



Sitara Energy Limited

Quarterly Financial Statements
September 2016
(Un-Audited)





Sitara Energy Limited

Company Information	02
Director Report	03
Balance Sheet	05
Profit and Loss Account	06
Statement of Comprehensive Income	07
Cash Flow Statement	08
Statement of Changes in Equity	09
Notes to Financial Statement	10

Consolidated Accounts (Sitara Energy Ltd and Its Subsidiary Company)

Consolidated Balance Sheet	15
Consolidated Profit and Loss Account	16
Consolidated Statement of Comprehensive Income	17
Consolidated Cash Flow Statement	18
Consolidated Statement of Changes in Equity	19
Consolidated Notes to Financial Statement	20

Board of Directors

Ms. Noreen Javed (Chairperson)
Mr. Javed Iqbal (Chief Executive Officer)
Mr. Sarosh Javed
Mr. Mukhtar A. Sheikh
Mr. Rana M. Arshad Iqbal
Ms. Haniah Javed
Mr. Mubashir Ahmed Zareen

Chief Financial Officer

Mr. Ijaz A. Babar - FCA

Company Secretary

Mr. Mazhar Ali Khan

Legal Advisor

Sahibzada Muhammad Arif

Share Registrar

THK Associates (Private) Limited
Ground Floor, State Life Building No. 3,
Dr. Ziauddin Ahmed Road, Karachi. 75530
P. O. Box No. 8533, UAN: +92(21)111-000-322
Fax: +92(21) 35655595
E-mail: secretariat@thk.com.pk

Registered Office

601-602 Business Centre, Mumtaz Hassan
Road,
Karachi - 74000

Plant

33 K.M., Shekhupura Road, Faisalabad

Audit Committee

Mr. Rana M. Arshad Iqbal (Chairman)
Ms. Haniah Javed
Ms. Noreen Javed

Human Resource & Remuneration Committee

Mr. Mukhtar Ahmad Sheikh (Chairman)
Mr. Rana M. Arshad Iqbal
Ms. Noreen Javed

Auditors

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

Bankers

Standrad Chartered Bank (Pak) Limited
Albaraka Bank (Pakistan) Limited
National Bank of Pakistan
First Women Bank Limited
Bank Alfalah Limited
Faysal Bank Limited
The Bank of Punjab
MCB Bank Limited
United Bank Limited
Meezan Bank Limited
Allied Bank Limited
Silk Bank Limited
Askari Bank Limited
Summit Bank Limited
Habib Bank Limited

Website

<http://www.sitara.pk>

DIRECTORS' REVIEW

The Board of Directors of Sitara Energy Limited (the Company) is pleased to present their report together with the Condensed Interim Financial Information and its subsidiary for the first quarter ended September 30, 2016.

Operational Financial Results:

The financial results for the first quarter of the current financial year compared with the first quarter of the last year are as under:-

Financial Highlights	July – September 2016	July – September 2015
	Rupees in thousand	Rupees in thousand
Sales – net	558,583	796,064
Cost of generation	529,529	705,944
Gross profit	29,054	90,120
Gross profit ratio to revenue	5.20%	11.32%
(Loss) / profit after tax	(24,275)	35,544
(Loss) / earnings per share – Basic & diluted (Rs.)	(1.27)	1.86

The sales of the company during the first quarter of the current financial year decreased to Rs. 558.583 Million as compared with Rs. 796.064 Million during the first quarter of last financial year due to lower load demand by Bulk Power Consumers (BPCs) and comparatively higher Fuel Price Adjustment (FPA) announced by NEPRA. The company made a loss of Rs. 24.275 Million due to the aforesaid reasons.

During the period under review, power plant generated 58,250 MWh of electricity by complying with all the operating standards as compared with 70,209 MWh generated during the first quarter of the last financial year.

The management is taking all the measures to maintain the requisite load demands by following the existing BPCs as well as adding new BPCs to ensure viable operations.

The profitability of the company during the current financial year 2016-17 will largely depends upon availability of Natural Gas / LNG to the industrial sector, the growth of the industrial sector in the area of supply of the Company and affordable prices of Gas/LNG and RFO to remain competitive.

