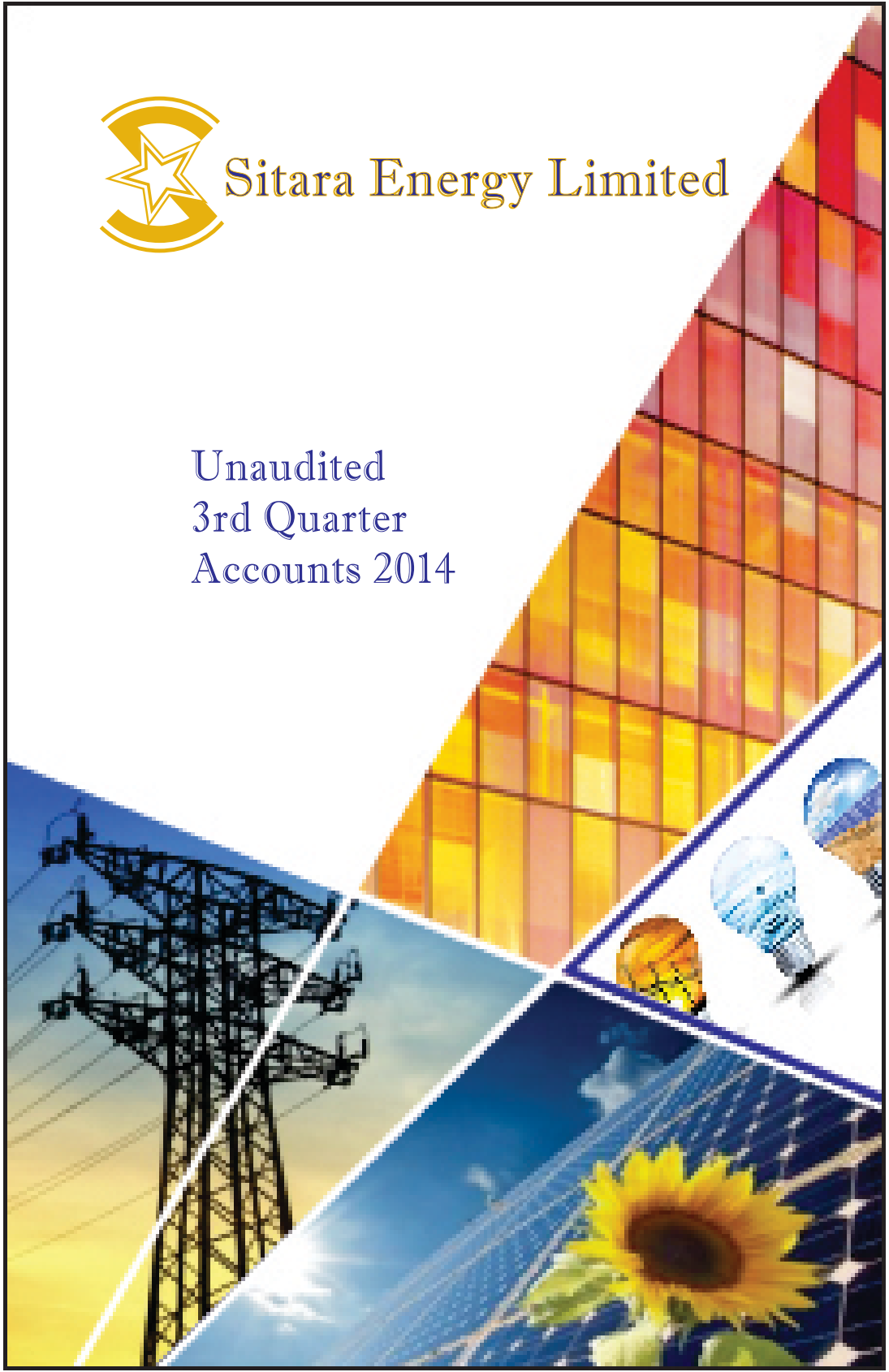




Sitara Energy Limited

Unaudited
3rd Quarter
Accounts 2014





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SITARA ENERGY LIMITED

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CONSOLIDATED ACCOUNTS SITARA ENERGY LIMITED AND ITS SUBSIDIARY COMPANY

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

Chief Financial Officer

Mr. Haroon Ahmed Zuberi - FCA

Company Secretary

Mr. Mazhar Ali Khan

Bankers

Faysal Bank Limited

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

The Board of Directors is pleased to present their review report together with the consolidated accounts of the company for the nine months and third quarter ended March 31, 2014.

During the quarter ended March 31, 2014, sale of electricity and steam was Rs. 1,229.76/- Million (2013: Rs. 1,306.05 Million), cost of generation was Rs. 1,123.98/- Million (2013: Rs. 1,207.31 Million), profit after tax was Rs. 37.99 Million (2013: Rs. 33.38 Million) and EPS stood at Rs. 1.99 (2013: Rs. 1.75).

