

SAIF POWER LIMITED

A Saif Group Company

**Condensed Interim
Financial Information**
For Six Months Ended
June 30, 2020

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Board of Directors

Mrs. Hoor Yousafzai	Chairperson
Mr. Javed Saifullah Khan	Director
Mr. Osman Saifullah Khan	Director
Mr. Assad Saifullah Khan	Director
Ms. Jehannaz Saifullah Khan	Director
Mr. Rana Muhammad Shafi	Director
Mr. Naved Abid Khan	Independent Director

Audit Committee

Mr. Naved Abid Khan	Chairman
Mr. Osman Saifullah Khan	Member
Mr. Rana Muhammad Shafi	Member

Human Resource and Remuneration Committee

Mr. Naved Abid Khan	Chairman
Mrs. Hoor Yousafzai	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

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

Registered/ Head Office

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

Website

<http://www.saifpower.com>

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
sfc@thk.com.pk

Banks & Financial Institutions

Allied Bank Limited
Albaraka Bank (Pakistan) Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Islami Pakistan Limited
Dubai Islamic Bank Limited
Faysal Bank Limited
First Habib Modaraba
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Sonari Bank Limited
Summit Bank Limited
The Bank of Punjab
United Bank Limited

Plant Location

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

DIRECTORS' REPORT TO THE SHAREHOLDERS

FOR THE HALF YEAR ENDED JUNE 30, 2020

The Board of Directors is pleased to present its review of Company's financial and operational performance on the condensed interim financial statements (standalone & consolidated) for the half year ended June 30, 2020.

SUMMARY OF FINANCIAL PERFORMANCE

Turnover of the Company was Rs.4,318 million as compared to Rs.7,682 million for the same period last year. Dispatch level was 18.58% as compared to 45.76% during the last period. Net profit during the period was Rs. 1,455 million as against Rs. 1,656 million for the comparable period of 2019. Earnings per share (EPS) for the period is Rs. 3.76 (2019: Rs. 4.29).

PENDING ISSUES

In the case against M/s Sui Northern Gas Pipelines (SNGPL), after the arbitration award in Company's favour for an amount of Rs. 270.66 million (dispute amount of Rs. 239.68 million & related costs of Rs. 30.98 million), the Company filed a petition in the Civil Court Lahore to obtain the enforcement Decree in lieu of the Arbitration award. SNGPL had challenged the award both in civil court and in Lahore High Court (LHC). The LHC dismissed the petition of SNGPL. Supreme Court of Pakistan has also disposed-off the appeal. The Company has already adjusted the awarded amount as above against payables to SNGPL.

Last year, SNGPL had filed a suit for recovery of the adjusted amount before District Judge (Invested with Powers of the Gas Utility Court), Lahore including claim for markup amount of Rs. 136.14 million from the date of such adjustment. During the year, SNGPL has also filed a request for Arbitration before the London Court of International Arbitration (LCIA). In its submission to LCIA, SNGPL has claimed markup amount of Rs. 236.47 million from the date of such adjustment. The Company's position is that no amount is payable to SNGPL and in any case, LCIA Arbitration is the only competent forum to decide on this case.

In the case against Power Purchaser, the Arbitrator has awarded Rs. 477.56 million in Company's favour along with related costs. The Company has filed a petition in Lahore High Court for its enforcement. Power Purchaser has also challenged the partial final award and final award in Civil Court, Lahore, which is pending adjudication.

FINANCIAL HIGHLIGHTS-STANDALONE

	Half Year Ended June 30, 2020	Half Year Ended June 30, 2019
Rupees in Million.....	
Turnover	4,318	7,682
Operating Cost	2,221	5,268
Net Profit *	1,455	1,656
Earnings per Share *	3.76	4.29

* Since the entire long term debt has been paid, the Principal debt revenue is no longer being received, which in any case had to be adjusted to work out the cash profit. In this context the EPS has not practically reduced.

FINANCIAL HIGHLIGHTS-CONSOLIDATED

	Half Year Ended June 30, 2020	Half Year Ended June 30, 2019
Rupees in Million.....	
Turnover	4,318	7,682
Operating Cost	2,221	5,268
Net Profit	1,453	1,655

OPERATIONAL HIGHLIGHTS

	Unit	Half year Ended June 30, 2020	Half year Ended June 30, 2019
	Rupees in Million.....	
Dispatch Level	%	18.58	45.76
Capacity made available	GWHs	878	871

MATERIAL INFORMATION

The Company has executed a Memorandum of Understanding (MoU) with the Committee for Negotiations (constituted by the Federal Government). Salient features of MOU are:

The MoU is a commercial in-principle document that is subject to the approval of the Board of Directors of the Company and other Federal and Regulatory authorities.

Any positive differential between revenues and costs of fuel and O&M (as one line item) will be shared 60%-40% in favor of Power Purchaser. Late Payment Surcharge (LPS) will come down to KIBOR+2.0% for the first sixty (60) days and then shall revert to KIBOR+4.5% as per the PPA. The payment mechanism from the Power Purchaser has to follow the PPA mandated FIFO payment principle for this rate revision to become effective. For foreign equity investment registered with SBP, the Total Return on Equity (total ROE includes ROE+ROEDC) shall be changed to 12% per annum. For local investors, the Total ROE shall be changed to 17% per annum in PKR on NEPRA approved equity at 'Commencement of Commercial Operations Date' but calculated at PKR/USD exchange rate of PKR 148/USD. There will be no future USD indexations. As per MOU, when the Competitive Trading Arrangement is implemented and, becomes completely operational, the Company shall move to Take and Pay as per the terms defined in the Generation License. In order to assess if the Company has made any excess profits, the reconciled numbers between the Committee and the Company shall be submitted to NEPRA, who shall hear and decide this matter in accordance with the 2002 Power Policy, tariff determination and PPA. (As per reconciliation of figures done informally with the Committee for Negotiation, the Company has no extra profit).

Payment of the receivables of the IPPs is an essential condition of the MoU. GoP along with Power Purchaser shall arrange for payment of overdue amounts and mechanism of payments. The Power Purchaser shall also ensure adherence to its contractual obligations, and GoP and Power Purchaser shall work towards resolution of the LCIA award for the Company.

The terms of MoU are subject to the approval of National Electric Power Regulatory Authority, Federal Cabinet and the Board of Directors of the Company and other necessary corporate approvals and, will be followed by legal documentation to reflect the amendments needed in tariff after which the relevant agreements will be signed. Validity of the MOU is six months and shall stand terminated on signing of the agreement including agreement on payment of receivables and obtaining legality.

The Board of Directors acknowledge that our company has signed this particular MOU, the details of which are disclosed above. The Directors feel that any future agreement on the basis of this MOU is dependent upon the release of payments by the Power Purchaser as committed under the document. The release of payments in a prompt, equitable and, in a fair manner acceptable to our company is integral to the whole understanding and, is the most essential part of this signed document. The Board noted with regret that the Commission's report showed some excess profits of the Company for the period from 2010 to 2018 while, in reality, it came out as opposite. There were no excess profits and there was no violation of any of the parts of the Contract/s. Reconciliation of figures were done by Company's and GOP Negotiation team's personnel in which it clearly came out and, was demonstrated that the Company had actually made less profits as against the IRR/ROE that was determined by NEPRA at COD. The reconciliation committee members have verbally agreed on the figures and the Company is insisting that both parties must sign on this reconciliation sheet. Furthermore, where a certain company has both local and foreign investments, this two tier tariff has the potential to complicate the matter and discourage the local shareholder and, the government has to come out with a solution/legislation as to how these two set of shareholders will be treated at the time of dividends.

CIRCULAR DEBT

The Power purchaser is making payments on daily basis. The overdue receivables have increased slightly but the Company still has adequate working capital lines to sustain the operations. On the other hand, it is envisaged that payments will be received from the Power Purchaser under the agreements as stated above.

ACKNOWLEDGEMENTS

Directors of the Company would like to show their appreciation to its customers, suppliers, financial institutions, regulators and to all other stakeholders for their cooperation and support during the year.

Directors would also like to express their deep appreciation for the services, loyalty and efforts being continuously rendered by the employees of the Company and hope that they will continue to do so in the future.

The Board would like to record its appreciation for the invaluable contributions rendered by the outgoing director and welcomes the new director.

On behalf of the Board,



Islamabad

August 27, 2020

Mrs. Hoor Yousafzai
(Chairperson)

ہیروڈ آف ڈائریکٹرز 30 جون 2020 کو ختم ہونے والے نصف سال کے لئے (غیر متزلزل اور مستحکم) طلبہ کی مالی حیاتیات پر کتنی کی مالی اور آپریشنل کارکردگی کا ایک جامع جائزہ پیش کرنے پر خوشی محسوس کر رہے ہیں۔

مالیاتی کارکردگی کا خلاصہ:

اس نصف سالہ پیمانی کا کاروبار 4,318 ملین روپے یا جو کہ گزشتہ سال کی اسی مدت کے لئے اس کے مقابلے میں 7,682 ملین روپے تھا۔ اس نصف سالہ ترسیل کا کیل 18.58 فیصد یا جو کہ گزشتہ سال اس کے مقابلے میں 45.76 فیصد تھا۔ مذکورہ عرصہ کے دوران آپ کی کمپنی کا خالص منافع 1,455 ملین روپے یا جب کہ اس کے مقابلے میں سال 2019 میں اس کے خالص منافع 1,656 ملین روپے تھا۔ مذکورہ عرصہ کی فی شیئر آمدنی 3.76 روپے ہے (جو کہ 2019 میں 4.29 روپے تھی)۔

زیر التواء مسائل:

سوئی ناردرن گیس بائپ لائن (SNGPL) کے خلاف معاملے میں، 270.66 ملین روپے (239.68 ملین روپے تنازعہ کی رقم 30.98 ملین روپے اس سے متعلق لاگت) کی رقم کے لیے کچھ سختی کے تحت میں عائشہ ایوارڈ کے بعد کچھ نئی سے عائشہ ایوارڈ کے عوض میں فرمان حاصل کرنے کے لئے سول کورٹ لاہور میں ایک درخواست بھی درج کی ہے۔ سوئی ناردرن گیس بائپ لائن (SNGPL) نے اس ایوارڈ کو سول کورٹ اور لاہور ہائی کورٹ دونوں میں چیلنج کیا تھا۔ لاہور ہائی کورٹ نے سوئی ناردرن (SNGPL) کی جانب سے دائر درخواست کو مسترد کر دیا۔ یہ سیم کورٹ آف پاکستان نے بھی اس اپیل کو رد کر دیا ہے۔ کچھ نئی سوئی ناردرن (SNGPL) کو قاضی ادا رقم کے معاملے میں یہ رقم پہلے ہی ایڈجسٹ کر دی ہے۔

