



Sitara Energy Limited

**Interim Report and Financial Statements
For the Half Year ended December 2016**





Sitara Energy Limited

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Consolidated Accounts

(Sitara Energy Ltd and Its Subsidiary Company)

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Company Information

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

1st Floor, 40-C, Block-6,
P.E.C.H.S, Karachi - 75400.
UAN : +92 (21) 111-000-322
Ph: +92 (21) 34168270
Fax: +92 (21) 34168271

Registered Office

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

Plant

33 K.M., Sheikhpura 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 duly reviewed by the statutory auditors for the Half Year ended December 31, 2016 (the Half Year).

Operational Financial Results:

The financial results for the Half Year of the current financial year as compared with the half year of the last financial year are as under:-

Financial Highlights	July – December 2016	July – December 2015
	Rupees in thousand	Rupees in thousand
Sales – net	1,022,897	1,563,219
Cost of generation	962,187	1,387,656
Gross profit	60,710	175,563
Gross profit ratio to revenue	5.94%	11.23%
(Loss) / profit after tax	(50,455)	70,891
(Loss) / earnings per share – Basic & diluted (Rs.)	(2.64)	3.71

The sales of the Company during the Half Year of the current financial year decreased to Rs. 1,022.897 Million as compared with Rs. 1,563.219 Million during the half year of last financial year due to lower load demand by Bulk Power Consumers (BPCs). The main reason of lower demand is higher price of RFO and LNG as compared to half year of the last financial year.

During the period under review, power plant generated 100,330 MWh of electricity by complying with all the operating standards as compared with 146,365 MWh generated during the half year of the last financial year.

The management is taking the requisite measures to maximize sale of electricity, efficiency in operation and reduction in cost leading to economical and profitable operations.

The profitability of the Company during the second half of the current financial year 2016-17 will largely depends upon availability of Natural Gas / LNG and RFO at viable price to remain competitive and the growth of the industrial sector in the area of supply.

We extend our gratitude to all our stakeholders for their continued support and the management & staff for their dedication in work in the larger interest of the Company.

By order of the board



Javed Iqbal
Chief Executive Officer

Faisalabad:
February 22, 2017

ستارہ انرجی لمیٹڈ اور اس کی ذیلی کمپنی کا بورڈ آف ڈائریکٹرز، کمپنی کی پہلی ششماہی 31 دسمبر 2016 کی رپورٹ بمعہ ملخص عبوری مالیاتی معلومات اور نظر ثانی شدہ برمطابق سٹیچورڈری آڈیٹرز پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

عملیاتی مالی نتائج

گزشتہ سال کی پہلی ششماہی کے مقابلے میں رواں مالی سال کی پہلی ششماہی کے مالیاتی نتائج حسب ذیل ہیں۔

مالیاتی اعداد و شمار	جولائی - دسمبر 2016ء	جولائی - دسمبر 2015ء
	پاکستانی روپے ہزاروں میں	پاکستانی روپے ہزاروں میں
فروخت آمدنی	1,022,897	1,563,219
پیداواری لاگت	962,187	1,387,656
مجموعی منافع	60,710	175,563
آمدنی میں مجموعی منافع کا تناسب	5.94%	11.23%
ٹیکسیشن کے بعد (نقصان) / منافع	(50,455)	70,891
ٹی شیئر (نقصان) / آمدنی	(2.64)	3.71
	Basic & diluted (Rs.)	

رواں مالی سال کی پہلی ششماہی کی فروخت آمدنی گزشتہ مالی سال کی پہلی ششماہی کی فروخت آمدنی 1,563,219 ملین روپے سے کم ہو کر 1,022,897 ملین روپے ہو گئی ہے۔ جسکی وجہ سے بڑے بجلی صارفین (Bulk Power Consumers) کی طرف سے کم لوڈ کی طلب ہے۔ طلب میں کمی کی بڑی وجہ فرنس آئل اور گیس کی قیمتوں میں نسبتاً گزشتہ مالیاتی سال کی پہلی ششماہی کے مقابلے میں اضافہ ہے۔

