

SAPPHIRE TEXTILE MILLS LIMITED

Third Quarter Accounts March 31, 2017

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Company Profile

Board Of Directors

Chairman	: Mr. Mohammad Abdullah
Chief Executive	: Mr. Nadeem Abdullah
Director	: Mr. Shahid Abdullah Mr. Amer Abdullah Mr. Yousuf Abdullah Mr. Nabeel Abdullah Mr. Shayan Abdullah Mr. Nadeem Karamat (Independent Director)

Audit Committee

Chairman	: Mr. Yousuf Abdullah
Member	: Mr. Amer Abdullah
Member	: Mr. Nadeem Karamat

Human Resource & Remuneration Committee

Chairman	: Mr. Amer Abdullah
Member	: Mr. Yousuf Abdullah
Member	: Mr. Nabeel Abdullah

Chief Financial Officer : Mr. Abdul Sattar

Secretary : Mr. Zeeshan

Auditors : Mushtaq & Company, Chartered Accountants

Tax Consultants : Mushtaq & Company, Chartered Accountants

Legal Advisor : A. K. Brohi & Company

Bankers : Allied Bank Limited, Habib Bank Limited
Standard Chartered Bank (Pakistan) Limited
United Bank Limited, MCB Bank Limited, Bank Al Habib Ltd.

Share Registrar : Hameed Majeed Associates (Pvt.) Ltd.

Registered Office : 212, Cotton Exchange Building, I. I. Chundrigar Road, Karachi.

Mills : S. I. T. E. Kotri, S. I. T. E. Nooriabad, Chunian, District Kasur
Feroze Watwan, Bhopattian, Lahore.

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of the Company have pleasure in submitting their Report together with the un-audited financial statements of the Company for the nine months' period ended March 31, 2017.

FINANCIAL HIGHLIGHTS

	Rupees in Thousand	
	Nine Months Period Ended March 31	
	2017	2016
Sales & Services	19,228,103	17,390,945
Gross Profit	2,055,053	1,975,481
Other Income	2,692,951	1,156,267
Profit before taxation	2,957,781	1,452,152
Taxation		
- Current	(190,012)	(203,200)
- Prior year	8,771	93
- Deferred	40,699	(32,222)
	(140,542)	(235,329)
Profit after taxation	2,817,239	1,216,823

REVIEW OF OPERATIONS

The profit before tax for the nine months of the current financial year was Rs. 2,957.781 million compared to Rs. 1,452.152 million in the corresponding period of previous year. The gross profit as a percentage of sales was 10.69% as compared to 11.36% in the corresponding period. During the period beside operational income; gain on sale of equity investments and higher dividend income from equity investments resulted improved profitability.

EARNINGS PER SHARE

The earnings per share for the nine months period ended March 31, 2017 was Rs. 140.28 as compared to Rs. 60.59 for previous year's corresponding period.

DIVIDEND

The Board of Directors is pleased to approve an interim cash dividend of 140% i.e. Rs. 14 per share for the year ended June 30, 2017.

FUTURE PROSPECTS

The Profitability of the Company is expected to improve further in view of the recently announced textile package. To meet market challenges the Company has invested heavily in value additions and hope these efforts will yield long term positive results.

ACKNOWLEDGEMENTS

The Management would like to place on record its appreciation for the support of Board of Directors, regulatory authorities, shareholders, customers, financial institutions, suppliers and dedication & hard work of the Staff and Workers.

On behalf of the Board

Karachi
Dated: April 20, 2017

NADEEM ABDULLAH
CHIEF EXECUTIVE

ڈائریکٹر رپورٹ برائے حصص یافتگان

کمپنی کے ڈائریکٹران آپ کے سامنے نہایت مسرت کے ساتھ 31 مارچ 2017 کو اختتام پذیر ہونے والی تیسری سہ ماہی کی غیر آڈٹ شدہ مالیاتی تفصیلات پیش کر رہے ہیں۔

مالیاتی کارکردگی کی جھلکیاں

31 مارچ 2017 اختتام پذیر ہونے والی تیسری سہ ماہی		
2016	2017	
رقم ہزاروں میں		
17,390,945	19,228,103	فروخت اور خدمات
1,975,481	2,055,053	مجموعی منافع
1,156,267	2,692,951	دیگر ذرائع سے آمدن
1,452,152	2,957,781	قبل از ٹیکس منافع
		ٹیکس
(203,200)	(190,012)	موجودہ سال
93	8,771	گزشتہ سال
(32,222)	40,699	موخر
(235,329)	(140,542)	
1,216,823	2,817,239	بعد از ٹیکس منافع

کاروباری کارکردگی کا جائزہ

رواں مالی سال کی تیسری سہ ماہی کیلئے ٹیکس سے قبل منافع 2,957.78 ملین روپے رہا جبکہ گزشتہ سال اسی مدت میں یہ منافع 1,452.152 ملین تھا۔ شرح کل منافع فروخت اور خدمات کا 10.6% فیصد رہا جبکہ یہی شرح گزشتہ سال کی اسی مدت میں 11.36% فیصد تھی۔ کمپنی کی اس مدت میں بہتر منافع کی وجہ کاروباری منافع کے ساتھ ساتھ حصص کی فروخت اور ڈیویڈنڈ سے بہتر آمدنی تھی۔

آمدنی فی حصص

31 مارچ 2017ء کو ختم ہونے والی تیسری سہ ماہی کیلئے آمدنی فی حصص 140.28 روپے رہی، جبکہ پچھلے سال کی اسی مدت میں یہ 60.59 روپے تھی۔ ڈیویڈنڈ

بورڈ آف ڈائریکٹر نہایت مسرت کے ساتھ رواں مالی سال کے لیے 140 فیصد عبوری کیش ڈیویڈنڈ (جو کے 14 روپے فی حصص بنتا ہے) کا اعلان کرتے ہیں

مستقبل کا منظر نامہ

نئے اعلان کردہ ٹیکسٹائل پیکیج کو مدنظر رکھتے ہوئے یہ امید کی جا رہی ہے کہ کمپنی کی آمدنی میں مزید اضافہ ہوگا۔ کمپنی نے مارکیٹ کے چیلنجز کو پیش نظر رکھتے ہوئے ویلیو ایڈیشن میں بھاری سرمایہ کاری کی ہے اور امید کرتی ہے کہ ان کوششوں سے طویل مدتی مثبت نتائج برآمد ہوں گے۔

اظہار تشکر

کمپنی اپنے ڈائریکٹران، ریگولیٹری اتھارٹیز، حصص یافتگان، کسٹمرز، مالیاتی اداروں، سپلائرز کی شراکت داری اور کارکنوں کی لگن اور انتھک محنت کو قدر کی نگاہ سے دیکھتی ہے۔

بورڈ کی جانب سے

ندیم عبداللہ
چیف ایگزیکٹو

کراچی

تاریخ: 20 اپریل 2017ء

**CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2017**

		(Un-audited) March 31, 2017	(Audited) June 30, 2016
	Note	----- Rupees -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	10,545,790,048	9,522,840,324
Investment property		31,750,000	31,750,000
Intangible assets		3,131,290	5,009,968
Long term investments		12,725,808,384	10,523,389,245
Long term loans and advances		303,509,781	52,195,065
Long term deposits and prepayments		82,368,808	82,313,808
		23,692,358,311	20,217,498,410
CURRENT ASSETS			
Stores, spares and loose tools		420,956,329	328,631,930
Stock-in-trade		6,313,518,137	4,281,470,839
Trade debts		2,016,695,624	1,473,660,103
Loans and advances		740,149,954	473,080,294
Trade deposits and short term prepayments		30,272,729	12,857,748
Other receivables		286,935,483	170,505,333
Other financial assets		4,689,160,226	2,986,400,454
Tax refunds due from Government		1,565,413,804	1,756,845,708
Cash and bank balances		219,716,075	99,706,069
		16,282,818,361	11,583,158,478
TOTAL ASSETS		39,975,176,672	31,800,656,888
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
35,000,000 ordinary shares of Rs. 10 each		350,000,000	350,000,000
Issued, subscribed and paid-up capital			
20,083,140 ordinary shares of Rs.10 each		200,831,400	200,831,400
Reserves		17,405,455,798	14,703,149,767
		17,606,287,198	14,903,981,167
NON-CURRENT LIABILITIES			
Long term financing		9,616,561,318	6,728,738,161
Deferred liabilities		399,926,422	491,518,519
		10,016,487,740	7,220,256,680
CURRENT LIABILITIES			
Trade and other payables		3,082,216,371	2,525,623,858
Accrued Interest / mark-up		110,233,227	124,294,821
Short term borrowings		7,638,366,431	4,657,389,209
Current portion of long term payable		437,690,360	457,090,780
Current portion of long term financing		813,024,978	1,628,822,242
Provision for taxation		270,870,367	283,198,131
		12,352,401,734	9,676,419,041
CONTINGENCIES AND COMMITMENTS	6		
TOTAL EQUITY AND LIABILITIES		39,975,176,672	31,800,656,888

The annexed notes from 1 to 11 form an integral part of these condensed interim financial information.

