

Quarterly Financial Statements

September 30, 2011 (Un-Audited)



Sitara Energy Limited

COMPANY INFORMATION

BOARD OF DIRECTORS	:	Mr. Javed Iqbal Chief Executive Officer Mr. Muhammad Anis Mr. Mukhtar Ahmed Sheikh Mr. Sarosh Javed Mrs. Noureen Javed Mst. Naseem Akhter Miss Haniah Javed
CHIEF FINANCIAL OFFICER	:	Mr. Maqbool Ahmed Chaudhry
SECRETARY	:	Mr. Mazhar Ali Khan
AUDITORS	:	M/s Avais Hyder Liaquat Nauman Chartered Accountants
BANKERS	:	Faysal Bank Limited Allied Bank Limited United Bank Limited Bank Alfalah Limited The Bank of Punjab Meezan Bank Limited MCB Islamic Banking National Bank of Pakistan Al-Baraka Bank (Pakistan) Limited Standard Chartered Bank (Pakistan) Limited
SHARE REGISTRAR	:	Noble Computer Services (Pvt) Limited 1 st Floor, House of Habib Building (Siddiqsons Tower) 3-Jinnah C.H.Society, Main Shahrah-e-Faisal, Karachi-75350 PABX: (92-21) 34325482-87 Fax: (92-21) 34325442 E-mail: ncsf@noble-computers.com Website: www.noble-computers.com
LEGAL ADVISOR	:	Sahibzada Muhammad Arif
REGISTERED OFFICE	:	601-602 Business Centre, Mumtaz Hassan Road, Karachi-74000
PLANT	:	33 K.M., Sheikhpura Road, Faisalabad.



DIRECTOR'S REPORT

For the quarter ended September 30, 2011

Dear Shareholder,

We are pleased to present the un-audited financial and operating results of Sitara Energy Limited together with the un-audited consolidated financial statement of the company and its subsidiary, Sitara International (Private) Limited for the first quarter ended September 30, 2011.

The net sales of the company during the period under review is Rs. 1,130.585 million compared with Rs. 952.101 million in the same period last year. The increase in sales is merely due to increase in selling rates on account increase in furnace oil and lube oil prices. Whereas the electricity generation is decreased to 81,978,963 units against last year same period generation of 95,668,670 units.

The financial results for the first quarter and comparative for the same previous year as reflected in these accounts show following performance of the company.

	July - September 2011	July - September 2010
	(Rupees in thousands)	
Sale of energy	1,108,222	926,744
Sale of steam	22,363	25,357
Cost of generation	1,009,777	836,552
Profit before tax	20,704	25,571
Profit after tax	20,704	25,571
Earning per share (Rs.)	1.08	1.34

Future Prospects

The challenge for the company is un-scheduled supply of natural gas during the period under review. The gas based generation plant remained closed from 1st July 2011 to 30th September 2011 for 780 hours due to non-availability of natural gas. Gas based plant generated 27,939,463 units in the first quarter against 39,074,620 units in the same period last year.

For and on behalf of the Board

Faisalabad:
October 26, 2011

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JAVED IQBAL
Chief Executive Officer



SITARA ENERGY LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT SEPTEMBER 30, 2011 (UN-AUDITED)

	September 2011	June 2011
	(Rupees in thousand)	
NON-CURRENT ASSETS		
Property, plant and equipment	2,396,183	2,348,588
Investment in subsidiary	49,995	49,995
Long term deposits	1,200	1,200
	2,447,378	2,399,783
CURRENT ASSETS		
Stores, spares and loose tools	401,126	404,662
Stock of oil and lubricants	91,416	121,934
Trade Debts	365,228	333,959
Loans and advances	79,799	63,699
Deposits and prepayments	7,503	1,720
Other receivables	22,378	22,378
Cash and bank balances	17,696	2,785
	985,146	951,137
Non-Current assets held for sale	6,864	20,228
LESS: CURRENT LIABILITIES		
Trade and other payables	156,814	121,142
Interest / mark up payable	77,917	75,047
Short term bank borrowings	1,056,331	986,865
Current portion of :		
Redeemable capital	352,500	352,500
Long term finance	300,000	300,000
Liabilities against assets subject to finance lease	2,141	2,097
Provision for taxation - income tax	405	405
	1,946,108	1,838,056
WORKING CAPITAL	(954,098)	(866,691)
NET CAPITAL EMPLOYED	1,493,280	1,533,092
REPRESENTED BY:		
CAPITAL AND RESERVES		
Authorised capital	300,000	300,000
Issued, subscribed and paid up capital	190,920	190,920
Capital reserve - share premium	143,190	143,190
General reserve	590,000	590,000
Unappropriated profit	332,871	312,167
	1,256,981	1,236,277
NON CURRENT LIABILITIES		
Redeemable capital	232,500	292,500
Liabilities against assets subject to finance lease	3,799	4,315
	1,493,280	1,533,092