زیر جائزہ مدت کے دوران کمپنی نے تمام عملیاتی معیارات کی تکمیل کرتے ہوئے گزشتہ مالی سال کی پہلی ششماہی میں پیدا ہونے والے 146,365 میگا واٹ آوز کی نسبتاً 100,300 میگا واٹ آوز پیدا کئے۔

بجلی کی فروخت کو بڑھانے کے لئے کمپنی کی انتظامیہ آپریشنل لاگت میں کمی کے لئے مناسب اقدام کر رہی ہے تاکہ کمپنی کے آپریشن کو منافع بخش بنایا جاسکے۔

مالی سال 2016-17 کے پہلی ششماہی کا منافع بہت حد تک قدرتی گیس / مائع گیس اور فرنس آئل کی مناسب قیمت پر دستیابی اور علاقہ میں صنعتی ترقی پر منحصر ہے۔

ہم اپنے تمام سٹیک ہولڈرز اور انتظامیہ و عملہ کی ادارہ کے مفاد میں دلچسپی اور سخت محنت پر ان کے دل و جان سے مشکور ہیں۔

بحکم بورڈ



جاوید اقبال
چیف ایگزیکٹو آفیسر

فیصل آباد

22 فروری 2017ء

Auditors' Report on Review of Interim Financial Information to the Members

Introduction

We have reviewed the accompanying condensed interim balance sheet of Sitara Energy Limited (The Company) as at December 31, 2016, the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the half year then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with the approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended December 31, 2016 and 2015 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2016.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as at December 31, 2016 and for the half year then ended is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

February 22, 2017
Place: Faisalabad

RSM Avais Hyder Liaquat Nauman
Chartered Accountants
Engagement partner: Hamid Masood

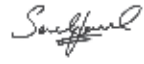
SITARA ENERGY LIMITED
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT DECEMBER 31, 2016

	(Un-audited) December 31, 2016	(Audited) June 30, 2016		(Un-audited) December 31, 2016	(Audited) June 30, 2016
Note Rupees in '000'		Note Rupees in '000'	
EQUITY AND LIABILITIES			ASSETS		
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	1,649,764	1,657,401
Issued, subscribed and paid up capital	190,920	190,920	Investment in subsidiary	49,995	49,995
Reserves			Long term deposits	1,347	1,347
Capital reserve - Share premium	143,190	143,190		1,701,106	1,708,743
Revenue reserves					
General reserve	970,000	920,000			
Unappropriated profit	696,906	835,545			
	2,001,016	2,089,655			
NON-CURRENT LIABILITIES			CURRENT ASSETS		
Long term financing	-	-	Stores, spares and loose tools	290,035	252,832
Liabilities against assets subject to finance lease	4,401	5,673	Stock of oil and lubricants	210,047	55,046
	4,401	5,673	Trade debts	1,058,064	862,430
			Loans and advances	321,828	246,439
			Deposits and prepayments	40,919	36,138
			Other receivables	39,679	39,679
			Tax refunds		
			due from Government	79,115	39,700
			Cash and bank balances	98,977	318,648
				2,138,664	1,850,912
CURRENT LIABILITIES					
Trade and other payables	628,813	462,022			
Interest / mark up payable	27,029	26,127			
Short term bank borrowings	975,151	771,874			
Current portion of					
Long term financing	200,000	200,000			
Liabilities against assets subject to finance lease	3,360	4,304			
Provision for taxation - income tax	-	-			
	1,834,353	1,464,327			
CONTINGENCIES AND COMMITMENTS					
	-	-			
	3,839,770	3,559,655		3,839,770	3,559,655

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



CHIEF EXECUTIVE OFFICER



DIRECTOR

SITARA ENERGY LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016

		Half year ended		Quarter ended	
		December 31		December 31	
		2016	2015	2016	2015
Note		----- Rupees in '000' -----			
Sales - net	5	1,022,897	1,563,219	464,314	767,155
Cost of generation	6	962,187	1,387,656	432,658	681,712
Gross profit		60,710	175,563	31,656	85,443
Other income		1,435	932	904	819
		62,145	176,495	32,560	86,262
Operating expenses		56,046	47,534	30,148	23,898
Other operating expense		-	3,753	-	1,882
Finance cost		56,554	54,317	28,592	25,135
		112,600	105,604	58,740	50,915
(Loss) / profit for the period before taxation		(50,455)	70,891	(26,180)	35,347
Provision for taxation	9.1	-	-	-	-
(Loss) / profit for the period		(50,455)	70,891	(26,180)	35,347
(Loss) / earnings per share -					
Basic and diluted (Rupees)		(2.64)	3.71	(1.37)	1.85

