

WITHOUT ELECTRICITY, THERE CAN BE NO ART

Nam June Paik



SAIF POWER LIMITED
A Saif Group Company

Quarterly Report
For the Half Year Ended
30 June 2018

CONTENTS

02	Corporate Information
03	Directors' Report to the Members
05	Independent Auditors' Review Report
06	Condensed Interim Balance Sheet
08	Condensed Interim Profit and Loss Account
09	Condensed Interim Statement of Comprehensive Income
10	Condensed Interim Statement of Cash Flows
11	Statement of Changes in Equity
12	Condensed Interim Financial Information

CORPORATE INFORMATION

Board of Directors

Mrs. Hoor Yousafzai	Chairperson
Mr. Osman Saifullah Khan	Director
Mr. Jehangir Saifullah Khan	Director
Mr. Assad Saifullah Khan	Director
Ms. Jehannaz Saifullah Khan	Director
Mr. Omar Ayub Khan	Director
Mr. Rana Muhammad Shafi	Director

Audit Committee

Mr. Omar Ayub Khan	Chairman
Mr. Osman Saifullah Khan	Member
Mr. Jehangir Saifullah Khan	Member

Human Resource and Remuneration Committee

Mr. Omar Ayub Khan	Chairman
Mr. Jehangir Saifullah Khan	Member
Mr. Assad Saifullah Khan	Member

Management

Mr. Sohail H Hydari
Chief Executive Officer

Mr. Hammad Mahmood
Chief Financial Officer

Mr. Ghias Ul Hassan
GM Power Plant

Mr. Waseemullah
Company Secretary

Registered/ Head Office

1st Floor Kashmir Commercial Complex
(KCC), Fazal-ul-Haq Road, Block E, Blue
Area, Islamabad, Pakistan.
Tel: +92-51-2271378-83
Fax: +92-51-2277670
Email: info.spl@saifgroup.com

Plant Location

Chak 56/5L, Qadarabad,
Multan Road, District Sahiwal,
Punjab, Pakistan.

Bankers

Allied Bank Limited
Askari Bank Limited
Bank Islami Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Pak Brunei Investment Company
Pak Oman Investment Company Limited
Saudi Pak Industrial and Agricultural
Investment Company Limited
Soneri Bank Limited
Summit Bank Limited
The Bank of Punjab
United Bank Limited

Share Registrar

THK Associates (Private) Ltd.
1st Floor, 40-C, Block-6,
P.E.C.H.S, Karachi 75400,
P.O Box. No: 8533
Tel: +92-21-111-000-322
Fax: +91-21-34168271
Email: secretariat@thk.com.pk

Website

www.saifpower.com

DIRECTORS' REPORT TO THE MEMBERS

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018

Dear Members,

On behalf of the Board of Directors, I have the pleasure in presenting this report along with the condensed interim financial information of your Company for the Six months period ended 30 June, 2018.

PRINCIPAL ACTIVITY

Your Company is engaged in the generation of electricity which is supplied to the national grid. Your Company owns and operates a combined cycle thermal power plant consisting of two gas turbines sourced from General Electric-France and one steam turbine sourced from Siemens-Sweden with a gross capacity of 225 MW.

SUMMARY OF FINANCIAL PERFORMANCE

By the grace of God, the operations remained smooth and the performance has been steady. Your Company's net profit for the period was Rs. 1,508 million as against of 2017: Rs.1,323 million for the comparable period. Earnings per share (EPS) for the period is Rs.3.90 (2017: Rs.3.42).

PENDING ISSUES

In the case against SNGPL, the arbitration award in Company's favor for an amount of Rs.239.68 million was challenged by SNGPL both in civil court and in Lahore High Court (LHC). However, as expected, the LHC dismissed the petition from SNGPL. Thereafter, SNGPL filed appeal before the Supreme Court of Pakistan, which has also been disposed off. SNGPL has also challenged the award in Civil Court, Lahore which is pending adjudication. Company has also filed a petition in the Civil Court Lahore to obtain the Decree in lieu of the Arbitration award. This amount has already been adjusted against payables to SNGPL.

In the case against Power Purchaser, the Arbitrator has awarded Rs. 477.56 M in Company's favour along with related Costs. Company has filed a petition in Lahore High Court for its enforcement. Power Purchaser has also challenged the partial award and final

award in Civil Court, Lahore which are pending adjudication.

KEY OPERATIONAL AND FINANCIAL DATA

	2018 (PKR-Million)	2017 (PKR-Million)
Turnover	9,050	7,623
Net Profit	1,508	1,323
Property, plant and equipment	13,471	13,687
Net Worth	11,170	10,396
Long term financing	3,844	4,761
Short term borrowings	3,993	1,927
Earnings per Share	3.90	3.42
Net Profit - %	16.67%	17.35%
Dispatch Level	77.01%	47.05%
Capacity made available -GWhs	858	821

Future Outlook

We are confident that with the sustained efforts, the Company will be able to ensure growth.

