

HALF YEARLY REPORT
JUNE 30, 2016



SAIF POWER LIMITED
A Saif Group Company



True heroes are made of hard work and integrity.

Hope Solo

"ALONE WE CAN DO SO LITTLE; TOGETHER WE CAN DO SO MUCH."

- Helen Keller

Never look down on anyone. Only God sits that high.

"Kindness is the language which the deaf can hear and the blind can see."

- Mark Twain

You never look good trying to make someone else look bad.

Unknown

Our life is what our thoughts make it.

Marcus Aurelius

Have the courage to say no. Have the courage to face the truth. Do the right thing because it is right. These are the magic keys to living your life with integrity.

W. Clement Stone

"It is when you give of yourself that you truly give."

Kahlil Gibran

"If you can DREAM it, you can do it."

Walt Disney

When money speaks, the truth keeps silent.

Russian proverb

Our Greatest WEAKNESS lies in giving up.

Thomas A. Edison

"It is health that is real wealth and not pieces of gold and silver."

- Mahatma Gandhi

"Love all, trust a few, do wrong to none."

William Shakespeare

The best of people is the one who humbles himself; the more his rank increases

Prophet Muhammad

"We rise by lifting others."

- Henry Longfellow

You are responsible for your own happiness. If you expect others to make you happy, you will always be dissatisfied.

Enjoy the little things.

"One lie is enough to question all truths"

Anonymous

"Meet your Fears With Faith"

-Max Lucado

DON'T WAIT. THE TIME WILL NEVER BE JUST RIGHT. NAPOLEON HILL

"Hasty judgments begets remorse."

German Proverb

"A man's true wealth is the good he does in this world."

Muhammad (570 - 632 CE)

Everyone thinks of changing the world, but no one thinks of changing himself...

Some people walk in the rain, others just get wet...

(Roger Miller)

"Where there is no struggle, there is no strength."

Oprah Winfrey

Disappointments are just God's way of saying, "I have got something better"

Be Patient...
Have Faith...
Trust God...

DON'T LET SOMEONE CHANGE WHO YOU ARE, TO BECOME WHAT THEY NEED

Gratitude is the greatest power to change your life NOW.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Salim Saifullah Khan	Chairman
Mr. Javed Saifullah Khan	Director
Mr. Anwar Saifullah Khan	Director
Mr. Omar Saifullah Khan	CEO/Director
Ms. Hoor Yousafzai	Director
Mr. Osman Saifullah Khan	Director
Mr. Jehangir Saifullah Khan	Director

AUDIT COMMITTEE

Mr. Javed Saifullah Khan	Chairman
Mr. Salim Saifullah Khan	Member
Ms. Hoor Yousafzai	Member

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mr. Salim Saifullah Khan	Chairman
Mr. Jehangir Saifullah Khan	Member
Ms. Hoor Yousafzai	Member

MANAGEMENT

Dpty. CHIEF EXECUTIVE OFFICER

Mr. Sohail H Hydari

CHIEF FINANCIAL OFFICER

Mr. Hammad Mehmood

REGISTERED / HEAD OFFICE

4th Floor Kulsum Plaza,
Jinnah Avenue, Blue Area
Islamabad Pakistan
Tel: +92-51-2342155-60
Fax: +92-51-2342177
Email: info.spl@saifgroup.com

PLANT LOCATION

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

WEBSITE

<http://www.saifgroup.com/power.php>

BANKERS

Allied Bank Limited
Askari Bank Limited
Bank AL Baraka (Pakistan) Limited
Bank Islami Pakistan Limited
Dubai Islamic Bank Pakistan Ltd
Faysal Bank Limited
Habib Bank Limited
JS Bank Limited
National Bank of Pakistan
Pak Brunei Investment Company
Pak Oman Investment Company Limited
Saudi Pak Industrial and Agricultural
Investment Company Limited
Summit Bank Limited
The Bank of Punjab
United Bank Limited
Meezan Bank Limited
Habib Metropolitan Bank Limited

AUDITORS

M/s KPMG Taseer Hadi & Co
Chartered Accountants
State life building no 6
Jinnah Avenue
Islamabad

LEGAL ADVISORS

M/s Cornelius, Lane & Mufti
Advocates & Solicitors

M/s Slahauddin, Saif & Aslam
Attorneys at Law

SHARE REGISTRAR

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2nd Floor, State Life Building No.3
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Karachi, Pakistan
Tel: +92-21-111-000-322
Fax: +91-21-35655595
Email: secretariat@thk.com.pk

DIRECTORS' REPORT TO THE MEMBERS

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 half year ended June 30, 2016.