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



CHIEF EXECUTIVE OFFICER



DIRECTOR

SITARA ENERGY LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016

	Half year ended		Quarter ended	
	December 31		December 31	
	2016	2015	2016	2015
	----- Rupees in '000' -----			
(Loss) / profit for the period	(50,455)	70,891	(26,180)	35,347
Other comprehensive income	-	-	-	-
Total comprehensive (loss) / income for the period	(50,455)	70,891	(26,180)	35,347

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



CHIEF EXECUTIVE OFFICER



DIRECTOR

SITARA ENERGY LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016

	Half year ended December 31,	
	2016	2015
	Rupees in '000'	
a) CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit for the period before taxation	(50,455)	70,891
Adjustments for :		
Depreciation of property, plant and equipment	15,051	47,791
Provision for staff retirement benefits	1,521	1,504
(Gain) on disposal of operating assets	-	(155)
Finance cost	56,554	54,317
Operating cash flows before working capital changes	22,671	174,348
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(37,203)	22,316
Stock of oil and lubricants	(155,001)	36,101
Trade debts	(195,634)	(28,993)
Loans and advances	(77,559)	(1,015)
Deposits and prepayments	(4,781)	(14,283)
Tax refunds due from Government	(33,881)	-
Increase / (decrease) in current liabilities		
Trade and other payables	155,304	(38,147)
	(348,755)	(24,021)
Cash (used in) / generated from operating activities	(326,084)	150,327
Staff retirement benefits paid	(2,013)	(1,223)
Finance cost paid	(55,652)	(57,554)
Income tax paid	(3,364)	(1,654)
Net cash (used in) / generated from operating activities	(387,113)	89,896
b) CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in property, plant and equipment	(7,414)	(37,955)
Proceeds from disposal of operating assets	-	4,260
Addition in long term deposits	-	(251)
Net cash (used in) investing activities	(7,414)	(33,946)
c) CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of:		
Liabilities against assets subject to finance lease	(2,216)	(1,193)
Increase / (decrease) in short term bank borrowings - net	203,277	(41,576)
Dividend paid	(26,205)	(19,823)
Net cash generated from / (used in) financing activities	174,856	(62,592)
Net (Decrease) in cash and cash equivalents (a+b+c)	(219,671)	(6,642)
Cash and cash equivalents at the beginning of the period	318,648	38,938
Cash and cash equivalents at the end of the period	98,977	32,296

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



CHIEF EXECUTIVE OFFICER



DIRECTOR

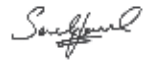
SITARA ENERGY LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016

	Issued, subscribed and paid up capital	Capital reserve Share premium	Revenue reserve			Total
			General reserve	Unappropriated profit	Sub total	
----- Rupees -----						
Balance as at July 01, 2015 - (Audited)	190,920	143,190	920,000	696,990	1,616,990	1,951,100
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	-	-	-	70,890	70,890	70,890
Other comprehensive income	-	-	-	-	-	-
	-	-	-	70,890	70,890	70,890
Balance as at December 31, 2015 - (Un-audited)	190,920	143,190	920,000	744,015	1,664,015	1,998,125
Total comprehensive income for the period						
Profit for the period	-	-	-	91,530	91,530	91,530
Other comprehensive income	-	-	-	-	-	-
	-	-	-	91,530	91,530	91,530
Balance as at June 30, 2016 - (Audited)	190,920	143,190	920,000	835,545	1,755,545	2,089,655
Transaction with owners:						
Dividend for the year ended						
June 30, 2016: Rs.-2/- per share	-	-	-	(38,184)	(38,184)	(38,184)
Transfer to general reserve	-	-	50,000	(50,000)	-	-
Total comprehensive loss for the period						
(Loss) for the period	-	-	-	(50,455)	(50,455)	(50,455)
Other comprehensive income	-	-	-	-	-	-
	-	-	-	(50,455)	(50,455)	(50,455)
Balance as at December 31, 2016 - (Un-audited)	190,920	143,190	970,000	696,906	1,666,906	2,001,016

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



CHIEF EXECUTIVE OFFICER



DIRECTOR

SITARA ENERGY LIMITED
SELECTED EXPLANATORY NOTES TO THE
CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 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 Pakistan stock exchange. 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, 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, 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.

