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Sapphire Fibres Limited

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Company Profile

Board Of Directors

Chairman :

Mr. Amer Abdullah

Chief Executive :

Mr. Shahid Abdullah

Director :

Mr. Nadeem Abdullah

Mr. Yousuf Abdullah

Mr. Shayan Abdullah

Mr. Abdul Sattar

Independent Director:

Mr. Tajammal Husain Bokharee

Mr. Nadeem Arshad Elahi

Audit Committee :

Chairman :

Mr. Nadeem Arshad Elahi

Member :

Mr. Shayan Abdullah

Mr. Yousuf Abdullah

Mr. Tajammal Husain Bokhree

Human Resource

& Remuneration Committee :

Chairman :

Mr. Tajammal Husain Bokharee

Member :

Mr. Yousuf Abdullah

Mr. Shahid Abdullah

Mr. Shayan Abdullah

Chief Financial Officer :

Mr. Jawwad Faisal

Secretary :

Mr. Shaukat Mahmud

Auditors :

Shinewing Hameed Chaudhri & Co.,
Chartered Accountants

Tax Consultants :

Deloitte Yousuf Adil,
Chartered Accountants

Legal Advisor :

Hassan & Hassan Advocates

Bankers :

Allied Bank Limited,
Bank Alfalah Limited
MCB Bank Limited, Habib Bank Limited
Habib Metropolitan Bank Ltd.
United Bank Limited

Share Registrar :

THK Associates (Private) Ltd.
1st Floor, 40-C, Block-6
P.E.C.H.S, Karachi-75400

Registered Office :

316, Cotton Exchange Building,
I. I. Chundrigar Road,
Karachi.

Mills :

Kharianwala
Tehsil and District Sheikhpura.
Feroze Watwan,
Tehsil and District Sheikhpura.
Raiwind Road, Lahore.

Directors' Report

The Directors of the Company are pleased to present un-audited financial statements for the period of nine months ended 31 March, 2019.

Financial Highlights

	31 March,	
	2019	2018
	Rupees in thousand	
Sales & services	15,132,190	12,842,820
Gross profit	1,938,618	1,192,303
Profit from operations	1,535,321	1,741,040
Other income	399,302	1,312,785
Profit before taxation	633,839	1,193,485
Taxation:		
- Current	176,450	193,437
- Prior	1,699	24,145
- Deferred	13,030	12,843
	191,179	230,425
Profit after taxation	<u>442,660</u>	<u>963,060</u>

During the period under review, your company achieved sales of Rs. 15.1 billion compared to Rs. 12.8 billion during corresponding period of last year, an increase of 17.8%. The gross profit as a percentage of sales was 12.8% compared to 9.3% during last year. Whereas, the Company earned profit after tax of Rs. 442 million as against Rs. 963 million during comparing period of last year.

Earnings per share

The earnings per share (EPS) were at Rs.22.48 as compared to Rs. 48.92 during same period of last year.

Future outlook

Textile operations of your company have shown considerable improvement in first nine months of this financial year and similar trend is expected to continue during last quarter of the year. Moreover, drop in dividend income has resulted in decrease in earnings per share.

The directors appreciate the hard work and commendable services rendered by staff and workers of the company.

For and on behalf of the Board

Lahore
Dated: 29 April, 2019

Shayan Abdullah
Director

Shahid Abdullah
Chief Executive

ڈائریکٹرز رپورٹ

ہم 31 مارچ 2019ء کو ختم ہونے والی نو ماہی کے لئے آڈیٹرز کی طرف سے باقاعدہ جائزہ شدہ کمپنی کے غیر نظر ثانی شدہ عبوری مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

مالیاتی جھلکیاں

روپے ہزاروں میں		تفصیل
31 مارچ 2018ء	31 مارچ 2019ء	
12,842,820	15,132,190	فروخت اور خدمات
1,192,303	1,938,618	مجموعی منافع
1,741,040	1,535,321	آپریٹنگ منافع
1,312,785	399,302	دیگر آمدن
1,193,485	633,839	ٹیکس سے پہلے منافع
		ٹیکسیشن
		- موجودہ
		- فرق
		- گذشتہ
193,437	176,450	
24,145	1,699	
12,843	13,030	
230,425	191,179	
		ٹیکس کے بعد منافع
963,060	442,660	

کمپنی نے گزشتہ سال کی اسی مدت کے دوران 12.8 بلین روپے کے مقابلے زیر جائزہ مدت کے دوران 15.1 بلین روپے فروخت حاصل کی جو 17.8 فیصد کا اضافہ ہے۔ فروخت فیصد کے طور پر مجموعی منافع گزشتہ سال کے دوران 9.3 فیصد کے برعکس 12.8 فیصد بہتر ہوا۔ کمپنی نے گزشتہ سال کی اسی مدت میں 963 ملین روپے کے مقابلے 442 ملین روپے ٹیکس کے بعد منافع کمایا ہے۔

فی حصص آمدنی

کمپنی کی فی شیئر آمدنی (EPS) 22.48 روپے ہے جو کہ پچھلے سال کی اسی مدت میں 48.92 روپے تھی۔

مستقبل کا نقطہ نظر

کمپنی کے بنیادی ٹیکسٹائل آپریٹنگ نے اس مالی سال کی پہلی نو ماہی میں قابل ذکر بہتری ظاہر کی ہے اور اسی طرح کاروبار چھان مالی سال کی آخری سہ ماہی میں جاری رہنے کی توقع ہے۔ مزید برآں، ڈیویڈنڈ آمدن میں کمی فی شیئر آمدنی میں کمی کی وجہ سے واقع ہوئی ہے۔

اظہار تشکر

ڈائریکٹرز کمپنی کے عملے اور کارکنوں کی سخت محنت اور قابل ستائش خدمات کو سراہتے ہیں۔

منجانب بورڈ آف ڈائریکٹرز

شایان عبداللہ
ڈائریکٹر

شاہد عبداللہ
چیف ایگزیکٹو

لاہور: تاریخ: 29 اپریل 2019ء

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2019

	Un-audited March 31, 2019	Audited June 30, 2018
Note	----- Rupees -----	
ASSETS		
Non-current assets		
Property, plant and equipment	5 10,247,802,666	10,304,595,162
Investment property	31,750,000	31,750,000
Intangible assets	3,075,862	4,138,337
Long term investments	6 8,782,946,834	8,885,049,371
Long term loans	297,000	297,000
Long term deposits	28,606,645	28,606,645
	19,094,479,007	19,254,436,515
Current assets		
Stores, spare parts and loose tools	7 279,820,555	198,770,544
Stock-in-trade	8,140,103,090	4,796,272,234
Trade debts	3,393,794,815	2,850,910,999
Loans and advances	174,180,833	131,125,089
Trade deposits and short term prepayments	29,463,634	48,843,636
Short term investments	3,310,456,216	3,760,187,223
Other receivables	1,011,907,819	939,634,391
Tax refunds due from Government	644,233,235	651,913,975
Cash and bank balances	45,187,638	24,047,126
	17,029,147,835	13,401,705,217
Total assets	36,123,626,842	32,656,141,732
EQUITY AND LIABILITIES		
Share capital and reserves		
Authorised capital	350,000,000	350,000,000
35,000,000 ordinary shares of Rs.10 each		
Issued, subscribed and paid-up capital	196,875,000	196,875,000
19,687,500 ordinary shares of Rs.10 each		
Reserves	3,682,917,956	4,258,029,746
Unappropriated profit	12,035,029,075	11,828,618,830
	15,914,822,031	16,283,523,576
Liabilities		
Non-current liabilities		
Long term finances	8 3,533,007,616	3,877,170,007
Staff retirement benefit - gratuity	241,949,253	346,597,468
Deferred taxation	115,608,501	130,643,092
	3,890,565,370	4,354,410,567
Current liabilities		
Trade and other payables	2,075,520,474	1,715,796,554
Contract liabilities	322,898,497	118,573,973
Accrued mark-up / interest	206,148,262	125,062,516
Short term borrowings	9 12,579,966,407	9,001,597,944
Current portion of long term finances	951,259,115	804,466,175
Unclaimed dividend	5,996,665	5,353,374
Provision for taxation	176,450,021	247,357,053
	16,318,239,441	12,018,207,589
Total liabilities	20,208,804,811	16,372,618,156
Contingencies and commitments	10	
Total equity and liabilities	36,123,626,842	32,656,141,732

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

Lahore :
Dated : 29 April 2019

ShahidAbdullah
Chief Executive

Shayan Abdullah
Director

Jawwad Faisal
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019**

	Note	Nine months period ended		Quarter ended	
		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
		----- Rupees -----			
Sales - net	11	15,132,190,463	12,842,819,615	5,649,970,039	4,474,645,958
Cost of sales	12	(13,193,572,250)	(11,650,516,473)	(5,001,374,490)	(3,989,276,923)
Gross profit		1,938,618,213	1,192,303,142	648,595,549	485,369,035
Distribution cost		(481,357,868)	(414,714,782)	(159,422,003)	(147,580,302)
Administrative expenses		(245,330,715)	(216,674,353)	(84,927,706)	(72,129,889)
Other income	13	399,302,201	1,312,785,252	140,910,369	128,369,148
Other expenses		(75,911,084)	(132,659,574)	(19,905,332)	(28,905,632)
Profit from operations		1,535,320,747	1,741,039,685	525,250,877	365,122,360
Finance cost		(901,481,157)	(547,555,226)	(354,587,811)	(182,053,917)
Profit before taxation		633,839,590	1,193,484,459	170,663,066	183,068,443
Taxation		(191,179,345)	(230,424,698)	(46,028,558)	(52,045,350)
Profit after taxation		442,660,245	963,059,761	124,634,508	131,023,093
Earnings per share					
- basic and diluted		22.48	48.92	6.33	6.66

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

**CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019**

	Nine months period ended		Quarter ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	----- Rupees -----			
Profit after taxation	442,660,245	963,059,761	124,634,508	131,023,093
Other comprehensive income / (loss)				
Items that may be reclassified to statement of profit or loss subsequently				
Unrealised loss due to change in fair values of available for sale investments:				
- long term	(334,239,702)	(308,476,287)	75,903,267	394,907,346
- short term	(283,048,107)	(565,546,821)	374,090,232	726,343,728
Impact of deferred tax	28,064,658	84,389,858	-	(102,025,901)
Adjustment for gain included in statement of profit or loss upon sale of available-for-sale investments	14,111,361	38,947,215	21,423,236	81,978,364
	(575,111,790)	(750,686,035)	471,416,735	1,101,203,537
Unrealised gain on remeasurement of forward foreign exchange contracts	-	4,400,430	-	-
Adjustment for gain included in statement of profit or loss upon settlement of forward exchange contracts	-	(140,343)	-	(10,768,950)
	-	4,260,087	-	(10,768,950)
Other comprehensive loss for the period	(575,111,790)	(746,425,948)	471,416,735	1,090,434,587
Total comprehensive (loss) / income for the period	(132,451,545)	216,633,813	596,051,243	1,221,457,680