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

By order of the board



Javed Iqbal
Chief Executive Officer

Faisalabad:
October 31, 2016

ستارہ انرجی کے بورڈ آف ڈائریکٹرز اور اسکے ذیلی ادارے کی پہلی سہ ماہی 30 ستمبر 2016ء کی ٹھخ عبوری مالیاتی معلومات پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

عملیاتی مالی نتائج
گذشتہ سال کی پہلی سہ ماہی کے مقابلے میں رواں مالی سال کی پہلی سہ ماہی کے مالیاتی نتائج حسب ذیل ہیں۔

مالیاتی اعداد و شمار	جولائی - ستمبر 2016ء	جولائی - ستمبر 2015ء
فروخت آمدنی	558,583	796,064
پیداواری لاگت	529,529	705,944
مجموعی منافع	29,054	90,120
آمدنی میں مجموعی منافع کا تناسب	5.20%	11.32%
ٹیکسیشن کے بعد (نقصان) / منافع	(24,275)	35,544
ٹی شیئر (نقصان) / آمدنی	(1.27)	1.86
Basic & diluted (Rs.)		

رواں مالی سال کی پہلی سہ ماہی کی فروخت آمدنی گذشتہ مالی سال کی فروخت آمدنی 796.064 ملین روپے سے کم ہو کر 558.583 ملین روپے ہو گئی ہے۔ جسکی وجہ پبلی صارفین Bulk Power Consumers (BPCs) کی طرف سے کم لوڈ کی طلب اور نیچر اکی طرف سے اعلان کی گئی مقابلاً زیادہ فیول پرائس ایڈجسٹمنٹ ہے مندرجہ بالا وجوہات کی وجہ سے کمپنی کو 24.275 ملین روپے کا نقصان ہوا۔

زیر جائزہ مدت کے دوران کمپنی نے تمام عملیاتی معیارات کی تکمیل کرتے ہوئے گذشتہ مالی سال کی پہلی سہ ماہی میں پیدا ہونے والے 70,209 میگا واٹ آورز کی نسبتاً 58,250 میگا واٹ آورز پیدا کیے۔

انتظامیہ موجودہ لوڈ کی طلب کو برقرار رکھنے اور اپریشن کو قابل عمل بنانے کے لیے موجودہ (BPCs) کے تعاقب کے ساتھ ساتھ نئے (BPCs) کو شامل کرنے کے لیے تمام ضروری اقدامات کر رہی ہے۔

مالی سال 2016-17 میں کمپنی کا منافع بہت حد تک صنعتوں کو قدرتی گیس / مائع گیس کی فراہمی، مناسب قیمت پرفرنس آئل کی فراہمی اور صنعتی سیسٹر کی ترقی پر منحصر ہے۔

ہم اپنے تمام سٹیک ہولڈرز کی مسلسل حمایت پر اسکے قدردان ہیں اور انتظامیہ اور عملے کی سخت محنت اور لگن پر ان کا شکریہ ادا کرتے ہیں۔

بحکم بورڈ



جاوید اقبال
چیف ایگزیکٹو آفیسر

فیصل آباد
31 اکتوبر 2016ء

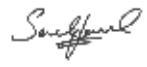
Condensed Interim Balance Sheet (Un-Audited) As At September 30, 2016

