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Sapphire Fibres Limited

Quarterly Accounts September 30, 2019

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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
Member	:	Mr. Yousuf Abdullah
Member	:	Mr. Tajammal Husain Bokharee
Human Resource and Remuneration Committee		
Chairman		Mr. Tajammal Husain Bokharee
Member	:	Mr. Yousuf Abdullah
Member	:	Mr. Shahid Abdullah
Member	:	Mr. Shayan Abdullah
Chief Financial Officer	:	Mr. Jawwad Faisal
Secretary	:	Mr. Shaukat Mahmud
Auditors	:	Shinewing Hameed Chaudhri & Company Chartered Accountants
Tax Consultants	:	Deloitte Yousuf Adil, Chartered Accountants
Legal Advisor	:	Hassan & Hassan Advocates
Bankers	:	Allied Bank Limited, Habib Bank Limited Habib Metropolitan Bank Limited MCB Bank Limited, United Bank Limited Bank Alfalah Limited
Share Registrars	:	THK Associates (Pvt.) Limited, 1 st floor, 40-C, Block-6, P.E.C.H.S, Karachi.
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.

Sapphire

Sapphire Fibres Limited

DIRECTORS' REPORT

The Directors of the Company are pleased to present un-audited financial statements for the quarter ended 30 September, 2019.

Financial Highlights

	30 September	
	2019	2018
	Rupees in thousand	
Sales & services	6,219,103	4,783,082
Gross profit	970,617	522,226
Profit from operations	771,319	396,072
Other income	128,414	119,871
Profit before taxation	386,047	175,662
Taxation:		
- Current	88,549	55,892
- Deferred	3,408	8,553
	91,957	64,445
Profit after taxation	294,090	111,217

During first quarter of the financial year, your company achieved sales of Rs. 6.22 billion compared to Rs. 4.78 billion during corresponding period of last year, an increase of 30.02%. The gross profit as a percentage of sales increased to 15.60% from 10.92% during last year. Whereas, the company earned profit after tax of Rs.294.09 million as against Rs. 111.22 million during last year's corresponding period.

Earnings per share

The company's earnings per share (EPS) were at Rs.14.94 as compared to Rs. 5.65 for the same period of last year.

Future outlook

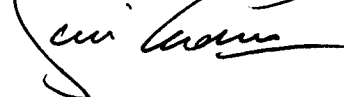
Decline in Pakistan's current year cotton production estimate from 13.5 million bales to 10.2 million bales is a major dent to an already shrinking economy of the country. The revised production estimate is 15% down compared to 12.0 million bales produced last year. As a result, increase in cotton price and greater reliance on imported cotton pose serious threat to the profitability of textile sector in financial year 2019-20.

The directors appreciate sincere contribution and the hard work by staff and workers of the company.



Shayan Abdullah
Director

For and on behalf of the Board



Shahid Abdullah
Chief Executive

Lahore
Dated: 29 October, 2019

ڈائریکٹرز رپورٹ

آپ کی کمپنی کے ڈائریکٹرز 30 ستمبر 2019ء کو ختم ہونے والی سہ ماہی کے لئے کمپنی کے غیر نظر ثانی شدہ مالیاتی گوشواروں پر اپنی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

مالیاتی جھلکیاں

روپے ہزاروں میں

تفصیل	30 ستمبر 2019ء	30 ستمبر 2018ء
فروخت اور خدمات	6,219,103	4,783,082
مجموعی منافع	970,617	522,226
آپریٹنگ منافع	771,319	396,072
دیگر آمدن	128,414	119,871
ٹیکس سے پہلے منافع	386,047	175,662
ٹیکسیشن		
موجودہ	88,549	55,892
ملتی ٹیکس	3,408	8,553
	91,957	64,445
ٹیکس کے بعد منافع	294,090	111,217

کمپنی نے گزشتہ سال کی اسی مدت میں 4.78 بلین روپے کے مقابلے مالی سال کی پہلی سہ ماہی کے دوران 6.22 بلین روپے فروخت حاصل کی جو 30.02 فیصد کا اضافہ ہے۔ فروخت فیصد کے طور پر مجموعی منافع گزشتہ سال کے دوران 10.92 فیصد سے بڑھ کر 15.60 فیصد ہو گیا۔ جبکہ کمپنی نے گزشتہ سال کی اسی مدت میں درج 111.22 بلین روپے کے مقابلے موجودہ سہ ماہی کے دوران 294.09 بلین روپے ٹیکس کے بعد منافع کمایا ہے۔

نی حصص آمدنی

کمپنی کی موجودہ سہ ماہی کی نی شیئر آمدنی (EPS) 14.94 روپے ہے جو کہ پچھلے سال کی اسی مدت میں 5.65 روپے تھی۔

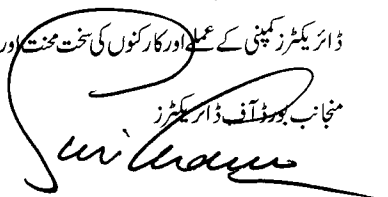
مستقبل کا نقطہ نظر

پاکستان کی رواں سال کپاس کی پیداوار کا تخمینہ 13.5 بلین گانٹھوں سے 10.2 بلین گانٹھوں تک کم ہونا ملک کی پہلے ہی سیکڑتی معیشت کے لئے ایک اہم چوٹ ہے۔ نظر ثانی شدہ پیداوار کا تخمینہ پچھلے سال کی پیداوار 12.0 بلین گانٹھوں کے مقابلے میں 15 فیصد کم ہے۔ اس کے نتیجے میں، کپاس کی قیمت میں اضافہ اور درآمدہ کپاس پر زیادہ انحصار مالی سال 2019-20 میں ٹیکسٹائل کے شعبے کے منافع کو سنگین خطرہ لاحق ہوگا۔

اعتراف

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

منجانب بورڈ آف ڈائریکٹرز



شاہد عبداللہ

چیف ایگزیکٹو

لاہور: تاریخ: 29 اکتوبر 2019ء



شایان عبداللہ

ڈائریکٹر

SAPPHIRE FIBRES LIMITED
Condensed Interim Statement of Financial Position - Unaudited
As at 30 September, 2019

Assets	Note	Unaudited 30 September, 2019 Rupees	Audited 30 June, 2019 Rupees
Non Current Assets			
Property, plant and equipment	5	10,665,527,777	10,557,238,378
Investment property		31,750,000	31,750,000
Intangible assets		5,567,246	6,092,817
Long term investments	6	8,353,989,750	8,407,678,480
Long term loans		409,000	442,000
Long term deposits		28,866,645	28,606,645
		19,086,110,418	19,031,808,320
Current Assets			
Stores, spare parts and loose tools		305,838,514	248,085,374
Stock-in-trade		6,646,616,105	6,830,630,079
Trade debts		3,561,009,206	4,232,884,737
Loans and advances		164,068,128	96,814,093
Trade deposits and short term prepayments		18,199,730	77,925,574
Short term investments		2,802,935,883	2,908,132,483
Other receivables		901,144,091	744,598,891
Tax refunds due from Government		877,881,544	655,226,989
Cash and bank balances		40,492,591	76,712,566
		15,318,185,792	15,871,010,786
Total Assets		34,404,296,210	34,902,819,106
Equity and Liabilities			
Share capital and reserves			
Authorised capital			
35,000,000 ordinary shares of Rs.10 each		350,000,000	350,000,000
Issued, subscribed and paid-up capital			
19,687,500 ordinary shares of Rs.10 each		196,875,000	196,875,000
Reserves		2,548,801,124	2,696,666,077
Unappropriated profit		12,687,756,093	12,393,666,121
Total equity		15,433,432,217	15,287,207,198
Non current liabilities			
Long term finances		3,440,135,342	3,559,813,830
Staff retirement benefit - gratuity		255,285,546	242,930,143
Deferred taxation		129,304,644	125,895,975
		3,824,725,532	3,928,639,948
Current liabilities			
Trade and other payables		2,544,129,214	2,258,009,039
Contract liabilities		358,579,333	313,963,434
Accrued mark-up / interest		203,709,989	217,497,816
Short term borrowings		10,918,892,085	11,772,445,051
Current portion of long term finances		793,099,800	885,792,285
Unclaimed dividend		5,882,659	5,967,559
Provision for taxation		321,845,381	233,296,776
		15,146,138,461	15,686,971,960
Total liabilities		18,970,863,993	19,615,611,908
Contingencies and commitments	7		
Total equity and liabilities		34,404,296,210	34,902,819,106

The annexed notes 1 to 10 form an integral part of these financial statements.