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019

	Nine months period ended	
	March 31, 2019	March 31, 2018
Note	----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash used in operations	14 (1,484,605,794)	(1,097,667,721)
Staff retirement benefits paid	(172,703,721)	(67,222,230)
Finance cost paid	(820,395,411)	(478,243,557)
Taxes paid	(223,255,495)	(150,808,874)
Workers' profit participation fund paid	(67,999,400)	(69,322,466)
Long term loans - net	-	3,436,500
Long term deposits - net	-	(20,000)
Net cash used in operating activities	(2,768,959,821)	(1,859,848,348)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(510,674,178)	(1,731,414,122)
Proceeds from disposal of operating fixed assets	43,165,870	20,915,435
Investment in a Subsidiary Company	(166,840,210)	(160,000,000)
Short term investments	(115,890,801)	(208,044,138)
Proceeds from sale of investments	130,002,162	89,801,919
Proceeds from sale of stores and spares	5,819,908	7,027,493
Dividend and interest income received	259,125,278	1,165,826,333
Net cash used in investing activities	(355,291,970)	(815,887,080)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finances - obtained	360,736,000	872,630,000
- repaid	(558,105,451)	(79,559,375)
Dividend paid	(235,606,709)	(29,723,676)
Short term borrowings - net	3,578,368,463	1,945,260,315
Net cash generated from financing activities	3,145,392,303	2,708,607,264
Net increase in cash and cash equivalents	21,140,512	32,871,836
Cash and cash equivalents - at beginning of the period	24,047,126	31,508,884
Cash and cash equivalents - at end of the period	45,187,638	64,380,720

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019

	Reserves		Other Components of equity				Total
	Capital	Revenue	Unrealised gain / (loss)	on available for sale investments	on hedging instrument	Sub-total	
Issued, subscribed and paid-up capital							
	196,875,000	1,183,845,000	10,693,287,860	12,022,872,860	140,343	4,835,260,405	17,055,008,265
Balance as at July 1, 2017 (Audited)	145,740,000	1,183,845,000	10,693,287,860	12,022,872,860	140,343	4,835,260,405	17,055,008,265
Transaction with owners							
Final dividend related to the year ended June 30, 2017 at the rate of Rs. 1.5 per share	-	-	(29,531,250)	(29,531,250)	-	-	(29,531,250)
Total comprehensive income / (loss) for the nine months period ended March 31, 2018							
Profit for the period	-	-	963,059,761	963,059,761	-	-	963,059,761
Other comprehensive (loss) / income	-	-	-	(750,686,035)	4,260,087	(746,425,948)	(746,425,948)
Balance as at March 31, 2018 (Un-audited)	196,875,000	1,183,845,000	11,626,816,371	12,956,401,371	4,400,430	4,088,834,457	17,242,110,828
Balance as at July 1, 2018 (Audited)	196,875,000	1,183,845,000	11,828,618,830	13,158,203,830	-	2,928,444,746	16,283,523,576
Transaction with owners							
Final dividend for the year ended June 30, 2018 at the rate of Rs. 12 per share	-	-	(236,250,000)	(236,250,000)	-	-	(236,250,000)
Total comprehensive income / (loss) for the nine months period ended March 31, 2019							
Profit for the period	-	-	442,660,245	442,660,245	-	-	442,660,245
Other comprehensive loss	-	-	-	(575,111,790)	-	(575,111,790)	(575,111,790)
Balance as at March 31, 2019 (Un-audited)	196,875,000	1,183,845,000	12,035,029,075	13,364,614,075	2,353,332,956	2,353,332,956	15,914,822,031

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

Lahore :
Dated : 29 April 2019

Shahid Abdullah
Chief Executive

Shayan Abdullah
Director

Jawwad Faisal
Chief Financial Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019

1. LEGAL STATUS AND NATURE OF BUSINESS

Sapphire Fibres Limited (the Company) was incorporated in Pakistan on June 5, 1979 as a Public Company under the Companies Act, 1913 (now the Companies Act, 2017) and its shares are quoted on Pakistan Stock Exchange. The Company is principally engaged in manufacture and sale of yarn, fabrics and garments.

Geographical location and addresses of major business units including mills / plant of the Company are as under:

Karachi	Purpose
316, Cotton Exchange Building, I.I Chundrigar Road	Registered office
Lahore	
7 A- K, Main Boulevard, Gulberg	Head office
3.5 km, Manga Road, Riawand	Production plant
Shiekhupura	
10 km, Shiekhupura / Faisalabad Road, Kharianwala	Production plant
26 km, Shiekhupura / Faisalabad Road, Feroze wattoan	Production plant

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

2.1.1 These condensed interim 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 International Accounting Standards Board ('IASB') as notified under the Companies Act, 2017, and

-Provisions of and directives issued under the Companies Act, 2017.

Where 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.

2.1.2 These condensed interim financial statements does not include all the information and disclosures as required in an annual audited financial statements, and these should be read in conjunction with the Company's annual audited financial statements for the year ended June 30, 2018. These condensed interim financial statements are being submitted to the shareholders as required by the section 237 of the Companies Act, 2017.

2.2 New standards, amendments to approved accounting standards and interpretations that are effective during the period and are relevant to the Company

2.2.1 During the period, the Company has adopted following new standard / interpretation:

- IFRS 15, 'Revenue from contracts with customers' which is effective for the annual period beginning on July 01, 2018. IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

2.3 Accounting policies

All the accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of audited annual financial statements for the year ended June 30, 2018 except for the change specified in note 3 below.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019

3. CHANGE IN ACCOUNTING POLICY

3.1 IFRS 15 'Revenue from Contracts with Customers'

3.1.1 Following the application of IFRS 15, the Company policy for revenue recognition under different contracts with customers stands amended as follows:

a) Sale of goods

The Company sold its products in separately identifiable contracts. The contracts entered into with the customers generally includes one performance obligation i.e. the provision of goods to the customer.

Revenue from local sale of goods is recognised when the Company satisfies a performance obligation under a contract by transferring promised goods to the customer. Goods are considered to be transferred at the point in time when the customer obtains control over the goods (i.e. on dispatch of goods from the mills to the customer). Revenue from export sale of goods is recognised at the point in time when the customer obtains control over the goods, depending on the relevant incoterms of shipment.

b) Processing services

The Company provides different textile related processing services. These services mainly include yarn and fabric processing. The contracts entered into with the customers for provision of these services generally include a single performance obligation.

Revenue from contracts for provision of these services is recognised at the point in time when the processed goods are dispatched from the mills to the customer.

3.1.2 Effect of change in accounting policy

a) The Company has applied IFRS 15 using the modified retrospective approach for transition. This approach requires an entity to recognise the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of unappropriated profit in the period of initial application. The above mentioned revised policy do not have any significant impact on these condensed interim financial statements as the revised policy do not have an impact on the timing or the amount of revenue recognition from the contracts in case of local sales and processing services where as, in case of export sales contract the revised policy only have an immaterial impact on the timing of revenue recognition with no effect on the amount of revenue recognised.

b) The adoption of IFRS 15 also resulted in reclassification of "Advance payments from customers", previously grouped under trade and other payables, to the statement financial position as 'Contract liabilities'. The affect of which is presented below:

	As previously reported	Re-statement	As restated
	----- Rupees -----		
As at June 30, 2018			
Effect on statement of financial position			
Trade and other payable	1,834,370,527	(118,573,973)	1,715,796,554
Contract liabilities	-	118,573,973	118,573,973
As at July 01, 2017			
Trade and other payable	1,748,499,443	(258,946,777)	1,489,552,666
Contract liabilities	-	258,946,777	258,946,777

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial statements require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the audited annual financial statements for the year ended June 30, 2018.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019**

5. PROPERTY, PLANT AND EQUIPMENT	Note	Un-audited March 31, 2019	Audited June 30, 2018
		----- Rupees -----	
Operating fixed assets	5.1	9,445,717,687	9,469,436,155
Capital work-in-progress	5.3	802,084,979	835,159,007
		<u>10,247,802,666</u>	<u>10,304,595,162</u>
5.1 Operating fixed assets			
Net book value at beginning of the period / year		9,469,436,155	8,335,534,845
Additions during the period / year	5.1.1	543,748,206	1,812,670,720
Disposals costing Rs.110.667 million (June 30, 2018: Rs.133.596 million) - at net book value		(34,342,620)	(19,676,618)
Depreciation charge for the period / year		(533,124,054)	(659,092,792)
Net book value at end of the period / year		<u>9,445,717,687</u>	<u>9,469,436,155</u>
5.1.1 Additions to operating fixed assets, including transfer from capital work-in-progress, during the period / year:			
Freehold land		15,428,500	41,671,750
Residential buildings and others on freehold land		-	174,366,450
Factory buildings on freehold land		38,383,765	315,205,997
Plant and machinery		466,048,237	1,224,716,424
Equipment			
• fire fighting		590,000	19,145,390
• mills		-	180,000
• electric / gas		-	421,430
Computer hardware		2,609,749	2,147,250
Vehicles		20,506,442	33,949,091
Furniture and fixtures		181,513	866,938
		<u>543,748,206</u>	<u>1,812,670,720</u>
5.2			
Operating fixed assets includes freehold land valuing Rs.80.685 million representing the Company's 30% share of jointly controlled freehold land located at Block-D/1, Gulberg, Lahore, registered in the name of the Company along with Sapphire Textile Mills Limited, Diamond Fabrics Limited, and Sapphire Finishing Mills Limited (related parties).			

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019**

		Un-audited March 31, 2019	Audited June 30, 2018
	Note	----- Rupees -----	
5.3 Capital work-in-progress			
Buildings		237,082,316	165,158,330
Plant and machinery		539,790,596	579,792,490
Equipments		200,000	200,000
Advance payments against:			
• freehold land		10,000,000	15,428,500
• factory / office building		7,838,800	45,965,772
• electric installation		-	20,030,273
• vehicles		4,586,667	7,613,667
• computer software		2,586,600	969,975
		25,012,067	90,008,187
		802,084,979	835,159,007
6. LONG TERM INVESTMENTS			
Subsidiary Companies - at cost	6.1	3,407,348,526	3,275,008,316
Deposit for shares	6.1	34,500,000	-
Associated Companies - at cost		758,276,769	758,276,769
Others	6.2	4,582,821,539	4,851,764,286
		8,782,946,834	8,885,049,371
6.1	The Company, during the period, made further investment of Rs.166.840 million in Premier Cement Limited (Subsidiary Company). The Subsidiary Company has allotted 13,234,021 ordinary shares of Rs.10 each valuing Rs.132.340 million till reporting date.		
6.2 Others - available for sale			
Quoted			
MCB Bank Limited			
18,213,195 ordinary shares of Rs.10 each -cost		896,451,123	896,451,123
Adjustment arising from re-measurement to fair value		2,682,988,090	2,705,572,452
		3,579,439,213	3,602,023,575
Habib Bank Limited			
7,244,196 ordinary shares of Rs.10 each -cost		1,217,073,609	1,217,073,609
Adjustment arising from re-measurement to fair value		(257,290,081)	(11,349,626)
		959,783,528	1,205,723,983
Term finance certificates - Habib Bank Limited			
150 term finance certificates of Rs.100,000 each - cost		14,982,000	14,988,000
Adjustment arising from re-measurement to fair value		(599,280)	(187,350)
		14,382,720	14,800,650
		4,553,605,461	4,822,548,208

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019**

	Un-audited March 31, 2019	Audited June 30, 2018
	----- Rupees -----	
Unquoted Novelty Enterprises (Private) Limited		
2,351,995 ordinary shares of Rs.10 each	28,716,078	28,716,078
TCC Management Services (Private) Limited		
50,000 ordinary shares of Rs. 10 each	500,000	500,000
	<u>4,582,821,539</u>	<u>4,851,764,286</u>
7. STOCK-IN-TRADE		
Raw materials	6,031,793,134	3,714,435,713
Work-in-process	775,195,671	439,022,953
Finished goods	1,333,114,285	642,813,568
	<u>8,140,103,090</u>	<u>4,796,272,234</u>
8. LONG TERM FINANCES - secured		
Balance at beginning of the period / year	4,681,636,182	3,711,774,132
Add: disbursements during the period / year	360,736,000	1,103,458,000
Less: repayments made during the period / year	(558,105,451)	(133,595,950)
Balance at end of the period / year	<u>4,484,266,731</u>	<u>4,681,636,182</u>
Less: current portion grouped under current liabilities	<u>(951,259,115)</u>	<u>(804,466,175)</u>
	<u>3,533,007,616</u>	<u>3,877,170,007</u>
8.1	All the terms and conditions of the long term finances are same as disclosed in audited annual financial statements of the Company for the year ended June 30, 2018. Effective mark-up rates charged, during the period, ranged from 2.50% to 11.53% (June 30, 2018: 2.50% to 7.42%) per annum.	
9. SHORT TERM BORROWINGS		
From banking companies - secured	9.1 12,454,047,890	8,986,848,681
Temporary bank overdraft - unsecured	2,011,517	14,749,263
From related parties - unsecured	123,907,000	-
	<u>12,579,966,407</u>	<u>9,001,597,944</u>
9.1	The Company has obtained short term finance facilities, including facilities for foreign currency loans, aggregating Rs.16,850 million (June 30, 2018: Rs.16,200 million) from various commercial banks under mark-up arrangements. These finance facilities are secured against hypothecation charge over current assets of the Company, lien on export / import documents, trust receipts and promissory notes duly signed by the directors. These finances carry mark-up at the rates ranging from 2.25% to 11.80% (June 30, 2018: 2.25% to 7.52%) per annum. These facilities are expiring on various dates upto December 31, 2019.	
9.2	The Company, during the period, obtained short term loans aggregated Rs.67.262 million from directors of the Company and their related parties and Rs.56.645 million from its associated companies to meet its working capital requirements. These loans are interest free and are repayable on demand.	