	(Un-audited) September 30, 2016	(Audited) June 30, 2016		(Un-audited) September 30, 2016	(Audited) June 30, 2016	
Note Rupees in '000' Rupees in '000'		
SHARE CAPITAL AND RESERVES			NON-CURRENT ASSETS			
Authorised capital			Property, plant and equipment	4	1,656,387	1,657,401
30,000,000 ordinary shares of Rs. 10/- each	300,000	300,000	Investment in subsidiary		49,995	49,995
			Long term deposits		1,347	1,347
					1,707,729	1,708,743
Issued, subscribed and paid up capital	190,920	190,920				
Capital reserve - share premium	143,190	143,190				
Revenue reserves						
General reserve	920,000	920,000				
Unappropriated profit	811,271	835,546				
	2,065,381	2,089,656				
NON-CURRENT LIABILITIES						
Long term financing	-	-				
Liabilities against assets subject to finance lease	5,045	5,672				
	5,045	5,672				
CURRENT LIABILITIES			CURRENT ASSETS			
Trade and other payables	426,432	462,023	Stores, spares and loose tools		261,733	252,833
Interest / mark up payable	26,404	26,127	Stock of oil and lubricants		68,293	55,046
Short term bank borrowings	830,056	771,874	Trade debts		918,416	862,430
Current portion of:			Loans and advances		340,645	246,439
Long term financing	200,000	200,000	Deposits and prepayments		51,133	36,138
Liabilities against assets subject to finance lease	3,814	4,304	Other receivables		39,679	39,679
			Tax refunds due from Government - income tax		39,700	39,700
Provision for taxation - income tax	-	-	Cash and bank balances		129,804	318,648
	1,486,706	1,464,328			1,849,403	1,850,913
CONTINGENCIES AND COMMITMENTS						
	-	-				
	3,557,132	3,559,656			3,557,132	3,559,656

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 First Quarter ended September 30, 2016

		Quarter ended September 30, 2016	Quarter ended September 30, 2015
	Note	Rupees in '000'	
Sales - net	5	558,583	796,064
Cost of generation	6	529,529	705,944
Gross profit		29,054	90,120
Other operating income		531	113
		29,585	90,233
Operating expenses		25,898	23,636
Other operating expense		-	1,871
Finance cost		27,962	29,182
		53,860	54,689
(Loss) / profit for the period before taxation		(24,275)	35,544
Provision for taxation		-	-
(Loss) / profit for the period		(24,275)	35,544
(Loss) /earnings per share - Basic and diluted		(1.27)	1.86

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 First Quarter ended September 30, 2016**

	Quarter ended September 30, 2016	Quarter ended September 30, 2015
 Rupees in '000'	
(Loss) / profit for the period	(24,275)	35,544
Other comprehensive income for the period	-	-
Total comprehensive (loss) / income for the period	<u>(24,275)</u>	<u>35,544</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 First Quarter ended September 30, 2016

	Quarter ended September 30, 2016	Quarter ended September 30, 2015
..... Rupees in '000'		
a) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period before taxation	(24,275)	35,544
Adjustments for:		
Depreciation of property, plant and equipment	8,374	19,232
Provision for staff retirement benefits	765	748
Finance cost	27,962	29,182
Operating cash flows before working capital changes	12,826	84,706
Changes in working capital		
(Increase) / Decrease in current assets		
Stores, spares and loose tools	(8,900)	17,954
Stock of oil and lubricants	(13,247)	(24,109)
Trade debts	(55,986)	(199,271)
Loans and advances	(92,361)	(56,348)
Deposits and prepayments	(14,995)	(16,520)
(Decrease) / Increase in current liabilities		
Trade and other payables	(35,603)	53,532
	(221,092)	(224,762)
Cash (used in) operating activities	(208,266)	(140,056)
Income tax paid	(1,844)	(370)
Staff retirement benefits paid	(753)	(473)
Finance cost paid	(27,685)	(28,484)
Net cash (used in) operating activities	(238,548)	(169,383)
b) CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in property, plant and equipment	(7,360)	(18,867)
Increase in long term deposits	-	(251)
Net cash (used in) investing activities	(7,360)	(19,118)
c) CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of:		
Liabilities against assets subject to finance lease	(1,118)	(562)
Increase in short term bank borrowings - net	58,182	162,736
Net cash generated from financing activities	57,064	162,174
Net (decrease) in cash and cash equivalents (a+b+c)	(188,844)	(26,327)
Cash and cash equivalents at the beginning of the period	318,648	38,938
Cash and cash equivalents at the end of the period	129,804	12,611

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



CHIEF EXECUTIVE OFFICER



DIRECTOR

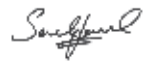
Condensed Interim Statement of Changes in Equity (Un-Audited) for the First Quarter ended September 30, 2016