گنڈیشا سیال، سہتی ناردرن (SNGPL) نے اس ایجنٹ کی نئی رقم کی بنیادی کے لیے ڈسٹرکٹ بیج (جس میں پیٹنٹ کیس کوٹ کے اختیارات کے حامل) لاہور، کے سامنے بنیادی کے لئے مقدمہ دائر کیا ہے۔ جس میں اس طرح کی ایجنٹ کی تاریخ سے 136.14 ملین روپے کی مارک اپ کی رقم کا دعویٰ بھی شامل ہے۔ اسی سال کے دوران، انہوں نے لندن کوٹ آف جین الاوامی ٹائیٹل (LCIA) کے سامنے جٹائی کی درخواست بھی دائر کیا ہے۔ اہل سی آئی اے (LCIA) کو بیج کوٹائی کی درخواست میں، سہتی ناردرن (SNGPL) نے اس طرح کی ایجنٹ کی تاریخ سے 236.47 ملین روپے کی مارک اپ کی رقم کا دعویٰ کیا ہے۔ سہتی ناردرن نے لندن کوٹ آف جین الاوامی ٹائیٹل کے سامنے جٹائی کی درخواست بھی دائر کی ہے۔ اہل سی آئی اے (LCIA) جٹائی کی رقم کا فیصلہ کرنے والا اور قابل غور ہے۔

پاور خریدار کے معاملے میں، چنانچہ نے کہنی کے حق میں متعلقہ اخراجات کے ساتھ ساتھ 477.56 ملین روپے ایوارڈ کیے ہیں۔ کہنی نے اس کے نفاذ کے لئے لاہور ہائیکورٹ میں درخواست دی ہے۔ پاور خریدار نے جڑوی ایوارڈ اور حتمی ایوارڈ کو مل کوٹ، لاہور میں بھی چیلنج کیا ہے جس کا فیصلہ برسات ہے۔

مالی جھلکیاں - غیر متزلزل:

30 جون 2020 کو ختم ہونے والا نصف سال	30 جون 2020 کو ختم ہونے والا نصف سال	
..... روپے لکھن میں		
7,682	4,318	کاروبار
5,268	2,221	آپریٹنگ کے اخراجات
1,656	1,455	خالص منافع*
4.29	3.76	فی شیئر آمدنی*

چونکہ پورے طولیاتی قرض کی ادائیگی ہو چکی ہے، لہذا پرنسپل قرض کی آمدنی اب وصول نہیں کی جا رہی ہے، جسے کسی بھی صورت میں نقد منافع اخذ کرنے کے لیے ایڈجسٹ ہونا پڑتا ہے۔ اس تناظر میں فی شیئر آمدنی عملاً طور پر کم نہیں ہوئی ہے۔

مالی جھلکیاں۔ مستحکم:

30 جون 2020 کو ختم ہونے والا نصف سال	30 جون 2020 کو ختم ہونے والا نصف سال
.... روپے فی شیئر میں	
7,682	4,318
5,268	2,221
1,655	1,453

آریشل کی جھلکیاں:

30 جون 2020 کو ختم ہونے والا نصف سال		30 جون 2020 کو ختم ہونے والا نصف سال		اینت	
.... روپے لکھن میں					
45.76		18.58	فیصدی	تربیل کا ایول	
871		878	سرگداش	ملاحت کی دستانی	

اهم معلومات

کمپنی نے وفاقی حکومت کی جانب سے تشکیل دی گئی (مذاکراتی کمیٹی) کے ساتھ معاہداتی یادداشت پر عمل درآمد کیا ہے۔ معاہداتی یادداشت کی اہم خصوصیات یہ ہیں:

مقامی یاوداشت ایک تجارتی اصولی دستاویز ہے جو کھیتی کے پورے آف ڈرائنگ کیلئے زراعت اور دیگر وفاقی اور گورنری کی سطح کی منظوری سے ضرور طے۔ ایضاً صحت اور پراپیگ اینڈ ایڈمیشن میں (ایک ایس ایس کے طور پر) کے محصولات اور اخراجات کے درمیان کوئی مثبت تفریق، پادریہ اس کے حق میں 60-40 فیصد مشترک کی جائے گی۔ دیر سے ادائیگی کرنے والے پراجنٹ (LPS) کیلئے ساٹھ (60) دن کے لئے KIBOR+2.0 فیصد پر انہیں کے ادھر پھر PPA کے مطابق KIBOR+4.5 فیصد میں ادائیگی کی جائے گی۔ پادریہ اسے ادائیگی کا طریقہ کار اس شرح پر نظر ثانی کو موثر بننے کے لئے PPA کی جانب سے لازم قرار دینے کے لئے FIFO ادائیگی کے اصول کے مطابق ہونا چاہیے۔ ایسٹ بینک کے ساتھ رجسٹرڈ جزوی بینکی ایکیٹی سب سے بڑی کار کے لئے، ایکیٹی پر مجموعی آمدن (کل ROE میں ROED+ROE شامل ہیں) کو ساٹھ 12 فیصد میں تبدیل کیا جائے گا۔ حق سب سے بڑی کار کے لئے، انہیں اسے منظور شدہ ایکیٹی کو ”کمرشل ایڈیٹی کے رجسٹر کے آغاز“ پر مجموعی ROE کو پاکستانی روپے میں سبز (17) فیصد میں تبدیل کیا جائے گا۔ لیکن ان حساب کتاب پاکستانی روپے میں، ذرا 148 پاکستانی روپے، میں لایا جائے گا۔ امریکی ڈالر کی مزید اشاریہ سب سے بڑی ہوگی۔ مقامی یاوداشت کے مطابق، جب سابقہ تجارت کا بندوبست عمل میں لایا جائے اور، یہ مکمل طور پر پیش پڑھنا ہوتا ہے، تو کھیتی جڑیں تلاش میں طے شدہ شرائط کے مطابق لین دین کرے گی۔ اگر کھیتی نے انسانی منافع کیا ہے تو اس کا اعزاز دے گا۔ لے، کھیتی اور کھیتی کے مابین معاہدہ مندرجہ اوکھیتی کے جائیں گے، جو سال 2002ء کی پاور پاور، لیورف کے مزمزم PPA کے مطابق اس معاملے کا فیصلہ سنیں گے۔ (غذائے کھیتی کے ساتھ غیر سرکاری طور پر کیے گئے اعداد و شمار کی معاہدہ کے مطابق، کھیتی کو انسانی منافع نہیں ہے۔)

آئی پی جیز (IPPS) کے موصول کنندگان کی ادا کی گئی معاہداتی یادداشت کی ایک لازمی شرط ہے۔ حکومت پاکستان کو ملکی کے خریدار کے ساتھ واجب الادا رقم کی ادا کی گئی اور ادا کی گئی کے طریقہ کار کا نظام قائم کرے گی۔ خود خریدار بھی اپنی معاہدہ کے ذمہ داریوں پر عمل پیرا ہونے کو یقینی بنائے گا، اور حکومت پاکستان اور خود خریدار کمپنی کے لئے ای لی سی آئی (LCIA) ایوارڈ کے صلی کی خاطر کم کر س گے۔

مقامی خفاشیہ یاداشت کی شراکت اختیار کیلئے ایکسپریس رپورٹر کیلئے ایف ڈی آر کیسز اور دیگر ضروری کارپوریٹ منتقلی کے مشورہ دیا۔ اور اس کے بعد صرف میں دور کار کو کھانا کرنے کے لئے قانونی دستاویزات دی گئیں جس کے بعد معاملہ عادیوں پر دھتکہ ہوں گے۔ مقامی خفاشیہ یاداشت کی عیادت چھ (6) ماہ ہے اور دو معاہدے پر دھتکہ کرنے پر ختم ہو جائے گی جس میں وصولیوں کی ادائیگی اور قانونی حیثیت کے حصول کے معاہدے شامل ہیں۔

ہیروڈ آف ڈائریکٹرز نے اعتراف کیا ہے کہ ہماری کھپنی نے اس خاص مفاہمی یادداشت پر دستخط کیے ہیں، جس کی تفصیلات اوپر بیان کی گئی ہیں۔ ڈائریکٹرز نے خیال ہے کہ اس مفاہمی یادداشت کی بنیاد پر مستقل میں ہونے والا کوئی بھی معاہدہ یا دور دراز کی ادائیگیوں کی رہائی اور ایسی ہی منصفیہ جس کا دستاویزات کے تحت وعدہ کیا گیا ہے۔

ہماری کمپنی کے لئے قابل توجہ مناسب، بنوری اور مسامی طریقے سے ادائیگیوں کی رہنمائی پروری افہام و تفہیم کے لازمی حصہ ہے اور اس مضمون شدہ دستاویز کا سب سے ضروری حصہ ہے۔ ہر نوئے انھوں کے ساتھ کہا ہے کہ کمپنی میں رپورٹ میں 2010ء کے 2018ء کے دوران کمپنی کے کچھ اضافی کوٹا ہر کیا گیا جب کہ حقیقت اس کے برعکس سامنے آئی ہے۔ اس سے نو زیادہ منافع ہوا ہے اور نہ ہی معاہدے کے حصول میں کسی کی خلاف ورزی ہوئی کمپنی اور حکومت پاکستان کی مذکوراتی مجھے کے عملے نے اعداد و شمار پر افہام و تفہیم کا تقاضا میں ہے واضح طور پر سامنے آئے یا مقادور، اس بات کا ثبوت دیا گیا تھا کہ کمپنی نے واقعہً ROE اور IRR کے برعکس اس سے کم منافع کیا تھا جو کہ سپر COD پر مقرر کیا تھا۔ مفاہمتی کمپنی کے مہبران نے اعداد و شمار پر زیادتی طور پر اتفاق کیا ہے اور کمپنی اس بات پر زور دے رہی ہے کہ دونوں فریقین کو اس مفاہمتی شیٹ پر دستخط کرنا ہوں گے مزید برآں، جہاں ایک خاص کمپنی میں مقامی اور غیر مقامی دونوں طرح کی سرمایہ کاری ہوتی ہے، اس دور رس کے نتیجوں میں معاملہ کو پیچیدہ بنانے اور مقامی حصص یافتگان کی حوصلہ شکنی کے لئے صلاحیت ہے اور حکومت کو ملتی قانون سازی کے ساتھ اس کا حل نکالنا ہوا کہ فیوڈیٹر کی تعہیم کے وقت سب طرح ان دو مختلف ذمیت کے شیئر ہولڈرز کے ساتھ معاملہ کیا جائے گا۔