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019**

10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

10.1.1 Outstanding bank guarantees

Guarantees aggregating Rs.514.467 million (June 30, 2018: Rs.538.248 million) have been issued by banks of the Company to various Government institutions and Sui Northern Gas Pipeline Limited.

10.1.2

Section 5A of the Income Tax Ordinance, 2001 imposes tax on every public company at the rate of 7.5% of its accounting profit before tax for the year in case the Company does not distribute 40% of the accounting profit either through cash dividend or issuance of bonus shares within six months of the end of the said year. The Company has filed a Constitutional Petition (CP) before the Honorable Sindh High Court (SHC) on July 28, 2017 challenging the vires of Section 5A of the Income Tax Ordinance, 2001. The SHC accepted the CP and has granted stay against the applicability of section 5A. The dividend paid by the Company for the financial year 2017 does not meet the minimum prescribed distribution rate of amended Section 5A of the Income Tax Ordinance, 2001. In case the SHC's decision is not in favor of the Company; the Company will be liable to pay additional tax at the rate of 7.5% of its profit before tax for the financial year ended June 30, 2017. As at reporting date no charge has been recorded in this respect. The case is pending adjudication.

10.2 Commitments in respect of :

- letters of credit for capital expenditure
- letters of credit for purchase of raw materials and stores, spare parts & chemicals
- capital expenditure other than letters of credit
- foreign bills discounted

	Un-audited March 31, 2019	Audited June 30, 2018
	----- Rupees -----	
	405,598,223	145,536,511
	229,888,442	220,464,198
	90,289,445	205,122,142
	-	1,297,115,345

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019**

11. SALES - net

Segment wise disaggregation of revenue from contracts with respect to type of goods and services and geographical market is presented below:

For the nine months period ended March 31, 2019- Un-audited

	Spinning	Knits	Denim	Total
	----- Rupees -----			
Types of goods and services				
Local sales				
- Yarn	2,084,272,101	7,966,723	10,940,753	2,103,179,577
- Fabric	-	30,104,898	811,202,873	841,307,771
- Garments	-	19,967,766	-	19,967,766
- Waste	133,903,018	27,855,609	22,473,419	184,232,046
- Raw materials	30,625,942	-	267,120	30,893,062
- Local steam income	6,480,000	-	-	6,480,000
- Processing income	164,400	34,087,567	6,346,832	40,598,799
	2,255,445,461	119,982,563	851,230,998	3,226,659,022
Export Sales				
- Yarn	6,107,661,582	198,765,977	-	6,306,427,559
- Fabric	-	481,597,242	2,162,608,937	2,644,206,179
- Garments	-	2,628,415,366	-	2,628,415,366
- Waste	211,793,460	-	-	211,793,460
	6,319,455,042	3,308,778,585	2,162,608,937	11,790,842,564
Export rebate				
- Fabric	-	3,605,620	18,764,425	22,370,045
- Garments	-	92,318,832	-	92,318,832
	-	95,924,452	18,764,425	114,688,877
	8,574,900,503	3,524,685,600	3,032,604,360	15,132,190,463
Timing of revenue recognition				
Goods transferred at a point in time	8,574,736,103	3,490,598,033	3,026,257,528	15,091,591,663
Services rendered at a point in time	164,400	34,087,567	6,346,832	40,598,799
	8,574,900,503	3,524,685,600	3,032,604,360	15,132,190,463

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019**

For the nine months period ended March 31, 2018 - Un-audited

	Spinning	Knits	Denim	Total
	----- Rupees -----			
Types of goods and services				
Local sales				
- Yarn	1,971,572,247	4,066,191	5,819,670	1,981,458,108
- Fabric	-	69,188,578	192,161,311	261,349,889
- Garments	-	10,989,683	-	10,989,683
- Waste	119,363,467	29,004,733	14,737,139	163,105,339
- Raw materials	44,980,019	-	-	44,980,019
- Local steam income	8,367,000	-	-	8,367,000
- Processing income	707,249	48,723,155	2,405,472	51,835,876
	2,144,989,982	161,972,341	215,123,592	2,522,085,914
Export Sales				
- Yarn	5,521,780,978	273,505,698	-	5,795,286,676
- Fabric	-	180,835,140	1,475,287,721	1,656,122,861
- Garments	-	2,263,970,097	-	2,263,970,097
- Waste	196,117,778	-	-	196,117,778
	5,717,898,756	2,718,310,935	1,475,287,721	9,911,497,412
Export rebate				
- Yarn	189,167,387	10,875,150	-	200,042,537
- Fabric	-	7,597,478	41,945,646	49,543,124
- Garments	-	159,650,628	-	159,650,628
	189,167,387	178,123,256	41,945,646	409,236,289
	8,052,056,124	3,058,406,532	1,732,356,959	12,842,819,615
Timing of revenue recognition				
Goods transferred at a point in time	8,051,348,875	3,009,683,377	1,729,951,487	12,790,983,739
Services rendered at a point in time	707,249	48,723,155	2,405,472	51,835,876
	8,052,056,124	3,058,406,532	1,732,356,959	12,842,819,615

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019**

12. COST OF SALES

		----- Un-audited -----			
		Nine months period ended		Quarter ended	
		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Note		----- Rupees -----			
	Finished goods at beginning of the period	642,813,568	696,987,720	1,493,148,207	697,546,358
	Cost of goods manufactured	13,850,793,597	11,606,068,551	4,830,310,034	3,963,931,825
	Cost of raw materials sold	33,079,370	48,522,620	11,030,534	28,861,158
		13,883,872,967	11,654,591,171	4,841,340,568	3,992,792,983
		14,526,686,535	12,351,578,891	6,334,488,775	4,690,339,341
	Finished goods at end of the period	(1,333,114,285)	(701,062,418)	(1,333,114,285)	(701,062,418)
		13,193,572,250	11,650,516,473	5,001,374,490	3,989,276,923
12.1	Cost of goods manufactured				
	Work-in-process at beginning of the period	439,022,953	309,426,974	581,282,838	396,746,259
	Raw materials consumed	9,201,529,044	7,445,441,201	3,268,201,394	2,547,936,019
	Direct labour and other overheads	4,985,437,271	4,274,891,239	1,756,021,473	1,442,940,410
		14,186,966,315	11,720,332,440	5,024,222,867	3,990,876,429
		14,625,989,268	12,029,759,414	5,605,505,705	4,387,622,688
	Work-in-process at end of the period	(775,195,671)	(423,690,863)	(775,195,671)	(423,690,863)
		13,850,793,597	11,606,068,551	4,830,310,034	3,963,931,825

13. OTHER INCOME

Figure of comparative period, included dividend amounted Rs.866.348 million received from Sapphire Electric Company Limited - Subsidiary Company.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019**

14. CASH USED IN OPERATIONS

	Note	Un-audited	
		Nine months period ended	
		March 31, 2019	March 31, 2018
		----- Rupees -----	
Profit before taxation		633,839,590	1,193,484,459
Adjustments for non-cash and other items:			
Depreciation		533,124,054	480,581,952
Amortization of intangible assets		1,062,475	997,527
Staff retirement benefit - gratuity		68,055,506	69,960,344
Provision for workers' profit participation fund		23,486,363	60,555,852
Provision for doubtful tax refunds		52,005,880	-
Provision for workers' welfare fund		-	85,566
Gain on disposal of operating fixed assets		(8,823,250)	(4,384,158)
Gain on sale of investments		(14,111,361)	(38,947,215)
Gain on sale of stores and spares		(334,894)	(731,225)
Dividend and interest income		(356,795,521)	(1,246,806,301)
Finance cost		901,481,157	486,411,718
Exchange loss		-	61,143,508
Working capital changes	14.1	<u>(3,317,595,792)</u>	<u>(2,160,019,748)</u>
		<u>(1,484,605,794)</u>	<u>(1,097,667,721)</u>

14.1 Working capital changes

(Increase) / decrease in current assets:

- stores, spare parts and loose tools	(86,535,025)	(33,845,462)
- stock-in-trade	(3,343,830,856)	(1,664,170,140)
- trade debts	(542,883,816)	(273,468,639)
- loans and advances	(43,055,744)	(89,447,015)
- deposits, other receivables and sales tax	97,876,123	(440,382,341)
	<u>(3,918,429,319)</u>	<u>(2,501,313,597)</u>

Increase / (decrease) in current liabilities:

- trade and other payables	396,509,002	464,220,821
- contract liabilities	204,324,524	(122,926,972)
	<u>(3,317,595,792)</u>	<u>(2,160,019,748)</u>

15. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

There has been no change in the Company's sensitivity to these risks since June 30, 2018, except for the change in exposure from liquidity risks due to increase in borrowings and general exposure due to fluctuations in foreign currency and interest rates. There have been no change in risk management objectives and policies of the Company during the period.

These condensed interim financial statement does not include all financial risk management information and disclosures as are required in the audited annual financial statements and should be read in conjunction with the Company's audited annual financial statement as at June 30, 2018.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019

16. TRANSACTIONS WITH RELATED PARTIES

16.1 Significant transactions with related parties are as follows:

Relationship with the Company	Nature of transactions	Un-audited	
		Nine months period ended	
		March 31, 2019	March 31, 2018
		----- Rupees -----	
(i) Subsidiaries	Dividend received	-	866,347,800
	Deposit for shares	34,500,000	160,000,000
	Shares allotted	132,340,210	-
	Expenses charged to	6,630,808	32,031,753
(ii) Associates	Sales:		
	• raw material / yarn / fabric / stores	472,875,744	629,005,305
	• assets	18,880,000	-
	Purchases:		
	• raw material / yarn / fabric / stores	849,584,719	585,370,807
	• assets	-	1,700,000
	• electricity	42,328,084	90,046,321
	Services:		
	• rendered	175,333	2,189,880
	• obtained	792,830	1,525,899
	Expenses charged by	21,549,030	20,133,847
	Expenses charged to	10,307,306	9,152,958
	Dividend:		
	• received	1,039,272	239,003
• paid	122,371,152	15,294,894	
Loans obtained	56,645,000	-	
(iii) Directors and their related parties	Loans obtained	67,262,000	-
(iv) Retirement fund	Contribution made	18,970,937	8,392,346

17. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim statement of financial position has been compared with the balances of audited annual financial statements of the Company for the year ended June 30, 2018, whereas, the condensed interim statement of profit or loss, condensed interim statement of other comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity have been compared with the balances of comparable period of condensed interim financial statements of the Company for the nine months period ended March 31, 2018.

18. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were approved by the Board of Directors and authorised for issue on April 29, 2019.

Lahore :
Dated : 29 April 2019

Shahid Abdullah
Chief Executive

Shayan Abdullah
Director

Jawwad Faisal
Chief Financial Officer

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Sapphire Fibres Limited

Consolidated March 31, 2019

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Directors' Report

The directors are pleased to present their report together with consolidated financial statements of Sapphire Fibres Limited and its subsidiaries Sapphire Electric Company Limited, Sapphire Hydro Limited, Premier Cement Limited, Sapphire Cement Company Limited and Sapphire Energy (Pvt.) Limited for the period ended 31 March, 2019. The Company has annexed consolidated financial statements along with its separate financial statements in accordance with the requirements of the International Accounting Standard-27 (Consolidated and Separate Financial Statements)

SAPPHIRE ELECTRIC COMPANY LIMITED

Sapphire Electric Company Limited (SECL) was incorporated in Pakistan as an unlisted public company limited by shares under Companies ordinance 1984 (now Companies Act 2017) on 18 January, 2005. It became subsidiary of Sapphire Fibres Limited (SFL) on 1st July, 2008. SFL holds 68.11% shares of SECL as on 31 March, 2019.

The principal activity of the Subsidiary Company is to own, operate and maintain a combined cycle power station having net capacity of 212 MW at Muridke, district Sheikhpura.

SAPPHIRE HYDRO LIMITED

Sapphire Hydro Limited (SHL) was incorporated in Pakistan as a public company limited by shares under the Companies Act, 2017 on September 07, 2017. The principal business of the subsidiary company shall be to construct, establish and setup a Hydro Electric Power generation project having a net capacity of 150 MW with potential of 682 GWh of annual energy generation at Sharmal, Khayber Pakhtunkhawa.

Sapphire Hydro Limited (SHL) is a wholly owned subsidiary of Sapphire Electric Company Limited which is a subsidiary of Sapphire Fibres Limited.

PREMIER CEMENT LIMITED

Premier Cement Limited (PCL) was incorporated in Pakistan as an unlisted public company limited by shares under Companies ordinance 1984 (now Companies Act 2017) on 26 July, 2016. SFL holds 100% shares of PCL as on 31 March, 2019.

Subject to necessary approvals, PCL intends to establish and install plant for manufacturing of all kinds of cement and its allied products.

SAPPHIRE CEMENT COMPANY LIMITED

Sapphire Cement Company Limited (SCCL) was incorporated in Pakistan as an unlisted public company limited by shares under Companies ordinance 1984 (now Companies Act 2017) on 28 October, 2016. SFL holds 100% shares of SCCL as on 31 March, 2019.

Subject to necessary approvals, SCCL intends to establish and install plant for manufacturing of all kinds of cement and its allied products.

SAPPHIRE ENERGY (PRIVATE) LIMITED

Sapphire Energy (Private) Limited (SEPL) was incorporated in Pakistan as a private company limited by shares under Companies Act 2017 on 11 December, 2017. SFL holds 100% shares of SEPL as on 31 March, 2019.

SEPL intends to undertake, develop power projects and make equity investment, acquire or hold shares in companies involved in energy generation and operate a terminal for handling, regasification, storage, treatment and processing of all types of gases and all other related liquids, chemical & petroleum products.

For and on behalf of the Board of Directors

Lahore:
Dated: 29 April, 2019

Shayan Abdullah
Director

Shahid Abdullah
Chief Executive

ڈائریکٹرز رپورٹ

ڈائریکٹرز 31 مارچ 2019ء کو ختم ہونے والی نو ماہی کے لئے سفارز فائبرز لمیٹڈ اور اسکی ذیلی کمپنیوں سفارز الیکٹرک کمپنی لمیٹڈ، سفارز ہائیڈرو لمیٹڈ، پری میجر سیمنٹ لمیٹڈ، سفارز سیمنٹ لمیٹڈ اور سفارز انرجی (پرائیویٹ) لمیٹڈ کے اشتہال شدہ مالیاتی گوشواروں کے ہمراہ اپنی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔ کمپنی نے بین الاقوامی اکاؤنٹنگ معیار-27 (اشتہال شدہ اور الگ مالی گوشوارے) کی ضروریات کے مطابق اشتہال شدہ مالی گوشواروں کے ساتھ ساتھ اپنے الگ الگ مالی گوشوارے منسلک کئے ہیں۔

سفارز الیکٹرک کمپنی لمیٹڈ:

سفارز الیکٹرک کمپنی لمیٹڈ (SECL) 18 جنوری 2005ء کو کلینیز آرڈیننس، 1984 (ایبکینیز ایکٹ 2017) کے تحت غیر مندرج پبلک کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ یہ یکم جولائی 2008ء کو سفارز فائبرز لمیٹڈ (ایس ایف ایل) کی ذیلی کمپنی بنی۔ ایس ایف ایل 31 مارچ 2019ء کے مطابق ایس ایف ایل کے 68.11% حصص کی مالک ہے۔ ذیلی کمپنی کی اصل سرگرمی مرید کے ضلع شیخوپورہ میں 212 میگا واٹ کی خالص صلاحیت کے کلبا سنڈ سائیکل پاور سٹیشن کی ملکیت، کوچلانا اور برقرار رکھنا ہے۔

سفارز ہائیڈرو لمیٹڈ:

سفارز ہائیڈرو لمیٹڈ (SHL) 07 ستمبر 2017ء کو کلینیز ایکٹ 2017ء کے تحت پبلک کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ ذیلی کمپنی کا اصل کاروبار شرمئی، خیبر پختونخواہ میں 682 GWh کی سالانہ بجلی کی پیداوار کی پمپشل کے ساتھ 150 میگا واٹ کی خالص صلاحیت کا حامل ایک ہائیڈرو الیکٹرک پاور جنریشن منصوبہ تعمیر، قائم اور چلانا ہوگا۔ سفارز ہائیڈرو لمیٹڈ (ایس ایف ایل) بیزنس کمپنی سفارز فائبرز لمیٹڈ کی ذیلی کمپنی سفارز الیکٹرک کمپنی لمیٹڈ کی ایک مکمل ملکیتی ذیلی کمپنی ہے۔

پری میجر سیمنٹ لمیٹڈ:

پری میجر سیمنٹ لمیٹڈ (پی سی ایل) 26 جولائی 2016ء کو کلینیز آرڈیننس، 1984 (ایبکینیز ایکٹ 2017) کے تحت ایک غیر مندرج پبلک کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ ایس ایف ایل 31 مارچ 2019ء کے مطابق پی سی ایل کے 100% حصص کی مالک ہے۔ ضروری منظور یوں کے حوالہ سے، پی سی ایل ہر قسم کے سیمنٹ اور اس کی متعلقہ مصنوعات بنانے کے لئے پلانٹ قائم اور نصب کرنے کا ارادہ رکھتی ہے۔

سفارز سیمنٹ کمپنی لمیٹڈ:

سفارز سیمنٹ کمپنی لمیٹڈ (ایس سی ایل) 28 اکتوبر 2016ء کو کلینیز آرڈیننس، 1984 (ایبکینیز ایکٹ 2017) کے تحت ایک غیر مندرج پبلک کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ ایس ایف ایل 31 مارچ 2019ء کے مطابق ایس سی ایل کے 100% حصص کی مالک ہے۔ ضروری منظور یوں کے حوالہ سے، ایس سی ایل ہر قسم کے سیمنٹ اور اس کی متعلقہ مصنوعات بنانے کے لئے پلانٹ قائم اور نصب کرنے کا ارادہ رکھتی ہے۔

سفارز انرجی (پرائیویٹ) لمیٹڈ:

سفارز انرجی (پرائیویٹ) لمیٹڈ (ایس ای پی ایل) 11 دسمبر 2017ء کو کلینیز ایکٹ 2017ء کے تحت ایک پرائیویٹ کمپنی لمیٹڈ کے طور پر شراکت سے پاکستان میں قائم ہوئی۔ ایس ایف ایل 31 مارچ 2019ء کے مطابق ایس ای پی ایل کے 100% حصص کی مالک ہے۔ SEPL بجلی پیدا کرنے اور تمام قسم کی گیسوں اور تمام دیگر متعلقہ مائع، کیمیکل اور پیٹرولیم مصنوعات کی پینڈنگ، ری گیس فلڈیشن، اسٹوریج، ڈسٹری بیوٹ اور پروسیڈنگ کے لئے ایک ٹریڈنگ چلانے میں مصروف کمپنیوں میں توانائی کے منصوبوں میں حصہ لینے، شرکت کرنے اور سرمایہ کاری کرنے یا حصص حاصل کرنے کا ارادہ رکھتی ہے۔

منجانب بورڈ آف ڈائریکٹرز

شایان عبداللہ
ڈائریکٹر

شاہد عبداللہ
چیف ایگزیکٹو

لاہور

تاریخ: 29 اپریل 2019ء

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION - Unaudited AS AT MARCH 31, 2019

	Note	Un-audited March,31 2019	Audited June 30, 2018
----- Rupees -----			
ASSETS			
Non-current assets			
Property, plant and equipment	5	23,438,719,841	23,665,614,952
Investment property		31,750,000	31,750,000
Intangible assets		8,688,766	9,751,241
Long term investments	6	5,565,651,405	5,818,143,428
Long term loans		297,000	297,000
Long term deposits		30,706,445	41,606,445
		29,075,813,457	29,567,163,066
Current assets			
Stores, spare parts and loose tools		279,820,555	198,770,544
Stock-in-trade	7	8,300,951,417	4,997,559,341
Trade debts	8	12,454,608,395	10,557,331,224
Loans and advances		212,690,248	171,580,598
Trade deposits and short term prepayments		108,400,066	82,454,092
Short term investments		3,329,982,156	3,760,187,223
Other receivables		1,275,147,788	1,059,715,249
Tax refunds due from Government		644,233,235	751,998,697
Cash and bank balances		457,703,623	534,201,894
		27,063,537,483	22,113,798,862
Total assets		56,139,350,940	51,680,961,928
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital		350,000,000	350,000,000
35,000,000 ordinary shares of Rs.10 each			
Issued, subscribed and paid-up capital		196,875,000	196,875,000
19,687,500 ordinary shares of Rs.10 each			
Reserves		3,752,498,864	4,293,755,844
Unappropriated profit		18,161,241,845	16,434,544,121
Equity attributable to shareholders of the Parent Company		22,110,615,709	20,925,174,965
Non-controlling interest		4,241,152,428	3,515,865,102
Total equity		26,351,768,137	24,441,040,067
Liabilities			
Non-current liabilities			
Long term finances	9	4,686,363,437	6,603,234,422
Staff retirement benefit - gratuity		241,949,253	346,597,468
Deferred taxation		121,166,705	135,561,462
		5,049,479,395	7,085,393,352
Current liabilities			
Trade and other payables		3,287,513,203	2,978,944,755
Contract liabilities		322,898,497	118,573,973
Accrued mark-up / interest		298,751,684	171,898,931
Short term borrowings	10	17,636,413,922	13,992,789,726
Current portion of long term finances		3,009,350,129	2,639,389,553
Unclaimed dividend		5,996,665	5,353,374
Provision for taxation		177,179,308	247,578,197
		24,738,103,408	20,154,528,509
Total liabilities		29,787,582,803	27,239,921,861
Contingencies and commitments	11		
Total equity and liabilities		56,139,350,940	51,680,961,928

The annexed notes 1 to 19 form an integral part of this condensed interim financial statements.