Chief Executive


Director


Chief Financial Officer

SAPPHIRE FIBRES LIMITED
Condensed Interim Statement of Profit or Loss - Unaudited
For the Three Months Period Ended 30 September, 2019

	Note	Three months period ended 30 September,	
		2019 Rupees	2018 Rupees
Sales		6,219,102,834	4,783,082,626
Cost of sales	8	5,248,485,895	4,260,856,462
Gross profit		970,616,939	522,226,164
Distribution cost		(218,909,690)	(146,026,738)
Administrative expenses		(86,223,515)	(83,681,875)
Other expenses		(22,578,420)	(16,316,779)
Other income		128,413,722	119,870,934
Profit from operations		771,319,036	396,071,706
Finance cost		(385,271,786)	(220,409,328)
Profit before taxation		386,047,250	175,662,378
Taxation			
- current		(88,548,607)	(55,891,704)
- deferred		(3,408,671)	(8,553,317)
		(91,957,278)	(64,445,021)
Profit after taxation		294,089,972	111,217,357
Earnings per share - basic and diluted		14.94	5.65

The annexed notes 1 to 10 form an integral part of these financial statements.


Chief Executive


Director


Chief Financial Officer

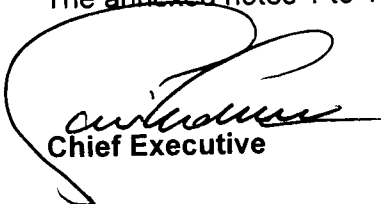
SAPPHIRE FIBRES LIMITED

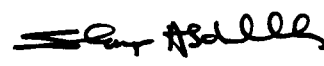
Condensed Interim Statement of Other Comprehensive Income - Unaudited


For the Three Months Period Ended 30 September, 2019

	Three months period ended	
	30 September,	
	2019	2018
	Rupees	Rupees
Profit after taxation	294,089,972	111,217,357
Other comprehensive income / (loss)		
Items that will not be reclassified to statement of profit or loss subsequently		
Unrealised loss on remeasurement of investment at fair value through other comprehensive income		
- long term	(53,685,730)	(47,490,630)
- short term	(116,996,599)	(152,392,635)
Impact of deferred tax	-	27,306,895
	(170,682,329)	(172,576,370)
Items that will be reclassified to statement of profit or loss subsequently		
Unrealised gain on remeasurement of forward foreign exchange contracts	22,817,376	-
	22,817,376	-
	(147,864,953)	(172,576,370)
Total comprehensive loss for the period	146,225,019	(61,359,013)

The annexed notes 1 to 10 form an integral part of these financial statements.


Chief Executive


Director


Chief Financial Officer

SAPPHIRE FIBRES LIMITED
Condensed Interim Statement of Cash Flows - Unaudited
For the Three Months Period Ended 30 September, 2019

CASH FLOW FROM OPERATING ACTIVITIES	Three months period ended 30 September,	
	2019 Rupees	2018 Rupees
Profit for the period - before taxation	386,047,250	175,662,378
Adjustments for non-cash charges and other items:		
Depreciation	197,302,685	174,236,180
Amortisation	525,571	354,158
Staff retirement benefits - gratuity	32,278,616	22,665,169
Provision for workers' profit participation fund	15,478,420	5,853,545
Gain on disposal of operating fixed assets	(379,051)	(473,900)
Gain on sale of stores and spares	(5,778)	(12,605)
Dividend income	(119,331,774)	(114,076,490)
Finance cost	385,271,786	220,409,328
	<u>511,140,475</u>	<u>308,955,385</u>
	897,187,725	484,617,763
Working capital changes		
Decrease / (Increase) in current assets		
Stores, spares and loose tools	(57,759,842)	(15,034,675)
Stock in trade	184,013,974	(1,531,970,381)
Trade debts	671,875,531	(837,524,011)
Loans and advances	(67,254,035)	(100,638,077)
Deposits, other receivables and sales tax	17,042,284	27,823,926
Increase in trade and other payables	340,457,655	517,231,816
	<u>1,088,375,567</u>	<u>(1,940,111,402)</u>
	1,985,563,292	(1,455,493,639)
CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES		
Staff retirement benefit paid	(19,923,213)	(136,070,899)
Finance cost paid	(399,059,613)	(214,471,167)
Taxes paid	(308,008,489)	(149,342,282)
Workers' profit participation fund paid	(37,000,000)	-
Long term loans and deposits	(227,000)	(54,000)
	<u>(764,218,315)</u>	<u>(499,938,348)</u>
	1,221,344,977	(1,955,431,987)
Net cash outflow / (used in) from operating activities		
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditures	(306,513,172)	(182,122,321)
Long and short term investments - net	3,000	(139,337,210)
Sale proceeds of tangible fixed assets	1,300,139	2,145,001
Sale proceeds of stores and spares	12,480	652,935
Dividend received	113,641,440	97,076,511
	<u>(191,556,113)</u>	<u>(221,585,084)</u>
Net cash used in investing activities		
CASH FLOW FROM FINANCING ACTIVITIES		
Long term loans - Obtained	0	134,462,000
Long term loans - Repaid	(212,370,973)	(189,034,472)
Dividend paid	(84,900)	-
Short term borrowings - net	(853,552,966)	2,239,336,416
	<u>(1,066,008,839)</u>	<u>2,184,763,944</u>
Net cash (outflow) / inflow from financing activities		
Net (decrease) / increase in cash and cash equivalents	<u>(36,219,975)</u>	<u>7,746,873</u>
Cash and cash equivalents - at the beginning of the period	<u>76,712,566</u>	<u>24,047,126</u>
CASH AND CASH EQUIVALENTS - at the end of the period	<u>40,492,591</u>	<u>31,793,999</u>

The annexed notes 1 to 10 form an integral part of these financial statements.