2.2.2 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,

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.

2.3 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 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.

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, 2016.

	(Un-Audited) December 31, 2016	(Audited) June 30, 2016
Note	----- Rupees in '000' -----	

Commitments

Under letters of credit for stores and spares

1,077

18,787

4. Property, plant and equipment

Operating assets

4.1

996,228

1,011,050

Capital work in progress

139,026

139,026

Non-operating land

514,510

507,325

1,649,764

1,657,401

Note	(Un-Audited)	(Audited)
	December 31, 2016	June 30, 2016
----- Rupees in '000' -----		
4.1 Operating assets		
Book value at beginning of period / year	1,011,050	1,034,372
Add: Addition during the period / year 4.1.1	230	78,288
Less: disposal during the period / year	-	(5,639)
Depreciation charge during the period / year	(15,052)	(95,971)
	<u>996,228</u>	<u>1,011,050</u>
4.1.1 Additions to operating assets, during the period / year were as follow		
Building on freehold land	-	42,400
Plant and machinery	-	10,000
Electric appliances	90	178
Furniture and fixture	-	102
Office equipment	-	340
Vehicles	140	25,268
	<u>230</u>	<u>78,288</u>

Note	(Un-audited)		(Un-audited)	
	Half year ended		Quarter ended	
	December 31, 2016	2015	December 31, 2016	2015
----- (Rupees in '000') -----				

5. Sales - net

Electricity	1,184,416	1,837,435	535,858	901,435
Steam	20,073	20,078	10,234	10,664
	<u>1,204,489</u>	<u>1,857,513</u>	<u>546,092</u>	<u>912,099</u>
Less: Sales tax	(174,423)	(279,881)	(78,745)	(137,237)
	<u>1,030,066</u>	<u>1,577,632</u>	<u>467,347</u>	<u>774,862</u>
Less: Electricity duty	(7,169)	(14,413)	(3,033)	(7,707)
	<u>1,022,897</u>	<u>1,563,219</u>	<u>464,314</u>	<u>767,155</u>

6. Cost of generation

Cost of gas, oil and lubricants 6.1	865,887	1,230,556	393,255	594,280
Salaries, wages and benefits	35,905	36,753	16,789	19,929
Retirement benefits	948	955	473	483
Stores, spares and loose tools	32,298	59,814	9,896	33,517
Insurance	3,135	2,723	1,530	1,316
Repairs and maintenance	5,881	6,378	2,638	2,240
Depreciation	11,064	43,296	4,661	26,314
Other	7,069	7,181	3,416	3,633
	<u>962,187</u>	<u>1,387,656</u>	<u>432,658</u>	<u>681,712</u>

(Un-audited) Half year ended December 31, 2016		(Un-audited) Quarter ended December 31, 2015	
----- (Rupees in '000') -----			

6.1 Cost of gas, oil and lubricants

Gas	132,149	415,602	33,461	207,159
Oil and lubricants	733,738	814,954	359,794	387,121
	<u>865,887</u>	<u>1,230,556</u>	<u>393,255</u>	<u>594,280</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 transaction	Half year ended December 31,	
		2016	2015
----- Rupees in '000' -----			
Subsidiary	Loan given	87,000	-
	Loan received	7,600	-
Associated undertakings	Sales	54,003	59,144
Key management personnel	Remuneration	12,900	8,130
Provident fund	Contribution for the period	1,521	1,504

8. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on February 22, 2017 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 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.