Karachi:

Dated: April 20, 2017

NADEEM ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, ,2017**

	Note	Nine Months Period Ended		Quarter Ended	
		March 31,		March 31,	
		2017	2016	2017	2016
		----- Rupees -----		----- Rupees -----	
Sales and services		19,228,103,416	17,390,944,884	6,835,631,188	6,091,660,596
Cost of sales and services	7	(17,173,051,119)	(15,415,463,501)	(6,014,501,392)	(5,400,422,529)
Gross profit		2,055,052,297	1,975,481,383	821,129,796	691,238,067
Distribution cost		(688,458,658)	(675,392,089)	(232,447,725)	(243,273,582)
Administrative expenses		(265,067,805)	(218,199,888)	(88,755,023)	(71,717,165)
Other operating expenses		(156,225,911)	(131,649,160)	(79,692,877)	(36,636,000)
Other income		2,692,951,329	1,156,266,617	1,095,789,899	374,863,509
		1,583,198,955	131,025,480	694,894,274	23,236,762
Profit from operations		3,638,251,252	2,106,506,863	1,516,024,070	714,474,829
Finance cost		(680,470,796)	(654,354,531)	(244,434,416)	(244,312,723)
Profit before taxation		2,957,780,456	1,452,152,332	1,271,589,654	470,162,106
Taxation					
Current					
- for the period		(190,011,899)	(203,200,882)	(71,023,099)	(69,188,382)
- prior year		8,771,354	93,326	-	-
Deferred		40,699,067	(32,221,993)	(10,380,351)	(10,728,103)
		(140,541,478)	(235,329,549)	(81,403,450)	(79,916,485)
Profit after taxation		2,817,238,978	1,216,822,783	1,190,186,204	390,245,621
Earnings per share - basic and diluted		140.28	60.59	59.26	19.43

The annexed notes from 1 to 11 form an integral part of these condensed interim financial information.

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2017**

	Nine Months Period Ended		Quarter Ended	
	March 31,		March 31,	
	2017	2016	2017	2016
	----- Rupees -----		----- Rupees -----	
Profit after taxation	2,817,238,978	1,216,822,783	1,190,186,204	390,245,621
Other comprehensive income:				
Items that may be reclassified subsequently to profit and loss				
Available for sale investments				
Unrealized gain / (loss) on remeasurement of available for sale investments	2,244,038,028	(1,097,632,047)	(180,172,686)	(491,381,168)
Reclassification adjustments relating to gain realised on disposal of available for sale investments	(2,067,906,972)	(662,457,856)	(863,166,196)	(267,964,983)
	176,131,056	(1,760,089,903)	(1,043,338,882)	(759,346,151)
Forward foreign currency contracts				
Unrealized loss on remeasurement of forward foreign currency contracts	(1,502,839)	(1,513,733)	(8,881,983)	(1,285,515)
Reclassification adjustments relating to (gain) / loss realized on settlement of foreign currency contracts	(8,397,204)	2,647,824	-	-
	(9,900,043)	1,134,091	(8,881,983)	(1,285,515)
Other comprehensive income / (loss) for the period	166,231,013	(1,758,955,812)	(1,052,220,865)	(760,631,666)
Total comprehensive income / (loss) for the period	2,983,469,991	(542,133,029)	137,965,339	(370,386,045)

The annexed notes from 1 to 11 form an integral part of these condensed interim financial information.

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2017

	Note	March 31,	
		2017	2016
		----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	8	(611,893,754)	(221,755,153)
Long term loans, deposits and prepayments		(1,369,716)	5,897,851
Finance cost paid		(691,959,512)	(664,874,140)
Staff retirement benefits - gratuity paid		(122,288,642)	(105,505,260)
Taxes paid		(2,136,405)	(504,351,387)
		(817,754,275)	(1,268,832,936)
Net cash used in operating activities		(1,429,648,029)	(1,490,588,089)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,799,305,362)	(1,072,350,163)
Purchase of intangible assets		-	(250,000)
Investment in associates and subsidiaries		(534,272,290)	(751,516,070)
Investment others		(5,096,025,745)	(2,389,170,060)
Loans to subsidiary company		(250,000,000)	-
Proceeds from disposal of property, plant and equipment		30,974,413	17,410,259
Proceeds from disposal of investment property		-	150,000,000
Proceeds from sale of investments		3,923,239,744	1,306,967,272
Dividend received		495,538,327	401,128,942
Interest received		8,785,720	-
Rental income received		-	14,335,731
Net cash used in investing activities		(3,221,065,193)	(2,323,444,089)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings - net		2,958,616,223	3,118,314,803
Proceeds from long term financing		4,114,746,024	1,348,814,000
Repayment of long term financing		(2,042,720,131)	(377,010,534)
Dividend paid		(281,013,770)	(200,684,235)
Net cash generated from financing activities		4,749,628,346	3,889,434,034
Net increase in cash and cash equivalents		98,915,124	75,401,856
Cash and cash equivalents at the beginning of the period		99,305,458	48,966,565
Cash and cash equivalents at the end of the period		198,220,582	124,368,421
Cash and cash equivalents			
Cash and bank balances		219,716,075	146,133,948
Temporary overdraft - unsecured		(21,495,493)	(21,765,527)
Cash and cash equivalents at the end of the period		198,220,582	124,368,421

The annexed notes from 1 to 11 form an integral part of these condensed interim financial information.

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2017**

Share Capital	Reserves				Other Components of equity			Total Equity
	Capital	Revenue		Unappropriated Profit	Unrealized gain / (loss)	On forward foreign exchange contracts	SUB TOTAL	
		Fixed Assets Replacement	General reserves					
200,831,400	156,202,200	65,000,000	1,330,000,000	8,659,139,529	3,961,645,848	(2,647,824)	3,958,998,024	14,370,171,153
-	-	-	-	1,216,822,783	-	-	(1,758,955,812)	1,216,822,783
-	-	-	-	-	(1,760,089,903)	1,134,091	(1,758,955,812)	(542,133,029)
-	-	-	-	1,216,822,783	(1,760,089,903)	1,134,091	(1,758,955,812)	(542,133,029)
-	-	-	-	(200,831,400)	-	-	-	(200,831,400)
200,831,400	156,202,200	65,000,000	1,330,000,000	9,675,130,912	2,201,555,945	(1,513,733)	2,200,042,212	13,627,206,724
200,831,400	156,202,200	65,000,000	1,330,000,000	9,915,860,888	3,227,689,475	8,397,204	3,236,086,679	14,903,981,167
-	-	-	-	2,817,238,978	-	-	-	2,817,238,978
-	-	-	-	-	176,131,056	(9,900,043)	166,231,013	166,231,013
-	-	-	-	2,817,238,978	176,131,056	(9,900,043)	166,231,013	2,983,469,991
-	-	-	-	(281,163,960)	-	-	-	(281,163,960)
200,831,400	156,202,200	65,000,000	1,330,000,000	12,451,935,906	3,403,820,531	(1,502,839)	3,402,317,692	17,606,287,198

Rupees

Balance as at July 01, 2015 (Audited)

Total comprehensive income / (loss) for the nine months period ended March 31, 2016

Profit after taxation

Other comprehensive (loss) / income

Transaction with owners

Final dividend for the year ended June 30, 2015 @ Rs. 10 per share

Balance as at March 31, 2016 (Un-audited)

Balance as at July 01, 2016 (Audited)

Total comprehensive income / (loss) for the nine months period ended March 31, 2017

Profit after taxation

Other comprehensive income / (loss)

Transaction with owners

Final dividend for the year ended June 30, 2016 @ Rs. 14 per share

Balance as at March 31, 2017 (Un-audited)

The annexed notes from 1 to 11 form an integral part of these condensed interim financial information.