سہ کلر قرضے:

پاد خریدار روزانہ کی بنیاد پر ادائیگی کر رہا ہے۔ واجب الادا وصولی کے معاملات میں قدرے اضافہ ہوا ہے لیکن کمپنی کے پاس کاموں کو برقرار رکھنے کے لئے کاموں میں لگایا جانے والا کافی سرمایہ موجود ہے۔ دوسری طرف، یہ تعمیر کیا گیا ہے کہ کل خریدار سے ادائیگیاں وصول کی جائیں گی۔

اظهار تشكر:

کھپنی کے ڈائریکٹر اس موقع سے فائدہ اٹھاتے ہوئے اپنے صارفین، سپلائرز، مالیاتی اداروں، ریگولیٹرز اور دیگر تمام اسٹیک ہولڈرز کی تعریف کرتا جاتے ہیں کہ انہوں نے سال کے اس دورے میں کھپنی کے ساتھ تعاون کیا اور حمایت کی۔

ڈائریکٹر مینجمنٹ کی بہتر کارکردگی کے حوالے سے ملازمین کی مسلسل محنت، اخلاص اور لگن کی بھی تعریف کرتے ہیں اور اور امید کرتے ہیں کہ آئندہ بھی وہ یہ کام جاری رکھیں گے۔

پورڈ آف ڈائریکٹرز، سبکدوش ہونے والے ڈائریکٹر کی طرف سے پیش کردہ معمول شراکت کے لئے اپنی تعریف ریکارڈ کرنا چاہتا ہے اور نئے ڈائریکٹر کا خیر مقدم کرتا ہے۔

بورڈ آف ڈائریکٹرز کی نمائندگی:

Ham Yusef

حوری سٹوئی
(چیز رسن)

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 as at 30 June 2020 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.

Other Matter

The figures for the three-month period ended 30 June 2020 and 30 June 2019, in the condensed interim statement of profit or loss and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

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

Islamabad
28 August 2020



KPMG Taseer Hadi & Co.
Chartered Accountants

Condensed Interim Unconsolidated Financial Statements

For Six Months Ended
June 30, 2020

SAIF POWER LIMITED

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2020

		Un-audited June 30, 2020	Audited December 31, 2019
	Note	(Rupees)	
Share Capital and Reserves			
Share capital	4	3,864,717,790	3,864,717,790
Unappropriated profit - revenue reserve		11,625,124,821	10,943,280,351
Total equity		15,489,842,611	14,807,998,141
Liabilities			
Long term financing	5	-	-
Sub-ordinated loan	6	679,042,972	714,425,109
Lease liabilities	7	38,274,001	44,006,839
Non-current liabilities		717,316,973	758,431,948
Trade and other payables		1,727,718,626	2,026,701,229
Short term borrowings	8	6,294,095,430	5,260,383,317
Current portion of non-current liabilities		448,357,673	1,155,704,363
Markup accrued	9	682,651,566	695,660,585
Unclaimed dividend		12,089,592	15,465,337
Current liabilities		9,164,912,887	9,153,914,831
Total liabilities		9,882,229,860	9,912,346,779
Total equity and liabilities		25,372,072,471	24,720,344,920
Contingencies and commitments			
	10		
Assets			
Property, plant and equipment	11	12,587,504,271	12,799,939,113
Right of use assets	12	49,490,375	52,997,400
Investment in subsidiary	13	770,391,343	738,404,190
Long term deposits		4,628,160	4,372,660
Non-current assets		13,412,014,149	13,595,713,363
Advance income tax		14,110,003	14,602,800
Stock in trade - HSD		129,478,049	133,035,854
Trade debts	14	11,183,128,593	9,650,652,780
Other receivables	15	508,656,892	1,164,439,454
Advances	16	1,093,567	98,224,239
Trade deposits and short term prepayments	17	1,833,000	63,005,356
Bank balances	18	121,758,218	671,074
Current assets		11,960,058,322	11,124,631,557
Total assets		25,372,072,471	24,720,344,920

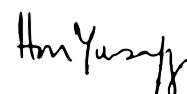
The annexed notes 1 to 25 form an integral part of these condensed interim unconsolidated financial statements.



Chief Financial Officer



Chief Executive Officer



Director

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS (UN-AUDITED)

FOR SIX MONTHS ENDED JUNE 30, 2020

		Three months ended		Six months ended	
		June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	Note	(Rupees)			
Turnover - net	19	2,633,578,251	5,292,659,765	4,317,610,073	7,681,596,711
Cost of sales	20	(1,823,081,136)	(4,044,832,533)	(2,220,860,859)	(5,268,028,614)
Gross profit		810,497,115	1,247,827,232	2,096,749,214	2,413,568,097
Other income		14,695	1,008,969	218,667	1,471,755
Administrative expenses		(46,731,968)	(40,434,420)	(81,441,531)	(75,935,426)
Finance cost	21	(206,142,969)	(408,744,222)	(560,743,322)	(682,855,096)
Profit for the period		557,636,873	799,657,559	1,454,783,028	1,656,249,330
Earnings per share - basic and diluted		1.44	2.07	3.76	4.29

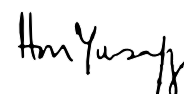
The annexed notes 1 to 25 form an integral part of these condensed interim unconsolidated financial statements.



Chief Financial Officer



Chief Executive Officer



Director

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR SIX MONTHS ENDED JUNE 30, 2020

	Three months ended		Six months ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	(Rupees)			
Profit for the period	557,636,873	799,657,559	1,454,783,028	1,656,249,330
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	557,636,873	799,657,559	1,454,783,028	1,656,249,330

The annexed notes 1 to 25 form an integral part of these condensed interim unconsolidated financial statements.



Chief Financial Officer



Chief Executive Officer



Director

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR SIX MONTHS ENDED JUNE 30, 2020

		June 30, 2020	June 30, 2019
	Note	(Rupees)	
Cash flows from operating activities			
Profit for the period		1,454,783,028	1,656,249,330
<i>Adjustments for:</i>			
Provision for staff retirement benefits - gratuity		4,485,404	4,697,077
Depreciation	11	304,190,424	299,371,372
Depreciation - Right of use assets	12	6,177,756	-
Finance cost	21	560,743,322	682,855,096
Gain on disposal of property, plant and equipment		(216,759)	(226,485)
Profit on deposit accounts		(1,908)	(1,008,969)
Return on investments		-	(236,301)
		2,330,161,267	2,641,701,120
Changes in:			
Stock in trade		3,557,805	54,466
Trade debts		(1,532,475,813)	(2,504,527,540)
Other receivable		655,782,562	71,405,442
Advances		97,130,672	(1,758,720)
Trade deposits and prepayments		61,172,356	46,672,445
Trade and other payables		(294,192,912)	572,416,634
<i>Cash generated from operating activities</i>		1,321,135,937	825,963,847
Income taxes recovered/ (paid)		492,797	(204,211)
Finance cost paid		(573,752,341)	(538,507,123)
Staff retirement benefits paid		(9,275,095)	(16,314,930)
Net cash generated from operating activities		738,601,298	270,937,583
Cash flows from investing activities			
Acquisition of property, plant and equipment	11	(20,943)	(6,889,892)
Acquisition of right of use assets		(166,782)	-
Increase in long term deposits		(255,500)	(429,750)
Proceeds from sale of property, plant and equipment		527,316	555,549
Investment in subsidiary	13	(31,987,153)	(71,000,000)
Profit on deposit accounts		1,908	1,008,969
Return on investments - receipt		-	236,301
Net cash used in investing activities		(31,901,154)	(76,518,823)
Cash flows from financing activities			
Repayment of long term financing		(836,491,850)	(638,306,014)
Dividends paid		(776,314,303)	(501,766,845)
Short term borrowings - net		1,033,712,113	941,620,994
Lease liabilities paid/ (assumed)		(6,518,960)	4,142,712
Net cash used in financing activities		(585,613,000)	(194,309,153)
Net increase in cash and cash equivalents		121,087,144	109,607
Cash and cash equivalents at beginning of the period		671,074	295,242
Cash and cash equivalents at end of the period		121,758,218	404,849

The annexed notes 1 to 25 form an integral part of these condensed interim unconsolidated financial statements.



Chief Financial Officer



Chief Executive Officer



Director

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR SIX MONTHS ENDED JUNE 30, 2020

	Share capital	Unappropriated profit-revenue reserve (Rupees)	Total equity
Balance as at January 01, 2019 (Audited)	3,864,717,790	8,182,507,613	12,047,225,403
Profit for the period	-	1,656,249,330	1,656,249,330
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	1,656,249,330	1,656,249,330
Final dividend 2018@ Rs. 1.30 per share	-	(502,413,313)	(502,413,313)
Balance as at June 30 2019 (Un-audited)	3,864,717,790	9,336,343,630	13,201,061,420
Balance as at January 01, 2020 (Audited)	3,864,717,790	10,943,280,351	14,807,998,141
Profit for the period	-	1,454,783,028	1,454,783,028
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	1,454,783,028	1,454,783,028
Final dividend 2019@ Rs. 2 per share	-	(772,938,558)	(772,938,558)
Balance as at June 30, 2020 (Un-audited)	3,864,717,790	11,625,124,821	15,489,842,611

The annexed notes 1 to 25 form an integral part of these condensed interim unconsolidated financial statements.



Chief Financial Officer



Chief Executive Officer



Director

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR SIX MONTHS ENDED JUNE 30, 2020

1 REPORTING ENTITY

Saif Power Limited ("the Company") was incorporated in Pakistan on November 11, 2004 as a public limited company under the repealed Companies Ordinance, 1984 (which has now been replaced by the Companies Act, 2017) and commenced operations from April 30, 2010. 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 MW (ISO) and sell the electricity to National Transmission and Despatch Company (NTDC). The Company is a subsidiary of Saif Holdings Limited ("the Holding Company") with shareholding of 51.04% (December 31, 2019: 51.04%) ordinary shares.

