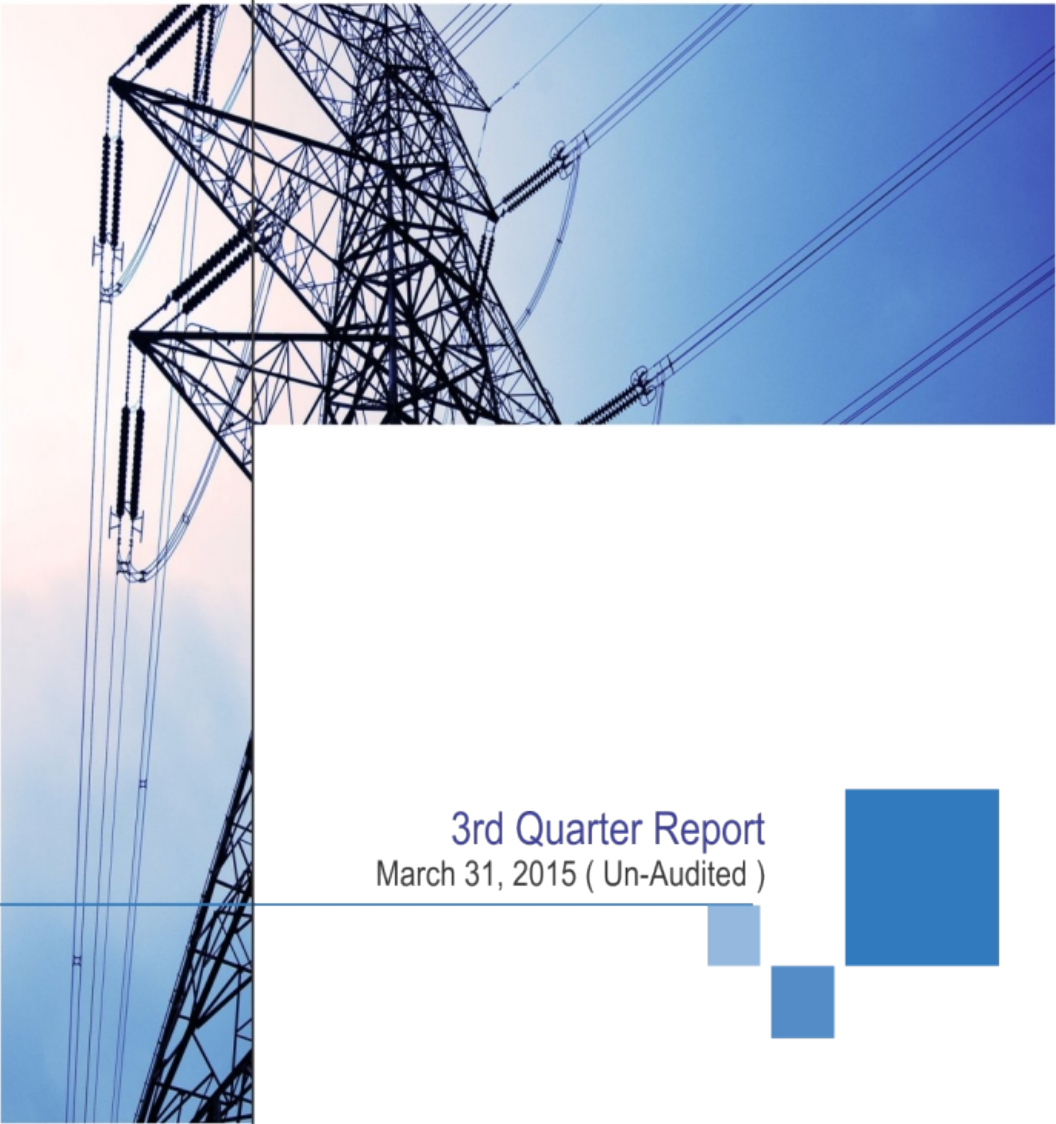




Sitara Energy Limited



3rd Quarter Report
March 31, 2015 (Un-Audited)





بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

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COMPANY INFORMATION

Board of Directors

Mrs. Noreen Javed (Chairman)
Mr. Javed Iqbal (Chief Executive Officer)
Mr. Sarosh Javed

Mrs. Haniah Javed
Mr. Rana Muhammad Arshad Iqbal
Mr. Mukhtar A. Sheikh
Mst. Naseem Akhtar

Audit Committee

Mr. Rana M. Arshad Iqbal (Chairman)

Mrs. Haniah Javed
Mst. Naseem Akhtar

Human Resource & Remuneration Committee

Mr. Mukhtar A. Sheikh (Chairman)

Mr. Rana Muhammad Arshad Iqbal
Mrs. Noreen Javed

Bankers

Standrad Chartered Bank (Pak) Limited
Albaraka Bank (Pakistan) Limited
National Bank of Pakistan
Faysal Bank Limited
The Bank of Punjab
MCB Islamic Banking
United Bank Limited
Meezan Bank Limited
Bank Alfalah Limited
Allied Bank Limited

Auditors

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

Company Secretary

Mr. Mazhar Ali Khan

Chief Financial Officer

Mr. Haroon Ahmed Zuberi - FCA

Legal Advisor

Sahibzada Muhammad Arif

Registered Office

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

Share Registrar

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

Plant

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

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 takes pleasure to present you the brief report together with operational and financial results of the company for the 3rd quarter ended March 31, 2015.

We report that during the 3rd quarter under review, sales revenue was Rs. 2,797.287 million as compared to Rs. 3,873.544 million of the corresponding period of the FY 2013-14. The company posted net loss of Rs. 48.368 million compared with net profit of Rs. 139.961 million during the corresponding period of FY 2013-14.

During the period under review the company generated 193,720 MWH of electricity which was 18.84% lower as compared to 230,218 MWH during the corresponding period last year. Decrease in electricity generation is mainly due to natural gas shutdown during the period.

Decrease in the sales revenue of the company was mainly due to applicability of NEPRA's decision in the matter of fuel charges adjustment during the period under review and constant decrease in furnace oil prices from October 2014. The company has maintained a certain level of safety stock of furnace oil which decreases the profitability due to fortnightly billing on current price of furnace oil as per terms of power purchase agreement with FESCO.

The company has disconnected power supply to FESCO due to non finalization of power purchase agreement with FESCO. The company is pursuing to look for the customers to fill the gap which occurred due to the suspension of Power supply to FESCO.

However we are confident that last quarter of the year will be better for the company due to availability of natural gas and approval of modification of generation license (LPM) from NEPRA. The company has already submitted the proposed modification in generation license to NEPRA in February 2015.

The Board would like to thanks and appreciate its employees, customers and strategic business partners for their dedication, commitment and contributions towards helping us achieve commendable results. The Board further extends its gratitude to suppliers, contractors, Government authorities and shareholders for their unwavering support to the company.