Karachi:

Dated: April 20, 2017

NADEEM ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2017****1 LEGAL STATUS AND OPERATIONS**

Sapphire Textile Mills Limited (the Company) was incorporated in Pakistan on March 11, 1969 as a public limited company under the Companies Act, 1913 (Now the Companies Ordinance, 1984). The shares of the Company are listed on Pakistan Stock Exchange. The registered office of the Company is located at 212, Cotton Exchange Building, I.I. Chundrigar Road, Karachi and its mills are located at Kotri, Nooriabad, Chunian, Feroze Watwan and Bhopattian Lahore. The Company is principally engaged in manufacturing and sale of yarn, fabrics, home textile products, finishing and printing of fabrics.

2 BASIS OF PREPARATION**2.1 Statement of compliance**

This condensed interim financial information of the Company for the nine months period ended March 31, 2017 is unaudited and has been prepared in accordance with the requirements of the International Accounting Standard 'IAS' 34 "Interim Financial Reporting" and provisions of and directives issued by the Securities and Exchange Commission of Pakistan under the Companies Ordinance, 1984 (the Ordinance). This condensed interim financial information does not include all of the information and disclosures required for annual financial statements, and should be read in conjunction with the financial statements of the company for the year ended June 30, 2016.

This condensed interim financial information is being submitted to the shareholders as required by the Listing Regulations of Pakistan Stock Exchange and section 245 of the Companies Ordinance, 1984.

2.2 Functional and presentation currency

These financial information are presented in Pakistan Rupees which is also the Company's functional currency. All financial information presented in Pakistan Rupees has been rounded off to the nearest rupee.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation which have been used in the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements for the preceding year ended June 30, 2016.

4 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of this condensed interim financial information is in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Judgements and estimates made by management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements for the year ended June 30, 2016.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended June 30, 2016.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2017**

			(Un-audited) March 31, 2017	(Audited) June 30, 2016
			----- Rupees -----	----- Rupees -----
5	PROPERTY, PLANT AND EQUIPMENT	Note		
	Operating fixed assets		9,936,345,710	9,038,224,693
	Capital work-in-progress	5.2	609,444,338	484,615,631
			10,545,790,048	9,522,840,324
5.1	The cost of additions and disposals to operating fixed assets during the half year ended December 31, 2016 were as follows.			
			(Un-audited) March 31, 2017	Audited June 30, 2016
			Addition Disposal	Addition Disposal
			Cost	Cost
			----- Rupees -----	----- Rupees -----
	Land:			
	Freehold		90,575,000	1,730,000
	Lease hold		13,209,000	3,928,500
	On Freehold land:			
	Factory buildings		218,367,874	117,900,919
	Labour, staff colony and others		11,001,868	4,609,284
	Office building		-	74,208,245
	On Leasehold land:			
	Factory buildings		25,824,585	4,735,277
	Labour, staff colony and others		20,795,819	-
	Lease building improvements		-	33,837,117
	Plant and machinery		1,183,769,107	1,260,461,228
	Electric installations		18,369,494	15,096,255
	Fire Fighting equipment		6,275,143	5,397,197
	Electric equipments		3,906,425	10,468,107
	Computers		8,615,319	16,107,389
	Office equipments		-	412,000
	Mills equipments		9,577,651	6,557,620
	Furniture and fixtures		8,176,936	13,020,648
	Vehicles		56,012,434	72,604,399
			1,674,476,655	1,641,074,185
			137,520,333	80,035,649
			1,641,074,185	106,554,011
			(Un-audited) March 31, 2017	(Audited) June 30, 2016
			----- Rupees -----	----- Rupees -----
5.2	Capital work-in-progress			
	Advance for land		3,113,500	-
	Civil works and buildings		160,348,758	254,321,006
	Plant and machinery		436,183,390	217,686,356
	Electric installations		9,798,690	9,388,269
	Mills equipments		-	1,720,000
	Furniture and fixtures		-	1,500,000
			609,444,338	484,615,631
6	CONTINGENCIES AND COMMITMENTS			
	Contingencies			
6.1	Guarantees issued by banks on behalf of the Company		427,872,988	366,736,988
6.2	Post dated Cheques have been issued to Collector of Customs as an indemnity to adequately discharge the liabilities for taxes and duties leviable on imports. As at March 31, 2017 the value of these cheques amounted to Rs. 295.941 million (June 30, 2016: Rs. 281.325 million).			
6.3	The financial institution has issued guarantees amounting US \$ 450,000 (June 30, 2016: US \$ 75,000) in favour of Alternative Energy Development on request of Company on behalf of Tricon Boston Consulting Corporation (Private) Limited (subsidiary company) against charge of equivalent amount with 25% margin on fixed assets of the Company.			
6.4	There is no change in status of the contingencies as disclosed in notes from 29.3 to 29.6 and 29.8 of the audited annual financial statements of the Company for the year ended June 30, 2016.			

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2017**

			(Un-audited) March 31, 2017	(Audited) June 30, 2016
			----- Rupees -----	----- Rupees -----
6.5	Commitments			
	Confirmed letter of credit in respect of:			
	- plant and machinery		588,760,748	934,549,091
	- raw material		267,015,100	115,600,422
	- stores and spares		39,499,870	48,084,907
			895,275,718	1,098,234,420
7	COST OF SALES AND SERVICES			
		(Un-audited) Nine Months Period Ended March 31,	(Un-audited) Quarter Ended March 31,	
		2017	2016	2017
		2016	2016	2016
		----- Rupees -----	----- Rupees -----	----- Rupees -----
	Note			
	Finished goods - Opening stock	703,267,694	602,173,021	750,547,508
	Cost of goods manufactured	17,297,634,499	15,424,767,385	6,102,490,122
		18,000,902,193	16,026,940,406	6,853,037,630
	Finished goods - Closing stock	(827,851,074)	(611,476,905)	(827,851,074)
		17,173,051,119	15,415,463,501	6,025,186,556
				5,400,422,529
7.1	Cost of Goods Manufactured			
	Work in process - opening stock	316,706,076	302,862,009	352,705,015
	Raw material consumed	11,179,577,948	10,060,358,464	3,897,902,421
	Cost of raw material sold	77,848,980	12,499,401	44,397,209
	Overheads	6,063,868,342	5,372,140,868	2,147,852,324
		17,638,001,346	15,747,860,742	6,442,856,969
	Work in process - closing stock	(340,366,847)	(323,093,357)	(340,366,847)
		17,297,634,499	15,424,767,385	6,102,490,122
				5,417,989,684
8	CASH USED IN OPERATIONS			
	Profit before taxation			1,452,152,332
	Adjustments for non-cash charges and other items:			
	Depreciation	751,958,870		623,417,450
	Depreciation on investment property	-		544,062
	Gain on sale of investments	(2,043,444,564)		(558,004,003)
	Amortization of intangible assets	1,878,678		1,882,845
	Interest income	(21,122,208)		-
	Gain on sale of property, plant and equipment	(6,577,645)		(6,152,282)
	Gain on sale of investment property	-		(20,056,965)
	Dividend income	(602,839,217)		(543,643,650)
	Provision for gratuity	71,395,612		81,718,259
	(Reversal) / Provision for stores, spares and loose tools	(1,064,005)		8,012,688
	Impairment loss on subsidiary	-		100,000
	Amortization of unwinding up of liability	1,306,761		9,509,817
	Exchange differences	2,013,936		12,646,831
	Finance cost	677,897,918		645,366,893
	Rental income	-		(14,335,731)
		(1,168,595,864)		241,006,214
	Operating cash flows before changes in working capital	1,789,184,592		1,693,158,546

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2017**

	(Un-audited)	
	Nine Months Period Ended	
	March 31,	
	2017	2016
	----- Rupees -----	
Changes in working capital		
Decrease in current assets		
Stores, spares and loose tools	(91,260,394)	(39,860,993)
Stock-in-trade	(2,032,047,298)	(1,633,479,916)
Trade debts	(543,035,521)	(383,611,451)
Loans and advances	(267,069,660)	(30,588,443)
Trade deposits and short term prepayments	(17,414,981)	(10,197,861)
Other receivables	(5,189,976)	(38,357,691)
	(2,956,017,830)	(2,136,096,355)
Increase in current liabilities		
Trade and other payables	554,939,484	221,182,656
	(611,893,754)	(221,755,153)

