



Sitara Energy Limited



Quarterly Financial Statements

September 2015

(Un-Audited)



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Sitara Energy Limited and Its Subsidiary Company

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Company Information

Board of Directors

Mrs. Noureen Javed (Chairperson)

Mr. Javed Iqbal (Chief Executive Officer)

Mr. Sarosh Javed

Mrs. Haniah Javed

Mr. Rana M. Arshad Iqbal

Mr. Mukhtar A. Sheikh

Mst. Naseem Akhtar

Human Resource & Remuneration Committee

Mr. Mukhtar A. Sheikh (Chairman)

Mr. Rana M. Arshad Iqbal

Mrs. Noureen Javed

Audit Committee

Mr. Rana M. Arshad Iqbal (Chairman)

Mrs. Haniah Javed

Mst. Naseem Akhtar

Chief Financial Officer

Mr. Ijaz A. Babar - FCA

Company Secretary

Mr. Mazhar Ali Khan

Auditors

M/s. RSM Avais Hyder Liaquat Nauman

(Chartered Accountants)

Legal Advisor

Sahibzada Muhammad Arif

Registered Office

601-602 Business Centre, Mumtaz

Hassan Road, Karachi – 74000, Pakistan

Bankers

Standrad Chartered Bank (Pak) Limited

Albaraka Bank (Pakistan) Limited

National Bank of Pakistan

Faysal Bank Limited

The Bank of Punjab

MCB Bank Limited

United Bank Limited

Meezan Bank Limited

Bank Alfalah Limited

Allied Bank Limited

Silk Bank Limited

Askari Bank Limited

First Women Bank Limited

Summit Bank Limited

Habib Bank Limited

Share Registrar

THK Associates (Private) Limited, Ground Floor, State Life Building No. 3,

Dr. Ziauddin Ahmed Road, Karachi. 75530, Pakistan, P.O. Box No. 8533,

UAN: +92(21)111-000-322 Fax: +92(21) 35655595, E mail: Secretariat@thk.com.pk

Plant

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

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, 2015.

Operational Financial Results:

The financial results for the first quarter compared with first quarter of the last year indicate performance of the company as under:-

Financial Highlights	July - September 2015	July - September 2014
Sales – net (Rs. '000')	796,064	1,213,963
Cost of generation (Rs. '000')	705,944	1,113,513
Gross profit (Rs. '000')	90,120	100,449
Gross profit ratio to revenue (%)	11.32%	8.28%
Profit after tax (Rs. '000')	35,544	33,198
Earnings per share - Basic & diluted (Rs.)	1.86	1.74

The turnover of the company for the first quarter of the current financial year decreased to Rs. 796.064 million as compared with Rs. 1,213.962 million in the first quarter of last financial year due to disconnection of power supply to FESCO as well as NEPRA's decisions in the matter of fuel price adjustments during this quarter. However the management of the company succeeded in maintaining its profitability.

We report that during the period under review power plant dispatched 66,085 MWH of electricity by complying with all the operating standards as compared with 69,374 MWH dispatched during the first quarter of the last financial year.

The profitability of the company during the financial year 2015-16 will largely depends upon availability of natural gas for power sector and gas / furnace oil prices.

We extend our gratitude to all our stakeholders for their continued support and thank the management and staff for their dedication and hard work.

By order of the board



Javed Iqbal
Chief Executive Officer

Faisalabad:
October 28, 2015

	(Un-audited) September 30, 2015	(Audited) June 30, 2015
Note	Rupees in '000'	

Note -----Rupees in '000'-----

(Un-audited)	(Audited)
September 30,	June 30,
2015	2015

Note -----Rupees in '000'-----

Note -----Rupees in '000'-----

NON-CURRENT ASSETS

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	920,000	920,000
Unappropriated profit	732,534	696,990
	1,986,644	1,951,100

Property, plant and equipment	4	1,783,929	1,784,293
Investment in subsidiary		49,995	49,995
Long term deposits		1,376	1,125
		1,835,300	1,835,413

Long term financing	200,000	200,000
Liabilities against assets subject to finance lease	3,710	2,500
	203,710	202,500

Trade and other payables	451,996	400,701
Interest / mark up payable	29,616	28,918
Short term bank borrowings	874,363	711,627
Current portion of:		
Liabilities against assets		
subject to finance lease	2,616	1,876
Provision for taxation - income tax	-	-
	1,358,591	1,143,122