Acknowledgments

We would like to take this opportunity to thank our regulators, financial institutions, customers and other stakeholders for their continuous support and guidance.

The Directors also place on record their appreciation for the hard work and devotion of the employees towards the improved performance of the Company.

On behalf of the Board,

Assad Saifullah Khan
Director

Ms. Hoor Yousafzai
Chairperson

August 29, 2018
Islamabad

ممبران کے لیے ڈائریکٹرز کی رپورٹ

مؤرخہ 30 جون 2018ء کو ختم ہونے والے نصف سال کی رپورٹ

محترم ممبران!

اہم آپریٹس اور مالیاتی ڈیٹا:

پاکستان کرنی 2017 ملین روپے	پاکستان کرنی 2018 ملین روپے	آمدنی فی حصہ
7,623	9,050	کاروبار
1,323	1,508	خالص منافع
13,687	13,471	پراپرٹی، پلانٹ اور آلات
10,396	11,170	کل مالیت
4,761	3,844	طویل مدتی فنانسنگ
1,927	3,993	مختصر مدت کے قرضے
3.42	3.90	فی شیئر آمدنی (روپے)
17.35%	16.67%	خالص منافع %
47.05%	77.01%	ترتیل کابیول
821	858	میسریگ واٹ آورز کی گنجائش

بورڈ آف ڈائریکٹرز (BOD) کی جانب سے میں، 30 جون 2018ء کو ختم ہونے والے نصف سال کے لئے آپ کی کمپنی کے "غیر مجاہدہ ملغض عبوری مالی بیانات" کے ساتھ ساتھ اس رپورٹ کو پیش کرنا اپنے لیے باعث مسرت سمجھ رہی ہوں۔

اہم سرگرمی:

آپ کی کمپنی بجلی پیدا کرنے میں مصروف ہے جو کہ نیشنل گرڈ (بڑے بڑے پاور اسٹیشنز کو ملانے کے لیے ہائی وولٹیج پاور لائنز کے نیٹ ورک) کو مہیا کی جاتی ہے۔ آپ کی کمپنی کے پاس "کمپائڈ سائیکل تھرمل پاور پلانٹ" ہے جو کہ جنرل الیکٹریک فرانس کے دو طرفہ گیس ٹربائن اور سینئر سوئڈن کے ایک سلیم ٹربائن پر مشتمل ہے اور اس پلانٹ کی مجموعی پیداواری صلاحیت 225 میگا واٹ ہے۔

مالیاتی کارکردگی کا خلاصہ:

خدا کے فضل سے، تمام آپریٹسز ہموار رہے ہیں اور کارکردگی مستحکم رہی ہے۔ مذکورہ عرصہ کے دوران آپ کی کمپنی کا خالص منافع 1,508 ملین روپے تھا جب کہ اس کے مقابلے میں سال 2017ء میں اتنے ہی عرصہ کے دوران یہ منافع 1,323 ملین روپے تھا۔ مذکورہ عرصہ کی فی شیئر آمدنی 3.90 روپے ہے (جو کہ 2017ء میں 3.42 روپے تھی)۔

زیر التواء مسائل:

سوئی ناردرن گیس کے خلاف معاملے میں، 239.68 ملین روپے کے لئے کمپنی کے حق میں ثالثی ایوارڈ کو سوئی ناردرن کی طرف سے سول کورٹ اور لاہور ہائی کورٹ دونوں میں چیلنج کیا گیا تھا۔ تاہم، توقع کے مطابق، لاہور ہائی کورٹ نے سوئی ناردرن کی جانب سے دائر درخواست کو مسترد کر دیا۔ اس کے بعد، سوئی ناردرن گیس نے سپریم کورٹ آف پاکستان کے سامنے اپیل کی ہے اور وہ بھی رڈ ہوگئی۔ سوئی ناردرن گیس نے سول کورٹ لاہور میں ایوارڈ کو چیلنج کیا ہے جس میں فیصلہ سازی کا انتظار کیا جا رہا ہے۔ کمپنی نے ثالثی ایوارڈ کے عوض میں فرماں حاصل کرنے کے لئے سول کورٹ لاہور میں ایک درخواست بھی درج کی ہے۔ سوئی ناردرن گیس کو قابل ادارہ قومی معاملے میں یہ قدم پہلے ہی ایڈجسٹ کی گئی ہے۔

پاور خریدار کے معاملے میں، کمپنی کے حق میں متعلقہ اخراجات کے ساتھ ساتھ 477.56 ملین روپے ایوارڈ کیے ہیں۔ کمپنی نے اس کے نفاذ کے لئے لاہور ہائی کورٹ میں درخواست دی ہے۔ پاور خریدار نے جزوی ایوارڈ اور فائل ایوارڈ کو سول کورٹ لاہور میں بھی چیلنج کیا ہے جس میں فیصلہ سازی کا انتظار کیا جا رہا ہے۔