	Issued, subscribed and paid up capital	Capital reserve Share premium	Revenue reserve			Total
			General reserve	Unappropriated profit	Sub total	
Balance as at July 01, 2015	190,920	143,190	920,000	696,990	1,616,990	1,951,100
Total comprehensive income for the period						
Profit for the period	-	-	-	35,544	35,544	35,544
Other comprehensive income	-	-	-	-	-	-
	-	-	-	35,544	35,544	35,544
Balance as at September 30, 2015	190,920	143,190	920,000	732,534	1,652,534	1,986,644
Transaction with owners						
Final dividend for the year ended June 30, 2015 : Rs.1.25/- per share	-	-	-	(23,865)	(23,865)	(23,865)
Total comprehensive income for the period						
Profit for the period	-	-	-	126,877	126,877	126,877
Other comprehensive income	-	-	-	-	-	-
	-	-	-	126,877	126,877	126,877
Balance as at June 30, 2016	190,920	143,190	920,000	835,546	1,755,546	2,089,656
Total comprehensive income for the period						
Profit for the period	-	-	-	(24,275)	(24,275)	(24,275)
Other comprehensive income	-	-	-	-	-	-
	-	-	-	(24,275)	(24,275)	(24,275)
Balance as at September 30, 2016	190,920	143,190	920,000	811,271	1,731,271	2,065,381

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



CHIEF EXECUTIVE OFFICER



DIRECTOR

Notes to the Condensed Interim Financial Information for the 1st Quarter Ended September 30, 2016

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 Pakistan Stock Exchange Limited (Formerly known as Karachi Stock Exchange Limited). 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 and is 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 financial statements for the year ended June 30, 2016.

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, 2017 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, 2016.

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, 2016 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, 2016.

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, 2016.

2.5 Estimates, judgments and risk management policies

2.5.1 The preparation of condensed interim 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, 2016.

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, 2016.

September 30, 2016 (Un-Audited)	June 30, 2016 (Audited)
----- Rupees in '000' -----	

3. CONTINGENCIES AND COMMITMENTS

Contingencies

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

188,020	188,020
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Demand of Income tax for the tax years 2004 to 2006 (2015: 2004 to 2006) is not acknowledged in view of pending appeals.

1,314	1,314
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Demand of gas Infrastructure development cess not acknowledged. The Company has challenged the levy from year 2011 to 2014 before the Honourable Lahore High Court, Lahore claiming that the Company be treated as part of the industrial sector, Therefore entitled to benefit of non-recovery granted to industrial sector. The matter is pending before the anomaly committee constituted by Ministry of Petroleum and Natural Resources, Government of Pakistan.

137,953	137,953
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Commitments

Under letters of credit for stores and spares

18,787	18,787
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4. Property, plant and equipment

Operating assets

1,002,861	1,011,050
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Capital work in progress

139,026	139,026
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Non-operating land

514,500	507,325
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1,656,387	1,657,401
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4.1 During the period following acquisitions and disposals of operating assets were made:

	Quarter ended September 30, 2016		Quarter ended September 30, 2015	
	Acquisitions	Disposals	Acquisitions	Disposals
----- (Rupees in '000') -----				
Operating assets - owned				
Electric appliances	45	-	65	-
Vehicles	140	-	17,972	-
	185	-	18,037	-

Quarter ended September 30, 2016	Quarter September 30, 2015
----- Rupees in '000' -----	

5. Sales - net

Electricity	648,558	936,000
Steam	9,839	9,414
	658,397	945,414
Less: Sales tax	(95,678)	(142,644)
	562,719	802,770
Less: Electricity duty	(4,136)	(6,706)
	558,583	796,064

6. Cost of generation

Cost of fuel, oil and lubricants	373,944	427,833
Cost of gas	98,688	208,443
Salaries, wages and benefits	19,116	16,824
Staff retirement benefits	475	472
Stores, spares and loose tools	22,402	26,297
Insurance	1,605	1,407
Repairs and maintenance	3,243	4,138
Depreciation	6,403	16,982
Other	3,653	3,548
	529,529	705,944

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, 2016	Quarter ended September 30, 2015
----- Rupees in '000' -----			
Associated undertakings	Sales	25,394	15,937
Provident fund	Contribution for the period	766	748

8. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on October 31, 2016 by the Board of Directors of the Company.