These slightly decrease in sale of electricity and steam during the quarter was mainly due to Natural Gas shut down.

During the nine months ended March 31, 2014, power plant generated 230,218 Mwh of electricity (compared to 260,972 Mwh in the corresponding period last year).

The company is mainly supplying electricity to Faisalabad Electric Supply Company "FESCO" and supply agreement with FESCO is under review by NEPRA.

The Board of Directors expresses its appreciation to the financial institutions, customers, FESCO, oil companies for their support. The Board also acknowledges the dedication of the employees towards the safe, reliable and efficient operations of the plant.

For and on behalf of the Board

Faisalabad:
April 26, 2014

JAVID IQBAL
Chief Executive Officer

**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT MARCH 31, 2014**

| | (Un-audited) March 31, 2014 | (Audited) June 30, 2013 | | (Un-audited) March 31, 2014 | (Audited) June 30, 2013 |
|------|-----------------------------------|-------------------------------|------|-----------------------------------|-------------------------------|
| Note | Rupees in '000' | | Note | Rupees in '000' | |

SHARE CAPITAL AND RESERVES

| | | |
|----------------------------------------------------------------------|-----------|-----------|
| Authorised capital 30,000,000 ordinary shares of Rs. 10/- each | 300,000 | 300,000 |
| Issued subscribed and paid up capital | 190,920 | 190,920 |
| Capital reserve - share premium | 143,190 | 143,190 |
| General reserve | 820,000 | 720,000 |
| Unappropriated profit | 665,634 | 644,764 |
| | 1,819,744 | 1,698,874 |

NON-CURRENT ASSETS

| | | | |
|-------------------------------|---|-----------|-----------|
| Property, plant and equipment | 4 | 1,953,107 | 1,902,090 |
| Investment in subsidiary | | 49,995 | 49,995 |
| Long term deposits | | 511 | 511 |
| | | 2,003,613 | 1,952,596 |

NON-CURRENT LIABILITIES

| | | |
|---------------------|--------|---------|
| Redeemable capital | 77,500 | 155,000 |
| Long term financing | - | 300,000 |
| | 77,500 | 455,000 |

CURRENT LIABILITIES

| | | |
|-------------------------------------|-----------|-----------|
| Trade and other payables | 678,884 | 329,013 |
| Interest / mark up payable | 47,582 | 42,697 |
| Short term bank borrowings | 773,988 | 753,586 |
| Current portion of: | | |
| Redeemable capital | 114,000 | 155,000 |
| Long term financing | 300,000 | - |
| Liabilities against assets | | |
| subject to finance lease | 268 | 2,100 |
| Provision for taxation - income tax | 853 | 853 |
| | 1,915,575 | 1,283,249 |

CURRENT ASSETS

| | | |
|--------------------------------|-----------|-----------|
| Stores, spares and loose tools | 319,579 | 376,217 |
| Stock of oil and lubricants | 104,602 | 90,192 |
| Trade debts | 988,864 | 642,413 |
| Loans and advances | 36,978 | 21,545 |
| Deposits and prepayments | 9,788 | 3,297 |
| Tax refunds due from | | |
| Government - income tax | 23,800 | 23,800 |
| Cash and bank balances | 7,778 | 9,246 |
| | 1,491,389 | 1,166,710 |

**CONTINGENCIES AND
COMMITMENTS**

| | | | | | |
|---|-----------|-----------|-------------------------------------|-----------|-----------|
| 3 | - | - | Non-current assets held for sale | 317,817 | 317,817 |
| | | | | 1,809,206 | 1,484,527 |
| | 3,812,819 | 3,437,123 | | 3,812,819 | 3,437,123 |

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

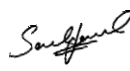
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE THIRD QUARTER ENDED MARCH 31, 2014**

| | | Nine months ended March 31, | | Quarter ended March 31, | |
|----------------------------------------|---|--------------------------------|-----------|----------------------------|-----------|
| | | 2014 | 2013 | 2014 | 2013 |
| Note | | -----Rupees in '000'----- | | | |
| | | | | | |
| Sales - net | 5 | 3,873,544 | 3,853,815 | 1,229,765 | 1,306,057 |
| Cost of generation | 6 | 3,534,310 | 3,495,381 | 1,123,981 | 1,207,313 |
| Gross profit | | 339,234 | 358,434 | 105,784 | 98,744 |
| Other operating income | | 3,033 | 1,413 | 1,571 | 645 |
| | | 342,267 | 359,847 | 107,355 | 99,389 |
| Operating expenses | | 70,946 | 53,534 | 22,211 | 17,991 |
| Other operating expenses | | 7,367 | 7,636 | 1,985 | 1,754 |
| Finance cost | | 123,993 | 153,584 | 45,168 | 46,263 |
| | | 202,306 | 214,754 | 69,364 | 66,008 |
| Profit for the period before taxation | | 139,961 | 145,093 | 37,991 | 33,381 |
| Provision for taxation | | - | - | - | - |
| Profit for the period | | 139,961 | 145,093 | 37,991 | 33,381 |
| Earnings per share - Basic and diluted | | 7.33 | 7.60 | 1.99 | 1.75 |