Stores, spares and loose tools	268,671	286,625
Stock of oil and lubricants	80,664	56,555
Trade debts	1,059,178	859,907
Loans and advances	159,205	102,487
Deposits and prepayments	27,158	10,639
Other receivables	70,189	70,189
Tax refunds due from Government - income tax	35,969	35,969
Cash and bank balances	12,611	38,938
	<u>1,713,645</u>	<u>1,461,309</u>

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3,548,945 3,296,722

3,548,945	3,296,722
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[Signature]

Samuel

DIRECTOR


**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2015**

		Quarter ended September 30, 2015	Quarter ended September 30, 2014
Note		Rupees in '000'	
Sales - net	5	796,064	1,213,962
Cost of generation	6	705,944	1,113,513
Gross profit		90,120	100,449
Other operating income		113	333
		90,233	100,782
Operating expenses		23,636	25,683
Other operating expenses		1,871	1,747
Finance cost		29,182	40,154
		54,689	67,584
Profit for the period before taxation		35,544	33,198
Provision for taxation		-	-
Profit for the period		35,544	33,198
Earnings per share - Basic and diluted (Rs.)		1.86	1.74

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, 2015**


Quarter ended September 30, 2015	Quarter ended September 30, 2014
-----Rupees in '000'-----	

Profit for the period	35,544	33,198
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u>35,544</u>	<u>33,198</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, 2015**

	Quarter ended September 30, 2015	Quarter ended September 30, 2014
	-----Rupees in '000'-----	
a) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period before taxation	35,544	33,198
Adjustments for :		
Depreciation of property, plant and equipment	19,232	25,526
Provision for staff retirement benefits	748	837
Finance cost	29,182	40,154
Operating cash flows before working capital changes	<u>84,706</u>	<u>99,715</u>
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	17,954	11,106
Stock of oil and lubricants	(24,109)	(8,968)
Trade debts	(199,271)	(294,927)
Loans and advances	(56,348)	(36,820)
Deposits and prepayments	(16,520)	(6,530)
Other receivables	-	83,261
Increase in current liabilities		
Trade and other payables	53,532	53,332
	<u>(224,762)</u>	<u>(199,546)</u>
Cash (used in) operating activities	(140,056)	(99,831)
Income tax paid	(370)	(849)
Staff retirement benefits paid	(473)	(649)
Finance cost paid	(28,484)	(32,615)
Net cash (used in) operating activities	<u>(169,383)</u>	<u>(133,944)</u>
b) CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in property, plant and equipment	(18,867)	(15,358)
Increase in long term deposits	(251)	-
Net cash (used in) investing activities	<u>(19,118)</u>	<u>(15,358)</u>
c) CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of:		
Redeemable capital	-	(77,500)
Liabilities against assets subject to finance lease	(562)	(388)
Increase in short term bank borrowings - net	162,736	199,798
Dividend paid	-	(1)
Net cash generated from financing activities	<u>162,174</u>	<u>121,909</u>
Net (decrease) in cash and cash equivalents (a+b+c)	(26,327)	(27,393)
Cash and cash equivalents at the beginning of the period	38,938	47,116
Cash and cash equivalents at the end of the period	<u>12,611</u>	<u>19,723</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, 2015**

	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, 2014	190,920	143,190	820,000	730,199	1,550,199	1,884,309
Total comprehensive income for the period						
Profit for the period	-	-	-	33,198	33,198	33,198
Other comprehensive income	-	-	-	-	-	-
	-	-	-	33,198	33,198	33,198
Balance as at September 30, 2014	190,920	143,190	820,000	763,397	1,583,397	1,917,507
Transaction with owners						
Dividend for the year ended June 30, 2014 : Rs.2/- per share	-	-	-	(38,184)	(38,184)	(38,184)
Transferred to general reserve	-	-	100,000	(100,000)	-	-
Total comprehensive income for the period						
Profit for the period	-	-	-	71,777	71,777	71,777
Other comprehensive income	-	-	-	-	-	-
	-	-	-	71,777	71,777	71,777
Balance as at June 30, 2015	190,920	143,190	920,000	696,990	1,616,990	1,951,100
Total comprehensive income for the period						
Profit for the period	-	-	-	35,544	35,544	35,544
Other comprehensive income	-	-	-	-	-	-
	-	-	-	35,544	35,544	35,544
Balance as at September 30, 2015	190,920	143,190	920,000	732,534	1,652,534	1,986,644

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, 2015**

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, 2015 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, 2015 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, 2015.

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, 2015.

