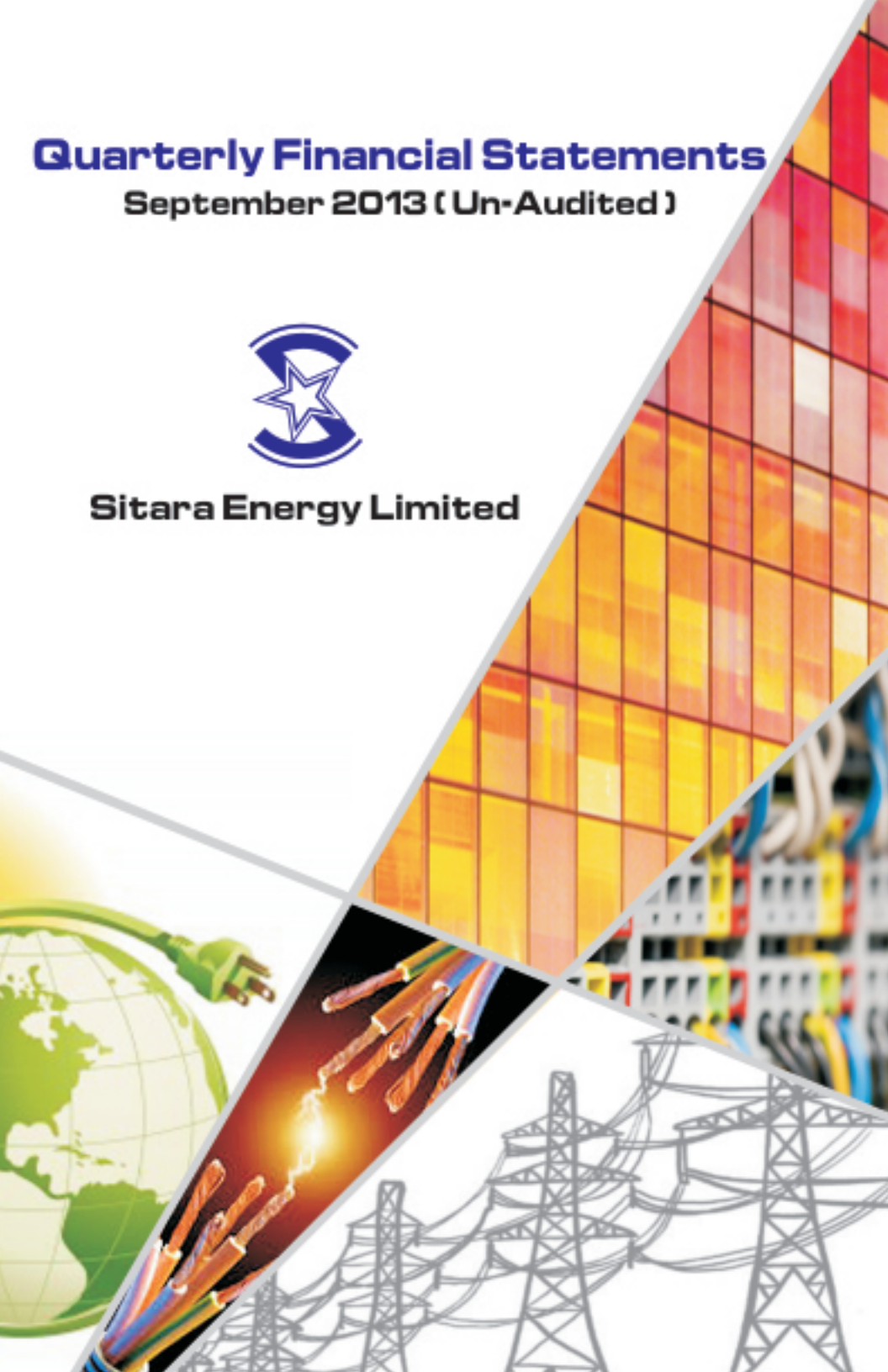


Quarterly Financial Statements

September 2013 (Un-Audited)