9 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated companies (due to common directorship), wholly owned subsidiaries, directors and key management personnel. Transactions with related parties are as follows:

	(Un-audited)	
	Nine Months Period Ended	
	March 31,	
	2017	2016
	----- Rupees -----	
Subsidiaries:		
Sales	744,424,061	644,921,192
Purchases	5,562,020	164,686
Share deposit money	512,817,290	751,516,070
Shares received	622,879,220	367,066,070
Expenses charged to	821,355	15,603,536
Markup charged to	19,107,993	-
Loans	250,000,000	-
Associates:		
Sales	1,193,410,912	1,055,357,252
Purchases	259,279,867	175,574,810
Electricity / steam purchased	169,685,699	516,671,558
Expenses charged by	5,349,878	4,129,366
Expenses charged to	30,322,700	28,513,380
Dividend paid	78,719,578	56,228,270
Dividend received	19,618,247	19,617,390
Loans (repaid) / obtained - net	(199,990,952)	583,103,244
Markup charged by	20,560,688	32,117,221
Other related parties:		
Donations	35,900,000	23,450,000
Contribution to provident fund	24,974,978	16,750,440
Remuneration to key management personnel	331,849,061	260,533,996

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2017****10 DATE OF AUTHORIZATION FOR ISSUE AND DIVIDEN DECLARATION**

These condensed interim financial information were approved by the Board of Directors and authorized for issue on April 20, 2017. Further, the Board of Directors has approved interim cash dividend of Rs. 281,163,960 at the rate of Rs.14 per ordinary share of Rs.10 each in their meeting held on April 20, 2017.

11 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', corresponding figures in the condensed interim balance sheet comprise of balances as per the annual audited financial statements of the Company for the year ended June 30, 2016 and the Corresponding figures in the condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity comprise of balances comparable period of the immediately preceding financial year i.e. nine months period ended March 31, 2016.

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no such significant re-arrangements have been made in this condensed interim financial information.

Karachi:
Dated: April 20, 2017

NADEEM ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR

DIRECTORS' REPORT TO THE SHAREHOLDERS

On behalf of Board of Directors of Holding Company of **Sapphire Wind Power Company Limited, Sapphire Retail Limited, Tricon Boston Consulting Corporation (Private) Limited, Sapphire Renewable Limited, Sapphire Tech (Private) Limited, Sapphire Solar (Private) Limited and Sapphire Home Incorporation**, it is my pleasure to present Directors' Report with Un-Audited Consolidated Financial Statement for the nine months' period ended March 31, 2017.

Sapphire Wind Power Company Limited

The Company is 70% owned by Sapphire Textile Mills Ltd and 30% by Bank Alfalah Limited. The Company has set up wind power station of 52.80 MW at Jhimpir which have started Commercial production and is yielding satisfactory results.

Sapphire Retail Limited

Sapphire Retail Limited is a wholly owned subsidiary of Sapphire Textile Mills Limited. The principal business of subsidiary is to operate "Sapphire brand" retail outlets for sale of textile and other products.

Tricon Boston Consulting Corporation (Private) Limited

Tricon Boston Consulting Corporation (Pvt.) Limited has an LOI for 3 x 50 MW Wind Energy Projects in Jamphir Sindh and is incorporated under the laws of Pakistan and has license to establish and operate wind energy project. The project company is following an aggressive development plan for its three projects and aims to conclude the EPC, EPA and IA agreements in near future. The Company is currently in advanced stages of negotiation with foreign lenders for finalizing its debt requirements.

Sapphire Renewables Limited

Sapphire Renewables Limited, is wholly owned subsidiary of Sapphire Textile Mills Limited, incorporated on May 30, 2016. The main business of the company is to make investment in Renewable Energy Projects. The company has obtained certificate of commencement of business on August 19, 2016.

Sapphire Tech (Pvt.) Limited

Sapphire Tech (Private) Limited is incorporated under Companies Ordinance, 1984. The subsidiary is established to setup electric power generation project and sell electric power. It is 100% equity owned. The shareholders of the holding company have approved to liquidate or sell the company in annual general meeting held on October 26, 2015. The management is in the process of evaluating best option in light of above resolution.

Sapphire Solar (Private) Limited

Sapphire Solar (Private) Limited is wholly owned subsidiary of Sapphire Textile Mills Limited. The LOI from Alternative Energy Development Board to set up an IPP, solar energy Project of 10 MW has been cancelled. It is 100% equity owned. The shareholders of the holding company have approved to liquidate or sell the company in annual general meeting held on October 26, 2015. The management is in the process of evaluating best option in light of above resolution.

Sapphire Home Incorporation

Sapphire Home was incorporated as 100% subsidiary of the company to enable local duty paid deliveries to customers in USA. A number of contracts were executed through this company. However, lately we are shipping directly to the customers and this company become dormant and shareholders have approved resolution to close / wind up the company.

On behalf of the Board

Karachi
Dated: April 20, 2017

NADEEM ABDULLAH
CHIEF EXECUTIVE

ڈائریکٹر رپورٹ برائے حصص یافتگان

سفارز ونڈ پاور کمپنی لمیٹڈ، سفارز ٹریٹل لمیٹڈ، ٹرانسپورٹ کانسٹریکشن کارپوریشن (پرائیویٹ) لمیٹڈ، سفارز رینیوبل لمیٹڈ، سفارز ٹیک (پرائیویٹ) لمیٹڈ، سفارز سولر (پرائیویٹ) لمیٹڈ اور سفارز ہوم انکارپوریشن کی ہولڈنگ کمپنی کے بورڈ آف ڈائریکٹران نہایت مسرت کے ساتھ، 31 مارچ 2017 کو اختتام پذیر ہونے والی تیسری سہ ماہی کی غیر آڈٹ شدہ مالیاتی تفصیلات پیش کر رہے ہیں۔

سفارز ونڈ پاور کمپنی لمیٹڈ

کمپنی کی 70 فیصد ملکیت سفارز ٹیکسٹائل ملز لمیٹڈ اور باقی 30 فیصد ملکیت پیک الفلاح لمیٹڈ کے پاس ہے۔ کمپنی نے 52.80 میگا واٹ کا ونڈ پاور اسٹیشن جھمپیر کے مقام پر لگایا ہے اس نے تجارتی پیداوار شروع کر دی ہے اور اس سے تسلی بخش نتائج برآمد ہوئے ہیں۔

سفارز ٹریٹل لمیٹڈ

سفارز ٹریٹل لمیٹڈ کی مکمل ملکیت سفارز ٹیکسٹائل ملز لمیٹڈ کے پاس ہے۔ کمپنی ’سفارز برانڈ‘ کے تحت ٹیکسٹائل اور دیگر مصنوعات اپنے ٹریٹل آؤٹ لیٹس کے ذریعے فروخت کر رہی ہے۔

ٹرانسپورٹ کانسٹریکشن کارپوریشن (پرائیویٹ) لمیٹڈ

ٹرانسپورٹ کانسٹریکشن کارپوریشن (پرائیویٹ) لمیٹڈ کے پاس سندھ میں جھمپیر کے مقام پر 3x50 میگا واٹ ونڈ انرجی منصوبے کیلئے (LO) ہے۔ کمپنی پاکستان کے قوانین کے تحت وجود میں آئی ہے اور اس نے ونڈ انرجی منصوبے کو چلانے کا لائسنس حاصل کیا ہے۔ کمپنی نے اپنے تین منصوبوں کیلئے جاری ترقیاتی منصوبہ بندی کی ہے اور کمپنی کا ارادہ ہے کہ مستقبل قریب میں وہ EPC, EPA اور IA معاہدوں کو حتمی انجام تک پہنچائے گی۔ کمپنی اپنی مالیاتی ضروریات کو پورا کرنے کیلئے قرضہ فراہم کرنے والے غیر ملکی اداروں کے ساتھ مذاکرات کے اگلے مراحل میں ہے۔

سفارز رینیوبل لمیٹڈ

سفارز رینیوبل لمیٹڈ 30 مئی 2016 کو معرض وجود میں آئی ہے، اور کمپنی کے مکمل ملکیتی حقوق سفارز ٹیکسٹائل ملز لمیٹڈ کے پاس ہے۔ کمپنی کا بنیادی کاروبار متبادل توانائی کے منصوبوں میں سرمایہ کاری کرنا ہے۔ کمپنی نے 19 اگست 2016 کو کاروبار کے آغاز کی سند حاصل کی ہے۔