(Un-audited) September 30, 2015	(Audited) June 30, 2015
----- Rupees in '000' -----	

3. CONTINGENCIES AND COMMITMENTS

Contingencies

Bank guarantees issued in favour of Sui Northern Gas Pipelines Limited for supply of gas	98,169	97,171
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Demand of Income tax of Rs. 1,313,929/- (2014: Rs. 1,313,929/-) for the tax years 2004 to 2006 (2014: 2004 to 2006) is not acknowledged in view of pending appeals.

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Demand of gas Infrastructure development cess not acknowledged. The Company has challenged the levy from year 2011 to 2014 before the Honourable Lahore High Court Lahore claiming that the company be treated as part of the industrial sector, therefore entitled to benefit of non-recovery granted to industrial sector. The matter is pending before the anomaly committee constituted by Minister of Petroleum and Natural Resources; Government of Pakistan.

137,953 137,953

Commitments

Under letters of credit for stores and spares	20,676	13,622
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4. Property, plant and equipment

Operating assets	1,033,178	1,034,372
Capital work in progress	137,180	137,180
Non-operating land	593,571	592,741
Advance for purchase of property	20,000	20,000
	<u>1,783,929</u>	<u>1,784,293</u>

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

	Quarter ended September 30, 2015		Quarter ended September 30, 2014	
	Acquisitions	Disposals	Acquisitions	Disposals
----- (Rupees in '000') -----				
Operating assets - owned				
Electric appliances	65	-	214	-
Office equipment	-	-	300	-
Vehicles	17,972	-	-	-
	<u>18,037</u>	<u>-</u>	<u>514</u>	<u>-</u>

Quarter ended September 30, 2015	Quarter ended September 30, 2014
----- Rupees in '000' -----	

5. Sales - net

Electricity	936,000	1,392,548
Steam	9,414	31,453
	945,414	1,424,001
Less: Sales tax	(142,644)	(207,628)
	802,770	1,216,373
Less: Electricity duty	(6,706)	(2,411)
	<u>796,064</u>	<u>1,213,962</u>

6. Cost of generation

	Quarter ended September 30, 2015	Quarter ended September 30, 2014
	----- Rupees in '000' -----	
Cost of fuel, oil and lubricants	427,833	864,072
Cost of gas	208,443	174,734
Salaries and wages and benefits	16,824	14,836
Staff retirement benefits	472	539
Stores, spares and loose tools	26,297	27,232
Insurance	1,407	1,398
Repairs and maintenance	4,138	3,038
Depreciation	16,982	23,321
Other	3,548	4,343
	<u>705,944</u>	<u>1,113,513</u>

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, 2015	Quarter ended September 30, 2014
		----- Rupees in '000' -----	
Associated undertakings	Sales	15,937	7,135
Provident fund	Contribution for the period	748	837

8. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial report was authorised for issue on October 28, 2015 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, 2015

	(Un-audited) September 30, 2015	(Audited) June 30, 2015		(Un-audited) September 30, 2015	(Audited) June 30, 2015
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	1,780,416	1,780,780
			Long term deposits	1,376	1,125
				1,781,792	1,781,905
Issued, subscribed and paid up capital	190,920	190,920			
Capital reserve - share premium	143,190	143,190			
Revenue reserves					
General reserve	920,000	920,000			
Unappropriated profit	730,092	694,858			
	1,984,202	1,948,968			
Non-controlling interest	7	7			
	1,984,209	1,948,975			
NON - CURRENT LIABILITIES			CURRENT ASSETS		
Long term financing	200,000	200,000	Stores, spares and loose tools	268,671	286,625
Liabilities against assets subject to finance lease	3,710	2,500	Stocks	127,362	103,252
	203,710	202,500	Investment property	63,403	63,403
			Trade debts	1,059,178	859,907
			Loans and advances	85,876	39,069
			Deposits and prepayments	27,158	10,639
			Other receivables	70,189	70,189
			Tax refunds due from Government - income tax	36,341	36,342
			Cash and bank balances	27,554	44,340
				1,765,732	1,513,766
CURRENT LIABILITIES			CURRENT ASSETS		
Trade and other payables	453,010	401,775	Stores, spares and loose tools	268,671	286,625
Interest / mark up payable	29,616	28,918	Stocks	127,362	103,252
Short term bank borrowings	874,363	711,627	Investment property	63,403	63,403
Current portion of:			Trade debts	1,059,178	859,907
Liabilities against assets subject to finance lease	2,616	1,876	Loans and advances	85,876	39,069
Provision for taxation - income tax	-	-	Deposits and prepayments	27,158	10,639
	1,359,605	1,144,196	Other receivables	70,189	70,189
			Tax refunds due from Government - income tax	36,341	36,342
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CONTINGENCIES AND COMMITMENTS			CURRENT ASSETS		
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CONTINGENCIES AND COMMITMENTS			CURRENT ASSETS		
	-	-	Stores, spares and loose tools	268,671	286,625
			Stocks	127,362	103,252
			Investment property	63,403	63,403
			Trade debts	1,059,178	859,907
			Loans and advances	85,876	39,069
			Deposits and prepayments	27,158	10,639
			Other receivables	70,189	70,189
			Tax refunds due from Government - income tax	36,341	36,342
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			Cash and bank balances	27,554	

