

CONTENTS

SITARA ENERGY LIMITED

• Company Information	2
• Directors' Review	3
• Auditors' Report to The Members	4
• Condensed Interim Balance Sheet	5
• Condensed Interim Profit and Loss Account	6
• Condensed Interim Statement of Comprehensive Income	7
• Condensed Interim Cash Flow Statement	8
• Condensed Interim Statement of Changes in Equity	9
• Selected Explanatory Notes to the Condensed Interim Financial Statements	10

CONSOLIDATED ACCOUNTS

SITARA ENERGY LIMITED AND ITS SUBSIDIARY COMPANY

• Condensed Interim Consolidated Balance Sheet	13
• Condensed Interim Consolidated Profit and Loss Account	14
• Condensed Interim Consolidated Statement of Comprehensive Income	15
• Condensed Interim Consolidated Cash Flow Statement	16
• Condensed Interim Consolidated Statement of Changes in Equity	17
• Selected Explanatory Notes to the Condensed Interim Financial Statements	18



COMPANY INFORMATION

BOARD OF DIRECTORS	:	Mr. Javed Iqbal	Chairman / Chief Executive
		Directors: Mr. Sarosh Javed Mr. Mukhtar Ahmed Sheikh Mr. Rana M. Arshad Iqbal Mst. Naseem Akhtar Mrs. Noureen Javed Mrs. Haniah Javed	
AUDIT COMMITTEE		Mr. Sarosh Javed Mr. Javed Iqbal Mst. Naseem Akhtar	Chairman Member Member
CHIEF FINANCIAL OFFICER	:	Mr. Maqbool Ahmed Chaudhry	
COMPANY 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	:	THK Associates (Private) Limited Ground Floor, State Life Building No. 3, Dr. Ziauddin Ahmed Road, Karachi. 75530 P.O. Box No. 8533, UAN: +92 (21) 111-000-322 Fax: +92 (21) 35655595 Email: secretariat@thk.com.pk	
LEGAL ADVISOR	:	Sahibzada Muhammad Arif	
REGISTERED OFFICE	:	601-602 Business Centre, Mumtaz Hassan Road, Karachi-74000	
PLANT	:	33 K.M., Sheikhpura Road, Faisalabad.	
	:	Web: www.sitara.pk	

DIRECTORS' REVIEW

The Board of Directors is pleased to present their review report together with the consolidated accounts of the company for the half year ended December 31, 2012 with limited review of the external Auditors.

During the review period, the Power Plant generated 181,956 Mwh of electricity (compared to 168,075 Mwh in the corresponding period last year), resulting in a load factor of 52 % (compared to 48% in the corresponding period last year). The fuel mix for dispatched output to customers was 44% on gas and 56% on furnace oil. The increase in electricity generation is mainly due to increased demand from FESCO.

In the review period, the turnover was Rs.2,548/- Million; cost of generation was Rs. 2,288/- Million; profit after tax was Rs. 111 Million (compared to Rs. 42 Million in the corresponding period last year); and EPS stood at Rs. 5.85 (Rs. 2.23 in the corresponding period last year).

The Company is supplying electricity to Faisalabad Electric Supply Company "FESCO" on ad-hoc basis as renewal of agreement with FESCO is under review with NEPRA for its approval. Natural gas crises are expected to persist and no date for restoration of National gas has been given by the respective authorities.

The Board of Directors expresses its appreciation to the financial institutions, customers, FESCO, oil companies for their support in these crises. The Board also acknowledges the dedication of the employees towards the safe, reliable and efficient operations of the plant.

For and on behalf of the Board

Faisalabad:
February 22, 2013

JAVED IQBAL
Chief Executive Officer

Auditor's Report on Review of Interim Financial Information to the Members

Introduction

We have reviewed the accompanying condensed interim balance sheet of Sitara Energy Limited as at December 31, 2012 and 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 six months period 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 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, 2012 and 2011 have not been reviewed, as we are required to review only the cumulative figures for the six months ended December 31, 2012.

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 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, 2012 and for the six months period then ended is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

February 22, 2013
Faisalabad:

Avais Hyder Liaquat Nauman
Chartered Accountants
Engagement partner: Hamid Masood

CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2012

(Un-audited) (Audited)
December 31, June 30,
2012 2012
Note -----Rupees in '000'-----

(Un-audited) (Audited)
December 31, June 30,
2012 2012
Note -----Rupees in '000'-----

SHARE CAPITAL AND RESERVES

Authorised capital
30,000,000 ordinary shares
of Rs. 10/- each.

