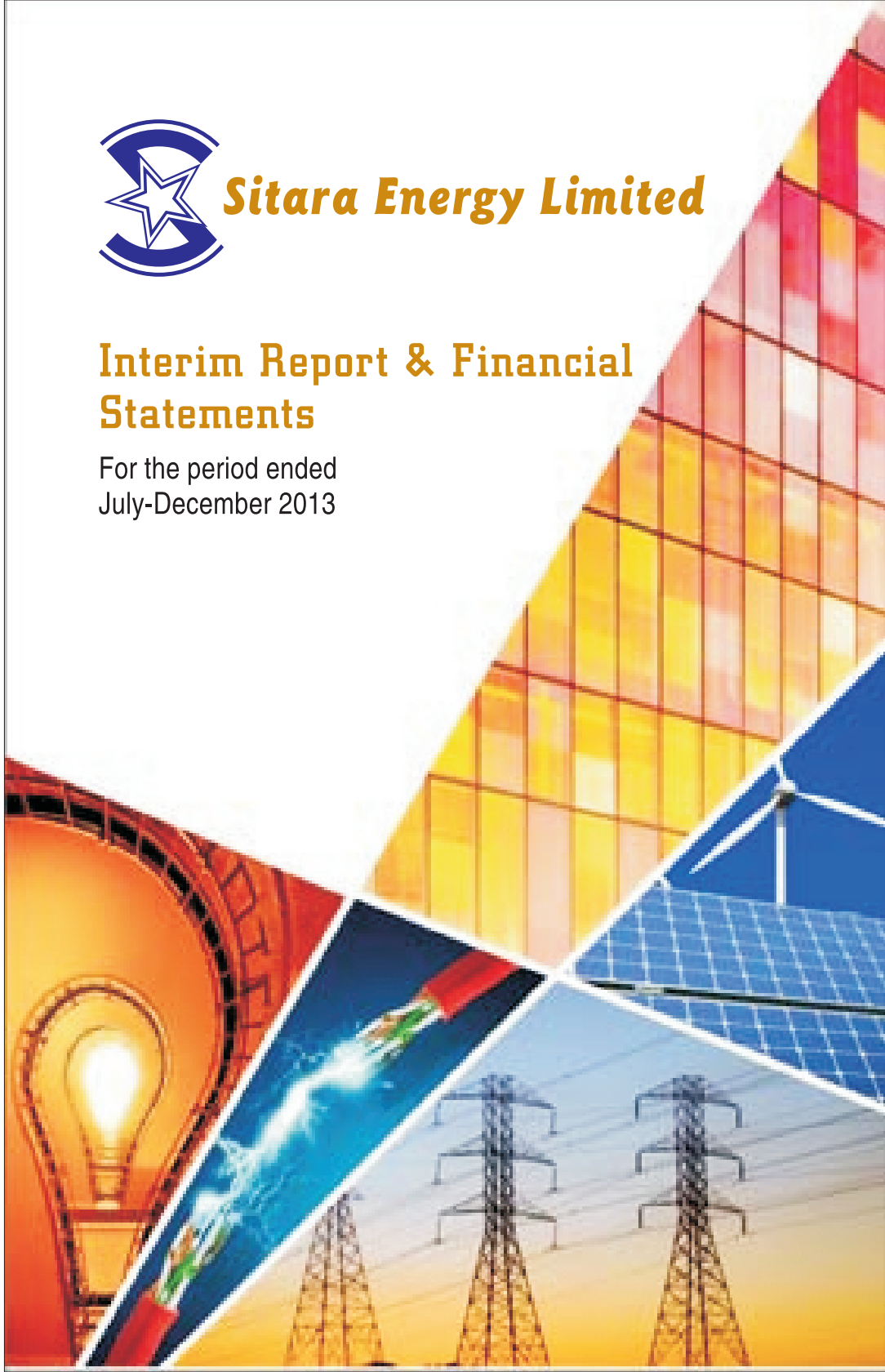




Sitara Energy Limited

Interim Report & Financial Statements

For the period ended
July-December 2013





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Board of Directors

Mrs. Noureen Javed (Chairman)