Sitara Energy Limited





CONTENTS

SITARA ENERGY LIMITED

■ Company Information	2
■ Directors' Report	3
■ Condensed Interim Balance Sheet	4
■ Condensed Interim Profit and Loss Account	5
■ Condensed Interim Statement of Comprehensive Income	6
■ Condensed Interim Cash Flow Statement	7
■ Condensed Interim Statement of Changes in Equity	8
■ Selected Explanatory Notes to the Condensed Interim Financial Statement	9

CONSOLIDATED ACCOUNTS

SITARA ENERGY LIMITED AND ITS SUBSIDIARY COMPANY

■ Condensed Interim Consolidated Balance Sheet	12
■ Condensed Interim Consolidated Profit and Loss Account	13
■ Condensed Interim Consolidated Statement of Comprehensive Income	14
■ Condensed Interim Consolidated Cash Flow Statement	15
■ Condensed Interim Consolidated Statement of Changes in Equity	16
■ Selected Explanatory Notes to the Condensed Interim Financial Statements	17

Board of Directors

Mrs. Noureen Javed (Chairman)

Mr. Javed Iqbal (Chief Executive)
Mr. Sarosh Javed
Mrs. Haniah Javed
Mr. Maqbool Ahmad Chaudhary
Mr. Rana Muhammad Arshad Iqbal
Mr. Mukhtar A. Sheikh

Audit Committee

Mr. Rana M. Arshad Iqbal (Chairman)

Mr. Maqbool Ahmad Choudhry
Mrs. Haniah Javed

Human Resource Committee

Mr. Mukhtar A. Sheikh (Chairman)

Mr. Rana Muhammad Arshad Iqbal
Mrs. Noureen Javed

Auditors

M/s. Avais Hyder Liaquat Nauman (Chartered Accountants), Faisalabad, Pakistan

Chief Financial Officer

Mr. Haroon Ahmed Zuberi - FCA

Company Secretary

Mr. Mazhar Ali Khan

Bankers

Faysal Bank Limited
United Bank Limited
First Women Bank Limited
MCB Bank Limited

The Bank of Punjab
National Bank of Pakistan Limited
Albaraka Bank (Pakistan) Limited
Standrad Chartered Bank (Pak) Limited

Askari Bank Limited
Meezan Bank Limited
Allied Bank Limited
Bank Alfalah Limited

Legal Advisor

Sahibzada Muhammad Arif

Registered Office

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

Share Registrar

THK Associates (Private) Limited
Ground Floor, State Life Building No. 3,
Dr. Ziauddin Ahmed Road, Karachi. 75530, Pakistan
UAN: +92(21)111-000-322 Fax: +92(21) 35655595
E mail: Secretariat@thk.com.pk

Project Location

33 K.M., Sheikhpura Road, Faisalabad, Pakistan.

Website

<http://www.sitara.pk>

DIRECTOR'S REPORT

For the quarter ended September 30, 2013

Dear Shareholders,

We are pleased to present the un-audited financial and operating results of Sitara Energy Limited together with the un-audited consolidated financial statements of the company and its subsidiary, Sitara International (Private) Limited, for the first quarter ended September 30, 2013.

Turn over for the period under review was Rs. 1,348.51 million compared with Rs. 1,246.99 million and operating cost were Rs. 1,183.31 million compared with Rs. 1,118.49 million of corresponding period of last year. Both turnover and operating costs registered an increase mainly due to higher fuel oil prices.

The financial results for the first quarter and comparative for the same previous year as reflected in these accounts show following performance of the company.

