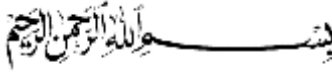


Sitara Energy Limited  
**3rd Quarter Report**  
March 31, 2016 (Un-Audited)





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## COMPANY INFORMATION

### Board of Directors

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

### Chief Financial Officer

Mr. Ijaz A. Babar - FCA

### Company Secretary

Mr. Mazhar Ali Khan

### Auditors

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

### Legal Advisor

Sahibzada Muhammad Arif

### Registered Office

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

### Share Registrar

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

### Plant

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

### Human Resource & Remuneration Committee

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

### Audit Committee

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

### Bankers

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

### Website

<http://www.sitara.pk>

## DIRECTOR'S REVIEW

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

The Board of Directors feels pleasure to present the Condensed Interim Financial Statements of the company for the quarter and nine months ended March 31, 2016.

For the period of nine (9) months ended March 31, 2016, sales revenue was Rs. 2,200.460 million as compared to Rs. 2,797.287 million of the corresponding nine (9) months period ended on March 31, 2015. The decrease in sales revenue was mainly due to decrease in RFO prices. However, the company earned profit after tax of Rs. 91.981 million with earning per share of Rs. 4.82.

During the period under review the company generated 227,265 MWH of electricity which was 17.32% higher as compared to 193,720 MWH during the corresponding period ended on March 31, 2015. Increase in electricity generation is mainly due to addition of new Bulk Power Consumers (BPCs) approved by NEPRA in September 2015 as a result of continuous pursuit of management to ensure sustainable growth of business of the Company .

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

The Board of Directors of the company unanimously approved 25% increase in the monthly remuneration of Chief Executive Officer and a Director of the company with effective from July 2015 as per the terms of their appointment. No director of the company has any interest in the variation of remuneration to Chief Executive Officer and Director of the Company. There is no other change in the terms and conditions of their appointment.

Moreover, the following seven (7) Directors have been elected in the Board of the Company for the next three years term in the Extra Ordinary General Meeting held on April 15, 2016.

Mr. Javed Iqbal, Mrs. Naureen Javed, Mr. Sarosh Javed, Ms. Haniah Javed, Mr. Mukhtar Ahmed Sheikh, Rana Muhammad Arshad Iqbal and Mr. Mubashir Ahmed Zareen.

The Board of Directors is pleased to place on record appreciation to the shareholders, committed financial institutions, buyers (BPCs), suppliers and contractors for their reposing continuous trust and support to the company. The board also commend the continuous dedication of its employees.

For and on behalf of the Board



MIAN JAVED IQBAL  
Chief Executive Officer

Faisalabad:  
April 26, 2016

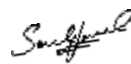
**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)  
AS AT MARCH 31, 2016**

		(Un-audited) March 31, 2016	(Audited) June 30, 2015			(Un-audited) March 31, 2016	(Audited) June 30, 2015
	Note	-----Rupees in '000'-----			Note	-----Rupees in '000'-----	
<b>EQUITY AND LIABILITIES</b>				<b>ASSETS</b>			
<b>SHARE CAPITAL AND RESERVES</b>				<b>NON-CURRENT ASSETS</b>			
Authorised capital 30,000,000 ordinary shares of Rs. 10/- each.		<u>300,000</u>	<u>300,000</u>	Property, plant and equipment	4	1,661,597	1,784,292
Issued, subscribed and paid up capital		190,920	190,920	Investment in subsidiary		49,995	49,995
Reserves				Long term deposits		1,758	1,125
Capital reserve - Share premium		143,190	143,190			<u>1,713,350</u>	<u>1,835,412</u>
Revenue reserves							
General reserve		920,000	920,000				
Unappropriated profit		765,107	696,991				
		<u>2,019,217</u>	<u>1,951,101</u>				
<b>NON-CURRENT LIABILITIES</b>							
Long term financing		200,000	200,000				
Liabilities against assets subject to finance lease		5,169	2,500				
		<u>205,169</u>	<u>202,500</u>				
<b>CURRENT LIABILITIES</b>				<b>CURRENT ASSETS</b>			
Trade and other payables		423,407	400,700	Stores, spares and loose tools		267,168	286,625
Interest / mark up payable		24,445	28,917	Stock of oil and lubricants		83,916	56,555
Short term bank borrowings		720,083	711,627	Trade debts		916,594	859,907
Current portion of:				Loans and advances		189,133	102,487
Liabilities against assets subject to finance lease		3,697	1,876	Deposits and prepayments		51,848	10,639
Provision for taxation - income tax		-	-	Other receivables		87,779	70,189
		<u>1,171,632</u>	<u>1,143,120</u>	Tax refunds due from Government - income tax		39,700	35,969
				Cash and bank balances		46,530	38,938
						<u>1,682,668</u>	<u>1,461,309</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	3	-	-				
		<u>3,396,018</u>	<u>3,296,721</u>			<u>3,396,018</u>	<u>3,296,721</u>