Chief Executive


Director


Chief Financial Officer

SAPPHIRE FIBRES LIMITED
Condensed Interim Statement of Changes in Equity - *Unaudited*
For the Three Months Period Ended 30 September, 2019

	Issued, subscribed and paid up capital	Reserves				Sub-total	Unappropriated profit	Total
		Capital	General	Unrealised gain on financial assets at fair value through other comprehensive income	Unrealised gain on hedging instruments			
----- Rupees -----								
Balance as at 01 July, 2018	196,875,000	145,740,000	1,183,845,000	2,928,444,746	-	4,258,029,746	11,828,618,830	16,283,523,576
Total comprehensive income for the period ended 30 September, 2018								
Profit for the period	-	-	-	-	-	-	111,217,357	111,217,357
Other comprehensive loss	-	-	-	(172,576,370)	-	(172,576,370)	-	(172,576,370)
	-	-	-	(172,576,370)	-	(172,576,370)	111,217,357	(61,359,013)
Balance as at 30 September, 2018	196,875,000	145,740,000	1,183,845,000	2,755,868,376	-	4,085,453,376	11,939,836,187	16,222,164,563
<hr/>								
Balance as at 01 July, 2019	196,875,000	145,740,000	1,183,845,000	1,367,081,077	-	2,696,666,077	12,393,666,121	15,287,207,198
Total comprehensive income for the period ended 30 September, 2019								
Profit for the period	-	-	-	-	-	-	294,089,972	294,089,972
Other comprehensive (loss) / income	-	-	-	(170,682,329)	22,817,376	(147,864,953)	-	(147,864,953)
	-	-	-	(170,682,329)	22,817,376	(147,864,953)	294,089,972	146,225,019
Balance as at 30 September, 2019	196,875,000	145,740,000	1,183,845,000	1,196,398,748	22,817,376	2,548,801,124	12,687,756,093	15,433,432,217

The annexed notes 1 to 10 form an integral part of these financial statements.


Chief Executive


Director


Chief Financial Officer

SAPPHIRE FIBRES LIMITED
Notes to the Condensed Interim Financial Information - Unaudited
For the Three Months Period Ended 30 September, 2019

1. LEGAL STATUS AND OPERATIONS

Sapphire Fibres Limited (the Company) was incorporated in Pakistan on June 05, 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 manufacturing 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 316, Cotton Exchange Building, I.I Chundrigar Road	Purpose Registered office
Lahore 7 A- K, Main Boulevard, Gulberg 3.5 km, Manga Road, Riawand	Head office Production plant
Shiekhpora 10 km, Sheikhupura / Faisalabad Road, Kharianwala 26 km, Sheikhupura / Faisalabad Road, Feroze wattoan	Production plant Production plant

2. BASIS OF PREPARATION

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act);
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Act; and
- Provisions of and directives issued under the Act.

Where provisions of and directives issued under the Act differ from the IFRS Standards, the provisions of and directives issued under the Act have been followed.

These condensed interim financial statements are presented in Pakistan Rupees, which is the Company's functional and presentation currency. All financial information presented in Pakistan Rupees has been rounded to the nearest rupees unless otherwise specified.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in preparation of preceding published financial statements of the Company for the year ended 30 June, 2019.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amount of assets, liabilities, income and expenses. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In preparing this condensed interim financial information, the significant judgments made by management in applying accounting policies and key sources of estimation were the same as those that were applied to the annual audited financial statements for the year ended 30 June, 2019.

The company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June, 2019.

		Un-audited 30 September, 2019 Rupees	Audited 30 June, 2019 Rupees
5. PROPERTY, PLANT AND EQUIPMENT	Note		
Operating fixed assets	5.1	10,376,297,412	10,434,625,536
Capital work in progress	5.2	289,230,365	122,612,842
		<u>10,665,527,777</u>	<u>10,557,238,378</u>
5.1 Operating fixed assets			
Opening book value		10,434,625,536	9,469,436,155
Additions during the quarter / year			
- land (freehold)		-	15,428,500
- Residential buildings and others on freehold land		2,157,492	83,640,352
- factory buildings on freehold land		9,803,355	287,624,368
- plant and machinery		116,617,372	1,273,853,514
- fire fighting		-	590,000
- mill equipment		664,200	799,885
- electric installations		1,056,425	40,799,859
- computer hardware		261,000	3,657,904
- vehicles		8,926,000	28,966,442
- furniture and fixtures		409,805	251,177
		139,895,649	1,735,612,001
Book value of assets disposed-off during the quarter/year		(921,088)	(38,070,514)
Depreciation charge for the quarter/year		(197,302,685)	(732,352,106)
Closing book value		<u>10,376,297,412</u>	<u>10,434,625,536</u>
5.2 Capital work-in-progress			
Building		29,667,673	12,570,215
Plant and machinery		247,399,892	78,404,642
Advance payments:			
- factory / office building		6,668,800	6,668,800
- plant and machinery		-	245,620
- electric installation		-	15,764,565
- vehicles		5,494,000	8,959,000
		<u>289,230,365</u>	<u>122,612,842</u>

	Note	Un-audited 30 September, 2019 Rupees	Audited 30 June, 2018 Rupees
6. LONG TERM INVESTMENTS			
Subsidiary Companies - at cost	6.1	3,558,108,316	3,558,108,316
Associated Companies - at cost	6.2	758,276,769	758,276,769
Others - equity instruments	6.3	3,973,674,195	4,026,985,585
- debt instruments	6.4	63,930,470	64,307,810
		8,353,989,750	8,407,678,480

6.1 172,446,420 shares of the Subsidiary Company - Sapphire Electric Company Limited (SECL) have been pledged with a financial institution under Share Pledge Agreement dated 16 April, 2007 and Working Capital Support Agreement dated 13 August, 2010 as security against finance facilities advanced to the Subsidiary Company.

6.2 This include 59,251,500 ordinary shares of Rs.10 each of Tricon Boston Consulting Corporation (Private) Limited (TBCCL). The Company has pledged these shares through an Onshore Security Trustee under Share Pledge Agreement dated May 08, 2017 as security against financing facilities advanced to TBCCL.

6.3 Equity Instruments - at FVTOCI

MCB Bank Limited - Quoted

18,213,195 (30 June, 2018: 18,213,195) ordinary shares of Rs.10 each - cost
Adjustment arising from re-measurement to fair value

896,451,123	896,451,123
2,191,960,353	2,280,840,745
3,088,411,476	3,177,291,868

Habib Bank Limited - Quoted

7,244,196 (30 June, 2018: 7,244,196) ordinary shares of Rs.10 each - cost
Adjustment arising from re-measurement to fair value

1,217,073,609	1,217,073,609
(361,026,968)	(396,595,970)
856,046,641	820,477,639

Unquoted

Novelty Enterprises (Pvt.) Limited - Unquoted

2,351,995 ordinary shares of Rs.10 each
Adjustment arising from re-measurement to fair value

28,716,078	28,716,078
0	0
28,716,078	28,716,078

TCC Management Services (Pvt.) Limited - Unquoted

50,000 ordinary shares of Rs.10 each

500,000	500,000
3,973,674,195	4,026,985,585

6.4 Debt Instruments - at FVTOCI	Note	Un-audited 30 September, 2019 Rupees	Audited 30 June, 2018 Rupees
Habib Bank Limited -			
term finance certificates (TFCs)			
650 (2019: 150) Term finance certificates of Rs.100,000 each - cost		64,979,000	14,982,000
Adjustment arising from re-measurement to fair value		(1,048,530)	(674,190)
		63,930,470	14,307,810
Advance against purchase of TFCs		0	50,000,000
		63,930,470	64,307,810

7. CONTINGENCIES AND COMMITMENTS

7.1 Guarantees issued by banks to various Government institutions on behalf of the Company aggregate Rs.534.468 million (30 June, 2019: Rs.514.468 million).