	July - September 2013	July - September 2012
	(Rupees in thousands)	
Sale of energy	1,297,789	1,217,895
Sale of steam	20,719	29,104
Cost of generation	1,183,307	1,118,489
Profit before tax	59,711	36,271
Profit after tax	59,711	36,271
Earning per share	3.13	1.90

Future Prospects

The profitability of company during the financial year 2013-14 will largely depends on supply agreement with FESCO and availability of natural gas.

by order of the board

Faisalabad:
October 31, 2013

Javed Iqbal
Chief Executive

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT SEPTEMBER 30, 2013

	(Un-audited) September 30, 2013	(Audited) June 30, 2013
Note-----	Rupees in '000'-----	

	(Un-audited) September 30, 2013	(Audited) June 30, 2013
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
Capital reserve - share premium
Revenue reserves
General reserve
Unappropriated profit

190,920	190,920
143,190	143,190
720,000	720,000
704,475	644,764
1,758,585	1,698,874

NON-CURRENT ASSETS

Property, plant and equipment
Investment in subsidiary
Long term deposits

1,908,905	1,902,090
49,995	49,995
511	511
1,959,411	1,952,596

NON-CURRENT LIABILITIES

Redeemable capital
Long term financing

155,000	155,000
300,000	300,000
455,000	455,000

CURRENT LIABILITIES

Trade and other payables
Interest / mark up payable
Short term bank borrowings
Current portion of:
Redeemable capital
Liabilities against assets
subject to finance lease
Provision for taxation - income tax

366,042	329,012
52,941	42,697
896,614	753,586
155,000	155,000
1,504	2,100
853	853
1,472,954	1,283,248

CURRENT ASSETS

Stores, spares and loose tools
Stock of oil and lubricants
Trade debts
Loans and advances
Deposits and prepayments
Tax refunds due from
Government - income tax
Cash and bank balances

358,739	376,217
65,081	90,192
920,910	642,413
25,326	21,545
8,503	3,297
23,800	23,800
6,952	9,246
1,409,311	1,166,710

**CONTINGENCIES AND
COMMITMENTS**

3

-

-

**Non-current assets
held for sale**

317,817	317,817
1,727,128	1,484,527

3,686,539	3,437,123
-----------	-----------

3,686,539	3,437,123
-----------	-----------

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



CHIEF EXECUTIVE OFFICER



DIRECTOR

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013**

		Quarter ended September 30, 2013	Quarter ended September 30, 2012
Note		-----Rupees in '000'-----	
Sales - net	5	1,318,506	1,246,999
Cost of generation	6	1,183,307	1,118,489
Gross profit		135,199	128,510
Other operating income		968	408
		136,167	128,918
Operating expenses		25,595	18,688
Other operating expenses		3,143	1,909
Finance cost		47,718	72,050
		76,456	92,647
Profit for the period before taxation		59,711	36,271
Provision for taxation		-	-
Profit for the period		59,711	36,271
Earnings per share - Basic and diluted		3.13	1.90

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



CHIEF EXECUTIVE OFFICER



DIRECTOR

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013**

	Quarter ended September 30, 2013	Quarter ended September 30, 2012
Note	-----Rupees in '000'-----	
Profit for the period	59,711	36,271
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u>59,711</u>	<u>36,271</u>