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



CHIEF EXECUTIVE OFFICER



DIRECTOR

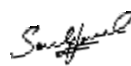
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE THIRD QUARTER ENDED MARCH 31, 2016**

	Note	Nine month ended March 31,		Quarter ended March 31,	
		2016	2015	2016	2015
----- Rupees in '000'-----					
Sales - net	5	2,200,460	2,797,287	637,241	611,336
Cost of generation	6	1,963,444	2,663,845	575,788	608,993
Gross profit		237,016	133,442	61,453	2,343
Other income		14,045	3,305	13,113	2,697
		251,061	136,747	74,566	5,040
Operating expenses		74,384	76,161	26,850	26,753
Other operating expense		4,841	-	1,088	(426)
Finance cost		79,855	108,954	25,538	34,829
		159,080	185,115	53,476	61,156
Profit / (loss) for the period before taxation		91,981	(48,368)	21,090	(56,116)
Provision for taxation	9.1	-	-	-	-
Profit / (loss) for the period		91,981	(48,368)	21,090	(56,116)
Earnings per share - Basic and diluted (Rupees)		4.82	(2.53)	1.10	(2.94)

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 THIRD QUARTER ENDED MARCH 31, 2016**

	Nine month ended March 31,		Quarter ended March 31,	
	2016	2015	2016	2015
-----Rupees in '000'-----				
Profit / (loss) for the period	91,981	(48,368)	21,090	(56,116)
Other comprehensive income	-	-	-	-
Total comprehensive income / (loss) for the period	<u>91,981</u>	<u>(48,368)</u>	<u>21,090</u>	<u>(56,116)</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 THIRD QUARTER ENDED MARCH 31, 2016**

	Nine month ended March 31,	
	2016	2015
	-----Rupees in '000'-----	
<b>a) CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) for the period before taxation	91,981	(48,368)
Adjustments for :		
Depreciation of property, plant and equipment	82,772	64,018
Provision for staff retirement benefits	2,245	2,416
(Gain) on disposal of:		
Property, plant and equipment	(254)	(1,339)
Non operating land	(12,330)	-
Finance cost	79,855	108,954
Operating cash flows before working capital changes	244,269	125,681
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	19,457	22,924
Stock of oil and lubricants	(27,361)	67,152
Trade debts	(56,687)	(175,339)
Loans and advances	(87,787)	(85,979)
Deposits and prepayments	(41,209)	(5,266)
Other receivables	(17,590)	67,306
Increase / (Decrease) in current liabilities		
Trade and other payables	29,116	(78,240)
	(182,061)	(187,442)
Cash generated from / (used in) operating activities	62,208	(61,761)
Staff retirement benefits paid	(1,951)	(2,234)
Finance cost paid	(84,327)	(109,712)
Income tax paid	(2,590)	(2,605)
Net cash (used in) operating activities	(26,660)	(176,312)
<b>b) CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions in property, plant and equipment	(45,822)	(41,059)
Proceeds from disposal of:		
Property, plant and equipment	5,460	-
Non operating land	92,200	24,787
Refund against purchase on non operating land	-	43,269
Addition in long term deposits	(633)	-
Net cash generated from investing activities	51,205	26,997
<b>c) CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of :		
Redeemable capital	-	(155,000)
Liabilities against assets subject to finance lease	(1,842)	(1,206)
Long term loan	-	(100,000)
Increase in short term bank borrowings - net	8,456	413,942
Dividend paid	(23,567)	(37,841)
Net cash (used in) / generated from financing activities	(16,953)	119,895
Net increase / (decrease) in cash and cash equivalents (a+b+c)	7,592	(29,420)
Cash and cash equivalents at the beginning of the period	38,938	47,116
Cash and cash equivalents at the end of the period	46,530	17,696