PRINCIPAL ACTIVITY

Your Company is engaged in the generation of electricity and strives to contribute towards the national grid to help the country get rid of the menace of load shedding. 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

Profit for the period is of Rupees 1,138.669 million (2015: Rupees 1,010.465 Million) with an increase of Rupees 128.204 million as compared to the corresponding period, last year. The improved performance eventually resulted into increased per share earnings of 13.02%.

The case in London Court of International Arbitration (LCIA), over the disputed amount of Rupees 239.68 million with SNGPL (non-acknowledgement of capacity purchase price due to non-supply of gas from SNGPL), has been decided in favor of the company during the current period. The Company has filed a petition in Civil Court, Lahore for Decree of the Arbitrator Award.

An amount of Rupees 477.56 million is included in the trade debts on account of capacity purchase price due from NTDC since December 2012. The company is in litigation and the external legal counsel of the company is of the view that this amount will eventually be recovered.

KEY OPERATIONAL AND FINANCIAL DATA

	2016 (Rs. in M)	2015 (Rs. in M)
Turnover	5,903	7,970
Net profit	1,139	1,010
Property, Plant and Equipment	14,507	15,070
Net worth	8,720	7,400
Long term financing	7,140	8,959
Short term borrowings	265	2,002
<hr/>		
Earnings per share (Rs.)	2.95	2.61
Dispatch Level	63.37%	43.35%
Capacity Made Available-GWHs	803	868

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, banks, 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.

APPROPRIATION:

The board of directors has declared an interim cash dividend of Rs. 1.75 per share.

For and behalf of the Board of Directors'

Islamabad
August 25, 2016

Salim Saifullah Khan
Chairman

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Saif Power Limited** ("the Company") as at 30 June 2016 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 month period then ended (here-in-after referred 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 for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information 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 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 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of matter

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

Other matter

The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended 30 June 2016, have not been reviewed and we do not express a conclusion on them.

Islamabad
25 August, 2016

KPMG TaseerHadi & Co.
Chartered Accountant
Riaz Pesnani

CONDENSED INTERIM BALANCE SHEET AS AT 30 JUNE 2016

		Un-audited 30 June 2016 Rupees	Audited 31 December 2015 Rupees
	Note		
SHARE CAPITAL AND RESERVES			
Share capital		3,864,717,790	3,864,717,790
Unappropriated profit		4,855,802,806	4,006,987,470
		8,720,520,596	7,871,705,260
NON-CURRENT LIABILITIES			
Long term financing	4	5,612,912,210	6,404,276,170
Sub-ordinated loan	5	-	65,965,049
Liabilities against assets subject to finance lease	6	4,063,286	6,121,178
Deferred liability - gratuity		30,446,125	31,108,775
		5,647,421,621	6,507,471,172
CURRENT LIABILITIES			
Trade and other payables		1,871,287,901	2,656,970,804
Markup accrued	7	354,079,068	377,846,903
Short term borrowings	8	265,018,776	865,803,310
Current portion of non-current liabilities		2,252,991,416	2,079,671,377
		4,743,377,161	5,980,292,394
		19,111,319,378	20,359,468,826

CONTINGENCIES AND COMMITMENTS 9

The annexed notes 1 to 26 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE OFFICER