Lahore :
Dated : 29 April 2019

ShahidAbdullah
Chief Executive

Shayan Abdullah
Director

Jawwad Faisal
Chief Financial Officer

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS - Unaudited
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019**

	Note	Nine months period		Quarter ended	
		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
		----- Rupees -----			
Sales - net	12	24,823,823,609	21,028,848,756	7,814,542,617	8,106,145,863
Cost of sales	13	(19,835,536,261)	(17,358,832,321)	(6,081,831,105)	(6,714,733,597)
Gross profit		4,988,287,348	3,670,016,435	1,732,711,512	1,391,412,266
Distribution cost		(481,357,868)	(414,714,782)	(159,422,003)	(147,580,302)
Administrative expenses		(310,413,428)	(348,763,124)	(104,142,973)	(105,951,993)
Other income		406,673,063	446,811,616	144,217,928	128,634,717
Other expenses		(75,915,759)	(144,416,606)	(19,900,982)	(33,773,288)
Profit from operations		4,527,273,356	3,208,933,539	1,593,463,482	1,232,741,400
Finance cost		(1,629,873,269)	(1,116,954,854)	(623,372,425)	(377,258,680)
		2,897,400,087	2,091,978,685	970,091,057	855,482,720
Share of profit / (loss) of Associated Companies		22,568,551	(349,566)	(4,645,437)	7,435,476
Profit before taxation		2,919,968,638	2,091,629,119	965,445,620	862,918,196
Taxation		(192,800,223)	(231,638,923)	(46,539,333)	(52,448,849)
Profit after taxation		2,727,168,415	1,859,990,196	918,906,287	810,469,347
Attributable to:					
- Shareholders of the Parent Company		2,001,881,089	1,291,915,474	663,395,832	592,590,510
- Non-controlling interest		725,287,326	568,074,722	255,510,455	217,878,837
		2,727,168,415	1,859,990,196	918,906,287	810,469,347
Earnings per share					
- attributable to shareholders of the Parent Company		101.68	65.62	33.70	30.10

The annexed notes 1 to 19 form an integral part of this condensed interim financial statements.

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME - Unaudited
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019**

	Nine months period		Quarter ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	----- Rupees -----			
Profit after taxation	2,727,168,415	1,859,990,196	918,906,287	810,469,347
Other comprehensive income / (loss)				
Items that may be reclassified to statement of profit or loss subsequently				
Unrealised loss due to change in fair values of available for sale investments:				
- long term	(334,239,702)	(308,476,287)	75,903,267	394,907,246
- short term	(283,048,107)	(565,546,821)	374,090,232	726,343,728
Impact of deferred tax	28,064,658	84,389,858	-	(102,025,901)
Adjustment for gain included in statement of profit or loss upon sale of available-for-sale investments	14,111,361	38,947,215	21,423,236	81,978,364
Share of fair value gain on remeasurement of available for sale investments of Associated Companies	(4,549,253)	(6,423,632)	4,840,864	10,727,578
	(579,661,043)	(757,109,667)	476,257,599	1,111,931,015
Forward foreign exchange contracts				
Unrealised gain on remeasurement of forward foreign exchange contracts	-	4,400,430	-	-
Adjustment for gain included in statement of profit or loss upon settle- ment of forward exchange contracts	-	(140,343)	-	(10,768,950)
Share of unrealised loss on remeasurement of hedging instruments of Associated Companies	22,133	174,172	(2,753)	60,949
	22,133	4,434,259	(2,753)	(10,708,001)
Other comprehensive gain/ (loss)0 for the period	(579,638,910)	(752,675,408)	476,254,846	1,101,223,014
Total comprehensive income / (loss) for the period	2,147,529,505	1,107,314,788	1,395,161,133	1,911,692,361
Attributable to:				
- Shareholders of the Parent Company	1,422,242,179	539,240,066	1,139,650,678	1,686,443,234
- Non-controlling interest	725,287,326	568,074,722	255,510,455	225,249,127
	2,147,529,505	1,107,314,788	1,395,161,133	1,911,692,361

The annexed notes 1 to 19 form an integral part of this condensed interim financial statements.

Lahore :
Dated : 29 April 2019

ShahidAbdullah
Chief Executive

Shayan Abdullah
Director

Jawwad Faisal
Chief Financial Officer

Condensed Interim Consolidated Statement of Cash Flows - Unaudited FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019

	Note	Nine months period	
		March 31, 2019	March 31, 2018
		----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	14	509,626,292	(186,942,213)
Staff retirement benefits paid		(172,703,721)	(67,222,230)
Finance cost paid		(1,503,020,516)	(1,049,749,134)
Taxes paid		(233,042,873)	(170,772,208)
Workers' profit participation fund paid		(67,999,400)	(69,322,466)
Long term loans - net		-	3,436,500
Long term deposits - net		10,900,000	(20,000)
Net cash used in operating activities		(1,456,240,218)	(1,540,591,751)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(786,787,546)	(1,816,001,398)
Increase in investments		(115,920,801)	(208,074,138)
Proceeds from sale of investments		110,476,222	89,801,919
Proceeds from disposal of operating fixed assets		45,052,747	20,971,435
Proceeds from disposal of stores and spares		5,819,908	7,027,493
Dividend and interest income received		259,994,341	299,787,765
Net cash used in investing activities		(481,365,129)	(1,606,486,924)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances - net		(1,546,910,409)	(364,970,227)
Dividend paid		(235,606,709)	(435,145,906)
Short term borrowings - net		3,643,624,196	4,366,427,920
Net cash generated from financing activities		1,861,107,078	3,566,311,787
Net increase in cash and cash equivalents		(76,498,269)	419,233,112
Cash and cash equivalents - at beginning of the period		534,201,894	456,720,245
Cash and cash equivalents - at end of the period		457,703,625	875,953,357

The annexed notes 1 to 19 form an integral part of this condensed interim financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - Unaudited FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019

	Reserves		Other Components of equity				Non-Controlling Interest					
	Revenue		Unrealised gain / (loss)									
	Capital	Share Premium	Maintenance reserve	General	Unappropriated profit	Sub-total		on available for sale investments	on hedging instrument	Sub-total	Total	
Issued, subscribed and paid-up capital												
Balance as at July 1, 2017 (Audited)	196,875,000	145,740,000	336,444,851	1,183,845,000	14,382,542,389	16,048,572,240	4,850,890,908	174,046	4,851,064,954	21,096,512,194	3,207,187,832	
Transaction with owners												
Final dividend for the year ended June 30, 2017 at the rate of Rs.1.5 per share	-	-	-	(29,531,250)	(29,531,250)	-	-	-	-	(29,531,250)	(405,661,232)	
Total comprehensive income / (loss) for the nine months period ended March 31, 2018	-	-	-	1,291,915,474	1,291,915,474	1,291,915,474	(757,109,667)	4,434,259	(752,675,408)	1,291,915,474	588,074,722	
Profit for the period	-	-	-	-	-	-	-	-	-	(752,675,408)	-	
Other comprehensive (loss) / income	-	-	-	1,291,915,474	1,291,915,474	1,291,915,474	(757,109,667)	4,434,259	(752,675,408)	539,240,066	588,074,722	
Transfer to maintenance reserve	-	-	81,076,261	-	(81,076,261)	-	-	-	-	-	-	
Effect of items directly credited in equity by the Associated companies	-	-	-	-	24,628	24,628	-	-	-	24,628	-	
Balance as at March 31, 2018 (Un-audited)	196,875,000	145,740,000	417,521,112	1,183,845,000	15,563,874,980	17,310,981,092	4,093,781,241	4,608,305	4,098,389,546	21,606,245,638	3,369,601,322	
Balance as at July 1, 2018 (Audited)	196,875,000	145,740,000	35,181,732	1,183,845,000	16,434,544,121	17,799,310,863	2,928,821,052	168,060	2,928,989,112	20,925,174,965	3,515,865,102	
Transaction with owners												
Final dividend for the year ended June 30, 2018 at the rate of Rs.12 per share	-	-	-	-	(236,250,000)	(236,250,000)	-	-	-	(236,250,000)	-	
Total comprehensive income / (loss) for the nine months period ended March 31, 2019	-	-	-	2,001,881,089	2,001,881,089	2,001,881,089	(579,661,043)	22,133	(579,638,910)	2,001,881,089	725,287,326	
Profit for the period	-	-	-	-	-	-	-	-	-	(579,638,910)	-	
Other comprehensive loss	-	-	-	2,001,881,089	2,001,881,089	2,001,881,089	(579,661,043)	22,133	(579,638,910)	1,422,242,179	725,287,326	
Transfer to maintenance reserve	-	-	38,381,930	-	(38,381,930)	-	-	-	-	-	-	
Effect of items directly credited in equity by the Associated companies	-	-	-	-	(551,435.00)	(551,435)	-	-	-	(551,435)	-	
Balance as at March 31, 2019 (Un-audited)	196,875,000	145,740,000	73,563,662	1,183,845,000	18,161,241,845	19,564,390,507	2,349,160,009	190,193	2,349,350,202	22,110,615,709	4,241,152,428	

The annexed notes 1 to 19 form an integral part of this condensed interim financial statements.

Lahore :
Dated : 29 April 2019

ShahidAbdullah
Chief Executive

Shayan Abdullah
Director

Jawwad Faisal
Chief Financial Officer

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019

1. THE GROUP AND ITS OPERATIONS

The Group consists of:

The Parent Company

-Sapphire Fibres Limited

Subsidiary Companies

-Sapphire Electric Company Limited - SECL
 -Premier Cement Limited - PCL
 -Sapphire Cement Company Limited - SCCL
 -Sapphire Energy (Private) Limited - SEL
 -Sapphire Hydro Limited - SHL

- **Sapphire Fibres Limited**

The Parent Company was incorporated in Pakistan on June 05, 1979 as a public limited company and its shares are quoted on Pakistan Stock Exchange. The Parent Company is principally engaged in manufacture and sale of yarn, fabrics and garments.

- **Sapphire Electric Company Limited**

Sapphire Electric Company Limited (the Subsidiary Company) was incorporated in Pakistan as a public company limited by shares under the Companies Ordinance, 1984 on January 18, 2005. The principal activity of the Subsidiary Company is to build, own, operate and maintain a combined cycle power station having a net capacity of 212 MW at Muridke, District Sheikhupura, Punjab.

- **Premier Cement Limited**

Premier Cement Limited is a wholly owned subsidiary of the Parent Company and was incorporated in Pakistan as a public company limited by shares under the Companies Ordinance, 1984, on July 26, 2016. The principal activity of subsidiary company is to manufacture and sale of cement and allied products. The Subsidiary Company obtained license from Directorate General Mines and Minerals, Khyber Pakhtunkhwa for setting up cement plant in D.I Khan district. The Subsidiary Company is expecting to commence operations in the year 2018/2019.

- **Sapphire Cement Company Limited**

Sapphire Cement Company Limited is also a wholly owned subsidiary of the Parent Company and was incorporated in Pakistan as a public company limited by shares under the Companies Ordinance, 1984 on October 28, 2016. The principal activity of the subsidiary company is to manufacture and sale of cement and allied products. The Subsidiary company is aiming to set up its plant in the province of Punjab, however license application has not been filed with Directorate General Mines and Minerals, Punjab till the reporting date due to delay in grant of requisite approvals.