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



CHIEF EXECUTIVE OFFICER



DIRECTOR

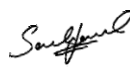
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THIRD QUARTER ENDED MARCH 31, 2014**

| | Nine months ended March 31, | | Quarter ended March 31, | |
|-------------------------------------------|--------------------------------|----------------|----------------------------|---------------|
| | 2014 | 2013 | 2014 | 2013 |
| | -----Rupees in '000'----- | | | |
| Profit for the period | 139,961 | 145,093 | 37,991 | 33,381 |
| Other comprehensive income for the period | - | - | - | - |
| Total comprehensive income for the period | <u>139,961</u> | <u>145,093</u> | <u>37,991</u> | <u>33,381</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 THIRD QUARTER ENDED MARCH 31, 2014**

**Nine months ended
March 31,**

2014 2013

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

a) CASH FLOWS FROM OPERATING ACTIVITIES

| | | |
|-----------------------------------------------------|----------------|----------------|
| Profit for the period before taxation | 139,961 | 145,093 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 63,074 | 61,859 |
| Provision for staff retirement benefits | 2,406 | 2,032 |
| (Gain) on disposal of operating assets | (6) | - |
| Donation | 2,050 | - |
| Finance cost | 123,993 | 153,584 |
| Operating cash flows before working capital changes | <u>331,478</u> | <u>362,568</u> |

Changes in working capital

(Increase) / decrease in current assets

| | | |
|----------------------------------------------|-----------|-----------|
| Stores, spares and loose tools | 56,638 | (17,960) |
| Stock of oil and lubricants | (14,410) | 56,924 |
| Trade debts | (346,451) | (460,778) |
| Loans and advances | (12,293) | (8,275) |
| Deposits and prepayments | (6,491) | (2,275) |
| Other receivables | - | 22,378 |
| Tax refunds due from Government - income tax | - | (3,128) |

Increase in current liabilities

| | | |
|--------------------------|---------------|------------------|
| Trade and other payables | 354,687 | 152,142 |
| | <u>31,680</u> | <u>(260,972)</u> |

Cash generated from operating activities

| | | |
|--|----------------|----------------|
| | <u>363,158</u> | <u>101,596</u> |
|--|----------------|----------------|

| | | |
|---------------------------------------------------------|----------------|-----------------|
| Income tax paid | (3,141) | (11,733) |
| Staff retirement benefits paid | (2,091) | (1,782) |
| Finance cost paid | (119,108) | (155,822) |
| Net cash generated from/ (used in) operating activities | <u>238,818</u> | <u>(67,741)</u> |

b) CASH FLOWS FROM INVESTING ACTIVITIES

| | | |
|--------------------------------------------|------------------|-----------------|
| Additions in property, plant and equipment | (121,883) | (46,280) |
| Proceeds from disposal of operating assets | 14 | - |
| Addition in long term deposits | - | 483 |
| Net cash (used in) investing activities | <u>(121,869)</u> | <u>(45,797)</u> |

c) CASH FLOWS FROM FINANCING ACTIVITIES

| | | |
|-----------------------------------------------------|-----------|-----------|
| Repayment of : | | |
| Redeemable capital | (118,500) | (107,500) |
| Liabilities against assets subject to finance lease | (1,350) | (1,621) |
| Increase in short term bank borrowings - net | 20,402 | 254,123 |
| Dividend paid | (18,969) | (19,753) |

Net cash (used in) / generated from financing activities

| | | |
|--|------------------|----------------|
| | <u>(118,417)</u> | <u>125,249</u> |
|--|------------------|----------------|

Net (decrease) / increase in cash and cash equivalents (a+b+c)

| | | |
|--|----------------|---------------|
| | <u>(1,468)</u> | <u>11,711</u> |
|--|----------------|---------------|