CONDENSED INTERIM BALANCE SHEET AS AT 30 JUNE 2016

	Un-audited 30 June 2016 Rupees	Audited 31 December 2015 Rupees
Note	<u> </u>	<u> </u>
NON-CURRENT ASSETS		
Property, plant and equipment	10 14,506,744,107	14,802,174,440
Long term deposits	11 1,786,000	1,281,200
	14,508,530,107	14,803,455,640
CURRENT ASSETS		
Stock in trade - HSD	142,929,423	128,210,622
Trade debts	12 3,795,135,877	5,075,065,458
Advances	13 2,245,759	3,542,327
Trade deposits and short term prepayments	14 114,145,587	49,694,746
Other receivables	15 427,127,954	283,352,133
Advance income tax	11,779,098	11,382,439
Short term investments	16 104,702,360	-
Bank balances	17 4,723,213	4,765,461
	4,602,789,271	5,556,013,186
	19,111,319,378	20,359,468,826

DIRECTOR

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2016

	Note	For the quarter ended		For the six month period ended	
		30 June 2016 Rupees	30 June 2015 Rupees	30 June 2016 Rupees	30 June 2015 Rupees
Turnover - net	18	3,174,480,063	3,671,790,521	5,903,485,421	7,970,379,874
Cost of sales	19	(2,404,559,130)	(2,886,087,696)	(4,280,967,697)	(6,314,234,142)
Gross profit		769,920,933	785,702,825	1,622,517,724	1,656,145,732
Administrative expenses		(45,054,600)	(23,474,406)	(68,525,341)	(42,268,851)
Finance cost	20	(201,195,849)	(296,550,737)	(422,046,932)	(630,267,670)
Other income	21	5,915,121	3,680,363	6,723,720	26,856,137
Profit for the period		529,585,605	469,358,045	1,138,669,171	1,010,465,348
Earnings per share- basic and diluted	22	1.37	1.21	2.95	2.61

The annexed notes 1 to 26 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2016

	<u>For the quarter ended</u>		<u>For the six month period ended</u>	
	30 June 2016 Rupees	30 June 2015 Rupees	30 June 2016 Rupees	30 June 2015 Rupees
Profit for the period	529,585,605	469,358,045	1,138,669,171	1,010,465,348
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>529,585,605</u>	<u>469,358,045</u>	<u>1,138,669,171</u>	<u>1,010,465,348</u>

The annexed notes 1 to 26 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR SIX MONTHS PERIOD ENDED 30 JUNE 2016

		Six Months Ended	
		30 June 2016 Rupees	30 June 2015 Rupees
CASH FLOW FROM OPERATING ACTIVITIES	Note		
Profit for the period		1,138,669,171	1,010,465,348
Adjustments for non cash items:			
Depreciation		294,559,496	294,063,885
Amortization		-	213,252
Gain on sale of property, plant and equipment		(504,766)	-
Provision for staff retirement benefits - gratuity		3,688,248	3,259,564
Finance cost		421,893,921	629,017,342
Profit on deposit accounts		(374,143)	(10,294,122)
Return on investments		(5,844,811)	(16,562,015)
Operating profit before working capital changes		1,852,087,116	1,910,163,254
Changes in working capital:			
(Increase) / decrease in current assets			
Advances		1,296,568	(57,049,517)
Trade deposits and prepayments		(64,450,841)	56,969,389
Other receivable		(143,775,823)	54,752,241
Stock in trade		(14,718,801)	85,319,380
Trade debts		1,279,929,581	(814,337,091)
		1,058,280,684	(674,345,598)
Decrease in trade and other payables		(785,682,903)	(218,680,156)
Cash generated from operations		2,124,684,897	1,017,137,500
Staff retirement benefits paid		(4,350,898)	-
Income tax paid		(396,659)	(3,649,945)
Finance cost paid		(445,661,755)	(713,064,523)
Net cash generated from operating activities		1,674,275,585	300,423,032
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(488,746)	(3,330,732)
(Increase) in long term deposits		(504,800)	(301,100)
Decrease in short term investments		-	319,968,992
Proceeds from disposal of property, plant and equipment		1,174,580	16,000
Profit on deposit accounts		374,143	10,294,122
Return on investments - receipt		5,844,811	16,562,015
Net cash generated from investing activities		6,399,988	343,209,297