300,000 300,000

Issued, subscribed
and paid up capital
Capital reserve - Share premium
Revenue reserves
General reserve
Unappropriated profit

	190,920	190,920
	143,190	143,190
	720,000	620,000
	507,163	514,543
	1,561,273	1,468,653

NON-CURRENT ASSETS

Property, plant and equipment
Investment in subsidiary
Long term deposits

4	1,948,182	1,982,368
	49,995	49,995
	717	1,200
	1,998,894	2,033,563

NON-CURRENT LIABILITIES

Redeemable capital
Sukuk certificates
Liabilities against assets
subject to finance lease

	232,500	310,000
	933	2,110
	233,433	312,110

CURRENT LIABILITIES

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

	292,640	263,525
	46,449	57,263
	1,247,422	1,030,968
	155,000	155,000
	2,309	2,190
	853	853
	1,744,673	1,509,799

CURRENT ASSETS

Stores, spares and loose tools
Stock of oil and lubricants
Trade debts
Loans and advances
Deposits and prepayments
Other receivables
Tax refunds due from
Government - income tax
Cash and bank balances

	402,587	379,030
	52,616	76,913
	706,469	499,775
	21,190	12,101
	7,493	2,685
	4,000	22,378
	8,766	5,637
	83,994	5,110
	1,287,115	1,003,629

CONTINGENCIES AND
COMMITMENTS

3

3,539,379 3,290,562

Non-current assets
classified as held for sale

253,370 253,370
1,540,485 1,256,999

3,539,379 3,290,562

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 HALF YEAR ENDED DECEMBER 31, 2012**

	Note	Half year ended December 31,		Quarter ended December 31,	
		2012	2011	2012	2011
----- Rupees in '000'-----					
Sales - net	5	2,547,758	2,299,494	1,300,759	1,168,909
Cost of generation	6	2,288,068	2,064,804	1,169,579	1,055,027
Gross profit		259,690	234,690	131,180	113,882
Other operating income		768	604	360	604
		260,458	235,294	131,540	114,486
Operating expenses		35,543	39,884	16,855	19,071
Other operating expenses		5,882	6,244	3,973	1,189
Finance cost		107,321	146,520	35,271	72,284
		148,746	192,648	56,099	92,544
Profit for the period before taxation		111,712	42,646	75,441	21,942
Provision for taxation	9.1	-	-	-	-
Profit for the period		111,712	42,646	75,441	21,942
Earnings per share - Basic and diluted		5.85	2.23	3.95	1.15

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 HALF YEAR ENDED DECEMBER 31, 2012

	Half year ended December 31,		Quarter ended December 31,	
	2012	2011	2012	2011
-----Rupees in '000'-----				
Profit for the period	111,712	42,646	75,441	21,942
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>111,712</u>	<u>42,646</u>	<u>75,441</u>	<u>21,942</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 HALF YEAR ENDED DECEMBER 31, 2012**

	Half year ended December 31,	
	2,012	2011
	-----Rupees in '000'-----	
a) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	111,712	42,646
Adjustments for :		
Depreciation of property, plant and equipment	40,635	37,413
Provision for staff retirement benefits	1,332	1,261
(Gain) / loss on disposal of :		
Property, plant and equipment	-	(1,676)
Non-current assets classified as held for sale	-	5,465
Finance cost	107,322	146,520
Operating cash flows before working capital changes	<u>261,001</u>	<u>231,629</u>
Changes in working capital		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(23,557)	13,693
Stock of oil and lubricants	24,297	50,733
Trade debts	(206,694)	(152,989)
Loans and advances	(8,265)	(40,816)
Deposits and prepayments	(4,808)	(4,957)
Other receivables	18,378	-
Tax refunds due from Government	(3,129)	-
Increase in current liabilities		
Trade and other payables	26,121	32,802
Cash (used in) operating activities	<u>(177,657)</u>	<u>(101,534)</u>
	83,344	130,095
Income tax paid	(824)	(1,283)
Staff retirement benefits paid	(1,082)	(1,064)
Finance cost paid	(118,134)	(133,873)
Net cash (used in) from operating activities	<u>(36,696)</u>	<u>(6,125)</u>
b) CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in property, plant and equipment	(6,450)	(81,006)
Proceeds from disposal of :		
Property, plant and equipment	-	14,170
Non-current assets classified as held for sale	-	7,900
Addition in long term deposits	483	-
Net cash (used in) investing activities	<u>(5,967)</u>	<u>(58,936)</u>
c) CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of :		
Redeemable capital	(77,500)	(60,353)
Liabilities against assets subject to finance lease	(1,059)	(963)
Increase in short term bank borrowings - net	216,454	144,934
Dividend paid	(16,348)	(10,676)
Net cash generated from financing activities	<u>121,547</u>	<u>72,942</u>
Net increase in cash and cash equivalents (a+b+c)	78,884	7,881
Cash and cash equivalents at the beginning of the period	5,110	2,785
Cash and cash equivalents at the end of the period	<u>83,994</u>	<u>10,666</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 HALF YEAR ENDED DECEMBER 31, 2012**