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



CHIEF EXECUTIVE OFFICER

07



DIRECTOR



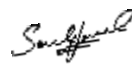
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE THIRD QUARTER ENDED MARCH 31, 2016**

	Issued, subscribed and paid up capital	Capital reserve	Revenue reserves			Total
		Share premium	General reserve	Unappropriated Profit	Sub total	
-----Rupees in '000'-----						
Balance as at July 01, 2014 - (Audited)	190,920	143,190	820,000	730,200	1,550,200	1,884,310
Transaction with owners:						
Dividend for the year ended June 30, 2014: Rs.2/- per share	-	-	-	(38,184)	(38,184)	(38,184)
Transferred to general reserve	-	-	100,000	(100,000)	-	-
Total comprehensive income for the period						
(Loss) for the period	-	-	-	(48,368)	(48,368)	(48,368)
Other comprehensive income	-	-	-	-	-	-
Balance as at March 31, 2015 - (Un-audited)	190,920	143,190	920,000	543,648	1,463,648	1,797,758
Total comprehensive income for the period						
Profit for the period	-	-	-	153,343	153,343	153,343
Other comprehensive income	-	-	-	-	-	-
Balance as at June 30, 2015 - (Audited)	190,920	143,190	920,000	696,991	1,616,991	1,951,101
Transaction with owners:						
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	-	-	-	91,981	91,981	91,981
Other comprehensive income	-	-	-	-	-	-
Balance as at March 31, 2016 - (Un-audited)	190,920	143,190	920,000	765,107	1,685,107	2,019,217

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



CHIEF EXECUTIVE OFFICER



DIRECTOR

**SELECTED EXPLANATORY NOTES TO THE  
CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE THIRD QUARTER ENDED MARCH 31, 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 all stock exchanges in Pakistan. The main object of the Company is generation and distribution of electricity. The registered office of the Company is situated at 601-602 Business Centre, Mumtaz Hasan Road, Karachi in the province of Sindh. The project is located at Tehsil Jaranwala, District Faisalabad in the province of Punjab.
- 1.2 The Company is implementing expansion project comprising electricity generation capacity of 21 MW.
- 1.3 This condensed interim financial information is presented in Pak Rupee, which is the Company's functional and presentation currency.

## **2. SIGNIFICANT ACCOUNTING POLICIES**

### **2.1 Statement of compliance**

- 2.1.1 This condensed interim financial information has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where the requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.
- 2.1.2 This condensed interim financial information is unaudited but subject to limited scope review by auditors and 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, 2015.

### **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, 2015 but are considered not to be relevant or not to have any significant effect on the Company's operations. The new standards, amendments and IFRIC interpretations that are relevant to the operations of the Company are disclosed in the published audited financial statements for the year ended June 30, 2015.

#### **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, 2015.

### **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, 2015.

**2.5 Estimates, judgments and risk management policies**

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

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

Significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on amounts recognized in this condensed interim financial information are the same as those disclosed in the published audited financial statements for the year ended June 30, 2015.

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, 2015.

	(Un-audited) March 31, 2016	(Audited) June 30, 2015
Note	-----Rupees in '000'-----	

**3. CONTINGENCIES AND COMMITMENTS**

**Contingencies**

There are no significant changes in contingent liabilities since the date of published audited financial statements for the year ended June 30, 2015 except following;

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

98,171                      97,171

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 minister of Petroleum and Natural Resources; Government of Pakistan.

137,953                      137,953

**Commitments**

Under letters of credit for stores and spares

4,727                      13,622

**4. Property, plant and equipment**

Operating assets	4.1 1,012,499	1,034,372
Capital work in progress	135,180	137,180
Non-operating land	513,918	592,740
Advance for purchase of property	-	20,000
	<u>1,661,597</u>	<u>1,784,292</u>

**4.1 Operating fixed assets**

Book value at beginning of period / year	1,034,372	1,037,277
Add: Addition during the period / year	4.1.1 65,822	108,085
Less: disposal during the period / year	(4,923)	(11,082)
Depreciation charge during the period / year	(82,772)	(99,908)
	<u>1,012,499</u>	<u>1,034,372</u>

**4.1.1 Additions to operating fixed assets, including transfer from capital work in progress, during the period / year were as follow**