- **Sapphire Energy (Pvt.) Limited - SEL**

Sapphire Energy (Pvt.) Limited - SEL is a wholly owned subsidiary and was incorporated in Pakistan as a private company limited by shares under the Companies Act, 2017 on December 11, 2017. The principal activity of Subsidiary Company shall be to undertake, develop power projects and make equity investments, acquire or hold shares in companies involved in energy generation and to establish and operate a terminal for the handling, regasification, storage, treatment and processing of Liquefied Natural Gas (LNG), Re-gasified Liquefied Natural Gas (RLNG), Liquid Petroleum Gas (LPG), Natural Gas Liquid (NGL) and other related products. The subsidiary company is in setup phase and has not yet commenced commercial operations.

- **Sapphire Hydro Limited (the Subsidiary Company)**

Sapphire Hydro Limited (SHL) is a wholly owned subsidiary of Sapphire Electric Company Limited which is a subsidiary of the Parent Company and was incorporated in Pakistan as a public company limited by shares under the Companies Act,

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019

2017 on September 07, 2017. The principal business of the subsidiary company shall be to construct, establish and setup a Hydro Electric Power generation project having a net capacity of 150 MW with potential of 682 GWh of annual energy generation at Sharmai, Khayber Pakhtunkhawa.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

2.1.1 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 International Accounting Standards Board ('IASB') as notified under the Companies Act, 2017, and

-Provisions of and directives issued under the Companies Act, 2017.

Where 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.

2.1.2 These condensed interim consolidated financial statements do not include all the information and disclosures as required in an annual audited consolidated financial statements, and these should be read in conjunction with the Parent Company annual audited consolidated financial statements for the year ended June 30, 2018.

2.2 Principal of consolidation

These condensed interim consolidated financial statements of the Group include the financial statements of Parent Company and of its Subsidiary Companies. The Parent Company's direct interest, as at March 31, 2019, in the SECL is 68.11% (June 30, 2018: 68.11%) and effective holding in SHL is also 68.11% as SHL is wholly owned Subsidiary of SECL. Where as the other three companies PCL, SCCL, SEL are wholly owned subsidiaries.

The assets, liabilities, income and expenses of subsidiary companies are consolidated on a line by line basis and the carrying value of investments held by the Parent Company is eliminated against the subsidiaries' shareholders' equity in these condensed interim consolidated financial statements.

All material inter-group balances and transactions have been eliminated. Investments in Associated Companies, as defined in the Companies Act, 2017, are accounted for under the equity method of accounting.

Transactions and non-controlling interests

The Group treats transactions with non-controlling interests that do not result in loss of control as transactions with equity owners of the Group. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2.3 New standards, amendments to approved accounting standards and interpretations that are effective during the period and are relevant to the Company

During the period, the Group adopted following new standards / interpretations:

- IFRS 15, 'Revenue from contracts with customers' which is effective for the annual period beginning on July 01, 2018. IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019

2.4 Accounting policies

All the accounting policies and the methods of computation adopted in the preparation of these condensed interim consolidated financial statements are consistent with those applied in the preparation of audited annual consolidated financial statements for the year ended June 30, 2018 except for the change specified in note 3 below.

3. CHANGE IN ACCOUNTING POLICY

- a) The Group has applied IFRS 15 using the modified retrospective approach for transition. This approach requires an entity to recognise the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of unappropriated profit in the period of initial application. The revised policy do not have any significant impact on these condensed interim consolidated financial statements as the revised policy.
- b) The adoption of IFRS 15 also resulted in reclassification of "Advances payments from customers", previously grouped under trade and other payables, to the statement financial position as 'Contract liabilities'. The affect of which is presented below:

	As previously reported	Re-statement	As restated
	----- Rupees -----		
As at June 30, 2018			
Effect on statement of financial position			
Trade and other payable	3,097,518,728	(118,573,973)	2,978,944,755
Contract liabilities	-	118,573,973	118,573,973
As at July 01, 2017			
Trade and other payable	3,488,739,443	(258,946,777)	3,229,792,666
Contract liabilities	-	258,946,777	258,946,777

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim consolidated financial statements require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying Group's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the audited annual consolidated financial statements for the year ended June 30, 2018.

5. PROPERTY, PLANT AND EQUIPMENT

		Un-audited March 31, 2019	Audited June 30, 2018
	Note	----- Rupees -----	
Operating fixed assets	5.1	22,172,817,888	22,639,958,482
Capital work-in-progress	5.2	1,265,901,953	1,025,656,470
		23,438,719,841	23,665,614,952

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019**

	Un-audited March 31, 2019	Audited June 30, 2018
	----- Rupees -----	
5.1 Operating fixed assets	Note	
Net book value at beginning of the period / year	22,639,958,482	21,901,722,857
Additions during the period / year	546,542,066	2,031,194,214
Disposals costing Rs.113.738 million (June 30, 2018: Rs.133.737 million) - at net book value	(36,157,107)	(19,700,861)
Depreciation charge for the period / year	(977,525,553)	(1,241,944,103)
Adjustments	-	(31,313,625)
Net book value at end of the period / year	<u>22,172,817,888</u>	<u>22,639,958,482</u>
5.1.1 Additions to operating fixed assets, including transfer from capital work-in-progress, during the period / year:		
Freehold land	15,428,500	41,671,750
Residential buildings and others on freehold land	-	174,366,450
Factory buildings on freehold land	38,383,765	315,205,997
Plant and machinery	466,048,237	1,438,354,179
Equipment:		
• fire fighting	590,000	19,145,390
• office	115,000	122,000
• mills	-	180,000
• electric / gas	-	421,430
Computer hardware	2,695,249	2,628,750
Vehicles	23,099,802	38,231,330
Furniture and fixtures	181,513	866,938
	<u>546,542,066</u>	<u>2,031,194,214</u>
5.2 Capital work-in-progress		
Buildings	237,082,316	165,158,330
Plant and machinery	539,790,596	579,792,490
Equipments	200,000	200,000
Un-allocated capital expenditure	460,303,974	189,997,463
Advance payments against:		
• freehold land	10,000,000	15,428,500
• factory / office building	7,838,800	45,965,772
• electric installation	-	20,030,273
• vehicles	8,099,667	8,113,667
• computer software	2,586,600	969,975
	<u>28,525,067</u>	<u>90,508,187</u>
	<u>1,265,901,953</u>	<u>1,025,656,470</u>
5.3		
Operating fixed assets includes freehold land valuing Rs.80.685 million representing the Parent's Company 30% share of jointly controlled freehold land located at Block-D/1, Gulberg, Lahore, registered in the name of the Parent Company along with Sapphire Textile Mills Limited, Diamond Fabrics Limited, and Sapphire Finishing Mills Limited (related parties).		

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019**

6.	LONG TERM INVESTMENTS	Un-audited March 31, 2019	Audited June 30, 2018	
	Note	----- Rupees -----		
	Associated Companies	6.1	982,829,866	966,379,142
	Others	6.2	4,582,821,539	4,851,764,286
			<u>5,565,651,405</u>	<u>5,818,143,428</u>
6.1	Associated Companies- equity method Quoted			
	Reliance Cotton Spinning Mills Limited (RCSM)	6.1.1	36,755,438	32,735,607
	SFL Limited (SFLL)	6.1.2	1,720,961	1,475,225
	Unquoted			
	Sapphire Power Generation Limited (SPGL)	6.1.3	242,928,413	251,538,962
	Sapphire Dairies (Private) Limited (SDL)	6.1.4	111,979,687	104,229,348
	Tricon Boston Consulting Corporation (Private) Limited - TBCCL	6.1.5	589,445,367	576,400,000
	Energas Terminal (Private) Limited - ETL	6.1.6	-	-
			<u>982,829,866</u>	<u>966,379,142</u>
6.1.1	Investment in RCSM represents 138,900 fully paid ordinary shares of Rs.10 each representing 1.35% of RCSM's issued, subscribed and paid-up capital as at March 31, 2019. RCSM was incorporated on June 13, 1990 as a public limited company and its shares are quoted on Pakistan Stock Exchange Limited. The principal activity of RCSM is manufacturing and sale of yarn. Market value of the Group's investment in RCSM as at March 31, 2019 was Rs.20.527 million (June 30, 2018: Rs.22.167 million). RCSM is an associate of the Group due to common directorship.			
6.1.2	Investment in SFLL represents 10,199 fully paid ordinary shares of Rs.10 each representing 0.051% of SFLL's issued, subscribed and paid-up capital as at March 31, 2019. SFLL was incorporated on April 26, 2010 as a public limited company and its shares are quoted on Pakistan Stock Exchange Limited. The main business of SFLL is to investment in the shares of Associated Companies. Market value of the Group's investment in SFLL as at March 31, 2019 was Rs. 1.453 million (June 30, 2018: Rs. 1.509 million). SFLL is an associate of the Group due to common directorship.			
6.1.3	Investment in SPGL represents 2,824,500 fully paid ordinary shares of Rs.10 each representing 17.63% of SPGL's issued, subscribed and paid-up capital as at March 31, 2019. SPGL was incorporated in Pakistan as a public limited company and is principally engaged in the business of electric power generation and distribution. SPGL is an associate of the Group due to common directorship.			
6.1.4	Investment in SDL represents 10,000,000 fully paid ordinary shares of Rs.10 each representing 9.09% of SDL's issued, subscribed and paid-up capital as at March 31, 2019. SDL was incorporated as a private limited company and is principally engaged in production and sale of milk and milk products. SDL is an associate of the Group due to common directorship.			
6.1.5	Investment in TBCCL represents 59,251,500 fully paid ordinary shares of Rs.10 each representing 7.13% of TBCCL's issued, subscribed and paid-up capital. TBCCL was incorporated as a private limited company by shares and its principal business is to operate and maintain wind power plants to generate and supply electricity. TBCCL is an associate of the Group due to common directorship.			
6.1.6	The Subsidiary Company - SEL, has made investment in ETL's 3,000 fully paid ordinary shares of Rs.10 each representing 30% of ETL's issued, subscribed and paid-up capital as at March 31, 2019. ETL was incorporated as a private limited company. The principal activity of ETL shall be to undertake, develop power projects and operate a terminal for the handling, regasification, storage, treatment and processing of Liquefied Natural Gas (LNG), Re-gasified Liquefied Natural Gas (RLNG), Liquid Petroleum Gas (LPG), Natural Gas Liquid (NGL) and other related products.			

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019**

6.2	Other - available for sale	Un-audited March 31, 2019	Audited June 30, 2018
		----- Rupees -----	
	Quoted		
	MCB Bank Limited		
	18,213,195 ordinary shares of Rs.10 each cost	896,451,123	896,451,123
	Adjustment arising from re-measurement to fair value	2,682,988,090	2,705,572,452
		3,579,439,213	3,602,023,575
	Habib Bank Limited		
	7,244,196 ordinary shares of Rs.10 each cost	1,217,073,609	1,217,073,609
	Adjustment arising from re-measurement to fair value	(257,290,081)	(11,349,626)
		959,783,528	1,205,723,983
	Term finance certificates - Habib Bank Limited		
	150 term finance certificates of Rs.100,000 each cost	14,982,000	14,988,000
	Adjustment arising from re-measurement to fair value	(599,280)	(187,350)
		14,382,720	14,800,650
	Novelty Enterprises (Private) Limited		
	2,351,995 ordinary shares of Rs.10 each	28,716,078	28,716,078
	TCC Management Services (Private) Limited		
	50,000 ordinary shares of Rs. 10 each	500,000	500,000
		4,582,821,539	4,851,764,286
7.	STOCK-IN-TRADE		
	Raw materials	6,192,641,461	3,915,722,820
	Work-in-process	775,195,671	439,022,953
	Finished goods	1,333,114,285	642,813,568
		8,300,951,417	4,997,559,341

8. TRADE DEBTS

8.1 These mainly include trade receivables amounted Rs.9,060.81 million from NTDC and are considered good. These are secured by a guarantee from the Government of Pakistan under the Implementation Agreement and are in the normal course of business and interest free, however, a delayed payment mark-up at the rate of three months KIBOR plus 4.5% is charged in case the amounts are not paid within due dates. The rate of delayed payment markup charged during the period on outstanding amounts ranges from 8.93% to 13.51% (June 30, 2018: 8.29% to 13.01%) per annum.