CHIEF EXECUTIVE OFFICER

DIRECTOR

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR SIX MONTHS PERIOD ENDED 30 JUNE 2016

CASH FLOW FROM FINANCING ACTIVITIES

Repayment of long term financing	(683,516,514)	(569,445,692)
Dividend paid	(289,853,835)	(579,707,669)
Short term borrowings - net	(600,784,534)	493,720,877
Increase in liabilities against assets subject to finance lease	(1,860,578)	1,764,845
Net cash used in financing activities	(1,576,015,461)	(653,667,639)
Net increase / (decrease) in cash and cash equivalents	104,660,112	(10,035,310)
Cash and cash equivalents at beginning of the period	4,765,461	213,838,971
Cash and cash equivalents at end of the period	23 109,425,573	203,803,661

The annexed notes 1 to 26 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2016

	Share capital Rupees	Unappropriated profit Rupees	Total Rupees
Balance as at 01 January 2015	3,864,717,790	3,104,298,218	6,969,016,008
Total comprehensive income for the period			
Profit for the period	-	1,010,465,348	1,010,465,348
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	1,010,465,348	1,010,465,348
Transactions with owners of the company			
Distributions			
First Interim dividend Rs. 1.50 per share		(579,707,669)	(579,707,669)
Balance as at 30 June 2015	3,864,717,790	3,535,055,897	7,399,773,687
Balance as at 01 January 2016	3,864,717,790	4,006,987,470	7,871,705,260
Total comprehensive income for the period			
Profit for the period	-	1,138,669,171	1,138,669,171
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	1,138,669,171	1,138,669,171
Transaction with owners of the company			
Distributions			
Final dividend 2015:Rs.0.75 per share	-	(289,853,835)	(289,853,835)
Balance as at 30 June 2016	3,864,717,790	4,855,802,806	8,720,520,596

The annexed notes 1 to 26 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE OFFICER

DIRECTOR

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2016

1 STATUS AND NATURE OF OPERATIONS

Saif Power Limited ("the Company") was incorporated in Pakistan on 11 November 2004 as a public limited Company under the Companies Ordinance 1984. The shares of the Company were listed on Karachi Stock Exchange Limited however, due to integration of all three exchange of Pakistan into Pakistan Stock Exchange Limited effective 11 January 2016, the shares of the Company are now 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 MW (ISO) in district Sahiwal, Punjab, Pakistan and sell the electricity to National Transmission and Despatch Company (NTDC). The registered office of the Company is situated at Kulsum Plaza, Blue Area, Islamabad. The Company has commenced operations from 30 April 2010. The Company is a subsidiary of Saif Holdings Limited (the Holding Company) with shareholding of 51.04% shares (2015: 51.04%).

2 BASIS OF PREPARATION

This condensed interim financial information of the Company for the six months period ended 30 June 2016 has been prepared in accordance with the requirements of International Accounting Standard 34 -Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

The disclosures in this condensed interim financial information, do not include those reported for full audited annual financial statements and should therefore be read in conjunction with the audited annual financial statements for the year ended 31 December 2015. Comparative condensed interim balance sheet is extracted from the audited annual financial statements as of 31 December 2015, whereas comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity are stated from un-audited interim financial statements for the six months period ended 30 June 2015.

This condensed interim financial information is unaudited and is being submitted to the members as required under Section 245 of the Companies Ordinance, 1984 and listing regulations of Pakistan Stock Exchange Limited.