2 BASIS OF PREPARATION

These condensed interim unconsolidated financial statements of the Company for six months ended June 30, 2020 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:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- 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 unconsolidated financial statements do not include the information reported in annual financial statements and should therefore be read in conjunction with the financial statements of the Company for the year ended December 31, 2019.

These condensed interim unconsolidated financial statements are separate financial statements of the Company in which investment in subsidiary has been accounted for at cost less accumulated impairment loss, if any.

These condensed interim unconsolidated 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.

2.1 Exemptions from application of IFRS 9 "Financial Instruments" and IFRS 16 "Leases"

Through S.R.O 985(1)/2019 dated September 2, 2019 the Securities and Exchange Commission of Pakistan (SECP) has exempted applicability of IFRS-9 in respect of debts due from Government of Pakistan to power supply chain companies for a limited period of three years i.e. till June 30, 2021. Accordingly, the management believes that requirements of IFRS-9 relating to expected credit loss on its trade debts are not applicable to the Company.

Further, control of the Company's plant due to purchase of total output by NTDC and other arrangement under the Power Purchase Agreement (PPA) was classified as a lease under IFRIC 4 "Determining whether an Arrangement Contains a Lease" which due to exemption available to the Company were not accounted for as a lease in prior years. After applicability of IFRS-16, the Company's arrangement with NTDC falls under the definition of a lease as defined in IFRS-16, however, the SECP through S.R.O 986(1)/2019 dated September 2, 2019 has extended the earlier exemption from IFRIC-4 to all companies, which have entered into power purchase arrangements before January 01, 2019. The Company signed its Power Purchase Agreement with NTDC on April 30, 2007, accordingly, requirement of lease accounting relating to the Company's arrangement with NTDC are not applicable to the Company.

3 SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

The accounting policies and the methods of computations adopted in the preparation of these condensed interim unconsolidated financial statements are consistent with those followed in the preparation of the Company's audited financial statements for the year ended December 31, 2019 except for changes described below. The changes in accounting policies are also expected to be reflected in the Company's financial statements as at and for the year ending December 31, 2020.

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR SIX MONTHS ENDED JUNE 30, 2020

- (a) On September 26, 2019 the IASB issued 'Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)' as a first reaction to the potential effects the IBOR reform could have on financial reporting. The amendments are effective for annual reporting periods beginning on or after January 01, 2020.
- (b) On October 22, 2018 the IASB issued 'Definition of a Business (Amendments to IFRS 3)' aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 01, 2020
- (c) On October 31, 2018 the IASB issued 'Definition of Material (Amendments to IAS 1 and IAS 8)' to clarify the definition of 'material' and to align the definition used in the Conceptual Framework and the standards themselves. The amendments are effective for annual reporting periods beginning on or after January 01, 2020.

3.1 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after January 01, 2020 and earlier application is permitted; however, the Company has not early adopted any of the forthcoming new or amended standards in preparing these condensed unconsolidated interim financial statements.

4 SHARE CAPITAL

4.1 Authorized share capital

405,000,000 (December 31, 2019: 405,000,000) ordinary shares of Rs.10 each

Un-audited June 30, 2020	Audited December 31, 2019
(Rupees)	

4,050,000,000	4,050,000,000
---------------	---------------

4.2 Issued, subscribed and paid-up capital

386,471,779 (December 31, 2019: 386,471,779) ordinary shares of Rs.10 each fully paid in cash

3,864,717,790	3,864,717,790
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- 4.3 Saif Holdings Limited ("the Holding Company") holds 197,272,619 i.e. 51.04% shares (December 31, 2019: 197,272,619 i.e. 51.04%) ordinary shares of Rs.10 each at the reporting date. Further, 13,502 (December 31, 2019: 16,002) and 100 (December 31, 2019: 100) ordinary shares of Rs. 10 each are held by directors and a related party respectively. Orastar Limited held 66,022,504 (December 31, 2019: 66,022,504) ordinary shares of the Company.

Un-audited June 30, 2020	Audited December 31, 2019
(Rupees)	

5 LONG TERM FINANCING

Balance at January 01

788,379,612	2,975,180,137
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Repayment during the period/ year

(788,379,612)	(2,186,800,525)
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Current portion of long term financing

-	788,379,612
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Balance at June 30/ December 31

-	(788,379,612)
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-	-
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- 5.1 The Company has paid last installment of long term loan on March 31, 2020. Terms and conditions of all long term facilities are same as disclosed in financial statements for the year ended December 31, 2019.

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR SIX MONTHS ENDED JUNE 30, 2020

		Un-audited June 30, 2020	Audited December 31, 2019
	Note	(Rupees)	
6 SUB-ORDINATED LOAN - UNSECURED			
Balance at January 01		1,071,637,650	959,541,656
Exchange loss capitalised		92,045,196	112,095,994
Repayment during the period/ year		(48,112,238)	-
	6.1	1,115,570,608	1,071,637,650
Current portion of subordinated loan	6.2	(436,527,636)	(357,212,541)
Balance at June 30/ December 31		679,042,972	714,425,109

6.1 Terms and conditions of the above loan are same as disclosed in financial statements for the year ended December 31, 2019.

6.2 This includes Rs. 242.5 million which is due but unpaid as of June 30, 2020.

		Un-audited June 30, 2020	Audited December 31, 2019
		(Rupees)	
7 LEASE LIABILITIES			
Lease liabilities		50,104,038	54,119,049
Less: Current portion		(11,830,037)	(10,112,210)
Long term portion		38,274,001	44,006,839
Movement of lease liabilities under IFRS 16 is as follows:			
Balance at January 01		54,119,049	51,883,160
New lease liabilities		2,503,949	11,191,914
Interest		2,851,878	5,857,956
Payments during the period/ year		(9,370,838)	(14,813,981)
Balance at June 30/ December 31		50,104,038	54,119,049
Current portion of lease liabilities		(11,830,037)	(10,112,210)
Non-Current Portion of Lease Liabilities		38,274,001	44,006,839

8 SHORT TERM BORROWINGS	Note		
Working capital facilities - secured	8.1	4,098,661,898	2,510,937,336
Short term musharakah facilities - secured	8.2	2,195,433,532	2,749,445,981
		6,294,095,430	5,260,383,317

8.1 The Company has obtained working capital facilities amounting to Rs. 8.63 billion (December 31, 2019: Rs. 8.63 billion) from several commercial banks for meeting the working capital requirements, expiring on various dates during 2020. The facilities are secured by way of mortgage charge on fuel stocks inventory and energy payment receivables up to Rs. 12.24 billion (December 31, 2019: Rs. 13.24 billion) and subordinated / ranking charge on all present and future fixed assets and properties of the Company for an amount of Rs. 0.92 billion (December 31, 2019: Rs. 0.99 billion).

8.2 The Company has obtained short term Islamic finance facilities from Islamic banks subject to a maximum limit of Rs. 4.8 billion (December 31, 2019: Rs. 4.05 billion). The facilities are secured by pari passu / ranking charge on fuel stock and energy purchase price receivables of the Company up to Rs. 6.36 billion (December 31, 2019: Rs. 5.36 billion) and subordinated / ranking charge on all present and future fixed assets and properties of the Company up to Rs. 0.72 billion (December 31, 2019: Rs. 0.65 billion).

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR SIX MONTHS ENDED JUNE 30, 2020

	Un-audited June 30, 2020	Audited December 31, 2019
9 MARKUP ACCRUED		(Rupees)
Markup on long term financing	-	51,332,385
Markup on short term financing	173,312,846	199,897,090
Markup on sub-ordinated loan	509,338,720	444,431,110
	682,651,566	695,660,585

10 CONTINGENCIES AND COMMITMENTS

All contingencies and commitments are same as those disclosed in financial statements for the year ended December 31, 2019 except that the contingent liability in respect of Sui Northern Gas Pipelines Limited (SNGPL)'s claim on account of late payment by the Company against SNGPL's invoices of Regasified Liquefied Natural Gas (RLNG) has increased to Rs. 97.86 million (December 31, 2019: Rs. 95.99 million).

	Un-audited June 30, 2020	Audited December 31, 2019
11 PROPERTY, PLANT AND EQUIPMENT		(Rupees)
Balance at January 01	12,799,939,113	13,294,424,176
Recognition of right-of-use asset on initial application of IFRS 16	-	(10,695,029)
Additions during the period/ year	20,943	1,070,172,702
Net book value of assets disposed off	(310,557)	(641,685)
Net book value of asset derecognised	-	(1,067,194,098)
Depreciation for the period/ year	(304,190,424)	(598,222,947)
Capitalization of exchange loss	92,045,196	112,095,994
Balance at June 30/ December 31	12,587,504,271	12,799,939,113

12 RIGHT OF USE ASSETS

COST

Balance at January 1	69,694,214	57,961,491
Additions	2,670,731	11,732,723
Balance at June 30/ December 31	72,364,945	69,694,214

DEPRECIATION

Balance at January 01	16,696,814	6,429,293
Charge for the period/ year	6,177,756	10,267,521
Balance at June 30/ December 31	22,874,570	16,696,814

Carrying amount

Rate of depreciation per annum (%)	10% to 20%	10% to 20%
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13 INVESTMENT IN SUBSIDIARY

Shares of Saif Cement Limited	764,672,440	734,904,190
Share deposit money	5,718,903	3,500,000
	770,391,343	738,404,190

13.1 This represents equity investment in Saif Cement Limited ("SCL"). SCL is setting up a cement manufacturing plant in Saidulwali Village, Paharpur, Dera Ismail Khan, Khyber Pakhtunkhwa (KP). The Company, during the period, acquired additional 2,976,825 fully paid ordinary shares of Rs. 10 each and paid share deposit money of Rs. 5.72 million as advance for issuance of shares. The Company holds 96.28% of the issued share capital of SCL as at June 30, 2020.

