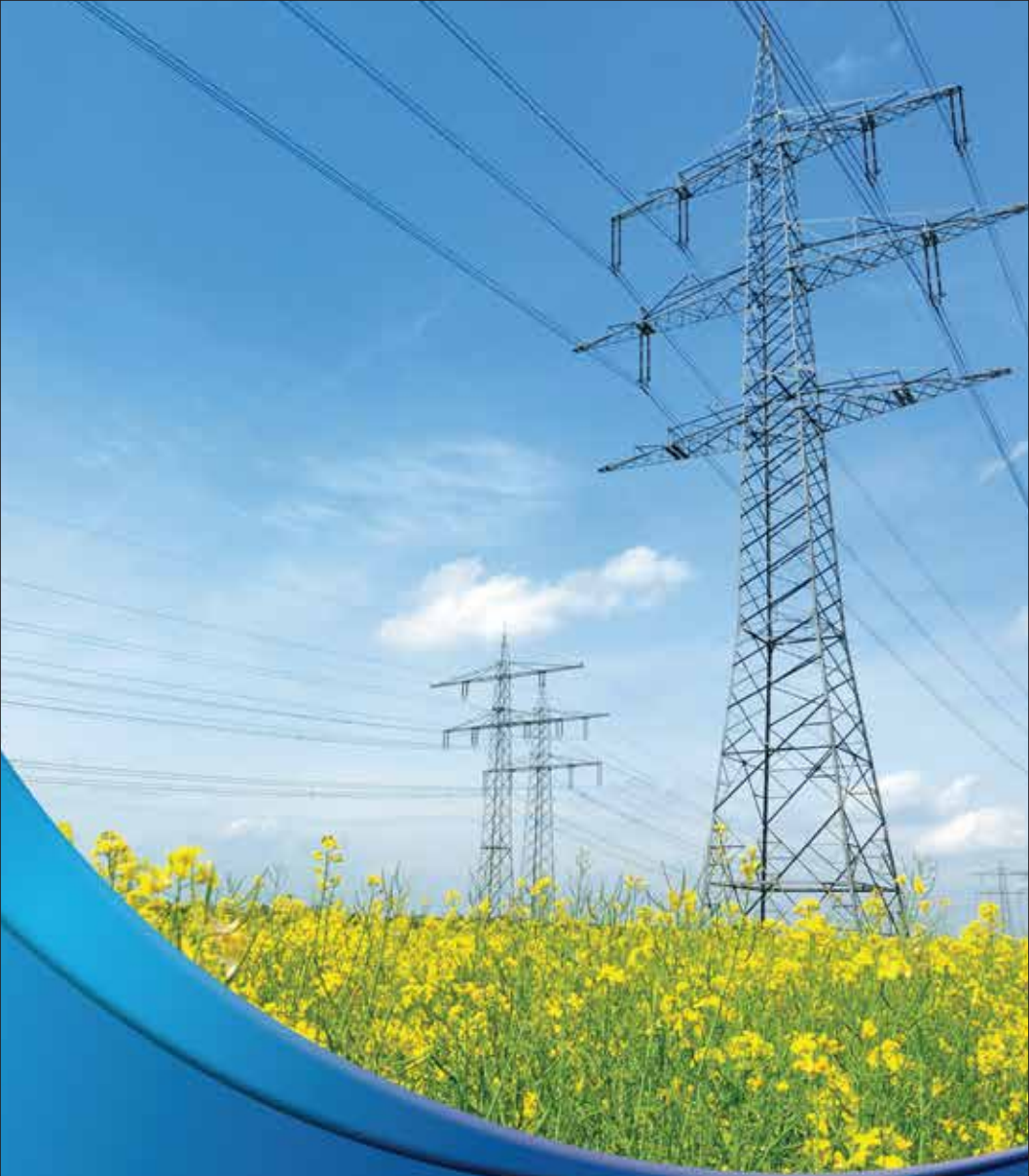
DIRECTOR



CHIEF FINANCIAL OFFICER







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