CHIEF EXECUTIVE OFFICER

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DIRECTOR



SITARA ENERGY LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2011 (UN-AUDITED)

	September 2011	September 2010
a) CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the period before taxation	20,704	25,571
Adjustments for:		
Depreciation of property, plant and equipment	17,923	18,969
Provision for staff retirement benefits	636	690
Gain on disposals of property, plant and equipment	(1,275)	(452)
Loss on non-current assets held for sale	5,465	(317)
Finance cost	74,236	74,487
Operating cash flows before working capital changes	<u>117,689</u>	<u>118,948</u>
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	3,536	6,755
Stock of oil and lubricants	30,518	54,826
Trade debts	(31,269)	30,083
Loans and advances	(15,559)	188
Deposits and prepayments	(5,783)	(4,537)
Other receivables	-	(448)
Increase / (decrease) in current liabilities		
Trade and other payables	36,253	(33,288)
	<u>17,696</u>	<u>53,579</u>
Cash generated from operating activities	<u>135,385</u>	<u>172,527</u>
Income tax paid	(542)	(1,250)
Staff retirement benefits paid	(415)	(440)
Finance cost paid	(71,366)	(66,163)
Net cash generated from operating activities	<u>63,062</u>	<u>104,674</u>
b) CASH FLOW FROM INVESTING ACTIVITIES		
Additions in property, plant and equipment	(66,865)	(15,889)
Proceed from disposal of:		
Property, plant and equipment	9,720	1,780
Non-current assets held for sale	-	3,701
Net cash (used in) investing activities	<u>(57,145)</u>	<u>(10,408)</u>
c) CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of:		
Redeemable capital	(60,000)	(60,000)
Liabilities against assets subject to finance lease	(472)	(1,693)
Increase / (decrease) in short term bank borrowings - net	69,466	(22,399)
Net cash generated from / (used in) financing activities	<u>8,994</u>	<u>(84,092)</u>
Net increase in cash and cash equivalents (a+b+c)	14,911	10,174
Cash and cash equivalents at the beginning of the period	<u>2,785</u>	<u>9,326</u>
Cash and cash equivalents at the end of the period	<u>17,696</u>	<u>19,500</u>

CHIEF EXECUTIVE OFFICER

DIRECTOR



SITARA ENERGY LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2011 (UN-AUDITED)

Description	Quarter ended September 30, 2011	Quarter ended September 30, 2010
	(Rupees in thousand)	
Profit for the period	20,704	25,571
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u>20,704</u>	<u>25,571</u>

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2011 (UN-AUDITED)

Description	Issued, subscribed and paid up capital	Capital reserves	Revenue reserves			Total
		Share premium	General	Unappropriated	Sub total	
			reserve	profit		
(Rupees in thousand)						
Balance as at June 30, 2010	190,920	143,190	540,000	309,310	849,310	1,183,420
Total comprehensive income for the 1st quarter	-	-	-	25,571	25,571	25,571
Balance as at September 30, 2010	190,920	143,190	540,000	334,881	874,881	1,208,991
Dividend for the year ended June 30, 2010 : Rs. 2/- per share	-	-	-	(38,184)	(38,184)	(38,184)
Transferred to general reserve	-	-	50,000	(50,000)	-	-
Total comprehensive income for the nine months	-	-	-	65,470	65,470	65,470
Balance as at June 30, 2011	190,920	143,190	590,000	312,167	902,167	1,236,277
Total comprehensive income for the 1st quarter	-	-	-	20,704	20,704	20,704
Balance as at September 30, 2011	<u>190,920</u>	<u>143,190</u>	<u>590,000</u>	<u>332,871</u>	<u>922,871</u>	<u>1,256,981</u>

CHIEF EXECUTIVE OFFICER

DIRECTOR



SITARA ENERGY LIMITED
CONDENSED INTERIM COST OF GENERATION
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2011 (UN-AUDITED)

Description	September 30, 2011	September 30, 2010
	(Rupees in thousand)	
Cost of fuel and lubricants	829,094	601,022
Sui gas	124,956	163,569
Salaries, wages and benefits	12,110	13,150
Stores, spares and loose tools	18,504	33,371
Insurance	1,305	1,373
Repair and maintenance	3,472	2,764
Depreciation	17,009	18,108
Other	3,327	3,195
	1,009,777	836,552

ACQUISITION AND DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2011 (UN-AUDITED)

Description	September 30, 2011		September 30, 2010	
	Acquisition	Disposal	Acquisition	Disposal
	(Rupees in '000')			
Operating Assets				
Owned				
Freehold land	-	1,195	-	-
Electric appliances	9	-	278	-
Furniture & fixtures	-	-	40	-
Vehicles	94	1,265	68	2,221
Non-Operating Land				
Cost of land	77,423	7,098	-	-
	77,526	9,558	386	2,221