سفارز ٹیک (پرائیویٹ) لمیٹڈ

سفارز ٹیک (پرائیویٹ) لمیٹڈ، کمپنیز آرڈیننس 1984 کے تحت معرض وجود میں آئی ہے۔ کمپنی کا بنیادی مقصد بجلی کے پیداواری منصوبوں کا قیام اور بجلی کی فروخت ہے۔ کمپنی 100 فیصد ایکویٹی ملکیت ہے۔ ہولڈنگ کمپنی کے حصص یافتگان نے اپنے سالانہ عام اجلاس جو 26 اکتوبر 2015 کو منعقد ہوا تھا، کمپنی کو ختم کرنے یا بیچنے کی منظوری دیدی ہے۔ اس ضمن میں کمپنی کی مینجمنٹ بہترین آپشن کا جائزہ لینے کے عمل میں ہے۔

سفارز سولر (پرائیویٹ) لمیٹڈ

سفارز سولر (پرائیویٹ) لمیٹڈ کی مکمل ملکیت سفارز ٹیکسٹائل ملز لمیٹڈ کے پاس ہے۔ کمپنی نے آئی پی پی بننے کیلئے 10 میگا واٹ کے شمسی توانائی کے منصوبے کا جو (LO) متبادل توانائی ترقیاتی بورڈ سے حاصل کیا تھا وہ منسوخ ہو گیا ہے۔ کمپنی 100 فیصد ایکویٹی ملکیت ہے۔ ہولڈنگ کمپنی کے حصص یافتگان نے اپنے سالانہ عام اجلاس جو 26 اکتوبر 2015 کو منعقد ہوا تھا، کمپنی کو ختم کرنے یا بیچنے کی منظوری دیدی ہے۔ اس ضمن میں کمپنی کی مینجمنٹ بہترین آپشن کا جائزہ لینے کے عمل میں ہے۔

سفارز ہوم انکارپوریشن

سفارز ہوم انکارپوریشن کی مکمل ملکیت سفارز ٹیکسٹائل ملز لمیٹڈ کے پاس ہے۔ کمپنی کے قیام کا مقصد امریکہ میں صارفین کو مقامی ڈیوٹی ادا شدہ سامان کی ترسیل ہے۔ اس کمپنی کے تحت بہت سارے معاہدے پایا تکمیل تک پہنچے ہیں۔ تاہم، بعد میں صارفین کو براہ راست ترسیل شروع کر دی گئی جس کے نتیجے میں کمپنی غیر فعال ہو گئی اور حصص یافتگان نے کمپنی کو بند کرنے کی قرارداد منظور کر لی ہے۔

بورڈ کی جانب سے

ندیم عبداللہ
چیف ایگزیکٹو

کراچی

تاریخ: 20 اپریل 2017ء

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2017

	Note	(Un-audited) March 31, 2017	(Audited) June 30, 2016
----- Rupees -----			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	22,850,687,731	21,381,080,542
Investment property		31,750,000	31,750,000
Intangible assets		458,671,600	460,550,278
Long term investments		9,417,990,550	7,616,629,412
Long term loans and advances		53,509,781	52,195,065
Long term deposits and prepayments		305,269,535	175,250,569
		33,117,879,197	29,717,455,866
CURRENT ASSETS			
Stores, spares and loose tools		532,007,114	439,682,715
Stock-in-trade		7,252,245,848	4,914,217,471
Trade debts		2,288,525,331	2,218,481,567
Loans and advances		640,731,477	229,189,822
Trade deposits and short term prepayments		81,831,437	53,457,008
Other receivables		306,274,011	211,249,395
Other financial assets		4,689,160,226	2,986,400,454
Tax refunds due from Government		1,600,757,639	1,830,485,525
Cash and bank balances		2,278,348,674	2,212,777,666
		19,669,881,757	15,095,941,623
TOTAL ASSETS		52,787,760,954	44,813,397,489
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital		350,000,000	350,000,000
35,000,000 ordinary shares of Rs.10 each			
Issued, subscribed and paid-up capital		200,831,400	200,831,400
20,083,140 ordinary shares of Rs.10 each			
Reserves		18,221,884,149	15,488,526,055
Equity attributable to holders of parent company		18,422,715,549	15,689,357,455
Non-controlling interest		1,223,491,302	1,143,157,875
Total Equity		19,646,206,851	16,832,515,330
NON-CURRENT LIABILITIES			
Long term financing		17,752,219,874	15,014,986,309
Deferred liabilities		406,780,775	497,931,080
Liabilities against assets subject to finance lease	6	5,574,794	-
		18,164,575,443	15,512,917,389
CURRENT LIABILITIES			
Trade and other payables		4,063,105,419	3,829,181,404
Accrued Interest / mark-up		232,895,921	222,150,914
Short term borrowings		8,265,236,271	5,155,487,188
Current portion of long term payable		437,690,360	457,090,780
Current portion of long term financing		1,699,179,603	2,520,245,895
Current portion of liabilities against assets subject to finance lease	6	7,196,340	-
Provision for taxation		271,674,746	283,808,589
		14,976,978,660	12,467,964,770
CONTINGENCIES AND COMMITMENTS	7		
TOTAL EQUITY AND LIABILITIES		52,787,760,954	44,813,397,489

The annexed notes from 1 to 13 form an integral part of these consolidated condensed interim financial information.

**CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2017**

	Note	Nine Months Period Ended		Quarter Ended	
		March 31,		March 31,	
		2017	2016	2017	2016
		----- Rupees -----		----- Rupees -----	
Sales and services		22,067,167,305	18,818,018,743	7,812,645,469	6,854,962,536
Cost of sales and services	8	(18,811,247,294)	(16,079,369,195)	(6,571,652,653)	(5,740,318,141)
Gross profit		3,255,920,011	2,738,649,548	1,240,992,816	1,114,644,395
Distribution cost		(1,192,444,116)	(942,249,217)	(405,621,306)	(356,051,593)
Administrative expenses		(458,019,888)	(291,865,466)	(142,776,948)	(110,606,257)
Other operating expenses		(157,563,254)	(135,160,298)	(80,680,387)	(35,538,864)
Other income		2,661,803,774	1,138,257,778	1,088,703,641	375,624,932
		853,776,516	(231,017,203)	459,625,000	(126,571,782)
Profit from operations		4,109,696,527	2,507,632,345	1,700,617,816	988,072,613
Finance cost		(1,096,038,161)	(828,333,468)	(384,093,810)	(370,665,092)
		3,013,658,366	1,679,298,877	1,316,524,006	617,407,521
Share of profit of associated companies		66,034,812	54,919,006	21,882,010	32,843,257
Profit before taxation		3,079,693,178	1,734,217,883	1,338,406,016	650,250,778
Taxation					
Current					
- for the period		(212,925,184)	(219,804,769)	(79,806,600)	(78,030,162)
- prior year		8,771,354	93,326	-	-
Deferred		40,257,275	(33,420,377)	(10,555,846)	(10,850,357)
		(163,896,555)	(253,131,820)	(90,362,446)	(88,880,519)
Profit after taxation		2,915,796,623	1,481,086,063	1,248,043,570	561,370,259
Attributable to:					
Shareholders of Parent Company		2,835,463,196	1,425,378,836	1,214,387,978	540,628,959
Non- controlling interest		80,333,427	55,707,227	33,655,592	20,741,300
		2,915,796,623	1,481,086,063	1,248,043,570	561,370,259
Earnings per share - basic and diluted		141.19	70.97	60.47	26.92

The annexed notes from 1 to 13 form an integral part of these consolidated condensed interim financial information.