For and on behalf of the Board

Faisalabad:
April 27, 2015

JAVED IQBAL
Chief Executive Officer



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

	(Un-audited) March 31, 2015	(Audited) June 30, 2014		(Un-audited) March 31, 2015	(Audited) June 30, 2014
	Note:-----Rupees in '000'-----			Note -----Rupees in '000'-----	
SHARE CAPITAL AND RESERVES			NON-CURRENT ASSETS		
Authorised capital 30,000,000 ordinary shares of Rs. 10/- each	300,000	300,000	Property, plant and equipment	1,828,655	1,918,982
Issued subscribed and paid up capital	190,920	190,920	Investment in subsidiary	49,995	49,995
Capital reserve - share premium	143,190	143,190	Long term deposits	1,125	1,125
Revenue reserves				1,879,775	1,970,102
General reserve	920,000	820,000			
Unappropriated profit	543,647	730,199			
	1,797,757	1,884,309			
NON-CURRENT LIABILITIES					
Long term financing	200,000	200,000			
Liabilities against assets subject to finance lease	3,013	4,381			
	203,013	204,381			
CURRENT LIABILITIES			CURRENT ASSETS		
Trade and other payables	405,620	484,963	Stores, spares and loose tools	290,191	313,115
Interest / mark up payable	33,612	34,370	Stock of oil and lubricants	46,760	113,912
Short term bank borrowings	857,289	443,347	Trade debts	788,328	612,989
Current portion of:			Loans and advances	96,556	13,181
Redeemable capital	-	155,000	Deposits and prepayments	13,416	8,150
Long term financing	-	100,000	Other receivables	29,069	96,375
Liabilities against assets subject to finance lease	1,795	1,633	Tax refunds due from Government - income tax	35,969	31,737
	1,298,316	1,219,313	Cash and bank balances	17,696	47,116
				1,317,985	1,236,575
CONTINGENCIES AND COMMITMENTS			Non-current assets held for sale	101,326	101,326
3	-	-		1,419,311	1,337,901
	3,299,086	3,308,003		3,299,086	3,308,003

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

CHIEF EXECUTIVE OFFICER

DIRECTOR



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE THIRD QUARTER ENDED MARCH 31, 2015**

	Note	Nine months ended March 31,		Quarter ended March 31,	
		2015	2014	2015	2014
-----Rupees in '000'-----					
Sales - net	5	2,797,287	3,873,544	611,336	1,229,765
Cost of generation	6	2,663,845	3,534,310	608,993	1,123,981
Gross profit		133,442	339,234	2,343	105,784
Other operating income		3,305	3,033	2,697	1,571
		136,747	342,267	5,040	107,355
Operating expenses		76,161	70,946	26,753	22,211
Other operating expenses		-	7,367	(426)	1,985
Finance cost		108,954	123,993	34,829	45,168
		185,115	202,306	61,156	69,364
(Loss) / profit for the period before taxation		(48,368)	139,961	(56,116)	37,991
Provision for taxation		-	-	-	-
(Loss) / profit for the period		(48,368)	139,961	(56,116)	37,991
Earnings per share - Basic and diluted		(2.53)	7.33	(2.94)	1.99

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

CHIEF EXECUTIVE OFFICER

DIRECTOR



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THIRD QUARTER ENDED MARCH 31, 2015**

	Nine months ended		Quarter ended	
	March 31,		March 31,	
	2015	2014	2015	2014
	-----Rupees in '000'-----			
(Loss) / profit for the period	(48,368)	139,961	(56,116)	37,991
Other comprehensive income for the period	-	-	-	-
Total comprehensive (loss) / income for the period	<u>(48,368)</u>	<u>139,961</u>	<u>(56,116)</u>	<u>37,991</u>