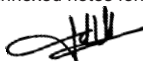
Cash and cash equivalents at the beginning of the period

| | | |
|--|-------|-------|
| | 9,246 | 5,110 |
|--|-------|-------|

Cash and cash equivalents at the end of the period

| | | |
|--|--------------|---------------|
| | <u>7,778</u> | <u>16,821</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 THIRD QUARTER ENDED MARCH 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, 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 | - | - | - | 145,093 | 145,093 | 145,093 |
| Other comprehensive income | - | - | - | - | - | - |
| | - | - | - | 145,093 | 145,093 | 145,093 |
| Balance as at March 31, 2013 | 190,920 | 143,190 | 720,000 | 540,544 | 1,260,544 | 1,594,654 |
| Total comprehensive income for the period | | | | | | |
| Profit for the period | - | - | - | 104,221 | 104,221 | 104,221 |
| Other comprehensive income | - | - | - | - | - | - |
| | - | - | - | 104,221 | 104,221 | 104,221 |
| 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 | - | - | - | 139,961 | 139,961 | 139,961 |
| Other comprehensive income | - | - | - | - | - | - |
| | - | - | - | 139,961 | 139,961 | 139,961 |
| Balance as at March 31, 2014 | 190,920 | 143,190 | 820,000 | 665,634 | 1,485,634 | 1,819,744 |

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 THIRD QUARTER ENDED MARCH 31, 2014

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 periods beginning on or after July 01, 2013 but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed in this condensed interim financial report.

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

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

2.2 Basis of preparation

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

2.3 Accounting policies and methods of computation

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

3. CONTINGENCIES AND COMMITMENTS

Contingencies

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

| | (Un-audited) March 31, 2014 | (Audited) June 30, 2013 |
|-----------------------------------------------|-----------------------------------|-------------------------------|
| | -----Rupees in '000'----- | |
| Commitments | | |
| Under letters of credit for stores and spares | 9,761 | 20,097 |
| Under contract for fixed capital expenditure | 2,643 | 2,643 |

4. Property, plant and equipment

| | | |
|--------------------------|------------------|------------------|
| Operating assets | 1,063,007 | 1,118,970 |
| Capital work in progress | 211,804 | 149,043 |
| Non-operating land | 678,296 | 634,077 |
| | <u>1,953,107</u> | <u>1,902,090</u> |

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

| Nine months ended | | | |
|---------------------------|--------------|-------------------|---------------|
| March 31, 2014 | | March 31, 2013 | |
| Acquisitions | Disposals | Acquisitions | Disposals |
| -----Rupees in '000'----- | | | |
| At Cost | | | |
| Freehold land | - | 2,050 | - |
| Electric Installations | 48 | - | 10,511 |
| Factory Equipment | 219 | - | - |
| Electric Appliances | - | - | 282 |
| Furniture and fixtures | 403 | - | 1,715 |
| Office equipment | 112 | - | 149 |
| Vehicles | 8,387 | 68 | 3,654 |
| | <u>9,169</u> | <u>2,118</u> | <u>16,311</u> |

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.

| Nine months ended March 31, | | Quarter ended March 31, | |
|--------------------------------|------|----------------------------|------|
| 2014 | 2013 | 2014 | 2013 |
| -----Rupees in '000'----- | | | |

5. Sales - net

| | | | | |
|------------------------|------------------|------------------|------------------|------------------|
| Electricity | 4,464,755 | 4,399,894 | 1,418,466 | 1,517,171 |
| Steam | 78,219 | 100,185 | 28,057 | 33,263 |
| | <u>4,542,974</u> | <u>4,500,079</u> | <u>1,446,523</u> | <u>1,550,434</u> |
| Less: Sales tax | (661,391) | (639,201) | (214,136) | (243,100) |
| | <u>3,881,583</u> | <u>3,860,878</u> | <u>1,232,387</u> | <u>1,307,334</u> |
| Less: Electricity duty | (8,039) | (7,063) | (2,622) | (1,277) |
| | <u>3,873,544</u> | <u>3,853,815</u> | <u>1,229,765</u> | <u>1,306,057</u> |

| | Nine months ended March 31, | | Quarter ended March 31, | |
|--------------------------------|--------------------------------|------------------|----------------------------|------------------|
| | 2014 | 2013 | 2014 | 2013 |
| | -----Rupees in '000'----- | | | |
| 6. Cost of generation | | | | |
| Cost of fuel and diesel oil | 2,642,755 | 2,715,861 | 838,919 | 1,030,439 |
| Cost of lubricants | 73,617 | 72,849 | 22,487 | 25,265 |
| Cost of gas | 525,314 | 462,739 | 158,472 | 72,530 |
| Salaries, wages and benefits | 56,660 | 39,567 | 26,681 | 14,016 |
| Staff Retirement benefits | 1,560 | 1,271 | 539 | 441 |
| Stores, spares and loose tools | 153,090 | 117,251 | 49,678 | 36,448 |
| Insurance | 3,927 | 4,027 | 1,339 | 1,327 |
| Repairs and maintenance | 8,238 | 12,269 | 2,708 | 4,330 |
| Depreciation | 56,316 | 58,753 | 19,947 | 20,091 |
| Other | 12,833 | 10,794 | 3,211 | 2,426 |
| | <u>3,534,310</u> | <u>3,495,381</u> | <u>1,123,981</u> | <u>1,207,313</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 | Nine months ended March 31, | |
|----------------------------------|------------------------------|--------------------------------|---------|
| | | 2014 | 2013 |
| | | -----Rupees in '000'----- | |
| Subsidiary | Advance for purchase of land | 3,500 | (5,000) |
| Associated undertakings | Sales | 15,963 | 4,677 |
| | Donations | | |
| | - In cash | 1,030 | 2,314 |
| | - In kind | 2,050 | - |
| Key management personnel | Remuneration | 9,598 | 6,926 |
| Provident fund | Contribution for the period | 2,406 | 2,032 |

8. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial report was authorised for issue on April 26, 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.
- 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 MARCH 31, 2014**

| | (Un-audited) March 31, 2014 | (Audited) June 30, 2013 | | (Un-audited) March 31, 2014 | (Audited) June 30, 2013 |
|------|-----------------------------------|-------------------------------|------|-----------------------------------|-------------------------------|
| Note | -----Rupees in '000'----- | | Note | -----Rupees in '000'----- | |

SHARE CAPITAL AND RESERVES

| | | |
|----------------------------------------------------------------------|-----------|-----------|
| Authorised capital 30,000,000 ordinary shares of Rs. 10/- each | 300,000 | 300,000 |
| Issued, subscribed and paid up capital | 190,920 | 190,920 |
| Capital reserves | | |
| Share premium | 143,190 | 143,190 |
| Fair value reserve | 6,476 | 1,102 |
| Revenue reserves | | |
| General reserve | 820,000 | 720,000 |
| Unappropriated profit | 661,443 | 641,297 |
| | 1,822,029 | 1,696,509 |
| Non-controlling interest | 6 | 7 |
| | 1,822,035 | 1,696,516 |

NON-CURRENT ASSETS

| | | | |
|-------------------------------|---|-----------|-----------|
| Property, plant and equipment | 5 | 1,949,598 | 1,851,318 |
| Long term deposits | | 511 | 511 |
| | | 1,950,109 | 1,851,829 |

NON-CURRENT LIABILITIES

| | | |
|---------------------|--------|---------|
| Redeemable capital | 77,500 | 155,000 |
| Long term financing | - | 300,000 |
| | 77,500 | 455,000 |

CURRENT LIABILITIES

| | | |
|--------------------------------------------------------|-----------|-----------|
| Trade and other payables | 750,234 | 339,163 |
| Interest / mark up payable | 47,582 | 42,697 |
| Short term bank borrowings | 773,988 | 753,586 |
| Current portion of: | | |
| Redeemable capital | 114,000 | 155,000 |
| Long term financing | 300,000 | - |
| Liabilities against assets subject to finance lease | 268 | 2,100 |
| Provision for taxation - income tax | 884 | 864 |
| | 1,986,956 | 1,293,410 |

CURRENT ASSETS

| | | |
|-------------------------------------------------|-----------|-----------|
| Stores, spares and loose tools | 319,579 | 376,217 |
| Stocks | 138,460 | 123,357 |
| Investment Property | 63,403 | 63,403 |
| Trade debts | 988,864 | 642,413 |
| Loans and advances | 54,848 | 25,961 |
| Deposits and prepayments | 9,788 | 3,297 |
| Short-term Investment | 9,400 | 4,226 |
| Tax refunds due from Government - income tax | 24,173 | 24,155 |
| Cash and bank balances | 10,050 | 12,251 |
| | 1,618,565 | 1,275,280 |

**CONTINGENCIES AND
COMMITMENTS**

| | | | | |
|---|-----------|-------------------------------------|-----------|-----------|
| | | Non-current assets held for sale | 317,817 | 317,817 |
| 4 | - | | 1,936,382 | 1,593,097 |
| | 3,886,491 | 3,444,926 | 3,886,491 | 3,444,926 |

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

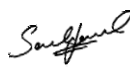
**CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE THIRD QUARTER ENDED MARCH 31, 2014**