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, 2015**

		Quarter ended September 30, 2015	Quarter ended September 30, 2014
	Note	----- Rupees in '000'-----	
Sales - net	6	796,064	1,213,962
Cost of generation and sales	7	705,944	1,113,513
Gross profit		90,120	100,449
Other operating income		113	333
		90,233	100,782
Operating expenses		23,945	25,894
Other operating expense		1,871	1,747
Finance cost		29,183	40,154
		54,999	67,795
Profit for the period before taxation		35,234	32,987
Provision for taxation		-	-
Profit for the period		35,234	32,987
Attributable to:			
Shareholders of the Parent		35,234	32,987
Non-controlling interest		-	-
		35,234	32,987
Earnings per share - Basic and diluted (Rs.)		1.85	1.73

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, 2015**

	Quarter ended September 30, 2015	Quarter ended September 30, 2014
	----- Rupees in '000'-----	
Profit for the period	35,234	32,987
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u>35,234</u>	<u>32,987</u>
Attributable to:		
Shareholders of the Parent	35,234	62,509
Non-controlling interest	<u>-</u>	<u>-</u>
	<u>35,234</u>	<u>32,987</u>

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



CHIEF EXECUTIVE OFFICER



DIRECTOR

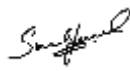
**CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2015**

	Quarter ended September 30, 2015	Quarter ended September 30, 2014
	-----Rupees in '000'-----	
a) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period before taxation	35,234	32,987
Adjustments for :		
Depreciation of property, plant and equipment	19,233	25,527
Provision for staff retirement benefits	748	837
Finance cost	29,183	40,154
Operating cash flows before working capital changes	<u>84,398</u>	<u>99,505</u>
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	17,954	11,106
Stock	(24,109)	(14,244)
Trade debts	(199,271)	(294,927)
Loans and advances	(91,897)	(48,630)
Deposits and prepayments	(16,520)	(6,531)
Other receivables	-	83,261
Increase in current liabilities		
Trade and other payables	98,930	61,669
	<u>(214,913)</u>	<u>(208,296)</u>
Cash (used in) operating activities	(130,515)	(108,791)
Income tax paid	(370)	(849)
Staff retirement benefits paid	(473)	(649)
Finance cost paid	(28,484)	(32,615)
Net cash (used in) operating activities	<u>(159,842)</u>	<u>(142,904)</u>
b) CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in property, plant and equipment	(18,867)	(15,358)
Increase in long term deposits	(251)	-
Net cash (used in) investing activities	<u>(19,118)</u>	<u>(15,358)</u>
c) CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of:		
Redeemable capital	-	(77,500)
Liabilities against assets subject to finance lease	(562)	(388)
Increase in short term bank borrowings - net	162,736	199,798
Dividend paid	-	(1)
Net cash generated from financing activities	<u>162,174</u>	<u>121,909</u>
Net (decrease) in cash and cash equivalents (a+b+c)	(16,786)	(36,353)
Cash and cash equivalents at the beginning of the period	44,340	61,431
Cash and cash equivalents at the end of the period	<u>27,554</u>	<u>25,078</u>

