



Sitara Energy Limited

Interim Report and Financial Statement

**For the period ended
July-December 2014**





بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

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COMPANY INFORMATION

Board of Directors

Mrs. Noreen Javed (Chairman)
Mr. Javed Iqbal (Chief Executive Officer)
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)

Mrs. Haniah Javed
Mst. Naseem Akhtar

Human Resource & Remuneration Committee

Mr. Mukhtar A. Sheikh (Chairman)

Mr. Rana Muhammad Arshad Iqbal
Mrs. Noreen Javed

Bankers

Standrad Chartered Bank (Pak) Limited
Albaraka Bank (Pakistan) Limited
National Bank of Pakistan
Faysal Bank Limited
The Bank of Punjab
MCB Islamic Banking
United Bank Limited
Meezan Bank Limited
Bank Alfalah Limited
Allied Bank Limited

Auditors

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

Company Secretary

Mr. Mazhar Ali Khan

Chief Financial Officer

Mr. Haroon Ahmed Zuberi - FCA

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, 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>



DIRECTOR'S REVIEW

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

The Board of Directors takes pleasure to present you the brief report together with operational and financial results of the Company duly reviewed by the statutory auditors of the Company for the 2nd quarter / half year ended December 31, 2014.

We report that during the half-year under review, sales revenue stood at Rs. 2,185.951 million as compared to Rs. 2,643.779 million of the corresponding half year of the FY 2013-14. The Company posted net profit of Rs. 7.748 million and demonstrated earning per share (EPS) of Rs. 0.41 compared with net profit of Rs. 101.970 million and an EPS of Rs. 5.34 during the corresponding period of previous financial year.

Decrease in the sales revenue of the Company was mainly due to constant decrease in Furnace Oil (HFO) prices from October 2014. Company have maintained a certain level of safety stock of HFO which decreased the profitability due to fortnightly billing on current price of HFO as per terms of power purchase agreement with FESCO.

During the period under review the Company generated 138,619 MWH of electricity which was 12.67% lower as compared to 158,729 MWH during the corresponding period last year. Decrease in electricity generation is mainly due to natural gas shutdown during the period under review. However we are confident that second half of the year will better for the Company, depends on availability of natural gas.

Abstract of variation in terms of appointment of Chief Executive Officer and a Director:

The Board of Directors of the Company unanimously approved 25% increase in the monthly remuneration of Chief Executive Officer and a Director of the Company effective from July 2014 in accordance with the terms of their appointment. No director of the Company has any interest in the variation of remuneration to Chief Executive Officer and a Director of the Company.

There is no change in other terms and conditions of their appointment.

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

JAVED IQBAL
Chief Executive Officer

Faisalabad:
February 21, 2015



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, 2014, 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 half year 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, 2014 and 2013 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2014.

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, 2014 and for the half year 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 21, 2015
Faisalabad

Avais Hyder Liaquat Nauman
Chartered Accountants
Engagement partner: Hamid Masood



**CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2014**

(Un-audited) (Audited)
December 31, June 30,
2014 2014
Note-----Rupees in '000'-----

(Un-audited) (Audited)
December 31, June 30,
2014 2014
Note-----Rupees in '000'-----

EQUITY AND LIABILITIES

SHARE CAPITAL AND RESERVES

Authorised capital
30,000,000 ordinary shares
of Rs. 10/- each

300,000 300,000

Issued subscribed
and paid up capital

190,920 190,920

Reserves

Capital reserve - share premium

143,190 143,190

Revenue reserves

920,000 820,000

General reserve

599,764 730,199

Unappropriated profit

1,853,874 1,884,309

NON-CURRENT LIABILITIES

Long term financing
Liabilities against assets
subject to finance lease

200,000 200,000

3,483 4,381

203,483 204,381

CURRENT LIABILITIES

Trade and other payables
Interest / mark up payable
Short term bank borrowings
Current portion of:
Redeemable capital
Long term financing
Liabilities against assets
subject to finance lease