	Issued, subscribed and paid up capital	Capital reserve Share premium	Revenue reserves		Total	
			General reserve	Unappropriated profit		
-----Rupees in '000'-----						
Balance as at July 01, 2011	190,920	143,190	590,000	312,167	902,167	1,236,277
Transaction with owners						
Dividend for the year ended June 30, 2010 : Rs.2/- per share	-	-	-	(19,092)	(19,092)	(19,092)
Transferred to general reserve	-	-	30,000	(30,000)	-	-
Total comprehensive income for the period						
Profit for the period	-	-	-	42,646	42,646	42,646
Other comprehensive income	-	-	-	-	-	-
Balance as at December 31, 2011	190,920	143,190	620,000	305,721	925,721	1,259,831
Total comprehensive income for the period						
Profit for the period	-	-	-	208,822	208,822	208,822
Other comprehensive income	-	-	-	-	-	-
Balance as at June 30, 2012	190,920	143,190	620,000	514,543	1,134,543	1,468,653
Transaction with owners						
Dividend for the year ended June 30, 2011 : 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	-	-	-	111,712	111,712	111,712
Other comprehensive income	-	-	-	-	-	-
Balance as at December 31, 2012	190,920	143,190	720,000	507,163	1,227,163	1,561,273

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 HALF YEAR ENDED DECEMBER 31, 2012**

1. STATUS AND ACTIVITIES

- 1.1 Sitara Energy Limited (the Company) was incorporated on November 07, 1991 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 This condensed interim financial report is presented in Pak Rupee, which is the Company's functional and presentation currency.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

This condensed interim financial report of the Company 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. This condensed interim financial report 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.

2.1.1 Standards, amendments to standards and interpretations becoming effective in current period.

There are amendments to certain standards and interpretations that became effective during the period and are mandatory for accounting periods beginning on or after July 01, 2012 but are considered not to be relevant or have any significant effect on the company's operations and are, therefore, not disclosed in this condensed interim financial report.

2.1.1 Standards, amendments to standards and interpretations becoming effective in future period.

There are other amendments to standards and new interpretations that are mandatory for accounting periods beginning on or after July 01, 2013 but are considered not to be relevant or do not have any significant effect on company's operations and are, therefore, not detailed in this condensed interim financial report.

2.2 Basis of preparation

This condensed interim financial report has been prepared under "historical cost convention". This condensed interim financial report does not include all the information required for full published audited financial statements, and should be read in conjunction with the Company's published audited financial statements for the year ended June 30, 2012.

2.3 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, 2012.

	(Un-audited) December 31, 2012	(Audited) June 30, 2012
	----- Rupees in '000' -----	
3. CONTINGENCIES AND COMMITMENTS		
Contingencies		
Bank guarantee issued in favour of Sui Northern Gas Pipelines Limited for supply of gas	97,171	97,171
Demand of income tax not acknowledged in view of pending appeals.	77,635	3,912
Commitments		
Under letters of credit for stores and spares	5,293	14,455
4. Property, plant and equipment		
Operating assets	1,142,336	1,170,649
Capital work in progress	137,180	148,323
Non-operating land	668,666	663,396
	<u>1,948,182</u>	<u>1,982,368</u>