Mr. Javed Iqbal (Chief Executive)

Mr. Sarosh Javed

Mrs. Haniah Javed

Mr. Rana Muhammad Arshad Iqbal

Mr. Mukhtar A. Sheikh

Mst. Naseem Akhtar

Audit Committee

Mr. Rana M. Arshad Iqbal (Chairman)

Mr. Sarosh Javed

Mrs. Haniah Javed

Human Resource Committee

Mr. Mukhtar A. Sheikh (Chairman)

Mr. Rana Muhammad Arshad Iqbal

Mrs. Noureen Javed

Auditors

M/s. Avas 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

The Bank of Punjab

Askari Bank Limited

United Bank Limited

National Bank of Pakistan Limited

Meezan Bank Limited

First Women Bank Limited

Albaraka Bank (Pakistan) Limited

Allied Bank Limited

MCB Bank Limited

Standrad Chartered Bank (Pak) 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 REVIEW

IN THE NAME OF ALLAH, THE MOST BENEVOLENT, THE MOST GRACIOUS, THE MOST MERCIFUL.

The Directors are pleased to present their report on the performance of the Company together with the auditor's reviewed financial statements for the half year ended December 31, 2013.

During the period under review, the Company continued its journey on the path of success and growth. Sales revenue of the Company increased by 3.77% amounting to Rs. 2,643.78 million (December 2012: Rs. 2,547.76 million) and Net profit of Rs. 101.970 million for the half year ended December 31, 2013 (December 2012: Rs. 111.712 million). The results translate into earnings per share of Rs. 5.34 against Rs. 5.85 earned during the same period last year. The profitability of the Company slightly decreased due to increase in gas prices, imposition of GIDC and other raw material prices.

During the period under review the Company generated 158,729 MWH of electricity which was 12.76% lower as compared to 181,956 MWH during the corresponding period last year. Decrease in electricity generation is mainly due to natural gas shutdown during the period under review.

Unstable macroeconomic indicators such as energy crisis, law and order situation, high inflation and devaluation of rupee had adverse impact on the business environment in many ways. Despite these odds, the management strives continuously to move ahead the Company, taking into consideration the diverse expectations of all the stakeholders.

It is the over-all professionalism, the collective management's expertise and the personal care that has enabled the Company to deliver all the energy requirements of its clients and build strong relationships in an ever challenging environment. The management of the Company is fully motivated to consolidate and strengthen its position, enhance shareholder's value through technology driven investments and strategic business alliances.

The Board would like to thank and appreciate its employees, customers and strategic business partners for their dedication, commitment and contributions towards helping us achieve commendable results. The Board further extends its gratitude to suppliers, contractors, Government authorities and shareholders for their unwavering support to the Company.

For and on behalf of the Board

Faisalabad:
February 24, 2014

JAVID IQBAL
Chief Executive Officer

Auditors' Report on Review of Interim Financial Information to the Members

Introduction

We have reviewed the accompanying condensed interim balance sheet of Sitara Energy Limited as at December 31, 2013 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six months period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with the approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended December 31, 2013 and 2012 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2013.

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 interim financial information 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 interim financial information as at December 31, 2013 and for the six months period then ended is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

February 24, 2014
Faisalabad

Avais Hyder Liaquat Nauman
Chartered Accountants
Engagement partner: Hamid Masood

CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2013

	(Un-audited) December 31, 2013	(Audited) June 30, 2013		(Un-audited) December 31, 2013	(Audited) June 30, 2013
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	4 1,934,741	1,902,090
			Investment in subsidiary	49,995	49,995
			Long term deposits	511	511
				1,985,247	1,952,596
Issued subscribed and paid up capital	190,920	190,920			
Reserves					
Capital reserve - share premium	143,190	143,190			
Revenue reserves					
General reserve	820,000	720,000			
Unappropriated profit	627,643	644,765			
	1,781,753	1,698,875			
NON-CURRENT LIABILITIES					
Redeemable capital					
Sukuk certificate	77,500	155,000			
Long term financing	300,000	300,000			
	377,500	455,000			
CURRENT LIABILITIES			CURRENT ASSETS		
Trade and other payables	567,861	329,012	Stores, spares and loose tools	348,612	376,217
Interest / mark up payable	36,262	42,697	Stock of oil and lubricants	88,218	90,192
Short term bank borrowings	814,398	753,586	Trade debts	907,666	642,413
Current portion of:			Loans and advances	32,485	21,545
Redeemable capital	155,000	155,000	Deposits and prepayments	11,389	3,297
Liabilities against assets			Tax refunds due from		
subject to finance lease	791	2,100	Government - income tax	23,800	23,800
Provision for taxation - income tax	853	853	Cash and bank balances	19,184	9,246
	1,575,165	1,283,248		1,431,354	1,166,710
CONTINGENCIES AND COMMITMENTS			Non-current assets held for sale	317,817	317,817
3	-	-		1,749,171	1,484,527
	3,734,418	3,437,123		3,734,418	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 HALF YEAR ENDED DECEMBER 31, 2013**

	Note	Half year ended December 31,		Quarter ended December 31,	
		2013	2012	2013	2012
		-----Rupees in '000'-----			
Sales - net	5	2,643,779	2,547,758	1,325,273	1,300,759
Cost of generation	6	<u>2,410,329</u>	<u>2,288,068</u>	<u>1,227,022</u>	<u>1,169,579</u>
Gross profit		233,450	259,690	98,251	131,180
Other operating income		<u>1,462</u>	<u>768</u>	<u>494</u>	<u>360</u>
		234,912	260,458	98,745	131,540
Operating expenses		<u>48,735</u>	<u>35,543</u>	<u>23,140</u>	<u>16,855</u>
Other operating expenses		<u>5,382</u>	<u>5,882</u>	<u>2,239</u>	<u>3,973</u>
Finance cost		<u>78,825</u>	<u>107,321</u>	<u>31,107</u>	<u>35,271</u>
		132,942	148,746	56,486	56,099
Profit for the period before taxation		<u>101,970</u>	<u>111,712</u>	<u>42,259</u>	<u>75,441</u>
Provision for taxation	9.1	-	-	-	-
Profit for the period		<u><u>101,970</u></u>	<u><u>111,712</u></u>	<u><u>42,259</u></u>	<u><u>75,441</u></u>
Earnings per share - Basic and diluted		<u><u>5.34</u></u>	<u><u>5.85</u></u>	<u><u>2.21</u></u>	<u><u>3.95</u></u>

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 HALF YEAR ENDED DECEMBER 31, 2013**

	Half year ended December 31,		Quarter ended December 31,	
	2013	2012	2013	2012
	-----Rupees in '000'-----			
Profit for the period	101,790	111,712	42,259	75,441
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>101,970</u>	<u>111,712</u>	<u>42,259</u>	<u>75,441</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 HALF YEAR ENDED DECEMBER 31, 2013**