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2017**

	Nine Months Period Ended		Quarter Ended	
	March 31,		March 31,	
	2017	2016	2017	2016
	----- Rupees -----		----- Rupees -----	
Profit after taxation	2,915,796,623	1,481,086,063	1,248,043,570	561,370,259
Other comprehensive income:				
Available for sale investments				
Unrealized gain / (loss) on remeasurement of available for sale investments	2,244,038,028	(1,097,632,047)	(180,172,686)	(491,381,168)
Reclassification adjustments relating to (gain) / loss realized on disposal of available for sale investments	(2,067,906,972)	(662,457,856)	(863,166,196)	(267,964,983)
Unrealized gain / (loss) on remeasurement of available for sale investments - associates	20,870,957	(5,379,161)	9,803,353	-
	197,002,013	(1,765,469,064)	(1,033,535,529)	(759,346,151)
Forward foreign currency contracts				
Unrealized gain / (loss) on remeasurement of forward foreign currency contracts	(1,502,839)	(1,513,733)	(8,881,983)	(1,285,515)
Reclassification adjustments relating to (loss) / gain realized on settlement of foreign currency contracts	(8,397,204)	2,647,824	-	-
Unrealized (loss) / gain on remeasurement of forward foreign currency contracts - associates	(53,456)	16,449	(40,112)	301
	(9,953,499)	1,150,540	(8,922,095)	(1,285,214)
Exchange difference on translating foreign operations	(3,688,197)	2,991,695	990,863	2,451,549
Items that may not be reclassified subsequently to profit and loss				
Share of decrease in reserves of associated companies under equity method	(4,301,459)	(17,372,409)	(14,709,061)	(6,412,890)
Other comprehensive income / (loss) for the period	179,058,858	(1,778,699,238)	(1,056,175,822)	(764,592,706)
Total comprehensive income / (loss) for the period	3,094,855,481	(297,613,175)	191,867,748	(203,222,447)
Attributable to:				
Shareholders of Parent Company	3,014,522,054	(353,320,402)	158,212,156	(223,963,747)
Non- controlling interest	80,333,427	55,707,227	33,655,592	20,741,300
	3,094,855,481	(297,613,175)	191,867,748	(203,222,447)

The annexed notes from 1 to 13 form an integral part of these consolidated condensed interim financial information.

**CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2017**

	Note	March 31,	
		2017	2016
----- Rupees -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	9	78,859,653	744,182,393
Long term loans and deposits		(131,333,682)	(18,729,119)
Finance cost paid		(1,082,720,276)	(811,770,187)
Staff retirement benefits - gratuity paid		(122,288,642)	(105,505,260)
Taxes refund / (paid)		13,440,213	(519,736,924)
		(1,322,902,387)	(1,455,741,490)
Net cash used in operating activities		(1,244,042,734)	(711,559,097)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(2,723,470,466)	(5,536,575,356)
Purchase of intangible assets		-	(250,000)
Investment in associates		19,601,475	19,598,952
Investment others		(5,148,525,745)	(2,389,170,056)
Proceeds from disposal of property, plant and equipment		32,581,969	17,419,739
Proceeds from disposal of investment property		-	150,000,000
Proceeds from sale of investments		3,923,239,744	1,306,967,272
Dividend received		475,936,852	381,529,990
Interest received		5,534,317	-
Rental income received		-	14,335,731
Net cash used in investing activities		(3,415,101,854)	(6,036,143,728)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings - net		3,089,920,318	3,147,485,714
Proceeds from long term financing		4,456,746,024	3,804,534,000
Repayment of long term financing		(2,540,578,751)	(408,090,534)
Repayment of long term payable		(21,455,000)	-
Exchange difference on translating foreign operation		1,893	88,887
Issuance of shares - net		-	238,384,983
Dividend paid		(281,013,770)	(200,684,235)
Net cash generated from financing activities		4,703,620,714	6,581,718,815
Net increase / (decrease) in cash and cash equivalents		44,476,126	(165,984,010)
Cash and cash equivalents at the beginning of the period		2,212,377,055	2,296,921,314
Cash and cash equivalents at the end of the period		2,256,853,181	2,130,937,304
Cash and cash equivalents			
Cash and bank balances		2,278,348,674	2,152,702,831
Temporary overdraft - unsecured		(21,495,493)	(21,765,527)
Cash and cash equivalents at the end of the period		2,256,853,181	2,130,937,304

The annexed notes from 1 to 13 form an integral part of these consolidated condensed interim financial information.

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2017**

	Share Capital				Reserves				Other Components of equity				Total	Non-Controlling Interest	Total Equity
	Capital		Revenue		Revenue		Unrealized gain / (loss)		Unrealized gain / (loss)		SUB TOTAL				
	Share Premium	Fixed Assets Replacement	General reserves	Unappropriated Profit	On available for sale investments	On forward foreign exchange contracts	exchange difference on translating foreign operations	On available for sale investments	On forward foreign exchange contracts	exchange difference on translating foreign operations	On available for sale investments	On forward foreign exchange contracts			
Balance as at July 01, 2015 (Audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	8,916,354,080	10,467,556,280	3,972,020,026	(2,689,243)	(7,972,319)	3,981,346,464	14,629,736,144	812,156,782	15,441,892,926		
Total comprehensive income / (loss) for the nine months period ended March 31, 2016															
Profit after taxation	-	-	-	-	1,425,378,836	1,425,378,836	(1,765,469,064)	1,150,540	2,991,695	(1,761,326,829)	1,425,378,836	55,707,227	1,481,086,063		
Other comprehensive (loss) / income	-	-	-	-	1,425,378,836	1,425,378,836	(1,765,469,064)	1,150,540	2,991,695	(1,761,326,829)	(35,947,993)	55,707,227	(280,240,766)		
Shares of decrease in reserves of associated companies under equity method	-	-	-	-	(17,372,409)	(17,372,409)	-	-	-	-	(17,372,409)	-	(17,372,409)		
Transaction with owners															
Issuance of shares of subsidiary - SWPCL	-	-	-	-	-	-	-	-	-	-	-	128,171,170	128,171,170		
Share issuance cost of subsidiary - SWPCL	-	-	-	-	(1,495,331)	(1,495,331)	-	-	-	-	(1,495,331)	(640,856)	(2,136,187)		
Share deposit money - SWPCL	-	-	-	-	-	-	-	-	-	-	-	112,350,000	112,350,000		
Final dividend for the year ended June 30, 2015 @ Rs. 10 per share	-	-	-	-	(200,831,400)	(200,831,400)	-	-	-	-	(200,831,400)	-	(200,831,400)		
Balance as at March 31, 2016 (Un-audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	10,122,033,776	11,673,235,976	2,206,550,962	(1,548,703)	(4,980,624)	2,200,021,635	14,074,089,011	1,107,744,323	15,181,833,334		
Balance as at July 01, 2016 (Audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	10,702,304,260	12,253,506,460	3,232,684,492	8,406,988	(6,071,865)	3,235,019,595	15,680,357,455	1,143,157,875	16,832,515,330		
Total comprehensive income															
Profit after taxation	-	-	-	-	2,835,463,196	2,835,463,196	(9,953,499)	(3,688,197)	-	-	2,835,463,196	80,333,427	2,915,796,623		
Other comprehensive income / (loss)	-	-	-	-	2,835,463,196	2,835,463,196	(9,953,499)	(3,688,197)	(3,688,197)	183,360,317	183,360,317	-	183,360,317		
Shares of decrease in reserves of associated companies under equity method	-	-	-	-	(4,301,459)	(4,301,459)	-	-	-	-	(4,301,459)	-	(4,301,459)		
Transaction with owners															
Final dividend for the year ended June 30, 2016 @ Rs. 14 per share	-	-	-	-	(281,163,960)	(281,163,960)	-	-	-	-	(281,163,960)	-	(281,163,960)		
Balance as at March 31, 2017 (Un-audited)	200,831,400	156,202,200	65,000,000	1,330,000,000	13,252,302,037	14,803,504,237	3,429,686,505	(1,546,511)	(9,760,082)	3,418,379,912	18,422,715,549	1,223,491,302	19,646,206,851		

The annexed notes from 1 to 13 form an integral part of these consolidated condensed interim financial information.

Karachi:
Dated: April 20, 2017

NADEEM ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2017****1 THE GROUP AND ITS OPERATIONS**

The Group comprises of:

Sapphire Textile Mills Limited - the Holding Company

Sapphire Textile Mills Limited (the Holding Company) was incorporated in Pakistan on March 11, 1969 as a public limited company under the Companies Act, 1913 (Now the Companies Ordinance, 1984). The shares of the Company are listed on Pakistan Stock Exchange. The registered office of the Company is located at 212, Cotton Exchange Building, I.I. Chundrigar Road, Karachi and its mills are located at Kotri, Nooriabad, Chunian, Feroze Watwan and Bhopattian Lahore. The Company is principally engaged in manufacturing and sale of yarn, fabrics, home textile products, finishing and printing of fabrics.