CHIEF EXECUTIVE OFFICER

DIRECTOR



SITARA ENERGY LIMITED & ITS SUBSIDIARY COMPANY
CONDENSED INTERIM CONSOLIDATED BALANCE SHEET
AS AT SEPTEMBER 30, 2011 (UN-AUDITED)

September 30, 2011 June 30, 2011
(Rupees in thousand)

NON-CURRENT ASSETS

Property, plant and equipment
Long term deposits
Investment property

2,337,864	2,308,695
1,200	1,200
63,459	63,403
2,402,523	2,373,298

CURRENT ASSETS

Land held for development and resale and advances
Stores, spares and loose tools
Stocks
Trade debts
Loans and advances
Deposits and prepayments
Other receivables
Short term investments
Rent receivable
Tax refunds due from Government
Cash and bank balances

7,750	-
401,126	404,662
101,111	134,355
381,475	359,376
79,903	63,803
7,503	1,720
22,378	22,378
2,581	2,842
56	-
148	148
23,888	5,029
1,027,919	994,313

Non-Current assets held for sale

6,864 20,228

LESS: CURRENT LIABILITIES

Trade and other payables
Interest / mark up payables
Short term bank borrowings
Current portion of :
 Redeemable capital
 Long term finance
Liabilities against assets subject to finance lease
Provision for taxation-income tax

157,110	121,483
77,917	77,048
1,056,331	1,003,165
352,500	352,500
300,000	300,000
2,141	2,097
1,051	1,023
1,947,050	1,857,316

WORKING CAPITAL

(912,267) **(863,003)**

NET CAPITAL EMPLOYED

1,490,256 **1,530,523**

**REPRESENTED BY:
CAPITAL AND RESERVES**

Authorised capital

300,000 **300,000**

Issued, subscribed and paid up capital

Capital reserve

190,920 190,920

Share premium

143,190 143,190

Fair value reserve

(543) (283)

Revenue reserve

590,000 590,000

General reserve

330,383 309,874

Unappropriated profit

1,253,950 1,233,701

Non-controlling interest

7 7

1,253,957 **1,233,708**

NON-CURRENT LIABILITIES

Redeemable capital

232,500 292,500

Liabilities against assets

3,799 4,315

subject to finance lease

1,490,256 **1,530,523**

CHIEF EXECUTIVE OFFICER

DIRECTOR



SITARA ENERGY LIMITED & ITS SUBSIDIARY COMPANY
CONDENSED INTERIM CONSOLIDATED PROFIT & LOSS ACCOUNT
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2011 (UN-AUDITED)

	September 2011 (Rupees in thousand)	September 2010
Sales - net	1,133,336	965,918
Cost of generation and sales	1,012,527	848,395
Gross profit	<u>120,809</u>	<u>117,523</u>
Other operating (expenses) / income	<u>(3,909)</u>	<u>1,436</u>
	116,900	118,959
Operating expenses	20,956	15,800
Other operating expenses	1,090	1,346
Finance cost	74,318	77,416
	96,364	94,562
Profit for the period before taxation	<u>20,536</u>	<u>24,397</u>
Provision for taxation	28	69
Profit for the period	<u>20,508</u>	<u>24,328</u>
Earning per share - Basic	<u>1.07</u>	<u>1.27</u>

NOTES TO THE ACCOUNTS:

- (a) Sitara Energy Ltd. ("the company") is engaged in the business of generation and distribution of electricity. Sitara International (Pvt) Ltd. ("the subsidiary") is engaged in the business of trading in textile products, chemicals and real estate.
- (b) These accounts are unaudited and being submitted to the shareholders, as required by the Section 245 of the Companies Ordinance, 1984.
- (c) The accounting policies adopted for the preparation of these accounts are the same as those applied in the preparation of the preceding annual accounts of the company.
- (d) Previous period's figures have been re-arranged wherever necessary for the purpose of comparison.

CHIEF EXECUTIVE OFFICER

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DIRECTOR



SITARA ENERGY LIMITED & ITS SUBSIDIARY COMPANY
CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2011 (UN-AUDITED)