	Half year ended December 31,	
	2013	2012
	-----Rupees in '000'-----	
a) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period before taxation	101,970	111,712
Adjustments for:		
Depreciation of property, plant and equipment	40,794	40,635
Provision for staff retirement benefits	1,581	1,332
(Gain) on disposal of operating assets	(6)	-
Donation	2,050	-
Finance cost	78,825	107,322
Operating cash flows before working capital changes	225,214	261,001
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	27,605	(23,557)
Stock of oil and lubricants	1,974	24,297
Trade debts	(265,253)	(206,694)
Loans and advances	(10,940)	(9,089)
Deposits and prepayments	(8,235)	(4,808)
Other receivables	-	18,378
Tax refunds due from Government - income tax	-	(3,129)
Increase in current liabilities		
Trade and other payables	235,204	26,121
	(19,645)	(178,480)
Cash generated from operating activities	205,569	82,521
Staff retirement benefits paid	(1,267)	(1,082)
Finance cost paid	(85,260)	(118,134)
Net cash generated from/ (used in) operating activities	119,042	(36,696)
b) CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in property, plant and equipment	(75,501)	(6,450)
Proceeds from disposal of operating assets	14	-
Addition in long term deposits	-	483
Net cash (used in) investing activities	(75,487)	(5,967)
c) CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of :		
Redeemable capital	(77,500)	(77,500)
Liabilities against assets subject to finance lease	(1,167)	(1,059)
Increase in short term bank borrowings - net	60,812	216,454
Dividend paid	(15,762)	(16,348)
Net cash (used in) / generated from financing activities	(33,617)	121,547
Net increase in cash and cash equivalents (a+b+c)	9,938	78,884
Cash and cash equivalents at the beginning of the period	9,246	5,110
Cash and cash equivalents at the end of the period	19,184	83,994

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 HALF YEAR ENDED DECEMBER 31, 2013**

	Issued, subscribed and paid up capital	Capital Reserves Share premium	General reserve	Revenue Reserves		Total
				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
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	-	-	-	111,712	111,712	111,712
Other comprehensive income	-	-	-	-	-	-
	-	-	-	111,712	111,712	111,712
Balance as at December 31, 2012	190,920	143,190	720,000	507,163	1,227,163	1,561,273
Total comprehensive income for the period						
Profit for the period	-	-	-	137,602	137,602	137,602
Other comprehensive income	-	-	-	-	-	-
	-	-	-	137,602	137,602	137,602
Balance as at June 30, 2013	190,920	143,190	720,000	644,765	1,364,765	1,698,875
Transaction with owners:						
Dividend for the year ended June 30, 2013 : 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	-	-	-	101,970	101,970	101,970
Other comprehensive income	-	-	-	-	-	-
	-	-	-	101,970	101,970	101,970
Balance as at December 31, 2013	190,920	143,190	820,000	627,643	1,447,643	1,781,753

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 HALF YEAR ENDED DECEMBER 31, 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 The Company is implementing expansion project comprising electricity generation capacity of 21 MW.
- 1.3 This condensed interim financial report is presented in Pak Rupee, which is the Company's functional and presentation currency.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

- 2.1 This condensed interim financial report has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies 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 but subject to limited scope review by auditors and are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984.

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

2.2.2 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 of the Company beginning on or after July 01, 2014 but are considered not to be relevant or not to have any significant effect on Company's operations and are, therefore, not disclosed in this condensed interim financial report.

2.3 Basis of preparation

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

2.4 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.

3. CONTINGENCIES AND COMMITMENTS

Contingencies

There are no changes in contingent liabilities since the date of published audited financial statements for the year ended June 30, 2013.

	(Un-audited) December 31, 2013	(Audited) June 30, 2013
	-----Rupees in '000'-----	
Commitments		
Under letters of credit for stores and spares	3,898	20,097
Under contract for fixed capital expenditure	2,643	2,643
 4. Property, plant and equipment		
Operating assets	1,085,199	1,118,970
Capital work in progress	180,684	149,043
Non-operating land	668,858	634,077
	<u>1,934,741</u>	<u>1,902,090</u>

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

		Half year ended			
		December 31, 2013		December 31, 2012	
Note		Acquisitions	Disposals	Acquisitions	Disposals
-----Rupees in '000'-----					
At Cost					
Freehold land	4.1.1	-	2,050	-	-
Electric Installations		48	-	10,511	-
Factory Equipment		219	-	-	-
Electric Appliances		-	-	282	-
Furniture and fixtures		403	-	1,456	-
Office equipment		51	-	-	-
Vehicles		8,360	68	74	-
		<u>9,081</u>	<u>2,118</u>	<u>12,323</u>	<u>-</u>

4.1.1 Disposal represents donation in kind to an associated undertaking M/S Aziz Fatimah Trust (Regd.) - Faisalabad, in which CEO of the Company is a trustee.