مستقبل کے امکانات:

ہمیں یقین ہے کہ مسلسل کوششوں کے ساتھ، کمپنی ترقی کو یقینی بنانے کے قابل ہو جائے گی۔

اظہار تشکر:

ہم اس موقع سے فائدہ اٹھاتے ہوئے اپنے ریگولیٹرز، مالیاتی اداروں، گاہکوں اور دیگر اسٹیک ہولڈرز کا شکریہ ادا کرتے ہیں کہ انہوں نے ہماری مسلسل حمایت اور رہنمائی کی۔

ڈائریکٹرز بھی کمپنی کی بہتر کارکردگی کے حوالے سے ملازمین کی محنت اور لگن کی تعریف کرتے ہیں اور اپنی اس تعریف کو ریکارڈ میں رکھنا چاہتے ہیں۔

بورڈ آف ڈائریکٹرز کی جگہ اور بورڈ کی نیابت سے:

اسد سیف اللہ خان

ڈائریکٹر

اسلام آباد

29 اگست، 2018ء

مس جوہر یوسفزئی

چیئر پرسن

INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF SAIF POWER LIMITED REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Saif Power Limited ("the Company") as at 30 June 2018 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

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 statements 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 statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Emphasis of matter

We draw attention to notes 12.2 and 12.3 to the interim financial statements, which describe the matters regarding recoverability and adjustments of certain trade debts. Our conclusion is not modified in respect of these matters.

Other matters

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarter ended 30 June 2018, have not been reviewed and we do not express a conclusion on them.

The engagement partner on the audit resulting in this independent auditors' report is Inam Ullah Kakra.

CONDENSED INTERIM BALANCE SHEET

AS AT 30 JUNE, 2018

		Un-audited 30 June, 2018	Audited 31 December, 2017
	Note	(Rupees)	
Equity and liabilities			
Equity			
Share capital	4	3,864,717,790	3,864,717,790
Unappropriated profit		7,305,875,283	6,531,380,266
Total equity		11,170,593,073	10,396,098,056
Non-current liabilities			
Long term financing	5	1,796,066,053	2,858,104,162
Sub-ordinated loan	6	768,920,988	762,252,708
Liabilities against assets subject to finance lease	7	10,093,845	11,381,837
		2,575,080,886	3,631,738,707
Current liabilities			
Trade and other payables		1,206,112,095	1,431,225,639
Markup accrued		445,351,763	379,873,196
Short term borrowings	8	3,993,926,661	1,927,513,747
Current portion of non-current liabilities		2,122,648,726	1,909,106,803
		7,768,039,245	5,647,719,385
Total equity and liabilities		21,513,713,204	19,675,556,148
Contingencies and commitments	9		

The annexed notes 1 to 24 form an integral part of these condensed interim financial statements.

	Note	Un-audited 30 June, 2018	Audited 31 December, 2017
		(Rupees)	
Assets			
Property, plant and equipment	10	13,471,356,024	13,687,610,378
Long term investment	11	10,625,000	-
Long term deposits		3,834,710	3,834,710
Non-current assets		13,485,815,734	13,691,445,088
Stock in trade-HSD		127,752,572	127,995,836
Trade debts	12	7,124,643,553	5,383,547,937
Advances	13	1,335,983	1,482,758
Trade deposits and short term prepayments	14	122,203,350	46,837,326
Other receivables	15	484,130,628	407,449,846
Advance income tax		13,253,534	12,372,853
Bank balances	16	154,577,850	4,424,504
Current assets		8,027,897,470	5,984,111,060
Total assets		21,513,713,204	19,675,556,148

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Chief Financial Officer

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Director

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Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018

		For the quarter ended		For the six months period ended	
		30 June 2018	30 June 2017	30 June 2018	30 June 2017
		Rupees			
Turnover- net	17	4,971,759,596	4,799,157,499	9,050,398,716	7,623,582,204
Cost of sales	18	(3,987,259,156)	(3,919,057,749)	(7,076,293,939)	(5,888,264,615)
Gross profit		984,500,440	880,099,750	1,974,104,777	1,735,317,589
Administrative expenses		(36,723,725)	(46,269,830)	(72,205,211)	(79,304,217)
Finance cost	19	(190,684,070)	(169,500,016)	(393,853,822)	(336,167,691)
Other income		243,500	1,267,323	745,653	2,847,931
Profit for the period		757,336,145	665,597,227	1,508,791,397	1,322,693,612
Earnings per share- basic and diluted	20	1.96	1.72	3.90	3.42

The annexed notes 1 to 24 form an integral part of these condensed interim financial statements.

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Chief Financial Officer

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Director

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Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME(UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018

	For the quarter ended		For the six months period ended	
	30 June	30 June	30 June	30 June
	2018	2017	2018	2017
	Rupees			
Profit for the period	757,336,145	665,597,227	1,508,791,397	1,322,693,612
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	757,336,145	665,597,227	1,508,791,397	1,322,693,612

The annexed notes 1 to 24 form an integral part of these condensed interim financial statements.