399,467 484,963

37,612 34,370

927,413 443,347

- 155,000

- 100,000

1,740 1,632

1,366,232 1,219,313

ASSETS

NON-CURRENT ASSETS

Property, plant and equipment
Investment in subsidiary
Long term deposits

4 1,924,317 1,918,982

49,995 49,995

1,125 1,125

1,975,437 1,970,102

CURRENT ASSETS

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

321,622 313,115

39,976 113,912

730,769 612,989

15,861 13,181

13,782 8,150

8,786 96,375

35,969 31,737

180,061 47,116

1,346,826 1,236,575

**CONTINGENCIES AND
COMMITMENTS**

3

-

-

Non-current assets
held for sale

101,326 101,326

1,448,152 1,337,901

3,423,589 3,308,003

3,423,589 3,308,003

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

CHIEF EXECUTIVE OFFICER

DIRECTOR



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014**

		Half year ended December 31,		Quarter ended December 31,	
		2014	2013	2014	2013
Note		-----Rupees in '000'-----			
Sales - net	5	2,185,951	2,643,779	971,989	1,325,273
Cost of generation	6	2,054,852	2,410,329	941,339	1,227,022
Gross profit		131,099	233,450	30,650	98,251
Other income		608	1,462	275	494
		131,707	234,912	30,925	98,745
Operating expenses		49,408	48,735	23,725	23,140
Other operating expenses		426	5,382	(1,321)	2,239
Finance cost		74,125	78,825	33,971	31,107
		123,959	132,942	56,375	56,486
Profit / (loss) for the period before taxation		7,748	101,970	(25,450)	42,259
Provision for taxation	9.1	-	-	-	-
Profit / (loss) for the period		7,748	101,970	(25,450)	42,259
Earnings per share - Basic and diluted (Rupees)		0.41	5.34	(1.33)	2.21

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

CHIEF EXECUTIVE OFFICER

DIRECTOR



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014**

	Half year ended December 31,		Quarter ended December 31,	
	2014	2013	2014	2013
	-----Rupees in '000'-----			
Profit / (loss) for the period	7,748	101,970	(25,450)	42,259
Other comprehensive income	-	-	-	-
Total comprehensive income / (loss) for the period	<u>7,748</u>	<u>101,970</u>	<u>(25,450)</u>	<u>42,259</u>

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

CHIEF EXECUTIVE OFFICER

DIRECTOR



**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014**

	Half year ended December 31,	
	2014	2013
	-----Rupees in '000'-----	
a) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period before taxation	7,748	101,970
Adjustments for:		
Depreciation of property, plant and equipment	44,028	40,794
Provision for staff retirement benefits	1,650	1,581
(Gain) on disposal of operating assets	-	(6)
Donation in kind	-	2,050
Finance cost	74,125	78,825
Operating cash flows before working capital changes	127,551	225,214
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(8,507)	27,605
Stock of oil and lubricants	73,936	1,974
Trade debts	(117,780)	(265,253)
Loans and advances	(4,937)	(9,109)
Deposits and prepayments	(5,632)	(8,235)
Other receivables	87,589	-
(Decrease) / increase in current liabilities		
Trade and other payables	(88,190)	235,204
	(63,521)	(17,814)
Cash generated from operating activities	64,030	207,400
Staff retirement benefits paid	(1,450)	(1,267)
Finance cost paid	(70,883)	(85,260)
Income Tax Paid	(1,975)	(1,831)
Net cash (used in) / generated from operating activities	(10,278)	119,042
b) CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in property, plant and equipment	(49,362)	(75,501)
Proceeds from disposal of operating assets	-	14
Net cash (used in) investing activities	(49,362)	(75,487)
c) CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of :		
Redeemable capital	(155,000)	(77,500)
Liabilities against assets subject to finance lease	(791)	(1,167)
Long term Loan	(100,000)	-
Increase in short term bank borrowings - net	484,066	60,812
Dividend paid	(35,690)	(15,762)
Net cash generated from / (used in) financing activities	192,585	(33,617)
Net increase in cash and cash equivalents (a+b+c)	132,945	9,938
Cash and cash equivalents at the beginning of the period	47,116	9,246
Cash and cash equivalents at the end of the period	180,061	19,184

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

CHIEF EXECUTIVE OFFICER



DIRECTOR



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014**

	Issued, subscribed and paid up capital	Capital Reserves Share premium	Revenue Reserves			Total
			General reserve	Unappropriated profit	Sub total	
----- Rupees in '000' -----						
Balance as at July 01, 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
Total comprehensive income for the period						
Profit for the period	-	-	-	102,557	102,557	102,557
Other comprehensive income	-	-	-	-	-	-
	-	-	-	102,557	102,557	102,557
Balance as at June 30, 2014	190,920	143,190	820,000	730,200	1,550,200	1,884,310
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	-	-	-	7,748	7,748	7,748
Other comprehensive income	-	-	-	-	-	-
	-	-	-	7,748	7,748	7,748
Balance as at December 31, 2014	190,920	143,190	920,000	599,764	1,519,764	1,853,874