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

	Half year ended			
	December 31, 2012		December 31, 2011	
	Acquisitions	Disposals	Acquisitions	Disposals
	----- (Rupees in '000') -----			
At cost				
Operating assets - owned				
Freehold land	-	-	-	1,730
Electric Installations	10,511	-	-	-
Factory equipment	-	-	235	-
Electric appliances	282	-	9	-
Furniture and fixture	1,456	-	-	-
Office equipment	-	-	18	-
Vehicles	74	-	5,260	4,838
	<u>12,323</u>	<u>-</u>	<u>5,522</u>	<u>6,568</u>
	Half year ended December 31, 2012		Quarter ended December 31, 2011	
	2012	2011	2012	2011
	----- Rupees in '000' -----			

5. Sales - net

Electricity	2,882,723	2,616,185	1,480,329	1,326,974
Steam	66,922	55,893	33,160	29,952
	<u>2,949,645</u>	<u>2,672,078</u>	<u>1,513,489</u>	<u>1,356,926</u>
Less: Sales tax	(396,101)	(369,088)	(210,257)	(186,170)
	<u>2,553,544</u>	<u>2,302,990</u>	<u>1,303,232</u>	<u>1,170,756</u>
Less: Electricity duty	(5,786)	(3,496)	(2,473)	(1,847)
	<u>2,547,758</u>	<u>2,299,494</u>	<u>1,300,759</u>	<u>1,168,909</u>

	Half year ended December 31,		Quarter ended December 31,	
	2012	2011	2012	2011
----- Rupees in '000' -----				
6. Cost of generation				
Cost of fuel, oil, gas and lubricants	2,123,215	1,938,843	1,084,746	984,793
Salaries and wages	25,551	23,142	13,551	11,443
Retirement benefits	830	808	411	397
Stores, spares and loose tools	80,803	50,923	39,725	32,419
Repairs and maintenance	7,939	5,324	6,567	1,852
Insurance	2,700	2,686	160	1,381
Depreciation	38,662	35,683	19,473	18,674
Other	8,368	7,395	4,946	4,068
	2,288,068	2,064,804	1,169,579	1,055,027

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	Half year ended December 31,	
		2012	2011
----- Rupees in '000' -----			
Subsidiary	Advance against purchase of land	-	18,369
Associated undertakings	Sales	645,865	447,200
	Purchases	3,009	2,877
	Organizational expenses paid	541	1,781
	Organizational expenses recovered	42	84
	Remuneration	3,373	3,108
Key management personnel	Retirement benefits contribution	1,332	1,261
Post employment benefit plan			

8. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial report was authorised for issue on February 22, 2013 by the Board of Directors of the Company.

9. GENERAL

- 9.1 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.
- 9.2 Provision for workers' profit participation fund made in this condensed interim financial report is subject to adjustment in published audited financial statements.
- 9.3 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.
- 9.4 Figures have been rounded off to the nearest thousand of Rupees.



CHIEF EXECUTIVE OFFICER



DIRECTOR

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET
AS AT DECEMBER 31, 2012

	(Un-audited) December 31, 2012	(Audited) June 30, 2012		(Un-audited) December 31, 2012	(Audited) June 30, 2012
	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	1,889,412
			Long term deposits		717
					1,890,129
Issued, subscribed and paid up capital	190,920	190,920			1,923,600
Capital reserve - Share premium	143,190	143,190			1,200
Fair value reserve	596	356			1,924,800
Revenue reserves					
General reserve	720,000	620,000			
Unappropriated profit	504,210	511,911			
	1,558,916	1,466,377			
Non-controlling interest	7	7			
	1,558,923	1,466,384			
NON - CURRENT LIABILITIES			CURRENT ASSETS		
Redeemable capital Sukuk certificates	232,500	310,000	Land held for development and resale		33,165
Liabilities against assets subject to finance lease	933	2,110	Stores, spares and loose tools		402,587
	233,433	312,110	Stocks		116,019
			Investment property		63,403
CURRENT LIABILITIES			Trade debts		707,953
Trade and other payables	293,065	263,948	Loans and advances		21,745
Interest / mark up payable	46,449	57,263	Deposits and prepayments		7,493
Short term bank borrowings	1,247,422	1,030,968	Other receivables		4,000
Current portion of :			Short-term investments	6	3,720
Redeemable capital	155,000	155,000	Tax refunds due from Government		9,121
Liabilities against assets subject to finance lease	2,309	2,190	Cash and bank balances		88,158
Provision for taxation - income tax	859	994			1,393,961
	1,745,104	1,510,363			1,110,687
			Non-current assets classified as held for sale		253,370
					1,647,331
CONTINGENCIES AND COMMITMENTS					3,537,460
					3,288,857
	3,537,460	3,288,857			