		Half year ended December 31,		Quarter ended December 31,	
		2013	2012	2013	2012
-----Rupees in '000'-----					
5. Sales - net					
Electricity		3,046,289	2,882,723	1,526,273	1,480,329
Steam		50,162	66,922	26,128	33,160
		3,096,451	2,949,645	1,552,401	1,513,489
Less: Sales tax		(447,255)	(396,101)	(224,714)	(210,257)
		2,649,196	2,553,544	1,327,687	1,303,232
Less: Electricity duty		(5,417)	(5,786)	(2,414)	(2,473)
		<u>2,643,779</u>	<u>2,547,758</u>	<u>1,325,273</u>	<u>1,300,759</u>

	Half year ended December 31,		Quarter ended December 31,	
	2013	2012	2013	2012
	-----Rupees in '000'-----			
6. Cost of generation				
Cost of fuel, oil, gas and lubricants	2,221,808	2,123,215	1,129,593	1,084,746
Salaries, wages and benefits	29,979	25,551	16,038	13,551
Retirement benefits	1,021	830	529	411
Stores, spares and loose tools	103,412	80,803	53,033	39,725
Insurance	2,588	2,700	387	160
Repairs and maintenance	5,530	7,939	4,251	6,567
Depreciation	36,369	38,662	18,326	19,473
Other	9,622	8,368	4,865	4,946
	<u>2,410,329</u>	<u>2,288,068</u>	<u>1,227,022</u>	<u>1,169,579</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	Half year ended December 31,	
		2013	2012
		-----Rupees in '000'-----	
Subsidiary	Advance for purchase of land	3,500	-
Associated undertakings	Sales	15,830	645,865
	Purchases	-	3,009
	Organizational expenses paid	-	541
	Organizational expenses recovered	-	42
	Donations		
	- In cash	1,030	1,295
	- In kind	2,050	-
Key management personnel	Remuneration	6,245	3,373
Provident fund	Contribution for the period	1,581	1,332

8. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial report was authorised for issue on February 24, 2014 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 under clause (132) of Part-I and clause 11A (v) of Part-IV of the Second Schedule to the Income Tax Ordinance, 2001.

9.2 Provision for workers' profit participation fund made in this condensed interim financial report is subject to adjustment in the annual financial statements.

9.3 There is no unusual item included in this condensed interim financial report which is affecting equity, liabilities assets, profit, comprehensive profit or cash flows 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
AS AT DECEMBER 31, 2013**

	(Un-audited) December 31, 2013	(Audited) June 30, 2013		(Un-audited) December 31, 2013	(Audited) June 30, 2013
Note -----Rupees in '000'-----			Note -----Rupees in '000'-----		
SHARE CAPITAL AND RESERVES			NON-CURRENT ASSETS		
Authorised capital 30,000,000 ordinary shares of Rs. 10/- each	300,000	300,000	Property, plant and equipment	5 1,880,466	1,851,318
Issued, subscribed and paid up capital	190,920	190,920	Long term deposits	511	511
Reserves				1,880,977	1,851,829
Capital reserves					
Share premium	143,190	143,190			
Fair value reserve	4,536	1,102			
Revenue reserves					
General reserve	820,000	720,000			
Unappropriated profit	623,669	641,297			
	1,782,315	1,696,509			
Non-controlling interest	6	7			
	1,782,321	1,696,516			
NON-CURRENT LIABILITIES					
Redeemable capital					
Sukuk certificates	77,500	155,000			
Long term financing	300,000	300,000			
	377,500	455,000			
CURRENT LIABILITIES			CURRENT ASSETS		
Trade and other payables	588,443	339,163	Stores, spares and loose tools	348,612	376,217
Interest / mark up payable	36,262	42,697	Stocks	122,075	123,357
Short term bank borrowings	814,398	753,586	Investment Property	63,403	63,403
Current portion of:			Trade debts	907,666	642,413
Redeemable capital	155,000	155,000	Loans and advances	50,355	25,961
Liabilities against assets subject to finance lease	791	2,100	Deposits and prepayments	11,389	3,297
Provision for taxation - income tax	884	864	Short-term Investment	7,460	4,226
	1,595,778	1,293,410	Tax refunds due from Government - income tax	24,173	24,155
			Cash and bank balances	21,672	12,251
				1,556,805	1,275,280
CONTINGENCIES AND COMMITMENTS	4 -	-	Non-current assets held for sale	317,817	317,817
				1,874,622	1,593,097
	<u>3,755,599</u>	<u>3,444,926</u>		<u>3,755,599</u>	<u>3,444,926</u>