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



CHIEF EXECUTIVE OFFICER



DIRECTOR

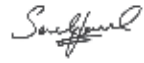
SITARA ENERGY LIMITED AND ITS SUBSIDIARY COMPANY
CONDENSED INTERIM CONSOLIDATED BALANCE SHEET
AS AT DECEMBER 31, 2016

	(Un-audited) December 31, 2016	(Audited) June 30, 2016		(Un-audited) December 31, 2016	(Audited) June 30, 2016	
	Note Rupees in '000'			Note Rupees in '000'		
SHARE CAPITAL AND RESERVES			NON-CURRENT ASSETS			
Authorised capital			Property, plant and equipment	5	1,646,245	1,653,883
30,000,000 ordinary shares of Rs. 10/- each	300,000	300,000	Long term deposits		1,347	1,347
					1,647,592	1,655,230
Issued, subscribed and paid up capital	190,920	190,920				
Reserves						
Capital reserve						
Share premium	143,190	143,190				
Revenue reserves						
General reserve	970,000	920,000				
Unappropriated profit	692,901	832,205				
	1,997,011	2,086,315				
Non-controlling interest	5	6				
	1,997,016	2,086,321				
NON - CURRENT LIABILITIES			CURRENT ASSETS			
Long term financing	-	-	Stores, spares and loose tools		290,035	252,832
Liabilities against assets subject to finance lease	4,401	5,673	Stocks	6	308,228	110,926
	4,401	5,673	Investment property		63,403	63,403
			Trade debts		1,058,064	862,430
CURRENT LIABILITIES			Loans and advances	7	183,618	148,221
Trade and other payables	630,039	463,120	Deposits and prepayments		40,919	36,138
Interest / mark up payable	27,029	26,127	Other receivables		39,679	39,679
Short term bank borrowings	975,151	771,874	Tax refunds			
Current portion of :			due from Government		80,168	40,462
Long term financing	200,000	200,000	Cash and bank balances		125,290	348,098
Liabilities against assets subject to finance lease	3,360	4,304			2,189,404	1,902,189
Provision for taxation - income tax	-	-				
	1,835,579	1,465,425				
CONTINGENCIES AND COMMITMENTS						
	4	-				
	3,836,996	3,557,419				

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



CHIEF EXECUTIVE OFFICER



DIRECTOR

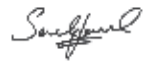
SITARA ENERGY LIMITED AND ITS SUBSIDIARY COMPANY
CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016

	Note	Half year ended		Quarter ended	
		December 31		December 31	
		2016	2015	2016	2015
----- Rupees in '000' -----					
Sales - net	8	1,022,897	1,563,219	464,314	767,155
Cost of generation	9	962,187	1,387,656	432,658	681,712
Gross profit		60,710	175,563	31,656	85,443
Other income		1,435	932	904	819
		62,145	176,495	32,560	86,262
Operating expenses		56,712	48,147	30,517	24,202
Other operating expenses		-	3,753	-	1,882
Finance cost		56,554	54,318	28,592	25,136
		113,266	106,218	59,109	51,220
(Loss) / profit for the period before taxation		(51,121)	70,277	(26,549)	35,042
Provision for taxation	12.1	-	-	-	-
(Loss) / profit for the period		(51,121)	70,277	(26,549)	35,042
Attributable to:					
Shareholders of the Parent		(51,120)	70,278	(26,549)	35,042
Non-controlling interest		(1)	(1)	-	-
		(51,121)	70,277	(26,549)	35,042
(Loss) / earnings per share - Basic and diluted					
Attributable to shareholders of the Parent (Rupees)		(2.68)	3.68	(1.39)	1.84

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



CHIEF EXECUTIVE OFFICER



DIRECTOR

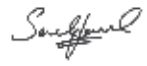
SITARA ENERGY LIMITED AND ITS SUBSIDIARY COMPANY
CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016

	Half year ended		Quarter ended	
	December 31		December 31	
	2016	2015	2016	2015
----- Rupees in '000' -----				
(Loss) / profit for the period	(51,121)	70,277	(26,549)	35,042
Other comprehensive income for the period	-	-	-	-
Total comprehensive (loss) / income for the period	(51,121)	70,277	(26,549)	35,042
Attributable to:				
Shareholders of the Parent	(51,120)	70,278	(26,549)	35,042
Non-controlling interest	(1)	(1)	-	-
	(51,121)	70,277	(26,549)	35,042