7.2 Commitments in respect of :

- letters of credit for capital expenditure	1,267,509,313	310,189,435
- letters of credit for purchase of raw materials and stores, spare parts & chemicals	528,271,348	243,265,201
- capital expenditure other than letters of credit	67,607,337	5,418,822

8. COST OF SALES	Note	Un-audited 30 September, 2019 Rupees	Un-audited 30 September, 2018 Rupees
Stocks - opening		1,309,473,560	642,813,568
Cost of goods manufactured	8.1	5,314,532,433	4,453,919,097
Cost of raw materials sold		18,338,363	3,897,659
		6,642,344,356	5,100,630,324
Stocks - closing		1,393,858,461	839,773,862
		5,248,485,895	4,260,856,462

8.1 Cost of goods manufactured

Work in process - opening	830,588,354	439,022,953
Raw materials consumed	3,345,287,569	2,890,046,936
Overheads	1,962,717,329	1,594,367,918
	5,308,004,898	4,484,414,854
	6,138,593,252	4,923,437,807
Work in process closing	824,060,819	469,518,710
	5,314,532,433	4,453,919,097

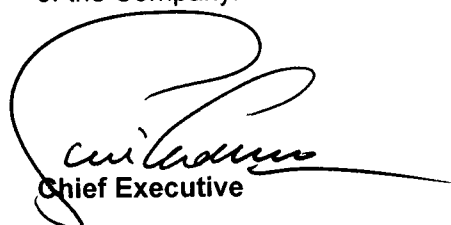
9. RELATED PARTY TRANSACTIONS

The Company has related party relationship with its Associated Companies, employee benefit plan, its directors and key management personnel. Transactions with related parties are carried-out on arm's length basis. There were no transactions with key management personnel other than under the terms of employment. Aggregate transactions with associated companies during the period were as follows:

Relationship with the company	Name of transaction	Un-audited	Un-audited
		30 September, 2019 Rupees	30 September, 2018 Rupees
I. Subsidiaries	Shares purchased	-	60,100,000
	Deposit for shares	14,687,797	79,240,210
	Expenses charged to	1,192,149	-
II. Associates	Sale of goods and services	51,752,667	159,194,906
	Purchase of goods and services	381,615,108	239,985,749
	Electric power purchased	-	38,848,900
	Dividend Received	-	38,246
	Expenses charged to	195,136	-
	Expenses charged by	1,089,758	5,802,616
III. Other related parties	Contributions towards provident fund	6,984,595	6,157,007

10. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 29 October, 2019 by the Board of Directors of the Company.



Chief Executive



Director



Chief Financial Officer

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Sapphire Fibres Limited

Consolidated Quarterly Accounts September 30, 2019

Directors' Report (English/Urdu)

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Consolidated Statement of Profit or loss

Consolidated Statement of Comprehensive Income

Consolidated Statement of Cash flows

Consolidated Statement of Changes in Equity

Notes to the Consolidated Financial Statements

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 30 September, 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 30 September, 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 Sharnai, 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 30 September, 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 30 September, 2019.

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

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I.I. Chundrigar Road, Karachi (Pakistan).
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7-A/K, Main Boulevard, Gulberg-II,
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Sapphire

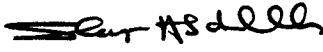
Sapphire Fibres Limited

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 30 September, 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



Shayan Abdullah
Director



Shahid Abdullah
Chief Executive

Lahore:

Dated: 29 October, 2019

ڈائریکٹرز رپورٹ

ڈائریکٹرز 30 ستمبر 2019ء کو ختم ہونے والی سماہی کے لئے سفارہ فائبرز لمیٹڈ اور اسکی ذیلی کمپنیوں سفارہ الیکٹرک کمپنی لمیٹڈ، سفارہ ہائیڈرولمیٹڈ، پریمیر سینٹ لمیٹڈ، سفارہ سینٹ لمیٹڈ، سفارہ سینٹ کمپنی لمیٹڈ اور سفارہ انرجی (پرائیویٹ) لمیٹڈ کے اشتہال شدہ مالیاتی گوشواروں پر اپنی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔ کمپنی نے بین الاقوامی اکاؤنٹنگ معیار-27 (اشتمال شدہ اور الگ مالی گوشوارے) کی ضروریات کے مطابق اشتہال شدہ مالی گوشواروں کے ساتھ ساتھ اپنے الگ مالی گوشوارے منسلک کئے ہیں۔

سفارہ الیکٹرک کمپنی لمیٹڈ:

سفارہ الیکٹرک کمپنی لمیٹڈ (ایس ای سی ایل) 18 جنوری 2005 کلپنیز آرڈیننس، 1984 (اب کلپنیز ایکٹ 2017) کے تحت شیئرز کے ذریعے غیر مندرج پبلک کمپنی لمیٹڈ کی حیثیت سے پاکستان میں قائم ہوئی۔ یہ یکم جولائی 2008 کو سفارہ فائبرز لمیٹڈ (ایس ایف ایل) کی ذیلی کمپنی بنی۔ ایس ایف ایل 30 ستمبر 2019 کے مطابق ایس ای سی 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 کبائسنڈ سائیکل پاور سٹیشن کی ملکیت، چلانا اور برقرار رکھنا ہے۔

سفارہ ہائیڈرولمیٹڈ:

سفارہ ہائیڈرولمیٹڈ (ایس ایچ ایل)، 07 ستمبر 2017 کلپنیز ایکٹ 2017 کے تحت شیئرز کے ذریعے غیر مندرج پبلک کمپنی لمیٹڈ کی حیثیت سے پاکستان میں قائم ہوئی۔ ذیلی کمپنی کا اصل کاروبار شرمئی، خیبر پختونخواہ میں 682 GWh کی سالانہ انرجی جنریشن کی پونپنشل کے ساتھ 150 میگا واٹ کی خالص صلاحیت کا حامل ہائیڈرو الیکٹرک پاور جنریشن پراجیکٹ کی تعمیر، قیام اور چلانا ہوگا۔ ایس ایچ ایل سفارہ الیکٹرک کمپنی لمیٹڈ کی ایک مکمل ملکیتی ذیلی کمپنی ہے جو خود سفارہ فائبرز لمیٹڈ کی ایک ذیلی کمپنی ہے۔

پریمیر سینٹ لمیٹڈ:

پریمیر سینٹ لمیٹڈ (پی سی ایل) 26 جولائی 2016 کلپنیز آرڈیننس 1984 (اب کلپنیز ایکٹ 2017) کے تحت شیئرز کے ذریعے ایک غیر مندرج پبلک کمپنی لمیٹڈ کی حیثیت سے پاکستان میں قائم ہوئی۔ ایس ایف ایل 30 ستمبر 2019 کے مطابق پی سی ایل کے 100% حصص کی مالک ہے۔ ضروری منظور یوں کے حوالے سے، پی سی ایل ہر قسم کے سینٹ اور اس کی متعلقہ مصنوعات بنانے کے لئے پلانٹ قائم اور نصب کرنے کا ارادہ رکھتی ہے۔

سفارہ سینٹ کمپنی لمیٹڈ:

سفارہ سینٹ کمپنی لمیٹڈ (ایس سی ایل) 28 اکتوبر 2016 کلپنیز آرڈیننس 1984 (اب کلپنیز ایکٹ 2017) کے تحت شیئرز کے ذریعے ایک غیر مندرج پبلک کمپنی لمیٹڈ کی حیثیت سے پاکستان میں قائم ہوئی۔ ایس ایف ایل 30 ستمبر 2019 کے مطابق ایس سی ایل کے 100% حصص کی مالک ہے۔ ضروری منظور یوں کے حوالے سے، ایس سی ایل ہر قسم کے سینٹ اور اس کی متعلقہ مصنوعات بنانے کے لئے پلانٹ قائم اور نصب کرنے کا ارادہ رکھتی ہے۔