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



CHIEF EXECUTIVE OFFICER



DIRECTOR

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013**

	Quarter ended September 30, 2013	Quarter ended September 30, 2012
Note	-----Rupees in '000'-----	
a) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period before taxation	59,711	36,271
Adjustments for:		
Depreciation of property, plant and equipment	19,957	20,151
Provision for staff retirement benefits	767	670
Finance cost	47,718	72,050
Operating cash flows before working capital changes	<u>128,153</u>	<u>129,142</u>
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	17,478	11,282
Stock of oil and lubricants	25,111	14,292
Trade debts	(278,497)	(247,009)
Loans and advances	(2,901)	(5,675)
Deposits and prepayments	(5,205)	(4,728)
Increase / (decrease) in current liabilities		
Trade and other payables	36,706	(20,285)
	<u>(207,308)</u>	<u>(252,123)</u>
Cash used in operating activities	(79,155)	(122,981)
Income tax paid	(881)	(906)
Staff retirement benefits paid	(441)	(438)
Finance cost paid	(37,474)	(51,256)
Net cash used in operating activities	<u>(117,951)</u>	<u>(175,581)</u>
b) CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in property, plant and equipment	(26,772)	(4,273)
Net cash used in investing activities	<u>(26,772)</u>	<u>(4,273)</u>
c) CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of liabilities against assets subject to finance lease	(596)	(519)
Increase in short term bank borrowings - net	143,028	186,023
Dividend paid	(3)	-
Net cash generated from financing activities	<u>142,429</u>	<u>185,504</u>
Net (decrease) / increase in cash and cash equivalents (a+b+c)	(2,294)	5,650
Cash and cash equivalents at the beginning of the period	9,246	5,110
Cash and cash equivalents at the end of the period	<u>6,952</u>	<u>10,760</u>

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


CHIEF EXECUTIVE OFFICER

DIRECTOR

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013

	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, 2012	190,920	143,190	620,000	514,543	1,134,543	1,468,653
Total comprehensive income for the period						
Profit for the period	-	-	-	36,271	36,271	36,271
Other comprehensive income	-	-	-	-	-	-
	-	-	-	36,271	36,271	36,271
Balance as at September 30, 2012	190,920	143,190	620,000	550,814	1,170,814	1,504,924
Transaction with owners						
Dividend for the year ended June 30, 2012 : Rs.1/- per share	-	-	-	(19,092)	(19,092)	(19,092)
Transferred to general reserve	-	-	100,000	(100,000)	-	-
Total comprehensive income for the period						
Profit for the period	-	-	-	213,042	213,042	213,042
Other comprehensive income	-	-	-	-	-	-
	-	-	-	213,042	213,042	213,042
Balance as at June 30, 2013	190,920	143,190	720,000	644,764	1,364,764	1,698,874
Total comprehensive income for the period						
Profit for the period	-	-	-	59,711	59,711	59,711
Other comprehensive income	-	-	-	-	-	-
	-	-	-	59,711	59,711	59,711
Balance as at September 30, 2013	190,920	143,190	720,000	704,475	1,424,475	1,758,585

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


CHIEF EXECUTIVE OFFICER

DIRECTOR

**SELECTED EXPLANATORY NOTES TO THE
CONDENSED INTERIM FINANCIAL REPORT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013**

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 and is listed on all stock exchanges in Pakistan. 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. The project is located at Tehsil Jaranwala, District Faisalabad in the province of Punjab.
- 1.2** This condensed interim financial report is presented in Pak Rupee, which is the Company's functional and presentation currency.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

This condensed interim financial report 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 Ordinance, 1984. In case where the requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial report is unaudited and is being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984.

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

There are amendments to certain standards and interpretations that became effective during the period and are mandatory for accounting period beginnings on or after July 01, 2013 but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed in this condensed interim financial report.

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

There are new standards, other amendments to standards and interpretations that are mandatory for accounting periods beginning on or after July 01, 2013 but are considered not to be relevant or do not have any significant effect on Company's operations and are, therefore, not detailed in this condensed interim financial report.

2.2 Basis of preparation

This condensed interim financial report has been prepared under "historical cost convention". This condensed interim financial report does not include all the information required for full published audited financial statements, and should be read in conjunction with the Company's published audited financial statements for the year ended June 30, 2013.

2.3 Accounting policies and methods of computation

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial report are the same as those applied in the preparation of the published audited financial statements for the year ended June 30, 2013.