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



CHIEF EXECUTIVE OFFICER



DIRECTOR

SITARA ENERGY LIMITED AND ITS SUBSIDIARY COMPANY
CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016

	Half year ended	
	December 31,	
	2016	2015
	Rupees in '000'	
a) CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit for the period before taxation	(51,121)	70,277
Adjustments for :		
Depreciation of property, plant and equipment	15,053	47,793
Provision for staff retirement benefits	1,521	1,504
(Gain) on disposal of operating assets	-	(155)
Finance cost	56,554	54,318
Operating cash flows before working capital changes	22,007	173,737
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(37,203)	22,316
Stocks	(197,302)	9,268
Trade debts	(195,634)	(28,993)
Loans and advances	(37,570)	18,385
Deposits and prepayments	(4,781)	(14,283)
Tax refunds due from Government	(34,171)	-
Increase / (decrease) in current liabilities		
Advances against sale of land	-	6,360
Trade and other payables	155,433	(38,173)
	(351,228)	(25,120)
Cash (used in) / generated from operating activities	(329,221)	148,617
Income tax paid	(3,364)	(1,762)
Staff retirement benefits paid	(2,013)	(1,223)
Finance cost paid	(55,652)	(57,555)
Net cash (used in) / generated from operating activities	(390,250)	88,077
b) CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in property, plant and equipment	(7,414)	(37,955)
Proceeds from disposal of :		
Operating assets	-	4,260
Addition in long term deposits	-	(251)
Net cash (used in) investing activities	(7,414)	(33,946)
c) CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of :		
Liabilities against assets subject to finance lease	(2,216)	(1,193)
Increase / (decrease) in short term bank borrowings - net	203,277	(41,576)
Dividend paid	(26,205)	(19,823)
Net cash generated from / (used in) financing activities	174,856	(62,592)
Net (decrease) in cash and cash equivalents (a+b+c)	(222,808)	(8,461)
Cash and cash equivalents at the beginning of the period	348,098	44,340
Cash and cash equivalents at the end of the period	125,290	35,879

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



CHIEF EXECUTIVE OFFICER



DIRECTOR

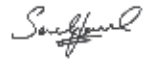
SITARA ENERGY LIMITED AND ITS SUBSIDIARY COMPANY
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016

	Issued, subscribed and paid up capital	Capital reserve Share premium	Revenue reserve			Total	Non controlling interest
			General reserve	Unappropriated profit	Sub total		
Balance as at July 01, 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	-	-	-	70,278	70,278	70,278	(1)
Other comprehensive income	-	-	-	-	-	-	-
Balance as at December 31, 2015 - (Un-audited)	190,920	143,190	920,000	741,271	1,661,271	1,995,381	6
Total comprehensive income for the period							
Profit for the period	-	-	-	90,934	90,934	90,934	-
Other comprehensive income	-	-	-	-	-	-	-
Balance as at June 30, 2016 - (Audited)	190,920	143,190	920,000	832,205	1,752,205	2,086,315	6
Transaction with owners:							
Dividend for the year ended							
June 30, 2016 : Rs.2 /- per share	-	-	-	(38,184)	(38,184)	(38,184)	-
Transfer to general reserves	-	-	50,000	(50,000)	-	-	-
Total comprehensive (loss) for the period							
(Loss) for the period	-	-	-	(51,120)	(51,120)	(51,120)	(1)
Other comprehensive income	-	-	-	-	-	-	-
Balance as at December 31, 2016 - (Un-audited)	190,920	143,190	970,000	692,901	1,662,901	1,997,011	5

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



CHIEF EXECUTIVE OFFICER



DIRECTOR

SITARA ENERGY LIMITED AND ITS SUBSIDIARY COMPANY
SELECTED EXPLANATORY NOTES TO THE
CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 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 Pakistan stock exchange. 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, 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, 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 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 available for sale investments which are stated at their 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 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.

4. 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, 2016.