FOR SIX MONTHS ENDED JUNE 30, 2020

14.1 Trade debts include an overdue amount of Rs 9.26 billion (December 31, 2019: Rs. 7.67 billion) on account of circular debt. The Company considers this amount to be fully recoverable because this is secured by way of guarantee issued by the Government of Pakistan (GoP) under the Implementation Agreement (IA). Additionally, trade debts are subject to markup on delayed payments under PPA at the rate of KIBOR + 4.5% per annum except RLNG fuel invoices which are subject to markup of KIBOR+2% for first 30 days and after 30 days markup will be KIBOR+4.5%. GoP is committed, hence continuously pursuing for satisfactory settlement of debt issue.

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 June 08, 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 October 29, 2017 pursuant to which NTDC was ordered to pay 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. The Company filed petitions before Lahore High Court for enforcement of partial final award and final award on June 17, 2017 and November 30, 2017 respectively, which proceedings are pending till date. NTDC has also challenged the partial final award and final award in Civil Court, Lahore.

14.3 During year ended December 31, 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 favour of the Company for the whole amount by the London Court of International Arbitration (LCIA). 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 disposed off the appeal by stating that the judgement 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 also challenged the award in Civil Court, Lahore, on April 21, 2016 which is pending adjudication. On June 07, 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 (inclusive of the aforementioned amount of Rs. 239.68 million) from payable to SNGPL as such amount was allowed by the LCIA in its award. SNGPL has filed suit for recovery before District Judge, Lahore (Invested with Powers of the Gas Utility Court) on March 01, 2019 against this adjustment including a claim for markup from the date of such adjustment and also has filed a request for Arbitration before LCIA on March 22, 2019. In its submission to LCIA on March 06, 2020, SNGPL has claimed adjusted amount of Rs. 270.66 million and markup amount of Rs. 236.47 million from the date of such adjustment. The Company's position is that no amount is payable to SNGPL and in any case, LCIA Arbitration is the only competent forum to decide on this case.

16 **Saif Power Limited**

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR SIX MONTHS ENDED JUNE 30, 2020

		Un-audited June 30, 2020	Audited December 31, 2019
		(Rupees)	
16 ADVANCES - considered good			
Advances to supplier		666,857	97,456,918
Advances to employees		426,710	767,321
		1,093,567	98,224,239
17 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Prepayments		-	61,172,356
Security deposit		1,833,000	1,833,000
		1,833,000	63,005,356
		Un-audited June 30, 2020	Un-audited June 30, 2019
		(Rupees)	
18 BANK BALANCES			
Current accounts			
Local currency		11,215	366,950
Foreign currency	18.1	119,920,909	-
		119,932,124	366,950
Deposit accounts			
Local currency		1,495,542	-
Foreign currency	18.1	330,552	304,124
		1,826,094	304,124
		121,758,218	671,074

18.1 This represents an amount of USD 714,721 (December 31, 2019: USD 1,964) in US Dollar deposit and current accounts.

	Un-audited Three months ended June 30, 2020	June 30, 2019	Un-audited Six months ended June 30, 2020	June 30, 2019
	(Rupees)			
19 TURNOVER - NET				
Gross Energy Purchase Price	1,688,451,120	4,490,457,557	1,692,134,806	5,539,029,455
Less: Sales tax	(245,330,504)	(652,459,644)	(245,865,740)	(804,816,245)
	1,443,120,616	3,837,997,913	1,446,269,066	4,734,213,210
Capacity Purchase Price	1,190,457,635	1,454,661,852	2,871,341,007	2,947,383,501
	2,633,578,251	5,292,659,765	4,317,610,073	7,681,596,711
20 COST OF SALES				
Raw material consumed	1,320,068,863	3,569,166,693	1,323,699,904	4,411,023,290
Operation and maintenance	274,060,256	266,146,085	442,749,533	437,387,986
Salaries and other benefits	18,779,046	19,428,296	33,172,227	33,971,302
Electricity charges	12,483,973	4,880,525	26,486,737	16,613,460
Insurance expense	45,007,929	35,543,176	90,015,857	70,313,674
Depreciation	152,097,764	148,362,227	303,532,765	296,481,716
Office expenses	316,013	341,814	592,354	749,778
Travelling, conveyance and entertainment	229,777	382,729	562,676	826,168
Repair and maintenance	17,900	557,635	17,900	607,353
Communication	19,615	23,353	30,906	53,887
	1,823,081,136	4,044,832,533	2,220,860,859	5,268,028,614

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR SIX MONTHS ENDED JUNE 30, 2020

21 FINANCE COST	Un-audited Three months ended		Un-audited Six months ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	(Rupees)			
Markup on short term borrowings	173,321,585	171,973,670	356,220,015	325,786,712
Markup on long term financing	-	81,508,222	26,696,717	177,043,684
Markup on sub-ordinated loan	12,033,207	14,582,491	25,422,390	28,350,877
Guarantee commission	3,249,999	3,249,998	6,499,999	6,499,998
Markup on lease liabilities	1,330,323	261,504	2,851,878	661,596
Bank charges	64,039	112,025	187,330	202,813
Exchange loss - net	16,143,816	137,056,312	142,864,993	144,309,416
	206,142,969	408,744,222	560,743,322	682,855,096

22 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

Fair value measurement

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).

A. Accounting classifications and fair values

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.

		Carrying Amount			Fair value			
		Amortised cost	Amortised cost	Total	Level 1	Level 2	Level 3	Total
June 30, 2020	Note	(Rupees)						
Financial assets measured at fair value		-	-	-	-	-	-	-
Financial assets not measured at fair value	22.2							
Long term deposits		4,628,160	-	4,628,160	-	-	-	-
Trade debts		11,183,128,593	-	11,183,128,593	-	-	-	-
Other receivables	22.3	412,202,500	-	412,202,500	-	-	-	-
Advances to employees		426,710	-	426,710	-	-	-	-
Security deposits		1,833,000	-	1,833,000	-	-	-	-
Bank balances		121,758,218	-	121,758,218	-	-	-	-
Total		11,723,977,181	-	11,723,977,181	-	-	-	-
Financial liabilities not measured at fair value	22.2							
Long term financing		-	-	-	-	-	-	-
Sub-ordinated loan		-	1,115,570,608	1,115,570,608	-	-	-	-
Lease liabilities		-	50,104,038	50,104,038	-	-	-	-
Trade and other payables	22.4	-	1,721,792,920	1,721,792,920	-	-	-	-
Short term borrowings		-	6,294,095,430	6,294,095,430	-	-	-	-
Markup accrued		-	682,651,566	682,651,566	-	-	-	-
Unclaimed dividend		-	12,089,592	12,089,592	-	-	-	-
Total		-	9,876,304,154	9,876,304,154	-	-	-	-

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR SIX MONTHS ENDED JUNE 30, 2020

		Carrying Amount			Fair value			
		Amortised cost	Amortised cost	Total	Level 1	Level 2	Level 3	Total
	Note	(Rupees)						
December 31, 2019								
Financial assets measured at fair value								
		-	-	-	-	-	-	-
Financial assets not measured at fair value								
	22.2							
Long term deposits		4,372,660	-	4,372,660	-	-	-	-
Trade debts		9,650,652,780	-	9,650,652,780	-	-	-	-
Other receivables	22.3	1,136,697,513	-	1,136,697,513	-	-	-	-
Advances to employees		767,321	-	767,321	-	-	-	-
Security deposits		1,833,000	-	1,833,000	-	-	-	-
Bank balances		671,074	-	671,074	-	-	-	-
Total		10,794,994,348	-	10,794,994,348	-	-	-	-
Financial liabilities not measured at fair value								
	22.2							
Long term financing		-	788,379,612	788,379,612	-	-	-	-
Sub-ordinated loan		-	1,071,637,650	1,071,637,650	-	-	-	-
Lease liabilities		-	54,119,049	54,119,049	-	-	-	-
Trade and other payables	22.4	-	2,024,416,209	2,024,416,209	-	-	-	-
Short term borrowings		-	5,260,383,317	5,260,383,317	-	-	-	-
Markup accrued		-	695,660,585	695,660,585	-	-	-	-
Unclaimed dividend		-	15,465,337	15,465,337	-	-	-	-
Total		-	9,910,061,759	9,910,061,759	-	-	-	-

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 sales tax receivable.

22.4 This excludes withholding tax payable.

23 RELATED PARTY TRANSACTIONS AND BALANCES

The Company is subsidiary of Saif Holdings Limited ("the Holding Company"), therefore the Holding Company and all associated undertakings of the Holding Company are related parties of the Company. Other related parties comprise of directors, key management personnel, entities over which directors are able to exercise significant influence and major shareholders. Balances and other arrangements with Orastar Limited have been disclosed in note 4.3, 6 and 9 to these financial statements. Transactions and balances with related parties other than those disclosed elsewhere in these condensed interim unconsolidated financial statements are as follows:

	Un-audited June 30, 2020	Un-audited June 30, 2019
	(Rupees)	
Transactions with related parties		
Saif Holdings Limited - the Holding Company (51.04% shareholding-common directorship)		
Dividend	394,545,238	256,454,405
Saif Textile Limited - Associated Company (Common directorship)		
Dividend	200	130
Akbar Kare Institution - Associated Company (Common directorship)		
Donation made by the Company	3,000,000	3,000,000
Key Management Personnel		
Dividend to Directors	27,004	20,802
Remuneration including benefits and perquisites	32,561,299	32,735,561
Other Related Parties		
Contribution to Saif Power Limited - Staff Gratuity Fund	9,275,095	16,314,930
	Un-audited June 30, 2020	Audited December 31, 2019
	(Rupees)	
Balances with related parties		
Saif Holdings Limited - the Holding Company (51.04% shareholding-common directorship)		
Support service fee payable	221,525,725	221,525,725
Other related parties		
Payable to Saif Power Limited- Staff Gratuity Fund	4,485,404	9,275,095

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR SIX MONTHS ENDED JUNE 30, 2020

24 NON-ADJUSTING EVENTS AFTER REPORTING DATE

24.1 Due to high cost of electricity in Pakistan, a committee was formed by Ministry of Energy (Power Division) under the directions of Prime Minister of Pakistan, to conduct historic analysis of the causes behind the issues faced by the sector. The committee submitted its report and another Committee for Negotiations was constituted by the Government of Pakistan. Subsequent to the reporting date, the Company has executed a Memorandum of Understanding (MOU) with Committee for Negotiations. The main features of MOU pertain to sharing of any excess profit over ROE with NTDC, reduction in rate for late payment surcharge for first 60 days, fixation of rupee dollar parity for ROE indexation, implementation of Take and Pay Basis based on Competitive Trading Arrangement, payment mechanism of overdue trade receivables by NTDC and mechanism for resolution of other disputed matters with NTDC. The MOU is currently not legally binding and subject to approval by the Board of Directors of the Company, NEPRA, Federal Cabinet and other necessary corporate approvals.