Sapphire Wind Power Company Limited - the subsidiary company (Holding - 70%)

Sapphire Wind Power Company Limited (the 'company') was incorporated in Pakistan as an unlisted public company limited by shares under the Companies Ordinance, 1984 on December 27, 2006. The company is a subsidiary of a listed company, Sapphire Textile Mills Limited (the 'holding company'). The address of the registered office of the company is 212, Cotton Exchange Building, I.I. Chundrigar Road, Karachi and the company's project is being set up at Jhimpir, District Thatta, Sindh on land that is leased to the company by Alternative Energy Development Board ('AEDB'), Government of Pakistan. The company's principal objective is to carry on the business of supplying general electric power and to setup and operate wind power generation projects to generate, accumulate, distribute and supply electricity.

Tricon Boston Consulting Corporation (Private) Limited - the subsidiary company (Holding 100%)

Tricon Boston Consulting Corporation (Private) Limited (the Company) was incorporated in Pakistan as a private company limited by shares under the Companies Ordinance, 1984 on August 13, 2012. The Company is a wholly owned subsidiary of Sapphire Textile Mills Limited, the holding company. The Company's principal business is to operate and maintain wind power plants to generate and supply electricity. The address of the registered office of the company is 7/A- K, Main Boulevard, Gulberg II, Lahore.

Sapphire Renewables Limited - the subsidiary company (Holding 100%)

Sapphire Renewables Limited (the Company) was incorporated in Pakistan as a public limited company by shares under the Companies Ordinance, 1984 on May 13, 2016. The Company is a wholly owned subsidiary of Sapphire Textile Mills Limited (the holding Company), a listed company. The Company's principle business is to operate and maintain wind power plants to generate and supply electricity. The address of the registered office of the Company is 7/A- K, Main Boulevard, Gulberg II, Lahore.

Sapphire Home Inc - USA - the subsidiary (Holding 100%)

The company was incorporated in USA. The company is principally engaged in marketing services in United States of America. The registered office of the company is located at 1430, Broadway, Suite 1805, New York, NY 10018. The company become dormant and the shareholders have granted approval for the winding up / closure of the company.

Sapphire Retail Limited - the subsidiary company (Holding 100%)

Sapphire Retail Limited (the 'company') was incorporated in Pakistan as an unlisted public company limited by shares under the Companies Ordinance, 1984 on June 11, 2014. The company is a wholly owned subsidiary of a listed company, Sapphire Textile Mills Limited (the 'holding company'). The address of the registered office of the company is 7 A/K Main Boulevard, Gulberg-II, Lahore. The company is principally engaged in carrying out manufacturing of textile products by processing the textile goods in outside manufacturing facilities and to operate retail outlets to sell the same in Pakistan and abroad.

Sapphire Solar (Private) Limited - the subsidiary company (Holding 100%)

Sapphire Solar (Private) Limited (the Company) is incorporated in Pakistan on March 06, 2013 under the Companies Ordinance, 1984 as a private company limited by shares. The principal activity of the Company is power generation by means of solar energy and other alternative energy sources. The registered office of the Company is situated at 307, Cotton Exchange Building, I.I. Chundrigar Road Karachi in the province of Sindh. The shareholders of the holding company have approved to liquidate or sell the company in annual general meeting held on October 26, 2015. The management is in the process of evaluating best option in light of above resolution.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2017****Sapphire Tech (Private) Limited - the subsidiary company (Holding 100%)**

Sapphire Tech (Private) Limited (the Company) is a private limited company incorporated in Pakistan on November 5, 2013, under the Companies Ordinance, 1984. The Company is a wholly owned subsidiary of Sapphire Textile Mills Limited. The registered office of the Company is located at 307 - Cotton Exchange Building, I.I. Chundrigar Road, Karachi. The main business of the Company is to set up and operate electrical power generation project for distribution, selling and supply of electric power. The shareholders of the holding company have approved to liquidate or sell the company in annual general meeting held on October 26, 2015. The management is in the process of evaluating best option in light of above resolution.

2 BASIS OF PREPARATION**2.1 Statement of compliance**

This consolidated condensed interim financial information of the Group for the nine months period ended March 31, 2017 is un-audited and has been prepared in accordance with the requirements of the International Financial Reporting Standard (IFRS) IAS 34 "Interim Financial Reporting" and provisions of and directives issued by the Securities and Exchange Commission of Pakistan under the Ordinance. This consolidated condensed interim financial information does not include all of the information and disclosures required for annual financial statements, and should be read in conjunction with the financial statements of the Group as at and for the year ended June 30, 2016.

This consolidated condensed interim financial information is being submitted to the shareholders as required by the Listing Regulations of Pakistan Stock Exchange and section 245 of the Companies Ordinance, 1984.

2.2 Functional and presentation currency

This financial information are presented in Pakistan Rupees which is also the Group's functional currency. All financial information presented in Pakistan Rupees has been rounded off to the nearest rupee.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation which have been used in the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements for the preceding year ended June 30, 2016.

4 ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of this consolidated condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Judgments and estimates made by management in the preparation of this consolidated condensed interim financial information are the same as those that were applied to the financial statements for the year ended June 30, 2016. The Group's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended June 30, 2016.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2017**

5	PROPERTY, PLANT AND EQUIPMENT	Note	(Un-audited)	(Audited)
			March 31, 2017	June 30, 2016
			----- Rupees -----	
	Operating fixed assets		21,258,130,123	20,491,246,707
	Capital work-in-progress	5.2	1,523,341,352	820,617,579
	Major spare parts and stand-by equipment		69,216,256	69,216,256
			22,850,687,731	21,381,080,542

5.1 The cost of additions and disposals to operating fixed assets during the nine months period ended March 31, 2017 are as follows.

	(Un-audited)		(Audited)	
	March 31, 2017		June 30, 2016	
	Addition	Disposal	Addition	Disposal
----- Rupees -----				
Land:				
Freehold	90,575,000	-	1,730,000	-
Leasehold	13,209,000	-	3,928,500	-
On freehold land:				
Factory buildings	218,367,874	-	117,900,919	-
Labour, staff colony and others	11,001,868	-	4,609,284	-
Office building	-	-	74,208,245	-
On leasehold land:				
Factory buildings	25,836,345	-	284,472,638	-
Labour, staff colony and others	20,795,819	-	-	-
Leased building improvements	173,870,122	-	103,764,661	-
Plant and machinery	1,184,247,330	108,658,265	12,619,796,931	80,035,649
Electric installations	21,168,701	-	15,096,255	-
Fire fighting equipment	6,275,143	-	5,397,197	-
Electric equipments	68,867,773	-	42,436,241	-
Computers	29,471,491	1,170,765	37,560,124	583,830
Office equipment	4,608,625	-	3,646,409	-
Mills equipment	9,577,651	4,109,911	6,557,620	-
Furniture & fixtures	75,918,808	-	37,537,170	-
Vehicles	64,935,777	25,442,392	85,608,923	25,934,532
Vehicles - leased	14,790,500	-	-	-
	2,033,517,827	139,381,333	13,444,251,117	106,554,011

5.2	Capital work-in-progress	(Un-audited)	(Audited)
		March 31, 2017	June 30, 2016
		----- Rupees -----	
	Advance for land	438,863,070	95,000,000
	Civil works and Buildings	200,985,297	328,542,622
	Plant and machinery	514,558,390	375,098,722
	Electric installations	9,798,690	9,388,269
	Mills equipments	-	1,720,000
	Furniture & Fixtures	-	4,500,034
	Vehicles	2,361,000	1,000,000
	Computer software	5,069,412	5,367,932
	Un-allocated expenditure	351,705,493	-
		1,523,341,352	820,617,579

6 Sapphire Retail Limited (the subsidiary company) has entered into finance leasing agreements with Bank AL Habib Limited for eleven vehicles. The cost of leased vehicles is recognised in 'property, plant and equipment' and the present value of minimum lease payments aggregating Rs 12.771 million has been recognised under 'Liabilities against assets subject to finance lease' and current portion of present value of minimum lease payments aggregating Rs.7.196 million has been recognised under 'current portion of Liabilities against assets subject to finance lease'.