Building on freehold land	42,800	25,321
Plant and machinery	-	79,270
Electric appliances	65	316
Furniture and fixture	-	117
Office equipment	340	447
Vehicles	22,617	2,614
	<u>65,822</u>	<u>108,085</u>

Note	Nine months ended March 31,		Quarter ended March 31,	
	2016	2015	2016	2015
	Rupees in '000'			
<b>5. Sales - net</b>				
Electricity	2,580,074	3,248,522	742,639	728,703
Steam	30,876	52,357	10,798	722
	2,610,950	3,300,879	753,437	729,425
Less: Sales tax	(389,323)	(497,628)	(109,442)	(116,184)
	2,221,627	2,803,251	643,995	613,241
Less: Electricity duty	(21,167)	(5,964)	(6,753)	(1,905)
	<u>2,200,460</u>	<u>2,797,287</u>	<u>637,242</u>	<u>611,336</u>

**6. Cost of generation**

Cost of gas, oil and lubricants	6.1	1,718,391	2,424,446	487,835	519,219
Salaries, wages and benefits		55,331	52,267	18,578	17,693
Retirement benefits		1,428	1,543	473	486
Stores, spares and loose tools		87,616	91,597	27,802	46,092
Insurance		4,122	4,100	1,399	1,377
Repairs and maintenance		9,795	21,359	3,417	3,252
Depreciation		76,120	56,970	32,824	17,615
Other		10,641	11,563	3,460	3,259
		<u>1,963,444</u>	<u>2,663,845</u>	<u>575,788</u>	<u>608,993</u>
<b>6.1 Cost of gas, oil and lubricants</b>					
Gas		521,479	301,887	105,877	46,010
Oil and lubricants		1,196,912	2,122,559	381,958	473,209
		<u>1,718,391</u>	<u>2,424,446</u>	<u>487,835</u>	<u>519,219</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, key management personnel and post employment benefit plan. Significant transactions with related parties are as follows:-

Relationship with the Company	Nature of transactions	Nine months ended March 31,	
		2016	2015
		Rupees in '000'	
Subsidiary	Advance for purchase of land	-	8,500
Associated undertakings	Sales	59,144	44,395
Key management personnel	Remuneration	14,827	12,085
Provident fund	Contribution for the period	2,245	2,416

**8. DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information was authorised for issue on April 26, 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 the annual financial statements.

**9.3** There is no unusual item included in this condensed interim financial information which is affecting equity, liabilities, assets, profit, comprehensive income or cash flows of the Company.

**9.4** Figures have been rounded off to the nearest thousand of Rupees except earnings per share which is in Rupees.

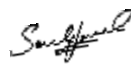
**CONDENSED INTERIM CONSOLIDATED BALANCE SHEET (UN-AUDITED)  
AS AT MARCH 31, 2016**

	(Un-audited) March 31, 2016	(Audited) June 30, 2015		(Un-audited) March 31, 2016	(Audited) June 30, 2015
Note	-----Rupees in '000'-----		Note	-----Rupees in '000'-----	
<b>SHARE CAPITAL AND RESERVES</b>			<b>NON-CURRENT ASSETS</b>		
Authorised capital 30,000,000 ordinary shares of Rs. 10/- each	<u>300,000</u>	<u>300,000</u>	Property, plant and equipment	5 1,658,080	1,780,780
			Long term deposits	1,758	1,125
				<u>1,659,838</u>	<u>1,781,905</u>
Issued, subscribed and paid up capital	190,920	190,920			
Reserves					
Capital reserve					
Share premium	143,190	143,190			
Revenue reserves					
General reserve	920,000	920,000			
Unappropriated profit	762,644	694,858			
	<u>2,016,754</u>	<u>1,948,968</u>			
Non-controlling interest	6	7			
	<u>2,016,760</u>	<u>1,948,975</u>			
<b>NON - CURRENT LIABILITIES</b>			<b>CURRENT ASSETS</b>		
Long term financing	200,000	200,000	Stores, spares and loose tools	267,168	286,624
Liabilities against assets subject to finance lease	5,169	2,500	Stocks	142,223	103,252
	<u>205,169</u>	<u>202,500</u>	Investment property	63,403	63,403
			Trade debts	916,594	859,907
<b>CURRENT LIABILITIES</b>			Loans and advances	106,865	39,069
Trade and other payables	424,470	401,775	Deposits and prepayments	51,848	10,639
Interest / mark up payable	24,445	28,917	Other receivables	87,779	70,189
Short term bank borrowings	720,083	711,627	Tax refunds due from		
Current portion of:			Government - income tax	40,463	36,342
Liabilities against assets subject to finance lease	3,697	1,876	Cash and bank balances	58,443	44,340
Provision for taxation - income tax	-	-		<u>1,734,786</u>	<u>1,513,765</u>
	<u>1,172,695</u>	<u>1,144,195</u>			
<b>CONTINGENCIES AND COMMITMENTS</b>					
	4 -	-			
	<u>3,394,624</u>	<u>3,295,670</u>		<u>3,394,624</u>	<u>3,295,670</u>