8.1.1 Included in trade debts is an amount of Rs.576.073 million relating to capacity purchase price not acknowledged by NTDC as the plant was not fully available for power generation. However, the sole reason of this under-utilization of plant capacity was non-availability of fuel owing to non-payment by NTDC.

Since management of the Subsidiary Company - SECL considers that the primary reason for claiming these payments is that plant was available, however, could not generate electricity due to non-payment by NTDC, therefore, management believes that the SECL cannot be penalized in the form of payment deductions due to NTDC's default of making timely payments under the PPA. Hence, the SECL had taken up this issue at appropriate forums. On June 28, 2013, the SECL entered into a Memorandum of Understanding ('MoU') for cooperation on extension of credit terms with NTDC whereby it was agreed that the constitutional petition filed by the SECL before the Supreme Court of Pakistan on the above mentioned issue would be withdrawn unconditionally and it would be resolved through the dispute resolution mechanism under the PPA. Accordingly, as per terms of the MoU, the SECL applied for withdrawal of the aforesaid petition in 2013 and

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019

on January 25, 2018, the Supreme Court disposed off the petitions filed before it. During the financial year 2014, the SECL in consultation with NTDC, appointed an Expert for dispute resolution under PPA.

- 8.1.2** Also included in trade debts are amounts aggregating Rs.227.610 million (2018: Rs.227.610 million) relating to capacity purchase price not acknowledged by NTDC. The SECL's management raised this matter with NTDC, SNGPL and the Private Power and Infrastructure Board ('PPIB'), however, the dispute remained unresolved. As a result of the abovementioned MoU, all disputed amounts were agreed to be resolved through the dispute resolution mechanism under the PPA.

Consequently, with respect to both matters discussed above, during the year ended June 30, 2014, the SECL in consultation with NTDC, appointed an Expert for dispute resolution under the PPA. In August 2015, the Expert gave his determination whereby the aforesaid amount of Rs 576.073 million was determined to be payable to the SECL by NTDC while the SECL's claim regarding the amount of Rs 227.610 million was not accepted. Pursuant to the Expert's determination, the SECL has demanded the payment of the aforesaid amount of Rs.576.073 million from NTDC that has not yet been paid by NTDC.

In addition to the Expert Determination process mentioned above, the SECL had also filed request for arbitration in respect of the above mentioned disputed amounts in the London Court of International Arbitration (LCIA) in accordance with the terms of the PPA and Gas Supply Agreement (GSA) against NTDC and SNGPL, whereby arbitrators were appointed.

In respect of the matter of Rs 227.610 million, the Arbitrator through his order dated March 9, 2016, (the First Arbitration) decided the matter in the SECL favour whereby the aforesaid amount of Rs 227.610 million was determined to be payable to the SECL by SNGPL. Furthermore, the Arbitrator also awarded interest at the rate of 6% per annum on the aforesaid amount payable as of August 18, 2014 until the date of the actual payment and reimbursement of certain arbitration costs incurred by the SECL along with interest at the rate of 6% per annum from the date of award till the date of actual payment. Consequently, under the relevant provisions of the Arbitration Act, 1940, the SECL filed an application before the court of Senior Civil Judge, Lahore to pass appropriate directions for the implementation of the Arbitration Award, which is pending adjudication.

- 8.1.3** In respect of the matter of Rs 576.073 million, in October 2015, the Government of Pakistan ('GOP') through Private Power & Infrastructure Board PPIB filed a case in the court of Senior Civil Judge, ("Civil Case 2015"), Lahore, against the aforementioned determination of the Expert, praying it to be illegal, which is pending adjudication.

Consequently, invitation to participate in arbitration was issued to the PPIB/GOP. PPIB filed separate Civil Suit before the Civil Judge, Lahore, seeking inter alia that the parties should be restrained from participating in the arbitration proceedings in the LCIA ("Civil Case 2016"). The SECL filed applications in the Civil Court where the SECL prayed that the Civil Court, Lahore lacks the jurisdiction in respect of the cases filed by PPIB. In respect of the aforementioned applications, through its orders dated April 18, 2017, the Civil Court, Lahore rejected SECL's pray and granted the pray of PPIB whereby, the court accepted PPIB's applications for interim relief in 2015 and 2016 Civil Suits. Being aggrieved, the SECL challenged before the Additional District Judge, Lahore against the aforementioned orders of the Civil Court and continued to take part in the arbitration proceedings. Furthermore, in response to the SECL's continued participation in the arbitration proceedings, PPIB filed contempt petition before LHC in respect of the decision of the Civil Court, Lahore and the LHC passed an order in those proceedings. The SECL challenged the LHC's order before the Division Bench of LHC, which decided the matter in favour of the SECL through its order dated May 31, 2017 whereby, the aforementioned order of the LHC was suspended.

- 8.1.4** The Arbitrator, on June 08, 2017, declared his Partial Final Award and decided the matter principally in SECL's favour and declared that the above mentioned Expert's determination is final and binding on all parties ("Final Partial Award"). Aggrieved by the Partial Final Award, NTDC challenged the Arbitrator's decision in Lahore Civil Court ("Civil Case 2017"), which suspended the Final Partial Award on July 10, 2017. In response to this decision of Civil Court, the SECL filed a revision petition in District Court and the District Court ("District Case 2017") while granting interim relief to the SECL, suspended the Civil Court's order on August 12, 2017. Along with challenging the Final Partial Award in Lahore Civil Court, NTDC also challenged the same, on July 06, 2017, in Commercial Court of England. As per advice of foreign legal counsel, the SECL also filed a case for anti suit injunction in Commercial Court of England against NTDC on August 14, 2017.

The District Judge, Lahore through its order dated July 8, 2017 set-aside the aforementioned orders of the Civil Judge, Lahore dated April 18, 2017 and accepted SECL's appeals but dismissed the SECL's revision petitions concerning the issue of jurisdiction. Aggrieved by this decision, (i) the SECL filed writ petitions before the LHC, which announced a

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019

favourable decision and suspended the proceedings of Civil Cases 2015 and 2016 till the final decision of LHC; and (ii) GOP/PIIB filed revision petitions in the LHC, which are currently pending adjudication.

- 8.1.5** On October 29, 2017, Arbitrator declared his Final Award (the Second Arbitration) whereby he ordered NTDC to pay to the SECL: i) Rs 576.073 million pursuant to Expert's determination; ii) Rs 133.695 million being Pre award interest; iii) Rs 9.203 million for breach of arbitration agreement; iv) Rs 1.684 million and USD 612,311 for the SECL's cost of proceedings; v) GBP 30,157 for SECL's LCIA cost of Arbitration and vi) Interest at KIBOR + 4.5% compounded semi-annually from the date of Final Award until payment of these amounts by NTDC ("the Final Award") that works out to Rs 101.707 million upto December 31, 2018.

On May 4, 2018, Commercial Court of England issued a favourable decision in the case of anti suit injunction, thereby preventing NTDC from pursuing case in Pakistan Civil Courts against Partial Final Award/Final Award and taking any steps outside England to set aside Partial Final Award/Final Award issued by the Arbitrator. Aggrieved by this decision, NTDC has sought permission to file an appeal before the Court of Appeals, London, which has been rejected by the Court.

- 8.1.6** Based on the advice of the SECL's legal counsel, Expert's determination and Arbitration Awards, management strongly feels the aforesaid under the terms of the PPA, Implementation Agreement and the GSA, there are meritorious grounds to support the SECL's stance and both amounts are likely to be recovered. Consequently, no provision for the abovementioned amounts aggregating Rs 803.683 million has been made in these financial statements.

Further, on prudence basis, the SECL has not recognised the abovementioned amounts in these financial statements for pre-award interest, breach of arbitration agreement, SECL's cost of proceedings, SECL's LCIA cost of Arbitration and interest thereon on all these amounts as per Final Award of the Second Arbitration due to its uncertainty since it is pending adjudication as mentioned above. Such amounts as per Final Award would be recognized when it attains finality and it is certain.

9. LONG TERM FINANCES - secured	Un-audited March 31, 2019	Audited June 30, 2018
	----- Rupees -----	
Balance at beginning of the period / year	9,242,623,975	9,847,309,340
Add: disbursements during the period / year	360,736,000	1,103,458,000
Less: repayments made during the period / year	(1,907,646,409)	(1,708,143,365)
Balance at end of the period / year	<u>7,695,713,566</u>	<u>9,242,623,975</u>
Less: current portion grouped under current liabilities	<u>(3,009,350,129)</u>	<u>(2,639,389,553)</u>
	<u>4,686,363,437</u>	<u>6,603,234,422</u>

- 9.1** All the terms and conditions of the long term finances are same as disclosed in audited annual financial statements of the Company for the year ended June 30, 2018. Effective mark-up rates charged, during the period, ranged from 2.50% to 12.55% (June 30, 2018: 2.50% to 9.59%) per annum.

10. SHORT TERM BORROWINGS	Un-audited March 31, 2019	Audited June 30, 2018
	----- Rupees -----	
Note		
From banking companies - secured	10.1 17,482,450,713	13,976,415,211
Temporary bank overdraft - unsecured	30,056,209	16,374,515
From related parties - unsecured	10.2 123,907,000	-
	<u>17,636,413,922</u>	<u>13,992,789,726</u>

- 10.1** The Group has obtained short term finance facilities, including facilities for foreign currency loans, aggregating Rs.21,878 million (June 30, 2018: Rs.24,540 million) from various commercial banks under mark-up arrangements. These finance facilities are secured against hypothecation charge over current assets of the Group, lien on export / import documents, trust receipts and promissory notes duly signed by the directors. These finances carry mark-up at the rates ranging from 2.25% to 13.55% (June 30, 2018: 2.25% to 8.50%) per annum. These facilities are expiring on various dates upto December, 2019.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019

10.2 The Parent Company, during the period, obtained short term loans aggregated Rs.67.262 million from its directors and their related parties and Rs.56.645 million from its associated companies to meet its working capital requirements. These loans are interest free and are repayable on demand.

11. CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

11.1.1 Outstanding bank guarantees

Guarantees aggregating Rs 2,514.467 million (June 30, 2018: Rs.2,567.388 million) have been issued by banks of the Group to various Government institutions and Sui Northern Gas Pipeline Limited.

11.1.2 There has been no material change in status of contingencies as reported in note 27 to the annual audited consolidated financial statements of the Group.