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Chief Financial Officer

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Director

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Director

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018

	Note	For the six months ended	
		Un-audited 30 June, 2018	Un-audited 30 June, 2017
		Rupees	
Cash flows from operating activities			
Profit for the period		1,508,791,397	1,322,693,612
Adjustments for:			
Depreciation		296,431,051	295,575,715
Gain on sale of property, plant and equipment		(277,512)	(37,965)
Provision for staff retirement benefits- gratuity		2,579,441	3,910,482
Finance cost		393,853,822	336,149,809
Profit on deposit accounts		(5,914)	(99,740)
Return on investments		(212,647)	(2,710,226)
		2,201,159,638	1,955,481,687
Changes in:			
Stock in trade		243,264	(44,190,000)
Trade debts		(1,741,095,616)	(1,284,076,106)
Advances		146,775	(15,739,028)
Trade deposits and short term prepayments		(75,366,024)	44,399,748
Other receivables		(76,680,782)	(49,784,406)
Trade and other payables		(254,285,816)	887,691,047
		(2,147,038,199)	(461,698,745)
Cash generated from operating activities		54,121,439	1,493,782,942
Payment against deferred liability- gratuity		(8,979,286)	(22,815,909)
Income tax paid		(880,681)	(302,981)
Finance cost paid		(304,443,360)	(329,184,575)
Net cash (used in) / generated from operating activities		(260,181,888)	1,141,479,477
Cash flows from investing activities			
Increase in long term investment		(10,625,000)	-
Acquisition of property, plant and equipment		(3,683,598)	(188,034)
Increase in long term deposits		-	(441,350)
Proceeds from disposal of property, plant and equipment		354,600	37,965
Profit on deposit accounts		5,914	99,740
Return on investments		212,647	2,710,226
Net cash (used in) / generated from investing activities		(13,735,437)	2,218,547
Cash flows from financing activities			
Repayment of long term financing		(916,585,112)	(792,669,568)
Dividend paid		(722,656,151)	(734,296,380)
Increase in short term borrowings		2,066,412,915	1,448,795,869
Decrease in finance lease liabilities		(3,100,981)	(3,615,165)
Net cash generated from / (used in) financing activities		424,070,671	(81,785,244)
Net increase in cash and cash equivalents		150,153,346	1,061,912,780
Cash and cash equivalents at 01 January		4,424,504	152,763,065
Cash and cash equivalents at 30 June	21	154,577,850	1,214,675,845

The annexed notes 1 to 24 form an integral part of these condensed interim financial statements.

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Chief Financial Officer

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Director

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Director

STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018

	Share capital	Unappropriated profit Rupees	Total
Balance at 01 January 2017 (Audited)	3,864,717,790	5,351,061,011	9,215,778,801
Total comprehensive income for the year			
Profit for the period	-	1,322,693,612	1,322,693,612
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	1,322,693,612	1,322,693,612
Transaction with owners of the Company			
Distributions			
Final dividend 2016: @ Rs.1.90 per share	-	(734,296,380)	(734,296,380)
Balance at 30 June 2017 - Un-audited	3,864,717,790	5,939,458,243	9,804,176,033
Balance at 01 January 2018 - Audited	3,864,717,790	6,531,380,266	10,396,098,056
Total comprehensive income for the period			
Profit for the period	-	1,508,791,397	1,508,791,397
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	1,508,791,397	1,508,791,397
Transaction with owners of the Company			
Distributions			
Final dividend 2017: Rs. 1.90 per share	-	(734,296,380)	(734,296,380)
Balance at 30 June 2018	3,864,717,790	7,305,875,283	11,170,593,073

The annexed notes 1 to 24 form an integral part of these condensed interim financial statements.

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Chief Financial Officer

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Director

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Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018

1 Reporting entity

Saif Power Limited ("the Company") was incorporated in Pakistan on 11 November 2004 as a public limited Company under the Companies Ordinance, 1984 (now repealed and replaced by the Companies Act, 2017). The shares of the Company are quoted on Pakistan Stock Exchange Limited. The principal activities of the Company are to own, operate and maintain a combined cycle power plant having nameplate capacity of 225 Megawatt (ISO) in district Sahiwal, Punjab, Pakistan and sell the electricity to National Transmission and Dispatch Company (NTDC). The registered office of the Company is situated at 1st Floor, Kashmir Commercial Complex, Fazal-ul-Haq Road, Block E, Blue Area, Islamabad. The Company commenced operations from 30 April 2010. The Company is a subsidiary of Saif Holdings Limited ("the Holding Company") having shareholding of 51.04% shares (2017: 51.04%).