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



CHIEF EXECUTIVE OFFICER



DIRECTOR

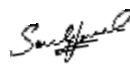
**CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE THIRD QUARTER ENDED MARCH 31, 2016**

	Note	Nine months ended March 31,		Quarter ended March 31,	
		2016	2015	2016	2015
-----Rupees in '000'-----					
Sales - net	6	2,216,320	2,797,287	653,101	611,336
Cost of generation and sales	7	1,978,667	2,663,845	591,011	608,993
Gross profit		237,653	133,442	62,090	2,343
Other income		14,045	3,305	13,113	2,697
		251,698	136,747	75,203	5,040
Operating expenses		75,350	77,054	27,203	27,140
Other operating expenses		4,841	-	1,088	(426)
Finance cost		79,857	108,955	25,539	34,829
		160,048	186,009	53,830	61,543
Profit / (loss) for the period before taxation		91,650	(49,262)	21,373	(56,503)
Provision for taxation	10.1	-	-	-	-
Profit / (loss) for the period		91,650	(49,262)	21,373	(56,503)
Attributable to:					
Shareholders of the Parent		91,651	(49,261)	21,373	(56,502)
Non-controlling interest		(1)	(1)	-	(1)
		91,650	(49,262)	21,373	(56,503)
Earnings per share - Basic and diluted					
Attributable to shareholders of the Parent (Rupees)		4.80	(2.58)	1.12	(2.96)

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 THIRD QUARTER ENDED MARCH 31, 2016**

	Nine months ended		Quarter ended	
	March 31,		March 31,	
	2016	2015	2016	2015
-----Rupees in '000'-----				
Profit / (loss) for the period	91,650	(49,262)	21,373	(56,503)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income / (loss) for the period	<u>91,650</u>	<u>(49,262)</u>	<u>21,373</u>	<u>(56,503)</u>
Attributable to:				
Shareholders of the Parent	91,651	(49,261)	21,373	(56,502)
Non-controlling interest	(1)	(1)	-	(1)
	<u>91,650</u>	<u>(49,262)</u>	<u>21,373</u>	<u>(56,503)</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 THIRD QUARTER ENDED MARCH 31, 2016**

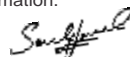
	Nine month ended March 31,	
	2016	2015
	-----Rupees in '000'-----	
<b>a) CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the period before taxation	91,650	(49,262)
Adjustments for :		
Depreciation of property, plant and equipment	82,775	64,021
Provision for staff retirement benefits	2,245	2,416
(Gain) on disposal of:		
Property, plant and equipment	(254)	(1,339)
Non operating land	(12,330)	-
Finance cost	79,856	108,955
Operating cash flows before working capital changes	243,942	124,791
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	19,457	22,924
Stocks	(38,971)	51,325
Trade debts	(56,687)	(175,339)
Loans and advances	(143,787)	(116,071)
Deposits and prepayments	(41,209)	(5,266)
Other receivables	(17,590)	67,306
Increase / (decrease) in current liabilities		
Trade and other payables	103,565	(42,752)
	(175,222)	(197,873)
Cash generated from / (used in) operating activities	68,720	(73,082)
Income tax paid	(2,590)	(2,605)
Staff retirement benefits paid	(1,951)	(2,234)
Finance cost paid	(84,328)	(109,712)
Net cash (used in) operating activities	(20,149)	(187,633)
<b>b) CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions in property, plant and equipment	(45,822)	(41,059)
Proceeds from disposal of:		
Property, plant and equipment	5,460	24,787
Non operating land	92,200	-
Refund against purchase on non operating land	-	43,269
Addition in long term deposits	(633)	-
Net cash generated from investing activities	51,205	26,997
<b>c) CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of :		
Redeemable capital	-	(155,000)
Liabilities against assets subject to finance lease	(1,842)	(1,206)
Long term loan	-	(100,000)
Increase in short term bank borrowings - net	8,456	413,942
Dividend paid	(23,567)	(37,841)
Net cash (used in) / generated from financing activities	(16,953)	119,895
Net increase / (decrease) in cash and cash equivalents (a+b+c)	14,103	(40,741)
Cash and cash equivalents at the beginning of the period	44,340	61,431
Cash and cash equivalents at the end of the period	58,443	20,690

