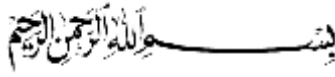


Sitara Energy Limited

Interim Report and Financial Statement

For the period ended July-December 2015



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SITARA ENERGY LIMITED AND ITS SUBSIDIARY COMPANY

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COMPANY INFORMATION

Board of Directors

Mrs. Noureen Javed (Chairperson)
Mr. Javed Iqbal (Chief Executive Officer)
Mr. Sarosh Javed
Mrs. Haniah Javed
Mr. Rana M. Arshad Iqbal
Mr. Mukhtar A. Sheikh
Mst. Naseem Akhtar

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
Mrs. Noureen Javed

Audit Committee

Mr. Rana M. Arshad Iqbal (Chairman)
Mrs. Haniah Javed
Mst. Naseem Akhtar

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 of Sitara Energy Limited (the Company) feel pleasure to present you the brief report together with operational and financial results of the Company duly reviewed by the statutory auditors for the Half Year ended December 31, 2015 (the Half Year).

We report that during the Half Year under review, sales revenue stood at Rs. 1,563.219 million as compared to Rs. 2,185.951 million in the corresponding Half Year ended on December 31, 2014 (the corresponding Half Year). The Company earned net profit of Rs. 70.891 million and demonstrated earning per share (EPS) of Rs. 3.71 compared with net profit of Rs. 7.748 million and an EPS of Rs. 0.41 during the corresponding Half Year.

Decrease in the sales revenue of the Company was mainly due to decrease in RFO prices. During the Half Year under review the Company generated 146,365 MWH of electricity which was 5.59% higher as compared to 138,619 MWH during the corresponding Half Year. 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 pursuance with determination by the management of the Company.

The Board would like to thank and appreciate its employees, customers and strategic business partners for their dedication, commitment and contributions in helping to achieve phenomenal operational results. The Board also owes a great debt of gratitude to suppliers, contractors, Government authorities, the financial institutions and shareholders for their strong support to the Company.

By order of the Board



JAVED IQBAL
Chief Executive Officer

February 22, 2016
Faisalabad:

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, 2015, 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, 2015 and 2014 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2015.

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, 2015 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, 2016
Faisalabad

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

**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT DECEMBER 31, 2015**

	(Un-audited) December 31, 2015	(Audited) June 30, 2015		(Un-audited) December 31, 2015	(Audited) June 30, 2015
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	1,772,863	1,784,292
Issued, subscribed and paid up capital	190,920	190,920	Investment in subsidiary	49,995	49,995
Reserves			Long term deposits	1,376	1,125
Capital reserve - Share premium	143,190	143,190		1,824,234	1,835,412
Revenue reserves					
General reserve	920,000	920,000			
Unappropriated profit	744,017	696,991			
	1,998,127	1,951,101			
NON-CURRENT LIABILITIES					
Long term financing	200,000	200,000			
Liabilities against assets subject to finance lease	3,012	2,500			
	203,012	202,500			
CURRENT LIABILITIES			CURRENT ASSETS		
Trade and other payables	366,876	400,700	Stores, spares and loose tools	264,309	286,625
Interest / mark up payable	25,681	28,917	Stock of oil and lubricants	20,454	56,555
Short term bank borrowings	670,051	711,627	Trade debts	888,900	859,907
Current portion of Liabilities against assets subject to finance lease	2,682	1,876	Loans and advances	101,425	102,487
Provision for taxation - income tax	-	-	Deposits and prepayments	24,922	10,639
	1,065,290	1,143,120	Other receivables	70,189	70,189
			Tax refunds due from Government - income tax	39,700	35,969
			Cash and bank balances	32,296	38,938
				1,442,195	1,461,309
CONTINGENCIES AND COMMITMENTS	3	-			
	-	-			
	3,266,429	3,296,721		3,266,429	3,296,721

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 HALF YEAR ENDED DECEMBER 31, 2015**