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

CHIEF EXECUTIVE OFFICER

DIRECTOR



**SELECTED EXPLANATORY NOTES TO THE
CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014**

1. STATUS AND ACTIVITES

- 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 in the province of Sindh. The project is located at Tehsil Jaranwala, District Faisalabad in the province of Punjab.
- 1.2 The Company is implementing expansion project comprising electricity generation capacity of 21 MW.
- 1.3 This condensed interim financial information is presented in Pak Rupee, which is the Company's functional and presentation currency.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

- 2.1.1 This condensed interim financial information has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where the requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.
- 2.1.2 This condensed interim financial information 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.
- 2.1.3 This condensed interim financial information does not include all the information required for complete set of financial statements, and should be read in conjunction with the Company's published audited statements for the year ended June 30, 2014.

2.2 Application of new and revised International Financial Reporting Standards

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

There are certain new standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations that became effective during the period and are mandatory for accounting periods of the Company beginning on or after July 01, 2014 but are considered not to be relevant or not to have any significant effect on the Company's operations. The new standards, amendments and IFRIC interpretations that are relevant to the operations of the Company are disclosed in the published audited financial statements for the year ended June 30, 2014.

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

There are other new standards, amendments and IFRIC interpretations that are mandatory for accounting periods of the Company beginning on or after July 01, 2015 but are considered not to be relevant or not to have any significant effect on the Company's operations. The new standards, amendments and IFRIC interpretations that are relevant to the operations of the Company are disclosed in the published audited financial statements for the year ended June 30, 2014.

2.3 Basis of preparation

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

2.4 Accounting policies and methods of computation

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the published audited financial statements for the year ended June 30, 2014.



2.5 Estimates, judgments and risk management policies

2.5.1 The preparation of financial information in conformity with approved accounting standards, as applicable in Pakistan, requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on amounts recognized in this condensed interim financial information are the same as those disclosed in the published audited financial statements for the year ended June 30, 2014.

2.5.2 Risk management policies and procedures are consistent with those disclosed in the published audited financial statements for the year ended June 30, 2014.

3. CONTINGENCIES AND COMMITMENTS

Contingencies

There are no significant changes in contingent liabilities since the date of published audited financial statements for the year ended June 30, 2014.

	(Un-audited) December 31, 2014	(Audited) June 30, 2014
	-----Rupees in '000'-----	
Commitments		
Under letters of credit for stores and spares	12,985	3,114
Under contract for fixed capital expenditure	60,000	702
Under contract for repair and maintenance	-	11,532
Operating assets	996,480	1,037,277
Capital work in progress	241,771	224,639
Non-operating land	666,066	657,066
Advance for purchase of property	20,000	-
	<u>1,924,317</u>	<u>1,918,982</u>

4. Property, plant and equipment

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

Note	Half year ended			
	December 31, 2014		December 31, 2013	
	Acquisitions	Disposals	Acquisitions	Disposals
	------(Rupees in '000')-----			
At Cost				
Freehold land	-	-	-	2,050
Electric Installations	-	-	48	-
Factory Equipment	-	-	219	-
Electric Appliances	249	-	-	-
Furniture and fixtures	-	-	403	-
Office equipment	368	-	51	-
Vehicles	2,614	-	8,360	68
	<u>3,231</u>	<u>-</u>	<u>9,081</u>	<u>2,118</u>



5. Sales - net

	Half year ended December 31,		Quarter ended December 31,	
	2014	2013	2014	2013
	Rupees in '000'			
Electricity	2,519,819	3,046,289	1,127,271	1,526,273
Steam	51,635	50,162	20,182	26,128
	2,571,454	3,096,451	1,147,453	1,552,401
Less: Sales tax	(381,444)	(447,255)	(173,816)	(224,714)
	2,190,010	2,649,196	973,637	1,327,687
Less: Electricity duty	(4,059)	(5,417)	(1,648)	(2,414)
	2,185,951	2,643,779	971,989	1,325,273

6. Cost of generation

Cost of gas, oil and lubricants	6.1	1,905,227	2,221,808	866,421	1,129,593
Salaries, wages and benefits		34,574	29,979	19,738	16,038
Retirement benefits		1,057	1,021	518	529
Stores, spares and loose tools		45,505	103,412	18,273	53,033
Insurance		2,723	2,588	1,325	387
Repairs and maintenance		18,107	5,530	15,069	4,251
Depreciation		39,355	36,369	16,034	18,326
Other		8,304	9,622	3,961	4,865
		2,054,852	2,410,329	941,339	1,227,022
6.1 Cost of gas, oil and lubricants					
Gas		255,877	366,842	81,143	156,346
Oil and lubricants		1,649,350	1,854,966	785,278	973,247
		1,905,227	2,221,808	866,421	1,129,593