24.2 The Board of Directors proposed interim cash dividend of Rs.1.25 per share in their meeting held on August 27, 2020.

25 DATE OF AUTHORISATION


These condensed interim unconsolidated financial statements were approved and authorized for issue by the Board of Directors in their meeting held on August 27, 2020.



Chief Financial Officer



Chief Executive Officer



Director

Condensed Interim Consolidated Financial Statements

For Six Months Ended
June 30, 2020

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2020

		Un-audited June 30, 2020	Audited December 31, 2019
	Note	(Rupees)	
Share capital and reserves			
Share capital	4	3,864,717,790	3,864,717,790
Unappropriated profit - revenue reserve		11,619,647,895	10,939,558,934
Equity attributable to the owners of the Company		15,484,365,685	14,804,276,724
Non controlling interests		28,884,875	27,802,426
Total equity		15,513,250,560	14,832,079,150
Liabilities			
Long term financing	5	-	-
Sub-ordinated loan	6	679,042,972	714,425,109
Lease liabilities	7	43,911,808	50,547,079
Deferred liability - gratuity		1,603,000	2,962,420
Non-current liabilities		724,557,780	767,934,608
Trade and other payables		1,806,076,660	2,098,782,870
Short term borrowings	8	6,294,095,430	5,260,383,317
Current portion of non-current liabilities		450,036,776	1,157,226,851
Markup accrued	9	682,651,566	695,660,585
Unclaimed dividend		12,089,592	15,465,337
Current liabilities		9,244,950,024	9,227,518,960
Total liabilities		9,969,507,804	9,995,453,568
Total equity and liabilities		25,482,758,364	24,827,532,718
Contingencies and commitments			
	10		
Assets			
Property, plant and equipment	11	13,365,631,444	13,544,119,637
Right of use assets	12	57,148,022	61,518,397
Project transaction costs		61,489,937	58,237,690
Goodwill		11,530,918	11,530,918
Long term deposits		4,628,160	4,372,660
Non-current assets		13,500,428,481	13,679,779,302
Advance income tax		23,686,816	24,118,484
Stock in trade - HSD		129,478,049	133,035,854
Trade debts	13	11,183,128,593	9,650,652,780
Other receivables	14	508,656,892	1,164,439,454
Advances	15	1,093,567	98,349,239
Trade deposits and short term prepayments	16	1,833,000	63,005,356
Bank balances	17	134,452,966	14,152,249
Current assets		11,982,329,883	11,147,753,416
Total assets		25,482,758,364	24,827,532,718

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



Chief Financial Officer



Chief Executive Officer



Director

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UN-AUDITED)

FOR SIX MONTHS ENDED JUNE 30, 2020

		Three months ended		Six months ended	
		June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	Note	(Rupees)			
Turnover - net	18	2,633,578,251	5,292,659,765	4,317,610,073	7,681,596,711
Cost of sales	19	(1,823,081,136)	(4,044,832,533)	(2,220,860,859)	(5,268,028,614)
Gross profit		810,497,115	1,247,827,232	2,096,749,214	2,413,568,097
Other income		228,379	1,320,583	746,410	1,989,624
Administrative expenses		(47,609,885)	(41,154,514)	(83,264,391)	(77,255,761)
Finance cost	20	(206,378,226)	(409,020,072)	(561,271,535)	(683,223,781)
Profit for the period		556,737,383	798,973,229	1,452,959,698	1,655,078,179
Profit / (loss) attributable to:					
- Owners of the Company		556,770,841	798,995,009	1,453,027,519	1,655,100,702
- Non-controlling interests		(33,458)	(21,780)	(67,821)	(22,523)
		556,737,383	798,973,229	1,452,959,698	1,655,078,179

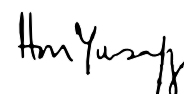
The annexed notes 1 to 24 form an integral part of these condensed interim consolidated financial statements.



Chief Financial Officer



Chief Executive Officer



Director

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR SIX MONTHS ENDED JUNE 30, 2020

	Three months ended		Six months ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	(Rupees)			
Profit for the period	556,737,383	798,973,229	1,452,959,698	1,655,078,179
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	556,737,383	798,973,229	1,452,959,698	1,655,078,179
Total comprehensive income attributable to:				
- Owners of the Company	556,770,841	798,995,009	1,453,027,519	1,655,100,702
- Non-controlling interests	(33,458)	(21,780)	(67,821)	(22,523)
	556,737,383	798,973,229	1,452,959,698	1,655,078,179

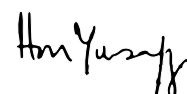
The annexed notes 1 to 24 form an integral part of these condensed interim consolidated financial statements.



Chief Financial Officer



Chief Executive Officer



Director

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR SIX MONTHS ENDED JUNE 30, 2020

	Note	June 30, 2020	June 30, 2019
		(Rupees)	
Cash flows from operating activities			
Profit for the period		1,452,959,698	1,655,078,179
<i>Adjustments for:</i>			
Provision for staff retirement benefits - gratuity		4,485,404	4,697,077
Depreciation	11	304,376,538	300,031,394
Depreciation - Right of use assets	12	7,041,106	-
Finance cost	20	561,271,535	683,223,781
Gain on disposal of property, plant and equipment		(216,759)	(226,485)
Profit on deposit accounts		(1,908)	(1,008,969)
Return on investments		(527,743)	(754,170)
		2,329,387,871	2,641,040,807
Changes in:			
Stock in trade		3,557,805	54,466
Trade debts		(1,532,475,813)	(2,504,527,540)
Other receivable		655,782,562	71,405,442
Advances		97,255,672	(1,756,620)
Trade deposits and prepayments		61,172,356	46,672,445
Trade and other payables		(287,916,519)	565,700,803
<i>Cash generated from operating activities</i>		1,326,763,934	818,589,803
Income taxes recovered/ (paid)		431,668	(527,479)
Finance cost paid		(574,280,554)	(538,875,808)
Deferred liability - gratuity		(1,359,420)	-
Staff retirement benefits paid		(9,275,095)	(16,314,930)
Net cash generated from operating activities		742,280,533	262,871,586
Cash flows from investing activities			
Acquisition of property, plant and equipment	11	(34,153,706)	(66,012,297)
Acquisition of right of use assets		(166,782)	-
Increase in long term deposits		(255,500)	(429,750)
Proceeds from sale of property, plant and equipment		527,316	555,549
Movement in Project Transaction cost		(3,252,247)	(16,942,850)
Profit on deposit accounts		1,908	1,008,969
Return on investments - receipt		527,743	754,170
Net cash used in investing activities		(36,771,268)	(81,066,209)
Cash flows from financing activities			
Repayment of long term financing		(836,491,850)	(638,306,014)
Dividends paid		(776,314,303)	(501,766,845)
Receipt against issuance of shares of the Subsidiary Company		1,150,270	27,100,350
Short term borrowings - net		1,033,712,113	917,124,018
Lease liabilities paid/ (assumed)		(7,264,778)	12,884,622
Net cash used in financing activities		(585,208,548)	(182,963,869)
Net Increase / (decrease) in cash and cash equivalents		120,300,717	(1,158,492)
Cash and cash equivalents at beginning of the period		14,152,249	14,472,597
Cash and cash equivalents at end of the period		134,452,966	13,314,105


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



Chief Financial Officer



Chief Executive Officer



Director

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR SIX MONTHS ENDED JUNE 30, 2020

	Share capital	Unappropriated profit-revenue reserve	Non-Controlling interest	Total equity
	(Rupees)			
Balance as at January 01, 2019 (Audited)	3,864,717,790	8,181,713,965	19,609	12,046,451,364
Profit for the period	-	1,655,100,702	(22,523)	1,655,078,179
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	1,655,100,702	(22,523)	1,655,078,179
Transaction with owners of the Company				
Distributions				
Final dividend 2018@ Rs. 1.30 per share	-	(502,413,313)	-	(502,413,313)
Changes in ownership interests				
Consideration paid by NCI for acquisition of shares	-	-	27,100,350	27,100,350
Disposal of share to NCI without a change in control	-	479,086	(479,086)	-
Total changes in ownership interests	-	479,086.00	26,621,264	27,100,350
Total transactions with owners of the Company	-	(501,934,227)	26,621,264	(475,312,963)
Balance as at June 30 2019 (Un-audited)	3,864,717,790	9,334,880,440	26,618,350	13,226,216,580
Balance as at January 01, 2020 (Audited)	3,864,717,790	10,939,558,934	27,802,426	14,832,079,150
Profit for the period	-	1,453,027,519	(67,821)	1,452,959,698
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	1,453,027,519	(67,821)	1,452,959,698
Transaction with owners of the Company				
Distributions				
Final dividend 2019@ Rs. 2 per share	-	(772,938,558)	-	(772,938,558)
Changes in ownership interests				
Consideration paid by NCI for acquisition of shares	-	-	1,150,270	1,150,270
Disposal of share to NCI without a change in control	-	-	-	-
Total changes in ownership interests	-	-	1,150,270	1,150,270
Total transactions with owners of the Company	-	(772,938,558)	1,150,270	(771,788,288)
Balance as at June 30, 2020 (Un-audited)	3,864,717,790	11,619,647,895	28,884,875	15,513,250,560

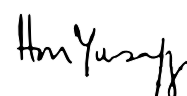
The annexed notes 1 to 24 form an integral part of these condensed interim consolidated financial statements.



Chief Financial Officer



Chief Executive Officer



Director

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR SIX MONTHS ENDED JUNE 30, 2020

1 REPORTING ENTITY

Saif Power Limited ("the Company") was incorporated in Pakistan on November 11, 2004 as a public limited company under the repealed Companies Ordinance, 1984 (which has now been replaced by the Companies Act, 2017) and commenced operations from April 30, 2010. The shares of the Company are quoted on Pakistan Stock Exchange Limited. The Company is a subsidiary of Saif Holdings Limited ("the Controlling Party") with shareholding of 51.04% (December 31, 2019: 51.04%) ordinary shares.