(Un-audited) September 30, 2013	(Audited) June 30, 2013
-----Rupees in '000'-----	

3. CONTINGENCIES AND COMMITMENTS

Contingencies

Bank guarantee issued in favour of Sui Northern Gas Pipelines Limited for supply of gas	97,171	97,171
Demand of workers welfare fund not acknowledged in view of pending appeals.	2,184	2,184
Demand of income tax of Rs. 83,476,649/- for the tax years 2004 to 2010 was not acknowledged in view of pending appeals. On the first appeal the cases for the tax years 2007 to 2010 involving tax demand of Rs. 82,162,720/- have been subsequently decided in favour of the Company	-	-

Commitments

Under letters of credit for stores and spares	2,161	20,097
Under contract for fixed capital expenditure	2,643	2,643

4. Property, plant and equipment

Operating assets	1,099,810	1,118,970
Capital work in progress	164,773	149,043
Non-operating land	644,322	634,077
	<u>1,908,905</u>	<u>1,902,090</u>

4.1 During the period following acquisitions and disposals of operating assets were made:

Quarter ended September 30, 2013		Quarter ended September 30, 2012	
Acquisitions	Disposals	Acquisitions	Disposals
------(Rupees in '000')-----			

Operating assets - owned

Electric appliances	48	-	-	-
Furniture and fixtures	403	-	1,215	-
Office equipment	51	-	-	-
Vehicles	75	-	72	-
	<u>577</u>	<u>-</u>	<u>1,287</u>	<u>-</u>

5. Sales - net

	Quarter ended September 30, 2013	Quarter ended September 30, 2012
	-----Rupees in '000'-----	
Electricity	1,520,016	1,429,483
Steam	24,034	33,762
	1,544,050	1,463,245
Less: Sales tax	(222,541)	(212,933)
	1,321,509	1,250,312
Less: Electricity duty	(3,003)	(3,313)
	1,318,506	1,246,999

6. Cost of generation

Cost of fuel, oil, gas and lubricants	1,092,215	1,038,469
Salaries and wages and benefits	13,941	12,008
Staff retirement benefits	492	411
Stores, spares and loose tools	50,379	41,078
Insurance	1,279	1,372
Repairs and maintenance	2,201	2,540
Depreciation	18,043	19,189
Other	4,757	3,422
	1,183,307	1,118,489

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:-

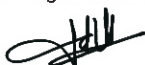
Relationship with the Company	Nature of transaction	Quarter ended September 30, 2013	Quarter ended September 30, 2012
		-----Rupees in '000'-----	
Associated undertakings	Sales	9,321	269
Provident fund	Contribution for the period	767	670

8. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial report was authorised for issue on October 31, 2013 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 Provision for workers' profit participation fund made in this condensed interim financial report is subject to adjustment in published audited financial statements.
- 9.3 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.
- 9.4 Figures have been rounded off to the nearest thousand of Rupees.


CHIEF EXECUTIVE OFFICER

DIRECTOR



**CONDENSED INTERIM CONSOLIDATED BALANCE SHEET (UN-AUDITED)
AS AT SEPTEMBER 30, 2013**

	(Un-audited) September 30, 2013	(Audited) June 30, 2013
Note-----	Rupees in '000'	

	(Un-audited) September 30, 2013	(Audited) June 30, 2013
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 reserves		
Share premium	143,190	143,190
Fair value reserve	4,345	1,102
Revenue reserves		
General reserve	720,000	720,000
Unappropriated profit	700,873	641,297
	1,759,328	1,696,509
Non-controlling interest	7	7
	1,759,335	1,696,516

NON-CURRENT LIABILITIES

Redeemable capital	155,000	155,000
Long term financing	300,000	300,000
	455,000	455,000

CURRENT LIABILITIES

Trade and other payables	376,088	339,163
Interest / mark up payable	52,941	42,697
Short term bank borrowings	896,614	753,586
Current portion of:		
Redeemable capital	155,000	155,000
Liabilities against assets subject to finance lease	1,504	2,100
Provision for taxation - income tax	864	864
	1,483,011	1,293,410

**CONTINGENCIES AND
COMMITMENTS**

4 - -

3,697,346 3,444,926

NON-CURRENT ASSETS

Property, plant and equipment	5 1,858,131	1,851,316
Long term deposits	511	511
	1,858,642	1,851,829