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Sapphire

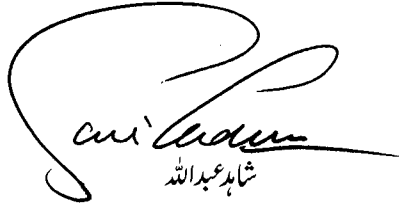
Sapphire Fibres Limited

سفائر انرجی (پرائیویٹ) لمیٹڈ:

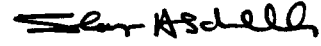
سفائر انرجی (پرائیویٹ) لمیٹڈ (SEPL) 11 دسمبر 2017 کو گنیز ایکٹ 2017 کے تحت شیئرز کے ذریعے ایک نجی کمپنی لمیٹڈ کی حیثیت سے پاکستان میں قائم ہوئی۔ ایس ایف ایل 30 ستمبر 2019 کے مطابق ایس ای پی ایل کے 100% حصص کی مالک ہے۔

ایس ای پی ایل بجلی کی پیداوار میں مصروف عمل کمپنیوں میں انڈرنیک، پاور پروفیکٹس کوڈ ویلپ اور ایکویٹی سرمایہ کاری، حصص رکھنے یا خریدنے کا اور تمام اقسام کی گیسوں اور تمام دیگر متعلقہ مانتعات، کیمیکل اینڈ پیٹرو لیم مصنوعات کو پینڈنگ، ری گیسٹی فلیشن، سٹورج، ٹریڈنگ اور پروسیسنگ کے لئے ٹریڈنگ چلانے کا ارادہ رکھتی ہے۔

منجانب بورڈ آف ڈائریکٹرز



شاہد عبداللہ
چیف ایگزیکٹو



شایان عبداللہ
ڈائریکٹر

لاہور

تاریخ: 29 اکتوبر 2019

Sapphire Fibres Limited and its Subsidiaries
Condensed Interim Consolidated Statement of Financial Position - Unaudited
As at 30 September, 2019

Assets	Note	Un-Audited 30 September, 2019 Rupees	Audited 30 June, 2019 Rupees
Non Current Assets			
Property, plant and equipment	6	23,602,036,690	23,634,642,148
Investment property		31,750,000	31,750,000
Intangible assets		11,180,150	11,705,721
Long term investments	7	5,285,783,707	5,219,025,045
Long term loans		409,000	442,000
Long term deposits		42,366,445	42,106,445
		28,973,525,992	28,939,671,359
Current Assets			
Stores, spare parts and loose tools		305,838,514	248,085,374
Stock-in-trade		6,806,281,732	6,992,281,448
Trade debts		13,336,483,293	14,867,544,760
Loans and advances		535,782,930	139,485,191
Trade deposits and short term prepayments		18,199,730	119,201,441
Short term investments		2,807,373,438	2,908,132,483
Other receivables		897,847,201	916,496,927
Tax refunds due from Government		877,881,544	826,956,709
Cash and bank balances		488,756,547	1,064,060,078
		26,074,444,929	28,082,244,411
Total Assets		55,047,970,921	57,021,915,770
Equity and Liabilities			
Share Capital and Reserves			
Authorised capital			
35,000,000 ordinary shares of Rs.10 each		<u>350,000,000</u>	<u>350,000,000</u>
Issued, subscribed and paid-up capital			
19,687,500 ordinary shares of Rs.10 each		196,875,000	196,875,000
Reserves		2,664,315,939	2,799,006,787
Unappropriated profit		<u>20,197,254,933</u>	<u>19,214,376,030</u>
Equity attributable to shareholders of the Parent Company		23,058,445,872	22,210,257,817
Non-controlling interest		<u>4,805,471,288</u>	<u>4,529,981,873</u>
Total equity		27,863,917,160	26,740,239,690
Non current liabilities			
Long term finances		3,440,135,342	4,147,521,687
Staff retirement benefit - gratuity		255,285,546	242,930,143
Deferred taxation		135,362,889	131,621,754
		3,830,783,777	4,522,073,584
Current liabilities			
Trade and other payables		3,644,688,310	3,689,161,254
Contract liabilities		358,579,333	313,963,434
Accrued mark-up / interest		284,281,433	414,784,309
Short term borrowings		15,721,274,545	17,591,614,934
Current portion of long term finances		3,014,851,888	3,509,531,264
Unclaimed dividend		5,882,659	5,967,559
Provision for taxation		323,711,816	234,579,742
		23,353,269,984	25,759,602,496
Contingencies and commitments	8		
Total equity and liabilities		55,047,970,921	57,021,915,770

The annexed notes 1 to 12 form an integral part of these consolidated financial statements.


Chief Executive

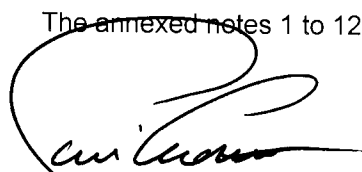

Director

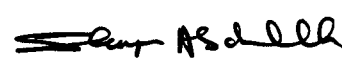

Chief Financial Officer

Sapphire Fibres Limited and its Subsidiaries
Condensed Interim Consolidated Statement of Profit or Loss - Unaudited
For the Three Months Period Ended 30 September, 2019

		Three months period ended 30 September,	
		2019	2018
		Rupees	Rupees
	Note		
Sales		10,672,599,299	10,164,989,963
Cost of sales	9	8,526,111,250	8,674,260,871
Gross profit		2,146,488,049	1,490,729,092
Distribution cost		218,909,690	146,026,738
Administrative expenses		115,699,955	106,327,394
Other expenses		27,679,671	16,316,779
Other income		(131,248,202)	(122,154,082)
		231,041,114	146,516,829
Profit from operations		1,915,446,935	1,344,212,263
Finance cost		671,486,545	438,661,981
		1,243,960,390	905,550,282
Share of profit of associates		121,728,304	14,000,536
Profit before taxation		1,365,688,694	919,550,818
Taxation			
Current		89,132,076	56,091,321
Deferred		3,741,135	8,845,620
		92,873,211	64,936,941
Profit after taxation		1,272,815,483	854,613,877
Attributable to:			
- Shareholders of the Parent Company		997,326,068	620,035,671
- Non-controlling interest		275,489,415	234,578,206
		1,272,815,483	854,613,877
Earnings per share - attributable to the shareholders of the Parent Company		50.66	31.49

The annexed notes 1 to 12 form an integral part of these consolidated financial statements.


Chief Executive

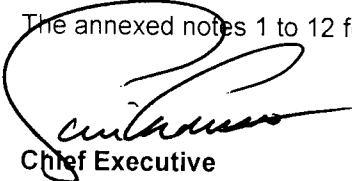

Director


Chief Financial Officer

Sapphire Fibres Limited and its Subsidiaries
Condensed Interim Consolidated Statement of Other Comprehensive Income - Unaudited
For the Three Months Period Ended 30 September, 2019

	Three months period ended	
	30 September,	
	2019 Rupees	2018 Rupees
Profit after taxation	1,272,815,483	854,613,877
Other comprehensive income / (loss)		
Items that will not be reclassified to statement of profit or loss subsequently		
Unrealised loss on remeasurement of investment at fair value through other comprehensive income		
- long term	(53,685,730)	(47,490,630)
- short term	(116,996,599)	(152,392,635)
Impact of deferred tax	-	27,306,895
Share of fair value loss on re-measurement of available-for-sale investments of Associated Companies	(1,374,740)	(1,903,321)
	(172,057,069)	(174,479,691)
Items that will be reclassified to statement of profit or loss subsequently		
Unrealised gain on remeasurement of forward foreign exchange contracts	22,817,376	-
Share of unrealised profit / (loss) on remeasurement of hedging instrument of Associated Companies	103,150	(34,828)
	22,920,526	(34,828)
Total comprehensive gain for the period	1,123,678,940	680,099,358
Attributable to:		
- Shareholders of the Parent Company	848,189,525	445,521,152
- Non-controlling Interest	275,489,415	234,578,206
	1,123,678,940	680,099,358

The annexed notes 1 to 12 form an integral part of these consolidated financial statements.