3 ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

The accounting policies, significant judgements made in the application of accounting policies, key sources of estimations, the methods of computation adopted in preparation of this condensed interim financial information and financial risk management policies are the same as those applied in preparation of annual audited financial statements for the year ended 31 December 2015, except for the following changes;

Securities and Exchange Commission of Pakistan (SECP), during the period through its circular No. 14 of 2016 dated 21 April 2016, has prescribed the implementation of mandatory disclosure requirement for listed companies. This circular prescribes certain disclosures including bifurcation of certain balance sheet and profit and loss items between conventional and Islamic mode. Accordingly, the Company has presented the required disclosures in this condensed interim financial information. However, there was no change in reported figures of balance sheet or profit and loss.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2016

		Un-audited 30 June 2015 Rupees	Audited 31 December 2015 Rupees
4 LONG TERM FINANCING	Note		
<i>From conventional banks and financial institutions</i>			
Opening balance		7,823,222,915	9,528,681,590
Repayment during the period		(683,516,514)	(1,705,458,675)
		7,139,706,401	7,823,222,915
Current portion of long term financing		(1,526,794,191)	(1,418,946,745)
	4.1	5,612,912,210	6,404,276,170

- 4.1** Terms and conditions of all long term facilities are same as disclosed in annual financial statements for the year ended 31 December 2015.

		Un-audited 30 June 2016 Rupees	Audited 31 December 2015 Rupees
5 SUB-ORDINATED LOAN	Note		
Opening balance	5.1	722,932,879	693,960,378
Exchange (gain) / loss capitalized		(689,769)	28,972,501
		722,243,110	722,932,879
Current portion of subordinated loan		(722,243,110)	(656,967,830)
		-	65,965,049

- 5.1** This represents remaining balance of US \$ 6,898,215 (2015: US \$ 6,898,215) from the original foreign currency loan of US \$ 8,946,353 obtained from Orastar Limited incorporated under the laws of British Virgin Island (BVI), duly registered with State Bank of Pakistan (SBP). The loan carries a mark-up at the rate of 3 months LIBOR plus 3% per annum and payable in quarterly installments in a period of six years subject to availability of surplus funds available for distribution. As per agreement, the Company can also issue shares to Orastar Limited in lieu of repayment on mutually agreed basis.

Exchange (gain) / loss on sub-ordinated loan has been capitalized.

6 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Un-audited 30 June 2016 Rupees	Audited 31 December 2015 Rupees
	Present value of minimum lease payments	Present value of minimum lease payments
Within one year - conventional banks	3,954,115	3,756,802
Later than one year and not later than five year - conventional banks	4,063,286	6,121,178
	8,017,401	9,877,980

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2016

7 MARKUP ACCRUED

On borrowings and leasing from conventional banks and investment companies.

354,079,068

377,846,903

8 SHORT TERM BORROWINGS

Working capital facilities from conventional banks

18,776

469,999,248

Short term loan facilities from conventional banks

265,000,000

395,804,062

8.1

265,018,776

865,803,310

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 2015.

9 CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

The Tax authorities, during 2014, raised sales tax demand of Rs. 1,498.51 million by partially disallowing input sales tax for the tax periods 2010 to 2013 by apportioning the total claim to energy purchase price and capacity purchase price, the later being exempt from sales tax and related input tax being inadmissible. On appeal filed by the Company, the Appellate Tribunal Inland Revenue (ATIR) remanded back the case to be decided in line with expected judgment of the Honorable High Court in parallel cases. Consequently, at present, the aforesaid tax demand is no more payable. Tax Authorities, against the decision of ATIR, had filed reference application under section 47 of the Sales Tax Act, 1990 before Honorable Islamabad High Court, which is not fixed for hearing. However, in case the matter is eventually resolved against the Company, the tax payment will be claimable under the Power Purchase Agreement.

Based on the advice of the Company's tax consultants and decision of ATIR, management believes that the contention of tax department even after filing of reference application does not commensurate with the related statutory provisions and the issue is likely to be decided in favour of the Company as there are meritorious grounds to defend the Company's stance in respect of the above mentioned issue.

9.2 Commitments

The Company is committed to pay monthly fee and milestone payments to its O&M contractors as per terms agreed in the Operations & Maintenance (O&M) agreement.