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 HALF YEAR ENDED DECEMBER 31, 2012

	Note	Half year ended December 31,		Quarter ended December 31,	
		2012	2011	2012	2011
		-----Rupees in '000'-----			
Sales - net	7	2,547,758	2,308,525	1,300,759	1,175,189
Cost of generation and sales	8	2,288,068	2,073,584	1,169,579	1,061,057
Gross profit		259,690	234,941	131,180	114,132
Other operating income		881	724	416	668
		260,571	235,665	131,596	114,800
Operating expenses		35,970	40,204	17,117	19,248
Other operating expense					
Workers' profit participation fund		5,882	6,244	3,973	1,189
Finance cost		107,322	146,605	35,272	72,287
		149,174	193,053	56,362	92,724
Profit for the period before taxation		111,397	42,612	75,234	22,076
Provision for taxation		6	124	6	96
Profit for the period		111,391	42,488	75,228	21,980
Attributable to:					
Ordinary shareholders		111,391	42,446	75,228	21,958
Non-controlling interest		-	42	-	22
		111,391	42,488	75,228	21,980
Earnings per share - Basic and diluted (Attributable to shareholders of the parent company)		5.83	2.22	3.94	1.15

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 HALF YEAR ENDED DECEMBER 31, 2012

	Half year ended December 31,		Quarter ended December 31,	
	2012	2011	2012	2011
	-----Rupees in '000'-----			
Profit for the period	111,391	42,488	75,228	21,980
Other comprehensive income / (loss) for the period				
Un-realized gain / (loss) on available for sale investments	240	(475)	-	-
Total comprehensive income for the period	<u>111,631</u>	<u>42,013</u>	<u>75,228</u>	<u>21,980</u>
Attributable to:				
Ordinary shareholders	111,631	41,971	75,153	21,958
Non-controlling interest	-	42	75	22
	<u>111,631</u>	<u>42,013</u>	<u>75,228</u>	<u>21,980</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 HALF YEAR ENDED DECEMBER 31, 2012

	Half year ended December 31,	
	2012	2011
	-----Rupees in '000'-----	
a) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period before taxation	111,396	42,612
Adjustments for :		
Depreciation of property, plant and equipment	40,638	37,416
Provision for staff retirement benefits	1,332	1,261
Gain on disposal of :		
Property, plant and equipment	-	(1,676)
Non-current assets classified as held for sale	-	5,465
Finance cost	107,323	146,605
Operating cash flows before working capital changes	260,689	231,683
Changes in working capital (Increase) / decrease in current assets		
Land held for development and resale and advances	-	(18,652)
Stores, spares and loose tools	(23,557)	13,693
Stocks	24,297	59,490
Trade debts	(205,194)	(143,623)
Loans and advances	(7,924)	(40,816)
Deposits and prepayments	(4,808)	(4,957)
Other receivables	18,378	-
Tax refunds due from Government	(3,336)	-
Increase in current liabilities		
Trade and other payables	26,123	51,149
	(176,021)	(83,716)
Cash generated from operating activities	84,668	147,967
Income tax paid	(966)	(2,124)
Staff retirement benefits paid	(1,082)	(1,064)
Finance cost paid	(118,135)	(135,959)
Net cash (used in) / generated from operating activities	(35,515)	8,820
b) CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in property, plant and equipment	(6,450)	(81,006)
Proceeds from disposal of :		
Property, plant and equipment	-	14,170
Non-current assets classified as held for sale	-	7,900
Addition in long term deposits	483	-
Net cash (used in) investing activities	(5,967)	(58,936)
c) CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of :		
Redeemable capital	(77,500)	(60,353)
Liabilities against assets subject to finance lease	(1,059)	(963)
Increase in short term bank borrowings - net	216,454	128,634
Dividend paid	(16,348)	(10,676)
Net cash generated from financing activities	121,547	56,642
Net increase in cash and cash equivalents (a+b+c)	80,065	6,526
Cash and cash equivalents at the beginning of the period	8,093	5,029
Cash and cash equivalents at the end of the period	88,158	11,555