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 HALF YEAR ENDED DECEMBER 31, 2013**

		Half year ended December 31,		Quarter ended December 31,	
		2013	2012	2013	2012
Note		-----Rupees in '000'-----			
Sales - net	7	2,643,779	2,547,758	1,325,273	1,300,759
Cost of generation	8	2,410,329	2,288,068	1,227,022	1,169,579
Gross profit		233,450	259,690	98,251	131,180
Other operating income		1,574	881	550	416
		235,024	260,571	98,801	131,596
Operating expenses		49,194	35,970	23,409	17,117
Other operating expenses					
Worker's profit participation fund		5,382	5,882	2,239	3,973
Loss on disposal of investment		111	-	111	-
Balance written off		17	-	17	-
Finance cost		78,826	107,322	31,108	35,272
		133,530	149,174	56,884	56,362
Profit for the period before taxation		101,494	111,397	41,917	75,234
Provision for taxation	11.1	31	6	31	6
Profit for the period		101,463	111,391	41,886	75,228
Attributable to:					
Shareholders of the Parent		101,464	111,391	41,886	75,228
Non-controlling interest		(1)	-	-	-
		101,463	111,391	41,886	75,228
Earnings per share - Basic and diluted					
Attributable to shareholders of the Parent		5.31	5.83	2.19	3.94

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 HALF YEAR ENDED DECEMBER 31, 2013**

	Half year ended December 31,		Quarter ended December 31,	
	2013	2012	2013	2012
	-----Rupees in '000'-----			
Profit for the period	101,463	111,391	41,886	75,228
Other comprehensive income for the period				
Items that will be reclassified subsequently to profit or loss				
Increase in fair value of				
available for sale investments	3,320	240	3,320	-
Other item				
Decrease in fair value reclassified to profit				
and loss account on disposal of investment	114	-	114	-
Total comprehensive income for the period	<u>104,897</u>	<u>111,631</u>	<u>45,320</u>	<u>75,228</u>
Attributable to:				
Shareholders of the Parent	104,898	111,631	45,320	75,228
Non-controlling interest	(1)	-	-	-
	<u>104,897</u>	<u>111,631</u>	<u>45,320</u>	<u>75,228</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 HALF YEAR ENDED DECEMBER 31, 2013**

	Half year ended December 31,	
	2013	2012
	-----Rupees in '000'-----	
a) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period before taxation	101,494	111,396
Adjustments for:		
Depreciation of property, plant and equipment	40,796	40,638
Provision for staff retirement benefits	1,581	1,332
(Gain) on disposal of operating assets	(6)	-
Donation	2,050	-
Loss on disposal of investment	111	-
Balance written off	17	-
Finance cost	78,825	107,323
Operating cash flows before working capital changes	224,868	260,689
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	27,605	(23,557)
Stock	1,281	24,297
Trade debts	(265,253)	(205,194)
Loans and advances	(24,440)	(8,748)
Deposits and prepayments	(8,235)	(4,808)
Other receivables	-	18,378
Tax refunds due from Government - income tax	-	(3,336)
Increase in current liabilities		
Trade and other payables	245,637	26,123
	(23,405)	(176,845)
Cash generated from operating activities	201,463	83,844
Income tax paid	-	(142)
Staff retirement benefits paid	(1,267)	(1,082)
Finance cost paid	(85,260)	(118,135)
Net cash generated from/ (used in) operating activities	114,936	(35,515)
b) CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in property, plant and equipment	(72,001)	(6,450)
Proceeds from disposal of:		
Operating assets	14	-
Short term investment	89	-
Addition in long term deposits	-	483
Net cash (used in) investing activities	(71,898)	(5,967)
c) CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of :		
Redeemable capital	(77,500)	(77,500)
Liabilities against assets subject to finance lease	(1,167)	(1,059)
Increase in short term bank borrowings - net	60,812	216,454
Dividend paid	(15,762)	(16,348)
Net cash (used in) / generated from financing activities	(33,617)	121,547
Net increase in cash and cash equivalents (a+b+c)	9,421	80,065
Cash and cash equivalents at the beginning of the period	12,251	8,093
Cash and cash equivalents at the end of the period	21,672	88,158