		Un-audited 30 June 2015 Rupees	Audited 31 December 2015 Rupees
10 PROPERTY, PLANT AND EQUIPMENT	Note		
Operating fixed assets	10.1	14,506,744,107	14,802,174,440
10.1 Operating fixed assets			
Opening book value		14,802,174,440	15,353,286,600
Additions during the period / year		488,746	9,114,652
Book value of disposals / transfers		(669,814)	(813,433)
Depreciation for the period / year		(294,559,496)	(588,385,880)
Adjustment of exchange (gain) / loss		(689,769)	28,972,501
Closing book value		14,506,744,107	14,802,174,440

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2016

11 LONG TERM DEPOSITS

Security deposit - conventional bank	1,281,200	1,281,200
Security deposit - modaraba company	504,800	-
	1,786,000	1,281,200

This represents security deposits on finance lease facilities obtained from conventional banks and ijarah facilities obtained from modaraba company which are adjustable against lease rentals at the end of lease term.

12 TRADE DEBTS - CONSIDERED GOOD

		Un-audited 30 June 2015 Rupees	Audited 31 December 2015 Rupees
National Transmission and Despatch Company (NTDC)	Note 12.1	3,795,135,877	5,075,065,458

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 PPA at the rate of KIBOR + 4.5% per annum.

12.2 Included in trade debts is an amount of Rs. 477.56 million (2015: Rs. 477.56 million) relating to capacity purchase price not acknowledged by National Transmission and Despatch Company (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.

Since management considers that the primary reason for claiming these payments is that plant was available, however, could not buy fuel to generate electricity due to non-payment by NTDC, therefore, management believes that Company cannot be penalized in the form of payment deductions due to NTDC's default of making timely payments under the Power Purchase Agreement. The company along with other IPPs had agreed with NTDC to resolve the dispute through dispute resolution mechanism (appointment of expert) under the PPA. In his decision the expert determined that the amount mentioned above is payable to the company and accordingly the company has claimed the said amount from NTDC. The Company is also under arbitration in London Court of International Arbitration for recovery of this amount.

12.3 Included in trade debts is an amount of Rs. 239.68 million (2015 Rs. 239.68 million) relating to capacity purchase price not acknowledged by NTDC. According to management, the sole reason for this was non-supply of gas by SNGPL. The Company took up legal proceedings against both, NTDC and SNGPL, to keep its rights and claims intact.

In the case against NTDC, the expert determined that NTDC is not obliged to pay such capacity amounts to the Company, whereas in the case against SNGPL in the London Court of International Arbitration, the arbitrator has given a binding award in favour of the Company for the whole amount.

During the period, SPL has filed a petition in Civil Court, Lahore for Decree of the Arbitrator Award and withheld an amount of Rs. 270.66 million from payable to SNGPL. SNGPL has also filed a petition in Civil Court Lahore against such adjustment.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2016

		Un-audited 30 June 2015 Rupees	Audited 31 December 2015 Rupees
13	ADVANCES - CONSIDERED GOOD		
	Advances to supplier - unsecured - non interest bearing	2,245,759	3,542,327
14	TRADE DEPOSITS AND SHORT TERM PREPAYMENTS		
	Deposits		
	Non - interest bearing	1,118,000	2,248,000
	Prepayments	113,027,587	47,446,746
		114,145,587	49,694,746
15	OTHER RECEIVABLES		
	Sales tax receivable	97,834,199	11,686,238
	Receivable against WPPF	324,823,574	267,890,117
	Other receivables	4,470,181	3,775,778
		427,127,954	283,352,133
16	SHORT TERM INVESTMENTS		
	Treasury bills - Conventional banks	104,702,360	-
	These represents funds invested in Treasury Bills carrying markup yield of 5.83% (2015: Nil) per annum.		
		Un-audited 30 June 2015 Rupees	Audited 31 December 2015 Rupees
17	BANK BALANCES		
	At banks		
	Local currency		
	Current accounts - Conventional banks	243,202	286,753
	Deposit accounts - Conventional banks	3,697,026	3,968,872
		3,940,228	4,255,625
	Foreign Currency		
	Current accounts - Conventional banks	578,329	305,513
	Deposit accounts - Conventional banks	204,656	204,323
		782,985	509,836
		4,723,213	4,765,461
17.1	Balances with conventional banks carry mark-up ranging from 3.77 % to 3.98 % (2015: 4.5% to 4.62%) per annum.		
17.2	This represents an amount of USD 7,478 thousand (2015: USD 4,874 thousand) in US Dollar deposit and current accounts.		