11.2 Commitments in respect of :

• letters of credit for capital expenditure	405,598,223	145,536,511
• letters of credit for purchase of raw materials and stores, spare parts & chemicals	229,888,442	220,464,198
• capital expenditure other than letters of credit	90,289,445	205,122,142
• foreign bills discounted	-	1,297,115,345

12. REVENUE FROM CONTRACTS WITH CUSTOMERS

Segment wise disaggregation of revenue from contracts with respect to type of goods and services and geographical market is presented below:

For the nine months period ended March 31, 2019- Un-audited

	Spinning	Knits	Denim	Power	Total
----- Rupees -----					
Types of goods and services					
Local sales					
- Yarn	2,084,272,101	7,966,723	10,940,753	-	2,103,179,577
- Fabric	-	30,104,898	811,202,873	-	841,307,771
- Garments	-	19,967,766	-	-	19,967,766
- Waste	133,903,018	27,855,609	22,473,419	-	184,232,046
- Raw materials	30,625,942	-	267,120	-	30,893,062
- Energy purchase price				5,942,087,982	5,942,087,982
- Capacity purchase price				3,749,545,164	3,749,545,164
- Local steam income	6,480,000	-	-	-	6,480,000
- Processing income	164,400	34,087,567	6,346,832	-	40,598,799
	2,255,445,461	119,982,563	851,230,998	9,691,633,146	12,918,292,168
Export Sales					
- Yarn	6,107,661,582	198,765,977	-	-	6,306,427,559
- Fabric	-	481,597,242	2,162,608,937	-	2,644,206,179
- Garments	-	2,628,415,366	-	-	2,628,415,366
- Waste	211,793,460	-	-	-	211,793,460
	6,319,455,042	3,308,778,585	2,162,608,937	-	11,790,842,564
Export rebate					
- Fabric	-	3,605,620	18,764,425	-	22,370,045
- Garments	-	92,318,832	-	-	92,318,832
	-	95,924,452	18,764,425	-	114,688,877
	8,574,900,503	3,524,685,600	3,032,604,360	9,691,633,146	24,823,823,609
Timing of revenue recognition					
Goods transferred at a point in time	8,574,736,103	3,490,598,033	3,026,257,528	9,691,633,146	15,091,591,663
Services rendered at a point in time	164,400	34,087,567	6,346,832	-	40,598,799
	8,574,900,503	3,524,685,600	3,032,604,360	9,691,633,146	24,823,823,609

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019**

For the nine months period ended March 31, 2018- Un-audited

	Spinning	Knits	Denim	Power	Total
	----- Rupees -----				
Types of goods and services					
Local sales					
- Yarn	1,971,572,247	4,066,191	5,819,670	-	1,981,458,108
- Fabric	-	69,188,578	192,161,311	-	261,349,889
- Garments	-	10,989,683	-	-	10,989,683
- Waste	119,363,467	29,004,733	14,737,139	-	163,105,339
- Raw materials	44,980,019	-	-	-	44,980,019
- Energy purchase price				5,033,670,365	5,033,670,365
- Capacity purchase price				3,152,358,776	3,152,358,776
- Local steam income	8,367,000	-	-	-	8,367,000
- Processing income	707,249	48,723,155	2,405,472	-	51,835,876
	2,144,989,982	161,972,341	215,123,592	8,186,029,141	10,708,115,055
Export Sales					
- Yarn	5,521,780,978	273,505,698	-	-	5,795,286,676
- Fabric	-	180,835,140	1,475,287,721	-	1,656,122,861
- Garments	-	2,263,970,097	-	-	2,263,970,097
- Waste	196,117,778	-	-	-	196,117,778
	5,717,898,756	2,718,310,935	1,475,287,721	-	9,911,497,412
Export rebate					
- Yarn	189,167,387	10,875,150	-	-	200,042,537
- Fabric	-	7,597,478	41,945,646	-	49,543,124
- Garments	-	159,650,628	-	-	159,650,628
	189,167,387	178,123,256	41,945,646	-	409,236,289
	8,052,056,124	3,058,406,532	1,732,356,959	8,186,029,141	21,028,848,756
Timing of revenue recognition					
Goods transferred at a point in time	8,051,348,875	3,009,683,377	1,729,951,487	8,186,029,141	12,790,983,739
Services rendered at a point in time	707,249	48,723,155	2,405,472	0	51,835,876
	8,052,056,124	3,058,406,532	1,732,356,959	8,186,029,141	21,028,848,756

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019**

13. COST OF SALES

		----- Un-audited -----			
		Nine months period ended		Quarter ended	
		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Note		----- Rupees -----			
Finished goods at beginning of the period		642,813,568	696,987,720	1,493,148,207	697,546,358
Cost of goods manufactured	13.1	20,492,757,608	17,314,384,399	5,910,766,649	6,689,388,499
Cost of raw materials sold		33,079,370	48,522,620	11,030,534	28,861,158
		20,525,836,978	17,362,907,019	5,921,797,183	6,718,249,657
		21,168,650,546	18,059,894,739	7,414,945,390	7,415,796,015
Finished goods at end of the period		(1,333,114,285)	(701,062,418)	(1,333,114,285)	(701,062,418)
		19,835,536,261	17,358,832,321	6,081,831,105	6,714,733,597
13.1 Cost of goods manufactured					
Work-in-process at beginning of the period		439,022,953	309,426,974	581,282,838	396,756,259
Raw materials consumed		14,620,644,213	12,023,566,309	3,939,362,754	4,872,748,309
Direct labour and other overheads		6,208,286,113	5,405,081,979	2,165,316,728	1,843,574,794
		20,828,930,326	17,428,648,288	6,104,679,482	6,716,323,103
		21,267,953,279	17,738,075,262	6,685,962,320	7,113,079,362
Work-in-process at end of the period		(775,195,671)	(423,690,863)	(775,195,671)	(423,690,863)
		20,492,757,608	17,314,384,399	5,910,766,649	6,689,388,499

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019**

14. CASH USED IN OPERATIONS

	Note	Un-audited	
		Nine months period ended	
		March 31, 2019	March 31, 2018
----- Rupees -----			
Profit before taxation		2,897,400,087	2,091,978,685
Adjustments for non-cash and other items:			
Depreciation		977,525,553	913,730,984
Amortization of intangible assets		1,062,475	997,527
Staff retirement benefit - gratuity		68,055,506	69,960,344
Provision for workers' profit participation fund		23,486,363	60,641,418
Provision for doubtful tax refunds		52,005,880	-
Provision for workers' welfare fund		-	-
Gain on disposal of operating fixed assets		(9,692,313)	(4,415,915)
Gain on sale of investments		(14,111,361)	(38,947,215)
(Gain) / loss on sale of stores and spares		(334,894)	(731,225)
Dividend and interest income		(355,828,639)	(380,767,733)
Finance cost		1,629,873,269	1,055,811,346
Exchange loss		(3,754,506)	72,900,540
Working capital changes	14.1	(4,756,061,128)	(4,028,100,969)
		<u>509,626,292</u>	<u>(186,942,213)</u>
14.1 Working capital changes			
(Increase) / decrease in current assets:			
- stores, spare parts and loose tools		(86,535,025)	(33,845,462)
- stock-in-trade		(3,303,392,076)	(1,617,490,731)
- trade debts		(1,897,277,171)	(1,729,558,598)
- loans and advances		(43,055,744)	(170,134,596)
- deposits, other receivables and sales tax		(21,093,727)	(440,580,188)
		<u>(5,351,353,743)</u>	<u>(3,991,609,575)</u>
Increase / (decrease) in current liabilities:			
- trade and other payables		390,968,091	103,881,410
- contract liabilities		204,324,524	(140,372,804)
		<u>(4,756,061,128)</u>	<u>(4,028,100,969)</u>

15. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

There has been no change in the Group's sensitivity to these risks since June 30, 2018, except for the change in exposure from liquidity risks due to increase in borrowings and general exposure due to fluctuations in foreign currency and interest rates. There have been no change in risk management objectives and policies of the Group during the period.

This condensed interim consolidated financial statement does not include all financial risk management information and disclosures as are required in the audited annual consolidated financial statements and should be read in conjunction with the Group's audited annual consolidated financial statement as at June 30, 2018.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019**

16. TRANSACTIONS WITH RELATED PARTIES

16.1 Significant transactions with related parties are as follows:

Relationship with the Company	Nature of transactions	Un-audited	
		Nine months period ended	
		March 31, 2019	March 31, 2018
		----- Rupees -----	
(i) Associates	Sales of raw material / yarn / fabric / stores	472,875,744	629,005,305
	- assets	18,880,000 -	
	Purchases:		
	- raw material / yarn / fabric / stores	849,584,719	585,370,807
	- assets	0	1,700,000
	- electricity	42,328,084	90,046,321
	Services:		
	- rendered	175,333	2,189,880
	- obtained	792,830	1,525,899
	Expenses charged by	21,549,030	20,133,847
	Expenses charged to	10,307,306	9,152,958
	Dividend:		
	- received	1,039,272	239,003
- paid	122,371,152	15,294,894	
Loans obtained	56,645,000	-	
(iii) Directors and their related parties	Loans obtained	67,262,000	-
(ii) Retirement fund	Contribution made	21,880,001	11,007,518

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019**

17. SEGMENT REPORTING

17.1 Reportable segments

The Group's reportable segments are as follows:

- Spinning;
- Knitting, processing & garments;
- Denim; and
- Power.

17.2 Information regarding the Group's reportable segments is presented below.

	Spinning	Knitting, processing and garments	Denim	Power	Total
	----- Rupees -----				
For the nine months period ended March 31, 2019					
Revenue - external customers	8,574,900,502	3,524,685,601	3,032,604,360	9,691,633,146	24,823,823,609
Inter - segment sale	1,465,225,766				1,465,225,766
Segment results	596,399,476	446,683,492	(487,303,781)	2,321,277,024	2,877,056,211
For the nine months period ended March 31, 2018					
Revenue - external customers	8,052,056,124	3,058,406,531	1,732,356,961	8,186,029,141	21,028,848,757
Inter - segment sale	816,536,089	-	1,083,170		817,619,259
Segment results	524,534,899	220,266,470	(514,768,235)	1,908,313,665	2,138,346,799

	Un-audited Nine months period March 31,	
	2019	2018
	----- Rupees -----	
Reconciliation of segment results with profit after tax is as follows:		
Total results for reportable segment	2,877,056,211	2,138,346,799
Administrative expenses	(310,413,428)	(348,763,124)
Other expenses	(75,915,759)	(144,416,606)
Other income	406,673,063	446,811,616
Share of profit of Associated Companies	22,568,551	(349,566)
Taxation	(192,800,223)	(231,638,923)
Profit after taxation	2,727,168,415	1,859,990,196

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019**

17.3 Segment assets and liabilities

Reportable segments' assets and liabilities are reconciled to total assets and liabilities as follows:

	Spinning	Knitting, processing and garments	Denim	Power	Total
	----- Rupees -----				
As at March 31, 2019					
Segment assets	9,869,923,379	2,857,019,330	7,224,199,286	22,758,858,348	42,710,000,343
Unallocatable assets					13,429,350,597
Total assets as per balance sheet					<u>56,139,350,940</u>
Segment liabilities	8,841,244,221	1,644,651,284	9,606,046,657	9,459,022,838	29,550,965,000
Unallocatable liabilities					236,617,803
Total liabilities as per balance sheet					<u>29,787,582,803</u>
As at June 30, 2018					
Segment assets	7,373,735,353	2,170,458,525	6,346,616,964	21,775,061,194	37,665,872,036
Unallocatable assets					14,015,089,892
Total assets as per balance sheet					<u>51,680,961,928</u>
Segment liabilities	6,371,037,579	1,403,458,636	8,158,431,063	10,749,566,624	26,682,493,902
Unallocatable liabilities					557,427,959
Total liabilities as per balance sheet					<u>27,239,921,861</u>

17.4 Geographical information

All segments of the Group are managed on nation-wide basis and operate manufacturing facilities in Pakistan.

18. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim consolidated statement of financial position has been compared with the balances of audited annual consolidated financial statements of the Group for the year ended June 30, 2018, whereas, the condensed interim consolidated statement of profit or loss, condensed interim consolidated statement of other comprehensive income, condensed interim consolidated statement of cash flows and condensed interim consolidated statement of changes in equity have been compared with the balances of comparable period of condensed interim consolidated financial statements of the Group for the nine months period ended March 31, 2019.

19. DATE OF AUTHORISATION FOR ISSUE

This condensed interim consolidated financial statements were approved by the Board of Directors of the Parent Company and authorised for issue on 29 April, 2019.

Lahore :
Dated : 29 April 2019

ShahidAbdullah
Chief Executive

Shayan Abdullah
Director

Jawwad Faisal
Chief Financial Officer