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 HALF YEAR ENDED DECEMBER 31, 2013**

	Issued, subscribed and paid up capital	Capital Reserves			Revenue Reserves				Non- controlling interest
	Share premium	Fair value reserve	Sub total	General reserve	Unappropriated profit	Sub total	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
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	-	-	-	-	-	111,391	111,391	111,391	-
Other comprehensive income									
Items that will be reclassified subsequently to profit or loss									
increase in fair value of available for sale investments	-	-	240	240	-	-	-	240	-
	-	-	240	240	-	111,391	111,391	111,631	-
Balance as at December 31, 2012	190,920	143,190	596	143,786	720,000	504,210	1,224,210	1,558,916	7
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	137,087	137,087	137,087	-
Other comprehensive income									
Items that will be reclassified subsequently to profit or loss									
increase in fair value of available for sale investments	-	-	506	506	-	-	-	506	-
	-	-	506	506	-	137,087	137,087	137,593	-
Balance as at June 30, 2013	190,920	143,190	1,102	144,292	720,000	641,297	1,361,297	1,696,509	7
Transaction with owners:									
Dividend for the year ended June 30, 2013 : 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 / (loss) for the period	-	-	-	-	-	101,464	101,464	101,464	(1)
Other comprehensive income									
Items that will be reclassified subsequently to profit or loss									
increase in fair value of available for sale investments	-	-	3,320	3,320	-	-	-	3,320	-
Other item									
Decrease in fair value reclassified to profit and loss account on disposal of investment	-	-	114	114	-	-	-	114	-
	-	-	3,434	3,434	-	101,464	101,464	104,898	(1)
Balance as at December 31, 2013	190,920	143,190	4,536	147,726	820,000	623,669	1,443,669	1,782,315	6

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 HALF YEAR ENDED DECEMBER 31, 2013

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 and is listed on all stock exchanges in Pakistan. 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 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 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 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

This condensed interim consolidated 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 consolidated financial report is unaudited but subject to limited scope review by auditors and are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984.

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

3.2.2 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 of the Group beginning on or after July 01, 2014 but are considered not to be relevant or not to have any significant effect on the Group's operations and are, therefore, not disclosed in this condensed interim consolidated financial report.

3.3 Basis of preparation

This condensed interim consolidated financial report has been prepared under the "historical cost convention" except investment property and short term investments which are carried at fair value. This condensed interim financial report does not include all the information required for complete set of financial statements, and should be read in conjunction with the Group's published audited financial statements for the year ended June 30, 2013.

3.4 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.

4. CONTINGENCIES AND COMMITMENTS

Contingencies

There are no changes in contingent liabilities since the date of published audited financial statements for the year ended June 30, 2013.