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

CHIEF EXECUTIVE OFFICER

DIRECTOR



**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE THIRD QUARTER ENDED MARCH 31, 2015**

	Nine months ended	
	March 31,	
	2015	2014
	-----Rupees in '000'-----	
a) CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit for the period before taxation	(48,368)	139,961
Adjustments for:		
Depreciation of property, plant and equipment	64,018	63,074
Provision for staff retirement benefits	2,416	2,406
Gain on disposal of operating assets	(1,339)	(6)
Donation	-	2,050
Finance cost	108,954	123,993
Operating cash flows before working capital changes	<u>125,681</u>	<u>331,478</u>
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	22,924	56,638
Stock of oil and lubricants	67,152	(14,410)
Trade debts	(175,339)	(346,451)
Loans and advances	(85,979)	(12,293)
Deposits and prepayments	(5,266)	(6,491)
Other receivables	67,306	-
Increase / (decrease) in current liabilities		
Trade and other payables	(78,240)	354,687
	<u>(187,442)</u>	<u>31,680</u>
Cash (used in) / generated from operating activities	<u>(61,761)</u>	<u>363,158</u>
Income tax paid	(2,605)	(3,141)
Staff retirement benefits paid	(2,234)	(2,091)
Finance cost paid	(109,712)	(119,108)
Net cash (used in) / generated from operating activities	<u>(176,312)</u>	<u>238,818</u>
b) CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in property, plant and equipment	(41,059)	(121,883)
Proceeds from disposal of property, plant and equipment	24,787	14
Refund against purchase of non operating land	43,269	-
Net cash generated from / (used in) investing activities	<u>26,997</u>	<u>(121,869)</u>
c) CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of :		
Redeemable capital	(155,000)	(118,500)
Long term financing	(100,000)	-
Liabilities against assets subject to finance lease	(1,206)	(1,350)
Increase in short term bank borrowings - net	413,942	20,402
Dividend paid	(37,841)	(18,969)
Net cash generated from / (used in) financing activities	<u>119,895</u>	<u>(118,417)</u>
Net decrease in cash and cash equivalents (a+b+c)	(29,420)	(1,468)
Cash and cash equivalents at the beginning of the period	47,116	9,246
Cash and cash equivalents at the end of the period	<u>17,696</u>	<u>7,778</u>

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


CHIEF EXECUTIVE OFFICER


DIRECTOR



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE THIRD QUARTER ENDED MARCH 31, 2015**

	Issued, subscribed and paid up capital	Capital Reserves Share premium	Revenue Reserves			Total
			General reserve	Unappropriated profit	Sub total	
----- Rupees in '000' -----						
Balance as at July 01, 2013	190,920	143,190	720,000	644,765	1,364,765	1,698,875
Transaction with owners:						
Dividend for the year ended June 30, 2013 : Rs.1/- per share	-	-	-	(19,092)	(19,092)	(19,092)
Transferred to general reserve	-	-	100,000	(100,000)	-	-
Total comprehensive income for the period						
Profit for the period	-	-	-	139,961	139,961	139,961
Other comprehensive income	-	-	-	-	-	-
	-	-	-	139,961	139,961	139,961
Balance as at March 31, 2014	190,920	143,190	820,000	665,634	1,485,634	1,819,744
Total comprehensive income for the period						
Profit for the period	-	-	-	64,565	64,565	64,565
Other comprehensive income	-	-	-	-	-	-
	-	-	-	64,565	64,565	64,565
Balance as at June 30, 2014	190,920	143,190	820,000	730,199	1,550,199	1,884,309
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	-	-	-	-	-	-
	-	-	-	(48,368)	(48,368)	(48,368)
Balance as at March 31, 2015	190,920	143,190	920,000	543,647	1,463,647	1,797,757

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

CHIEF EXECUTIVE OFFICER

DIRECTOR



**SELECTED EXPLANATORY NOTES TO THE
CONDENSED INTERIM FINANCIAL REPORT (UN-AUDITED)
FOR THE THIRD QUARTER ENDED MARCH 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. The project is located at Tehsil Jaranwala, District Faisalabad in the province of Punjab.

1.2 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 are 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, 2014.

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, 2014 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, 2014.

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, 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, 2014.

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 report are the same as those applied in the preparation of the published audited financial statements for the year ended June 30, 2014.



2.5 Estimates, judgments and risk management policies

2.5.1 The preparation of financial report 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 report are the same as those disclosed in the published audited financial statements for the year ended June 30, 2014.

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, 2014.

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, 2014.