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,	
		2014	2013
		Rupees in '000'	
Subsidiary	Advance for purchase of land	8,500	3,500
Associated undertakings	Sales	25,857	15,830
	Donations		
	- In cash	-	1,030
	- In kind	-	2,050
Key management personnel	Remuneration	7,915	6,245
Provident fund	Contribution for the period	1,650	1,581

8. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on February 21, 2015 by the Board of Directors of the Company.

9. GENERAL

- No provision for taxation has been made in this condensed Interim financial information 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.
- Provision for workers' profit participation fund made in this condensed interim financial information is subject to adjustment in the annual financial statements.
- There is no unusual item included in this condensed interim financial information which is affecting equity, liabilities, assets, profit, comprehensive income or cash flows of the Company.
- Figures have been rounded off to the nearest thousand of Rupees except earnings per share which is in Rupees.

CHIEF EXECUTIVE OFFICER

DIRECTOR



CONDENSED INTERIM CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2014

	(Un-audited) December 31, 2014	(Audited) June 30, 2014
Note	-----Rupees in '000'-----	

	(Un-audited) December 31, 2014	(Audited) June 30, 2014
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
Reserves		
Capital reserves		
Share premium	143,190	143,190
Revenue reserves		
General reserve	920,000	820,000
Unappropriated profit	598,568	729,509
	1,852,678	1,883,619
Non-controlling interest	7	8
	1,852,685	1,883,627

NON-CURRENT LIABILITIES

Long term financing	200,000	200,000
Liabilities against assets subject to finance lease	3,483	4,381
	203,483	204,381

CURRENT LIABILITIES

Trade and other payables	400,217	483,771
Interest / mark up payable	37,612	34,370
Short term bank borrowings	927,413	443,347
Current portion of:		
Redeemable capital	-	155,000
Long term financing	-	100,000
Liabilities against assets subject to finance lease	1,740	1,632
Provision for taxation - income tax	-	61
	1,366,982	1,218,181

CONTINGENCIES AND COMMITMENTS

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3,423,150 3,306,189

NON-CURRENT ASSETS

Property, plant and equipment	5	1,865,038	1,868,205
Long term deposits		1,125	1,125
		1,866,163	1,869,330

CURRENT ASSETS

Stores, spares and loose tools	321,622	313,115
Stocks	81,151	133,351
Investment Property	63,403	63,403
Trade debts	730,769	612,989
Loans and advances	15,861	14,609
Deposits and prepayments	13,782	8,150
Other receivables	8,786	96,375
Tax refunds due from Government - income tax	36,339	32,110
Cash and bank balances	183,948	61,431
	1,455,661	1,335,533

Non-current assets held for sale

101,326	101,326
1,556,987	1,436,859

3,423,150 3,306,189

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

CHIEF EXECUTIVE OFFICER

DIRECTOR



**CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014**

		Half year ended December 31,		Quarter ended December 31,	
		2014	2013	2014	2013
Note		-----Rupees in '000'-----			
Sales - net	6	2,185,951	2,643,779	971,989	1,325,273
Cost of generation	7	<u>2,054,852</u>	<u>2,410,329</u>	<u>941,339</u>	<u>1,227,022</u>
Gross profit		131,099	233,450	30,650	98,251
Other income		<u>608</u>	<u>1,574</u>	<u>275</u>	<u>550</u>
		131,707	235,024	30,925	98,801
Operating expenses		<u>49,913</u>	<u>49,194</u>	<u>23,936</u>	<u>23,409</u>
Other operating expenses		<u>426</u>	<u>5,510</u>	<u>(1,321)</u>	<u>2,367</u>
Finance cost		<u>74,126</u>	<u>78,826</u>	<u>33,971</u>	<u>31,108</u>
		<u>124,465</u>	<u>133,530</u>	<u>56,586</u>	<u>56,884</u>
Profit / (loss) for the period before taxation		<u>7,242</u>	<u>101,494</u>	<u>(25,661)</u>	<u>41,917</u>
Provision for taxation	10.1	-	31	-	31
Profit / (loss) for the period		<u>7,242</u>	<u>101,463</u>	<u>(25,661)</u>	<u>41,886</u>
Attributable to:					
Shareholders of the Parent		7,243	101,464	(25,661)	41,886
Non-controlling interest		<u>(1)</u>	<u>(1)</u>	<u>-</u>	<u>-</u>
		<u>7,242</u>	<u>101,463</u>	<u>(25,661)</u>	<u>41,886</u>
Earnings per share - Basic and diluted					
Attributable to shareholders of the Parent (Rupees)		0.38	5.31	(1.34)	2.19