Commitments

	(Un-audited) December 31, 2013	(Audited) June 30, 2013
-----Rupees in '000'-----		
Under letters of credit for stores and spares	3,898	20,097
Under contract for fixed capital expenditure	2,643	2,643

5. Property, plant and equipment

Operating assets	1,081,693	1,119,017
Capital work in progress	180,684	149,043
Non-operating land	618,089	583,258
	<u>1,880,466</u>	<u>1,851,318</u>

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

		Half year ended			
		December 31, 2013		December 31, 2012	
Note		(Rupees in '000')			
		Acquisitions	Disposals	Acquisitions	Disposals
At Cost	5.1.1				
Freehold land		-	2,050	-	-
Electric Installations		48	-	10,511	-
Factory Equipment		219	-	-	-
Electric Appliances		-	-	282	-
Furniture and fixtures		403	-	1,456	-
Office equipment		51	-	-	-
Vehicles		8,360	68	74	-
		9,081	2,118	12,323	-

5.1.1 Disposal represents donation in kind to an associated undertaking M/S Aziz Fatimah Trust (Regd.) - Faisalabad, in which CEO of the Parent is a trustee.

6. SHORT-TERM INVESTMENTS

Available for sale - at fair value

	(Un-audited) December 31, 2013	(Audited) June 30, 2013
-----Rupees in '000'-----		
Nimir Chemical Industries Limited 1,000,000 ordinary shares of Rs. 5/- each	2,924	2,924
Wateen Telecom Limited Nil (June 30, 2013: 20,000) ordinary shares of Rs. 10/- each	-	200
	<u>2,924</u>	<u>3,124</u>
Add: fair value reserve	<u>4,536</u>	<u>1,102</u>
	<u>7,460</u>	<u>4,226</u>

	Half year ended December 31,		Quarter ended December 31,	
	2013	2012	2013	2012
	-----Rupees in '000'-----			
7. Sales - net				
Electricity	3,046,289	2,882,723	1,526,273	1,480,329
Steam	50,162	66,922	26,128	33,160
	3,096,451	2,949,645	1,552,401	1,513,489
Less: Sales tax	(447,255)	(396,101)	(224,714)	(210,257)
	2,649,196	2,553,544	1,327,687	1,303,232
Less: Electricity duty	(5,417)	(5,786)	(2,414)	(2,473)
	<u>2,643,779</u>	<u>2,547,758</u>	<u>1,325,273</u>	<u>1,300,759</u>
8. Cost of generation				
Cost of fuel, oil, gas and lubricants	2,221,808	2,123,215	1,129,593	1,084,746
Salaries, wages and benefits	29,979	25,551	16,038	13,551
Retirement benefits	1,021	830	529	411
Stores, spares and loose tools	103,412	80,803	53,033	39,725
Insurance	2,588	2,700	387	160
Repairs and maintenance	5,530	7,939	4,251	6,567
Depreciation	36,369	38,662	18,326	19,473
Other	9,622	8,368	4,865	4,946
	<u>2,410,329</u>	<u>2,288,068</u>	<u>1,227,022</u>	<u>1,169,579</u>

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	Nature of transaction	Half year ended December 31,	
		2013	2012
		-----Rupees in '000'-----	
Associated undertakings	Sales	15,830	645,865
	Purchases	-	3,009
	Organizational expenses paid	-	541
	Organizational expenses recovered	-	42
	Donations		
	- In cash	1,030	1,295
	- In kind	2,050	-
	Advance against supplies	13,500	-
Key management personnel	Remuneration	6,245	3,373
Provident fund	Contribution for the period	1,581	1,332

10. DATE OF AUTHORISATION FOR ISSUE

This condensed interim consolidated financial report was authorised for issue on February 24, 2014 by the Board of Directors of the Parent.

11. GENERAL

- 11.1 Provision for taxation represents the tax on rental income and is subject to adjustment in the annual financial statements. Profits and gains derived 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.
- 11.2 Provision for workers' profit participation fund made in this condensed interim consolidated financial report is subject to adjustment in the annual financial statements.
- 11.3 There is no unusual item included in this condensed interim consolidated financial report which is affecting equity, liabilities, assets, profit, comprehensive Income or cash flows of the Group.
- 11.4 Figures have been rounded off to the nearest thousand of Rupees.

CHIEF EXECUTIVE OFFICER

DIRECTOR

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