2 Basis of preparation

These condensed interim financial statements of the Company for the six months ended 30 June 2018 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- a) International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- b) Provisions of and directives issued under the Companies Act, 2017

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

The disclosures in these condensed interim financial statements do not include the information reported for full annual financial statements and should therefore be read in conjunction with the financial statements of the Company for the year ended 31 December 2017. Comparative condensed interim statement of financial position is extracted from annual financial statements as at 31 December 2017 whereas comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows are extracted from unaudited condensed interim financial statements of the Company for the six months ended 30 June 2017.

These condensed interim financial statements are unaudited and are being submitted to the members as required under Section 237 of the Companies Act, 2017 and the listing regulations of the Pakistan Stock Exchange.

3 Significant accounting policies and use of judgements and estimates

The accounting policies and the methods of computations adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's audited financial statements for the year ended 31 December 2017, except for the following:

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018

The newly enacted Companies Act, 2017 which has replaced the previous Companies Ordinance, 1984 has specified additional disclosures in the financial statements. These requirements are applicable to the Company's complete set of financial statements for the year ending December 31, 2018 and where applicable to the condensed interim financial statements. Accordingly, the Company has presented the required disclosures in these condensed interim financial statements and restated certain comparatives. However, there was no change in the reported amounts of profit or loss or the amounts presented in the statement of financial position.

	Un-audited 30 June, 2018	Audited 31 December, 2017
4 Share capital	Rupees	
4.1 Authorized share capital		
405,000,000 (31 December 2017: 405,000,000) ordinary shares of Rs.10 each	4,050,000,000	4,050,000,000
4.2 Issued, subscribed and paid-up capital		
386,471,779 (31 December 2017: 386,471,779) ordinary shares of Rs. 10 each fully paid in cash	3,864,717,790	3,864,717,790
4.3 Saif Holdings Limited ("the Holding Company") holds 197,272,619 i.e. 51.04% shares (31 December 2017: 197,272,619 i.e. 51.04%) ordinary shares of Rs.10 each at the reporting date and 12,502 (31 December 2017: 12,002) ordinary shares of Rs. 10 each and 100 (31 December 2017: 100) ordinary shares of Rs. 10 each are held by directors and a related party respectively. Orastar Limited held 66,022,504 (31 December 2017: 74,670,004) ordinary shares of the Company.		
	Un-audited 30 June, 2018	Audited 31 December, 2017
5 Long term financing - secured	Rupees	
Balance at 01 January	4,761,277,267	6,499,483,656
Repayment during the period / year	(916,585,112)	(1,738,206,389)
	3,844,692,155	4,761,277,267
Current portion of long term financing	(2,048,626,102)	(1,903,173,105)
Balance at 30 June / 31 December	1,796,066,053	2,858,104,162
5.1 Terms and conditions of all the above financing are same as disclosed in annual financial statements for the year ended 31 December 2017.		

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018

	Un-audited 30 June, 2018	Audited 31 December, 2017
	Rupees	
6 Sub-ordinated loan - secured		
Balance at 01 January	762,252,708	722,932,879
Exchange loss capitalized	76,570,187	39,319,829
Current portion of sub-ordinated loan	(69,901,907)	-
Balance at 30 June / 31 December	768,920,988	762,252,708

6.1 Terms and conditions of the above loan are same as disclosed in annual financial statements for the year ended 31 December 2017.

	Un-audited 30 June, 2018	Audited 31 December, 2017
	Rupees	
7 Liabilities against assets subject to finance lease - secured		
	Present value of minimum lease payments	Present value of minimum lease payments
Within one year	4,120,716	5,933,698
Later than one year and not later than five years	10,093,845	11,381,837
	14,214,561	17,315,535

7.1 Terms and conditions of the lease facilities are same as disclosed in annual financial statements for the year ended 31 December 2017. The carrying value of finance lease liability includes Rs. 0.98 million (31 December 2017: Rs. 2.1 million) which pertains to finance lease facilities arranged by the Holding Company from banks and title to the assets acquired under the leasing arrangements are transferable to the Company upon payment of entire lease obligations and adjustment of lease key deposits.

	Un-audited 30 June, 2018	Audited 31 December, 2017
	Rupees	
8 Short term borrowings - secured		
Working capital facilities	3,845,296,761	1,677,513,509
Short term murabaha facilities	148,629,900	250,000,238
	3,993,926,661	1,927,513,747

8.1 The terms and conditions of short term borrowings are same as disclosed in the annual financial statements for the year ended 31 December 2017, except the increase in the financing limit of running finance by Rs. 587 million along with increase in amount of lien by Rs 1,311 million.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018

9 Contingencies and commitments

All contingencies and commitments are the same as those disclosed in annual financial statements for the year ended 31 December 2017, except for the following changes:

9.1 Contingencies:

9.1.1 Sui Northern Gas Pipelines Limited (SNGPL) has claimed an amount of Rs.87.90 million (31 December 2017: Rs 84.03 million) on account of late payment by the Company against SNGPL's invoices of Regasified Liquefied Natural Gas (RLNG). SNGPL submitted these RLNG invoices to the Company without getting determination of RLNG tariff from OGRA. The Company has considered such SNGPL invoices to be invalid without OGRA determination. Therefore, no provision for the above mentioned amount has been made in these condensed interim financial statements.