	(Un-audited) March 31, 2015	(Audited) June 30, 2014
	-----Rupees in '000'-----	
Commitments		
Under letters of credit for stores and spares	5,164	3,114
Under contract for fixed capital expenditure	60,000	702
Under contract for repair and maintenance	-	11,532
4. Property, plant and equipment		
Operating assets	1,080,626	1,037,277
Capital work in progress	137,180	224,639
Non-operating land	590,849	657,066
Advance for purchase of property	20,000	-
	1,828,655	1,918,982

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

Note	Nine months ended			
	March 31, 2015		March 31, 2014	
	Acquisitions	Disposals	Acquisitions	Disposals
-----Rupees in '000'-----				
At Cost				
Freehold land	-	-	-	2,050
Electric Installations	-	-	48	-
Factory Equipment	-	-	219	-
Electric Appliances	249	-	-	-
Furniture and fixtures	117	-	403	-
Office equipment	447	-	112	-
Vehicles	2,614	-	8,387	68
	3,427	-	9,169	2,118



	Nine months ended March 31,		Quarter ended March 31,	
	2015	2014	2015	2014
-----Rupees in '000'-----				
5. Sales - net				
Electricity	3,248,522	4,464,755	728,703	1,418,466
Steam	52,357	78,219	722	28,057
	3,300,879	4,542,974	729,425	1,446,523
Less: Sales tax	(497,628)	(661,391)	(116,184)	(214,136)
	2,803,251	3,881,583	613,241	1,232,387
Less: Electricity duty	(5,964)	(8,039)	(1,905)	(2,622)
	<u>2,797,287</u>	<u>3,873,544</u>	<u>611,336</u>	<u>1,229,765</u>
6. Cost of generation				
Cost of oil and lubricants	2,122,559	2,716,372	473,209	861,404
Cost of gas	301,887	525,314	46,010	158,472
Salaries, wages and benefits	52,267	56,660	17,693	26,681
Staff retirement benefits	1,543	1,560	486	539
Stores, spares and loose tools	91,597	153,090	46,092	49,678
Insurance	4,100	3,927	1,377	1,339
Repairs and maintenance	21,359	8,238	3,252	2,708
Depreciation	56,970	56,316	17,615	19,947
Other	11,563	12,833	3,259	3,211
	<u>2,663,845</u>	<u>3,534,310</u>	<u>608,993</u>	<u>1,123,981</u>

7. AGGREGATE TRANSACTIONS WITH RELATED PARTIES

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

Relationship with the Company	Nature of transaction	Nine months ended March 31,	
		2015	2014
-----Rupees in '000'-----			
Subsidiary	Advance for purchase of land	-	3,500
Associated undertakings	Sales	44,395	15,963
	Donations		
	- In cash	-	1,030
	- In kind	-	2,050
Key management personnel	Remuneration	12,085	9,598
Provident fund	Contribution for the period	2,416	2,406

8. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial report was authorised for issue on April 27, 2015 by the Board of Directors of the Company.

9. GENERAL

- No provision for taxation has been made in this condensed Interim financial report as the profits and gains derived by the Company from electric power generation project are exempt from levy of Income tax.
- Provision for workers' profit participation fund made in this condensed interim financial report is subject to adjustment in published audited financial statements.
- There is no unusual item included in this condensed interim financial report which is affecting liabilities, assets, profit, cash flows or equity of the Company.
- Figures have been rounded off to the nearest thousand of Rupees.