	September 2011 (Rupees in thousand)	September 2010
a) CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the period before taxation	20,536	24,397
Adjustment for:		
Depreciation of property, plant and equipment	17,924	18,970
Provision for staff retirement benefits	636	690
Gain on disposals of property, plant and equipment	(1,275)	(452)
Loss on non-current assets held for sale	5,465	(317)
Finance cost	74,318	77,416
Operating cash flows before working capital changes	<u>117,604</u>	<u>120,704</u>
Changes in working capital		
(Increase) / decrease in current assets	(7,749)	-
Land held for development & resale & advances	3,536	6,755
Stores, spares and loose tools	33,245	66,558
Stock of oil & lubricants, yarn, cloth & Chemicals	(22,099)	30,083
Debtors	(15,559)	271
Loans and advances	(5,839)	(4,537)
Deposits and prepayments	-	(448)
Other receivables		
Increase / (decrease) in current liabilities	54,577	(33,283)
Trade and other payables	<u>40,112</u>	<u>65,399</u>
Cash generated from operating activities	<u>157,716</u>	<u>186,103</u>
Income tax paid	(542)	(1,250)
Staff retirement benefits paid	(415)	(440)
Finance cost paid	<u>(73,449)</u>	<u>(70,490)</u>
Net cash generated from operating activities	<u>83,310</u>	<u>113,923</u>
b) CASH FLOW FROM INVESTING ACTIVITIES		
Additions in property, plant and equipment	(66,865)	(15,889)
Proceed from disposal of:		
Property, plant and equipment	9,720	1,780
Non-current assets classified as held for sale	-	3,701
Net cash (used in) investing activities	<u>(57,145)</u>	<u>(10,408)</u>
c) CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of:		
Redeemable capital	(60,000)	(60,000)
Liabilities against assets subject to finance lease	(472)	(1,693)
Increase / (decrease) in short term bank borrowings - net	53,166	(22,399)
Net cash (used in) financing activities	<u>(7,306)</u>	<u>(84,092)</u>
Net increase in cash and cash equivalents (a+b+c)	18,859	19,423
Cash and cash equivalents at the beginning of the period	<u>5,029</u>	<u>13,387</u>
Cash and cash equivalents at the end of the period	<u>23,888</u>	<u>32,810</u>

CHIEF EXECUTIVE OFFICER

DIRECTOR



SITARA ENERGY LIMITED & ITS SUBSIDIARY COMPANY
CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2011 (UN-AUDITED)

Description	Quarter ended September 30, 2011	Quarter ended September 30, 2010
	(Rupees in thousand)	
Profit for the period	20,508	24,328
Other comprehensive income for the period Increase / (decrease) in fair value of short term investment	(543)	(1,318)
Total comprehensive income for the period	19,965	23,010

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2011 (UN-AUDITED)

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 thousand)									
Balance as at June 30, 2010	190,920	143,190	(1,410)	141,780	540,000	306,971	846,971	1,179,671	-
Total comprehensive income for the 1st quarter	-	-	92	92	-	24,328	24,328	24,420	-
Balance as at September 30, 2010	190,920	143,190	(1,318)	141,872	540,000	331,299	871,299	1,204,091	-
Dividend for the year ended June 30, 2010 : Rs. 2/- per share	-	-	-	-	-	(38,184)	(38,184)	(38,184)	-
Transferred to general reserve	-	-	-	-	50,000	(50,000)	-	-	-
Non controlling interest arisen due to sale of share of the subsidiary	-	-	-	-	-	-	-	-	5
Total comprehensive income for the nine months	-	-	1,035	1,035	-	66,760	66,760	67,795	2
Balance as at June 30, 2011	190,920	143,190	(283)	142,907	590,000	309,875	899,875	1,233,702	7
Total comprehensive income for the 1st quarter	-	-	(260)	(260)	-	20,508	20,508	20,248	-
Balance as at September 30, 2011	190,920	143,190	(543)	142,647	590,000	330,383	920,383	1,253,950	7

CHIEF EXECUTIVE OFFICER

DIRECTOR



SITARA ENERGY LIMITED & ITS SUBSIDIARY COMPANY
CONDENSED INTERIM CONSOLIDATED COST OF SALES
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2011 (UN-AUDITED)

Description	September 30, 2011	September 30, 2010
	(Rupees in thousand)	
Cost of fuel and lubricants, yarn, cloth & chemicals	831,844	612,865
Sui gas	124,956	163,569
Salaries, wages and benefits	12,110	13,150
Stores and spares	18,504	33,371
Insurance	1,305	1,373
Repair and maintenance	3,472	2,764
Depreciation	17,009	18,108
Other	3,327	3,195
	1,012,527	848,395

CONSOLIDATED ACQUISITION AND DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2011 (UN-AUDITED)

Description	September 30, 2011		September 30, 2010	
	Acquisition	Disposal	Acquisition	Disposal
	(Rupees in '000')			
Operating Assets				
<i>Owned</i>				
Freehold land	-	1,195	-	-
Electric appliances	9	-	278	-
Furniture & fixtures	-	-	40	-
Vehicles	94	1,265	68	2,221
Non-Operating Land				
Cost of land	77,423	7,098	-	-
	77,526	9,558	386	2,221

CHIEF EXECUTIVE OFFICER

DIRECTOR