9.1.2 For the tax period July 2015 to June 2016, the assessing officer raised sales tax demand of Rs. 10.43 million in the matter of inadmissibility of input tax in relation to financial banking services, security services and business support services procured by the Company. The Company filed an appeal with Commissioner (Appeals).

During the current period, Commissioner (Appeals) decided the matter in favor of the Company on account of business support services and remanded back the matter to assessing officer on account of security services and financial banking services. The Company filed an appeal in the Appellant Tribunal Inland Revenue (ATIR) against the order of Commissioner (Appeals) which is pending adjudication. Maximum amount of contingency as per the Company's records is Rs. 4.92 million.

9.1.3 In respect of Tax Years 2014 and 2015, the assessing officer amended the Company's assessments and raised tax demand amounting to Rs. 25.15 million and Rs. 9.45 million respectively by subjecting bank profit, return on investments and foreign exchange gain to tax. The Company filed an appeal before Commissioner (Appeals).

During the current period, Commissioner (Appeals) confirmed the tax imposed in the earlier order and further ordered to charge tax on interest on delayed payment revenue. The Company has filed an appeal before ATIR against the order of Commissioner (Appeals), which is pending adjudication.

10 Property, plant and equipment

	Un-audited 30 June, 2018	Audited 31 December, 2017
	Rupees	
Balance at 01 January	13,687,610,378	14,213,512,866
Additions during the period / year	3,683,598	26,309,723
Carrying value of assets disposed off during the period	(77,088)	-
Depreciation for the period / year	(296,431,051)	(591,532,040)
Capitalization of exchange loss	76,570,187	39,319,829
Balance at 30 June / 31 December	13,471,356,024	13,687,610,378

Additions and depreciation for the six months ended 30 June 2017 amounted to Rs. 17,313,176 and Rs. 295,575,715 respectively.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018

11 Long term investment

This represents the amount paid against the “offer for shares” of 1,062,500 number of shares, at par of Rs. 10 each, offered by Saif Cement (Private) Limited, an associated company, which is setting up cement manufacturing plant in Saidulwali Village, Paharpur, Dera Ismail Khan, Khyber Pakhtun Khawa (KPK). The Company’s intent to participate up to Rupee equivalent of US \$ 20 million (US \$/Rupee parity equal to Rupee 2,210 million which would be adjustable to the foreign exchange rates during the tenure of the project) in Saif Cement (Private) Limited, an unlisted company to acquire 221 million (approx.) ordinary shares at par value of Rs. 10 per share, is in line with the approval from National Electric Power Regulatory Authority (NEPRA) and from the Company’s shareholders at the extraordinary general meeting held on 28 February 2018.

		Un-audited 30 June, 2018	Audited 31 December, 2017
12 Trade debts - secured, considered good	Note	Rupees	
National Transmission and Dispatch Company (NTDC)	12.1, 12.2 & 12.3	7,124,643,553	5,383,547,937

12.1 These are secured by way of guarantee issued by the Government of Pakistan (GoP) under the Implementation Agreement (IA). These are subject to mark-up on delayed payments under section 9.6 (d) of Power Purchase Agreement (PPA) at the rate of KIBOR + 4.5% per annum.

12.2 Included in trade debts is an amount of Rs. 477.56 million (31 December 2017: Rs. 477.56 million) relating to capacity purchase price not acknowledged by NTDC as the plant was not fully available for power generation. However, the sole reason of this under-utilization of plant capacity was non-availability of fuel owing to non-payment by NTDC.

The Company along with other Independent Power Producers (IPPs) agreed with NTDC to resolve the dispute through dispute resolution mechanism (appointment of expert) under the PPA. In his decision the expert in August 2015 determined that the amount mentioned above is payable to the Company and accordingly the Company has claimed the said amount from NTDC. Since NTDC did not conform to requirements of PPA relating to Expert decision within 30 days, the IPPs went to London Court of International Arbitration (LCIA).

Sole arbitrator appointed by LCIA issued a partial final award on 08 June 2017 wherein it was inter alia held that the expert determination is final and binding. Thereafter, a final award was issued by the sole arbitrator on 29 October 2017 pursuant to which NTDC was ordered to pay Rs. 477.56 million (31 December 2017: Rs. 477.56 million) along with cost of proceedings, interest from the date of expert determination till payment by NTDC after Arbitrator decision to the Company. Both the awards have

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018

been filed by the Company in the Lahore High Court for enforcement, which proceedings are pending. NTDC also challenged the partial award and final award in English courts as well as Civil Court, Lahore, however, it withdrew from the English Courts during the period.