CURRENT ASSETS

Stores, spares and loose tools	358,739	376,217
Stocks	98,246	123,357
Investment Property	63,403	63,403
Trade debts	920,910	642,413
Loans and advances	29,742	25,961
Deposits and prepayments	8,503	3,297
Short-term Investment	7,469	4,226
Tax refunds due from Government - income tax	24,155	24,155
Cash and bank balances	9,720	12,251
	1,520,887	1,275,280
Non-current assets held for sale	317,817	317,817
	1,838,704	1,593,097

3,697,346 3,444,926

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

**CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013**

		Quarter ended September 30, 2013	Quarter ended September 30, 2012
Note		-----Rupees in '000'-----	
Sales - net	7	1,318,506	1,246,999
Cost of generation and sales	8	1,183,307	1,118,489
Gross profit		135,199	128,510
Other operating income		1024	464
		136,223	128,974
Operating expenses		25,785	18,853
Other operating expenses		3,143	1,909
Finance cost		47,718	72,050
		76,646	92,812
Profit for the period before taxation		59,577	36,162
Provision for taxation		-	-
Profit for the period		59,577	36,162
Attributable to:			
Shareholders of the parent		59,590	36,173
Non-controlling interest		(13)	(11)
		59,577	36,162
Earnings per share - Basic and diluted		3.12	1.89

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013**

	Quarter ended September 30, 2013	Quarter ended September 30, 2012
	-----Rupees in '000'-----	
Profit for the period	59,577	36,162
Other comprehensive income for the period		
Items that will be subsequently reclassified to profit or loss		
Increase in fair value of available for sale investments	3,243	-
Total comprehensive income for the period	<u>62,820</u>	<u>36,162</u>
Attributable to:		
Shareholders of the Parent	62,509	36,173
Non-controlling interest	311	(11)
	<u>62,820</u>	<u>36,162</u>

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

CHIEF EXECUTIVE OFFICER

DIRECTOR



**CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013**

	Quarter ended September 30, 2013	Quarter ended September 30, 2012
	-----Rupees in '000'-----	
a) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period before taxation	59,577	36,162
Adjustments for:		
Depreciation of property, plant and equipment	19,958	20,153
Provision for staff retirement benefits	767	670
Finance cost	47,718	72,050
Operating cash flows before working capital changes	128,020	129,035
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	17,478	11,282
Stock	25,111	14,292
Trade debts	(278,497)	(247,009)
Loans and advances	(2,901)	(5,675)
Deposits and prepayments	(5,205)	(4,728)
Increase / (decrease) in current liabilities		
Trade and other payables	36,602	(20,285)
	(207,412)	(252,123)
Cash used in operating activities	(79,392)	(123,088)
Income tax paid	(881)	(906)
Staff retirement benefits paid	(441)	(438)
Finance cost paid	(37,474)	(51,256)
Net cash used in operating activities	(118,188)	(175,688)
b) CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in property, plant and equipment	(26,772)	(4,273)
Net cash used in investing activities	(26,772)	(4,273)
c) CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of liabilities against assets subject to finance lease	(596)	(519)
Increase in short term bank borrowings - net	143,028	186,023
Dividend paid	(3)	-
Net cash generated from financing activities	142,429	185,504
Net (decrease) / increase in cash and cash equivalents (a+b+c)	(2,531)	5,543
Cash and cash equivalents at the beginning of the period	12,251	8,093
Cash and cash equivalents at the end of the period	9,720	13,636