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 HALF YEAR ENDED DECEMBER 31, 2012

	Capital and reserves							Total	Non-Controlling Interest
	Issued, subscribed and paid up capital	Capital reserves			Revenue reserves				
		Share premium	Fair value reserve	Sub total	General reserve	Unappropriated profit	Sub total		
Rupees in '000'									
Balance as at July 01, 2011	190,920	143,190	(283)	142,907	590,000	309,874	899,874	1,233,700	7
Transaction with owners									
Dividend for the year ended June 30, 2010 - Rs. 1/- per share	-	-	-	-	-	(19,092)	(19,092)	(19,092)	-
Transferred to general reserve	-	-	-	-	30,000	(30,000)	-	-	-
Non controlling interest arisen due to sale of share of the subsidiary	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	42,447	42,447	42,447	-
Un-realized loss on available for sale investments	-	-	(475)	(475)	-	-	-	(475)	-
Balance as at December 31, 2011	190,920	143,190	(758)	142,432	620,000	303,229	923,229	1,256,580	7
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	208,662	208,662	208,662	-
Un-realized gain on available for sale investments	-	-	1,114	1,114	-	-	-	1,114	-
Balance as at June 30, 2012	190,920	143,190	356	143,546	620,000	511,911	1,131,911	1,466,376	7
Transaction with owners									
Dividend for the year ended June 30, 2011 - Rs. 1/- per share	-	-	-	-	-	(19,092)	(19,092)	(19,092)	-
Transferred to general reserve	-	-	-	-	100,000	(100,000)	-	-	-
Non controlling interest arisen due to sale of share of the subsidiary	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	111,391	111,391	111,391	-
Un-realized gain on available for sale investments	-	-	240	240	-	-	-	240	-
Balance as at December 31, 2012	190,920	143,190	596	143,786	720,000	504,210	1,224,210	1,558,915	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 HALF YEAR ENDED DECEMBER 31, 2012**

1. GROUP STATUS AND ACTIVITIES

1.1 The group consists of Sitara Energy Limited and Sitara International (Private) Limited.

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.

Sitara International (Private) Limited (the subsidiary) is incorporated in Pakistan as a private limited Company under the Companies Ordinance, 1984. The principal activities of the subsidiary are trading in textile goods / machinery and real estate. The registered office of the subsidiary is situated at 601 - 602 Business Centre, Mumtaz Hasan Road, Karachi.

1.2 This condensed interim consolidated financial report is presented in Pak Rupee, which is the group's functional and presentation currency.

2. BASIS OF CONSOLIDATION

This condensed interim consolidated financial report includes the condensed interim financial report of Sitara Energy Limited and its subsidiary Sitara International (Private) Limited. The condensed interim consolidated financial report of the parent and subsidiary company 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 company attributable to interest which are not owned by the parent company.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

This consolidated condensed interim financial report of the Company 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. This consolidated condensed interim financial report 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.

3.1.1 Standards, amendments to standards and interpretations becoming effective in current period

There are certain amendments to standards and interpretations that became effective during the period and are mandatory for accounting periods beginning on or after July 01, 2012 but are considered not to be relevant or have any significant effect on the group's operations and are, therefore, not disclosed in this condensed interim consolidated financial report.

3.1.2 Standards, amendments to standards and interpretations becoming effective in future periods

There are new standards, other amendments to standards and interpretations that are mandatory for accounting periods beginning on or after July 01, 2013 but are considered not to be relevant or do not have any significant effect on Company's operations and are, therefore, not detailed in this condensed interim consolidated financial report.

3.2 Basis of preparation

This condensed interim consolidated financial report has been prepared under "historical cost convention". This consolidated condensed interim financial report does not include all the information required for full published audited consolidated financial statements, and should be read in conjunction with the Company's published audited financial statements for the year ended June 30, 2012.

3.3 Accounting policies and methods of computation

The accounting policies and methods of computation followed in the preparation of this condensed interim consolidated financial report are the same as those applied for the preparation of the published audited consolidated financial statements for the year ended June 30, 2012.