The Group consists of Saif Power Limited (the Company) and Saif Cement 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) and sell the electricity to National Transmission and Dispatch Company (NTDC).

Subsidiary:

Saif Cement Limited (the Subsidiary Company) is a public limited company incorporated in Pakistan on January 13, 2017 under the repealed Companies Ordinance, 1984 (which has now been replaced by the Companies Act, 2017).

The Subsidiary Company is engaged in the construction of Greenfield Cement Production Plant of 6,500 tons per day clinker production line on an EPC Turnkey Contracting Basis near D.I. Khan, Khyber Pakhtunkhwa province. Thereafter, the principal business of the Subsidiary Company will be production and sale of cement.

2 BASIS OF PREPARATION

These condensed interim consolidated financial statements include the financial statements of the Company and its Subsidiary (collectively "the Group"). The financial statements of the Subsidiary are prepared for the same reporting period as the Holding Company, using consistent accounting policies.

These condensed interim consolidated financial statements 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:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- 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 consolidated financial statements do not include the information reported in annual financial statements and should therefore be read in conjunction with the consolidated financial statements of the Group for the year ended December 31, 2019.

These condensed interim consolidated 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.

2.1 Exemptions from application of IFRS 9 "Financial Instruments" and IFRS 16 "Leases"

Through S.R.O 985(1)/2019 dated September 2, 2019 the Securities and Exchange Commission of Pakistan (SECP) has exempted applicability of IFRS-9 in respect of debts due from Government of Pakistan to power supply chain companies for a limited period of three years i.e. till June 30, 2021. Accordingly, the management believes that requirements of IFRS-9 relating to expected credit loss on its trade debts are not applicable to the Company.

Further, control of the Company's plant due to purchase of total output by NTDC and other arrangement under the Power Purchase Agreement (PPA) was classified as a lease under IFRIC 4 "Determining whether an Arrangement Contains a Lease" which due to exemption available to the Company were not accounted for as a lease in prior years. After applicability of IFRS-16, the Company's arrangement with NTDC falls under the definition of a lease as defined in IFRS-16, however, the SECP through S.R.O 986(1)/2019 dated September 2, 2019 has extended the earlier exemption from IFRIC-4 to all companies, which have entered into power purchase arrangements before January 01, 2019. The Company signed its Power Purchase Agreement with NTDC on April 30, 2007, accordingly, requirement of lease accounting relating to the Company's arrangement with NTDC are not applicable to the Company.

3 SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

The accounting policies and the methods of computations adopted in the preparation of these condensed interim consolidated financial statements are consistent with those followed in the preparation of the audited financial statements for the year ended December 31, 2019 except for changes described below. The changes in accounting policies are also expected to be reflected in the Company's financial statements as at and for the year ending December 31, 2020.

- (a) On September 26, 2019 the IASB issued 'Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)' as a first reaction to the potential effects the IBOR reform could have on financial reporting. The amendments are effective for annual reporting periods beginning on or after January 01, 2020.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR SIX MONTHS ENDED JUNE 30, 2020

(b) On October 22, 2018 the IASB issued 'Definition of a Business (Amendments to IFRS 3)' aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 01, 2020

(c) On October 31, 2018 the IASB issued 'Definition of Material (Amendments to IAS 1 and IAS 8)' to clarify the definition of 'material' and to align the definition used in the Conceptual Framework and the standards themselves. The amendments are effective annual reporting periods beginning on or after January 01, 2020.

3.1 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after January 01, 2020 and earlier application is permitted; however, the Company has not early adopted any of the forthcoming new or amended standards in preparing these condensed interim consolidated financial statements.

	Un-audited June 30, 2020	Audited December 31, 2019
	(Rupees)	

4 SHARE CAPITAL

4.1 Authorized share capital

405,000,000 (December 31, 2019: 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 (December 31, 2019: 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 Controlling Party") holds 197,272,619 i.e. 51.04% shares (December 31, 2019: 197,272,619 i.e. 51.04%) ordinary shares of Rs.10 each at the reporting date. Further, 13,502 (December 31, 2019: 16,002) and 100 (December 31, 2019: 100) ordinary shares of Rs. 10 each are held by directors and a related party respectively. Orastar Limited held 66,022,504 (December 31, 2019: 66,022,504) ordinary shares of the Company.

	Un-audited June 30, 2020	Audited December 31, 2019
	(Rupees)	

5 LONG TERM FINANCING

Balance at January 01

788,379,612 2,975,180,137

Repayment during the period/ year

(788,379,612) (2,186,800,525)

Current portion of long term financing

- 788,379,612

Balance at June 30/ December 31

- (788,379,612)

- -

5.1 The Company has paid last instalment of long term loan on March 31, 2020. Terms and conditions of all long term facilities are same as disclosed in financial statements for the year ended December 31, 2019.

	Un-audited June 30, 2020	Audited December 31, 2019
	(Rupees)	

6 SUB-ORDINATED LOAN - UNSECURED

Balance at January 01

1,071,637,650 959,541,656

Exchange loss capitalised

92,045,196 112,095,994

Repayment during the period/ year

(48,112,238) -

Current portion of subordinated loan

1,115,570,608 1,071,637,650

Balance at June 30/ December 31

(436,527,636) (357,212,541)

679,042,972 714,425,109

6.1 Terms and conditions of the above loan are same as disclosed in financial statements for the year ended December 31, 2019.

6.2 This includes Rs. 242.5 million which is due but unpaid as of June 30, 2020.

FOR SIX MONTHS ENDED JUNE 30, 2020

8.1 The Company has obtained working capital facilities amounting to Rs. 8.63 billion (December 31, 2019: Rs. 8.63 billion) from several commercial banks for meeting the working capital requirements, expiring on various dates during 2020. The facilities are secured by way of mortgage charge on fuel stocks inventory and energy payment receivables up to Rs. 12.24 billion (December 31, 2019: Rs. 13.24 billion) and subordinated / ranking charge on all present and future fixed assets and properties of the Company for an amount of Rs. 0.92 billion (December 31, 2019: Rs. 0.99 billion).

8.2 The Company has obtained short term Islamic finance facilities from Islamic banks subject to a maximum limit of Rs. 4.8 billion (December 31, 2019: Rs. 4.05 billion). The facilities are secured by pari passu / ranking charge on fuel stock and energy purchase price receivables of the Company up to Rs. 6.36 billion (December 31, 2019: Rs. 5.36 billion) and subordinated / ranking charge on all present and future fixed assets and properties of the Company up to Rs. 0.72 billion (December 31, 2019: Rs. 0.65 billion).

10 CONTINGENCIES AND COMMITMENTS

All contingencies and commitments are same as those disclosed in financial statements for the year ended December 31, 2019 except that the contingent liability in respect of Sui Northern Gas Pipelines Limited (SNGPL)'s claim on account of late payment by the Company against SNGPL's invoices of Regasified Liquefied Natural Gas (RLNG) has increased to Rs. 97.86 million (December 31, 2019: Rs. 95.99 million).

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR SIX MONTHS ENDED JUNE 30, 2020

		Un-audited June 30, 2020	Audited December 31, 2019
11	PROPERTY, PLANT AND EQUIPMENT		
	Note	(Rupees)	
	Balance at January 01	13,544,119,637	13,945,393,792
	Recognition of right-of-use asset on initial application of IFRS 16	-	(10,695,029)
	Additions during the period/ year	34,153,706	1,163,699,793
	Net book value of assets disposed off	(310,557)	(641,685)
	Net book value of asset derecognised	-	(1,067,194,098)
	Depreciation for the period/ year	(304,376,538)	(598,539,130)
	Capitalization of exchange loss	92,045,196	112,095,994
	Balance at June 30/ December 31	13,365,631,444	13,544,119,637
12	RIGHT OF USE ASSETS		
	<u>COST</u>		
	Balance at January 1	79,919,410	57,961,491
	Additions	2,670,731	21,957,919
	Disposals	-	-
	Balance at June 30/ December 31	82,590,141	79,919,410
	<u>DEPRECIATION</u>		
	Balance at January 01	18,401,013	6,429,293
	Charge for the period/ year	7,041,106	11,971,720
	Disposals	-	-
	Balance at June 30/ December 31	25,442,119	18,401,013
	<u>Carrying amount</u>	57,148,022	61,518,397
	Rate of depreciation per annum (%)	10% to 20%	10% to 20%
13	TRADE DEBTS		
	National Transmission and Dispatch Company (NTDC)	13.1	11,183,128,593
			9,650,652,780

13.1 Trade debts include an overdue amount of Rs 9.26 billion (December 31, 2019: Rs. 7.67 billion) on account of circular debt. The Company considers this amount to be fully recoverable because this is secured by way of guarantee issued by the Government of Pakistan (GoP) under the Implementation Agreement (IA). Additionally, trade debts are subject to markup on delayed payments under PPA at the rate of KIBOR + 4.5% per annum except RLNG fuel invoices which are subject to markup of KIBOR+2% for first 30 days and after 30 days markup will be KIBOR+4.5%. GoP is committed, hence continuously pursuing for satisfactory settlement of debt issue.

13.2 Included in trade debts is an amount of Rs. 477.56 million (December 31, 2019: 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-utilisation 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 June 08, 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 October 29, 2017 pursuant to which NTDC was ordered to pay Rs. 477.56 million (2018: 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. The Company filed petitions before Lahore High Court for enforcement of partial final award and final award on June 17, 2017 and November 30, 2017 respectively, which proceedings are pending till date. NTDC has also challenged the partial final award and final award in Civil Court, Lahore.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR SIX MONTHS ENDED JUNE 30, 2020

13.3 During year ended December 31, 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 favour 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 disposed off the appeal by stating that the judgement 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 also challenged the award in Civil Court, Lahore, on April 21, 2016 which is pending adjudication. On June 07, 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 (inclusive of the aforementioned amount of Rs. 239.68 million) from payable to SNGPL as such amount was allowed by the LCIA in its award. SNGPL has filed suit for recovery before District Judge, Lahore (Invested with Powers of the Gas Utility Court) on March 01, 2019 against this adjustment including a claim for markup from the date of such adjustment and also has filed a request for Arbitration before LCIA on March 22, 2019. In its submission to LCIA on March 06, 2020, SNGPL has claimed adjusted amount of Rs. 270.66 million and markup amount of Rs. 236.47 million from the date of such adjustment. The Company's position is that no amount is payable to SNGPL and in any case, LCIA Arbitration is the only competent forum to decide on this case.