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

CHIEF EXECUTIVE OFFICER

DIRECTOR



**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014**

	Half year ended December 31,		Quarter ended December 31,	
	2014	2013	2014	2013
	-----Rupees in '000'-----			
Profit / (loss) for the period	7,242	101,463	(25,661)	41,886
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	-	3,320
Other item				
Decrease in fair value reclassified to profit				
and loss account on disposal of investment	-	114	-	114
Total comprehensive income / (loss) for the period	<u>7,242</u>	<u>104,897</u>	<u>(25,661)</u>	<u>45,320</u>
Attributable to:				
Shareholders of the Parent	7,243	104,898	(25,661)	45,320
Non-controlling interest	(1)	(1)	-	-
	<u>7,242</u>	<u>104,897</u>	<u>(25,661)</u>	<u>45,320</u>

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

CHIEF EXECUTIVE OFFICER

DIRECTOR



**CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014**

	Half year ended December 31,	
	2014	2013
	-----Rupees in '000'-----	
a) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period before taxation	7,242	101,494
Adjustments for:		
Depreciation of property, plant and equipment	44,030	40,796
Provision for staff retirement benefits	1,650	1,581
(Gain) on disposal of operating assets	-	(6)
Donation	-	2,050
Loss on disposal of investment	-	111
Balance written off	-	17
Finance cost	74,125	78,825
Operating cash flows before working capital changes	127,047	224,868
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(8,507)	27,605
Stocks	52,201	1,281
Trade debts	(117,780)	(265,253)
Loans and advances	(1,567)	(24,440)
Deposits and prepayments	(5,632)	(8,235)
Other receivables	87,589	-
Increase / (decrease) in current liabilities	8,500	-
Advance against sale of investment property	(88,250)	245,637
Trade and other payables	(73,446)	(23,405)
Cash generated from operating activities	53,601	201,463
Income tax paid	(1,975)	-
Staff retirement benefits paid	(1,450)	(1,267)
Finance cost paid	(70,883)	(85,260)
Net cash (used in) / generated from operating activities	(20,707)	114,936
b) CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in property, plant and equipment	(49,362)	(72,001)
Proceeds from disposal of:		
Operating assets	-	14
Short term investment	-	89
Net cash (used in) investing activities	(49,362)	(71,898)
c) CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of:		
Redeemable capital	(155,000)	(77,500)
Liabilities against assets subject to finance lease	(791)	(1,167)
Long term loan	(100,000)	-
Increase in short term bank borrowings - net	484,066	60,812
Dividend paid	(35,690)	(15,762)
Net cash generated from / (used in) financing activities	192,585	(33,617)
Net increase in cash and cash equivalents (a+b+c)	122,517	9,421
Cash and cash equivalents at the beginning of the period	61,431	12,251
Cash and cash equivalents at the end of the period	183,948	21,672

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

CHIEF EXECUTIVE OFFICER

DIRECTOR



CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2014

	Issued, subscribed and paid up capital	Share premium	Fair value reserve	Sub total	Capital Reserves	General reserve	Revenue Reserves	Unappropriated profit	Sub total	Total	Non- controlling interest
	----- Rupees in '000' -----										
Balance as at July 01, 2013	190,920	143,190	1,102	144,292	720,000		641,297	1,361,297	1,696,509		
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	-	-	114	114	-		-	-	114	-	
account on disposal of investment	-	-	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	
Total comprehensive income for the period											
Profit for the period	-	-	-	-	-		105,840	105,840	105,840	2	
Other comprehensive income											
Items that will be reclassified subsequently to profit or loss											
increase in fair value of available for sale investments	-	-	(4,536)	(4,536)	-		-	-	(4,536)	-	
Other item	-	-	(4,536)	(4,536)	-		105,840	105,840	101,304	2	
Balance as at June 30, 2014	190,920	143,190	-	143,190	820,000		729,509	1,549,509	1,883,619	8	
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 / (loss) for the period	-	-	-	-	-		7,243	7,243	7,243	(1)	
Other comprehensive income											
Items that will be reclassified subsequently to profit or loss											
increase in fair value of available for sale investments	-	-	-	-	-		-	-	-	-	
Other item											
Decrease in fair value reclassified to profit and loss	-	-	-	-	-		-	-	-	-	
account on disposal of investment	-	-	-	-	-		7,243	7,243	7,243	(1)	
Balance as at December 31, 2014	190,920	143,190	-	143,190	920,000		598,568	1,518,568	1,852,678	7	

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

CHIEF EXECUTIVE OFFICER

DIRECTOR



SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2014

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 information is presented in Pak Rupee, which is the Group's functional and presentation currency.