	(Un-audited) December 31, 2012	(Audited) June 30, 2012
	----- Rupees in '000' -----	
4. CONTINGENCIES AND COMMITMENTS		
Contingencies		
Bank guarantee issued in favour of Sui Northern Gas Pipelines Limited for supply of gas	97,171	97,171
Demand of income tax not acknowledged in view of pending appeals.	77,635	3,912
Commitments		
Under letters of credit for stores and spares	5,293	14,455
5. PROPERTY, PLANT AND EQUIPMENT		
Operating assets	1,138,835	1,170,701
Capital work in progress	137,180	148,322
Non-operating land	613,397	604,577
	<u>1,889,412</u>	<u>1,923,600</u>

5.1 During the period following acquisitions and disposals were made:

	Half year ended			
	December 31, 2012		December 31, 2011	
	----- (Rupees in '000') -----			
	Acquisitions	Disposals	Acquisitions	Disposals
Operating assets				
Owned				
Freehold land	-	-	-	1,730
Electric Installations	10,511	-	-	-
Factory equipment	-	-	235	-
Electric appliances	282	-	9	-
Furniture and fixture	1,456	-	18	-
Office equipment	-	-	5,260	4,838
Vehicles	74	-	-	-
	<u>12,323</u>	<u>-</u>	<u>5,522</u>	<u>6,568</u>

	Un-audited December 31, 2012	Audited June 30, 2012
	----- Rupees in '000' -----	
6. Short-term investments		
Available for sale - at fair value		
Nimir Chemical Industries Limited - Quoted 1,000,000 ordinary shares of Rs. 5/- each	2,924	2,924
Wateen Telecom Limited 20,000 ordinary shares of Rs. 10/- each	200	200
	<u>3,124</u>	<u>3,124</u>
Less: fair value reserve	596	356
	<u>3,720</u>	<u>3,480</u>

Note	Half year ended December 31,		Quarter ended December 31,	
	2012	2011	2012	2011
-----Rupees in '000'-----				
7. Sales				
Electricity	2,882,723	2,616,185	1,480,329	1,326,974
Steam	66,922	55,893	33,160	29,952
Cloth	-	9,031	-	6,280
	2,949,645	2,681,109	1,513,489	1,363,206
Less: Sales tax	(396,101)	(369,088)	(210,257)	(186,170)
	2,553,544	2,312,021	1,303,232	1,177,036
Less: Electricity duty	(5,786)	(3,496)	(2,473)	(1,847)
	2,547,758	2,308,525	1,300,759	1,175,189

8. Cost of generation and sales

Cost of generation	8.1	2,288,068	2,064,804	1,169,579	1,055,027
Cost of sales		-	8,780	-	6,030
		2,288,068	2,073,584	1,169,579	1,061,057

8.1 Cost of generation

Cost of fuel, oil, gas and lubricants	2,123,215	1,938,843	1,084,746	984,793
Salaries and wages	25,551	23,142	13,551	11,443
Retirement benefits	830	808	411	397
Stores, spares and loose tools	80,803	50,923	39,725	32,419
Repairs and maintenance	7,939	5,324	6,567	1,852
Insurance	2,700	2,686	160	1,381
Depreciation	38,662	35,683	19,473	18,674
Other	8,368	7,395	4,946	4,068
	2,288,068	2,064,804	1,169,579	1,055,027

9. 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, key management personnel and post employment benefit plan. Significant transactions with related parties are as follows:-

Relationship with the company	Nature of transaction	Half year ended December 31,	
		2012	2011
-----Rupees in '000'-----			
Holding Company Associated undertakings	Advance against sale of land	-	18,369
	Sales	645,865	456,231
Post employment benefit plan Chief Executive Officer	Purchases	3,009	2,877
	Organizational expenses paid	541	1,781
	Organizational expenses recovered	42	84
	Retirement benefits contributed	1,332	1,261
	Remuneration	3,373	3,108

10. DATE OF AUTHORISATION FOR ISSUE

This condensed interim consolidated financial report was authorised for issue on February 22, 2013 by the Board of Directors of the Company.

11. GENERAL

11.1 The provisions for taxation and workers' profit participation fund made in this condensed interim consolidated financial report are subject to adjustments in annual financial statements.

11.2 There is no unusual item included in this condensed interim consolidated financial report which is affecting liabilities, assets, profit, cash flows or equity of the group.

11.3 Figures have been rounded off to the nearest thousand of Rupees.



CHIEF EXECUTIVE OFFICER



DIRECTOR