 Chief Executive

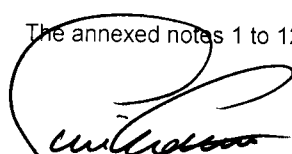

 Director

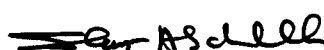

 Chief Financial Officer

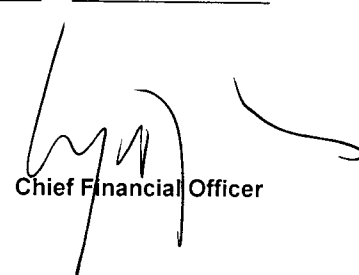
Sapphire Fibres Limited and its Subsidiaries
Condensed Interim Consolidated Statement of Cash Flows - Unaudited
For the Three Months Period Ended 30 September, 2019

	Three months period ended 30 September,	
	2019 Rupees	2018 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	1,243,960,390	905,550,282
Adjustments for non-cash charges and other items:		
Depreciation	345,210,896	322,537,261
Amortisation	525,571	354,158
Staff retirement benefits - gratuity	32,278,616	22,665,169
Provision for workers' profit participation fund	15,478,420	5,853,545
Gain on disposal of operating fixed assets	(379,051)	(473,900)
Gain on sale of stores & spares	(5,778)	(12,605)
Dividend, interest and other income	(119,334,092)	(114,262,185)
Exchange fluctuation loss / (gain)	4,429,173	(2,045,259)
Finance cost	669,371,595	438,659,008
	<u>947,575,350</u>	<u>673,275,192</u>
Cash inflow from operating activities before working capital changes	<u>2,191,535,740</u>	<u>1,578,825,474</u>
Decrease / (Increase) in current assets		
Stores, spares and loose tools	(57,759,842)	(15,034,675)
Stock in trade	185,999,716	(1,531,970,381)
Trade debts	1,531,061,467	(1,960,917,281)
Loans and advances	(82,254,035)	(45,552,271)
Deposits, other receivables and sales tax	78,982,899	27,823,926
Increase in trade and other payables	19,734,015	514,966,137
	<u>1,675,764,220</u>	<u>(3,010,684,545)</u>
Cash inflow / (outflow) from operating activities	<u>3,867,299,960</u>	<u>(1,431,859,071)</u>
Staff retirement benefit paid	(19,923,213)	(136,070,899)
Finance cost paid	(801,989,421)	(401,739,802)
Taxes paid	(312,805,698)	(149,874,070)
Workers' profit participation fund paid	(37,000,000)	-
Long term loans and deposits	(227,000)	(54,000)
	<u>(1,171,945,332)</u>	<u>(687,738,771)</u>
Net Cash inflow / (outflow) from operating activities	<u>2,695,354,628</u>	<u>(2,119,597,842)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditures	(313,526,526)	(346,044,774)
Long and short term investments-net	3,000	3,000
Sale proceeds of operating fixed assets	1,300,139	2,145,001
Sale proceeds of stores & spares	12,480	652,935
Dividend, interest and other income received	113,643,758	97,262,206
Net cash outflow from investing activities	<u>(198,567,149)</u>	<u>(245,981,632)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Long term finances - obtained	-	134,462,000
Long term finances - repaid	(212,370,973)	(621,784,792)
Dividend paid	(989,779,648)	-
Shares allotted	400,000	-
Short term borrowings - net	(1,870,340,389)	2,710,655,511
Net cash (outflow) / inflow from financing activities	<u>(3,072,091,010)</u>	<u>2,223,332,719</u>
Net decrease in cash and cash equivalents	<u>(575,303,531)</u>	<u>(142,246,755)</u>
Cash and cash equivalents - at the beginning of the period	<u>1,064,060,078</u>	<u>534,201,894</u>
CASH AND CASH EQUIVALENTS - at the end of the period	<u>488,756,547</u>	<u>391,955,139</u>

The annexed notes 1 to 12 form an integral part of these consolidated financial statements.


Chief Executive

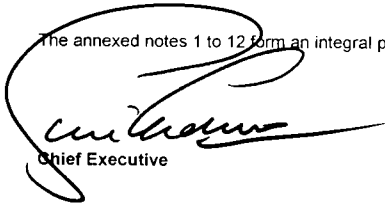

Director


Chief Financial Officer

Sapphire Fibres Limited and its Subsidiaries
Condensed Interim Consolidated Statement of Changes in Equity - Unaudited
For the Three Months Period Ended 30 September, 2019

	Reserves									
	Capital		General	Unrealised gain on financial assets at fair value through other comprehensive income	Unrealised gain on hedging instruments	Sub-total	Unappropriated profit	Total	Non Controlling Interest	
	Share premium	Maintenance reserve								
Issued, subscribed and paid-up capital										
	Rupees									
Balance as at 01 July, 2018	196,875,000	145,740,000	35,181,732	1,183,845,000	2,928,821,052	168,060	4,293,755,844	16,434,544,121	20,925,174,965	3,515,865,102
Total comprehensive income for the period ended 30 September, 2018										
Profit for the period	-	-	-	-	-	-	-	620,035,671	620,035,671	234,578,206
Other comprehensive loss	-	-	-	-	(174,479,691)	(34,828)	(174,514,519)	-	(174,514,519)	-
Transfer to maintenance reserve	-	-	21,840,548	-	(174,479,691)	(34,828)	(174,514,519)	620,035,671	445,521,152	234,578,206
Effect of items directly credited in equity by associates	-	-	-	-	-	-	21,840,548	(21,840,548)	-	-
Balance as at 30 September, 2018	196,875,000	145,740,000	57,022,280	1,183,845,000	2,754,341,361	133,232	4,141,081,873	17,032,095,678	21,370,052,551	3,750,443,308
Balance as at 01 July, 2019	196,875,000	145,740,000	113,752,279	1,183,845,000	1,355,378,026	291,482	2,799,006,787	19,214,376,030	22,210,257,817	4,529,981,873
Total comprehensive income for the period ended 30 September, 2019										
Profit for the period	-	-	-	-	-	-	-	997,326,068	997,326,068	275,489,415
Other comprehensive (loss) / income	-	-	-	-	(172,057,069)	22,920,526	(149,136,543)	-	(149,136,543)	-
Transfer to maintenance reserve	-	-	14,445,695	-	(172,057,069)	22,920,526	(149,136,543)	997,326,068	848,189,525	275,489,415
Effect of items directly credited in equity by associates	-	-	-	-	-	-	14,445,695	(14,445,695)	-	-
Balance as at 30 September, 2019	196,875,000	145,740,000	128,197,974	1,183,845,000	1,183,320,957	23,212,008	2,664,315,939	20,197,254,933	23,058,445,872	4,805,471,288

The annexed notes 1 to 12 form an integral part of these consolidated financial statements.