| | | Nine months ended March 31, | | Quarter ended March 31, | |
|--------------------------------------------|---|--------------------------------|-----------|----------------------------|-----------|
| | | 2014 | 2013 | 2014 | 2013 |
| Note | | -----Rupees in '000'----- | | | |
| Sales - net | 7 | 3,873,544 | 3,853,815 | 1,229,765 | 1,306,057 |
| Cost of generation | 8 | 3,534,310 | 3,495,381 | 1,123,981 | 1,207,313 |
| Gross profit | | 339,234 | 358,434 | 105,784 | 98,744 |
| Other operating income | | 3,202 | 1,582 | 1,628 | 702 |
| | | 342,436 | 360,016 | 107,412 | 99,446 |
| Operating expenses | | 71,678 | 54,186 | 22,484 | 18,216 |
| Other operating expenses | | | | | |
| Worker's profit participation fund | | 7,367 | 7,636 | 1,985 | 1,754 |
| Loss on disposal of investment | | 111 | - | - | - |
| Balance written off | | 17 | - | - | - |
| Finance cost | | 123,994 | 153,585 | 45,168 | 46,263 |
| | | 203,167 | 215,407 | 69,637 | 66,233 |
| Profit for the period before taxation | | 139,269 | 144,609 | 37,775 | 33,213 |
| Provision for taxation | | 31 | 6 | - | - |
| Profit for the period | | 139,238 | 144,603 | 37,775 | 33,213 |
| Attributable to: | | | | | |
| Shareholders of the Parent | | 139,239 | 144,589 | 37,775 | 33,210 |
| Non-controlling interest | | (1) | 14 | - | 3 |
| | | 139,238 | 144,603 | 37,775 | 33,213 |
| Earnings per share - Basic and diluted | | | | | |
| Attributable to shareholders of the Parent | | 7.29 | 7.57 | 1.98 | 1.74 |

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



CHIEF EXECUTIVE OFFICER



DIRECTOR

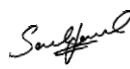
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THIRD QUARTER ENDED MARCH 31, 2014**

| | Nine months ended March 31, | | Quarter ended March 31, | |
|----------------------------------------------------------------|--------------------------------|----------------|----------------------------|---------------|
| | 2014 | 2013 | 2014 | 2013 |
| | -----Rupees in '000'----- | | | |
| Profit for the period | 139,238 | 144,603 | 37,775 | 33,213 |
| 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 | 5,260 | (176) | 1,940 | (416) |
| Other item | | | | |
| Decrease in fair value reclassified to profit | | | | |
| and loss account on disposal of investment | 114 | - | - | - |
| Total comprehensive income for the period | <u>144,612</u> | <u>144,427</u> | <u>39,715</u> | <u>32,797</u> |
| Attributable to: | | | | |
| Shareholders of the Parent | 144,613 | 144,413 | 39,715 | 32,794 |
| Non-controlling interest | (1) | 14 | - | 3 |
| | <u>144,612</u> | <u>144,427</u> | <u>39,715</u> | <u>32,797</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 THIRD QUARTER ENDED MARCH 31, 2014**

**Nine months ended
March 31,**

2014 2013

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

a) CASH FLOWS FROM OPERATING ACTIVITIES

| | | |
|-----------------------------------------------------|---------|---------|
| Profit for the period before taxation | 139,269 | 144,609 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 63078 | 61,863 |
| Provision for staff retirement benefits | 2,406 | 2,032 |
| Gain on disposal of operating assets | (6) | - |
| Donation | 2,050 | - |
| Loss on disposal of investment | 111 | - |
| Balance written off | 17 | - |
| Finance cost | 123,993 | 153,585 |
| Operating cash flows before working capital changes | 330,918 | 362,089 |

Changes in working capital

(Increase) / decrease in current assets

| | | |
|----------------------------------------------|-----------|-----------|
| Stores, spares and loose tools | 55,945 | (17,960) |
| Stock of oil and lubricants | (14,410) | 56,924 |
| Trade debts | (346,451) | (457,852) |
| Loans and advances | (25,793) | (7,963) |
| Deposits and prepayments | (6,491) | (2,275) |
| Other receivables | - | 22,378 |
| Tax refunds due from Government - income tax | - | (3,335) |

Increase in current liabilities

| | | |
|--------------------------|---------|-----------|
| Trade and other payables | 368,618 | 152,204 |
| | 31,418 | (257,879) |

Cash generated from operating activities

| | | |
|---------------------------------------------------------|-----------|-----------|
| Income tax paid | 362,336 | 104,210 |
| Staff retirement benefits paid | (3,141) | (11,875) |
| Finance cost paid | (2,091) | (1,782) |
| Net cash generated from/ (used in) operating activities | (119,108) | (155,823) |
| | 237,996 | (65,270) |

b) CASH FLOWS FROM INVESTING ACTIVITIES

| | | |
|--------------------------------------------|-----------|----------|
| Additions in property, plant and equipment | (121,883) | (46,280) |
| Proceeds from disposal of Operating assets | 103 | - |
| Addition in long term deposits | - | 483 |
| Net cash (used in) investing activities | (121,780) | (45,797) |

c) CASH FLOWS FROM FINANCING ACTIVITIES

| | | |
|-----------------------------------------------------|-----------|-----------|
| Repayment of : | | |
| Redeemable capital | (118,500) | (107,500) |
| Liabilities against assets subject to finance lease | (1,350) | (1,621) |
| Increase in short term bank borrowings - net | 20,402 | 254,123 |
| Dividend paid | (18,969) | (19,753) |