CHIEF EXECUTIVE OFFICER

DIRECTOR



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

	(Un-audited) March 31, 2015	(Audited) June 30, 2014		(Un-audited) March 31, 2015	(Audited) June 30, 2014
Note	-----Rupees in '000'-----		Note	-----Rupees in '000'-----	
SHARE CAPITAL AND RESERVES			NON-CURRENT ASSETS		
Authorised capital 30,000,000 ordinary shares of Rs. 10/- each	300,000	300,000	Property, plant and equipment	1,742,375	1,868,205
			Long term deposits	1,125	1,125
				1,743,500	1,869,330
Issued subscribed and paid up capital	190,920	190,920			
Capital reserve	143,190	143,190			
Revenue reserves	920,000	820,000			
General reserve	542,064	729,509			
Unappropriated profit	1,796,174	1,883,619			
Non-controlling interest	7	8			
	1,796,181	1,883,627			
NON-CURRENT LIABILITIES					
Long term financing	200,000	200,000			
Liabilities against assets subject to finance lease	3,013	4,381			
	203,013	204,381			
CURRENT LIABILITIES			CURRENT ASSETS		
Trade and other payables	406,417	483,771	Stores, spares and loose tools	290,191	313,115
Interest / mark up payable	33,612	34,370	Stocks	82,026	133,351
Short term bank borrowings	857,289	443,347	Investment property	63,403	63,403
Current portion of:			Trade debts	788,328	612,989
Redeemable capital	-	155,000	Loans and advances	130,076	14,609
Long term financing	-	100,000	Deposits and prepayments	13,416	8,150
Liabilities against assets	-	-	Other receivables	29,069	96,375
subject to finance lease	1,795	1,632	Tax refunds due from		
Provision for taxation - income tax	61	61	Government - income tax	36,342	32,110
	1,299,174	1,218,181	Cash and bank balances	20,691	61,431
				1,453,542	1,335,533
CONTINGENCIES AND COMMITMENTS			Non-current assets held for sale	101,326	101,326
4	-	-		1,554,868	1,436,859
	3,298,368	3,306,189		3,298,368	3,306,189

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

CHIEF EXECUTIVE OFFICER

DIRECTOR



**CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE THIRD QUARTER ENDED MARCH 31, 2015**

	Note	Nine months ended		Quarter ended	
		March 31,		March 31,	
		2015	2014	2015	2014
-----Rupees in '000'-----					
Sales - net	6	2,797,287	3,873,544	611,336	1,229,765
Cost of generation and Sales	7	2,663,845	3,534,310	608,993	1,123,981
Gross profit		133,442	339,234	2,343	105,784
Other income		3,305	3,202	2,697	1,628
		136,747	342,436	5,040	107,412
Operating expenses		77,054	71,678	27,140	22,484
Other operating expenses		-	7,495	(426)	1,985
Finance cost		108,955	123,994	34,829	45,168
		186,009	203,167	61,543	69,637
(Loss) / Profit for the period before taxation		(49,262)	139,269	(56,503)	37,775
Provision for taxation	10.1	-	31	-	-
(Loss) / Profit for the period		(49,262)	139,238	(56,503)	37,775
Attributable to:					
Shareholders of the Parent		(49,261)	139,239	(56,503)	37,775
Non-controlling interest		(1)	(1)	-	-
		(49,262)	139,238	(56,503)	37,775
Earnings per share - Basic and diluted					
Attributable to shareholders of the Parent (Rupees)		(2.58)	7.29	(2.96)	1.98

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

CHIEF EXECUTIVE OFFICER

DIRECTOR



**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THIRD QUARTER ENDED MARCH 31, 2015**

	Nine months ended		Quarter ended	
	March 31,		March 31,	
	2015	2014	2015	2014
	-----Rupees in '000'-----			
(Loss) / profit for the period	(49,262)	139,238	(56,503)	37,775
Other comprehensive income for the period				
Items that will be reclassified subsequently to profit or loss				
Increase in fair value of				
available for sale investments	-	5,260	-	1,940
Other item				
Decrease in fair value reclassified to profit				
and loss account on disposal of investment	-	114	-	-
Total comprehensive (loss) / income for the period	<u>(49,262)</u>	<u>144,612</u>	<u>(56,503)</u>	<u>39,715</u>
Attributable to:				
Shareholders of the Parent	(49,261)	144,613	(56,503)	39,715
Non-controlling interest	(1)	(1)	-	-
	<u>(49,262)</u>	<u>144,612</u>	<u>(56,503)</u>	<u>39,715</u>