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2016

	For the Quarter ended		For the Six Months ended	
	30 June 2016 Rupees	30 June 2015 Rupees	30 June 2016 Rupees	30 June 2015 Rupees
18 TURNOVER - NET				
Gross Energy Purchase Price (EPP)	2,539,234,350	3,760,310,506	4,773,979,926	7,488,545,017
Less: sales tax	(368,948,581)	(1,123,947,844)	(971,197,983)	(1,665,657,134)
	2,170,285,769	2,636,362,662	3,802,781,943	5,822,887,883
Capacity Purchase Price (CPP)	1,004,194,294	1,035,427,859	2,100,703,478	2,147,491,991
	3,174,480,063	3,671,790,521	5,903,485,421	7,970,379,874
19 COST OF SALES				
Raw material consumed	2,004,622,226	2,468,721,647	3,512,038,254	5,498,039,034
Operation and maintenance	206,819,851	201,258,181	376,629,579	392,624,142
Salaries and other benefits	12,184,912	12,898,968	22,266,777	20,776,687
Electricity charges	1,264,301	14,633,460	10,863,315	25,365,229
Insurance	33,126,994	42,029,364	66,012,134	84,440,620
Depreciation	146,083,218	145,955,556	292,108,859	291,911,112
Office expenses	221,191	297,395	495,024	645,174
Traveling, conveyance and entertainment	122,460	231,764	366,824	296,299
Repair and maintenance	31,974	2,180	46,345	43,590
Communication	32,543	34,181	70,110	64,363
Others	49,460	25,000	70,476	27,892
	2,404,559,130	2,886,087,696	4,280,967,697	6,314,234,142
20 FINANCE COST				
Mark-up on long term borrowings				
Conventional banks and investment companies	181,060,434	245,882,824	372,829,170	533,545,071
Mark-up on short term borrowings				
Conventional banks	12,051,572	48,314,500	34,477,459	90,664,261
Exchange loss	15,433	-	153,011	1,250,328
Bank and other charges	8,068,410	2,353,413	14,587,292	4,808,010
	201,195,849	296,550,737	422,046,932	630,267,670
21 OTHER INCOME				
Income from financial assets				
Income on deposits and investments in conventional banks	5,870,321	2,600,013	6,218,954	26,856,137
Income from non - financial assets				
Exchange gain	-	1,080,350	-	-
Gain on disposal of property, plant and equipment	44,800	-	504,766	-
	5,915,121	3,680,363	6,723,720	26,856,137

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2016

22 EARNING PER SHARE

Profit for the period (Rupees)	529,585,605	469,358,045	1,138,669,171	1,010,465,348
Weighted average number of shares	386,471,779	386,471,779	386,471,779	386,471,779
Earnings per share - Basic (Rupees)	1.37	1.21	2.95	2.61

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

23 CASH AND CASH EQUIVALENT

	Note	For the Six Months period ended	
		30 June 2016 Rupees	30 June 2015 Rupees
Short term investment	16	104,702,360	-
Bank Balances	17	4,723,213	203,803,661
		109,425,573	203,803,661

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2016

24 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).

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

On-balance sheet financial instruments	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
30 June 2016		(Rupees)							
Financial assets measured at fair value		-	-	-	-	-	-	-	-
Financial assets not measured at fair value	24.2								
Short term investments		-	104,702,360	-	104,702,360	-	-	-	-
Trade debts		-	3,795,135,877	-	3,795,135,877	-	-	-	-
Trade deposits		-	-	-	-	-	-	-	-
Other receivables		-	4,429,855	-	4,429,855	-	-	-	-
Bank balances		-	4,723,207	-	4,723,207	-	-	-	-
Total		-	3,908,991,299	-	3,908,991,299	-	-	-	-