		Un-audited June 30, 2020	Audited December 31, 2019
	Note	(Rupees)	
14 OTHER RECEIVABLES			
Workers' Profit Participation Fund (WPPF) receivable		406,783,799	334,044,648
Insurance claim receivable		3,102,698	785,753,372
Sales tax receivable - net		96,454,392	27,741,941
Other receivables		2,316,003	16,899,493
		<u>508,656,892</u>	<u>1,164,439,454</u>
15 ADVANCES - considered good			
Advances to supplier		666,857	97,456,918
Advances to employees		426,710	892,321
		<u>1,093,567</u>	<u>98,349,239</u>
16 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Prepayments		-	61,172,356
Security deposit		1,833,000	1,833,000
		<u>1,833,000</u>	<u>63,005,356</u>
		Un-audited June 30, 2020	Un-audited June 30, 2019
17 CASH AND BANK BALANCES		(Rupees)	
Cash in hand		61,237	140,230
Cash at bank:			
Current accounts			
Local currency		2,114,268	2,876,939
Foreign currency	17.1	119,920,909	-
		<u>122,035,177</u>	<u>2,876,939</u>
Deposit accounts			
Local currency		1,495,542	-
Foreign currency	17.1	330,552	304,124
		<u>1,826,094</u>	<u>304,124</u>
Short term investment		10,530,458	10,830,956
		<u>134,452,966</u>	<u>14,152,249</u>

17.1 This represents an amount of USD 714,721 (December 31, 2019: USD 1,964) in US Dollar deposit and current accounts.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR SIX MONTHS ENDED JUNE 30, 2020

	Un-audited Three months ended		Un-audited Six months ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
18 TURNOVER - NET	(Rupees)			
Gross Energy Purchase Price	1,688,451,120	4,490,457,557	1,692,134,806	5,539,029,455
Less: Sales tax	(245,330,504)	(652,459,644)	(245,865,740)	(804,816,245)
	1,443,120,616	3,837,997,913	1,446,269,066	4,734,213,210
Capacity Purchase Price	1,190,457,635	1,454,661,852	2,871,341,007	2,947,383,501
	2,633,578,251	5,292,659,765	4,317,610,073	7,681,596,711
19 COST OF SALES				
Raw material consumed	1,320,068,863	3,569,166,693	1,323,699,904	4,411,023,290
Operation and maintenance	274,060,256	266,146,085	442,749,533	437,387,986
Salaries and other benefits	18,779,046	19,428,296	33,172,227	33,971,302
Electricity charges	12,483,973	4,880,525	26,486,737	16,613,460
Insurance expense	45,007,929	35,543,176	90,015,857	70,313,674
Depreciation	152,097,764	148,362,227	303,532,765	296,481,716
Office expenses	316,013	341,814	592,354	749,778
Travelling, conveyance and entertainment	229,777	382,729	562,676	826,168
Repair and maintenance	17,900	557,635	17,900	607,353
Communication	19,615	23,353	30,906	53,887
	1,823,081,136	4,044,832,533	2,220,860,859	5,268,028,614
20 FINANCE COST				
Markup on short term borrowings	173,321,585	171,973,670	356,220,015	325,786,712
Markup on long term financing	-	81,508,221	26,696,717	177,043,684
Markup on sub-ordinated loan	12,033,207	14,582,491	25,422,390	28,350,877
Guarantee commission	3,249,999	3,249,998	6,499,999	6,499,998
Markup on lease liabilities	1,565,580	537,354	3,380,091	1,030,281
Bank charges	64,039	112,026	187,330	202,813
Exchange loss - net	16,143,816	137,056,312	142,864,993	144,309,416
	206,378,226	409,020,072	561,271,535	683,223,781

21 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

Fair value measurement

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 CONSOLIDATED FINANCIAL STATEMENTS

FOR SIX MONTHS ENDED JUNE 30, 2020

A. Accounting classifications and fair values

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

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.								
		Carrying Amount			Fair value			
	Note	Amortised cost	Amortised cost	Total	Level 1	Level 2	Level 3	Total
June 30, 2020				(Rupees)				
Financial assets measured at fair value		-	-	-	-	-	-	-
Financial assets not measured at fair value	21.2							
Long term deposits		4,628,160	-	4,628,160	-	-	-	-
Trade debts		11,183,128,593	-	11,183,128,593	-	-	-	-
Other receivables	21.3	412,202,500	-	412,202,500	-	-	-	-
Advances to employees		426,710	-	426,710	-	-	-	-
Security deposits		1,833,000	-	1,833,000	-	-	-	-
Bank balances		134,452,966	-	134,452,966	-	-	-	-
Total		11,736,671,929	-	11,736,671,929	-	-	-	-
Financial liabilities not measured at fair value	21.2							
Long term financing		-	-	-	-	-	-	-
Sub-ordinated loan		-	1,115,570,608	1,115,570,608	-	-	-	-
Lease liabilities		-	57,420,948	57,420,948	-	-	-	-
Deferred liability - gratuity		-	1,603,000	1,603,000	-	-	-	-
Trade and other payables	21.4	-	1,799,310,348	1,799,310,348	-	-	-	-
Short term borrowings		-	6,294,095,430	6,294,095,430	-	-	-	-
Markup accrued		-	682,651,566	682,651,566	-	-	-	-
Unclaimed dividend		-	12,089,592	12,089,592	-	-	-	-
Total		-	9,962,741,492	9,962,741,492	-	-	-	-
December 31, 2019								
Financial assets measured at fair value		-	-	-	-	-	-	-
Financial assets not measured at fair value	21.2							
Long term deposits		4,372,660	-	4,372,660	-	-	-	-
Trade debts		9,650,652,780	-	9,650,652,780	-	-	-	-
Other receivables	21.3	1,136,697,513	-	1,136,697,513	-	-	-	-
Advances to employees		892,321	-	892,321	-	-	-	-
Security deposits		1,833,000	-	1,833,000	-	-	-	-
Bank balances		14,152,249	-	14,152,249	-	-	-	-
Total		10,808,600,523	-	10,808,600,523	-	-	-	-
Financial liabilities not measured at fair value	21.2							
Long term financing		-	788,379,612	788,379,612	-	-	-	-
Sub-ordinated loan		-	1,071,637,650	1,071,637,650	-	-	-	-
Lease liabilities		-	62,181,777	62,181,777	-	-	-	-
Deferred liability - gratuity		-	2,962,420	2,962,420	-	-	-	-
Trade and other payables	21.4	-	2,096,217,289	2,096,217,289	-	-	-	-
Short term borrowings		-	5,260,383,317	5,260,383,317	-	-	-	-
Markup accrued		-	695,660,585	695,660,585	-	-	-	-
Unclaimed dividend		-	15,465,337	15,465,337	-	-	-	-
Total		-	9,992,887,987	9,992,887,987	-	-	-	-

21.2 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.

21.3 This excludes sales tax receivable.

21.4 This excludes withholding tax payable.

22 RELATED PARTY TRANSACTIONS

The Company is subsidiary of Saif Holdings Limited ("the Controlling Party"), therefore the Controlling Party, the Subsidiary Company and all associated undertakings of the Controlling Party are related parties of the Group. Other related parties comprise of directors, key management personnel, entities over which directors are able to exercise significant influence and major shareholders. Balances and other arrangements with Orastar Limited have been disclosed in note 4.3, 6 and 9 to the financial statements. Transactions and balances with related parties other than those disclosed elsewhere in these condensed interim consolidated financial statements are as follows:

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR SIX MONTHS ENDED JUNE 30, 2020

	Un-audited June 30, 2020	Un-audited June 30, 2019
	(Rupees)	
Transactions with related parties		
Saif Holdings Limited - the Holding Company (51.04% shareholding-common directorship)		
Dividend	394,545,238	256,454,405
Issuance of share capital against cash by Saif Cement Limited	1,084,060	25,564,500
Saif Textile Limited - Associated Company (Common directorship)		
Dividend	200	130
JSK Feeds Limited - Associated Company (Common directorship)		
Expenses incurred on behalf of Saif Cement Limited	-	563,782
Akbar Kare Institution - Associated Company (Common directorship)		
Donation made by the Company	3,000,000	3,000,000
Key Management Personnel		
Dividend to Directors	27,004	20,802
Remuneration including benefits and perquisites	32,561,299	32,735,561
Other Related Parties		
Contribution to Saif Power Limited - Staff Gratuity Fund	9,275,095	16,314,930

	Un-audited June 30, 2020	Audited December 31, 2019
	(Rupees)	
Balances with related parties		
Saif Holdings Limited - the Holding Company (51.04% shareholding-common directorship)		
Support service fee payable	221,525,725	221,525,725
JSK Feeds Limited - Associated Company (Common directorship)		
Payable against expenses incurred on behalf of Saif Cement Limited	350,000	350,000
Other related parties		
Payable to Saif Power Limited- Staff Gratuity Fund	4,485,404	9,275,095

23 NON-ADJUSTING EVENTS AFTER BALANCE SHEET DATE

23.1 Due to high cost of electricity in Pakistan, a committee was formed by Ministry of Energy (Power Division) under the directions of Prime Minister of Pakistan, to conduct historic analysis of the causes behind the issues faced by the sector. The committee submitted its report and another Committee for Negotiations was constituted by the Government of Pakistan. Subsequent to the reporting date, the Company has executed a Memorandum of Understanding (MOU) with Committee for Negotiations. The main features of MOU pertain to sharing of any excess profit over ROE with NTDC, reduction in rate for late payment surcharge for first 60 days, fixation of rupee dollar parity for ROE indexation, implementation of Take and Pay Basis based on Competitive Trading Arrangement, payment mechanism of overdue trade receivables by NTDC and mechanism for resolution of other disputed matters with NTDC. The MOU is currently not legally binding and subject to approval by the Board of Directors of the Company, NEPRA, Federal Cabinet and other necessary corporate approvals.

23.2 The Board of Directors proposed interim cash dividend of Rs.1.25 per share in their meeting held on August 27, 2020.

24 DATE OF AUTHORISATION

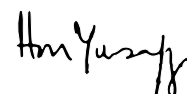
These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors in their meeting held on August 27, 2020.



Chief Financial Officer



Chief Executive Officer



Director



SAIF POWER LIMITED

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