12.3 During year ended 31 December 2016, an amount of Rs. 239.68 million relating to capacity purchase price not acknowledged by NTDC was adjusted by the Company against payable to SNGPL pursuant to award in favor of the Company for the whole amount by the London Court of International Arbitration (Arbitrator). SNGPL disputed the adjustment/set off amount of Award in the Lahore High Court, however, the court dismissed such petition of SNGPL. Thereafter, SNGPL filed appeal before the Supreme Court of Pakistan which, during the current period disposed off the appeal by stating that, the judgment of the Lahore High Court to the extent it decides on merits the question of the Company's right to set off is set aside (without prejudice to the rights of the parties). SNGPL has also challenged the award in Civil Court, Lahore which is pending adjudication. During the year ended 31 December 2016, the Company filed a petition in the Civil Court Lahore to obtain a Decree in lieu of the arbitration award and also adjusted an amount of Rs. 270.66 million from payable to SNGPL as such amount was allowed by the Arbitrator in its award.

		Un-audited 30 June, 2018	Audited 31 December, 2017
13 Advances - considered good	Note	— Rupees	
Advances to supplier- unsecured, non interest bearing		845,572	617,590
Advances to employee- unsecured, non interest bearing		490,411	865,168
		1,335,983	1,482,758
14 Trade deposits and short term prepayments			
Prepayments		119,798,150	45,029,926
Security deposits		1,833,000	1,038,000
Current portion of long term deposits		572,200	769,400
		122,203,350	46,837,326
15 Other receivables			
Workers' Profit Participation Fund (WPPF) receivable		481,158,125	405,718,556
Other receivables		2,972,503	1,731,290
		484,130,628	407,449,846
16 Bank balances			
At banks			
Local currency			
Current accounts		335,014	231,878
Deposit accounts	16.1	1,251	499,360
		336,265	731,238
Foreign Currency			
Current accounts		3,642	3,477,224
Deposit accounts	16.2	237,943	216,042
		241,585	3,693,266
Term deposit receipt	16.3	154,000,000	-
		154,577,850	4,424,504

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018

16.1 Balances with banks carry mark-up ranging from 4.52 % to 4.62 % (2017: 3.84% to 3.99%) per annum.

16.2 This represents an amount of USD 1,990 thousand (2017: USD 6,485).

16.3 These carry markup of 5.60% (2017: nil) per annum.

	For the quarter ended		For the six months period ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
17 Turnover - net	Rupees			
Gross Energy Purchase Price (EPP)	4,433,443,872	4,868,694,337	7,805,255,130	7,034,674,184
Less: Sales tax	(644,175,606)	(1,127,902,776)	(1,134,096,900)	(1,561,293,902)
	3,789,268,266	3,740,791,561	6,671,158,230	5,473,380,282
Capacity Purchase Price (CPP)	1,182,491,330	1,058,365,938	2,379,240,486	2,150,201,922
	4,971,759,596	4,799,157,499	9,050,398,716	7,623,582,204
18 Cost of sales				
Raw material consumed	3,557,913,276	3,446,790,214	6,265,573,585	5,044,515,382
Operation and maintenance	224,083,127	271,538,505	410,056,426	440,886,960
Salaries and other benefits	18,423,208	15,666,674	29,225,746	26,220,530
Electricity charges	4,451,634	5,179,160	9,204,825	17,203,729
Insurance	34,477,438	33,240,119	67,139,457	66,114,962
Depreciation	146,749,856	146,054,430	293,216,540	292,108,860
Office expenses	236,572	207,952	501,176	487,588
Travelling, conveyance and entertainment	189,749	248,416	504,208	434,673
Repair and maintenance	448,800	49,900	528,369	146,824
Communication	37,067	36,659	53,635	65,648
Others	248,429	45,720	289,972	79,459
	3,987,259,156	3,919,057,749	7,076,293,939	5,888,264,615

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018

	For the quarter ended		For the six months period ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	Rupees			
19 Finance cost				
Mark-up on long term borrowings	107,339,504	143,375,077	209,230,951	295,785,024
Mark-up on short term borrowings	56,932,091	25,744,747	128,817,805	39,528,342
Exchange loss	22,716,082	38	48,646,598	17,882
Guarantee commission	3,200,300	-	6,500,600	
Bank and other charges	496,093	380,154	657,868	836,443
	190,684,070	169,500,016	393,853,822	336,167,691
20 Earnings per share				
Profit for the period (Rupees)	757,336,145	665,597,227	1,508,791,397	1,322,693,612
Weighted average number of shares	386,471,779	386,471,779	386,471,779	386,471,779
Earnings per share- Basic (Rupees)	1.96	1.72	3.90	3.42

20.1 There is no dilution effect on the basic earnings per share of the Company.

	Note	Un-audited 30 June, 2018	Un-audited 30 June, 2017
		Rupees	
21 Cash and cash equivalents			
Term deposit receipt	16	154,000,000	1,213,953,189
Bank balances	16	577,850	722,656
		154,577,850	1,214,675,845
22 Fair value of financial instruments			