	Note	Half year ended		Quarter ended	
		December 31, 2015	2014	December 31, 2015	2014
----- Rupees in '000'-----					
Sales - net	5	1,563,219	2,185,951	767,155	971,989
Cost of generation	6	1,387,656	2,054,852	681,712	941,339
Gross profit		175,563	131,099	85,443	30,650
Other income		932	608	819	275
		176,495	131,707	86,262	30,925
Operating expenses		47,534	49,408	23,898	23,725
Other operating expense		3,753	426	1,882	(1,321)
Finance cost		54,317	74,125	25,135	33,971
		105,604	123,959	50,915	56,375
Profit / (loss) for the period before taxation		70,891	7,748	35,347	(25,450)
Provision for taxation	9.1	-	-	-	-
Profit / (loss) for the period		70,891	7,748	35,347	(25,450)
Earnings per share - Basic and diluted (Rupees)		3.71	0.41	1.85	(1.33)

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 HALF YEAR ENDED DECEMBER 31, 2015**

	Half year ended December 31,		Quarter ended December 31,	
	2015	2014	2015	2014
-----Rupees in '000'-----				
Profit / (loss) for the period	70,891	7,748	35,347	(25,450)
Other comprehensive income	-	-	-	-
Total comprehensive income / (loss) for the period	<u>70,891</u>	<u>7,748</u>	<u>35,347</u>	<u>(25,450)</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 HALF YEAR ENDED DECEMBER 31, 2015**

	Half year ended December 31,	
	2015	2014
	-----Rupees in '000'-----	
a) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period before taxation	70,891	7,748
Adjustments for :		
Depreciation of property, plant and equipment	47,791	44,028
Provision for staff retirement benefits	1,504	1,650
(Gain) on disposal of operating assets	(155)	-
Finance cost	54,317	74,125
Operating cash flows before working capital changes	174,348	127,551
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	22,316	(8,507)
Stock of oil and lubricants	36,101	73,936
Trade debts	(28,993)	(117,780)
Loans and advances	(1,015)	(4,937)
Deposits and prepayments	(14,283)	(5,632)
Other receivables	-	87,589
(Decrease) in current liabilities		
Trade and other payables	(38,147)	(88,190)
	(24,021)	(63,521)
Cash generated from operating activities	150,327	64,030
Staff retirement benefits paid	(1,223)	(1,450)
Finance cost paid	(57,554)	(70,883)
Income tax paid	(1,654)	(1,975)
Net cash generated from / (used in) operating activities	89,896	(10,278)
b) CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in property, plant and equipment	(37,955)	(49,362)
Proceeds from disposal of operating assets	4,260	-
Addition in long term deposits	(251)	-
Net cash (used in) investing activities	(33,946)	(49,362)
c) CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of :		
Redeemable capital	-	(155,000)
Liabilities against assets subject to finance lease	(1,193)	(791)
Long term loan	-	(100,000)
(Decrease) / increase in short term bank borrowings - net	(41,576)	484,066
Dividend paid	(19,823)	(35,690)
Net cash (used in) / generated from financing activities	(62,592)	192,585
Net (Decrease) / increase in cash and cash equivalents (a+b+c)	(6,642)	132,945
Cash and cash equivalents at the beginning of the period	38,938	47,116
Cash and cash equivalents at the end of the period	32,296	180,061

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



CHIEF EXECUTIVE OFFICER

08



DIRECTOR

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

	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						
Profit for the period	-	-	-	7,748	7,748	7,748
Other comprehensive income	-	-	-	-	-	-
Balance as at December 31, 2014 - (Un-audited)	190,920	143,190	920,000	599,764	1,519,764	1,853,874
Total comprehensive income for the period						
Profit for the period	-	-	-	97,227	97,227	97,227
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	-	-	-	70,891	70,891	70,891
Other comprehensive income	-	-	-	-	-	-
Balance as at December 31, 2015 - (Un-audited)	190,920	143,190	920,000	744,017	1,664,017	1,998,127

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 HALF YEAR ENDED DECEMBER 31, 2015**

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) December 31, 2015	(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
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Commitments

Under letters of credit for stores and spares

	4,727	13,622
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4. Property, plant and equipment