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013**

	Capital and reserves								Non-controlling interest
	Issued, subscribed and paid up capital	Capital reserve			Revenue reserve			Total	
		Share premium	Fair value reserve	Sub total	General reserve	Unappropriated profit	Sub total		
----- Rupees in '000' -----									
Balance as at July 01, 2012	190,920	143,190	356	143,546	620,000	511,911	1,131,911	1,466,377	7
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	36,162	36,162	36,162	-
Other comprehensive income	-	-	-	-	-	-	-	-	-
Items that will be subsequently	-	-	-	-	-	-	-	-	-
Reclassified to profit or loss	-	-	-	-	-	-	-	-	-
increase in fair value of	-	-	-	-	-	-	-	-	-
available for the sale investments	-	-	-	-	-	36,162	36,162	36,162	-
Balance as at September 30, 2012	190,920	143,190	356	143,546	620,000	548,073	1,168,073	1,502,539	7
Transaction with owners									
Dividend for the year ended	-	-	-	-	-	(19,092)	(19,092)	(19,092)	-
June 30, 2012 : Rs. 1/- per share	-	-	-	-	100,000	(100,000)	-	-	-
Transferred to general reserve	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	212,315	212,315	212,315	-
Other comprehensive income	-	-	-	-	-	-	-	-	-
Items that will be subsequently	-	-	-	-	-	-	-	-	-
Reclassified to profit or loss	-	-	-	-	-	-	-	-	-
increase in fair value of	-	-	-	-	-	-	-	-	-
available for the sale investments	-	-	746	746	-	-	-	746	-
Balance as at June 30, 2013	190,920	143,190	1,102	144,292	720,000	641,296	1,361,296	1,696,508	7
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	59,577	59,577	59,577	-
Other comprehensive income	-	-	-	-	-	-	-	-	-
Items that will be subsequently	-	-	-	-	-	-	-	-	-
Reclassified to profit or loss	-	-	-	-	-	-	-	-	-
increase in fair value of	-	-	-	-	-	-	-	-	-
available for the sale investments	-	-	3,243	3,243	-	-	-	3,243	-
Balance as at September 30, 2013	190,920	143,190	4,345	147,535	720,000	700,873	1,420,873	1,759,328	7

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



CHIEF EXECUTIVE OFFICER



DIRECTOR

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL REPORT (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013

1. GROUP STATUS AND ACTIVITIES

1.1 The group consists of Sitara Energy Limited and Sitara International (Private) Limited.

Sitara Energy Limited (the Company) is incorporated in Pakistan as a public limited Company under the Companies Ordinance, 1984 and is listed on all stock exchanges in Pakistan. 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.

Sitara International (Private) Limited (the subsidiary) is incorporated in Pakistan as a private limited Company under the Companies Ordinance, 1984. The principal activities of the subsidiary are trading in textile goods and machinery and real estate business. The registered office of the subsidiary is situated at 601-602 Business Centre, Mumtaz Hasan Road, Karachi.

1.2 This condensed interim consolidated financial report is presented in Pak Rupee, which is the Group's functional and presentation currency.

2. BASIS OF CONSOLIDATION

This condensed interim consolidated financial report includes the condensed interim financial report of Sitara Energy Limited and its subsidiary Sitara International (Private) Limited. The condensed interim consolidated financial report of the parent and subsidiary company 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 company attributable to interest which are not owned by the parent company.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

This consolidated condensed interim financial report of the Group 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 Ordinance, 1984. In case where the requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This consolidated condensed interim financial report is unaudited and is being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984.

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

There are certain amendments to standards and interpretations that became effective and are mandatory for accounting periods beginning on or after July 01, 2013 but are considered not to be relevant or have any significant effect on the Group's operations and are, therefore, not disclosed in this condensed interim consolidated financial report.

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

There are new standards, other amendments to standards and interpretations that are mandatory for accounting periods beginning on or after July 01, 2013 but are considered not to be relevant or do not have any significant effect on Group's operations and are, therefore, not detailed in this condensed interim consolidated financial report.

3.2 Basis of preparation

This condensed interim consolidated financial report has been prepared under "historical cost convention". This consolidated condensed interim financial report does not include all the information required for full published audited consolidated financial statements, and should be read in conjunction with the Group's published audited financial statements for the year ended June 30, 2013.