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

CHIEF EXECUTIVE OFFICER

DIRECTOR



**CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE THIRD QUARTER ENDED MARCH 31, 2015**

	Nine months ended March 31,	
	2015	2014
	-----Rupees in '000'-----	
a) CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit for the period before taxation	(49,262)	139,269
Adjustments for:		
Depreciation of property, plant and equipment	64,021	63,078
Provision for staff retirement benefits	2,416	2,406
Gain on disposal of operating assets	(1,339)	(6)
Donation	-	2,050
Loss on disposal of investment	-	111
Balance written off	-	17
Finance cost	108,955	123,993
Operating cash flows before working capital changes	<u>124,791</u>	<u>330,918</u>
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	22,924	55,945
Stocks	51,325	(14,410)
Trade debts	(175,339)	(346,451)
Loans and advances	(116,071)	(25,793)
Deposits and prepayments	(5,266)	(6,491)
Other receivables	67,306	-
Increase / (decrease) in current liabilities	(42,752)	368,618
Trade and other payables	<u>(197,873)</u>	<u>31,418</u>
Cash (used in) / generated from operating activities	<u>(73,082)</u>	<u>362,336</u>
Income tax paid	(2,605)	(3,141)
Staff retirement benefits paid	(2,234)	(2,091)
Finance cost paid	(109,712)	(119,108)
Net cash (used in) / generated from operating activities	<u>(187,633)</u>	<u>237,996</u>
b) CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in property, plant and equipment	(41,059)	(121,883)
Proceeds from disposal of Operating assets	24,787	103
Refund against purchase of non operating land	43,269	-
Net cash generated from / (used in) investing activities	<u>26,997</u>	<u>(121,780)</u>
c) CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of :		
Redeemable capital	(155,000)	(118,500)
Long term financing	(100,000)	-
Liabilities against assets subject to finance lease	(1,206)	(1,350)
Increase in short term bank borrowings - net	413,942	20,402
Dividend paid	(37,841)	(18,969)
Net cash generated from / (used in) financing activities	<u>119,895</u>	<u>(118,417)</u>
Net decrease in cash and cash equivalents (a+b+c)	(40,741)	(2,201)
Cash and cash equivalents at the beginning of the period	61,431	12,251
Cash and cash equivalents at the end of the period	<u><u>20,691</u></u>	<u><u>10,050</u></u>

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


CHIEF EXECUTIVE OFFICER


DIRECTOR



**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE THIRD QUARTER ENDED MARCH 31, 2015**

	Issued, subscribed and paid up capital	Capital Reserves			Revenue Reserves			Total	Non- controlling interest
		Share premium	Fair value reserve	Sub total	General reserve	Unappropriated profit	Sub total		
----- Rupees in '000' -----									
Balance as at July 01, 2013	190,920	143,190	1,102	144,292	720,000	641,296	1,361,296	1,696,508	7
Transaction with owners:									
Dividend for the year ended									
June 30, 2013 : Rs.1/- per share	-	-	-	-	-	(19,092)	(19,092)	(19,092)	-
Transferred to general reserve	-	-	-	-	100,000	(100,000)	-	-	-
Total comprehensive income for the period									
Profit / (loss) for the period	-	-	-	-	-	139,239	139,239	139,239	(1)
Other comprehensive income									
Items that will be reclassified									
subsequently to profit or loss									
increase in fair value of									
available for sale investments	-	-	5,260	5,260	-	-	-	5,260	-
Other item									
Decrease in fair value									
reclassified to profit and loss									
account on disposal of investment	-	-	114	114	-	-	-	114	-
	-	-	5,374	5,374	-	139,239	139,239	144,613	(1)
Balance as at March 31, 2014	190,920	143,190	6,476	149,666	820,000	661,443	1,481,443	1,822,029	6
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	68,066	68,066	68,066	2
Other comprehensive income									
Items that will be reclassified									
subsequently to profit or loss									
increase in fair value of									
available for sale investments	-	-	4536	4536	-	-	-	4536	-
Other item									
Fair value reserve reclassified to profit									
and loss disposal account on									
disposal of the investment	-	-	(11,012)	(11,012)	-	-	-	(11,012)	-
	-	-	(6,476)	(6,476)	-	68,066	68,066	61,590	2
Balance as at June 30, 2014	190,920	143,190	-	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	-	-	-	-	-	(49,261)	(49,261)	(49,261)	(1)
Other comprehensive income									
	-	-	-	-	-	(49,261)	(49,261)	(49,261)	(1)
Balance as at March 31, 2015	190,920	143,190	-	143,190	920,000	542,064	1,462,064	1,796,174	7