| | | |
|-----------------------------------------------------------|-----------|---------|
| Net cash (used in) / generated from financing activities | (118,417) | 125,249 |
|-----------------------------------------------------------|-----------|---------|

| | | |
|----------------------------------------------------------------|---------|--------|
| Net (decrease) / increase in cash and cash equivalents (a+b+c) | (2,201) | 14,182 |
|----------------------------------------------------------------|---------|--------|

| | | |
|----------------------------------------------------------|--------|-------|
| Cash and cash equivalents at the beginning of the period | 12,251 | 8,093 |
|----------------------------------------------------------|--------|-------|

| | | |
|----------------------------------------------------|--------|--------|
| Cash and cash equivalents at the end of the period | 10,050 | 22,275 |
|----------------------------------------------------|--------|--------|

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

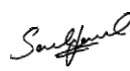
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE THIRD QUARTER ENDED MARCH 31, 2014**

| | 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 | 511,912 | 1,131,912 | 1,466,378 | 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 | - | - | - | - | - | 144,603 | 144,603 | 144,603 | - |
| Other comprehensive income | | | | | | | | | |
| Items that will be reclassified | | | | | | | | | |
| subsequently to profit or loss | | | | | | | | | |
| decrease in fair value of | | | | | | | | | |
| available for sale investments | - | - | (176) | (176) | - | - | - | (176) | - |
| | - | - | (176) | (176) | - | 144,603 | 144,603 | 144,427 | - |
| Balance as at March 31, 2013 | 190,920 | 143,190 | 180 | 143,370 | 720,000 | 537,423 | 1,257,423 | 1,591,713 | 7 |
| Total comprehensive income for the period | | | | | | | | | |
| Profit for the period | - | - | - | - | - | 103,873 | 103,873 | 103,873 | - |
| Other comprehensive income | | | | | | | | | |
| Items that will be reclassified | | | | | | | | | |
| subsequently to profit or loss | | | | | | | | | |
| increase in fair value of | | | | | | | | | |
| available for sale investments | - | - | 922 | 922 | - | - | - | 922 | - |
| | - | - | 922 | 922 | - | 103,873 | 103,873 | 104,795 | - |
| Balance as at June 30, 2013 | 190,920 | 143,190 | 1,102 | 144,292 | 720,000 | 641,296 | 1,361,296 | 1,696,508 | 7 |
| 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 | - | - | - | - | - | 139,239 | 139,239 | 139,239 | (1) |
| Other comprehensive income | | | | | | | | | |
| Items that will be reclassified | | | | | | | | | |
| subsequently to profit or loss | | | | | | | | | |
| increase in fair value of | | | | | | | | | |
| available for sale investments | - | - | 5,260 | 5,260 | - | - | - | 5,260 | - |
| Other item | | | | | | | | | |
| Decrease in fair value reclassified to profit | - | - | 114 | 114 | - | - | - | 114 | - |
| and loss account on disposal of investment | - | - | 5,374 | 5,374 | - | 139,239 | 139,239 | 144,613 | (1) |
| Balance as at March 31, 2014 | 190,920 | 143,190 | 6,476 | 149,666 | 820,000 | 661,443 | 1,481,443 | 1,822,029 | 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 THIRD QUARTER ENDED MARCH 31, 2014

1. GROUP STATUS AND ACTIVITIES

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

Sitara Energy Limited (the Company) is incorporated in Pakistan as a public limited Company under the Companies Ordinance, 1984 and is listed on all stock exchanges in Pakistan. The main object of the Company is generation and distribution of electricity. The registered office of the Company is situated at 601-602 Business Centre, Mumtaz Hasan Road, Karachi in the province of Sindh. The project is located at Tehsil Jaranwala, District Faisalabad in the province of Punjab.

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

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

2. BASIS OF CONSOLIDATION

This condensed interim consolidated financial report includes the condensed interim financial report of Sitara Energy Limited and its subsidiary Sitara International (Private) Limited. The condensed interim consolidated financial report of the parent and subsidiary company are combined on a line by line basis.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

This consolidated condensed interim financial report of the Group has been prepared in accordance with the requirements of the international Accounting Standard (IAS) 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where the requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This consolidated condensed interim financial report is unaudited and is being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984.