		(Un-Audited) December 31, 2016	(Audited) June 30, 2016
	Note	----- Rupees in '000' -----	
Commitments			
Under letters of credit for stores and spares		1,077	18,787
Under agreement for purchase of land		93,491	93,491
5. PROPERTY, PLANT AND EQUIPMENT			
Operating assets	5.1	996,260	1,011,083
Capital work in progress		139,026	139,026
Non-operating land		510,959	503,774
		<u>1,646,245</u>	<u>1,653,883</u>
5.1 Operating assets			
Book value at beginning of period / year		1,011,083	1,034,409
Add: Addition during the period / year	5.1.1	230	78,288
Less: disposal during the period / year		-	(5,639)
Depreciation charge during the period / year		(15,053)	(95,975)
		<u>996,260</u>	<u>1,011,083</u>
5.1.1 Additions to operating assets during the period / year were as follow			
Building on freehold land		-	42,400
Plant and machinery		-	10,000
Electric appliances		90	178
Furniture and fixture		-	102
Office equipment		-	340
Vehicles		140	25,268
		<u>230</u>	<u>78,288</u>

	Note	(Un-Audited)	(Audited)
		December 31, 2016	June 30, 2016
		Rupees in '000'	
6. Stocks	6.1	308,228	110,926
6.1			
It includes advance of Rs 39.7 million to associated undertaking for purchase of land.			
7. Loans and advances	7.1	183,618	148,221
7.1			
It includes advance of Rs. 147.7 million for purchase of land through associated undertakings for development project under joint venture arrangement.			

	Note	(Un-audited)		(Un-audited)	
		Half year ended December 31,		Quarter ended December 31,	
		2016	2015	2016	2015
		Rupees in '000'			

8. Sales - net

Electricity	1,184,416	1,837,435	535,858	901,435
Steam	20,073	20,078	10,234	10,664
	1,204,489	1,857,513	546,092	912,099
Less: Sales tax	(174,423)	(279,881)	(78,745)	(137,237)
	1,030,066	1,577,632	467,347	774,862
Less: Electricity duty	(7,169)	(14,413)	(3,033)	(7,707)
	1,022,897	1,563,219	464,314	767,155

9. Cost of generation

Cost of fuel, oil, gas and lubricants	9.1	865,887	1,230,556	393,255	594,280
Salaries, wages and benefits		35,905	36,753	16,789	19,929
Retirement benefits		948	955	473	483
Stores, spares and loose tools		32,298	59,814	9,896	33,517
Insurance		3,135	2,723	1,530	1,316
Repairs and maintenance		5,881	6,378	2,638	2,240
Depreciation		11,064	43,296	4,661	26,314
Other		7,069	7,181	3,416	3,633
		962,187	1,387,656	432,658	681,712

9.1 Cost of gas, oil and lubricants

Gas	132,149	415,602	33,461	207,159
Oil and lubricants	733,738	814,954	359,794	387,121
	865,887	1,230,556	393,255	594,280

10. 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	Nature of transaction	(Un-audited) Half year ended December 31,	
		2016	2015
		----- Rupees in '000' -----	
Associated undertakings	Sales	54,003	59,144
	Advance for purchase of land	39,700	-
Key management personnel	Remuneration	12,900	8,130
Provident fund	Contribution for the period	1,521	1,504

11. DATE OF AUTHORISATION FOR ISSUE

This condensed interim consolidated financial information was authorised for issue on February 22, 2017 by the Board of Directors of the Parent.

12. GENERAL

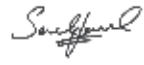
12.1 No provision for taxation has been made in this condensed Interim consolidated financial information as the profits and gains derived by the Parent Company from electric power generation project are exempt from levy of Income tax under clause (132) of Part-I and clause 11A (v) of Part-IV of the Second Schedule to the Income Tax Ordinance, 2001 and there is no taxable income of subsidiary.

12.2 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.

12.3 Figures have been rounded off to the nearest thousand of Rupees except earning per share which is in Rupees.



CHIEF EXECUTIVE OFFICER



DIRECTOR

If undelivered please return to:

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601-602 Business Centre,
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Tel: 021-32420620-32413944

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