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2016

Financial liabilities not measured at fair value

Long term financing	-	-	7,139,706,401	7,139,706,401	-	-	-	-
Sub-ordinated loan	-	-	722,243,006	722,243,006	-	-	-	-
Liabilities against assets subject to finance lease	-	-	8,017,401	8,017,401	-	-	-	-
Trade and other payables	24.2 & 24.3	-	1,759,611,560	1,759,611,560	-	-	-	-
Markup accrued	24.2	-	354,079,068	354,079,068	-	-	-	-
Short term borrowings	24.2	-	265,018,776	265,018,776	-	-	-	-
Total		-	10,248,676,212	10,248,676,212	-	-	-	-

31 December 2015

Financial assets measured at fair value

24.2	-	-	-	-	-	-	-	-
Financial assets not measured at fair value								
Short term investments	-	-	-	-	-	-	-	-
Trade debts	-	5,075,065,458	-	5,075,065,458	-	-	-	-
Trade deposits	-	-	-	-	-	-	-	-
Other receivables	-	3,775,778	-	3,775,778	-	-	-	-
Bank balances	-	4,765,461	-	4,765,461	-	-	-	-
Total		5,083,606,697	-	5,083,606,697	-	-	-	-

		Carrying Amount				Fair value			
On-balance sheet financial instruments	Note	Fair value through profit and loss	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
31 December 2015		(Rupees)							

Financial liabilities not measured at fair value

Long term financing	-	-	7,823,222,915	7,823,222,915	-	-	-	-
Sub-ordinated loan	-	-	722,932,879	722,932,879	-	-	-	-
Liabilities against assets subject to finance lease	-	-	9,877,980	9,877,980	-	-	-	-
Trade and other payables	24.2 & 24.3	-	2,548,572,910	2,548,572,910	-	-	-	-
Markup accrued	24.2	-	377,846,903	377,846,903	-	-	-	-
Short term borrowings	24.2	-	865,803,310	865,803,310	-	-	-	-
Total		-	12,348,256,897	12,348,256,897	-	-	-	-

24.2 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.

24.3 It excludes withholding tax payable and payable against WPPF.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2016

	Un-audited 30 June 2016 <u>Rupees</u>	Un-audited 30 June 2015 <u>Rupees</u>
25 RELATED PARTY TRANSACTIONS		
Transactions with related parties during the period are as follows:		
Transactions with Holding Company		
Rent	2,693,764	2,464,110
Dividend	147,954,464	295,908,929
Transactions with associated undertakings due to common directorship		
Expenses incurred on behalf of the company	66,456	288,383
Dividend	75	300
Transaction with key management personnel		
Dividend	15,002	30,003
Remuneration, allowances and benefits	26,924,454	26,081,068

26 GENERAL

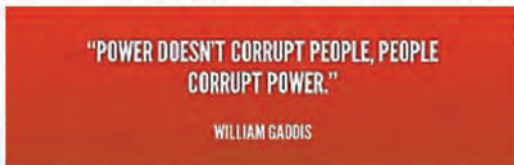
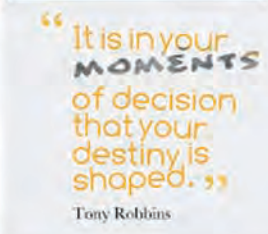
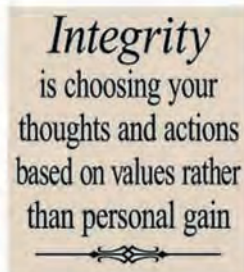
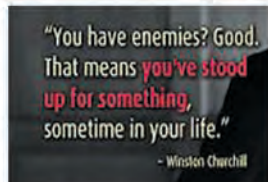
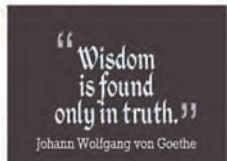
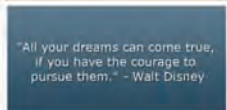
26.1 Figures have been rounded off to the nearest rupee.

26.2 These financial statements were approved by the Board of Directors in their meeting held on 25 August 2016

26.3 The Board of Directors of SPL in its meeting held on 25 August 2016 has proposed an interim cash dividend of Rs. 1.75 per share.

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