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

CHIEF EXECUTIVE OFFICER

DIRECTOR



SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL REPORT (UN-AUDITED) FOR THE THIRD QUARTER ENDED MARCH 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, 2014.

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, 2014 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, 2014.

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, 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, 2014.

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, 2014.



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, 2014.

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, 2014.

4. CONTINGENCIES AND COMMITMENTS

Contingencies

There is no significant change in contingent liabilities since the date of published audited consolidated financial statements for the year ended June 30, 2014.

	(Un-audited) March 31, 2015	(Audited) June 30, 2014
	-----Rupees in '000'-----	
Commitments		
Under letters of credit for stores and spares	5,164	3,114
Under contract for fixed capital expenditure	60,000	702
Under contract for repair and maintenance	-	11,532
	<u>1,742,375</u>	<u>1,868,205</u>

5. Property, plant and equipment

Operating assets	1,080,665	1,037,319
Capital work in progress	137,180	224,639
Non-operating land	504,530	606,247
Advance for purchase of property	20,000	-
	<u>1,742,375</u>	<u>1,868,205</u>

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

Note	Nine months ended			
	March 31, 2015		March 31, 2014	
	----- (Rupees in '000') -----			
	Acquisitions	Disposals	Acquisitions	Disposals
At Cost				
Freehold land	-	-	-	2,050
Electric Installations	-	-	48	-
Factory Equipment	-	-	219	-
Electric Appliances	249	-	-	-
Furniture and fixtures	117	-	403	-
Office equipment	447	-	112	-
Vehicles	2,614	-	8,387	68
	<u>3,427</u>	<u>-</u>	<u>9,169</u>	<u>2,118</u>



	Nine months ended March 31,		Quarter ended March 31,	
	2015	2014	2015	2014
-----Rupees in '000'-----				
6. Sales - net				
Electricity	3,248,522	4,464,755	728,703	1,418,466
Steam	52,357	78,219	722	28,057
	3,300,879	4,542,974	729,425	1,446,523
Less: Sales tax	(497,628)	(661,391)	(116,184)	(214,136)
	2,803,251	3,881,583	613,241	1,232,387
Less: Electricity duty	(5,964)	(8,039)	(1,905)	(2,622)
	2,797,287	3,873,544	611,336	1,229,765
7. Cost of generation				
Cost of oil and lubricants	2,122,559	2,716,372	473,209	861,406
Cost of gas	301,887	525,314	46,010	158,472
Salaries, wages and benefits	52,267	56,660	17,693	26,681
Staff retirement benefits	1,543	1,560	486	539
Stores, spares and loose tools	91,597	153,090	46,092	49,678
Insurance	4,100	3,927	1,377	1,339
Repairs and maintenance	21,359	8,238	3,252	2,708
Depreciation	56,970	56,316	17,615	19,947
Other	11,563	12,833	3,259	3,211
	2,663,845	3,534,310	608,993	1,123,980

8. AGGREGATE TRANSACTIONS WITH RELATED PARTIES

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

Relationship	Nature of transaction	Nine months ended March 31,	
		2015	2014
-----Rupees in '000'-----			
Associated undertakings	Sales	44,395	15,963
	Donations		
	- In cash	-	1,030
	- In kind	-	2,050
Key management personnel	Remuneration	12,085	9,598
Provident fund	Contribution for the period	2,416	2,406

9. DATE OF AUTHORISATION FOR ISSUE

This condensed interim consolidated financial information was authorised for issue on April 27, 2015 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