7 CONTINGENCIES AND COMMITMENTS
Contingencies

7.1	Guarantees issued by banks on behalf of the Group	427,872,988	366,736,988
7.2	Post dated Cheques have been issued to Collector of Customs as an indemnity to adequately discharge the liabilities for taxes and duties leviable on imports. As at March 31, 2017 the value of these cheques amounted to Rs.295.941 million (June 30, 2016: Rs.281.325 million).		

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2017**

- 7.3 The financial institution has issued guarantees amounting US \$ 450,000 (June 30, 2016: US \$ 75,000) in favour of Alternative Energy Development on request of Holding Company on behalf of Tricon Boston Consulting Corporation (Private) Limited (subsidiary company) against charge of equivalent amount with 25% margin on fixed assets of the Holding Company.
- 7.4 There is no change in status of the contingencies and commitments as disclosed in notes 29.3, 29.5 to 29.9 and 29.11 to 29.14 of the audited annual financial statements of the Group for the year ended June 30, 2016.

	(Un-audited) March 31, 2017	(Audited) June 30, 2016
	----- Rupees -----	
Commitments		
7.5 Confirmed letter of credit in respect of:		
- plant and machinery	588,760,748	934,549,091
- raw material	267,015,100	115,600,422
- stores and spares	39,499,870	48,084,907
	895,275,718	1,098,234,420

	Note	Nine Months Period Ended		Quarter ended	
		March 31,		March 31,	
		2017	2016	2017	2016
		----- Rupees -----		----- Rupees -----	
8 COST OF SALES AND SERVICES					
Finished goods - Opening stock		960,907,826	699,698,614	1,093,057,022	765,999,040
Cost of goods manufactured	8.1	19,050,050,702	16,214,515,338	6,678,306,865	5,809,163,858
		20,010,958,528	16,914,213,952	7,771,363,887	6,575,162,898
Finished goods - Closing stock		(1,199,711,234)	(834,844,757)	(1,199,711,234)	(834,844,757)
		18,811,247,294	16,079,369,195	6,571,652,653	5,740,318,141
8.1 Cost of goods manufactured					
Work in process - opening stock		566,547,230	395,499,800	501,744,922	381,907,254
Raw materials consumed		11,215,718,987	9,856,220,352	3,965,512,272	3,512,940,630
Cost of raw material sold		77,848,980	12,499,401	44,397,209	-
Overheads		7,900,255,493	6,408,810,896	2,876,972,450	2,372,831,085
		19,760,370,690	16,673,030,449	7,388,626,853	6,267,678,969
Work in process - closing stock		(710,319,988)	(458,515,111)	(710,319,988)	(458,515,111)
		19,050,050,702	16,214,515,338	6,678,306,865	5,809,163,858

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2017**

	March 31,	
	2017	2016
	----- Rupees -----	
9 CASH USED IN OPERATIONS		
Profit before taxation and share of profit of associated companies	3,013,658,366	1,679,298,877
Adjustments for non-cash charges and other items:		
Depreciation	1,240,777,908	884,802,885
Depreciation on investment property	-	544,062
Gain on sale of investments	(2,043,444,564)	(558,004,003)
Amortization of intangible assets	1,878,678	1,882,845
Interest income	(6,651,367)	-
Gain on sale of property, plant and equipment	(6,681,862)	(6,152,282)
Gain on sale of investment property	-	(20,056,965)
Dividend income	(583,237,742)	(524,044,698)
Provision for gratuity	71,395,612	81,718,259
(Reversal) / Provision for stores, spares and loose tools	(1,064,005)	8,012,688
Amortization of unwinding up of liability	1,306,761	9,509,817
Exchange differences	930,098	12,646,831
Finance cost	1,093,465,283	819,345,830
Rental income	-	(14,335,731)
	<u>(231,325,200)</u>	<u>695,869,538</u>
Operating cash flow before changes in working capital	2,782,333,166	2,375,168,415
Changes in working capital		
(Increase) / Decrease in current assets		
Stores, spares and loose tools	(91,260,394)	(39,860,993)
Stock-in-trade	(2,338,028,377)	(1,828,894,449)
Trade debts	(70,043,764)	(805,188,074)
Loans and advances	(411,541,655)	(47,891,251)
Trade deposits and short term prepayments	(28,374,429)	(10,275,377)
Other receivables	3,504,120	(36,471,155)
	<u>(2,935,744,499)</u>	<u>(2,768,581,299)</u>
Increase in current liabilities		
Trade and other payables	232,270,986	1,137,595,277
	<u>78,859,653</u>	<u>744,182,393</u>

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2017**

10 SEGMENT ANALYSIS

10.1 SEGMENT RESULTS

	Spinning	Weaving	Processing, printing and Home Textile	Power Generation	Total
	----- Rupees -----				
For the nine months period ended March 31, 2017					
Revenue - external customers	9,061,901,043	6,188,963,887	5,473,408,214	1,342,894,161	22,067,167,305
Inter - segment sales	2,321,784,186	519,653,227	180,749,726	-	3,022,187,139
Segment results	(278,275,332)	508,646,858	79,044,783	200,001,537	509,417,846
For the nine months period ended March 31, 2016					
Revenue - external customers	9,025,509,960	4,880,279,999	4,182,629,758	729,599,026	18,818,018,743
Inter - segment sales	1,838,527,272	467,112,880	41,140,681	-	2,346,780,833
Segment results	(117,844,781)	363,244,750	257,161,539	173,639,889	676,201,397
Reconciliation of segment results with profit after tax is as follows:					
	March 31,				
	2017		2016		
	----- Rupees -----				
Total results for reportable segments	509,417,846		676,201,397		
Other operating expenses	(157,563,254)		(135,160,298)		
Other income	2,661,803,774		1,138,257,778		
Share of profit of associated companies	66,034,812		54,919,006		
Profit before taxation	3,079,693,178		1,734,217,883		
Taxation	(163,896,555)		(253,131,820)		
Profit after taxation for the period	2,915,796,623		1,481,086,063		

10.2 SEGMENT ASSETS

	Spinning	Weaving	Processing, printing and Home Textile	Power Generation	Total
	----- Rupees -----				
As at March 31, 2017					
Segment assets	11,660,262,054	3,638,614,856	6,617,206,315	14,482,309,689	36,398,392,914
As at June 30, 2016					
Segment assets	9,006,640,603	3,299,479,512	4,744,629,762	14,796,935,382	31,847,685,259
Reconciliation of segment assets with total assets is as follows:					
	(Un-audited)		(Audited)		
	March 31,		June 30,		
	2017		2016		
	----- Rupees -----				
Total assets for reportable segments	36,398,392,914		31,847,685,259		
Unallocated assets	16,389,368,040		12,965,712,230		
Total assets as per balance sheet	52,787,760,954		44,813,397,489		

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2017**

	March 31,	
	2017	2016
	----- Rupees -----	
11 TRANSACTIONS WITH RELATED PARTIES		
The related parties comprise of associated companies (due to common directorship), directors and key management personnel. Transactions with related parties are as follows:		
Associates:		
Sales	1,193,410,912	1,055,357,252
Purchases	284,845,615	178,574,509
Electricity / steam purchased	169,685,699	516,671,558
Expenses charged by	5,349,878	4,129,366
Expenses charged to	30,322,700	28,513,380
Dividend paid	78,719,578	56,228,270
Dividend received	19,618,247	19,617,390
Loans (repaid) / obtained - net	(199,990,952)	583,103,244
Markup charged by	20,560,688	32,117,221
Other related parties:		
Donations	35,900,000	23,450,000
Contribution to provident fund	30,015,877	17,962,757
Remuneration to key management personnel	440,342,341	312,947,661

12 DATE OF AUTHORIZATION FOR ISSUE AND DIVIDEN DECLARATION

This consolidated condensed interim financial information were approved by the Board of Directors of Holding Company and authorised for issue on April 20, 2017. Further, the Board of Directors has approved interim cash dividend of Rs. 281,163,960 at the rate of Rs.14 per ordinary share of Rs.10 each in their meeting held on April 20, 2017.

13 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', corresponding figures in the condensed interim balance sheet comprise of balances as per the annual audited financial statements of the Company for the year ended June 30, 2016 and the Corresponding figures in the condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity comprise of balances comparable period of the immediately preceding financial year i.e. nine months period ended March 31, 2016.

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no such significant re-arrangements have been made in this condensed interim financial information.

Karachi:
Dated: April 20, 2017

NADEEM ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR