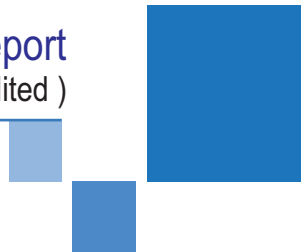




Sitara Energy Limited



First Quarterly Report
September 2014(Un-Audited)





بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

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SITARA ENERGY LIMITED AND ITS SUBSIDIARY COMPANY

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COMPANY INFORMATION

BOARD OF DIRECTORS

Mrs. Noreen 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)

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 Limited
Faysal Bank Limited
The Bank of Punjab
MCB Bank Limited
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

PROJECT LOCATION

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

WEBSITE

<http://www.sitara.pk>



DIRECTORS' REVIEW

The Board of Directors of the company are pleased to present the un-audited financial and operating results of the company together with the un-audited consolidated financial report of the company and its subsidiary for the first quarter ended September 30, 2014.

We report that during the period under review power plant by achieving all the operating standards dispatched 69,334 MWH of electricity as compared with 79,290 MWH dispatched during the corresponding three months of the previous financial year.

Operational Financial Results:

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

Financial Highlights	July - September 2014	July - September 2013
Sales –net (Rs. '000')	1,213,963	1,318,506
Cost of generation (Rs. '000')	1,113,513	1,183,307
Gross profit (Rs. '000')	100,449	135,199
Gross profit ratio to revenue (%)	8.28%	10.25%
Profit after tax	33,198	59,711
Earnings per share (Rs.)	1.74	3.13

The turnover of the company for the 1st quarter of the current financial year remains at Rs. 1,213.962 million compared with Rs. 1,318.506 million of corresponding quarter of previous financial year. Resultantly during the quarter under review the company earned a net profit of Rs. 33.198 million as compared with Rs 59.711 million. The turnover registered decrease mainly due to lower demand of RFO based electricity and shortage of gas as compared to corresponding quarter of previous financial year.

The profitability of the company during the financial year 2014-15 will largely depends on supply agreement with FESCO which is lying pending with NEPRA for its approval and also availability of natural gas.

The Board wishes to extend its gratitude to the shareholders and customers of the company for their cooperation and support and extends its appreciation to the employees of the company.

By order of the board

Javed Iqbal
Chief Executive Officer

Faisalabad:
October 27, 2014



**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT SEPTEMBER 30, 2014**

	(Un-audited) September 30, 2014	(Audited) June 30, 2014		(Un-audited) September 30, 2014	(Audited) June 30, 2014
Note	-----Rupees in '000-----		Note	-----Rupees in '000-----	
SHARE CAPITAL AND RESERVES			NON-CURRENT ASSETS		
Authorised capital 30,000,000 ordinary shares of Rs. 10/- each	300,000	300,000	Property, plant and equipment	1,908,815	1,918,982
Issued subscribed and paid up capital	190,920	190,920	Investment in subsidiary	49,995	49,995
Capital reserve - share premium	143,190	143,190	Long term deposits	1,125	1,125
Revenue reserves				1,959,935	1,970,102
General reserve	820,000	820,000			
Unappropriated profit	763,397	730,199			
	1,917,507	1,884,309			
NON-CURRENT LIABILITIES					
Long term financing	200,000	200,000			
Liabilities against assets subject to finance lease	3,714	4,381			
	203,714	204,381			
CURRENT LIABILITIES			CURRENT ASSETS		
Trade and other payables	538,485	484,963	Stores, spares and loose tools	302,009	313,115
Interest / mark up payable	41,909	34,370	Stock of oil and lubricants	122,880	113,912
Short term bank borrowings	643,145	443,347	Trade debts	907,916	612,989
Current portion of:			Loans and advances	50,850	13,181
Redeemable capital	77,500	155,000	Deposits and prepayments	14,681	8,150
Long term financing	100,000	100,000	Other receivables	13,114	96,375
Liabilities against assets subject to finance lease	1,911	1,633	Tax refunds due from Government - income tax	31,737	31,737
	1,402,950	1,219,313	Cash and bank balances	19,723	47,116
				1,462,910	1,236,575
CONTINGENCIES AND COMMITMENTS			Non-current assets held for sale	101,326	101,326
	-	-		1,564,236	1,337,901
	3,524,171	3,308,003		3,524,171	3,308,003

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

CHIEF EXECUTIVE OFFICER

DIRECTOR



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014**

		Quarter ended September 30, 2014	Quarter ended September 30, 2013
Note		-----Rupees in '000'-----	
Sales - net	5	1,213,962	1,318,506
Cost of generation	6	<u>1,113,513</u>	<u>1,183,307</u>
Gross profit		100,449	135,199
Other operating income		<u>333</u>	<u>968</u>
		100,782	136,167
Operating expenses		25,683	25,595
Other operating expenses		1,747	3,143
Finance cost		40,154	47,718
		67,584	76,456
Profit for the period before taxation		<u>33,198</u>	<u>59,711</u>
Provision for taxation		-	-
Profit for the period		<u><u>33,198</u></u>	<u><u>59,711</u></u>
Earnings per share - Basic and diluted		<u><u>1.74</u></u>	<u><u>3.13</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 FIRST QUARTER ENDED SEPTEMBER 30, 2014**

	Quarter ended September 30, 2014	Quarter ended September 30, 2013
	-----Rupees in '000'-----	
Profit for the period	33,198	59,711
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u>33,198</u>	<u>59,711</u>

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

CHIEF EXECUTIVE OFFICER

DIRECTOR



**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014**

	Quarter ended September 30, 2014	Quarter ended September 30, 2013
Note	-----Rupees in '000'-----	
a) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period before taxation	33,198	59,711
Adjustments for:		
Depreciation of property, plant and equipment	25,526	19,957
Provision for staff retirement benefits	837	767
Finance cost	40,154	47,718
Operating cash flows before working capital changes	<u>99,715</u>	<u>128,153</u>
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	11,106	17,478
Stock of oil and lubricants	(8,968)	25,111
Trade debts	(294,927)	(278,497)
Loans and advances	(36,820)	(2,901)
Deposits and prepayments	(6,530)	(5,205)
Other receivables	83,261	-
Increase / (decrease) in current liabilities		
Trade and other payables	53,332	36,706
	<u>(199,546)</u>	<u>(207,308)</u>
Cash used in operating activities	<u>(99,831)</u>	<u>(79,155)</u>
Income tax paid	(849)	(881)
Staff retirement benefits paid	(649)	(441)
Finance cost paid	(32,615)	(37,474)
Net cash used in operating activities	<u>(133,944)</u>	<u>(117,951)</u>
b) CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in property, plant and equipment	(15,358)	(26,772)
Net cash used in investing activities	<u>(15,358)</u>	<u>(26,772)</u>
c) CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of:		
Redeemable capital	(77,500)	-
Liabilities against assets subject to finance lease	(388)	(596)
Increase in short term bank borrowings - net	199,798	143,028
Dividend paid	(1)	(3)
Net cash generated from financing activities	<u>121,909</u>	<u>142,429</u>
Net (decrease) / increase in cash and cash equivalents (a+b+c)	(27,393)	(2,294)
Cash and cash equivalents at the beginning of the period	47,116	9,246
Cash and cash equivalents at the end of the period	<u>19,723</u>	<u>6,952</u>

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

CHIEF EXECUTIVE OFFICER

DIRECTOR



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014**

	Issued, subscribed and paid up capital	Capital reserve	Revenue reserve		Total	
		Share premium	General reserve	Unappropriated profit		Sub total
Rupees in '000'						
Balance as at July 01, 2013	190,920	143,190	720,000	644,764	1,364,764	1,698,874
Total comprehensive income for the period						
Profit for the period	-	-	-	59,711	59,711	59,711
Other comprehensive income	-	-	-	-	-	-
	-	-	-	59,711	59,711	59,711
Balance as at September 30, 2013	190,920	143,190	720,000	704,475	1,424,475	1,758,585
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	-	-	-	144,816	144,816	144,816
Other comprehensive income	-	-	-	-	-	-
	-	-	-	144,816	144,816	144,816
Balance as at June 30, 2014	190,920	143,190	820,000	730,199	1,550,199	1,884,309
Total comprehensive income for the period						
Profit for the period	-	-	-	33,198	33,198	33,198
Other comprehensive income	-	-	-	-	-	-
	-	-	-	33,198	33,198	33,198
Balance as at September 30, 2014	190,920	143,190	820,000	763,397	1,583,397	1,917,507

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

CHIEF EXECUTIVE OFFICER

DIRECTOR



**SELECTED EXPLANATORY NOTES TO THE
CONDENSED INTERIM FINANCIAL REPORT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 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 period beginnings on or after July 01, 2014 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, 2014 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, 2014.

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, 2014.



(Un-audited) September 30, 2014	(Audited) June 30, 2014
-----Rupees in '000'-----	

3. CONTINGENCIES AND COMMITMENTS

Contingencies

Bank guarantee issued in favour of Sui Northern Gas Pipelines Limited for supply of gas	97,171	97,171
Demand of Income tax of Rs. 1,313,929/- (2013: Rs. 83,476,649/-) for the tax years 2004 to 2006 (2013: 2004 to 2010) is not acknowledged in view of pending appeals.	-	-

Commitments

Under letters of credit for stores and spares	25,591	3,114
Under contract for fixed capital expenditure	702	702

4. Property, plant and equipment

Operating assets	1,014,879	1,037,277
Capital work in progress	236,870	224,639
Non-operating land	657,066	657,066
	1,908,815	1,918,982

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

Quarter ended September 30, 2014		Quarter ended September 30, 2013	
Acquisitions	Disposals	Acquisitions	Disposals
-----Rupees in '000'-----			

Operating assets - owned

Electric appliances	214	-	48	-
Furniture and fixtures	-	-	403	-
Office equipment	300	-	51	-
Vehicles	-	-	75	-
	514	-	577	-

**5. Sales - net**

	Quarter ended September 30, 2014	Quarter ended September 30, 2013
-----Rupees in '000'-----		
Electricity	1,392,548	1,520,016
Steam	31,453	24,034
	1,424,001	1,544,050
Less: Sales tax	(207,628)	(222,541)
	1,216,373	1,321,509
Less: Electricity duty	(2,411)	(3,003)
	<u>1,213,962</u>	<u>1,318,506</u>

6. Cost of generation

Cost of fuel, oil and lubricants	864,072	915,635
Cost of gas	174,734	176,580
Salaries and wages and benefits	14,836	13,941
Staff retirement benefits	539	492
Stores, spares and loose tools	27,232	50,379
Insurance	1,398	1,279
Repairs and maintenance	3,038	2,201
Depreciation	23,321	18,043
Other	4,343	4,757
	<u>1,113,513</u>	<u>1,183,307</u>

7. AGGREGATE TRANSACTIONS WITH RELATED PARTIES

The Company in the normal course of business carries out transactions with various related parties which comprise of subsidiary, associated undertakings, directors, key management personnel and post employment benefit plan. Significant transactions with related parties are as follows:-

Relationship with the Company	Nature of transaction	Quarter ended September 30, 2014	Quarter ended September 30, 2013
		-----Rupees in '000'-----	
Associated undertakings	Sales	7,135	9,321
Provident fund	Contribution for the period	837	767

8. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial report was authorised for issue on October 27, 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 SEPTEMBER 30, 2014**

	(Un-audited) September 30, 2014	(Audited) June 30, 2014		(Un-audited) September 30, 2014	(Audited) June 30, 2014
Note	----- Rupees in '000' -----		Note	----- Rupees in '000' -----	
SHARE CAPITAL AND RESERVES			NON-CURRENT ASSETS		
Authorised capital 30,000,000 ordinary shares of Rs. 10/- each	300,000	300,000	Property, plant and equipment	1,858,037	1,868,205
Issued subscribed and paid up capital	190,920	190,920	Long term deposits	1,125	1,125
Capital reserves-Share premium	143,190	143,190		1,859,162	1,869,330
Revenue reserves					
General reserve	820,000	820,000			
Unappropriated profit	762,496	729,509			
	1,916,606	1,883,619			
Non-controlling interest	7	7			
	1,916,613	1,883,626			
NON-CURRENT LIABILITIES					
Long term financing	200,000	200,000			
Liabilities against assets subject to finance lease	3,714	4,381			
	203,714	204,381			
CURRENT LIABILITIES			CURRENT ASSETS		
Trade and other payables	547,629	483,771	Stores, spares and loose tools	302,009	313,115
Interest / mark up payable	41,909	34,370	Stocks	147,596	133,351
Short term bank borrowings	643,145	443,347	Investment Property	63,403	63,403
Current portion of:			Trade debts	907,916	612,989
Redeemable capital	77,500	155,000	Loans and advances	66,088	14,609
Long term financing	100,000	100,000	Deposits and prepayments	14,681	8,150
Liabilities against assets			Other receivables	13,114	96,375
subject to finance lease	1,911	1,633	Tax refunds due from		
Provision for taxation - income tax	61	61	Government - income tax	32,109	32,110
	1,412,155	1,218,182	Cash and bank balances	25,078	61,431
				1,571,994	1,335,533
CONTINGENCIES AND COMMITMENTS			Non-current assets held for sale		
	4	-		101,326	101,326
				1,673,320	1,436,859
	<u>3,532,482</u>	<u>3,306,189</u>		<u>3,532,482</u>	<u>3,306,189</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 FIRST QUARTER ENDED SEPTEMBER 30, 2014**

		Quarter ended September 30, 2014	Quarter ended September 30, 2013
	Note	-----Rupees in '000'-----	
Sales - net	6	1,213,962	1,318,506
Cost of generation and sales	7	<u>1,113,513</u>	<u>1,183,307</u>
Gross profit		100,449	135,199
Other operating income		<u>333</u>	<u>1,024</u>
		100,782	136,223
Operating expenses		<u>25,894</u>	<u>25,785</u>
Other operating expenses		1,747	3,143
Finance cost		<u>40,154</u>	<u>47,718</u>
		67,795	76,646
Profit for the period before taxation		<u>32,987</u>	<u>59,577</u>
Provision for taxation		-	-
Profit for the period		<u><u>32,987</u></u>	<u><u>59,577</u></u>
Attributable to:			
Shareholders of the parent		32,987	59,590
Non-controlling interest		-	(13)
		<u><u>32,987</u></u>	<u><u>59,577</u></u>
Earnings per share - Basic and diluted		<u><u>1.73</u></u>	<u><u>3.12</u></u>

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

CHIEF EXECUTIVE OFFICER

DIRECTOR



**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014**

	Quarter ended September 30, 2014	Quarter ended September 30, 2013
	-----Rupees in '000'-----	
Profit for the period	32,987	59,577
Other comprehensive income for the period		
Items that will be subsequently reclassified to profit or loss		
Increase in fair value of available for sale investments	-	3,243
Total comprehensive income for the period	<u>32,987</u>	<u>62,820</u>
Attributable to:		
Shareholders of the Parent	32,987	62,509
Non-controlling interest	-	311
	<u>32,987</u>	<u>62,820</u>

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

CHIEF EXECUTIVE OFFICER

DIRECTOR



**CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014**

	Quarter ended September 30, 2014	Quarter ended September 30, 2013
	-----Rupees in '000'-----	
a) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period before taxation	32,987	59,577
Adjustments for:		
Depreciation of property, plant and equipment	25,527	19,958
Provision for staff retirement benefits	837	767
Finance cost	40,154	47,718
Operating cash flows before working capital changes	<u>99,505</u>	<u>128,020</u>
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	11,106	17,478
Stock	(14,244)	25,111
Trade debts	(294,927)	(278,497)
Loans and advances	(48,630)	(2,901)
Deposits and prepayments	(6,531)	(5,205)
Other receivables	83,261	-
Increase / (decrease) in current liabilities		
Trade and other payables	61,669	36,602
	<u>(208,296)</u>	<u>(207,412)</u>
Cash used in operating activities	<u>(108,791)</u>	<u>(79,392)</u>
Income tax paid	(849)	(881)
Staff retirement benefits paid	(649)	(441)
Finance cost paid	(32,615)	(37,474)
Net cash used in operating activities	<u>(142,904)</u>	<u>(118,188)</u>
b) CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in property, plant and equipment	(15,358)	(26,772)
Net cash used in investing activities	<u>(15,358)</u>	<u>(26,772)</u>
c) CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of:		
Redeemable capital	(77,500)	-
liabilities against assets subject to finance lease	(388)	(596)
Increase in short term bank borrowings - net	199,798	143,028
Dividend paid	(1)	(3)
Net cash generated from financing activities	<u>121,909</u>	<u>142,429</u>
Net (decrease) / increase in cash and cash equivalents (a+b+c)	<u>(36,353)</u>	<u>(2,531)</u>
Cash and cash equivalents at the beginning of the period	61,431	12,251
Cash and cash equivalents at the end of the period	<u>25,078</u>	<u>9,720</u>

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

CHIEF EXECUTIVE OFFICER

DIRECTOR



**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014**

	Capital and reserves								Non-controlling interest
	Issued, subscribed and paid up capital	Capital reserve			Revenue reserve			Total	
		Share premium	Fair value reserve	Sub total	General reserve	Unappropriated profit	Sub total		
----- Rupees in '000' -----									
Balance as at July 01, 2013	190,920	143,190	1,102	144,292	720,000	641,296	1,361,296	1,696,508	7
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	59,577	59,577	59,577	-
Other comprehensive income	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	59,577	59,577	59,577	-
Balance as at September 30, 2013	190,920	143,190	1,102	144,292	720,000	700,873	1,420,873	1,756,085	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	-	-	-	-	-	147,728	147,728	147,728	-
Other comprehensive income	-	-	-	-	-	-	-	-	-
Other Items	-	-	(1,102)	(1,102)	-	-	-	(1,102)	-
Fair value reserve reclassified to profit and loss account on disposal of the investment	-	-	(1,102)	(1,102)	-	147,728	147,728	146,626	-
Balance as at June 30, 2014	190,920	143,190	-	143,190	820,000	729,509	1,549,509	1,883,619	7
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	32,987	32,987	32,987	-
Other comprehensive income	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	32,987	32,987	32,987	-
Balance as at September 30, 2014	190,920	143,190	-	143,190	820,000	762,496	1,582,496	1,916,606	7

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

CHIEF EXECUTIVE OFFICER

DIRECTOR



**SELECTED EXPLANATORY NOTES TO THE
CONDENSED INTERIM CONSOLIDATED FINANCIAL REPORT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014**

1. GROUP STATUS AND ACTIVITIES

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

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

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

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

2. BASIS OF CONSOLIDATION

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

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

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

There are amendments to standards and interpretations that became effective and are mandatory for accounting periods beginning on or after July 01, 2014 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, 2014 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, 2014.

3.3 Accounting policies and methods of computation

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



(Un-audited) September 30, 2014	(Audited) June 30, 2014
-----Rupees in '000'-----	

4. CONTINGENCIES AND COMMITMENTS

Contingencies

Bank guarantee issued in favour of Sui Northern Gas Pipelines Limited for supply of gas	97,171	97,171
Demand of income tax of Rs. 1,313,929/- 2013: Rs. 83,476,649/- for the tax years 2004 to 2006 (2013: 2004 to 2010) is not acknowledged in view of pending appeals.	-	-

Commitments

Under letters of credit for stores and spares	25,591	3,114
Under contract for fixed capital expenditure	702	702

5. Property, plant and equipment

Operating assets	1,011,370	1,037,391
Capital work in progress	236,870	224,639
Non-operating land	609,797	606,247
	1,858,037	1,868,205

5.1 During the period following acquisitions and disposals were made:

Quarter ended September 30, 2014		Quarter ended September 30, 2013	
Acquisitions	Disposals	Acquisitions	Disposals
-----Rupees in '000'-----			

Operating assets

Owned

Operating assets - owned

Electric appliances	214	-	48	-
Furniture and fixtures	-	-	403	-
Office equipment	300	-	51	-
Vehicles	-	-	75	-
	514	-	577	-



Quarter Ended September 30, 2014	Quarter Ended September 30, 2013
--	--

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

6. Sales

Electricity	1,392,548	1,520,016
Steam	31,453	24,034
	1,424,001	1,544,050
Less: Sales tax	(207,628)	(222,541)
	1,216,373	1,321,509
Less: Electricity duty	(2,411)	(3,003)
	1,213,962	1,318,506

7. Cost of generation and sales

Cost of fuel, oil and lubricants	864,072	915,635
Cost of gas	174,734	176,580
Salaries and wages and benefits	14,836	13,941
Staff retirement benefits	539	492
Stores, spares and loose tools	27,232	50,379
Insurance	1,398	1,279
Repairs and maintenance	3,038	2,201
Depreciation	23,321	18,043
Other	4343	4,757
	1,113,513	1,183,307

8. AGGREGATE TRANSACTIONS WITH RELATED PARTIES

The Group in the normal course of business carries out transactions with various related parties which comprise of associated undertakings, directors, key management personnel and post employment benefit plan. Significant transactions with related parties are as follows:-

Relationship with the Company	Nature of transaction	Quarter ended September 30, 2014	Quarter ended September 30, 2013
-----Rupees in '000'-----			
Associated undertakings	Sales	7,135	9,321
Provident fund	Contribution for the period	837	767

9. DATE OF AUTHORISATION FOR ISSUE

This condensed interim consolidated financial report was authorised for issue on October 27, 2014 by the Board of Directors of the Group.

10. GENERAL

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

CHIEF EXECUTIVE OFFICER

DIRECTOR



Notes:

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