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, 2015**

	Capital and reserves						Non-controlling interest
	Issued, subscribed and paid up capital	Capital reserve	Revenue reserve			Total	
		Share premium	General reserve	Unappropriated profit	Sub total		
----- Rupees in '000' -----							
Balance as at July 01, 2014	190,920	143,190	820,000	729,509	1,549,509	1,883,619	7
Total comprehensive income for the period							
Profit for the period	-	-	-	32,987	32,987	32,987	-
Other comprehensive income	-	-	-	-	-	-	-
	-	-	-	32,987	32,987	32,987	-
Balance as at September 30, 2014	190,920	143,190	820,000	762,496	1,582,496	1,916,606	7
Transaction with owners							
Final dividend for the year ended June 30, 2014 : Rs.2/- per share	-	-	-	(38,184)	(38,184)	(38,184)	-
Transferred to general reserve	-	-	100,000	(100,000)	-	-	-
Total comprehensive income for the period							
Profit for the period	-	-	-	70,546	70,546	70,546	
Balance as at June 30, 2015	190,920	143,190	920,000	694,858	1,614,858	1,948,968	7
Total comprehensive income for the period							
Profit for the period	-	-	-	35,234	35,234	35,234	-
Other comprehensive income	-	-	-	-	-	-	-
	-	-	-	35,234	35,234	35,234	-
Balance as at September 30, 2015	190,920	143,190	920,000	730,092	1,650,092	1,984,202	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, 2015**

1. GROUP STATUS AND ACTIVITIES

1.1 The group consists of Sitara Energy Limited and its subsidiary 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. 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, 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 amendments to standards and interpretations that became effective and are mandatory for accounting periods beginning on or after July 01, 2015 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, 2015 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, 2015.

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, 2015.

(Un-audited) September 30, 2015	(Audited) June 30, 2015
----- Rupees in '000' -----	

4. CONTINGENCIES AND COMMITMENTS**Contingencies**

Bank guarantees issued in favour of Sui Northern Gas Pipelines Limited for supply of gas

98,169

97,171

Demand of Income tax of Rs. 1,313,929/- (2014: Rs. 1,313,929/-) for the tax years 2004 to 2006 (2014: 2004 to 2006) is not acknowledged in view of pending appeals.

-

-

Demand of gas Infrastructure development cess not acknowledged. The Company has challenged the levy from year 2011 to 2014 before the Honourable Lahore High Court Lahore claiming that the company be treated as part of the industrial sector, therefore entitled to benefit of non-recovery granted to industrial sector. The matter is pending before the anomaly committee constituted by Minister of Petroleum and Natural Resources; Government of Pakistan.

137,953

137,953

Commitments

Under letters of credit for stores and spares

20,676

13,622

5. PROPERTY, PLANT AND EQUIPMENT

Operating assets

1,029,665

1,034,410

Capital work in progress

137,180

137,180

Non-operating land

593,571

589,190

Advance for purchase of property

20,000

20,000

1,780,416

1,780,780

5.1 During the period following acquisitions and disposals were made:

	Quarter ended September 30, 2015		Quarter ended September 30, 2014	
	Acquisitions	Disposals	Acquisitions	Disposals
----- (Rupees in '000') -----				
Operating assets -Owned				
Electric appliances	65	-	214	-
Office equipment	-	-	300	-
Vehicles	17,972	-	-	-
	17,972	-	300	-
			Quarter ended September 30, 2015	Quarter ended September 30, 2014
----- Rupees in '000' -----				

6. Sales

Electricity

936,000

1,392,548

Steam

9,414

31,453

945,414

1,424,001

Less: Sales tax

(142,644)

(207,628)

802,770

1,216,373

Less: Electricity duty

(6,706)

(2,411)

796,064

1,213,962

Quarter ended September 30, 2015	Quarter ended September 30, 2014
----- Rupees in '000' -----	

7. Cost of generation and sales

Cost of fuel, oil and lubricants	427,833	864,072
Cost of gas	208,443	174,734
Salaries, wages and benefits	16,824	14,836
Staff retirement benefits	472	539
Stores, spares and loose tools	26,297	27,232
Insurance	1,407	1,398
Repairs and maintenance	4,138	3,038
Depreciation	16,982	23,321
Other	3,548	4,343
	<u>705,944</u>	<u>1,113,513</u>

8. 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, 2015	Quarter ended September 30, 2014
----- Rupees in '000' -----			
Associated undertakings	Sales	15,937	7,135
Provident fund	Contribution for the period	748	837

9. DATE OF AUTHORISATION FOR ISSUE


This condensed interim consolidated financial report was authorised for issue on October 28, 2015 by the Board of Directors of the Group.

10. GENERAL

- 10.1** The provision for taxation and workers' profit participation fund made in this condensed interim consolidated financial report are subject to adjustments in annual financial statements.
- 10.2** 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.
- 10.3** Figures have been rounded off to the nearest thousand of Rupees.



CHIEF EXECUTIVE OFFICER



DIRECTOR