Operating assets	4.1 1,044,112	1,034,372
Capital work in progress	135,180	137,180
Non-operating land	593,571	592,740
Advance for purchase of property	-	20,000
	<u>1,772,863</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 61,636	108,085
Less: disposal during the period / year	(4,105)	(11,082)
Depreciation charge during the period / year	(47,791)	(99,908)
	<u>1,044,112</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	130	447
Vehicles	18,641	2,614
	<u>61,636</u>	<u>108,085</u>

	Half year ended		Quarter ended	
	December 31,		December 31,	
	2015	2014	2015	2014
Note	----- Rupees in '000' -----			
5. Sales - net				
Electricity	1,837,435	2,519,819	901,435	1,127,271
Steam	20,078	51,635	10,664	20,182
	1,857,513	2,571,454	912,099	1,147,453
Less: Sales tax	(279,881)	(381,444)	(137,237)	(173,816)
	1,577,632	2,190,010	774,862	973,637
Less: Electricity duty	(14,413)	(4,059)	(7,707)	(1,648)
	<u>1,563,219</u>	<u>2,185,951</u>	<u>767,155</u>	<u>971,989</u>

6. Cost of generation

Cost of gas, oil and lubricants	6.1	1,230,556	1,905,227	594,280	866,421
Salaries, wages and benefits		36,753	34,574	19,929	19,738
Retirement benefits		955	1,057	483	518
Stores, spares and loose tools		59,814	45,505	33,517	18,273
Insurance		2,723	2,723	1,316	1,325
Repairs and maintenance		6,378	18,107	2,240	15,069
Depreciation		43,296	39,355	26,314	16,034
Other		7,181	8,304	3,633	3,961
		<u>1,387,656</u>	<u>2,054,852</u>	<u>681,712</u>	<u>941,339</u>
6.1 Cost of gas, oil and lubricants					
Gas		415,602	255,877	207,159	81,143
Oil and lubricants		814,954	1,649,350	387,121	785,278
		<u>1,230,556</u>	<u>1,905,227</u>	<u>594,280</u>	<u>866,421</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	Half year ended	
		December 31,	
		2015	2014
		----- Rupees in '000' -----	
Subsidiary	Advance for purchase of land	-	8,500
Associated undertakings	Sales	59,144	25,857
Key management personnel	Remuneration	8,130	7,915
Provident fund	Contribution for the period	1,504	1,650

8. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on February 22, 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 DECEMBER 31, 2015**

	(Un-audited) December 31, 2015	(Audited) June 30, 2015		(Un-audited) December 31, 2015	(Audited) June 30, 2015
	Note -----Rupees in '000'-----			Note -----Rupees in '000'-----	
SHARE CAPITAL AND RESERVES			NON-CURRENT ASSETS		
Authorised capital 30,000,000 ordinary shares of Rs. 10/- each	300,000	300,000	Property, plant and equipment	5 1,769,347	1,780,780
			Long term deposits	1,376	1,125
				1,770,723	1,781,905
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	741,271	694,858			
	1,995,381	1,948,968			
Non-controlling interest	6	7			
	1,995,387	1,948,975			
NON - CURRENT LIABILITIES			CURRENT ASSETS		
Long term financing	200,000	200,000	Stores, spares and loose tools	264,309	286,624
Liabilities against assets subject to finance lease	3,012	2,500	Stocks	93,984	103,252
	203,012	202,500	Investment property	63,403	63,403
			Trade debts	888,900	859,907
CURRENT LIABILITIES			Loans and advances	18,325	39,069
Trade and other payables	367,923	401,775	Deposits and prepayments	24,922	10,639
Interest / mark up payable	25,681	28,917	Other receivables	70,189	70,189
Short term bank borrowings	670,051	711,627	Tax refunds due from		
Advance against sale of land	6,360	-	Government - income tax	40,462	36,342
Current portion of			Cash and bank balances	35,879	44,340
Liabilities against assets subject to finance lease	2,682	1,876		1,500,373	1,513,765
Provision for taxation - income tax	-	-			
	1,072,697	1,144,195			
CONTINGENCIES AND COMMITMENTS					
	4	-			
	3,271,096	3,295,670		3,271,096	3,295,670