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



CHIEF EXECUTIVE OFFICER

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DIRECTOR



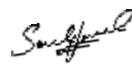
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE THIRD QUARTER ENDED MARCH 31, 2016**

	Issued, subscribed and paid up capital	Capital reserves Share premium	Revenue reserves			Total	Non controlling interest
			General reserve	Unappropriated profit	Sub total		
<b>Rupees in '000'</b>							
Balance as at July 01, 2014 - (Audited)	190,920	143,190	820,000	729,509	1,549,509	1,883,619	8
Transaction with owners:							
Dividend for the year ended June 30, 2014 : Rs.2/- per share	-	-	-	(38,184)	(38,184)	(38,184)	-
Transferred to general reserve	-	-	100,000	(100,000)	-	-	-
Total comprehensive income for the period							
(Loss) for the period	-	-	-	(49,262)	(49,262)	(49,262)	(1)
Other comprehensive income	-	-	-	(49,262)	(49,262)	(49,262)	(1)
Balance as at March 31, 2015 - (Un-audited)	190,920	143,190	920,000	542,063	1,462,063	1,796,173	7
Total comprehensive income for the period							
Profit for the period	-	-	-	152,795	152,795	152,795	-
Other comprehensive income	-	-	-	-	-	-	-
	-	-	-	152,795	152,795	152,795	-
Balance as at June 30, 2015 - (Audited)	190,920	143,190	920,000	694,858	1,614,858	1,948,968	7
Transaction with owners:							
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	-	-	-	91,651	91,651	91,651	(1)
Other comprehensive income	-	-	-	-	-	-	-
	-	-	-	91,651	91,651	91,651	(1)
Balance as at March 31, 2016 - (Un-audited)	190,920	143,190	920,000	762,644	1,682,644	2,016,754	6

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



CHIEF EXECUTIVE OFFICER



DIRECTOR

**SELECTED EXPLANATORY NOTES TO THE  
CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE THIRD QUARTER ENDED MARCH 31, 2016**

## **1. GROUP STATUS AND ACTIVITIES**

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

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

The Subsidiary is incorporated in Pakistan as a private limited company under the Companies Ordinance, 1984. The principal activity of the Subsidiary is trading in textile goods / machinery and real estate business. The registered office of the Subsidiary is situated at 601-602 Business centre, Mumtaz Hasan Road, Karachi, in the province of Sindh.

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

## **2. BASIS OF CONSOLIDATION**

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

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

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

## **3. SIGNIFICANT ACCOUNTING POLICIES**

### **3.1 Statement of compliance**

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

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

**3.1.3** This condensed interim consolidated financial information does not include all the information required for complete set of consolidated financial statements, and should be read in conjunction with the Group's published audited consolidated financial statements for the year ended June 30, 2015.

### **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, 2015 but are considered not to be relevant or not to have any significant effect on the Company's operations. The new standards, amendments and IFRIC interpretations that are relevant to the operations of the Company are disclosed in the published audited consolidated financial statements for the year ended June 30, 2015.

#### **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, 2015.

### **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, 2015.

### 3.5 Estimates, judgments and risk management policies

3.5.1 The preparation of 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, 2015.

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, 2015.

## 4. CONTINGENCIES AND COMMITMENTS

	(Un-audited) March 31, 2016	(Audited) June 30, 2015
Note	-----Rupees in '000'-----	
<b>Contingencies</b>		
There are no significant changes in contingent liabilities since the date of published audited financial statements for the year ended June 30, 2015 except following;		
Bank guarantees issued in favour of Sui Northern Gas Pipelines Limited for supply of gas.	98,171	97,171
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 minister of Petroleum and Natural Resources; Government of Pakistan.	137,953	137,953
<b>Commitments</b>		
Under letters of credit for stores and spares	4,727	13,622
Under agreement of purchase of land	4,800	6,500