9. GENERAL

- 9.1** 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.
- 9.2** Provision for workers' profit participation fund made in this condensed interim financial information is subject to adjustment in annual audited financial statements.
- 9.3** There is no unusual item included in this condensed interim financial information 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 except earning per share which is in Rupees.



CHIEF EXECUTIVE OFFICER



DIRECTOR

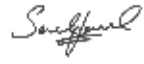
Condensed Interim Consolidated Balance Sheet (Un-Audited) As At September 30, 2016

	(Un-audited) September 30, 2016	(Audited) June 30, 2016		(Un-audited) September 30, 2016	(Audited) June 30, 2016
Note Rupees in '000' Rupees in '000'	
SHARE CAPITAL AND RESERVES			NON-CURRENT ASSETS		
Authorised capital 30,00,000 ordinary shares of Rs. 10/- each	300,000	300,000	Property, plant and equipment	1,652,870	1,653,884
			Long term deposits	1,347	1,347
				1,654,217	1,655,231
Issued, subscribed and paid up capital	190,920	190,920			
Capital reserve - share premium	143,190	143,190			
Revenue reserves					
General reserve	920,000	920,000			
Unappropriated profit	807,633	832,205			
	2,061,743	2,086,315			
Non-controlling interest	7	7			
	2,061,750	2,086,322			
NON-CURRENT LIABILITIES			CURRENT ASSETS		
Long term financing	-	-	Stores, spares and loose tools	261,733	252,832
Liabilities against assets subject to finance lease	5,045	5,673	Stock of oil and lubricants	124,173	110,926
	5,045	5,673	Investment Property	63,403	63,403
			Trade debts	918,416	862,430
			Loans and advances	257,886	148,220
			Deposits and prepayments	51,132	36,138
			Other receivables	39,679	39,679
			Tax refunds due from Government - income tax	40,463	40,463
			Cash and bank balances	143,599	348,098
				1,900,484	1,902,189
CURRENT LIABILITIES				3,554,701	3,557,420
Trade and other payables	427,632	463,120			
Interest / mark up payable	26,404	26,127			
Short term bank borrowings	830,056	771,874			
Current portion of:					
Long term financing	200,000	200,000			
Liabilities against assets subject to finance lease	3,814	4,304			
Provision for taxation - income tax	-	-			
	1,487,906	1,465,425			
CONTINGENCIES AND COMMITMENTS	-	-			
	3,554,701	3,557,420			

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 First Quarter ended September 30, 2016

		Quarter ended September 30, 2016	Quarter ended September 30, 2015
	Note Rupees in '000'	
Sales - net	5	558,583	796,064
Cost of generation and sales	6	529,529	705,944
Gross profit		29,054	90,120
Other operating income		531	113
		29,585	90,233
Operating expenses		26,195	23,945
Other operating expense		-	1,871
Finance cost		27,962	29,183
		54,157	54,999
(Loss) / profit for the period before taxation		(24,572)	35,234
Provision for taxation		-	-
(Loss) / profit for the period		(24,572)	35,234
Attributable to:			
Shareholders of the Parent		(24,572)	35,234
Non-controlling interest		-	-
		(24,572)	35,234
(Loss) / earnings per share - Basic and diluted		(1.29)	1.85

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 First Quarter ended September 30, 2016**

	Quarter ended September 30, 2016	Quarter ended September 30, 2015
 Rupees in '000'	
(Loss) / profit for the period	(24,572)	35,234
Other comprehensive income for the period	-	-
Total comprehensive (loss) / income for the period	<u>(24,572)</u>	<u>35,234</u>
Attributable to:		
Shareholders of the Parent	(24,572)	35,234
Non-controlling interest	-	-
	<u>(24,572)</u>	<u>35,234</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 First Quarter ended September 30, 2016