Chief Executive


Director


Chief Financial Officer

SAPPHIRE FIBRES LIMITED AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Un-audited)
FOR THE PERIOD ENDED 30 SEPTEMBER , 2019

1. LEGAL STATUS AND OPERATIONS

The Group consists of following parent and subsidiary companies.

The Parent Company

- **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. The registered office of the Parent Company is located at 316, Cotton Exchange Building, Karachi while its mills and head office are located in Lahore and Sheikhpura districts.

The Subsidiary Companies

- **Sapphire Electric Company Limited - SECL**

SECL was incorporated in Pakistan as a public company limited by shares under the Companies Ordinance, 1984 (now the Companies Act, 2017) 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 Sheikhpura, Punjab. The registered office of the Subsidiary Company is located at 7-A/K, Main Boulevard, Gulberg II, Lahore. The Subsidiary Company has a Power Purchase Agreement (PPA) with its sole customer, National Transmission and Despatch Company Limited (NTDC) for thirty years which commenced from October 05, 2010.

- **Premier Cement Limited - PCL**

PCL is a wholly owned subsidiary and was incorporated in Pakistan as a public company limited by shares under the Companies Ordinance, 1984 (now the Companies Act, 2017), on July 26, 2016. The registered office of the Subsidiary Company is located at 7 - A/K, Main Boulevard, Gulberg - II, Lahore. 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 2020.

- **Sapphire Cement Company Limited - SCCL**

SCCL is a wholly owned subsidiary and was incorporated in Pakistan as a public company limited by shares under the Companies Ordinance, 1984 (now the Companies Act, 2017) on October 28, 2016. The principal activity of subsidiary company is to manufacture and sale of cement and allied products. The registered office of the Subsidiary Company is located at 7 - A/K, Main Boulevard, Gulberg - II, Lahore. The Subsidiary company is aiming to set up its plant in the province of Punjab.

- **Sapphire Energy (Private) Limited - SEL**

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. The registered office of the Subsidiary Company is located at 7 - A/K, Main Boulevard, Gulberg - II, Lahore.

- **Sapphire Hydro Limited - SHL**

SHL is a wholly owned subsidiary of Sapphire Electric Company Limited - SECL which is a subsidiary of the Parent Company and 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 is 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 Pakhtunkhwa. The subsidiary company is in setup phase and has not yet commenced commercial operations. The registered office of the Subsidiary Company is located at 7 - A/K, Main Boulevard, Gulberg - II, Lahore.

2. BASIS OF PREPARATION

These condensed interim consolidated financial information have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Act; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Act differ from the IFRS Standards, the provisions of and directives issued under the Act have been followed.

These condensed interim consolidated financial statements are presented in Pakistan Rupees, which is the Company's functional and presentation currency. All financial information presented in Pakistan Rupees has been rounded to the nearest rupees unless otherwise specified.

3. PRINCIPLES OF CONSOLIDATION

The assets and liabilities of the Subsidiary Companies have been consolidated on a line by line basis and the carrying value of investment held by the Holding Company is eliminated against Holding Company's share in paid-up capital of the Subsidiary Companies.

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.

Non-controlling interest is calculated on the basis of their proportionate share in the net assets of the Subsidiary Company.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation of balances adopted in the preparation of this condensed interim consolidated financial information are the same as those applied in preparation of the preceding published consolidated financial statements of the Group for the year ended 30 June, 2019.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of condensed interim consolidated financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amount of assets, liabilities, income and expenses. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In preparing this condensed interim financial information, the significant judgments made by management in applying accounting policies and key sources of estimation were the same as those that were applied to the annual audited financial statements for the year ended 30 June, 2019.

The Group's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June, 2019.

		Un-audited 30 September, 2019 Rupees	Audited 30 June, 2019 Rupees
6. PROPERTY, PLANT AND EQUIPMENT	Note		
Operating fixed assets	6.1	22,972,914,790	23,179,031,125
Capital work in progress	6.2	629,121,900	455,611,023
		23,602,036,690	23,634,642,148
6.1 Operating fixed assets			
Opening book value		23,179,031,125	22,639,958,482
Additions/Adjustments during the period/year			
- land (freehold)		-	180,535,100
- land (leasehold)		-	627,600
- residential buildings and others		2,157,492	83,640,352
- factory buildings		9,803,355	287,624,368
- plant and machinery		116,617,372	1,273,853,514
- electric installations		1,056,425	40,799,859
- fire fighting equipment		-	590,000
- office equipment		-	115,000
- mill equipments		664,200	799,885
- computer hardware		381,000	3,743,404
- vehicles		8,926,000	35,207,102
- furniture and fixtures		409,805	251,177
		140,015,649	1,907,787,361
Book value of assets disposed-off / adjustments during the quarter / year		(921,088)	(44,128,140)
Depreciation charge for the quarter / year		(345,210,896)	(1,324,586,578)
Closing book value		22,972,914,790	23,179,031,125

- 7.1.2** Investment in SFLL represents 10,199 fully paid ordinary shares of Rs.10 each representing 0.051% (30 June, 2019: 0.051%) of SFLL's issued, subscribed and paid-up capital as at September 30, 2019. SFLL was incorporated on April 26, 2010 as a public limited company and its shares are quoted on Pakistan Stock Exchange. The main business of SFLL is to invest in the shares of Associated Companies. SFLL is an associate of the Group due to common directorship. The financial information of SFLL for the quarter ended 30 September, 2019 has been used for the purpose of application of equity method.
- 7.1.3** Investment in SPGL represents 2,824,500 fully paid ordinary shares of Rs.10 each representing 17.63% (30 June, 2019: 17.63%) of SPGL's issued, subscribed and paid-up capital as at September 30, 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. The financial information of SPGL for the quarter ended 30 September, 2019 has been used for the purpose of application of equity method.
- 7.1.4** Investment in SDL represents 10,000,000 fully paid ordinary shares of Rs.10 each representing 9.09% (30 June, 2019: 9.09%) of SDL's issued, subscribed and paid-up capital as at September 30, 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. The financial information of SDL for the quarter ended 30 September, 2019 has been used for the purpose of application of equity method.
- 7.1.5** The Parent Company hold 59,251,500 fully paid ordinary shares of Rs.10 each representing 7.13% (30 June, 2019: 7.13%) of TBCCL's issued, subscribed and paid-up capital as at September 30, 2019. The Parent Company has pledged these shares through an Onshore Security Trustee under Share Pledge Group Agreement dated May 08, 2017 as security against financing facilities advanced to TBCCL. 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. The financial information of TBCCL for the quarter ended 30 September, 2019 has been used for the purpose of application of equity method.
- 7.1.6** The Subsidiary Company - Sapphire Energy (Private) Limited (SEL), has made investment in ETL's 3,000 fully paid ordinary shares of Rs.10 each representing 30% (30 June, 2019: 30%) of ETL's issued, subscribed and paid-up capital as at 30 September, 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.
- 7.1.7** The Subsidiary Company - SEL, during the preceding year, made investment in EML's 3,000 fully paid ordinary shares of Rs.10 each representing 30% of EML's issued, subscribed and paid-up capital as at September 30, 2019. EML was incorporated as a private limited company. The principal activity of EML shall be to import, process and sell natural gas, liquified natural gas all other related items.
- 7.1.8** Investments made by the Group in the Subsidiary and Associated Companies have been made in accordance with the requirements under the Companies Act, 2017.

7.2 Equity Instruments - at FVTOCI	Un-audited 30 September, 2019 Rupees	Audited 30 June, 2019 Rupees
Quoted		
MCB Bank Limited		
18,213,195 (30 June, 2019: 18,213,195) ordinary shares of Rs.10 each - cost	896,451,123	896,451,123
Adjustment arising from re-measurement to fair value	2,191,960,353	2,280,840,745
	3,088,411,476	3,177,291,868
Habib Bank Limited		
7,244,196 (30 June, 2019: 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	(361,026,968)	(396,595,970)
	856,046,641	820,477,639
Unquoted		
Novelty Enterprises (Pvt.) Limited		
2,351,995 ordinary shares of Rs.10 each	28,716,078	28,716,078
TCC Management Services (Pvt.) Limited - Unquoted		
50,000 ordinary shares of Rs.10 each	500,000.00	500,000
	3,973,674,195	4,026,985,585
7.3 Debt Instruments - at FVTOCI		
Habib Bank Limited -		
term finance certificates (TFCs)		
650 (2019: 150) Term finance certificates of Rs.100,000 each - cost	64,979,000	14,982,000
Adjustment arising from re-measurement to fair value	(1,048,530)	(674,190)
	63,930,470	14,307,810
Advance against purchase of TFCs	-	50,000,000
	63,930,470	64,307,810

8. CONTINGENCIES AND COMMITMENTS

- 8.1 Guarantees issued by banks to various Government institutions on behalf of the Parent and Subsidiary Company aggregate Rs. 2,557.973 million (30 June, 2019: Rs.2,538.546 million).

- 8.2 SNGPL has claimed late payment surcharge amounting to Rs 471.986 million (2019: Rs 444.077 million) on account of partial payments made by the group against the RLNG consumed by it prior to the Price Determinations of RLNG by the Oil and Gas Regulatory Authority ('OGRA'). The management is of the view that, as per the terms of the Gas Supply Agreement ('GSA') and the Operating Procedure signed by the group, Ministry of Petroleum and Natural Resources, Ministry of Water and Power, SNGPL and Central Power Purchasing Agency (Guarantee) Limited, the company is liable to make payments to SNGPL on the basis of the prices notified by OGRA, therefore, the partial payments made by the group to SNGPL prior to OGRA price determinations do not constitute a default on the group's part. Based on the advice of the group's legal counsel, management considers that under the terms of the GSA and the Operating Procedure, there are meritorious grounds to support the group's stance. Consequently, no provision for the abovementioned amount has been made in these consolidated financial statements.

There was no significant change in status of contingencies that were disclosed to the annual audited consolidated financial statements for the year ended 30 June, 2019 except disclosed above.

	Un-audited 30 September, 2019 Rupees	Audited 30 June, 2019 Rupees
Commitments in respect of :		
- letters of credit for capital expenditure	1,267,509,313	326,157,435
- letters of credit for purchase of raw materials and stores, spare parts & chemicals	528,271,348	243,265,201
- capital expenditure other than letters of credit	67,607,337	5,418,822

- 8.3 The Subsidiary Company has an agreement with a consortium between General Electric International, Inc. and General Electric Energy Parts, Inc. for the operations and maintenance (O & M) of the power station started from the Commercial Operations Date of the power station upto earlier of the time when the power station has run 144,000 Fired Hours and February 14, 2030. Under the terms of the O & M agreement, the Subsidiary Company is required to pay a monthly fixed O & M fee and a variable O & M fee depending on operation of the plant on gas or diesel, both of which shall be subject to an annual increase of 3%.

		Un-audited 30 September, 2019 Rupees	Un-audited 30 September, 2018 Rupees
9. COST OF SALES	Note		
Stocks - opening		1,309,473,560	642,813,568
Cost of goods manufactured	9.1	8,592,157,788	8,867,323,506
Cost of raw materials sold		18,338,363	3,897,659
		9,919,969,711	9,514,034,733
Stocks - closing		1,393,858,461	839,773,862
		8,526,111,250	8,674,260,871
9.1 Cost of goods manufactured			
Work in process - opening		830,588,354	439,022,953
Raw materials consumed		6,128,313,287	6,888,821,022
Overheads		2,457,316,966	2,008,998,241
		8,585,630,253	8,897,819,263
		9,416,218,607	9,336,842,216
Work in process - closing		824,060,819	469,518,710
		8,592,157,788	8,867,323,506

10 SEGMENT INFORMATION

The Group's reportable segments are as follows:

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

10.1 Segment revenues and results

	Spinning	Knitting, Processing and garments	Denim	Power	Total
	----- Rupees -----				
For the period ended 30 September, 2019					
Revenue - external Customers	3,108,699,656	1,547,346,349	1,563,056,829	4,453,496,465	10,672,599,299
Inter -segment Sale	523,911,589		196,570		524,108,159
Segment Results	229,233,487	293,858,994	(156,659,424)	889,658,757	1,256,091,814
For the period ended 30 September, 2018					
Revenue - external Customers	2,723,310,911	1,169,562,426	890,209,289	5,381,907,337	10,164,989,963
Inter -segment Sale	398,982,699	-	-	-	398,982,699
Segment Results	231,112,914	104,540,519	(179,866,308)	750,253,248	906,040,373

Reconciliation of segment results with profit after tax is as follows:

	Three months period ended 30 September,	
	2019 Rupees	2018 Rupees
Total results for reportable segments	1,256,091,814	906,040,373
Administrative expenses	(115,699,955)	(106,327,394)
Other income	131,248,202	122,154,082
Other expenses	(27,679,671)	(16,316,779)
Share of profit / (loss) of associates	121,728,304	14,000,536
Taxation	(92,873,211)	(64,936,941)
Profit after taxation	1,272,815,483	854,613,877

10.2 Segment assets and liabilities

	Spinning	Knitting, Processing and garments	Denim	Power	Total
	----- Rupees -----				
As at 30 September, 2019					
Segment assets	7,966,063,133	3,044,556,169	7,710,564,692	23,111,789,866	41,832,973,860
Unallocated assets					13,214,997,061
					55,047,970,921
Segment liabilities	6,941,078,152	1,590,652,965	10,294,391,418	8,042,374,988	26,868,497,524
Unallocated liabilities					315,556,237
					27,184,053,761
As at 30 June, 2019					
Segment assets	8,804,619,975	3,019,297,370	7,559,246,293	24,701,731,474	44,084,895,112
Unallocated assets					12,937,020,658
					57,021,915,770
Segment liabilities	7,813,374,935	1,662,202,238	10,013,081,249	10,496,190,584	29,984,849,006
Unallocated liabilities					296,827,074
					30,281,676,080

10.3 Geographical information

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

11. RELATED PARTY TRANSACTIONS

The Company has related party relationship with its Associated Companies, employee benefit plan, its directors and key management personnel. Transactions with related parties are carried-out on arm's length basis. There were no transactions with key management personnel other than under the terms of employment. Aggregate transactions with associated companies during the period were as follows:

		Un-audited 30 September, 2019 Rupees	Un-audited 30 September, 2018 Rupees
I. Associates	Sale of goods and services	51,752,667	159,194,906
	Purchase of goods and services	381,615,108	239,985,749
	Electric power purchased	-	38,848,900
	Dividend Received	-	38,246
	Expenses charged to	195,136	-
	Expenses charged by	1,089,758	5,802,616
	II. Other related parties	Contribution towards provident fund	8,057,800

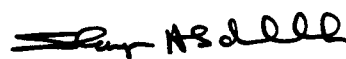
12.

DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 29 October, 2019 by the Board of Directors of the Company.



Chief Executive



Director



Chief Financial Officer