2. BASIS OF CONSOLIDATION

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

3.1.1 This condensed interim consolidated financial information has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where the requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

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

3.1.3 This condensed interim consolidated financial information does not include all the information required for complete set of consolidated financial statements, and should be read in conjunction with the Group's published audited consolidated financial statements for the year ended June 30, 2014.

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

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

There are certain new standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations that became effective during the period and are mandatory for accounting periods of the Company beginning on or after July 01, 2014 but are considered not to be relevant or not to have any significant effect on the Company's operations. The new standards, amendments and IFRIC interpretations that are relevant to the operations of the Company are disclosed in the published audited consolidated financial statements for the year ended June 30, 2014.

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

There are other new standards, amendments and IFRIC interpretations that are mandatory for accounting periods of the Company beginning on or after July 01, 2015 but are considered not to be relevant or not to have any significant effect on the Company's operations. The new standards, amendments and IFRIC interpretations that are relevant to the operations of the Company are disclosed in the published audited consolidated financial statements for the year ended June 30, 2014.

3.3 Basis of preparation

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

3.4 Accounting policies and methods of computation

The accounting policies and methods of computation adopted in the preparation of this condensed interim consolidated financial information are the same as those applied in the preparation of the published audited consolidated financial statements for the year ended June 30, 2014.



	Half year ended December 31,		Quarter ended December 31,	
	2014	2013	2014	2013
6. Sales - net				
-----Rupees in '000'-----				
Electricity	2,519,819	3,046,289	1,127,271	1,526,273
Steam	51,635	50,162	20,182	26,128
	2,571,454	3,096,451	1,147,453	1,552,401
Less: Sales tax	(381,444)	(447,255)	(173,816)	(224,714)
	2,190,010	2,649,196	973,637	1,327,687
Less: Electricity duty	(4,059)	(5,417)	(1,648)	(2,414)
	2,185,951	2,643,779	971,989	1,325,273
7. Cost of generation				
Cost of fuel, oil, gas and lubricants	1,905,227	2,221,808	866,421	1,129,593
Salaries, wages and benefits	34,574	29,979	19,738	16,038
Retirement benefits	1,057	1,021	518	529
Stores, spares and loose tools	45,505	103,412	18,273	53,033
Insurance	2,723	2,588	1,325	387
Repairs and maintenance	18,107	5,530	15,069	4,251
Depreciation	39,355	36,369	16,034	18,326
Other	8,304	9,622	3,961	4,865
	2,054,852	2,410,329	941,339	1,227,022
7.1 Cost of gas, oil and lubricants				
Gas	255,877	366,842	81,143	156,346
Oil and lubricants	1,649,350	1,854,966	785,278	973,247
	1,905,227	2,221,808	866,421	1,129,593

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 of the group, 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,	
		2014	2013
		-----Rupees in '000'-----	
Associated undertakings	Sales	25,857	15,830
	Donations		
	- In cash	-	1,030
	- In kind	-	2,050
Key management personnel	Advance against supplies	10,460	13,500
	Remuneration	7,915	6,245
Provident fund	Contribution for the period	1,650	1,581

9. DATE OF AUTHORISATION FOR ISSUE

This condensed interim consolidated financial information was authorised for issue on February 21, 2015 by the Board of Directors of the Parent.

10. GENERAL

- 10.1 No provision for taxation has been made in this condensed Interim consolidated financial information as the profits and gains derived by the 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.
- 10.2 Provision for workers' profit participation fund made in this condensed interim consolidated financial information is subject to adjustment in the annual consolidated financial statements.
- 10.3 There is no unusual item included in this condensed interim consolidated financial information which is affecting equity, liabilities, assets, profit, comprehensive income or cash flows of the Group.
- 10.4 Figures have been rounded off to the nearest thousand of Rupees except earning per share which is in Rupees.

CHIEF EXECUTIVE OFFICER

DIRECTOR

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