	Quarter ended September 30, 2016	Quarter ended September 30, 2015
Rupees in '000'		
a) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period before taxation	(24,572)	35,234
Adjustments for:		
Depreciation of property, plant and equipment	8,375	19,233
Provision for staff retirement benefits	765	748
Finance cost	27,962	29,183
Operating cash flows before working capital changes	12,530	84,398
Changes in working capital		
(Increase) / Decrease in current assets		
Stores, spares and loose tools	(8,900)	17,954
Stock	(13,247)	(24,109)
Trade debts	(55,986)	(199,271)
Loans and advances	(107,821)	(91,897)
Deposits and prepayments	(14,995)	(16,520)
(Decrease) / Increase in current liabilities		
Trade and other payables	(35,502)	98,930
	(236,451)	(214,913)
Cash (used in) operating activities	(223,921)	(130,515)
Income tax paid	(1,844)	(370)
Staff retirement benefits paid	(753)	(473)
Finance cost paid	(27,685)	(28,484)
Net cash (used in) operating activities	(254,203)	(159,842)
b) CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in property, plant and equipment	(7,360)	(18,867)
Increase in long term deposits	-	(251)
Net cash (used in) investing activities	(7,360)	(19,118)
c) CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of:		
Liabilities against assets subject to finance lease	(1,118)	(562)
Increase in short term bank borrowings - net	58,182	162,736
Net cash generated from financing activities	57,064	162,174
Net (decrease) in cash and cash equivalents (a+b+c)	(204,499)	(16,786)
Cash and cash equivalents at the beginning of the period	348,098	44,340
Cash and cash equivalents at the end of the period	143,599	27,554

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



CHIEF EXECUTIVE OFFICER



DIRECTOR

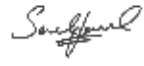
Condensed Interim Consolidated Statement of Changes in Equity (Un-Audited) for the First Quarter ended September 30, 2016

	Capital and reserves						Non- Controlling Interest
	Issued, subscribed and paid up capital	Capital Reserve	Revenue Reserves			Total	
			Share Premium	General Reserve	Unappropriated profit		
----- Rupees -----							
Balance as at July 01, 2015	190,920	143,190	920,000	694,858	1,614,858	1,948,968	7
Total comprehensive income for the period							
Profit for the period	-	-	-	35,234	35,234	35,234	-
Other comprehensive income	-	-	-	-	-	-	-
	-	-	-	35,234	35,234	35,234	-
Balance as at September 30, 2015	190,920	143,190	920,000	730,092	1,650,092	1,984,202	7
Transaction with owners							
Final dividend for the year ended June 30, 2015 : Rs.1.25/- per share	-	-	-	(23,865)	(23,865)	(23,865)	-
Total comprehensive income for the period							
Profit for the period	-	-	-	125,978	125,978	125,978	-
Other comprehensive income	-	-	-	-	-	-	-
	-	-	-	125,978	125,978	125,978	-
Balance as at June 30, 2016	190,920	143,190	920,000	832,205	1,752,205	2,086,315	7
Total comprehensive income for the period							
Profit for the period	-	-	-	(24,572)	(24,572)	(24,572)	-
Other comprehensive income	-	-	-	-	-	-	-
	-	-	-	(24,572)	(24,572)	(24,572)	-
Balance as at September 30, 2016	190,920	143,190	920,000	807,633	1,727,633	2,061,743	7

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



CHIEF EXECUTIVE OFFICER



DIRECTOR

Selected Explanatory to the Condensed Interim Consolidated Financial Information (Un-audited) For The First Quarter Ended September 30, 2016

1. GROUP STATUS AND ACTIVITIES

1.1 The Group consists of Sitara Energy Limited (the Parent) and Sitara International (Private) Limited (the Subsidiary).

1.2 The Parent is incorporated in Pakistan as a public limited company under the Companies Ordinance, 1984 and is listed on Pakistan Stock Exchange Limited (Formerly known as Karachi Stock Exchange Limited). 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 activities 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.

1.3 The financial statements are presented in Pak Rupee, which is the Group's functional and presentation currency.

2. BASIS OF CONSOLIDATION

The financial statements of the Parent and Subsidiary are combined on a line by line basis. The financial statements of the Subsidiary are consolidated from the date on which more than 50% voting rights are transferred to or power to control the Subsidiary is established and are excluded from consolidation from the date of disposal or reduction of control.

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

Non-controlling interest 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 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, 2016.

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, 2016 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, 2016.

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, 2016 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, 2016.

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, 2016.

3.5 Estimates, judgments and risk management policies

3.5.1 The preparation of condensed interim consolidated 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 consolidated financial information are the same as those disclosed in the published audited consolidated financial statements for the year ended June 30, 2016.

3.5.2 Risk management policies and procedures are consistent with those disclosed in the published audited consolidated financial statements for the year ended June 30, 2016.

September 30, 2016 (Un-Audited)	June 30, 2016 (Audited)
----- Rupees in '000' -----	

4. CONTINGENCIES AND COMMITMENTS

Contingencies

Bank guarantees issued in favour of Sui Northern Gas Pipelines Limited for supply of gas.	188,020	188,020
Demand of Income tax for the tax years 2004 to 2006 (2015: 2004 to 2006) is not acknowledged in view of pending appeals.	1,314	1,314
Demand of gas Infrastructure development cess not acknowledged. The Company has challenged the levy from year 2011 to 2014 before the Honourable Lahore High Court, Lahore claiming that the Company be treated as part of the industrial sector, Therefore entitled to benefit of non-recovery granted to industrial sector. The matter is pending before the anomaly committee constituted by Ministry of Petroleum and Natural Resources, Government of Pakistan.	137,953	137,953

Commitments

Under letters of credit for stores and spares	18,787	18,787
Under agreement for purchase of land	93,491	93,491

September 30, 2016 (Un-Audited)	June 30, 2015 (Audited)
----- Rupees in '000' -----	

5. Property, plant and equipment

Operating assets	1,002,894	1,011,084
Capital work in progress	139,026	139,026
Non-operating land	510,950	503,774
	<u>1,652,870</u>	<u>1,653,884</u>

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

Quarter ended September 30, 2016		Quarter ended September 30, 2015	
Acquisitions	Disposals	Acquisitions	Disposals
----- (Rupees in '000') -----			

Operating assets - owned

Electric appliances	45	-	65	-
Office equipment	-	-	-	-
Vehicles	140	-	17,972	-
	<u>185</u>	<u>-</u>	<u>18,037</u>	<u>-</u>

Quarter ended September 30, 2016	Quarter September 30, 2015
----- Rupees in '000' -----	

6. Sales - net

Electricity	648,558	936,000
Steam	9,839	9,414
	658,397	945,414
Less: Sales tax	(95,678)	(142,644)
	562,719	802,770
Less: Electricity duty	(4,136)	(6,706)
	<u>558,583</u>	<u>796,064</u>

7. Cost of generation

Cost of fuel, oil and lubricants	373,944	427,833
Cost of gas	98,688	208,443
Salaries, wages and benefits	19,116	16,824
Staff retirement benefits	475	472
Stores, spares and loose tools	22,402	26,297
Insurance	1,605	1,407
Repairs and maintenance	3,243	4,138
Depreciation	6,403	16,982
Other	3,653	3,548
	<u>529,529</u>	<u>705,944</u>

8. AGGREGATE TRANSACTIONS WITH RELATED PARTIES

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

Relationship with the Group	Nature of transaction	Quarter ended	Quarter ended
		September 30, 2016	September 30, 2015
		Rupees in '000'	
Associated undertakings	Sales	25,394	15,937
Provident fund	Contribution for the period	766	748

9. DATE OF AUTHORISATION FOR ISSUE

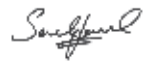
This condensed interim consolidated financial information was authorised for issue on October 31, 2016 by the Board of Directors of the Group.

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 Parent 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 taxation of subsidiary is nil due to current loss during the period.
- 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 liabilities, assets, profit, cash flows or equity 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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