## 5. PROPERTY, PLANT AND EQUIPMENT

Operating assets	5.1	1,012,533	1,034,409
Capital work in progress		135,180	137,180
Non-operating land		510,367	589,191
Advance for purchase of property		-	20,000
		<u>1,658,080</u>	<u>1,780,780</u>
<b>5.1 Operating fixed assets</b>			
Book value at beginning of period / year		1,034,409	1,037,318
Add: Addition during the period / year	5.1.1	65,822	108,085
Less: disposal during the period / year		(4,923)	(11,082)
Depreciation charge during the period / year		(82,775)	(99,912)
		<u>1,012,533</u>	<u>1,034,409</u>
<b>5.1.1 Additions to operating fixed assets, including transfer from capital work in progress, during the period / year were as follow</b>			
Building on freehold land		42,800	25,321
Plant and machinery		-	79,270
Electric appliances		65	316
Furniture and fixture		-	117
Office equipment		340	447
Vehicles		22,617	2,614
		<u>65,822</u>	<u>108,085</u>

	Nine months ended March 31,		Quarter ended March 31,	
	2016	2015	2016	2015
Note -----Rupees in '000'-----				
<b>6. Sales - net</b>				
Electricity	2,580,074	3,248,522	742,639	728,703
Steam	30,876	52,357	10,798	722
	2,610,950	3,300,879	753,437	729,425
Less: Sales tax	(389,323)	(497,628)	(109,442)	(116,184)
	2,221,627	2,803,251	643,995	613,241
Less: Electricity duty	(21,167)	(5,964)	(6,754)	(1,905)
	2,200,460	2,797,287	637,241	611,336
Land	15,860	-	15,860	-
	<u>2,216,320</u>	<u>2,797,287</u>	<u>653,101</u>	<u>611,336</u>

**7. Cost of generation and sales**

Cost of generation	7.1	1,963,444	2,663,815	575,788	608,993
Cost of sales - land		15,223	-	15,223	-
		<u>1,978,667</u>	<u>2,663,815</u>	<u>591,011</u>	<u>608,993</u>

**7.1 Cost of generation**

Cost of fuel, oil, gas and lubricants	1,718,391	2,424,446	487,835	519,219
Salaries, wages and benefits	55,331	52,267	18,578	17,693
Retirement benefits	1,428	1,543	473	486
Stores, spares and loose tools	87,616	91,567	27,802	46,092
Insurance	4,122	4,100	1,399	1,377
Repairs and maintenance	9,795	21,359	3,417	3,252
Depreciation	76,120	56,970	32,824	17,615
Other	10,641	11,563	3,460	3,259
	<u>1,963,444</u>	<u>2,663,815</u>	<u>575,788</u>	<u>608,993</u>

**7.1.1 Cost of gas, oil and lubricants**

Gas	521,479	301,887	105,877	46,010
Oil and lubricants	1,196,912	2,122,559	381,958	473,209
	<u>1,718,391</u>	<u>2,424,446</u>	<u>487,835</u>	<u>519,219</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, key management personnel and post employment benefit plan. Significant transactions with related parties are as follows:-

Relationship with the Company	Nature of transactions	Nine months ended March 31,	
		2016	2015
-----Rupees in '000'-----			
Associated undertakings	Sales	59,144	44,395
Key management personnel	Remuneration	14,827	12,085
Provident fund	Contribution for the period	2,245	2,416

**9. DATE OF AUTHORISATION FOR ISSUE**

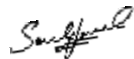
This condensed interim consolidated financial information was authorised for issue on April 26, 2016 by the Board of Directors of the Parent.

**10. GENERAL**

- 10.1** No provision for taxation has been made in this condensed Interim consolidated financial information as the profits and gains derived by the Company from electric power generation project are exempt from levy of Income tax under clause (132) of Part-I and clause 11A (v) of Part-IV of the Second Schedule to the Income Tax Ordinance, 2001.
- 10.2** Provision for workers' profit participation fund made in this condensed interim consolidated financial information is subject to adjustment in the annual consolidated financial statements.
- 10.3** There is no unusual item included in this condensed interim consolidated financial information which is affecting equity, liabilities, assets, profit, comprehensive income or cash flows of the Group.
- 10.4** Figures have been rounded off to the nearest thousand of Rupees except earning per share which is in Rupees.



CHIEF EXECUTIVE OFFICER



DIRECTOR