3.3 Accounting policies and methods of computation

The accounting policies and methods of computation followed in the preparation of this condensed interim consolidated financial report are the same as those applied for the preparation of the published audited consolidated financial statements for the year ended June 30, 2013.

4. CONTINGENCIES AND COMMITMENTS

Contingencies

	(Un-audited) September 30, 2013	(Audited) June 30, 2013
-----Rupees in '000'-----		
Bank guarantee issued in favour of Sui Northern Gas Pipelines Limited for supply of gas	97,171	97,171
Demand of workers welfare fund not acknowledged in view of pending appeals.	2,184	2,184
Demand of income tax of Rs. 83,476,649/- for the tax years 2004 to 2010 was not acknowledged in view of pending appeals. On the first appeal, the cases for the tax years 2007 to 2010 involving tax demand of Rs. 82,162,720/- have been subsequently decided in favour of the Company	-	-

Commitments

Under letters of credit for stores and spares	2,161	20,097
Under contract for fixed capital expenditure	2,643	2,643

5. Property, plant and equipment

Operating assets	1,049,036	1,119,017
Capital work in progress	164,773	149,043
Non-operating land	644,322	583,258
	<u>1,858,131</u>	<u>1,851,318</u>

5.1 During the period following acquisitions and disposals were made:

Quarter ended September 30, 2013		Quarter ended September 30, 2012	
Acquisitions	Disposals	Acquisitions	Disposals
-----Rupees in '000'-----			
Operating assets			
Owned			
Operating assets - owned			
Electric appliances	48	-	-
Furniture and fixtures	403	1,215	-
Office equipment	51	-	-
Vehicles	75	72	-
	<u>577</u>	<u>1,287</u>	<u>-</u>
		(Un-audited) September 30, 2013	(Audited) June 30, 2013
-----Rupees in '000'-----			

6. SHORT-TERM INVESTMENTS

Available for sale - at fair value

Nimir Chemical Industries Limited - Quoted 1,000,000 ordinary shares of Rs. 5/- each	2,924	2,924
Wateen Telecom Limited 20,000, ordinary shares of Rs. 10/- each	200	200
	<u>3,124</u>	<u>3,124</u>
Less: fair value reserve	<u>4,345</u>	<u>1,102</u>
	<u>7,469</u>	<u>4,226</u>

7. Sales

	(Un-audited) September 30, 2013	(Audited) June 30, 2013
-----Rupees in '000'-----		
Electricity	1,520,016	1,429,483
Steam	24,034	33,762
	1,544,050	1,463,245
Less: Sales tax	(222,541)	(212,933)
	1,321,509	1,250,312
Less: Electricity duty	(3,003)	(3,313)
	1,318,506	1,246,999

8. Cost of generation and sales

Cost of fuel, oil, gas and lubricants	1,092,215	1,038,469
Salaries and wages and benefits	13,941	12,008
Staff retirement benefits	492	411
Stores, spares and loose tools	50,379	41,078
Insurance	1,279	1,372
Repairs and maintenance	2,201	2,540
Depreciation	18,043	19,189
Other	4,757	3,422
	1,183,307	1,118,489

9. 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, 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, 2013	Quarter ended September 30, 2012
-----Rupees in '000'-----			
Associated undertakings	Sales	9,321	269
Provident fund	Contribution for the period	767	670

10. DATE OF AUTHORISATION FOR ISSUE

This condensed interim consolidated financial report was authorised for issue on October 31, 2013 by the Board of Directors of the Group.

11. GENERAL

- 11.1 The provision for taxation and workers' profit participation fund made in this condensed interim consolidated financial report are subject to adjustment in annual financial statements.
- 11.2 There is no unusual item included in this condensed interim consolidated financial report which is affecting liabilities, assets, profit, cash flows or equity of the Group.
- 11.3 Figures have been rounded off to the nearest thousand of Rupees.



CHIEF EXECUTIVE OFFICER



DIRECTOR

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