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

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

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

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

3.2 Basis of preparation

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

3.3 Accounting policies and methods of computation

The accounting policies and methods of computation 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 printed audited financial statement for the year ended June 30, 2013.

| | (Un-audited) March 31, 2014 | (Audited) June 30, 2013 |
|-----------------------------------------------|-----------------------------------|-------------------------------|
| | -----Rupees in '000'----- | |
| Commitments | | |
| Under letters of credit for stores and spares | 9,761 | 20,097 |
| Under contract for fixed capital expenditure | 2,643 | 2,643 |

5. Property, plant and equipment

| | | |
|--------------------------|------------------|------------------|
| Operating assets | 1,063,050 | 1,119,016 |
| Capital work in progress | 211,804 | 149,043 |
| Non-operating land | 674,744 | 583,259 |
| | <u>1,949,598</u> | <u>1,851,318</u> |

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

| | Nine months ended | | | |
|------------------------|-------------------|-----------|-------------------|-----------|
| | March 31, 2014 | | March 31, 2013 | |
| | (Rupees in '000') | | | |
| | Acquisitions | Disposals | Acquisitions | Disposals |
| At Cost | | | | |
| Freehold land | - | 2,050 | - | - |
| Electric Installations | 48 | - | 10,511 | - |
| Factory Equipment | 219 | - | - | - |
| Electric Appliances | - | - | 282 | - |
| Furniture and fixtures | 403 | - | 1,715 | - |
| Office equipment | 112 | - | 149 | - |
| Vehicles | 8,387 | 68 | 3,654 | - |
| | 9,169 | 2,118 | 16,311 | - |

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.

6. SHORT-TERM INVESTMENTS

Available for sale - at fair value

| | (Un-audited) March 31, 2014 | (Audited) June 30, 2013 |
|--------------------------------------------------------------|-----------------------------------|-------------------------------|
| | -----Rupees in '000'----- | |
| Nimir Industrial Chemical Limited | | |
| 5,00,000 ordinary shares of Rs. 10/- each | 2,924 | 2,924 |
| (June 30, 2013: 1,000,000 ordinary shares of Rs. 5/- each) | | |
| 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 | 6,476 | 1,102 |
| | <u>9,400</u> | <u>4,226</u> |

| | Nine months ended March 31, | | Quarter ended March 31, | |
|------------------------|--------------------------------|-----------|----------------------------|-----------|
| | 2014 | 2013 | 2014 | 2013 |
| 7. Sales - net | | | | |
| Rupees in '000' | | | | |
| Electricity | 4,464,755 | 4,399,894 | 1,418,466 | 1,517,171 |
| Steam | 78,219 | 100,185 | 28,057 | 33,263 |
| | 4,542,974 | 4,500,079 | 1,446,523 | 1,550,434 |
| Less: Sales tax | (661,391) | (639,201) | (214,136) | (243,100) |
| | 3,881,583 | 3,860,878 | 1,232,387 | 1,307,334 |
| Less: Electricity duty | (8,039) | (7,063) | (2,622) | (1,277) |
| | 3,873,544 | 3,853,815 | 1,229,765 | 1,306,057 |

| | | | | |
|--------------------------------|-----------|-----------|-----------|-----------|
| 8. Cost of generation | | | | |
| Cost of fuel and diesel oil | 2,642,755 | 2,715,861 | 838,919 | 1,030,439 |
| Cost of lubricants | 73,617 | 72,849 | 22,487 | 25,265 |
| Cost of gas | 525,314 | 462,739 | 158,472 | 72,530 |
| Salaries, wages and benefits | 56,660 | 39,567 | 26,681 | 14,016 |
| Staff Retirement benefits | 1,560 | 1,271 | 539 | 441 |
| Stores, spares and loose tools | 153,090 | 117,251 | 49,678 | 36,448 |
| Insurance | 3,927 | 4,027 | 1,339 | 1,327 |
| Repairs and maintenance | 8,238 | 12,269 | 2,708 | 4,330 |
| Depreciation | 56,316 | 58,753 | 19,947 | 20,091 |
| Other | 12,833 | 10,794 | 3,211 | 2,426 |
| | 3,534,310 | 3,495,381 | 1,123,981 | 1,207,313 |

9. 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 | Nine months ended March 31, | |
|----------------------------------|------------------------------|--------------------------------|---------|
| | | 2014 | 2013 |
| | | -----Rupees in '000'----- | |
| Subsidiary | Advance for Purchase of Land | 3,500 | (5,000) |
| Associated undertakings | Sales | 15,963 | 4,677 |
| | Donations | | |
| | - In cash | 1,030 | 2,314 |
| | - In kind | 2,050 | - |
| Key management personnel | Remuneration | 9,598 | 6,926 |
| Provident fund | Contribution for the period | 2,406 | 2,032 |

10. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial report was authorised for issue on April 26, 2014 by the Board of Directors of the Company.

11. GENERAL

- 11.1 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.
- 11.2 Provision for workers' profit participation fund made in this condensed interim financial report is subject to adjustment in published audited financial statements.
- 11.3 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.
- 11.4 Figures have been rounded off to the nearest thousand of Rupees.

CHIEF EXECUTIVE OFFICER

DIRECTOR