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


CHIEF EXECUTIVE OFFICER


DIRECTOR

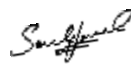
**CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

	Note	Half year ended December 31,		Quarter ended December 31,	
		2015	2014	2015	2014
-----Rupees in '000'-----					
Sales - net	6	1,563,219	2,185,951	767,155	971,989
Cost of generation	7	1,387,656	2,054,852	681,712	941,339
Gross profit		175,563	131,099	85,443	30,650
Other income		932	608	819	275
		176,495	131,707	86,262	30,925
Operating expenses		48,147	49,913	24,202	23,936
Other operating expenses		3,753	426	1,882	(1,321)
Finance cost		54,318	74,126	25,136	33,971
		106,218	124,465	51,220	56,586
Profit / (loss) for the period before taxation		70,277	7,242	35,042	(25,661)
Provision for taxation	10.1	-	-	-	-
Profit / (loss) for the period		70,277	7,242	35,042	(25,661)
Attributable to:					
Shareholders of the Parent		70,278	7,243	35,042	(25,661)
Non-controlling interest		(1)	(1)	-	-
		70,277	7,242	35,042	(25,661)
Earnings per share - Basic and diluted					
Attributable to shareholders of the Parent (Rupees)		3.68	0.38	1.84	(1.34)

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



CHIEF EXECUTIVE OFFICER



DIRECTOR

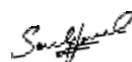
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

	Half year ended December 31,		Quarter ended December 31,	
	2015	2014	2015	2014
-----Rupees in '000'-----				
Profit / (loss) for the period	70,277	7,242	35,042	(25,661)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income / (loss) for the period	<u>70,277</u>	<u>7,242</u>	<u>35,042</u>	<u>(25,661)</u>
Attributable to:				
Shareholders of the Parent	70,278	7,243	35,042	(25,661)
Non-controlling interest	<u>(1)</u>	<u>(1)</u>	-	-
	<u>70,277</u>	<u>7,242</u>	<u>35,042</u>	<u>(25,661)</u>

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



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DIRECTOR

**CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

	Half year ended December 31,	
	2015	2014
	-----Rupees in '000'-----	
a) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period before taxation	70,277	7,242
Adjustments for :		
Depreciation of property, plant and equipment	47,793	44,030
Provision for staff retirement benefits	1,504	1,650
(Gain) on disposal of operating assets	(155)	-
Finance cost	54,318	74,125
Operating cash flows before working capital changes	173,737	127,047
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	22,316	(8,507)
Stocks	9,268	52,201
Trade debts	(28,993)	(117,780)
Loans and advances	18,385	(1,567)
Deposits and prepayments	(14,283)	(5,632)
Other receivables	-	87,589
Increase / (decrease) in current liabilities		
Advance against sale of investment property	-	8,500
Advance against sale of land	6,360	-
Trade and other payables	(38,173)	(88,250)
	(25,120)	(73,446)
Cash generated from operating activities	148,617	53,601
Income tax paid	(1,762)	(1,975)
Staff retirement benefits paid	(1,223)	(1,450)
Finance cost paid	(57,555)	(70,883)
Net cash generated from / (used in) operating activities	88,077	(20,707)
b) CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in property, plant and equipment	(37,955)	(49,362)
Proceeds from disposal of :		
Operating assets	4,260	-
Addition in long term deposits	(251)	-
Net cash (used in) investing activities	(33,946)	(49,362)
c) CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of :		
Redeemable capital	-	(155,000)
Liabilities against assets subject to finance lease	(1,193)	(791)
Long term loan	-	(100,000)
(Decrease) / Increase in short term bank borrowings - net	(41,576)	484,066
Dividend paid	(19,823)	(35,690)
Net cash (used in) / generated from financing activities	(62,592)	192,585
Net (decrease) / increase in cash and cash equivalents (a+b+c)	(8,461)	122,517
Cash and cash equivalents at the beginning of the period	44,340	61,431
Cash and cash equivalents at the end of the period	35,879	183,948