Fair value is the amount that would be received on sale of an asset or paid on transfer of a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and fair value estimates. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Company is current bid price. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or Liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018

22.1 The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

	Note	Carrying Amount			Fair value				
		Fair value through profit and loss	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments									
30 June 2018					(Rupees)				
Financial assets measured at fair value	22.2	-	-	-	-	-	-	-	-
Financial assets not measured at fair value	22.2								
Long term deposits		-	4,406,910	-	4,406,910	-	-	-	-
Trade debts		-	7,124,643,553	-	7,124,643,553	-	-	-	-
Trade deposits		-	1,833,000	-	1,833,000	-	-	-	-
Other receivables		-	484,130,628	-	484,130,628	-	-	-	-
Bank balances		-	154,577,850	-	154,577,850	-	-	-	-
Total		-	7,769,591,941	-	7,769,591,941	-	-	-	-
Financial liabilities measured at fair value	22.2	-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value	22.2								
Long term financing		-	-	3,844,692,155	3,844,692,155	-	-	-	-
Sub-ordinated loan		-	-	768,920,988	768,920,988	-	-	-	-
Trade and other payables	22.3	-	-	777,124,822	777,124,822	-	-	-	-
Markup accrued		-	-	445,351,763	445,351,763	-	-	-	-
Short term borrowings		-	-	3,993,926,661	3,993,926,661	-	-	-	-
Total		-	-	9,830,016,389	9,830,016,389	-	-	-	-

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018

	Note	Carrying Amount			Fair value				
		Fair value through profit and loss	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments									
31 December 2017					(Rupees)				
Financial assets measured at fair value	22.2	-	-	-	-	-	-	-	-
Financial assets not measured at fair value	22.2								
Long term deposits		-	4,604,110	-	4,604,110	-	-	-	-
Trade debts		-	5,383,547,937	-	5,383,547,937	-	-	-	-
Security deposits		-	1,038,000	-	1,038,000	-	-	-	-
Other receivables		-	1,731,290	-	1,731,290	-	-	-	-
Bank balances		-	4,424,504	-	4,424,504	-	-	-	-
Total		-	5,395,345,841	-	5,395,345,841	-	-	-	-
Financial liabilities measured at fair value	22.2	-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value	22.2								
Long term financing		-	-	4,761,277,267	4,761,277,267	-	-	-	-
Sub-ordinated loan		-	-	762,252,708	762,252,708	-	-	-	-
Trade and other payables	22.3	-	-	1,292,147,748	1,292,147,748	-	-	-	-
Markup accrued		-	-	379,873,196	379,873,196	-	-	-	-
Short term borrowings		-	-	1,927,513,747	1,927,513,747	-	-	-	-
Total		-	-	9,123,064,666	9,123,064,666	-	-	-	-

22.2 The Company has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

22.3 This excludes withholding tax payable, sales tax payable and payable against WPPF.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018

23 Related party transactions

The Company is a subsidiary of Saif Holdings Limited ("the Holding Company"), therefore the Holding Company and all associated undertakings of the Holding Company are the related parties of the Company. Other related parties comprise of directors, key management personnel, entities over which the directors are able to exercise significant influence and major shareholders. Balance and other arrangements with Orastar Limited has been disclosed in note 4 and 6 to the financial statements. Additionally, as at 30 June 2018, markup payable to Orastar Limited amounted to Rs. 279.45 million (31 December 2017: 235 million). Transactions with related parties other than those disclosed in note 7 to these financial statements are as follows:

	For the six months ended	
	30 June, 2018	30 June, 2017
	Rupees	
Transactions with Holding Company		
Rent	675,000	2,587,284
Dividend	374,817,976	374,817,976
Expenses incurred on behalf of the Company	128,840	-
Transactions with associated undertakings due to common directorship		
Expenses incurred on behalf of the Company	269,533	234,472
Dividend	190	190
Share deposit money	10,625,000	-
Transactions with key management personnel		
Dividend	22,804	38,004
Remuneration, allowances and benefits	41,403,459	36,962,236
Other related parties		
Contribution to Saif Power Limited-Staff gratuity fund	8,979,286	22,708,310

	Un-audited 30 June, 2018	Audited 31 December, 2017
	Rupees	
Balances with related parties		
Support service fee payable to the Holding company	221,525,725	221,525,725
Payable to Saif Power Limited- Staff gratuity fund	2,579,441	8,979,286
Advances to key management personnel	175,000	551,340
Payable to associated companies	-	158,173
Long term investment-share deposit money	10,625,000	-

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018

24 General

24.1 Figures have been rounded off to the nearest rupee.

24.2 These financial statements were approved by the Board of Directors in their meeting held on 29 August 2018.

-sd-

Chief Financial Officer

-sd-

Director

-sd-

Director