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



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DIRECTOR

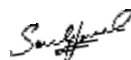
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

	Issued, subscribed and paid up capital	Capital reserves Share premium	Revenue reserves		Sub total	Total	Non controlling interest
			General reserve	Unappropriated profit			
-----Rupees in '000'-----							
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							
Profit / (loss) for the period	-	-	-	7,243	7,243	7,243	(1)
Other comprehensive income	-	-	-	7,243	7,243	7,243	(1)
Balance as at December 31, 2014 - (Un-audited)	190,920	143,190	920,000	598,568	1,518,568	1,852,678	7
Total comprehensive income for the period							
Profit for the period	-	-	-	96,290	96,290	96,290	-
Other comprehensive income	-	-	-	-	-	-	-
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 / (loss) 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

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



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DIRECTOR

**SELECTED EXPLANATORY NOTES TO THE
CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

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) December 31, 2015	(Audited) June 30, 2015
Note	-----Rupees in '000'-----	
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
Under agreement of purchase of land	4,800	6,500

5. PROPERTY, PLANT AND EQUIPEMENT

Operating assets	5.1	1,044,147	1,034,409
Capital work in progress		135,180	137,180
Non-operating land		590,020	589,191
Advance for purchase of property		-	20,000
		<u>1,769,347</u>	<u>1,780,780</u>
5.1 Operating fixed assets			
Book value at beginning of period / year		1,034,409	1,037,318
Add: Addition during the period / year	5.1.1	61,636	108,085
Less: disposal during the period / year		(4,105)	(11,082)
Depreciation charge during the period / year		(47,793)	(99,912)
		<u>1,044,147</u>	<u>1,034,409</u>
5.1.1 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		130	447
Vehicles		18,641	2,614
		<u>61,636</u>	<u>108,085</u>

	Half year ended December 31,		Quarter ended December 31,	
	2015	2014	2015	2014
-----Rupees in '000'-----				
6. Sales - net				
Electricity	1,837,435	2,519,819	901,435	1,127,271
Steam	20,078	51,635	10,664	20,182
	1,857,513	2,571,454	912,099	1,147,453
Less: Sales tax	(279,881)	(381,444)	(137,237)	(173,816)
	1,577,632	2,190,010	774,862	973,637
Less: Electricity duty	(14,413)	(4,059)	(7,707)	(1,648)
	1,563,219	2,185,951	767,155	971,989
7. Cost of generation				
Cost of fuel, oil, gas and lubricants	1,230,556	1,905,227	594,280	866,421
Salaries, wages and benefits	36,753	34,574	19,929	19,738
Retirement benefits	955	1,057	483	518
Stores, spares and loose tools	59,814	45,505	33,517	18,273
Insurance	2,723	2,723	1,316	1,325
Repairs and maintenance	6,378	18,107	2,240	15,069
Depreciation	43,296	39,355	26,314	16,034
Other	7,181	8,304	3,633	3,961
	1,387,656	2,054,852	681,712	941,339
7.1 Cost of gas, oil and lubricants				
Gas	415,602	255,877	207,159	81,143
Oil and lubricants	814,954	1,649,350	387,121	785,278
	1,230,556	1,905,227	594,280	866,421

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	Nature of transaction	Half year ended December 31,	
		2015	2014
-----Rupees in '000'-----			
Associated undertakings	Sales	59,144	25,857
	Advance against supplies	-	10,460
Key management personnel	Remuneration	8,130	7,915
	Provident fund	1,504	1,650

9. DATE OF AUTHORISATION FOR ISSUE

This condensed interim consolidated financial information was authorised for issue on February 22, 2016 by the Board of Directors of the Parent.

10. GENERAL

- 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.
- Provision for workers' profit participation fund made in this condensed interim consolidated financial information is subject to adjustment in the annual consolidated financial statements.
- 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.
- Figures have been rounded off to the nearest thousand of Rupees except earning per share which is in Rupees.



CHIEF EXECUTIVE OFFICER



DIRECTOR